

File No. 220890

Committee Item No. 7

Board Item No. \_\_\_\_\_

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Government Audit and Oversight Date: November 17, 2022

Board of Supervisors Meeting: \_\_\_\_\_ Date: \_\_\_\_\_

#### Cmte Board

- Motion
- Resolution
- Ordinance
- Legislative Digest
- Budget and Legislative Analyst Report
- Youth Commission Report
- Introduction Form
- Department/Agency Cover Letter and/or Report
- MOU – CBA FY2022-2024 - Clean
- MOU – CBA FY2022-2024 - Redline
- Grant Information Form
- Grant Budget
- Subcontract Budget
- Contract/Agreement
- Form 126 – Ethics Commission
- Award Letter
- Application
- Public Correspondence

#### OTHER

- Annual Rpt 2020-2021
- CPA Rpt 063021
- Financial Position 063021
- OEWD Memo 070722
- FYI Referral 072922
- \_\_\_\_\_
- \_\_\_\_\_

Prepared by: Stephanie Cabrera

Date: November 10, 2022

Prepared by: \_\_\_\_\_

Date: \_\_\_\_\_

Prepared by: \_\_\_\_\_

Date: \_\_\_\_\_

1 [Castro/Upper Market Community Benefit District - Annual Report - FY2020-2021]

2

3 **Resolution receiving and approving an annual report for the Castro/Upper Market**  
4 **Community Benefit District for Fiscal Year (FY) 2020-2021, submitted as required by the**  
5 **Property and Business Improvement District Law of 1994 (California Streets and**  
6 **Highways Code, Sections 36600, et seq.), Section 36650, and the District’s management**  
7 **agreement with the City, Section 3.4.**

8

9 WHEREAS, On June 7, 2005, pursuant to the Property and Business Improvement  
10 District Law of 1994 (the “Act”), California Streets and Highways Code, Sections 36600 et  
11 seq., as augmented by Article 15 of the San Francisco Business and Tax Regulations Code,  
12 the Board of Supervisors adopted Resolution No. 421-05, expressing the City’s intention to  
13 establish the Castro/Upper Market Community Benefit District (the “Castro/Upper Market  
14 CBD”); and

15 WHEREAS, On August 2, 2005, the Board of Supervisors adopted Resolution No.  
16 582-05 establishing the Castro/Upper Market CBD ("Resolution to Establish") for a period of  
17 15 years, commencing Fiscal Year (FY) 2005-2006; and

18 WHEREAS, On January 10, 2006, the Board of Supervisors adopted Resolution No.  
19 14-06, authorizing an agreement with the owners' association for the administration and  
20 management of the Castro/Upper Market CBD, and a management agreement (the  
21 “Management Contract”) with the owners' association, the Castro/Upper Market Community  
22 Benefit District, was executed accordingly; and

23 WHEREAS, A copy of the Management Contract is on file with the Clerk of the Board  
24 of Supervisors in File No. 051968; and

25

1           WHEREAS, On January 25, 2022, the Board of Supervisors approved the  
2 Castro/Upper Market CBD’s annual reports for Fiscal Year 2019-2020 in Resolution No. 021-  
3 22; and

4           WHEREAS, The Castro/Upper Market CBD has submitted for the Board’s receipt and  
5 approval the Castro/Upper Market annual reports for Fiscal Year 2020-2021 as required by  
6 Section 36650 of the Act and Section 3.4 of the Management Contract; and

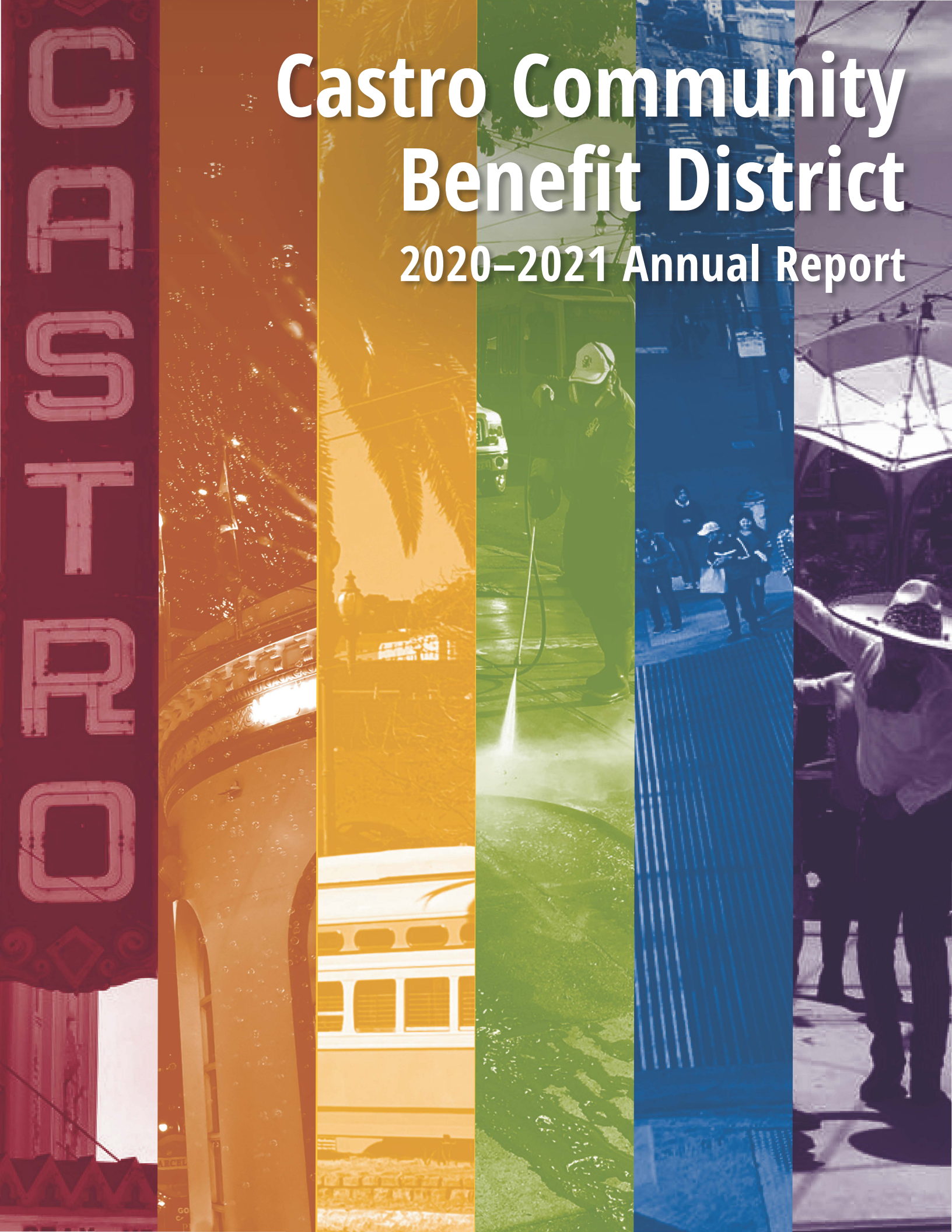
7           WHEREAS, The Annual Report is on file with the Clerk of the Board of Supervisors in  
8 File No. 220890, and are incorporated herein by reference as though fully set forth; and

9           WHEREAS, Supporting documents, including, but not limited to, a transmittal letter and  
10 memorandum report from the City's Office of Economic and Workforce Development, dated  
11 July 7, 2022, and documentation from the Castro/Upper Market CBD for the Annual Report is  
12 on file with the Clerk of the Board of Supervisors in File No. 220890; now, therefore, be it

13           RESOLVED, That the Board of Supervisors hereby receives and approves the annual  
14 report for the Castro/Upper Market Community Benefit District for Fiscal Year 2020-2021.

# Castro Community Benefit District

## 2020–2021 Annual Report





# Castro CBD Meets the Neighborhood Challenges

Dear Community Member,

This past year has been a significant and important year for the Castro Community Benefit District. Most importantly, thanks to the Castro Community Benefit District property owners, the Castro Community Benefit District was approved for another fifteen years! Thank you all so very much!

With this renewal, we are doubling down on our cleaning efforts. Our cleaning ambassadors in their blue T-shirts and bright green jackets sweep litter and clean up trash seven days a week from 7am–7pm, and we have increased our steam cleaning. This past year (July 2020–June 2021) we responded to 9,687 hot spot/scrub requests in addition to our standard block face steam cleaning; compared to 6,046 hot spot/scrub requests the year before.



**This year, the challenges are greater, and we are meeting these challenges.**



You can help us by using the Castro CBD Dispatch phone number to let us know where the hot spots are. Keep this number in your phone and share it with your tenants: 415-471-7536.

To keep your assessment fees down, your assessment dollars do not pay for public safety services. Instead, the Castro CBD has applied for and received city grant dollars to support our Public Safety Initiative. The Castro CBD launched its Public Safety Initiative in February 2021 and funds public safety patrols on Friday and Saturday nights and during the day Sunday – Saturday. These patrols are a visible presence in the district, deter crime and are trained to observe and report crime or other questionable situations and to refer those in need to city services.

We are here to help you take care of the neighborhood and supplement city services. Reach out to us to learn more or with questions. You can contact our executive director Andrea Aiello at [andrea@castrocdb.org](mailto:andrea@castrocdb.org)

Sincerely,

A handwritten signature in white ink that reads 'Justine Shoemaker'.

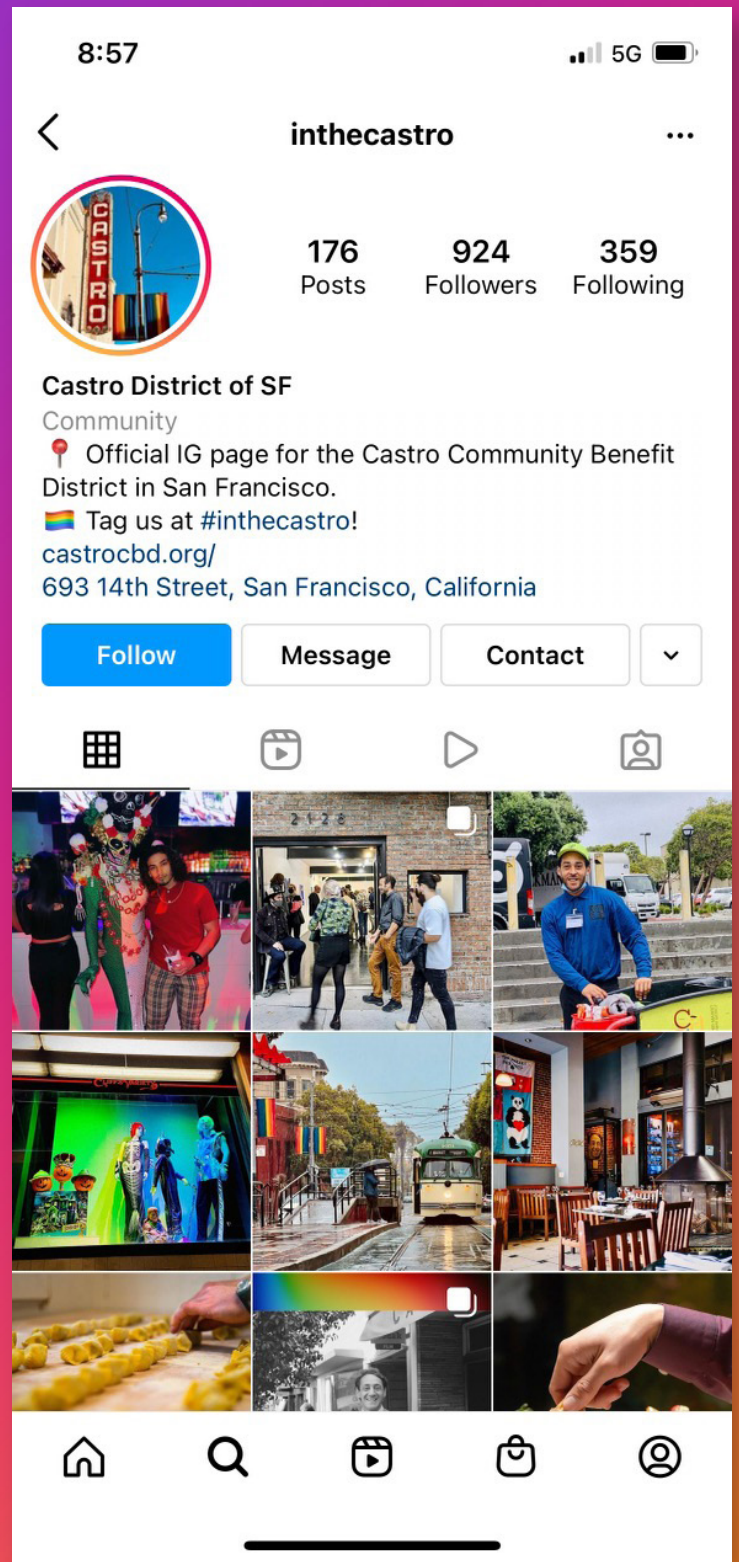
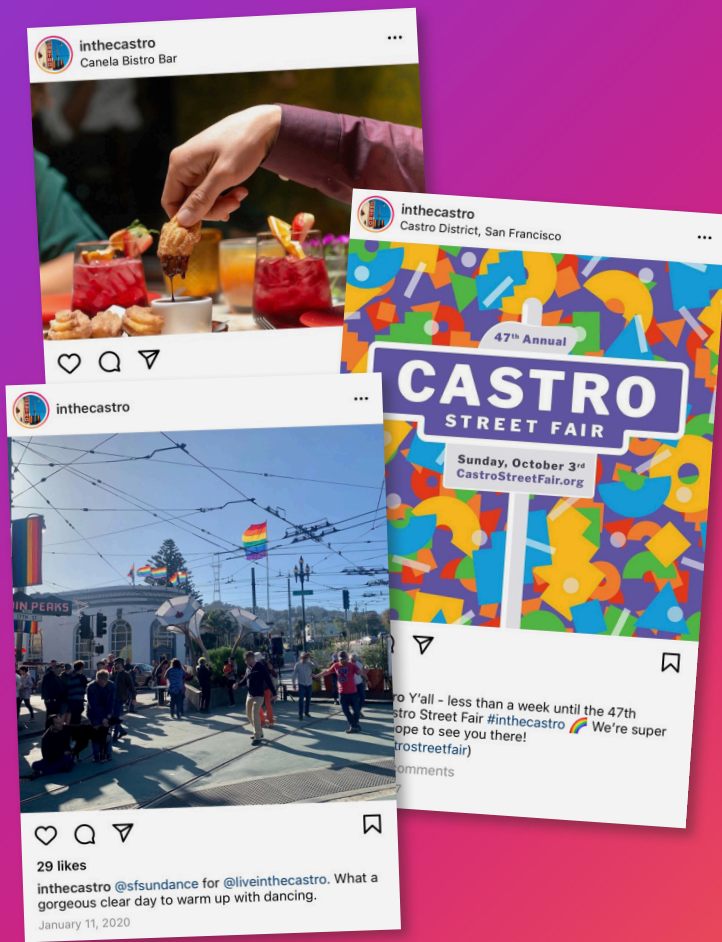
**Justine Shoemaker**  
President, Board of Directors  
Castro Community Benefit District



# We're On Instagram!

Follow us @inthecastro

We're getting social! With the help of our amazing new social media coordinator Josh Decolongon, the Castro CBD is highlighting the beautiful culture, people, and style of our unique and special district in our hometown of San Francisco. Come check us out and give us a follow!



# Dispatch

Help us keep the district clean!



CALL THE CASTRO CBD DISPATCH NUMBER:  
**415-471-7536**

*Pro tip: Save this number in your phone under "CBD Dispatch" for quick reference!*

# Castro Cares

Through Public Safety and Homeless Support, these are the ways that Castro Cares.

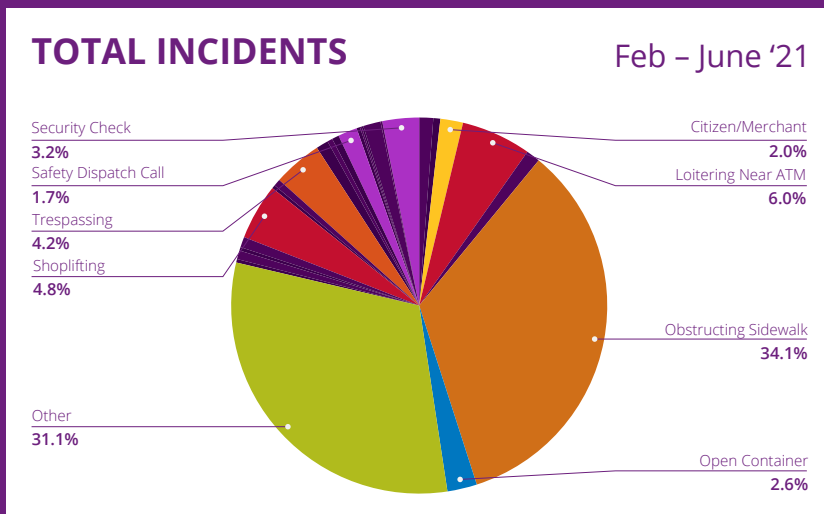
## Public Safety Initiative

Between January and May of 2019, the Castro CBD worked closely with Supervisor Mandelman’s office to bring additional public safety services to the district. Through his support and city funding, the Castro CBD submitted a grant application, under our Castro Cares program, for a unique Public Safety Initiative. Through meetings with merchants and residents, the Castro CBD, together with the Castro Cares Leadership Team, developed its Public Safety Initiative which brought together the S.F. Patrol Special Police (private officers who are armed and entrenched in the Castro community, having

worked the Castro beat for over 40 years), with unarmed safety/community ambassadors to walk the district observe and report crime, outreach to those unhoused on the street and generally provide an added presence of extra eyes and ears on the street all to help deter crime and promote a feeling of safety.

As we rolled out this new program in February 2020, little did we know, a month later, we would be hit by a pandemic and a shelter in place order. Once we opened back up, these supplemental public safety services became even more important. Business was taking place outside, in the public realm, businesses and customers had to feel the Castro was safe and welcoming. It has been important for merchants, residents and visitors to see our patrols out walking the district.

Patrol Special often are the first on the scene and if needed call for city back-up in the form of the Street Crisis Response Team, SF Fire or SFPD. The Patrol Specials address complex issues on our sidewalks from people who are suffering from confusion, serious mental illness, substance use, injured, suffering from other medical issues or a combination of these issues.



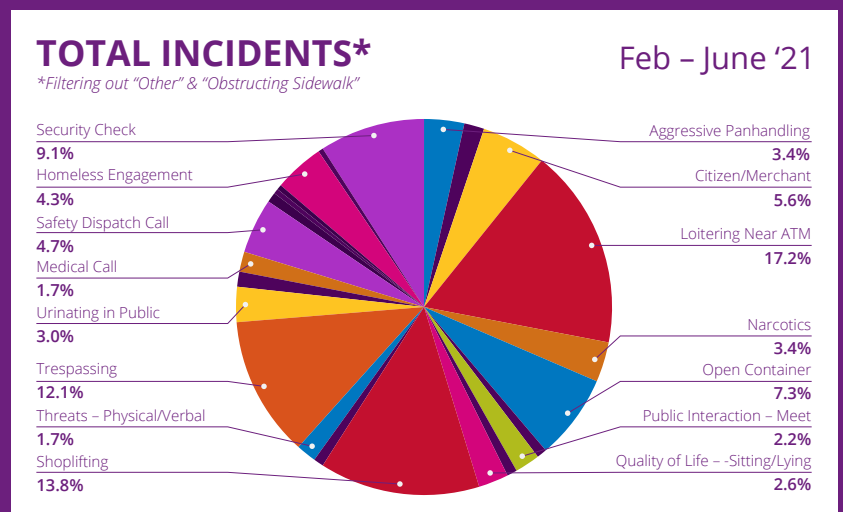
The pie charts show that the largest incidents are “Other” and “Obstructing the Sidewalk”. We have created two new metrics—“Homeless Engagement” and “Security Check”—to address the large “Other” category.

Future reports should reflect the work performed more accurately.

The public safety/community ambassadors and the SF Patrol Special Police are a uniformed presence on the street, patrolling the entire district and also available via dispatch.

These services can be reached by calling 415-471-7536, and are available:

- Friday & Saturday nights 9pm–9am
- Sundays & Mondays 9am–5pm
- Tuesday–Saturday 7am–3pm







### Safety First

Officer Cody Clements and Castro Coffee owner Ken Khoury.

**However, data alone does not capture the true value of our safety patrols. The CBD/ Castro Cares Safety Patrols are intervening in negative street behavior and preventing escalation:**

- *An individual was agitated and began throwing pamphlets around from a table at the Farmer's Market. **Our safety ambassador approached the individual, spoke with him, he calmed down**, was asked to leave, and he complied.*
- *Another Farmer's Market incident was de-escalated by our ambassador: a man with his elderly mother were waiting at the Farmer's Market for a vendor to open. The individual became impatient, began yelling and then got verbally abusive to the vendor. The ambassador overheard the commotion and approached the individual. The minute the aggressive individual saw the ambassador with their radio and uniform he calmed down and began to explain himself. **The ambassador was able to de-escalate the situation and the individual walked away.***
- **Ambassadors also collaborate closely with SFPD.** *In this incident the ambassador was walking by the Bank of the West and noticed a person sleeping inside the ATM locked lobby. The ambassador called the police, the police arrived and got the individual up and out.*
- *On a Saturday evening shift, Patrol Special Police received a dispatch call about an intoxicated person in Harvey Milk Plaza. **Patrol Special responded, assessed the individual was in need of medical care, and called the ambulance.** The ambulance did transport the individual to Davies Hospital.*

# Homeless Support Services

To address the needs of those unhoused on the street, the Castro CBD Castro Cares program contracts with the Downtown Streets Team to fund a team of unhoused or previously unhoused individuals that cleans and beautifies the district Monday - Friday and receives case management and job readiness training. In addition to the beautification work, they conduct street outreach and more recently they've had a team of nursing students out with the outreach workers. Nursing students assess people on the street for medical issues and make referrals to services. Through the case management services our Downtown Streets Team members are making progress on their path towards recovery. One individual has decided to go back to school and has enrolled at CCSF and another has found permanent supportive housing!



### Supporting the Whole Community

Members of the CBD Castro Cares Program Supporting the unhoused.



# Cleaning Through the Pandemic

A few highlights of some of the work we've accomplished this past year:



## TRASH

*in pounds*

91,435

## ILLEGAL DUMPING

*311 calls*

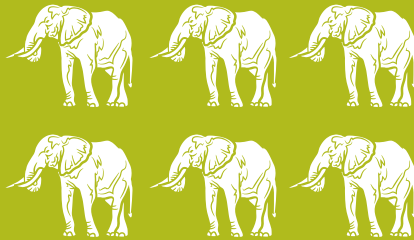
7,323

The fiscal year (July 2020 to June 2021) certainly brought a lot of challenges to all of us. Here at the Castro CBD, we tried to rise above it all, always striving to keep the Castro, Upper Church & Upper Market district clean and welcoming. As outdoor sidewalk seating, weight lifting and even retail sprung up on the sidewalk, we worked diligently to keep the sidewalks clean, discreetly sweeping the sidewalk so as not to disturb outside diners, weightlifters and shoppers.

We're excited that more and more of you are using our clean & safe dispatch number to report bad spills, or negative behavior on the sidewalk. Keep calling/texting us! 415-471-7536.



That's more than SIX elephants!



## POWER WASHING

*block faces*

742

## SCRUB REQUESTS

5,766



## HUMAN WASTE

10,970

## CARDBOARD

*yards collected*

25,676



## NEEDLES COLLECTED

4,652



## GRAFFITI

10,224



# Assessments

The Castro CBD is partially funded through an annual assessment on the property in the district. The assessment rates for the district from July 1, 2020–December 31, 2020 can be found at:

<https://castrocbd.org/information-for-property-owners/>

The Castro CBD’s renewal began in January 2021. This renewal brought changes to the assessment fees. Beginning January 2021, the Castro CBD assessment fees changed as follows:

## Assessments

Annual assessments are based upon an allocation of program costs and a calculation of assessable footage. Four property assessment variables: **linear frontage**, **parcel square footage**, **building square footage**, and **land use type** are used in the calculation.

## Benefit Zones

In addition to parcel characteristics and land use types, location also plays a role in determining special benefit. Three distinct areas within the proposed boundary of the District have been identified that will experience the Improvements to differing degrees and therefore will receive different levels of special benefit.

## Assessment Increases

Assessment rates may increase by up to 5% per year or by the change in the Consumer Price Index for All Urban Consumers (CPI-U) for the San Francisco-Oakland-Hayward area for February, whichever is less. The determination of annual adjustments in assessments rates will be subject to the approval of the Castro CBD Owners’ Association..

|                                  | ZONE 1            |                     |                    |
|----------------------------------|-------------------|---------------------|--------------------|
| LAND USE TYPE                    | Rate per Front ft | Rate per Bldg sq ft | Rate per Lot sq ft |
| Non-Residential Property         | \$30.23588        | \$0.09060           | \$0.15079          |
| Residential Property (5+ Units)  | \$20.15725        | \$0.06040           | \$0.10053          |
| Residential Property (1-4 Units) | \$15.11794        | \$0.04530           | \$0.07540          |
| Non-Profit Property              | \$10.07863        | \$0.03020           | \$0.05026          |

|                                  | ZONE 2            |                     |                    |
|----------------------------------|-------------------|---------------------|--------------------|
| LAND USE TYPE                    | Rate per Front ft | Rate per Bldg sq ft | Rate per Lot sq ft |
| Non-Residential Property         | \$20.15725        | \$0.06040           | \$0.10053          |
| Residential Property (5+ Units)  | \$13.43817        | \$0.04027           | \$0.06702          |
| Residential Property (1-4 Units) | \$10.07863        | \$0.03020           | \$0.05026          |
| Non-Profit Property              | \$6.71908         | \$0.02013           | \$0.03351          |

|                                  | ZONE 3            |                     |                    |
|----------------------------------|-------------------|---------------------|--------------------|
| LAND USE TYPE                    | Rate per Front ft | Rate per Bldg sq ft | Rate per Lot sq ft |
| Non-Residential Property         | \$13.43817        | \$0.04027           | \$0.06702          |
| Residential Property (5+ Units)  | \$8.95878         | \$0.02685           | \$0.04468          |
| Residential Property (1-4 Units) | \$6.71908         | \$0.02013           | \$0.03351          |
| Non-Profit Property              | \$4.47939         | \$0.01342           | \$0.02234          |

Each assessed property is listed on the CBD website at:  
<http://castrocbd.org/information-for-property-owners/>

*This information is provided to the Castro CBD from the S.F. Assessor’s office. It is the responsibility of property owners to ensure the information provided to the CBD is correct. To correct information, property owners must contact the S. F. Assessor’s office at 415-554-5596 or at <https://sfassessor.org/>*

*The Castro CBD’s Management Plan can be found on the CBD’s website at:  
<http://castrocbd.org/cbd-management-plan/>*

# Who We Are

## Board of Directors

Justine Shoemaker, President  
Alan Lau, Vice President  
Crispin Hollings, Treasurer  
Jim Laufenberg, Secretary  
Daniel Bergerac, Board Member  
Angel Davis, Board Member  
Michael 'Misha' Langley, Board Member  
Helen McClure, Board Member  
Desmond Morgan, Board Member  
Pat Sahagun, Board Member

## Staff

Andrea Aiello, Executive Director  
Anh Han, Accountant  
Josh Decolongon, Social Media Coordinator

## Castro Cares Leadership Team

Castro Community Benefit District  
Castro Community On Patrol  
Castro Merchants  
Duboce Triangle Neighborhood Association  
Eureka Valley Neighborhood Association  
Hartford Street Neighbors  
Most Holy Redeemer Catholic Church  
St. Francis Lutheran Church

*All Castro CBD meetings are open to the public.*

*Meeting times and location are listed on the CBD's website at:  
<http://castrocdb.org/upcoming-meetings/>*





# Financials

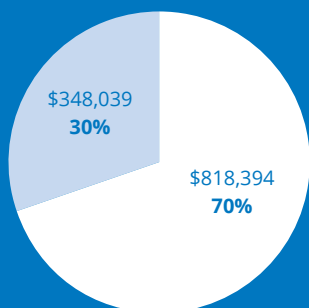
## Statement of Activities (Year Ended June 30, 2021)

| SUPPORT & REVENUES                  |                     |
|-------------------------------------|---------------------|
| Assessment Revenue                  | \$ 818,394          |
| Government Grants                   | \$ 296,248          |
| Contributions                       | \$ 11,709           |
| Forgiveness PPP Loan                | \$ 37,497           |
| Affiliate member dues               | \$ 2,558            |
| Interest Income                     | \$ 27               |
| <b>TOTAL SUPPORT &amp; REVENUES</b> | <b>\$ 1,166,433</b> |
| EXPENSES                            |                     |
| Program Services                    | \$ 1,005,458        |
| General & Administrative            | \$ 115,283          |
| <b>TOTAL EXPENSES</b>               | <b>\$ 1,120,741</b> |
| NET ASSETS                          |                     |
| CHANGE IN NET ASSETS                | \$ 45,692           |
| NET ASSETS, beginning of year       | \$ 446,646          |
| NET ASSETS, end of year             | \$ 492,338          |

*Your Assessment Dollars  
Multiply through the CBD's  
Fundraising Efforts!*

Support & Revenues  
Assessment & Other Income Sources

Assessment      Non-Assessment\*



\*Non-Assessment income includes all other sources of income, including but not limited to: grants, contributions, etc.

## July 2021–June 2022 Budget

| INCOME  |                     |
|---|---------------------|
| Assessments                                   | \$ 818,600          |
| Grant - Castro Cares Grant                    | \$ 215,000          |
| Grant - Castro Cares Public Safety Ambassador | \$ 195,000          |
| Grant - Castro Cares Shared Spaces            | \$ 33,245           |
| Grant - Jane Warner Plaza                     | \$ 100,000          |
| Retail Strategy                               | \$ 53,880           |
| Donations - Castro Cares                      | \$ 10,875           |
| <b>TOTAL INCOME</b>                           | <b>\$ 1,426,600</b> |

| EXPENSES                       |                   |
|--------------------------------|-------------------|
| ASSESSMENTS                    |                   |
| Cleaning Services              | \$ 590,000        |
| Landscaping                    | \$ 2,500          |
| Marketing                      | \$ 9,000          |
| Administration and Contingency | \$ 210,533        |
| <b>Total Assessments</b>       | <b>\$ 812,033</b> |

| GRANTS  |                   |
|---|-------------------|
| Grant - Castro Cares                          | \$ 215,000        |
| Grant - Castro Cares Public Safety Ambassador | \$ 195,000        |
| Grant - Castro Cares Shared Spaces            | \$ 33,245         |
| Grant - Jane Warner Plaza                     | \$ 100,000        |
| Retail Strategy                               | \$ 53,880         |
| <b>Total Grants</b>                           | <b>\$ 597,125</b> |

| DONATIONS, SPONSORSHIPS & OTHER                  |                  |
|--|------------------|
| Donations - Castro Cares                         | \$ 14,765        |
| Donations - Retail Strategy Donations            | \$ 11,618        |
| <b>Total Donations, Sponsorships &amp; Other</b> | <b>\$ 26,383</b> |

|                              |                     |
|------------------------------|---------------------|
| <b>TOTAL EXPENSE</b>         | <b>\$ 1,435,541</b> |
| <b>REVENUE OVER EXPENSES</b> | <b>\$ (8,941)</b>   |

| FUTURE YEAR CARRY OVER                        |                   |
|---|-------------------|
| Assessments                                   | \$ 404,059        |
| Grant - Castro Cares                          | \$ 107,500        |
| Grant - Castro Cares Public Safety Ambassador | \$ 97,500         |
| Grant - Castro Cares Shared Spaces            | \$ 16,623         |
| Grant - Jane Warner Plaza                     | \$ 50,000         |
| Donations, Sponsorships & Other               | \$ 22,992         |
| <b>FUTURE YEAR CARRYOVER</b>                  | <b>\$ 698,674</b> |

**Cheering loud and flying high** The squad from San Francisco Cheer amaze and energize the community with their gravity-defying acts at the 2021 Castro Street Fair.











**Castro Community Benefit District**

693 14th St., San Francisco CA 94114 • 415-500-1181

**facebook.com/castrocbd**  
**@inthecastro**  
email: **info@castrocbd.org**



**CASTRO/UPPER MARKET COMMUNITY  
BENEFIT DISTRICT, INC.**

**(A California Not-For-Profit Corporation)**

**FINANCIAL STATEMENTS**

**JUNE 30, 2021**



**CASTRO/UPPER MARKET COMMUNITY  
BENEFIT DISTRICT, INC.**

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## Independent Accountants' Review Report

Board of Directors  
Castro/Upper Market Community Benefit District, Inc.

We have reviewed the accompanying financial statements of Castro/Upper Market Community Benefit District, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

### Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

*RINA Accountancy LLP*

Certified Public Accountants

San Francisco, California  
October 19, 2021

**CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.**

**STATEMENT OF FINANCIAL POSITION - JUNE 30, 2021**

ASSETS

CURRENT ASSETS:

|                           |    |         |
|---------------------------|----|---------|
| Cash and cash equivalents | \$ | 215,144 |
| Assessments receivable    |    | 4,901   |
| Grants receivable         |    | 281,542 |
| Prepaid expenses          |    | 10,163  |

TOTAL CURRENT ASSETS 511,750

OTHER:

|                   |  |       |
|-------------------|--|-------|
| Security deposits |  | 3,185 |
|-------------------|--|-------|

TOTAL ASSETS \$ 514,935

LIABILITIES AND NET ASSETS

LIABILITIES:

|                  |    |       |
|------------------|----|-------|
| Accounts payable | \$ | 7,863 |
| Accrued expenses |    | 5,788 |
| Deferred rent    |    | 8,946 |

TOTAL LIABILITIES (ALL CURRENT) 22,597

NET ASSETS:

|                                       |  |         |
|---------------------------------------|--|---------|
| Net assets without donor restrictions |  | 124,951 |
| Net assets with donor restrictions    |  | 367,387 |

TOTAL NET ASSETS 492,338

TOTAL LIABILITIES AND NET ASSETS \$ 514,935

See accompanying independent accountants' review report and notes to financial statements.

# CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.

## STATEMENT OF ACTIVITIES

### YEAR ENDED JUNE 30, 2021

|  | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>          |
|--|---------------------------------------|------------------------------------|-----------------------|
| SUPPORT AND REVENUES:                              |                                       |                                    |                       |
| Assessment revenue                                 | \$ 214,394                            | \$ 604,000                         | \$ 818,394            |
| Government grants                                  | -                                     | 296,248                            | 296,248               |
| Contributions                                      | 400                                   | 11,309                             | 11,709                |
| Forgiveness of Paycheck Protection<br>Program loan | 37,497                                | -                                  | 37,497                |
| Affiliate member dues                              | 2,558                                 | -                                  | 2,558                 |
| Interest income                                    | 27                                    | -                                  | 27                    |
| Net assets released from restrictions              | 869,406                               | (869,406)                          | -                     |
| <br>TOTAL SUPPORT AND REVENUES                     | <br><u>1,124,282</u>                  | <br><u>42,151</u>                  | <br><u>1,166,433</u>  |
| EXPENSES:  |                                       |                                    |                       |
| Program services                                   | 1,005,458                             | -                                  | 1,005,458             |
| General and administrative                         | 115,283                               | -                                  | 115,283               |
| <br>TOTAL EXPENSES                                 | <br><u>1,120,741</u>                  | <br><u>-</u>                       | <br><u>1,120,741</u>  |
| <br>CHANGE IN NET ASSETS                           | <br>3,541                             | <br>42,151                         | <br>45,692            |
| <br>NET ASSETS, beginning of year                  | <br><u>121,410</u>                    | <br><u>325,236</u>                 | <br><u>446,646</u>    |
| <br>NET ASSETS, end of year                        | <br><u>\$ 124,951</u>                 | <br><u>\$ 367,387</u>              | <br><u>\$ 492,338</u> |

See accompanying independent accountants' review report and notes to financial statements.

**CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**YEAR ENDED JUNE 30, 2021**

|   | Program Services                            |                     |                   |                 |                 |                            | Total               |
|---|---|---------------------|-------------------|-----------------|-----------------|----------------------------|---------------------|
|   | District Identity & Streetscape Improvement | Public Right of Way | Cleaning Services | Landscaping     | Marketing       | General and Administrative |                     |
| Sidewalk cleaning                       | \$ 40,353                                   | \$ 344,683          | \$ 292,169        | \$ -            | \$ -            | \$ -                       | \$ 677,205          |
| Salaries and wages                      | 43,901                                      | 45,787              | -                 | -               | -               | 73,095                     | 162,783             |
| Public safety                           | -   | 99,387              | -                 | -               | -               | -                          | 99,387              |
| Professional services                   | 21,532                                      | 32,442              | -                 | -               | -               | 4,351                      | 58,325              |
| Rent expense                            | 10,157                                      | 11,985              | -                 | -               | -               | 17,328                     | 39,470              |
| Social services                         | -   | 30,056              | -                 | -               | -               | -                          | 30,056              |
| Operation expenses                      | 6,145                                       | 6,676               | -                 | -               | -               | 12,048                     | 24,869              |
| Payroll taxes and workers' compensation | 3,799                                       | 2,631               | -                 | -               | -               | 6,589                      | 13,019              |
| Accounting fees                         | 3,500                                       | 3,500               | -                 | -               | -               | 1,750                      | 8,750               |
| Marketing and advertising               | 829   | 237                 | -                 | -               | 2,963           | -                          | 4,029               |
| Streetscape improvements                | 1,037                                       | -                   | -                 | 1,689           | -               | -                          | 2,726               |
| Travel and meetings                     | -   | -                   | -                 | -               | -               | 122                        | 122                 |
| <b>TOTAL FUNCTIONAL EXPENSES</b>        | <b>\$ 131,253</b>                           | <b>\$ 577,384</b>   | <b>\$ 292,169</b> | <b>\$ 1,689</b> | <b>\$ 2,963</b> | <b>\$ 115,283</b>          | <b>\$ 1,120,741</b> |

See accompanying independent accountants' review report and notes to financial statements.



# CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.

## STATEMENT OF CASH FLOWS

### YEAR ENDED JUNE 30, 2021

|  |                          |
|--|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES:  |                          |
| Increase in net assets   | \$ 45,692                |
| Adjustment to reconcile increase in net assets to net cash used by operating activities: |                          |
| Forgiveness of Paycheck Protection Program Loan (Non-cash)                               | (37,497)                 |
| Changes in operating assets and liabilities:   |                          |
| Accounts receivable  | 3,944                    |
| Grants receivable  | (225,773)                |
| Prepaid expenses   | (5,989)                  |
| Accounts payable   | (50,017)                 |
| Accrued expenses and other payable   | <u>(4,201)</u>           |
| NET CASH USED BY OPERATING ACTIVITIES  | (273,841)                |
| CASH FLOWS FROM INVESTING ACTIVITIES   | -                        |
| CASH FLOWS FROM FINANCING ACTIVITIES   | <u>-</u>                 |
| NET DECREASE IN CASH   | (273,841)                |
| CASH AND CASH EQUIVALENTS, beginning of year   | <u>488,985</u>           |
| CASH AND CASH EQUIVALENTS, end of year   | <u><u>\$ 215,144</u></u> |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:  |                          |
| Non-cash items:  |                          |
| Forgiveness of Paycheck Protection Program Loan  | \$ 37,497                |

See accompanying independent accountants' review report and notes to financial statements.

# CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.

## NOTES TO THE FINANCIAL STATEMENTS - JUNE 30, 2021

### **Note 1. NATURE OF ACTIVITIES:**

#### Organization:

The Castro/Upper Market Community Benefit District, Inc. ('Organization') was incorporated in California on December 7, 2005 as a non-profit public benefit corporation. Its mission is to provide services that improve the quality of life in the neighborhood emphasizing clean, safe, beautiful streets. It also promotes the area's economic vitality, fosters the Castro's unique district identity, and honors its diverse history. All property owners whose parcels of land fall within the Organization's geographic area fund the Organization through a special assessment fee, as established after a majority of property owners voted in favor of establishment of the Organization, for a 15- year life. Legislation in favor of creating the Organization was adopted by the Board of Supervisors on August 2, 2005 and signed on August 8, 2005 by the Mayor of the City and County of San Francisco (the City).

Upon formation of the district in 2005, its members (property owners) were assessed an annual special tax assessment levied by the City under the Property and Business Improvement District Law of 1994. Under a contract with the City and a Management Plan, the Organization receives these special tax assessments and, in exchange, provides certain services to the members of the District. The services include, but are not limited to, supplemental regular cleaning of the sidewalks and curb gutters (sweeping/steam cleaning), graffiti removal, security, marketing, greening and landscaping services, public space management, sponsorship of special events and other district promotional activities, and management and corporate operations. The term of the District expired on December 31, 2021.

To continue services past December 31, 2020, the Organization had to be "renewed" by a vote of the property owners, the board of supervisors and the Mayor. On July 14, 2020, the property owners approved the renewal and expansion of the Organization with a 72% approval of the weighted assessments for another 15 years, until December 31, 2035. The renewal included an increase of 53% in the assessments collected and an expansion of the boundaries, including assessments on parcels above the ground floor. The renewed Organization's formal name is Castro Community Benefit District. Services funded through assessment dollars are provided in the public realm and include a full array of cleaning services (sweeping sidewalks and curb line, steam cleaning sidewalks, graffiti abatement on public and private property, hazardous waste removal in the footprint); limited landscaping and limited marketing services.

The Castro is known across the globe as a center of the LGBT community. The international LGBT community looks to the Castro for inspiration and leadership. In a time when gayborhoods are disappearing across the country and globe, the Castro stands as a beacon. However, the continued growth of the Castro's LGBT identity is critical to its future as a cultural hub and economically vital community. To help ensure the Castro continues to not only keep, but grow and enhance its LGBT relevance and importance, the Castro/Upper Market Community Benefit District has funded improvements in the public realm that enhance the districts' LGBT identity. The District has funded rainbow striped cross walks at a critical intersection in the Castro, rainbow LED lights on Castro St., a public art project based in the ideas of LGBT people finding a home in the Castro and also a history walk.

### **Note 2. SIGNIFICANT ACCOUNTING POLICIES:**

#### Basis of accounting:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America (GAAP).

# CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.

## NOTES TO THE FINANCIAL STATEMENTS - JUNE 30, 2021

### Note 2. SIGNIFICANT ACCOUNTING POLICIES (Continued):

#### Financial statement presentation:

Professional accounting standards require that the Organization report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions. A description of the net asset categories follows:

#### *Net assets without donor restrictions:*

The portion of net assets that is not restricted by donor-imposed stipulations or restrictions.

#### *Net assets with donor restrictions:*

Net assets for which use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization, and net assets held in perpetuity by donor-imposed stipulations. Investment income is available for donor stipulated purposes. Net assets with donor restrictions are reclassified to without donor restrictions upon satisfaction of the time or purpose restrictions.

#### Cash and cash equivalents:

Cash equivalents consist of highly liquid investments with an initial maturity of three months or less. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

#### Receivables:

Accounts receivable primarily consists of grants from the City and County of San Francisco that have been awarded but for which funds have not yet been received. The Organization provides an allowance for doubtful accounts that is based on prior year bad debt experience. No allowance was deemed necessary at June 30, 2021. It is the Organization's policy to charge off uncollectible accounts receivables when management determines the receivable will not be collected.

#### Property and equipment:

All acquisitions of property and equipment in excess of \$5,000 and all expenditures for repairs and maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment, ranging from 3 – 7 years.

#### Revenue recognition:

##### ***Contracts with Customers:***

The Organization adopted Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("ASC Topic 606") on July 1, 2019 using the modified retrospective method. The Organization's operating results for reporting periods beginning after July 1, 2019 are presented under ASC Topic 606, while prior period amounts continue to be reported in accordance with historic accounting under Topic 605. The timing and measurement of revenues under ASC Topic 606 is similar to that recognized under previous guidance, accordingly, the adoption of ASC Topic 606 did not have a material impact on the statement of financial position, statement of activities, cash flows, or presentation thereof at adoption or in the current period. There were no changes in the opening net assets balance as a result of the adoption of ASC Topic 606.



# CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.

## NOTES TO THE FINANCIAL STATEMENTS - JUNE 30, 2021

### **Note 2. SIGNIFICANT ACCOUNTING POLICIES (Continued):**

#### Revenue recognition (continued):

Revenues are derived from rendering of services to certain affiliate members and are generally recognized when the Organization performs the services. For the year ended June 30, 2021, revenues from affiliate member dues totaled \$2,558.

#### ***Contributions:***

On June 21, 2018, the FASB issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The Update assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The Update is effective to annual periods beginning after June 15, 2018 for resource recipients. The Organization has implemented ASU 2018-08 and has adjusted the presentation in these financial statements accordingly.

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of contribution. Contributions to be received after one year are discounted at an appropriate rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

All donor-restricted contributions are reported as increases in net assets, depending on the nature of the contribution with donor restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restriction are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Assessment revenue is collected by the City of San Francisco and awarded to the Organization. It is treated as contribution revenue subject to the restrictions set forth in the agreement between the City and the Organization governing the administration of the assessment district.

#### ***Government contracts:***

Government contract revenue is recognized in accordance with the terms of the contract which is generally when the related expenditures are incurred.

#### Donated services and materials:

Donated services are reflected in the financial statements at the fair value of the services received only if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Donated property is recognized as contribution in the accompanying financial statements at its estimated fair market value at date of gift.

# CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.

## NOTES TO THE FINANCIAL STATEMENTS - JUNE 30, 2021

### **Note 2. SIGNIFICANT ACCOUNTING POLICIES (Continued):**

#### Income tax status:

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and the California Revenue and Taxation Code Section 23701(d). Accordingly, no provision has been made for such taxes in the accompanying combined financial statements.

#### Functional allocation of expenses:

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited according to the provisions of pertinent grants and a percentage allocation based on time spent on programs and supporting services.

#### Date of management's review:

Management has evaluated subsequent events through October 19, 2021 the date which the financial statements were available for issue. Management has concluded that there were no other subsequent events required to be disclosed or recognized in the financial statements. The COVID-19 pandemic has impacted the area served by the district. However, it is not possible to assess the duration and financial impact at this time.

### **Note 3. NATURE OF ESTIMATES:**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

### **Note 4. CONCENTRATIONS OF CREDIT RISK:**

The Organization maintains its cash and money market account balances at financial institutions located in San Francisco, California. Such balances with any one institution may, at times, be in excess of federally insured amounts. Risks associated with cash and cash equivalents are mitigated by banking with creditworthy institutions. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

### **Note 5. LIQUIDITY AND AVAILABILITY OF RESOURCES:**

Financial assets available for general expenditure without donor restrictions limiting their use within one year of the balance sheet date comprise the following:

|                                      |    |                  |
|--------------------------------------|----|------------------|
| Cash and cash equivalents            | \$ | 215,144          |
| Grants receivable                    |    | 281,542          |
| Assessments receivable               |    | 4,901            |
| Less donor-imposed restricted amount |    | <u>(367,387)</u> |
| Total                                | \$ | <u>134,200</u>   |

# CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.

## NOTES TO THE FINANCIAL STATEMENTS - JUNE 30, 2021

**Note 6. CONCENTRATION OF SUPPORT AND REVENUE:**

The Organization received special benefit assessments under a contract with the City and County of San Francisco, which represents approximately 70% of the Organization's total revenue.

**Note 7. SIMPLE IRA RETIREMENT PLAN:**

The Organization has a Simple IRA Retirement Plan which covers all eligible employees. Employees may contribute up to the IRS annual limit. Employee contributions are withheld through payroll and remitted to the respective financial investment institution. Pursuant to the Plan, the Organization matches employee contributions up to 3% of annual compensation. Contributions of \$4,721 were made by the Organization in the year ending June 30, 2021.

**Note 8. NET ASSETS WITHOUT DONOR RESTRICTIONS:**

Net assets without donor restrictions comprise the following for the year ended June 30, 2021:

|                  |                   |
|------------------|-------------------|
| Board designated | <u>\$ 124,951</u> |
| Total            | <u>\$ 124,951</u> |

The Board has designated the amount set forth above for public right of way, district identity and streetscape improvements and for general and administrative expenses.

**Note 9. NET ASSETS WITH DONOR RESTRICTIONS:**

Net assets with donor restrictions and related activity comprise the following for the year ended June 30, 2021:

|  | July 1,<br>2020   | Contributions<br>and Income | Released from<br>Restrictions | June 30,<br>2021  |
|--|-------------------|-----------------------------|-------------------------------|-------------------|
| Assessments - public right of way                            | \$ 88,815         | \$ -                        | \$ 88,815                     | \$ -              |
| Assessments - district identity and streetscape improvements | 62,188            | -                           | 62,188                        | -                 |
| Assessments - general and administration                     | 63,027            | -                           | 63,027                        | -                 |
| Assessments - Cleaning Services                              | -                 | 590,000                     | 292,169                       | 297,831           |
| Assessments - Landscaping                                    | -                 | 5,000                       | 1,689                         | 3,311             |
| Assessments - Marketing                                      | -                 | 9,000                       | 2,963                         | 6,037             |
| General donations  | 3,845             | 2,016                       | 1,875                         | 3,986             |
| Castro Care donations  | 50,317            | 9,293                       | 27,756                        | 31,854            |
| Retail strategy donations                                    | 11,618            | -                           | -                             | 11,618            |
| Annual Event Sponsorship                                     | 18,250            | -                           | 18,250                        | -                 |
| SF Arts Commission   | 12,750            | -                           | -                             | 12,750            |
| OEWD - Castro Care grant                                     | 14,426            | 215,661                     | 230,087                       | -                 |
| OEWD - JWP grant   | -                 | 45,664                      | 45,664                        | -                 |
| OEWD - Retail Strategy                                       | -                 | 34,923                      | 34,923                        | -                 |
|  | <u>\$ 325,236</u> | <u>\$ 911,557</u>           | <u>\$ 869,406</u>             | <u>\$ 367,387</u> |



# CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.

## NOTES TO THE FINANCIAL STATEMENTS - JUNE 30, 2021

### **Note 10. FORGIVENESS OF PAYCHECK PROTECTION PROGRAM LOAN:**

The Organization entered into a Paycheck Protection Program Promissory Note with Wells Fargo Bank on May 3, 2020 in the principal amount of \$37,497. On April 29, 2021, the full amount of the loan was forgiven by the Small Business Administration and is reflected as debt forgiveness in the Statement of Activities.

### **Note 11. OPERATING LEASE:**

The Organization conducts its operation from a facility that is leased under a five-year non-cancelable operating lease that began on June 1, 2019 and may be renewed on May 31, 2024. Future minimum rental payments due under the lease are as follows:

| Year Ending<br>June 30, |                   |
|-------------------------|-------------------|
| 2022                    | \$ 41,144         |
| 2023                    | 41,966            |
| 2024                    | <u>39,173</u>     |
|                         | <u>\$ 122,283</u> |

Rental expense was \$39,470 for the year ended June 30, 2021.

**Castro/Upper Market Community Benefit District, Inc.**  
**Statement of Financial Position**

|   | <b>06/30/20</b>   | <b>06/30/21</b>   |
|---|-------------------|-------------------|
| <b>ASSETS</b>                           |                   |                   |
| <b>Current Assets</b>                   |                   |                   |
| Cash and cash equivalents               | \$ 488,985        | \$ 215,143        |
| Accounts receivable                     |                   |                   |
| Assessments                             | 3,154             | 4,777             |
| Grants                                  | 55,769            | 281,542           |
| Other                                   | 5,691             | 124               |
| Total Accounts Receivable               | \$ 64,614         | \$ 286,443        |
| <b>Total Current Assets</b>             | <b>\$ 553,599</b> | <b>\$ 501,586</b> |
| <b>Other Current Assets</b>             |                   |                   |
| Prepaid expenses                        | 4,174             | 10,163            |
| Security deposits                       | 3,185             | 3,185             |
| <b>Total Other Current Assets</b>       | <b>\$ 7,359</b>   | <b>\$ 13,348</b>  |
| <b>TOTAL ASSETS</b>                     | <b>\$ 560,958</b> | <b>\$ 514,934</b> |
| <b>LIABILITIES AND NET ASSETS</b>       |                   |                   |
| <b>Current Liabilities</b>              |                   |                   |
| Accounts payable                        | \$ 57,880         | \$ 7,863          |
| Accrued expenses and other payable      | 8,385             | 5,788             |
| Deferred Rent                           | 10,550            | 8,946             |
| <b>Total Current Liabilities</b>        | <b>\$ 76,815</b>  | <b>\$ 22,596</b>  |
| <b>Long-Term Liabilities</b>            |                   |                   |
| Note payable                            | 37,497            | -                 |
| <b>Total Long-Term Liabilities</b>      | <b>\$ 37,497</b>  | <b>\$ -</b>       |
| <b>Total Liabilities</b>                | <b>\$ 114,312</b> | <b>\$ 22,596</b>  |
| <b>Net Assets</b>                       |                   |                   |
| Without donor restrictions              | \$ 121,410        | \$ 124,550        |
| With donor restrictions                 | 325,236           | 367,788           |
| <b>Total Net Assets</b>                 | <b>\$ 446,646</b> | <b>\$ 492,338</b> |
| <b>TOTAL LIABILITIES AND NET ASSETS</b> | <b>\$ 560,958</b> | <b>\$ 514,934</b> |

**Castro/Upper Market Community Benefit District, Inc.**  
**Statement of Activities**  
**Fiscal Year 2020-2021**  
*as of June 30, 2021*

*Guide: 100%*

|   | Q1 (7/1/20 - 9/30/20) | Q2 (10/1/20 - 12/31/20) | Q3 (1/1/21 - 3/31/21) | Q4 (4/1/21 - 6/30/21) | YTD Actual          | Jul-Dec 2020 Budget | Jan-Jun 2021 Budget | Total Budget        | Actual vs. Budget   | % of Budget |
|---|-----------------------|-------------------------|-----------------------|-----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-------------|
| <b>INCOME</b>   |                       |                         |                       |                       |                     |                     |                     |                     |                     |             |
| <i>ASSESSMENTS &amp; AFFILIATE MEMBERSHIPS</i>  |                       |                         |                       |                       |                     |                     |                     |                     |                     |             |
| Assessments   | \$ -                  | \$ -                    | \$ 483,661            | \$ 334,734            | \$ 818,394          | \$ -                | \$ 818,596          | \$ 818,596          | \$ (202)            | 100%        |
| Affiliate Memberships   | 2,558                 | -                       | -                     | -                     | 2,558               | 5,860               | -                   | 5,860               | (3,302)             | 44%         |
| Total Assessments & Affiliate Memberships   | \$ 2,558              | \$ -                    | \$ 483,661            | \$ 334,734            | \$ 820,952          | \$ 5,860            | \$ 818,596          | \$ 824,456          | \$ (3,504)          | 100%        |
| <i>GRANTS</i>   |                       |                         |                       |                       |                     |                     |                     |                     |                     |             |
| Castro Cares Grant  | \$ -                  | \$ -                    | \$ 95,774             | \$ 119,887            | \$ 215,661          | \$ -                | \$ 443,245          | \$ 443,245          | \$ (227,584)        | 49%         |
| Jane Warner Plaza Grant   | -                     | -                       | 2,365                 | 43,299                | 45,664              | -                   | 100,000             | 100,000             | (54,336)            | 46%         |
| Retail Strategy Grant   | 10,400                | 10,557                  | 2,344                 | 11,622                | 34,923              | -                   | -                   | -                   | 34,923              | 100%        |
| SF Arts Commission Grant  | -                     | -                       | -                     | -                     | -                   | -                   | -                   | -                   | -                   | 0%          |
| Total Grants  | \$ 10,400             | \$ 10,557               | \$ 100,483            | \$ 174,808            | \$ 296,248          | \$ -                | \$ 543,245          | \$ 543,245          | \$ (246,997)        | 100%        |
| <i>DONATIONS, SPONSORSHIPS &amp; OTHER</i>  |                       |                         |                       |                       |                     |                     |                     |                     |                     |             |
| Donations - Castro Cares  | \$ 2,501              | \$ 2,149                | \$ 2,409              | \$ 2,634              | \$ 9,693            | \$ -                | \$ 7,300            | \$ 7,300            | \$ 2,393            | 133%        |
| Donations - General   | 560                   | 813                     | 509                   | 133                   | 2,016               | -                   | -                   | -                   | 2,016               | 100%        |
| Donations - Retail Strategy   | -                     | -                       | -                     | -                     | -                   | -                   | -                   | -                   | -                   | 0%          |
| Sponsorship   | -                     | -                       | -                     | -                     | -                   | -                   | -                   | -                   | -                   | 0%          |
| In-Kind Donations   | -                     | -                       | -                     | -                     | -                   | -                   | -                   | -                   | -                   | 0%          |
| Other (Interest)  | 8                     | 4                       | 6                     | 10                    | 27                  | -                   | -                   | -                   | 27                  | 100%        |
| Total Donations, Sponsorships & Other   | \$ 3,068              | \$ 2,966                | \$ 2,925              | \$ 2,777              | \$ 11,736           | \$ -                | \$ 7,300            | \$ 7,300            | \$ 4,436            | 161%        |
| <b>TOTAL INCOME</b>   | <b>\$ 16,026</b>      | <b>\$ 13,523</b>        | <b>\$ 587,069</b>     | <b>\$ 512,318</b>     | <b>\$ 1,128,937</b> | <b>\$ 5,860</b>     | <b>\$ 1,369,141</b> | <b>\$ 1,375,001</b> | <b>\$ (246,064)</b> | <b>82%</b>  |
| <b>EXPENSE</b>  |                       |                         |                       |                       |                     |                     |                     |                     |                     |             |
| <i>ASSESSMENTS &amp; AFFILIATE MEMBERSHIPS (Per Management Plan ended 12/31/2020)</i> |                       |                         |                       |                       |                     |                     |                     |                     |                     |             |
| Public Right of Way   | \$ 140,915            | \$ 156,550              | \$ -                  | \$ (14,999)           | \$ 282,466          | \$ 289,141          | \$ -                | \$ 289,141          | \$ (6,675)          | 98%         |
| District Identity & Streetscape Improvement   | 26,580                | 27,164                  | -                     | (14,999)              | 38,745              | 62,188              | -                   | 62,188              | (23,443)            | 62%         |
| Administrative  | 11,601                | 9,152                   | -                     | (10,349)              | 10,404              | 24,125              | -                   | 24,125              | (13,721)            | 43%         |
| Affiliate Memberships   | 1,990                 | 3,418                   | -                     | (1,583)               | 3,825               | 5,860               | -                   | 5,860               | (2,035)             | 65%         |
| Total Assessments & Affiliate Memberships   | \$ 181,085            | \$ 196,285              | \$ -                  | \$ (41,930)           | \$ 335,440          | \$ 381,314          | \$ -                | \$ 381,314          | \$ (45,874)         | 88%         |
| <i>ASSESSMENTS (Per Renewal Management Plan started 1/1/2021)</i>                     |                       |                         |                       |                       |                     |                     |                     |                     |                     |             |
| Cleaning Services   | \$ -                  | \$ -                    | \$ 147,500            | \$ 144,669            | \$ 292,169          | \$ -                | \$ 295,000          | \$ 295,000          | \$ (2,831)          | 99%         |
| Landscaping   | -                     | -                       | 1,655                 | 34                    | 1,689               | -                   | 2,500               | 2,500               | (811)               | 68%         |
| Marketing   | -                     | -                       | 2,811                 | 152                   | 2,963               | -                   | 4,500               | 4,500               | (1,537)             | 66%         |
| Administration and Contingency  | -                     | -                       | 54,791                | 42,589                | 97,380              | -                   | 115,510             | 115,510             | (18,130)            | 84%         |
| Total Assessments   | \$ -                  | \$ -                    | \$ 206,757            | \$ 187,444            | \$ 394,201          | \$ -                | \$ 417,510          | \$ 417,510          | \$ (23,309)         | 94%         |



**Castro/Upper Market Community Benefit District, Inc.**  
**Statement of Activities**  
**Fiscal Year 2020-2021**  
*as of June 30, 2021*

*Guide: 100%*

|  | Q1 (7/1/20 -<br>9/30/20) | Q2 (10/1/20 -<br>12/31/20) | Q3 (1/1/21 -<br>3/31/21) | Q4 (4/1/21 -<br>6/30/21) | YTD Actual          | Jul-Dec<br>2020<br>Budget | Jan-Jun<br>2021<br>Budget | Total<br>Budget     | Actual vs.<br>Budget | % of<br>Budget |
|--|--------------------------|----------------------------|--------------------------|--------------------------|---------------------|---------------------------|---------------------------|---------------------|----------------------|----------------|
| <b>GRANTS</b>                              |                          |                            |                          |                          |                     |                           |                           |                     |                      |                |
| Castro Cares Grant                         | \$ 14,435                | \$ -                       | \$ 95,774                | \$ 119,877               | \$ 230,087          | \$ 14,435                 | \$ 221,623                | \$ 236,058          | \$ (5,971)           | 97%            |
| Jane Warner Plaza Grant                    | -                        | -                          | 2,365                    | 43,299                   | 45,664              | -                         | 50,000                    | 50,000              | (4,336)              | 91%            |
| Retail Strategy Grant                      | 5,448                    | 10,557                     | 2,344                    | 11,622                   | 29,971              | 79,221                    | -                         | 79,221              | (49,250)             | 38%            |
| SF Arts Commission Grant                   | -                        | -                          | -                        | -                        | -                   | 12,750                    | -                         | 12,750              | (12,750)             | 0%             |
| Total Grants                               | \$ 19,883                | \$ 10,557                  | \$ 100,483               | \$ 174,799               | \$ 305,722          | \$ 106,406                | \$ 271,623                | \$ 378,029          | \$ (72,307)          | 81%            |
| <b>DONATIONS, SPONSORSHIPS &amp; OTHER</b> |                          |                            |                          |                          |                     |                           |                           |                     |                      |                |
| Donations - Castro Cares                   | \$ 9,824                 | \$ 17,803                  | \$ 71                    | \$ 58                    | \$ 27,756           | \$ 32,455                 | \$ 1,300                  | \$ 33,755           | \$ (5,999)           | 82%            |
| Donations - Retail Strategy                | -                        | -                          | -                        | -                        | -                   | 11,618                    | -                         | 11,618              | (11,618)             | 0%             |
| Donations - General                        | 1,865                    | -                          | 10                       | -                        | 1,875               | 3,700                     | -                         | 3,700               | (1,825)              | 51%            |
| Sponsorship                                | 9,125                    | 9,125                      | -                        | -                        | 18,250              | 18,250                    | -                         | 18,250              | -                    | 100%           |
| In-Kind Donations                          | -                        | -                          | -                        | -                        | -                   | -                         | -                         | -                   | -                    | 0%             |
| Total Donations, Sponsorships & Other      | \$ 20,814                | \$ 26,928                  | \$ 81                    | \$ 58                    | \$ 47,881           | \$ 66,023                 | \$ 1,300                  | \$ 67,323           | \$ (19,442)          | 71%            |
| <b>TOTAL EXPENSE</b>                       | <b>\$ 221,782</b>        | <b>\$ 233,770</b>          | <b>\$ 307,321</b>        | <b>\$ 320,371</b>        | <b>\$ 1,083,245</b> | <b>\$ 553,743</b>         | <b>\$ 690,433</b>         | <b>\$ 1,244,176</b> | <b>\$ (160,932)</b>  | <b>87%</b>     |
| <b>OTHER INCOME &amp; EXPENSES</b>         |                          |                            |                          |                          |                     |                           |                           |                     |                      |                |
| Other Income                               |                          |                            |                          |                          |                     |                           |                           |                     |                      |                |
| PPP Loan Forgiveness - INCOME              | \$ -                     | \$ -                       | \$ -                     | \$ 37,497                | \$ 37,497           | \$ -                      | \$ -                      | \$ -                | \$ 37,497            | 100%           |
| Other Expenses                             |                          |                            |                          |                          |                     |                           |                           |                     |                      |                |
| PPP Loan Expenditure - Wages               | -                        | -                          | -                        | \$ 37,497                | \$ 37,497           | -                         | -                         | -                   | \$ 37,497            | 100%           |
| NET - Other                                | \$ -                     | \$ -                       | \$ -                     | \$ -                     | \$ -                | \$ -                      | \$ -                      | \$ -                | \$ -                 | -              |
| <b>REVENUE OVER EXPENSES</b>               | <b>\$ (205,756)</b>      | <b>\$ (220,247)</b>        | <b>\$ 279,748</b>        | <b>\$ 191,948</b>        | <b>\$ 45,692</b>    | <b>\$ (547,883)</b>       | <b>\$ 678,708</b>         | <b>\$ 130,825</b>   | <b>\$ (85,133)</b>   | <b>35%</b>     |

# MEMORANDUM

**TO:** Supervisor Rafael Mandelman, District 8 Supervisor

**CC:** San Francisco Board of Supervisors  
Chris Corgas; Program Director, OEWD

**FROM:** Mimi Hiraki, Project Specialist, OEWD

**DATE:** July 7, 2022

**SUBJECT:** Castro Community Benefit District; FY 2020-2021 Annual Report

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This is a memo summarizing the accomplishments of the Castro Community Benefit District (Castro CBD), formerly known as the Castro CBD and an analysis of its financial statements (based on their audit) for the period between July 1, 2020, and June 30, 2021.

Each year, the CBD is required to submit a mid-year report, an annual report and a CPA financial review or audit. Castro CBD has complied with the submission of all these requirements. OEWD staff, with assistance from the Controller's Office, reviewed these financial documents to monitor and report on whether they have complied with the rules per the Property and Business Improvement District Law of 1994, California Streets and Highways Code Sections 36600 Et Seq.; San Francisco's Business and Tax Regulations Code Article 15; the Castro CBD's management contract with the City; and their Management Plan approved by the Board of Supervisors in 2006.

Also attached to this memo are the following documents:

1. Annual Reports
  - a. FY 2020-2021
2. CPA Financial Review Reports
  - a. FY 2020-2021
3. Draft resolution from the Office of Economic and Workforce Development



**Background**

The Castro/Upper Market Community Benefit District spans 18 blocks and contains 279 parcels.

- August 2, 2005: the Board of Supervisors approved the establishment of the Castro/Upper Market Community Benefit District (Resolution # 582-05).
- January 10, 2006: the Board approved the contract for the administration and management of the Castro/Upper Market Community Benefit District (Resolution # 14-06).
- April 10, 2018: the Board of Supervisors approved the Castro/Upper Market CBD’s Annual Report for Fiscal Year 2016-2017 (Resolution # 097-18).
- July 9, 2019: the Board of Supervisors approved the Castro/Upper Market CBD’s Annual Report for FY 2017-2018 (Resolution # 307-19).
- May 19, 2020: the Board of Supervisors approved the renewal and expansion of the Castro/Upper Market Community Benefit District (Resolution #215-20).
- September 29, 2020: the Board of Supervisors approved the Castro/Upper Market CBD’s Annual Report for FY 2018-2019 (Resolution #436-20).
- January 25, 2022: the Board of Supervisors approved the Castro/Upper Market CBD’s Annual Report for FY2019-2020 (Resolution #21-22).

**Basic Information about the Castro Community Benefit District:**

|                                 |  |
|---------------------------------|--|
| Year Established                | August 2005  |
| Year Renewed                    | July 2020  |
| Assessment Collection Period    | FY 2005-2006 to FY 2019-2020 (July 1, 2005 to June 30, 2020)<br>FY 2020-2021 to FY 2034-2035 (July 1, 2020 to June 30, 2035) |
| Services Start and End Date     | January 1, 2006 – December 31, 2020<br>January 1, 2020 – December 31, 2035   |
| Initial Estimated Annual Budget | \$413,500 (Original term)  |
| Initial Estimated Annual Budget | \$866,275 (Renewed term)   |
| FY 20-21 Assessment Submission  | \$818,991.62   |
| Fiscal Year                     | July 1 – June 30   |
| Executive Director              | Andrea Aiello  |
| Name of Nonprofit Entity        | Castro/Upper Market Community Benefit District Corporation   |

The current CBD website, [www.castrocbd.org](http://www.castrocbd.org), includes all the pertinent information about the organization and their programs, a calendar of events, their Management Plan, Mid-Year Report, Annual Report and meeting schedules.

**Summary of Program Areas**

**Service Area Categories for July 1, 2020, to December 31, 2020**



Castro/Upper Market Community Benefit District renewed and expanded during this review period. For the first half of the fiscal year (July 1, 2020 to December 31, 2020), the CBD operated under the previous Management Plan’s framework which detailed the following service areas:

### **Public Rights of Way and Sidewalk Operations (PROWSO)**

Public Rights of Way and Sidewalk Operations program area includes cleaning and public realm management services include regular sidewalk and gutter sweeping within the district boundaries, enhanced trash emptying in public rights of way, graffiti removal within 24-48 hours, spot steam cleaning as necessary, and maintenance of public spaces. These services are provided daily by a “Clean Team.” This program area augments its pedestrian safety initiatives with a Patrol Special officer who patrols the neighborhood seven nights a week. PROWSO may also include removal of bulky items, tree and plant maintenance, greening, landscaping and beautification of public spaces, The Castro/Upper Market CBD Management Plan calls for 63% of the budget to be spent on PROWSO.

### **District Identity and Street Improvements (DISI)**

The District Identity and Street Improvements service includes marketing, public relations, street enhancements, historical markers and public art, and economic vitality related strategies in the Castro/Upper Market area. This program area may also sponsor events such as Halloween, Castro Street Fair, Pink Saturday, Bear Weekend, and Folsom Street Fair. The Castro/Upper Market CBD Management Plan allocates 12% of their funds to this service area.

### **Administration and Corporate Operations**

The Castro/Upper Market CBD is staffed by a full-time executive director who serves as the focal point person and advocate for the CBD. The executive director also ensures that the CBD complies with the City contract and management plan as well as works towards organizational development issues including long term goals of the CBD. The executive director is in regular communication with community stakeholders such as the SFPD, Public Works and Recology. The Castro/Upper Market CBD Management Plan calls for 16% of the budget to be spent on administration and corporate operations.

In FY 2020-2021 the Castro CBD board had ten (10) directors, represented by residents, property owners, community organizations, and non-property-owning merchants. The full board meets on the second Thursday of each month. The five standing committees and meeting times are detailed below:

- Executive Committee – First Tuesday of the month
- Finance Committee – Quarterly.
- Land Use Committee – As needed, but if needed second Thursday of the month.
- District Identity & Streetscape Committee – First Wednesday of the month.
- Services Committee – as needed, but when needed, fourth Thursday of the month.
- Castro Cares Leadership Team – Fourth Wednesday of the month.
- Castro Leadership Group – Third Tuesday of the month.
- Retail Strategy Committee – Second Thursday of the month.

### **Service Area Categories for January 1, 2021 to June 30, 2021**



The second half of the fiscal year (January 1, 2021-June 30, 2021), the CBD transitioned to an updated framework. The new service areas are similar to the previous service areas as described below:

### **Cleaning Services**

Cleaning Services include sidewalk sweeping, power washing and graffiti removal will be provided along the frontages of the property within the district. Other cleaning services that may be provided are enhanced trash emptying in the public right-of-way and special events cleaning and maintenance service.

### **Landscaping**

Landscaping maintenance will be done as needed and as approved by the Board of Directors within public plazas. As funding allows, new plantings, and sidewalk planters might be considered.

### **Marketing**

Marketing and communication services include, but is not limited to, data collection, Castro CBD stakeholder and neighborhood outreach, website and social media, service presentations, general benefit fundraising, branding, media relations, and destination marketing.

### **Administration and Contingency**

Administration activities include daily oversight and operation of the district, ensuring adherence to the Management District Plan, compliance with audit/reporting requirements, fundraising, building and managing relationships with the neighborhood association/groups, city agencies/departments and elected officials. This category also includes a contingency reserve that may be used to cover unforeseen future expenses and help smooth out cash flows, which are affected by the timing of property owner payments. This category can also support renewal expenses.

## **Summary of Accomplishments, Challenges, and Delivery of Services**

The following activities are reported by the CBD at the annual level. Based off the descriptions of the service categories areas in each of the management plans, some of the service areas are grouped by similarity. Public Rights of Way and Sidewalk Operations is grouped with Cleaning Services and Landscaping as both service areas largely focused on cleaning services such as sidewalk sweeping, graffiti removal, enhanced trash emptying and landscaping maintenance. District Identity and Street Improvements is grouped with Marketing as both service areas focus services including marketing, public relations and destination marketing. Administration and Corporate Operations is grouped with Administration and Contingency as both service areas largely focused on providing oversight and coordination of District and contractor-provided services, administrative tasks such as annual assessment roll preparation, addressing property owners' questions and concerns and ensuring adherence to the Management District Plan.

### **FY 2020-2021**

#### **Public Rights of Way and Sidewalk Operations (PROWSO) / Cleaning Services / Landscaping**





- Collected 91,435 lbs. of trash
- Collected 25,676 cardboard yards
- Removed 10,970 instance of human/animal feces
- Received 5,766 scrub requests
- Power washed 742 blocks
- Properly disposed of 4,652 discarded needles
- Removed 10,224 instances of graffiti or handbills, a 48% increase from FY1920

### **Public Safety Data:**

The Castro CBD collaborates with the Castro neighborhood merchants in funding a Patrol Special Officer to be on call and patrolling the district 7 nights a week. This collaboration funds a Patrol Special Officer Tuesday – Saturday from 7 a.m. to 3 p.m. The Patrol Special gave 1,559 warnings and had other interactions over the past year. Please see website for monthly and comprehensive breakdowns. Top interactions include the following:

- 581 obstructing sidewalks
- 237 citizen and merchant interactions
- 223 homeless engagement
- 138 loitering near ATM
- 82 trespassing
- 72 aggressive panhandling
- 54 shoplifting

The Castro CBD also has a Public Safety Ambassadors program where unarmed safety patrols walk the district Tuesday-Saturday from 7a.m. to 3pm. To observe, report and to intervene when appropriate. Top interactions include 333 citizen and merchant interactions and 227 engagement with unhoused individuals.

### **District Identity and Street Improvements (DISI) / Marketing**

No events were held in 2020 due to the Shelter in Place as a result of the Covid-19 pandemic.

### **Administration and Corporate Operations**

- Successfully guided the Castro CBD through renewal and expansion process. The CBD was approved by property owners in July 2020.
- Continued to administer Castro Cares, Jane Warner Plaza, and other grants
- Close monitoring of the Block By Block contract and their employees related to SIP.
- Website and social media updates.
- Represent the CBD in the media.
- Respond to communication from property owners, merchants, and residents regarding issues directly or indirectly related to the services provided by the CBD. With the onset of the corona virus, communication was particularly related to the Shelter In Place, business closures and city policies as they changed to respond to COVID.
- Maintain a close working relationship with the SFPD’s Mission Station, SF Public Works, SFMTA, and Recology.
- Ensured compliance with state and City CBD requirements; as well as Management Agreement with the City.



**Castro/Upper Market CBD Annual Budget Analysis**

OEWD’s staff reviewed the following budget related benchmarks for the Castro/Upper Market CBD:

- **BENCHMARK 1:** Whether the variance between the budget amounts for each service category was within 10 percentage points from the budget identified in the Management Plan (*Agreement for the Administration of the “Castro Community Benefit District”, Section 3.9 – Budget*).
- **BENCHMARK 2:** Whether five point forty-one percent (5.41%) of actuals came from sources other than assessment revenue (*CA Streets & Highways Code, Section 36650(B) (6); Agreement for the Administration of the “Castro Community Benefit District”, Section 3.4 - Annual Reports*).
- **BENCHMARK 3:** Whether the variance between the budget amount and actual expenses within a fiscal year was within 10 percent (*Agreement for the Administration of the “Castro/Upper Market Community Benefit District”, Section 3.9 – Budget*).
- **BENCHMARK 4:** Whether the Castro CBD is indicating the amount of funds to be carried forward into the next fiscal year and designating projects to be spent in current fiscal year (*CA Streets & Highways Code, Section 36650(B)(5)*).

**FY 2020-2021 Budget Analysis**

**BENCHMARK 1:** Whether the variance between the budget amounts for each service category was within 10 percentage points from the budget identified in the Management Plan.

**ANALYSIS:** The Castro CBD did not meet this requirement. See tables below.

**July 2020-December 2020**

| Service Category/<br>Budget Line              | Management Plan Budget – Asst.<br><br>(Percentage) | Management Plan Budget – Total<br><br>(Percentage) | FY2020-2021 Budget – Asst.<br><br>(Percentage) | FY2020-2021 Budget – Total<br><br>(Percentage) | Variance Percentage Points – Asst. | Variance Percentage Points – Total |
|---|--|--|--|--|------------------------------------|------------------------------------|
| Public Right of Way                           | \$246,572.48<br>(63.04%)                           | \$260,675.00<br>(63.04%)                           | \$289,141.00<br>(77.01%)                       | \$343,546.00<br>(62.70%)                       | +13.97%                            | -0.34%                             |
| District Identity and Streetscape Improvement | \$47,767.95<br>(12.21%)                            | \$50,500.00<br>(12.21%)                            | \$62,188.00<br>(16.56%)                        | \$159,246.00<br>(29.07%)                       | +4.35%                             | +16.86%                            |
| Administrative                                | \$61,483.50<br>(15.72%)                            | \$65,000.00<br>(15.72%)                            | \$24,125.00<br>(6.43%)                         | \$45,091.00<br>(8.23%)                         | -9.29%                             | -7.49%                             |
| Contingency                                   | \$35,305.72<br>(9.03%)                             | \$37,325.00<br>(9.03%)                             | \$0.00<br>(0.00%)                              | \$5,860.00<br>(1.07%)                          | -9.03%                             | -7.96%                             |
| <b>TOTAL JULY-DEC. 2020</b>                   | <b>\$391,129.65<br/>(100%)</b>                     | <b>\$413,500.00<br/>(100%)</b>                     | <b>\$375,454.00<br/>(100%)</b>                 | <b>\$547,883.00<br/>(100%)</b>                 |                                    |                                    |

**January 2021-June 2021**



| Service Category/<br>Budget Line        | Management Plan Budget – Asst.<br>(Percentage) | Management Plan Budget – Total<br>(Percentage) | FY2020-2021 Budget – Asst.<br>(Percentage) | FY2020-2021 Budget – Total<br>(Percentage) | Variance Percentage Points – Asst. | Variance Percentage Points – Total |
|---|--|--|--|--|------------------------------------|------------------------------------|
| <b>Cleaning &amp; Security Services</b> | \$550,915.81<br>(67.23%)                       | \$582,425.00<br>(67.23%)                       | \$295,000.00<br>(70.66%)                   | \$509,962.00<br>(77.29%)                   | +3.42%                             | +10.06%                            |
| <b>Landscaping</b>                      | \$2,364.75<br>(0.29%)                          | \$2,500.00<br>(0.29%)                          | \$2,500.00<br>(0.60%)                      | \$5,000.00<br>(0.76%)                      | +0.31%                             | +0.47%                             |
| <b>Marketing</b>                        | \$8,513.10<br>(1.04%)                          | \$9,000.00<br>(1.04%)                          | \$4,500.00<br>(1.08%)                      | \$29,331.00<br>(4.45%)                     | +0.04%                             | +3.41%                             |
| <b>Administration and Contingency</b>   | \$257,615.27<br>(31.44%)                       | \$272,349.37<br>(31.44%)                       | \$115,510.00<br>(27.67%)                   | \$146,140.00<br>(22.15%)                   | -3.77%                             | -9.29%                             |
| <b>TOTAL JAN.-JUNE 2021</b>             | <b>\$819,408.93<br/>(100%)</b>                 | <b>\$866,274.37<br/>(100%)</b>                 | <b>\$417,510.00<br/>(100%)</b>             | <b>\$659,803.00<br/>(100%)</b>             |                                    |                                    |

**BENCHMARK 2:** Whether five point forty-one percent (5.41%) of actuals came from sources other than assessment revenue

**ANALYSIS:** *The Castro CBD met this requirement. Assessment revenue was \$818,394.00 or 70.16% of actuals and non-assessment revenue was \$348,039.00 or 29.84% of actuals. See table below.*

| Revenue Sources                                       | FY 2020-2021 Actuals  | % of Actuals   |
|---|-----------------------|----------------|
| Assessment Revenue                                    | \$818,394.00          |                |
| <b>Total Assessment (Special Benefit) Revenue</b>     | <b>\$818,394.00</b>   | <b>70.16%</b>  |
| Grant - Castro Cares                                  | \$215,661.00          | 18.49%         |
| Grant - Jane Warner Plaza                             | \$45,664.00           | 3.91%          |
| Grant - Retail Strategy Grant                         | \$34,923.00           | 2.99%          |
| Donations - Castro Cares                              | \$9,693.00            | 0.83%          |
| Donations - General                                   | \$2,016.00            | 0.17%          |
| PPP Loan Forgiveness - Income                         | \$37,497.00           | 3.21%          |
| Interest Income                                       | \$27.00               | 0.00%          |
| Affiliate Memberships                                 | \$2,558.00            | 0.22%          |
| <b>Total Non-Assessment (General Benefit) Revenue</b> | <b>\$348,039.00</b>   | <b>29.84%</b>  |
| <b>TOTAL</b>  | <b>\$1,166,433.00</b> | <b>100.00%</b> |



**BENCHMARK 3:** Whether the variance between the budget amount and actual expenses within a fiscal year was within 10 percentage points

**ANALYSIS:** *The Castro CBD met this requirement. See Table below.*

**July 2020-December 2020**

| Service Category/<br>Budget Line              | FY2020-2021<br>Budget –<br>Asst.<br><br>(Percentage) | FY2020-2021<br>Budget –<br>Total<br><br>(Percentage) | FY2020-2021<br>Actuals –<br>Asst.<br><br>(Percentage) | FY2020-<br>2021<br>Actuals –<br>Total<br><br>(Percentage) | Variance<br>Percentage<br>Points –<br>Asst. | Variance<br>Percentage<br>Points –<br>Total |
|---|--|--|---|---|---|---|
| Public Right of Way                           | \$289,141.00<br>(77.01%)                             | \$343,546.00<br>(62.70%)                             | \$282,466.00<br>(84.21%)                              | \$344,273.00<br>(76.32%)                                  | +7.20%                                      | +13.62%                                     |
| District Identity and Streetscape Improvement | \$62,188.00<br>(16.56%)                              | \$159,246.00<br>(29.07%)                             | \$38,745.00<br>(11.55%)                               | \$52,310.00<br>(11.60%)                                   | -5.01%                                      | -17.47%                                     |
| Administrative                                | \$24,125.00<br>(6.43%)                               | \$45,091.00<br>(8.23%)                               | \$10,404.00<br>(3.10%)                                | \$50,712.00<br>(11.24%)                                   | -3.32%                                      | +3.01%                                      |
| Contingency                                   | \$0.00<br>(0.00%)                                    | \$5,860.00<br>(1.07%)                                | \$3,825.00<br>(1.14%)                                 | \$3,825.00<br>(0.85%)                                     | +1.14%                                      | -0.22%                                      |
| <b>TOTAL JULY-<br/>DEC 2020</b>               | <b>\$375,454.00<br/>(100%)</b>                       | <b>\$547,883.00<br/>(100%)</b>                       | <b>\$335,440.00<br/>(100%)</b>                        | <b>\$451,120.00<br/>(100%)</b>                            |   |   |

**January 2021- June 2021**

| Service Category/<br>Budget Line | FY2020-2021<br>Budget –<br>Asst.<br><br>(Percentage) | FY2020-<br>2021 Budget<br>– Total<br><br>(Percentage) | FY2020-2021<br>Actuals – Asst.<br><br>(Percentage) | FY2020-2021<br>Actuals –<br>Total<br><br>(Percentage) | Variance<br>Percentage<br>Points –<br>Asst. | Variance<br>Percentage<br>Points –<br>Total |
|----------------------------------|--|---|--|---|---|---|
| Cleaning & Security Services     | \$295,000.00<br>(70.66%)                             | \$509,962.00<br>(77.29%)                              | \$292,169.00<br>(74.12%)                           | \$492,463.00<br>(73.54%)                              | +3.46%                                      | -3.75%                                      |
| Landscaping                      | \$2,500.00<br>(0.60%)                                | \$5,000.00<br>(0.76%)                                 | \$1,689.00<br>(0.43%)                              | \$1,708.00<br>(0.26%)                                 | -0.17%                                      | -0.50%                                      |
| Marketing                        | \$4,500.00<br>(1.08%)                                | \$29,331.00<br>(4.45%)                                | \$2,963.00<br>(0.75%)                              | \$42,707.00<br>(6.38%)                                | -0.33%                                      | +1.93%                                      |
| Administration and Contingency   | \$115,510.00<br>(27.67%)                             | \$146,140.00<br>(22.15%)                              | \$97,380.00<br>(24.70%)                            | \$132,744.00<br>(19.82%)                              | -2.96%                                      | -2.33%                                      |
| <b>TOTAL JAN-<br/>JUNE 2021</b>  | <b>\$417,510.00<br/>(100%)</b>                       | <b>\$659,803.00<br/>(100%)</b>                        | <b>\$394,201.00<br/>(100%)</b>                     | <b>\$669,622.00<br/>(100%)</b>                        |   |   |

**BENCHMARK 4:** Whether the Castro CBD is indicating the amount of any surplus or deficit revenues to be carried forward into the next fiscal year and designating the projects to be funded by any surplus revenues



**ANALYSIS:** The Castro CBD met this requirement.

*Please note: There is a period between when the City collects assessment payment and when the City disburses the funds to the CBD. As a result, a CBD typically has a fund balance at the end of the fiscal year that is equal to about 6 months of their annual budget. See table below.*

| <b>FY2020-2021 Carryover</b>                    | <b>Amount</b>       |
|---|---------------------|
| Assessments                                     | \$404,059.00        |
| Grant - Castro Cares                            | \$107,500.00        |
| Grant - Castro Cares Public Safety Ambassador   | \$97,500.00         |
| Grant - Castro Cares Shared Spaces              | \$16,623.00         |
| Grant - Jane Warner Plaza                       | \$50,000.00         |
| Donations, Sponsorships & Other                 | \$22,992.00         |
| <b>Total Designated Amount for FY 2020-2021</b> | <b>\$698,674.00</b> |

**Findings and Recommendations**

FY2020-2021 was a year of transition for Castro CBD as the CBD successfully completed renewal on May 19, 2020 and began operating under a new management plan mid-year. Thus, for the first half of this reporting period, July 2020-December 2020, the CBD's benchmarks are evaluated under the previous management plan and engineer's report adopted by the Board of Supervisors on June 7, 2005 (File #050924) while the second half of this reporting period, January 2021-June 2021, is evaluated under the current management plan and engineer's report adopted by the Board of Supervisors on May 19, 2020 (File #200379).

For FY 2020-2021, the Castro CBD met 3 out of the 4 benchmarks as defined on page 6 of this memo. The Castro CBD missed benchmark 1 which compares the organization's management plan budget with the fiscal year budget by the Castro CBD's governing board at the beginning of the fiscal year. Per Section 3.9 of each CBD is allotted a ten (10) percent deviation from their management plan budget. If they do not meet this, OEWD must determine if this deviation adversely impacts the special benefits conferred on parcels within the CBD.

In this particular situation, based on assessment dollars, spent 3.97% more on their Public Right of Way and Sidewalk Operations service area than the 10% variance allowance. Per the Management Plan adopted by the Board of Supervisors on June 7, 2005, the Public Right of Way and Sidewalk Operations service category is apportioned to all by linear frontage and lot size. Additionally, the CBD raised a high amount of non-assessment dollars from a variety of sources (46.78% of the total budget per benchmark 2). Due to the combination of these factors, it is OEWD's opinion that this deviance did not adversely impact special benefits conferred on parcels within the District.





OEWD notes that this is the second year the CBD missed this benchmark in the same service category. Similar to last year, the CBD missing this benchmark was entirely avoidable by lowering the budgeted assessment dollar amount of the Public Right of Way and Sidewalk Operations service category by 3.57%. The CBD's service agreement with the City and County of San Francisco allows an additional 10% deviance from what was budgeted for the FY. In benchmark 3 the Castro CBD indicates that the variance of FY actuals from FY budget for assessment dollars is +7.20%. By being conscious of the budget variances in benchmark 1 the CBD would have been able to meet this benchmark and still spend the same amount of dollars in assessment dollar actuals in the fiscal year. It is also important to note that for the second half of the reporting period, when the CBD operated under the new Management Plan and new budget, it did meet the benchmark. OEWD is confident that the district will be able to meet this benchmark in future years.

During this review period, the CBD continuously adjusted to the continuous changes of health orders issued by the San Francisco Health Officer, including the renewed shelter-in-place health order in December 2021. The CBD's cleaning ambassadors increased response to hot spot/scrub requests by 60% compared to last year and also increased steam cleaning services.

### **Conclusion**

The Castro/Upper Market CBD did not meet 1 of its 4 benchmarks, but OEWD determined it did not adversely impact special benefits conferred to assessed property owners. The Castro CBD continues to partner with the City and County of San Francisco to implement numerous grants, including the Castro Cares Grant and Jane Warner Plaza Grant. The Castro CBD has an active board of directors and committee members; and OEWD believes the Castro CBD will continue to successfully carryout their mission and service plans.



BOARD of SUPERVISORS



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## MEMORANDUM

TO: Kate Sofis, Director, Office of Economic and Workforce Development

FROM: Alisa Somera, Assistant Clerk, Government Audit and Oversight Committee, Board of Supervisors

DATE: July 29, 2022

SUBJECT: LEGISLATION INTRODUCED

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The Board of Supervisors' Government Audit and Oversight Committee has received the following proposed legislation, introduced by Supervisor Rafael Mandelman on July 26, 2022

**File No. 220890**

**Resolution receiving and approving an annual report for the Castro/Upper Market Community Benefit District for Fiscal Year (FY) 2020-2021, submitted as required by the Property and Business Improvement District Law of 1994 (California Streets and Highways Code, Sections 36600, et seq.), Section 36650, and the District's management agreement with the City, Section 3.4.**

If you have any additional comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102 or by email at: [Alisa.Somera@sfgov.org](mailto:Alisa.Somera@sfgov.org).

cc: Anne Taupier, Office of Economic and Workforce Development  
Lisa Pagan, Office of Economic and Workforce Development

# Introduction Form

By a Member of the Board of Supervisors or Mayor

Time stamp  
or meeting date

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee. (An Ordinance, Resolution, Motion or Charter Amendment).
- 2. Request for next printed agenda Without Reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning : "Supervisor  inquiries"
- 5. City Attorney Request.
- 6. Call File No.  from Committee.
- 7. Budget Analyst request (attached written motion).
- 8. Substitute Legislation File No.
- 9. Reactivate File No.
- 10. Topic submitted for Mayoral Appearance before the BOS on

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission
- Youth Commission
- Ethics Commission
- Planning Commission
- Building Inspection Commission

**Note: For the Imperative Agenda (a resolution not on the printed agenda), use the Imperative Form.**

Sponsor(s):

Subject:

The text is listed:

Signature of Sponsoring Supervisor:

For Clerk's Use Only