

File No. 211057

Committee Item No. 3

Board Item No. 15

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Government Audit and Oversight

Date: January 6, 2022

Board of Supervisors Meeting:

Date: January 25, 2022

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Resolution |
| <input type="checkbox"/> | <input type="checkbox"/> | Ordinance |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input type="checkbox"/> | <input type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Introduction Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Subcontract Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Contract/Agreement |
| <input type="checkbox"/> | <input type="checkbox"/> | Form 126 – Ethics Commission |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
| <input type="checkbox"/> | <input type="checkbox"/> | Application |
| <input type="checkbox"/> | <input type="checkbox"/> | Public Correspondence |

OTHER

- | | | |
|-------------------------------------|-------------------------------------|--|
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <u>OEWD Presentation – January 6, 2022</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>CBD Annual Report – FY2019-2020</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>CBD CPA Report – June 30, 2020</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>OEWD Memo – September 15, 2021</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>FYI Referral – October 13, 2021</u> |
| <input type="checkbox"/> | <input type="checkbox"/> | <u> </u> |

Prepared by: John Carroll

Date: Dec. 17, 2021

Prepared by: John Carroll

Date: January 10, 2022

Prepared by: John Carroll

Date:

1 [Castro/Upper Market Community Benefit District - Annual Report - FY2019-2020]

2

3 **Resolution receiving and approving an annual report for the Castro/Upper Market**
4 **Community Benefit District for Fiscal Year (FY) 2019-2020, 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
14 Market CBD”); and

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

18 WHEREAS, On January 10, 2006, the Board of Supervisors adopted Resolution
19 No. 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 September 29, 2020, the Board of Supervisors approved the
2 Castro/Upper Market CBD's annual reports for FY2018-2019 in Resolution No. 436-20; and

3 WHEREAS, The Castro/Upper Market CBD has submitted for the Board's receipt and
4 approval the Castro/Upper Market annual reports for FY2019-2020 as required by
5 Section 36650 of the Act and Section 3.4 of the Management Contract; and

6 WHEREAS, The Annual Report is on file with the Clerk of the Board of Supervisors in
7 File No. 211057, and are incorporated herein by reference as though fully set forth; and

8 WHEREAS, Supporting documents, including, but not limited to, a transmittal letter and
9 memorandum report from the City's Office of Economic and Workforce Development, dated
10 September 15, 2021, and documentation from the Castro/Upper Market CBD for the Annual
11 Report is on file with the Clerk of the Board of Supervisors in File No. 211057; now, therefore,
12 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 FY2019-2020.



Community Benefit District Annual Report

- 1) Yerba Buena CBD - FY 19-20
- 2) Ocean Ave CBD - FY 19-20
- 3) Castro CBD – FY 19-20
- 4) Noe Valley CBD – FY 19-20
- 5) Discover Polk CBD – FY 19-20
- 6) Lower Polk CBD – FY 18-19 & FY 19-20



Chris Corgas
CBD/BID Program Director
January 6, 2022



Legislative Overview

**Community Benefit Districts (CBDs) /
Business Improvement Districts (BIDs) are
governed by:**

- **State law**
 - “1994 Act”
- **Local law**
 - “Article 15”



OEWD Review Process

- OEWD ensures that all CBDs/BIDs are meeting their management plans.
- OEWD staff conducts an annual review of Annual Reports and CPA Financial Reviews.
- OEWD provides the Board of Supervisors with a summary memo.



Basic Information

CBD Name	Type	Assessment Budget*	FY 19-20 Assessment Submission	Year(s) Formed & Renewed	Expires
Yerba Buena	Property-Based	\$2,991,722.82	\$3,151,269.00	2008, 2014	2030
Ocean Ave	Property-Based	\$239,578.00	\$330,010.32	2010	2025
Castro	Property-Based	\$384,011.00	\$534,128.08	2005, 2020	2035
Noe Valley	Property-Based	\$218,622.00	\$269,328.30	2005, 2020	2035
Discover Polk	Property-Based	\$601,784.00	\$629,414.98	2018	2029
Lower Polk	Property-Based	\$799,093.54	\$876,709.64	2014	2029



BENCHMARKS

OEWD's staff reviewed the following budget related benchmarks for each CBD/BID:

Benchmark 1 – Whether the variance between the budget amounts for each service category was within 10 percentage points from the management plan.

Benchmark 2 – Whether the CBD met its non-assessment revenue source requirement.

Benchmark 3 - Whether the variance between the budget amounts for each service category was within 10 percentage points from the actuals.

Benchmark 4 - Whether CBD is indicating the amount of funds carried over from the current fiscal year and designating projects to be spent in the upcoming fiscal year.



Yerba Buena CBD – Benchmarks

Benchmark	Question	Was This Met?
Benchmark 1	Variance between management plan budget and Fiscal Year budget is $X < 10\%$?	Yes
Benchmark 2	Non-assessment revenue is $X \geq 5.08\%$	No
Benchmark 3	Variance between Fiscal Year budget and Fiscal Year Actuals is $X < 10\%$?	Yes
Benchmark 4	Were carryforward funds indicated from one FY to the next FY and were projects designated to be spent on?	Yes



Yerba Buena CBD – Findings & Recommendations

- Awarded funds from Community Benefit Fund for an outdoor art installation at Yerba Buena Center for the Arts, business acceleration services with Renaissance Entrepreneurship Center, Women’s Suffrage Exhibit at American Bookbinders Museum, Halloween Hoopla, and the Yerba Buena Gardens Festival
- Worked with Planning Department, Public Works, and community stakeholders to discuss long-term project to connect Yerba Buena with the Salesforce Transit Center along Natoma and Minna Streets
- Initially stopped service in early days of Covid-19 pandemic, but quickly reinstated services upon City Attorney and OEWD advice
- Reconfigured community grants to nonprofits and small businesses to defray operating costs due to Covid-19 pandemic
- Adjusted the focus of community guides to check in on neighborhood businesses and merchants to assist them during incremental reopening of the economy
- Increased disinfecting of high-touch public surfaces and continued to report and address cleaning and safety issues
- Has a strong board and robust committees
- The Yerba Buena CBD is an extremely well run organization



Ocean Ave CBD – Benchmarks

Benchmark	Question	Was This Met?
Benchmark 1	Variance between management plan budget and Fiscal Year budget is $X < 10\%$?	No
Benchmark 2	Non-assessment revenue is $X \geq 1.00\%$	Yes
Benchmark 3	Variance between Fiscal Year budget and Fiscal Year Actuals is $X < 10\%$?	Yes
Benchmark 4	Were carryforward funds indicated from one FY to the next FY and were projects designated to be spent on?	No



Ocean Ave CBD – Findings & Recommendations

- Should develop a strategic plan to look at short, mid, and long term needs of the District
- Likely that the CBD violated Brown Act
 - Executive Director did not guide board chair through meetings which allowed individual board members to go off agenda, change subject, and not adhere to standard board behavior
- OEWD perceives an unhealthy relationship between the governing board and executive director at the time
- Recommendations:
 - In recruiting new board members, the organization and nominating committee should make efforts to have applicants represent the vibrant diversity of the Ocean Avenue corridor.
 - Board seats should not be held in perpetuity and reinstatement a forgone conclusion, instead members who have expiring terms should reapply to the board and go through the formal nomination and election process.
 - The Board should create ladders to elevate new board members to leadership positions.
 - The governing board and the executive director need to complete the strategic plan process and follow all recommendations issued.
 - The governing board should have an annual retreat where they identify annual objectives and growth opportunities for the organizations.
 - The organization should hire outside legal counsel familiar with CBD/BID laws to advise them rather than rely on board members and the City for legal advice.
 - The governing board should set a maximum term limit for board members at which point they take at least a 2 year break away from the board, but may reapply to join after that period expires.
 - The board needs to clearly spell out expectations for board members.
 - The board needs to create an onboarding process for new board members.
 - Each board member needs to participate fully at board meetings and not allow individuals to control the meetings.
 - The board needs to establish a performance evaluation and metrics for the executive director.
 - The board needs to ensure rules are in place pertaining to the awarding of subcontracts and proper fiduciary management.
 - The board needs to provide overall direction to the executive director and ensure that the director is meeting all tasks and responsibilities



Castro CBD – Benchmarks

Benchmark	Question	Was This Met?
Benchmark 1	Variance between management plan budget and Fiscal Year budget is $X < 10\%$?	No
Benchmark 2	Non-assessment revenue is $X \geq 5.00\%$	Yes
Benchmark 3	Variance between Fiscal Year budget and Fiscal Year Actuals is $X < 10\%$?	Yes
Benchmark 4	Were carryforward funds indicated from one FY to the next FY and were projects designated to be spent on?	Yes



Castro CBD – Findings & Recommendations

- Met 3 out of 4 benchmarks
- Did incredibly well on Benchmark 2 (over 45% of budget was from non-assessment sources)
- Facilitated communication between the Covid Command Center and Castro/Upper Market community.
- Successfully completed a renewal and expansion of the district with 75% of the weighted ballots cast voting to renew and expand for another 15 year term,
- Initially stopped service when Covid-19 stay at home issued, but returned to work once OEWD and the City Attorney's Office provided guidance.
- Partners with the City and County of San Francisco to implement numerous grants such as Castro Cares and Jane Warner Plaza Activation.
- The CBD improved coordination and relationships with neighborhood stakeholders.
- Well positioned to carry out its mission.



Noe Valley CBD – Benchmarks

Benchmark	Question	Was This Met?
Benchmark 1	Variance between management plan budget and Fiscal Year budget is $X < 10\%$?	No
Benchmark 2	Non-assessment revenue is $X \geq 5.00\%$	Yes
Benchmark 3	Variance between Fiscal Year budget and Fiscal Year Actuals is $X < 10\%$?	Yes
Benchmark 4	Were carryforward funds indicated from one FY to the next FY and were projects designated to be spent on?	Yes



Noe Valley CBD – Findings & Recommendations

- Met 3 out of 4 benchmarks
- Did incredibly well on Benchmark 2 (over 30% of budget was from non-assessment sources)
- Facilitated communication between the Covid Command Center Noe Valley community.
- Successfully completed a renewal of the district with approximately 75% of the weighted ballots cast voting to renew for another 15 year term,.
- Partners with the City and County of San Francisco to implement activation of the Noe Valley Town Square.
- Programming at the Noe Valley Town Square was suspended or canceled due to the Covid-19 pandemic.
- The CBD improved coordination and relationships with neighborhood stakeholders.
- Well positioned to carry out its mission.



Discover Polk CBD – Benchmarks

Benchmark	Question	Was This Met?
Benchmark 1	Variance between management plan budget and Fiscal Year budget is $X < 10\%$?	Yes
Benchmark 2	Non-assessment revenue is $X \geq 3.37\%$	Yes
Benchmark 3	Variance between Fiscal Year budget and Fiscal Year Actuals is $X < 10\%$?	Yes
Benchmark 4	Were carryforward funds indicated from one FY to the next FY and were projects designated to be spent on?	Yes



Discover Polk CBD – Findings & Recommendations

- Met all benchmarks
- Ended service contract with the Lower Polk CBD
 - Contract has Lower Polk CBD provide the services within DPCBD
 - Ended so districts could better respond to unique needs of both districts
- Led hiring process to hire new executive leadership
 - Hired Duncan Talento Ley and Ben Bleiman as co-executive directors
- Had process to hire a service contractor – StreetsPlus selected
- Facilitated communication between district stakeholders and the Covid Command Center
- Continued operations once shelter in place was declared
- Modified services to better address unique concerns at beginning of the Covid-19 pandemic
- Implemented BigBellies within the CBD area.
- The CBD improved coordination and relationships with neighborhood stakeholders.
- Well positioned to carry out its mission.



Lower Polk CBD – Benchmarks

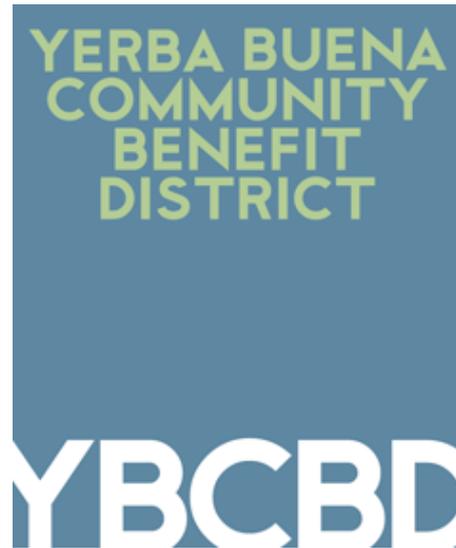
Benchmark	Question	Was This Met in FY 18-19?	Was this met in FY 19-20?
Benchmark 1	Variance between management plan budget and Fiscal Year budget is $X < 10\%$?	Yes	No
Benchmark 2	Non-assessment revenue is $X \geq 5.55\%$	Yes	Yes
Benchmark 3	Variance between Fiscal Year budget and Fiscal Year Actuals is $X < 10\%$?	Yes	Yes
Benchmark 4	Were carryforward funds indicated from one FY to the next FY and were projects designated to be spent on?	Yes	Yes



Lower Polk CBD – Findings & Recommendations

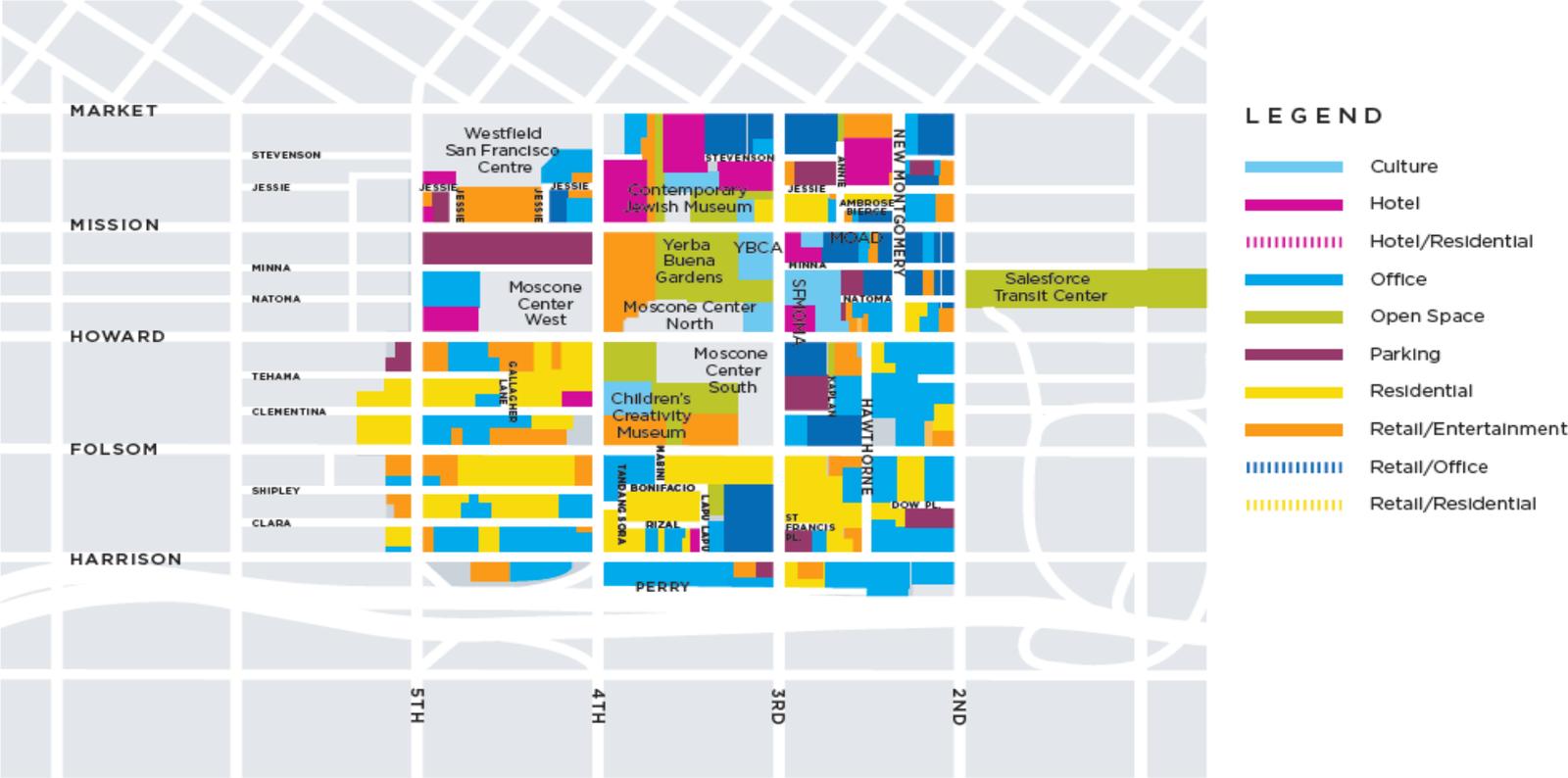
- Did not turn in annual reports and financial statements for either FY 2018-2019 or 2019-2020 in a timely manner.
 - Provided summary memo explaining the delays, part of board packet.
 - Delay initially caused by staff turnover and exacerbated by change in financial professional.
 - Reports are difficult to access online
 - OEWD recommends making them more easily accessible on CBD's website
- Initially suspended services at the beginning of the Covid-19 pandemic, but reinstated upon advice from OEWD and the City Attorney.
- Partnered with Covid Command Center to disseminate information to Lower Polk stakeholders.
- Supported local businesses and continued efforts of Lower Polk Tenant Landlord Clinic throughout the pandemic.
- Continues to be an asset to Lower Polk community.
- Generally performed well in implementing its service plan, but must improve on timely reporting,





Presentation to the San Francisco Board of Supervisors
Government Audit and Oversight Committee
January 6, 2022

What is the Yerba Buena District?



What does the YBCBD do?

YBCBD Mission Statement:

Advance the **quality of life** for residents and visitors in the Yerba Buena Neighborhood and San Francisco on an ongoing basis by fostering a **safer and more secure community**, enhancing **environmental quality and beauty**, and reinforcing the **viability of our economic base**.

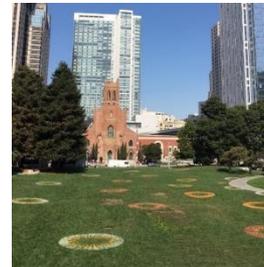
1. Cleaning

Clean Team
Steam Cleaning
Bigbelly Program



3. Streetscape

Public Art
Pedestrian Safety
Community Spaces



5. Community Benefit Grants

Public Art
Community Building
Streetscape Improvements
Safety Enhancements

2. Safety

Community Guides
SFPD Bike Patrol
Social Services Specialist



4. Marketing

Events
Marketing Campaigns
Social Media



Pre Pandemic Highlights

- 9th Annual Yerba Buena Night
- Bigbelly Art
- 2nd SOMA Sunday Streets
- Yerba Buena Walking Tours
- Yerba Buena Gardens Conservancy formation
- Community Benefit Fund Grants
 - Yerba Buena Center for the Arts
 - Renaissance Entrepreneurship Center
 - American Bookbinders Museum
 - Children's Creativity Museum
 - Contemporary Jewish Museum
 - SPUR
 - Yerba Buena Gardens Festival



Yerba Buena Night 2019

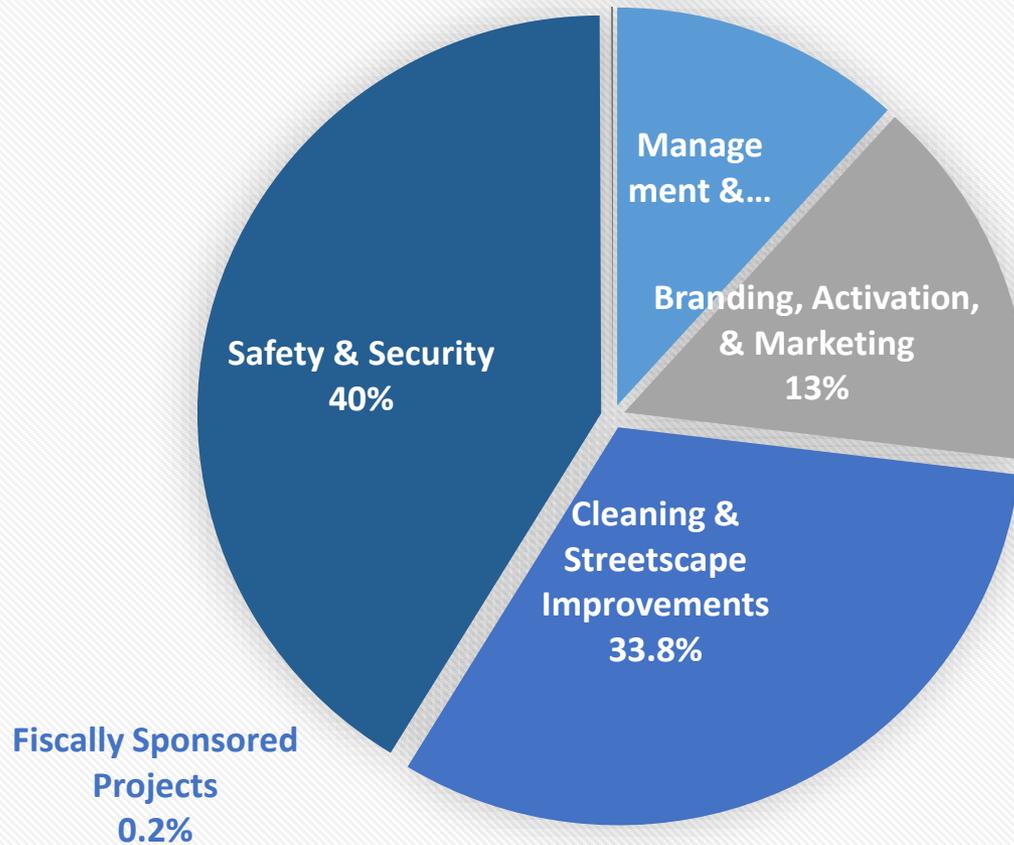
After March 2020

- Continued Clean and Services with adjusted focus
- Created “resource center” to share general pandemic-related information and resources
- Acquired PPE and distributed to businesses and non-profits in need
- Distributed masks to anyone in need in collaboration with Supervisor Haney
- Marketing focus on open businesses with short videos
- Adjusted structure for FY20-21 Community Benefit Fund Grants
- Developed structure for Small Business Grants

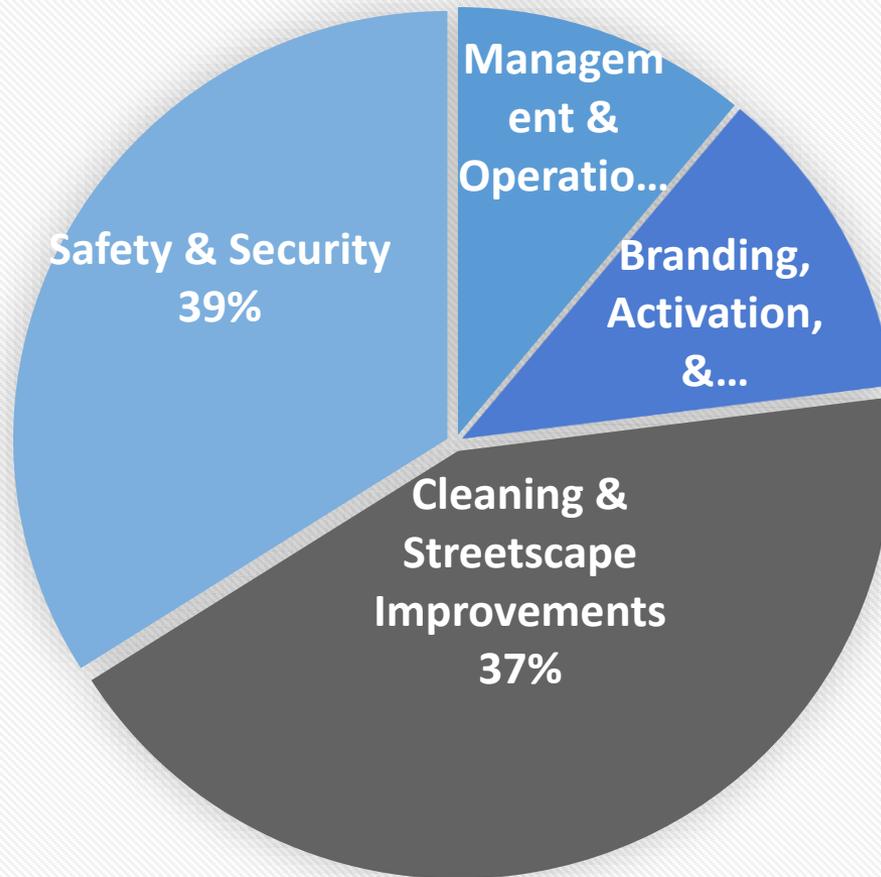


YBCBD Community Guide disinfecting high-touch surfaces

FY19-20 ACTUALS



FY20-21 BUDGET



Bigbelly Art Ribbon Cutting

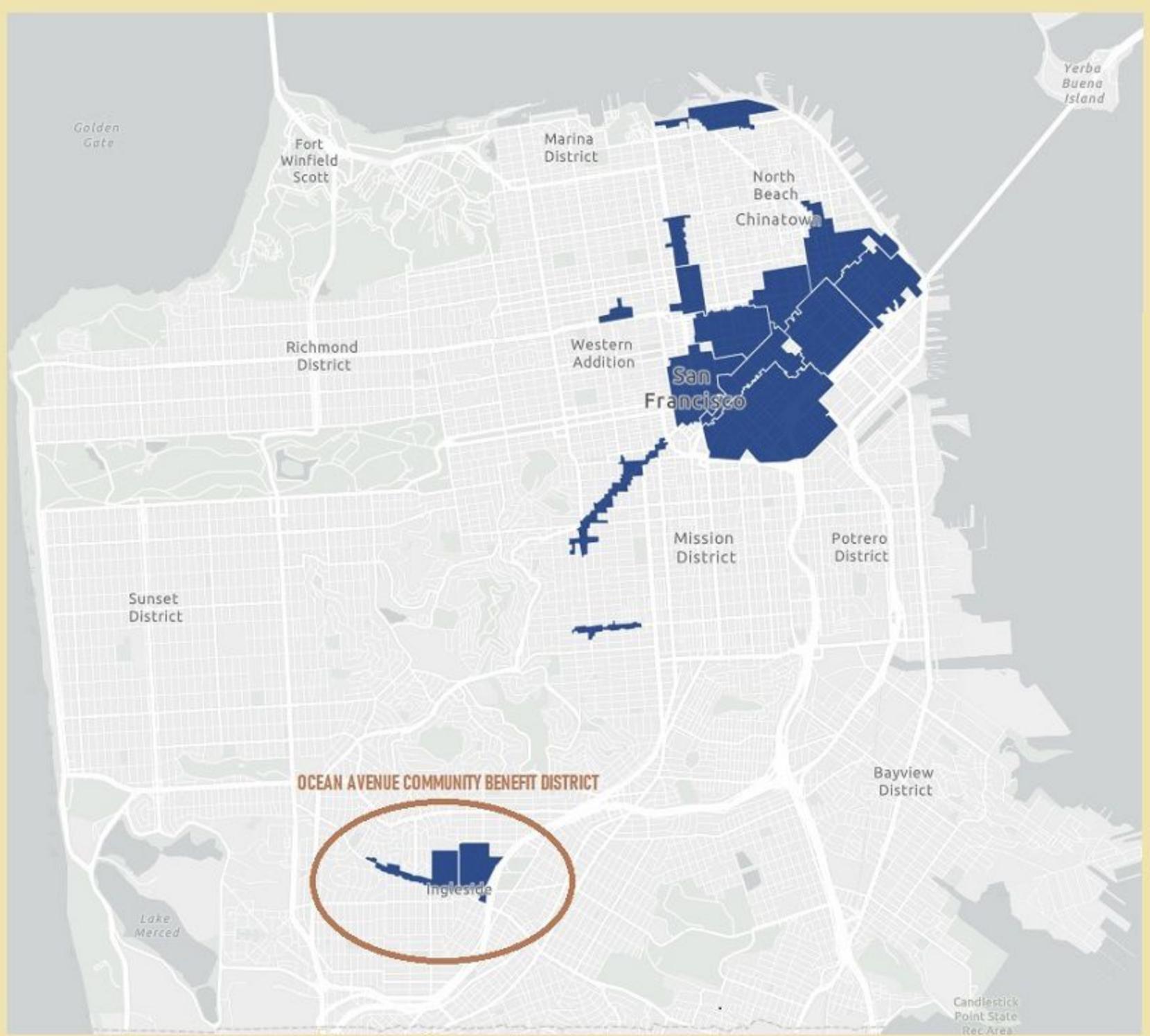




Annual Report
2019-2020

Pierre Smit,
Executive Director

Jordan Mar,
Small Business &
Marketing Manager





Accessibility | Literacy | Proximity | Unity

- Easy Access by BART, MUNI, FWY280, Junipero Serra
- A Corridor to Literacy with CCSF, SFSU, HS, MS, ES
- Steps Away from Many Distinct Neighborhoods
- A Place of Unity for Businesses Serving Folks of All Backgrounds

AR 19/20





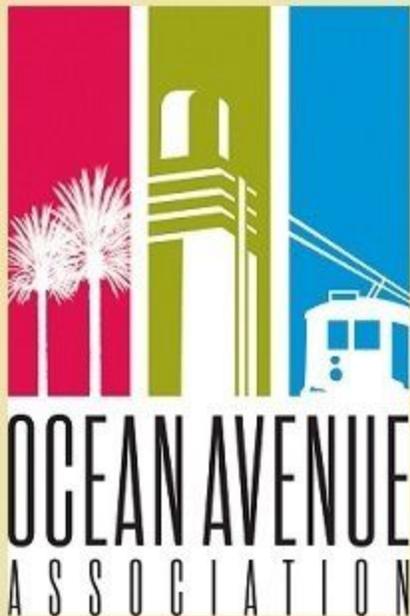
The OAA Clean Team

- Sweeping twice daily in most area of the CBD
- Pressure washing sidewalk a block per week
- Graffiti removal/covering within 24 hours
- Community clean-up of some neighboring areas

x Trash & Cardboard removed in FY19-20.....	66,000 lbs
x Animal & Human Waste Pick ups.....	1,450
x Graffiti Removal.....	780
x Instances of Steam Cleaning.....	1,075
x Illegal Dumping - 311 Calls.....	220

AR 19/20





Beautification & Maintenance

- Planting areas
- On wide sidewalks
 - Watered weekly
 - Maintained as needed

Trees planted with the assistance of DPW on different side streets

AR 19/20

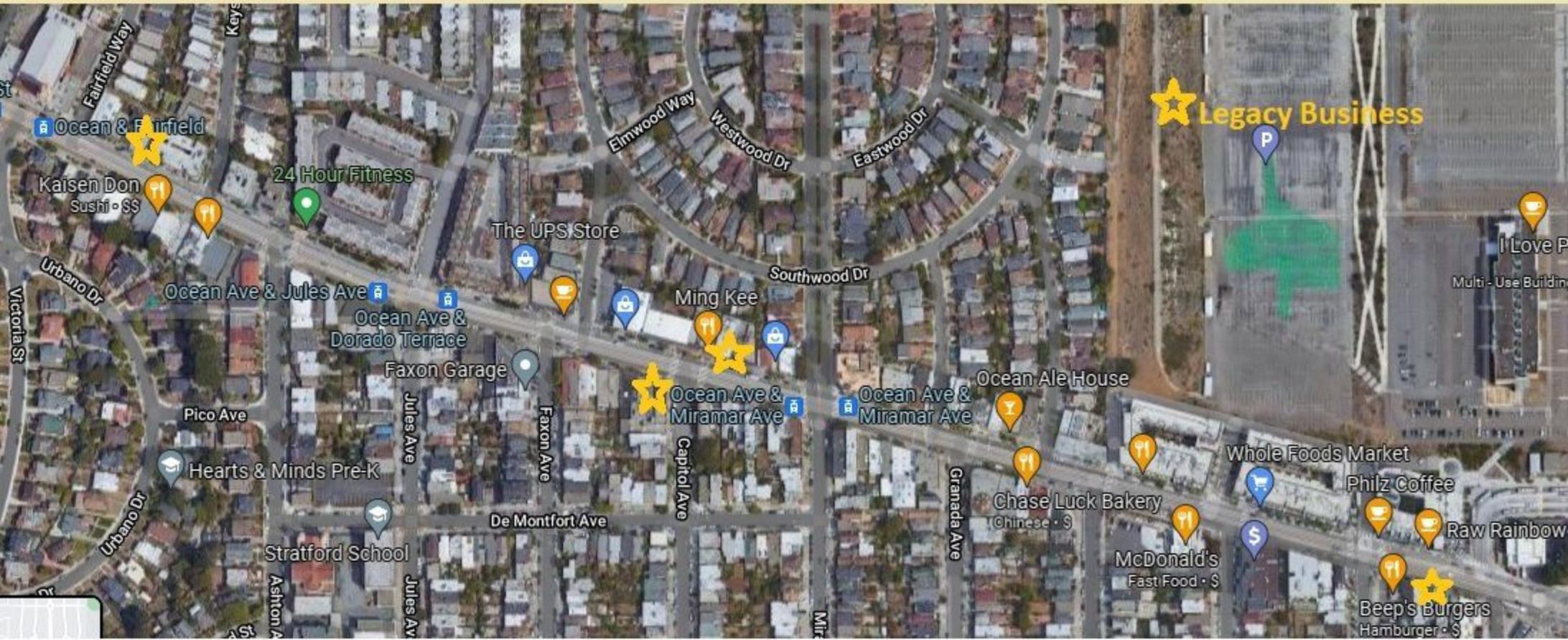




Small Business Program

- Pandemic Response to Small Businesses
- Free Legal Services
- Legacy Businesses Filing
- Commercial Space Inventory
- Assisting Prospective Businesses

AR 19/20

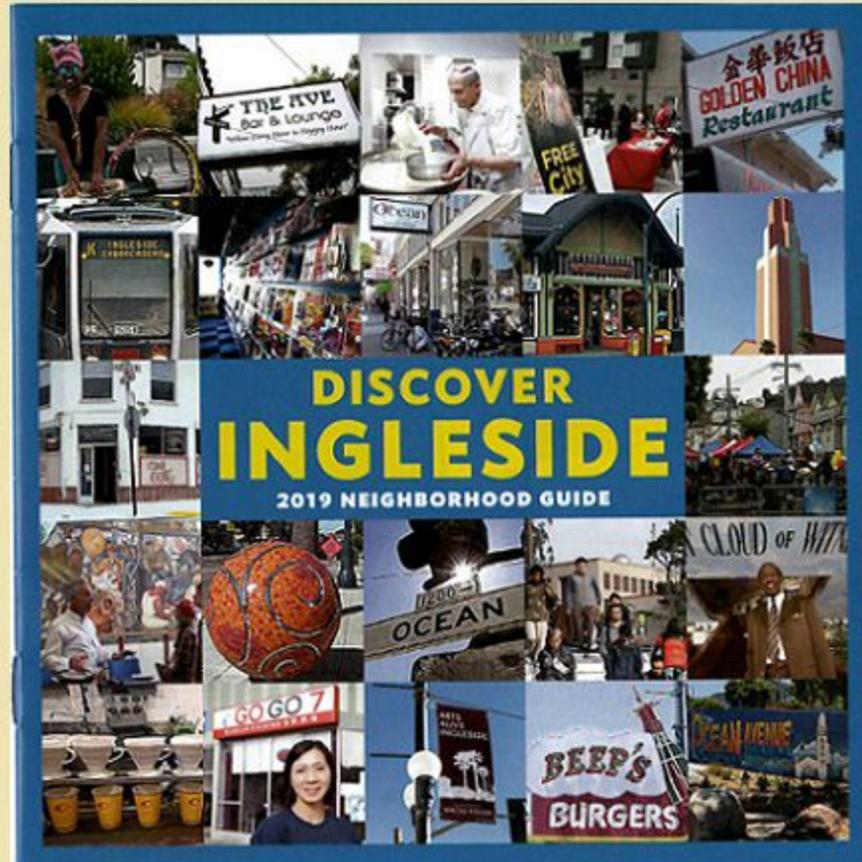


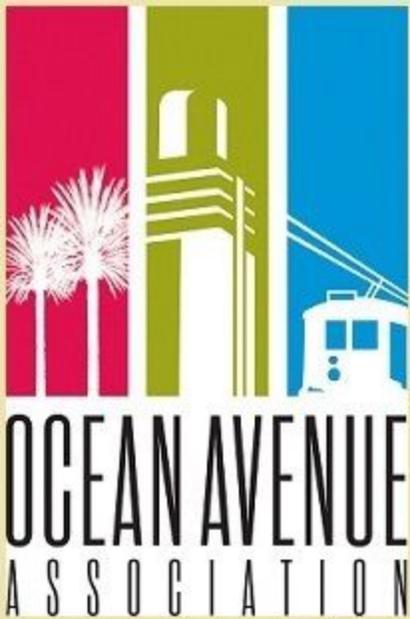


Discover
 Ingleside
 2019
 Neighborhood
 Guide

Renewal
 and
 Expansion
 Including
 - Balboa Upper Yard
 - Balboa Reservoir

AR 19/20

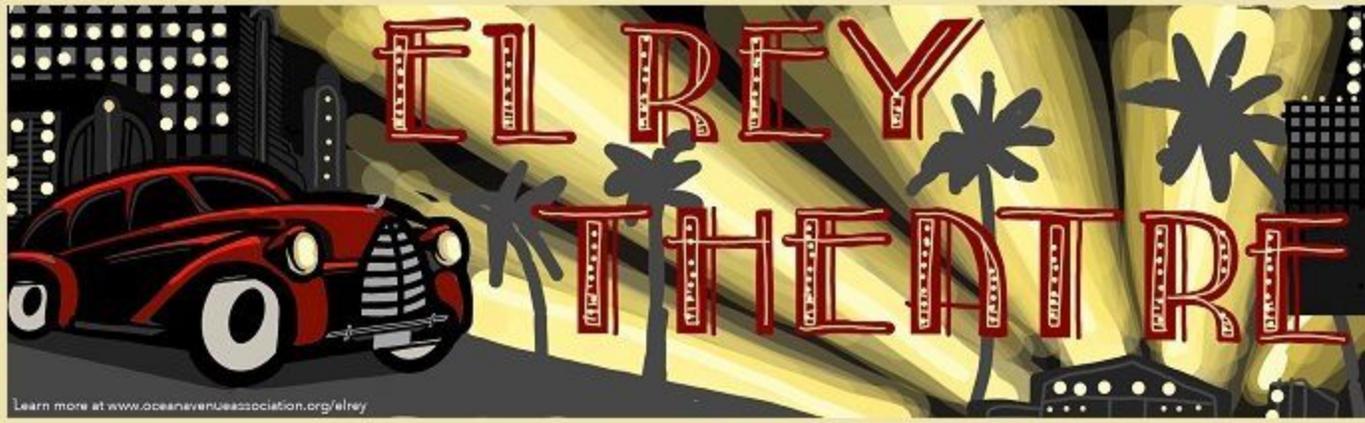




Events, Promotions & Projects

- Lunar New Year
- Promotion of OMI-CPP and SF Turkey Drive
- Public Live Survey
- Public Art
 - Ingleside Library Gateway
 - Murals

AR 19/20



Castro/Upper Market Community Benefit District

San Francisco Board of Supervisors Government & Oversight
Committee



DISTRICT MAP



ACTIVE COMMITTEES

- ◆ Executive Committee
- ◆ Finance Committee
- ◆ District Identity & Streetscape Committee
- ◆ Services Committee
- ◆ Land Use Committee
- ◆ Retail Strategy Committee
- ◆ Castro Cares Leadership Team
- ◆ Renewal Committee

GRANTS

- ◆ OEWD Castro Cares
- ◆ OEWD Jane Warner Plaza Improvement
- ◆ OEWD Castro Corridor Manager

Cleaning Services



CLEANING UP IN FY 2019-20

- Daily Sweeping
- Monthly + steam cleaning
- TRASH! 87,420 pounds of trash removed
- GRAFFITI! 7,048 incidences of graffiti abated
- NEEDLES! 2,823 dirty/hazardous needles collected
- CARDBOARD! 16,728 yards of flattened cardboard
- HAZARDOUS WASTE! 4,674 incidences of human feces removed

PUBLIC SAFETY

- SF Patrol Special Police 7 Nights/Week
- Evening Foot Patrols:
 - Jane Warner Plaza, Harvey Milk Plaza
 - Castro Street
- Vehicle Patrols:
 - Market Street
 - Church Street
 - Bikeway behind Safeway

(collaboration between late night businesses and Castro CBD)

Public Space Management & Activation

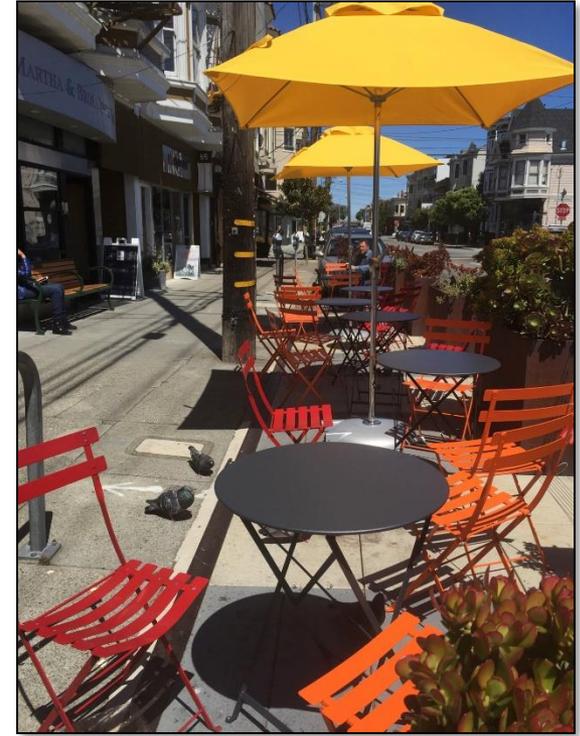


THANK YOU!



Noe Valley Association
A Community Benefit District
noevalleyassociation.org

FY 19-20 Annual Report
Government Audit & Oversight Committee
January 6, 2022



NVA Street porters worked full time through COVID-19, not missing a day of work in the district.

Public seating was well-used during the pandemic lock down.



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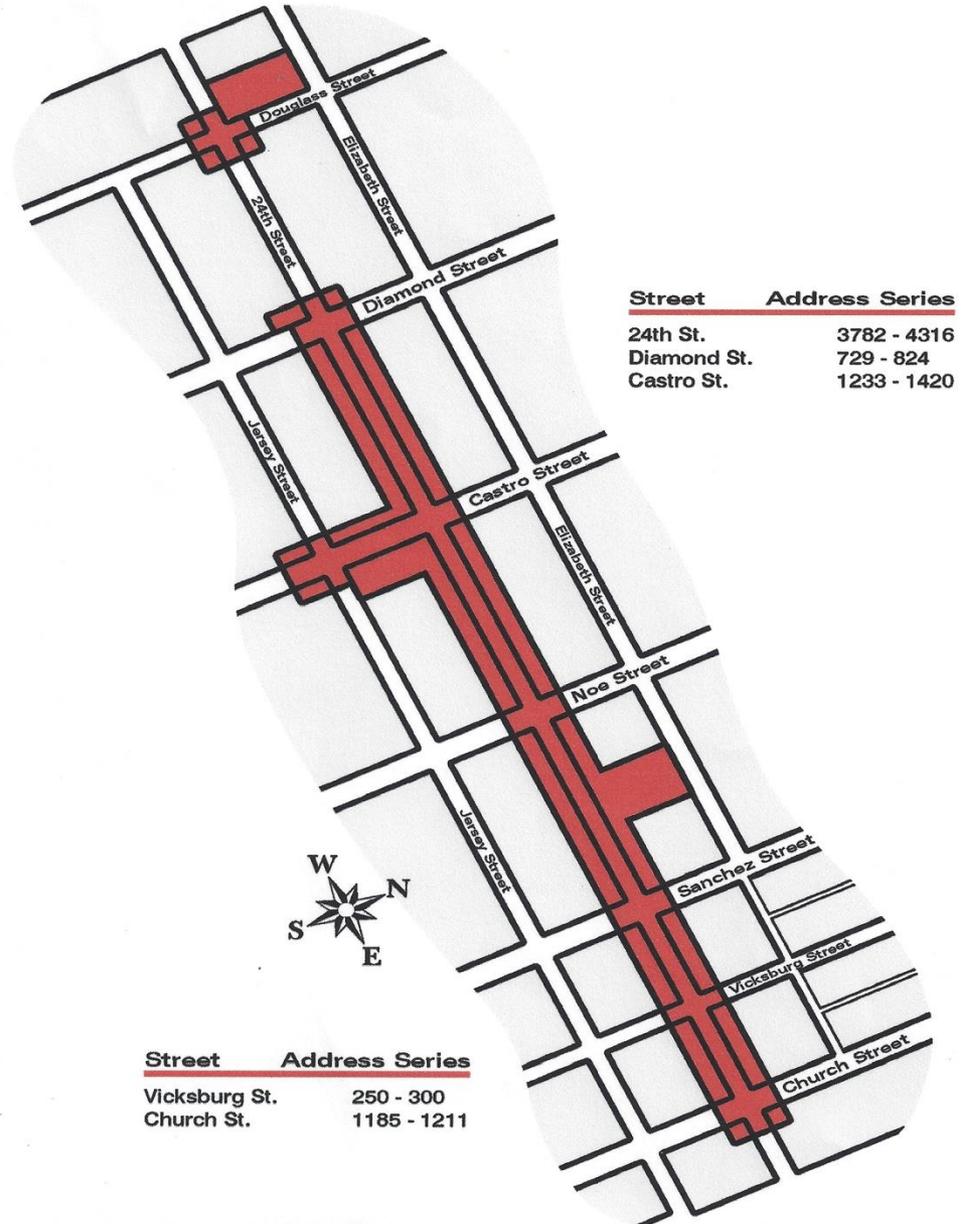
The NVA Renewed in 2020!

- Property Owners renewed the district for another 15 years with a favorable vote of 76% to 24%.
- This is a 19% increase in “yes” votes compared to the original vote to create the CBD in 2005.
- The new Management Plan changes include the elimination of four property corners.



**Noe Valley Association- A Community Benefits District
Address Range Map**

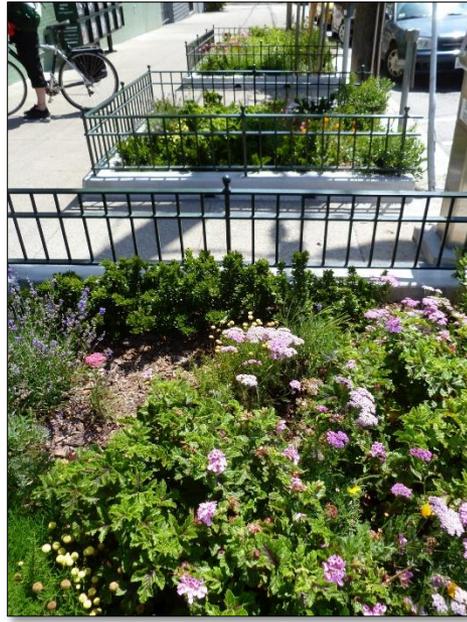
Noe Valley CBD Area Map



Noe Valley Association
A Community Benefit District
noevalleyassociation.org

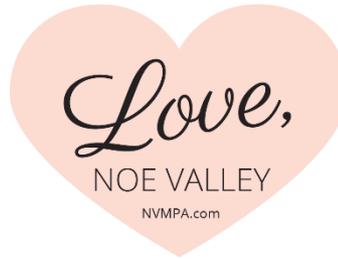
NVA Active Committees

Green Committee - Streetscape Improvements

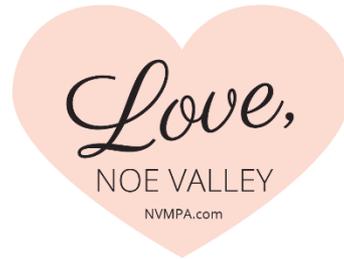


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Community Event Marketing

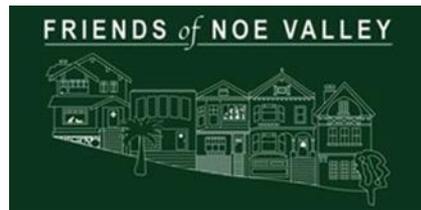


NVA Partner Organizations



Noe Valley Merchants & Professionals Association

<http://www.noevalleymerchants.com>

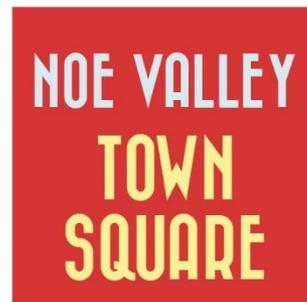


Friends of Noe Valley

<http://friendsofnoevalley.com>



Noe Valley Association
A Community Benefit District
noevalleyassociation.org



Noe Valley Town Square

<http://noevalleytownsquare.com>

Grants

NVA as Fiscal Agent for the Noe Valley Town Square



Noe Valley Association
A Community Benefit District
noevalleyassociation.org

Day to Day Operations

- Annual removal of **258** bulky trash items
- Annual removal of **262** graffiti marks, stickers
- **9** annual power washings of sidewalks
- **223** calls to 311 for removal of bulky items
- **201** tree wells weeded and watered
- **24** flower baskets hung every six months
- **27** Planter boxes replanted every six months
- **7** large sidewalk garden areas maintained monthly
- **1** public park & **2** parklets maintained year-round
- **Two** full-time street porters and a part-time gardener.



Opportunities

Continue to support activation of the Noe Valley Town Square – a widely used and valued public space in the heart of Noe Valley



Thank You.

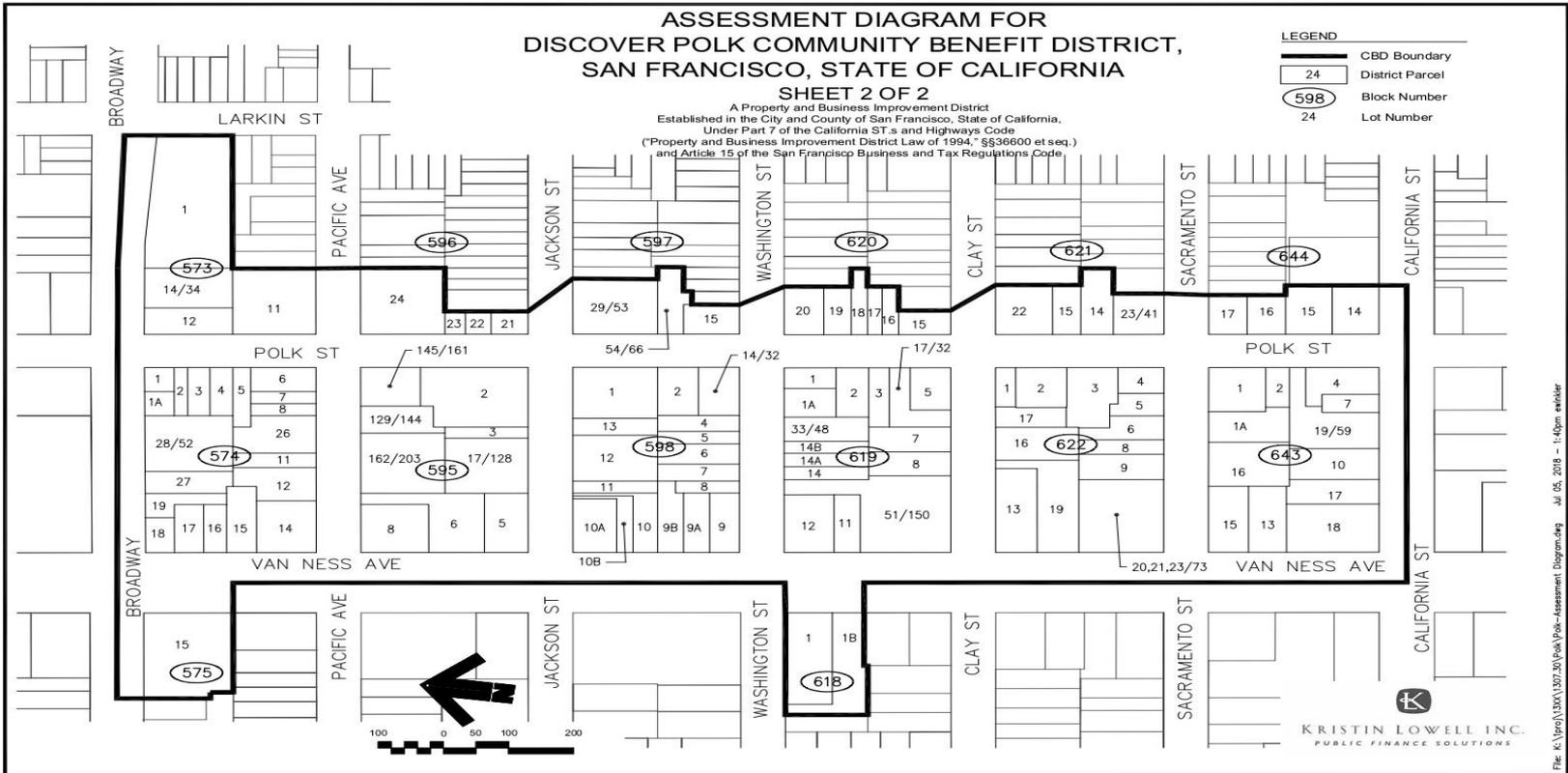


Noe Valley Association
A Community Benefit District
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Annual Report Highlights – FY 19/20



District Map - 535 total parcels



Board & Staffing Changes

- DPCBD maintained the same twelve (12) Board members throughout the period of the 2019/2020 Annual Report.
- The previous executive management – contracted through LPCBD - resigned two months before the end of 2019. DPCBD finished 2019 operating two (2) months without the support of an Executive Director or District Coordinator.
- In November 2019, the Board approved a job description for Executive Director and a search was launched. A working group interviewed four (4) qualified candidates in December 2019 and January 2020, and unanimously approved the application of a local hospitality and community affairs management company, Tonic Nightlife Group; the Board ratified the choice at a special meeting on January 10, 2020 and the new Executive Management Team accepted the offer on January 20, 2020.

- **Neighborhood Cleanliness**

- In December 2019, DPCBD conducted a rubbish audit with rubbish.love and the results were surprising. The bulk of sidewalk soil is gum stains (64%) and cigarette butts (19%). The data from this audit has helped DPCBD prioritize cleaning efforts.

- StreetPlus ramped up to near full levels by Q1 2020 (COVID19 challenges notwithstanding), including regular power washing and steam cleaning of every sidewalk in the district at a minimum of once per every two (2) weeks.

- DPCBD was notified in December 2019 that it had received a grant from OEWD for five (5) Big Belly trash bins. DPCBD worked with OEWD to identify ideal locations for the cans and contracted with a designer for the artwork that would “wrap” the cans in order to provide additional branding for the DPCBD.

- The Big Belly trash cans were installed and operational by June 2020; including a socially distanced press conference with D3 Supervisor Peskin as the main speaker.

- **Statistical Summary of Services Provided by LPCBD February 2019 to November 2019 and StreetPlus December 2019 to July 2020***

Pounds of trash removed	73,163
Hazardous waste (needles) disposed	1,182
Graffiti abated (number of instances)	373
Linear frontage steam cleaned (sq ft)	115,000
Calls addressed for cleaning (direct calls are rare)	7
Call addressed for public safety	3

Budget

FY 2020-21

REVENUE AND SUPPORT

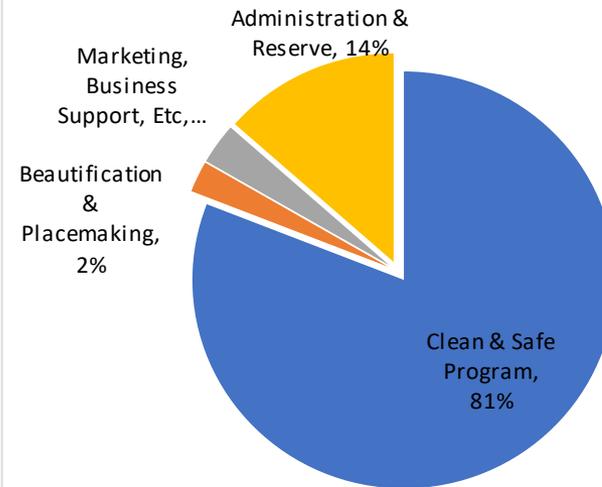
Assessments	654,820
Fundraising/In-Kind	37,000
Interest Income	0
TOTAL REVENUE AND SUPPORT	691,820

EXPENSES

Clean & Safe Program	432,713
Beautification & Placemaking	12,882
Marketing, Business Support, Etc	16,950
Administration & Reserve	72,235
TOTAL EXPENSES	534,779

* Financial data from the audited financial statements.

FY 2020-2021 budget



Financial Data*

Statement of Operations (Actual vs. Budget)

for the fiscal year ended June 30, 2020

	Actual	Budget	Variance Positive/(Negative)
REVENUE AND SUPPORT			
Assessments	630,940	628,327	2,614
Fundraising/In-Kind	22,605	37,000	(14,395)
Interest Income	0	0	0
TOTAL REVENUE AND SUPPORT	653,546	665,327	(11,781)
EXPENSES			
Clean & Safe Program	280,668	349,181	68,512
Beautification & Placemaking	13,998	21,864	7,866
Marketing, Business Support, Etc	36,172	28,768	(7,404)
Administration & Reserve	93,115	76,521	(16,594)
TOTAL EXPENSES	423,953	476,334	52,381
Change in Net Assets	229,592	188,992	64,162
Prior Year Net Assets (Carryover)	424,195	424,195	0
TOTAL NET ASSETS	653,787	613,187	64,162

Statement of Financial Position

As of 06/30/2020

ASSETS

Cash and Cash Equivalents	654,681
Assessment and Other Receivables	7,320
Prepaid Expenses	308
Equipment, net	1,679
TOTAL ASSETS	663,988

LIABILITIES & NET ASSETS

LIABILITIES

Accounts Payable	10,200
TOTAL LIABILITIES	10,200

NET ASSETS

Without Donor Restrictions	646,468
With Donor Restrictions	7,320
TOTAL NET ASSETS (CARRYOVER)	653,788
TOTAL LIABILITIES & NET ASSETS	663,988

Financial Notes

Revenue

- Assessment revenues followed very closely to plan for the fiscal year. The District's non-assessment revenues (General Benefit) is below plan by \$14,395 but above the mandatory \$20,000 requirement.

Expense

- Overall expenses for the fiscal year are under budget by \$52,381 relative to plan.

Clean & Safe

- Clean & Safe expenses are significantly under the budget due to understaffing issues at StreetPlus mostly related to the COVID19 crisis.

Beautification & Placemaking

- Beautification & Placemaking expenses are \$7,866 under the budget due to the COVID19 crisis.

Marketing & Business Support

- Marketing & Business Support expenses are \$7,404 over the budgeted plan due to the transition phase between Executive Management teams, additional spend related to communication campaigns and funds utilized for DPCBD branding on the BigBelly Trash cans.

Admin & Reserve

- Admin & Reserve expenses are \$16,594 over the budgeted plan due to rent expense for StreetPlus equipment along with additional professional service expenses.

Conclusion

For much of the latter portion of FY2019/2020, DPCBD was consumed with helping the district adapt to and manage the challenges of the COVID19 pandemic. This included but was not limited to working with StreetPlus to modify their cleaning processes to utilize PPE and social distancing protocols, partnering with local businesses to help build their outdoor “parklets” through the City’s Shared Spaces program and addressing myriad concerns and questions from residents to ensure the safety and wellbeing of everyone in the district during the pandemic.

We were extremely fortunate that our assessments came in at (or very near to) budget.

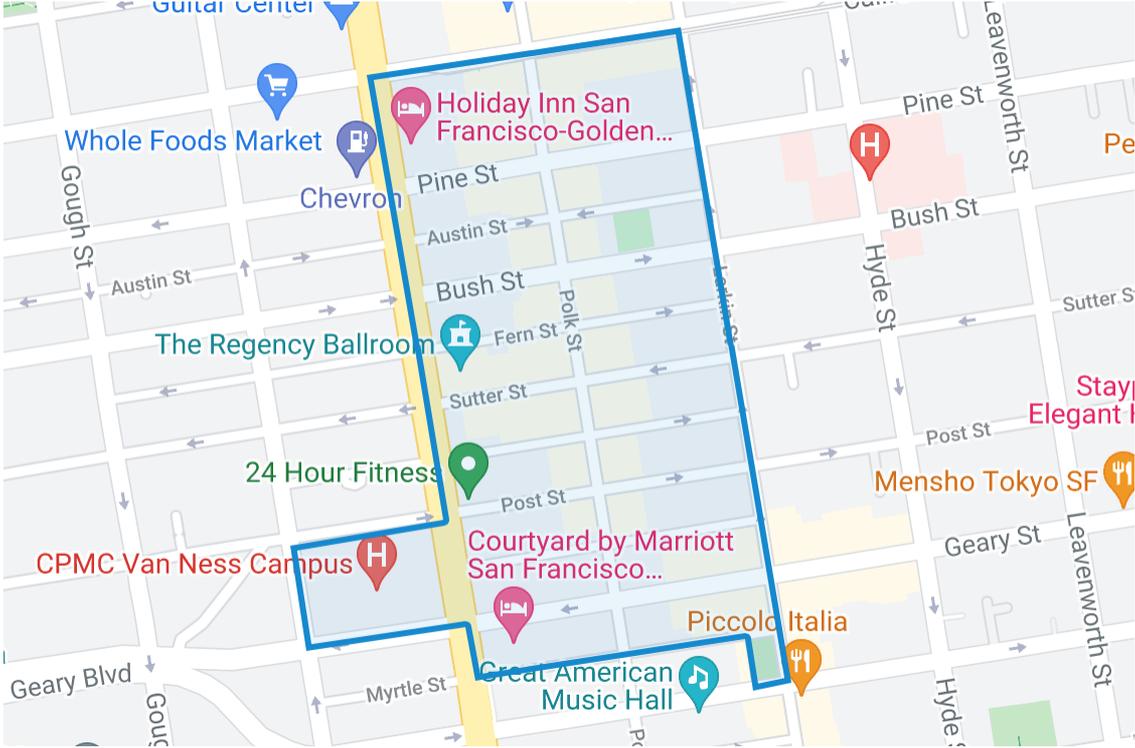


Lower Polk Community Benefit District
Annual Reports
FY 18-19 and FY 19-20

Chris Schulman
Executive Director

• LOWER POLK •

COMMUNITY BENEFIT DISTRICT



District Map

★

• LOWER POLK •

COMMUNITY BENEFIT DISTRICT

LOWER POLK COMMUNITY BENEFIT DISTRICT



22 whole or partial blocks

480 Parcels

Generally Alice B. Toklas Pl/Myrtle Alley to the South to California Street to the North

Generally Van Ness Avenue to the West and Larkin to the East

Includes CPMC Medical Center and Sgt. John MacAulay Park parcels



Services and Programs

Cleaning and Maintenance

- Pan and broom sweeping
- Pressure washing
- Graffiti Abatement
- Other maintenance including tree wells, trash receptacles, etc.
- Staff restroom adjacent to Sgt. Macaulay Park (through March 2020)

Safety

- Work with neighborhood and City stakeholders to improve safety in the community
- Deploy an ambassador focused on community/social service outreach at Sgt. Macaulay Park
- (2022) Deploying roving team of community ambassadors throughout district

Neighborhood Beautification/Streetscape Improvements/Activations

- Fern Alley Streetscape Improvements/Polk Street Beautification Project
- Partner with Lower Polk Neighbors on activations
- Lower Polk/Tenderloin Art Walk and Wine Walks





Lower Polk Tenant Landlord Clinic

With support and funding from the City of San Francisco, LPCBD continued to operate the award-winning Lower Polk Tenant Landlord Clinic, which helps landlords, small merchants, and tenants resolve issues that may lead to tenant or merchant displacement.

- The TLC is a unique interdisciplinary program that works to keep residential tenants and small “mom and pop” merchants stably sited in their current places of residence or business
- The TLC accomplishes this via education, outreach, referrals, and when needed, alternative dispute resolution. When alternative dispute resolution is required, we work on a rapid response model.
- Primary Partner is the Bar Association of San Francisco
- Hundreds of residential and small business clients served annually



Lower Polk Tenant Landlord Clinic

Client Demographics:

- Ages Range from Teens to 80's with most clients middle aged or senior citizens
- Clients are split identifying as Male and Female with 4% of clients being trans or gender non-conforming.
- Only about 48 percent of our clients identify as straight, with the remainder either choosing not to identify, or identifying as gay or bisexual or "not listed."
- The vast majority of our clients earn under \$18,000 per year, and people who identify as white make up less than 30 percent of our clients.



Financial Data*

Statement of Operations

for the fiscal year ended June 30, 2019

	Actual
REVENUE AND SUPPORT	
Assessments	879,223
Fundraising/In-Kind	596,094
Interest Income	94
Loss on Assets Disposal	(639)
Other	281
TOTAL REVENUE AND SUPPORT	1,475,053
EXPENSES	
Cleaning, Maintenance, and Safety	889,560
Marketing, Streetscape, and Beautification	585,581
Management and Operations	303,429
TOTAL EXPENSES	1,778,570
Change in Net Assets	(303,517)
Prior Year Net Assets (Carryover)	1,014,722
TOTAL NET ASSETS	711,205



Statement of Financial Position

As of 06/30/2019

ASSETS

Cash and Cash Equivalents	500,560
Assessment and Other Receivables	103,954
Prepaid Expenses	73,350
Equipment, net	382,517
TOTAL ASSETS	1,060,381

LIABILITIES & NET ASSETS

LIABILITIES

Accounts Payable	21,397
Accrued Liabilities	226,894
Advances and Unearned Revenue	100,885
TOTAL LIABILITIES	349,176

NET ASSETS

Without Donor Restrictions	696,828
With Donor Restrictions	14,377
TOTAL NET ASSETS (CARRYOVER)	711,205
TOTAL LIABILITIES & NET ASSETS	1,060,381



Financial Data*

Statement of Operations (Actual vs. Budget)

for the fiscal year ended June 30, 2020

	Actual	Budget	Variance Positive/(Negative)
REVENUE AND SUPPORT			
Assessments	903,505	876,710	26,795
Fundraising/In-Kind	599,573	750,295	(150,722)
Interest Income	81	-	81
Loss on Assets Disposal	-	-	-
Other	-	-	-
TOTAL REVENUE AND SUPPORT	1,503,159	1,627,005	(123,846)
EXPENSES			
Cleaning, Maintenance, and Safety	836,515	1,109,932	273,417
Marketing, Streetscape, and Beautification	485,491	424,631	(60,860)
Management and Operations	228,953	285,447	56,494
TOTAL EXPENSES	1,550,959	1,820,010	269,051
Change in Net Assets	(47,800)	(193,005)	(145,205)
Prior Year Net Assets (Carryover)	711,205	711,205	-
TOTAL NET ASSETS	663,405	518,200	(145,205)



Statement of Financial Position

As of 06/30/2020

ASSETS

Cash and Cash Equivalents	548,456
Assessment and Other Receivables	140,226
Prepaid Expenses	33,871
Equipment, net	256,289
TOTAL ASSETS	978,842

LIABILITIES & NET ASSETS

LIABILITIES

Accounts Payable	37,080
Accrued Liabilities	94,940
CARES Act PPP Loan	183,417
TOTAL LIABILITIES	315,437

NET ASSETS

Without Donor Restrictions	636,865
With Donor Restrictions	26,540
TOTAL NET ASSETS (CARRYOVER)	663,405
TOTAL LIABILITIES & NET ASSETS	978,842



Chris Schulman
Executive Director
cschulman@lowerpolkcbd.org
415-775-1185

Castro Community Benefit District

2019–2020 Annual Report



Castro CBD Working Towards Renewal

Dear Community Member:

In an unprecedented year, The Castro Community Benefit District Staff and Board members have continued to work diligently, implementing the objectives of the organization's management plan and goals. Flexibility and quick action have been our approach, especially in the latter half of the year, faced with the spread Covid 19, shelter in place mandates, and a great concern for our community. Through our partnership with Block by Block and the hard work of our staff, Board of Directors, Committee Members and Volunteers, the streets of Castro and Upper Church and Market have continued to see improvements.

Our primary focus remains steadfast on our core clean and safe services, which supplements many city services, to maintain and enhance the Castro and Upper Church and Market neighborhood. As you read through the Annual report for Last year, you will find that our Clean Team removed 87,420 pounds of trash and removed 7048 incidences of graffiti, and worked 365 days a year on maintaining and beautifying our neighborhood.

We continue to provide assistance and resources to small businesses through our Retail Strategy Committee and homeless outreach through our Castro Cares Committee. We have seen success with grant funding dedicated to creating and hiring a Retail Corridor Manager.

We are most proud of the relationships we have built and strengthened, not only within our community but with key City departments. Your support helps in these efforts while having a unified voice and visibility ensures that the Castro and Upper Market concerns are recognized and addressed. The vibrancy of the Castro and Upper Market Neighborhood goes hand in hand with its community Interest and outreach.

I want to thank our staff and volunteers for their hard work in 2019-2020, and our District property owners for their continued support. The Castro CBD will continue to put community concerns at the forefront.

Please read through this annual report and see all that we have accomplished together and look forward to building on our success in the year ahead.

With Gratitude,



Justine Shoemaker
President, Board of Directors
Castro Community Benefit District



Assessments

The Castro CBD is partially funded through an annual assessment on the property in the district. Castro CBD assessments are based on the following factors:

Linear frontage, lot/parcel size, building square footage, and building use.

Relative costs are as follows:

Linear frontage: \$11.945254/linear foot

Lot square footage: \$.1076460/lot size square foot

Building square footage: \$.15145631/building square foot. 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 SF 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 SF 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

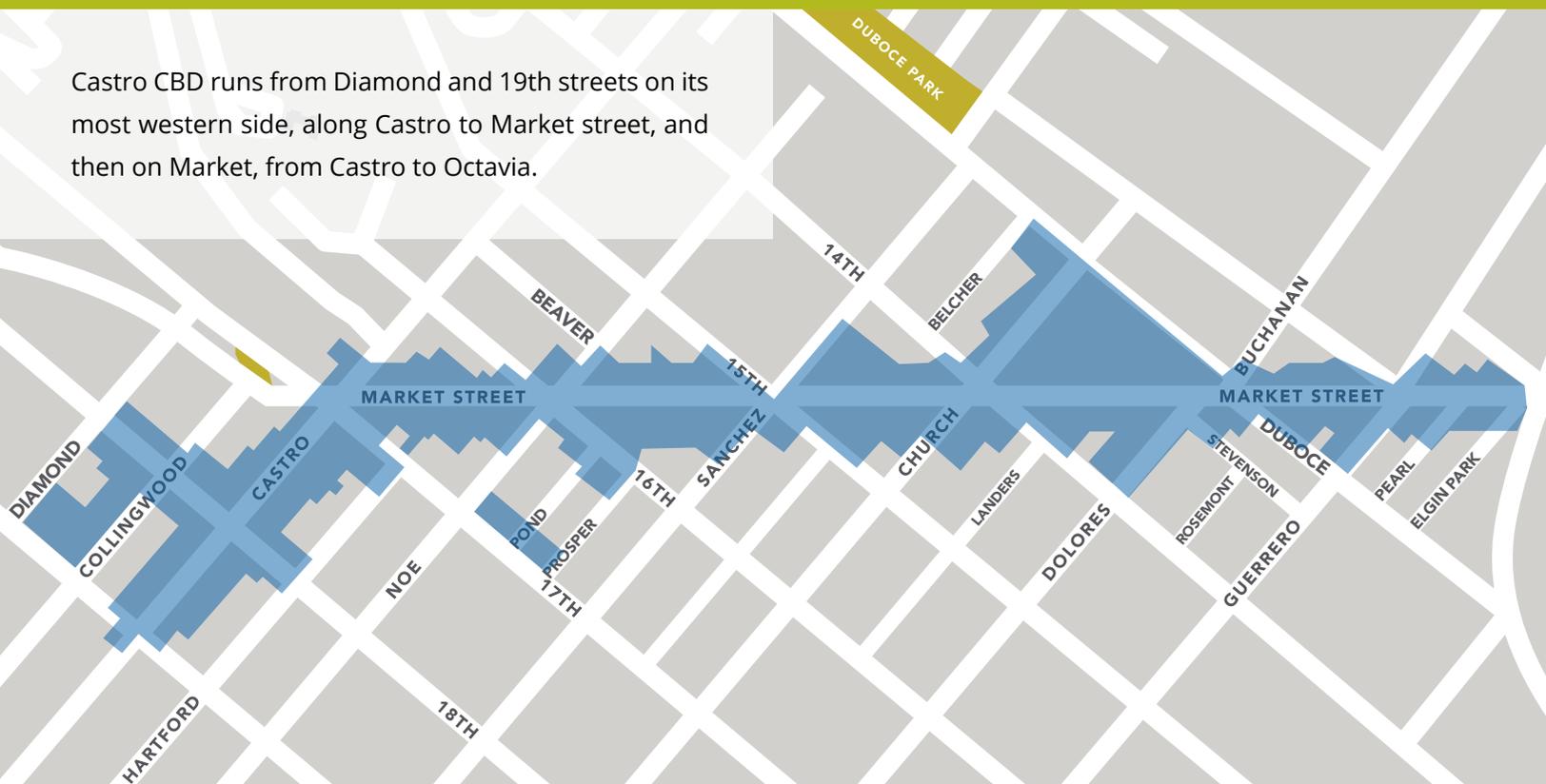
Staff

Andrea Aiello, Executive Director
Anh Han, Accountant

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' Langely, Board Member
Helen McClure, Board Member
Desmond Morgan, Board Member
Pat Sahagun, Board Member

Castro CBD runs from Diamond and 19th streets on its most western side, along Castro to Market street, and then on Market, from Castro to Octavia.





Taking Care of Our Community
(Some images taken prior to shelter in place.)



By the Numbers

How we've help keep our community clean and safe the whole year through:



Announcing a New Public Safety Initiative

As frontline stewards for our neighborhood, Castro Community Benefit District is always looking for new programs and services to improve the economic vitality and quality of life for our neighborhood. We are excited to launch a new Initiative in January 2021 dedicated to the enhancement of public safety in the Castro & Upper Market for all who frequent the district. This new Initiative will have three components:

PATROL SPECIAL POLICE: Foot and vehicle patrols by armed security guards, patrolling across the entire Community Benefit District footprint, who are also on the SF police department radio and available by phone, call: 415-471-7536.

Schedule: Friday and Saturday nights, 9:00 pm – 9:00 am, Sunday and Monday, 9 am – 5 pm *(funding provided by a grant from the SF Office of Economic & Workforce Development OEWD)*

PUBLIC SAFETY AMBASSADORS: Foot and bicycle patrol by unarmed security guards, patrolling across the entire Community Benefit District footprint and available by phone, call: 415-471-7536.

Schedule: Tuesday – Saturday, 7:00 am – 3:30 pm *(funding provided by a grant from the SF Office of Economic & Workforce Development OEWD)*

CONSIDERATION OF A PUBLIC SAFETY CAMERA PROGRAM: The Community Benefit District is considering installing a public safety camera program. The installation of the cameras will be funded through a grant, but there will be on-going maintenance charges (at time of printing, the maintenance costs are not yet determined). We have developed a survey to understand the interest in such a camera program. Please take this survey, it is critical that we hear from you. You can access this short survey here: <https://www.surveymonkey.com/r/CBD-Cameras> *(if you are viewing this as a hard copy, please type this link into your browser).*

Financials

Statement of Activities

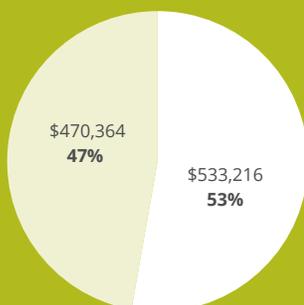
Year Ended June 30, 2020

SUPPORT & REVENUES	
Assessment revenue	\$ 535,216
Government grants	\$ 433,711
Contributions	\$ 16,852
In-kind donations	\$ 5,255
Affiliate member dues	\$ 14,432
Interest income	\$ 114
Net assets released from restrictions	\$ -
TOTAL SUPPORT & REVENUES	\$1,005,580
EXPENSES	
Program services	\$1,002,139
General and administrative	\$ 40,653
TOTAL EXPENSES	\$1,042,792
NET ASSETS	
Change in Net Assets	\$ (37,212)
NET ASSETS beginning of year	\$ 483,858
NET ASSETS end of year	\$ 446,646

*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.

January 1–June 30, 2021

Six-Month Budget

INCOME	
ASSESSMENTS	
Assessments	\$ 818,596
GRANTS	
Government Grants	\$ 543,245
Total Grants	\$ 543,245
DONATIONS, SPONSORSHIPS & OTHER	
Donations - Castro Cares	\$ 7,300
Total Donations	\$ 7,300
TOTAL INCOME	\$1,369,141
EXPENSE	
ASSESSMENTS	
Cleaning Services	\$ 295,000
Landscaping	\$ 2,500
Marketing	\$ 4,500
Administration and Contingency	\$ 115,510
Total Assessments	\$ 417,510
GRANTS	
Government Grants	\$ 271,623
Total Grants	\$ 271,623
DONATIONS, SPONSORSHIPS & OTHER	
Donations - Castro Cares	\$ 1,300
Total Donation Expenses	\$ 1,300

TOTAL EXPENSE	\$ 690,433
REVENUE OVER EXPENSES	\$ 678,708

FUTURE YEAR CARRYOVER	
Assessments	\$ 401,085
Government Grants	\$ 271,623
Donations, Sponsorships & Other	\$ 6,000

CARRYOVER AS OF 6/30/2021	\$ 678,708
----------------------------------	-------------------

Castro



Castro Community Benefit District

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

facebook.com/castrocbd

[@visitthecastro](https://twitter.com/visitthecastro)

email: info@castrocbd.org

Open for Business

The Castro CBD continues to support small businesses during this pandemic.



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

(A California Not-For-Profit Corporation)

FINANCIAL STATEMENTS

JUNE 30, 2020



Accountants & Advisors

CASTRO/UPPER MARKET COMMUNITY
BENEFIT DISTRICT, INC.

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Statement of financial position	3
Statement of activities	4
Statement of functional expenses	5
Statement of cash flow	6
Notes to financial statements	7 - 12



Independent Accountant's 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, 2020, 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.

Certified Public Accountants

A handwritten signature in black ink that reads "RINA Accountancy LLP". The signature is written in a cursive, slightly slanted style.

San Francisco, California
October 12, 2020

CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.

STATEMENT OF FINANCIAL POSITION - JUNE 30, 2020

ASSETS

CURRENT ASSETS:	
Cash and cash equivalents	\$ 488,985
Assessments receivable	8,845
Grants receivable	55,769
Prepaid expenses	4,174
TOTAL CURRENT ASSETS	<u>557,773</u>
OTHER:	
Security deposits	<u>3,185</u>
TOTAL ASSETS	<u>\$ 560,958</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:	
Accounts payable	\$ 57,880
Accrued expenses	8,385
Deferred rent	10,550
TOTAL CURRENT LIABILITIES	<u>76,815</u>
LONG-TERM LIABILITIES:	
Note payable	<u>37,497</u>
TOTAL LIABILITIES	<u>114,312</u>
NET ASSETS:	
Net assets without donor restrictions	121,410
Net assets with donor restrictions	325,236
TOTAL NET ASSETS	<u>446,646</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 560,958</u>

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, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUES:			
Assessment revenue	\$ -	\$ 535,216	\$ 535,216
Government grants	-	433,711	433,711
Contributions	-	16,852	16,852
In-kind donations	5,255	-	5,255
Affiliate member dues	14,432	-	14,432
Interest income	114	-	114
Net assets released from restrictions	1,019,577	(1,019,577)	-
TOTAL SUPPORT AND REVENUES	<u>1,039,378</u>	<u>(33,798)</u>	<u>1,005,580</u>
EXPENSES:			
Program services	1,002,139	-	1,002,139
General and administrative	40,653	-	40,653
TOTAL EXPENSES	<u>1,042,792</u>	<u>-</u>	<u>1,042,792</u>
CHANGE IN NET ASSETS	(3,414)	(33,798)	(37,212)
NET ASSETS, beginning of year	<u>124,824</u>	<u>359,034</u>	<u>483,858</u>
NET ASSETS, end of year	<u>\$ 121,410</u>	<u>\$ 325,236</u>	<u>\$ 446,646</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, 2020

	Program Services			Total
	District Identity & Streetscape Improvement	Public Right of Way	General and Administrative	
Sidewalk cleaning	\$ 79,899	\$ 438,520	\$ -	\$ 518,419
Salaries and wages	95,171	92,702	24,493	212,366
Security and public safety	-	94,974		94,974
Professional services	29,974	7,475	6,172	43,621
Social programs and services	-	42,704		42,704
Rent expense	13,926	21,340	3,359	38,625
Operation expenses	8,898	7,409	5,117	21,424
Marketing and advertising	14,273	4,113		18,386
Events and promotions	17,620	-	-	17,620
Payroll taxes and workers' compensation	6,110	10,189	1,258	17,557
Streetscape improvements	10,903	-	-	10,903
In-kind donation	1,718	3,537	-	5,255
Accounting fees	200	200	100	500
Travel and meetings	86	40	154	280
Castro Ambassadors	158	-	-	158
TOTAL FUNCTIONAL EXPENSES	\$ 278,936	\$ 723,203	\$ 40,653	\$ 1,042,792

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, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:	
Decrease in net assets	\$ (37,212)
Adjustment to reconcile change in net assets to net cash used in operating activities:	
Changes in operating assets and liabilities:	
Accounts receivable	(8,354)
Grants receivable	42,020
Prepaid expenses	227
Accounts payable	2,304
Accrued expenses and other payable	<u>(32,886)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>(33,901)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from note payable	<u>37,497</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>37,497</u>
NET INCREASE IN CASH	3,596
CASH AND CASH EQUIVALENTS, beginning of year	<u>485,389</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 488,985</u></u>

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, 2020

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 vote and legislation 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. The term of the district will expire June 30, 2035. 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 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, 2020

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, 2020. 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.

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, 2020, revenues from affiliate member dues totaled \$14,432.

CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.

NOTES TO THE FINANCIAL STATEMENTS - JUNE 30, 2020

Note 2. SIGNIFICANT ACCOUNTING POLICIES (Continued):

Revenue recognition (continued):

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.

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.

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.

CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.

NOTES TO THE FINANCIAL STATEMENTS - JUNE 30, 2020

Note 2. SIGNIFICANT ACCOUNTING POLICIES (Continued):

Use of accounting 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.

Concentration 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.

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 12, 2020, 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. 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:

	June 30, 2020	June 30, 2019
Cash and cash equivalents	\$ 488,985	\$ 485,389
Grants receivable	55,769	97,789
Assessments receivable	8,845	91
Less donor-imposed restricted amount	<u>(325,236)</u>	<u>(359,034)</u>
Total	<u>\$ 228,363</u>	<u>\$ 224,235</u>

Note 4. 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 53% of the Organization's total revenue.

CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.

NOTES TO THE FINANCIAL STATEMENTS - JUNE 30, 2020

Note 5. LONG-TERM DEBT:

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. Pursuant to the terms of the Note, interest accrues at 1%. Payments in the amount of \$1,878 are due commencing on November 1, 2020, with all outstanding unpaid principal and accrued interest due on May 3, 2022. All or a portion of amounts due under the Note may be forgiven under the applicable provisions of the Paycheck Protection Program of the CARES Act. The Organization intends to apply for full forgiveness of the loan.

Note 6. 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 \$4,546 were made by the Organization in the year ending June 30, 2020.

Note 7. NET ASSETS WITHOUT DONOR RESTRICTIONS:

Net assets without donor restrictions comprise the following for the year ended June 30, 2020:

Board designated	<u>\$ 121,410</u>
Total	<u><u>\$ 121,410</u></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 8. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions and related activity comprise the following for the year ended June 30, 2020:

	July 1, 2019	Contributions and Income	Released from Restrictions	June 30, 2020
Assessments - public right of way	\$ 112,906	\$ 411,927	\$ 436,018	\$ 88,815
Assessments - district identity and streetscape improvements	20,746	123,289	81,847	62,188
Assessments - general and administration	103,680	-	40,653	63,027
General donations	2,905	940	-	3,845
Castro Care donations	51,005	13,226	13,914	50,317
Man Dance donations	2,532	2,586	5,118	-
Retail strategy donations	12,361	100	843	11,618
Annual Event Sponsorship	18,250	-	-	18,250
SF Arts Commission	-	25,000	12,250	12,750
OEWD - Castro Care grant	9,649	261,500	256,723	14,426
OEWD - CBD renewal grant	25,000	-	25,000	-
OEWD - JWP grant	-	145,000	145,000	-
OEWD - Retail Strategy	-	2,211	2,211	-
Totals	<u>\$ 359,034</u>	<u>\$ 985,779</u>	<u>\$ 1,019,577</u>	<u>\$ 325,236</u>

CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.

NOTES TO THE FINANCIAL STATEMENTS - JUNE 30, 2020

Note 9. 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 June,		
2021	\$	40,337
2022		41,144
2023		41,966
2024		<u>39,173</u>
	\$	<u>162,620</u>

Rental expense was \$38,625 for the year ended June 30, 2020.

MEMO

To: Supervisor Rafael Mandelman, District 8 Supervisor

CC: San Francisco Board of Supervisors

From: Chris Corgas; OEWD Program Director, Community Benefit Districts

RE: Castro/Upper Market Community Benefit District; FY 2019-2020 Annual Report

Date: September 15, 2021

This is a memo summarizing the performance of the Castro/Upper Market Community Benefit District (Castro/Upper Market CBD) and an analysis of their financial statements (based on their audit) for the period between July 1, 2019 and June 30, 2020.

Each year the CBD is required to submit a mid-year report, an annual report, and a CPA Financial Review or Audit. The Castro/Upper Market 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/Upper Market's Community Benefit District management contract with the City; and their Management Plan as approved by the Board of Supervisors in 2006.

Also attached to this memo are the following documents:

1. Annual Report
 - a. FY 2019-2020
2. CPA Financial Review Report
 - a. FY 2019-2020
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).

Basic Info about the Castro Upper Market CBD

Year Established	August 2005
Assessment Collection Period	FY 2005-2006 to FY 2019-2020 (July 1, 2005 to June 30, 2020)
Services Start and End Date	January 1, 2006 – December 31, 2020
Initial Estimated Annual Budget	\$413,500
FY 19-20 Assessment Submission	\$534,128.08
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, 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 Service Area Goals

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 2019-2020 the Castro/Upper Market 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.

Summary of Accomplishments, Challenges, and Delivery of Service Areas

FY 2019-2020

Public Rights of Way and Sidewalk Operations (PROWSO)

- Collected 87,420 lbs. of trash
- Properly disposed of 3,849 discarded needles
- Removed 7,080 instance of human/animal feces
- Removed 6,919 instances of graffiti or handbills
- Topped off 181 overflowing City trashcans
- Weeded 57 block faces and 1,276 tree wells

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 4pm – 1am Sunday – Wednesday and 4pm – 3am Thursday – Saturday. The Patrol Special gave 3,732 warnings and had other interactions over the past year. Please see website

Warning/Incident/Interaction	Annual Total
Aggressive Panhandling	386
Assaults	17
Bike/Skateboard on sidewalk	27
Burglary	0
Medical Call	32
Illegal Vendor	16
Loitering near ATM	221

Narcotics	3
Obstructing Sidewalk	728
Open Container	114
Property Damage	4
Public Intoxication	113
Shoplifting	256
Theft	129
Threats Physical/Verbal	23
Trespassing	514
Urinating in public	22
Warrant	1
Other	230
Totals	2,863
Citizen/Merchant Interactions	869

District Identity and Street Improvements (DISI)

Live! In the Castro held 40 live events in Jane Warner Plaza during the summer of 2019. Events ranged from art shows/sales to live concerts from a diversity of performers and genres. Live! in the Castro brought people into the Castro. This was the sixth year of Live! In the Castro and certainly these events were getting noticed and Jane Warner Plaza was a destination for many on summer weekends. Live! In the Castro events drew between 25 – 100 people to various events. No events were held in 2020 due to the Shelter In Place as a result of the Covid-19 pandemic.

The CBD’s Streetscape Committee has been meeting with MTA staff for several years to provide feedback on the Upper Market Pedestrian Safety Improvement Project. The Committee is delighted to report that the project was approved with the streetscape designs worked on with the CBD and other community members. The Committee recommended that the CBD pay for the electricity required for up lighting the palm trees on upper Market. The CBD Board approved this expense, thereby enabling this beautification element on Market St.

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 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/Upper Market Community Benefit District”, Section 3.9 – Budget*).
- **BENCHMARK 2:** Whether five percent (5%) of actuals came from sources other than assessment revenue (*CA Streets & Highways Code, Section 36650(B) (6); Agreement for the Administration of the “Castro/Upper Market 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/Upper Market 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 2018-2019

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/Upper Market CBD did not meet this requirement. The variance between the budget amounts for each service category was not within 10 percentage points from the budget identified in the Management Plan even when accounting for the assessment budget being separated from non-assessment funds. See table below. Note: This indicates the amount budgeted in relation to Special Assessment dollars.*

Service Category	Management Plan Budget (Percentage)	FY 19-20 Budget (Percentage)	FY 19-20 Asst. Budget (Percentage)	Variance % Points - Total	Variance % Points – Asst.
Public Rights of Way and Sidewalk Operations plus Public Safety Services	\$260,675.00 (63.04%)	\$762,224.00 (62.85%)	\$453,240.00 (76.61%)	-0.19%	+13.57%
District Identity and Streetscape Improvements	\$50,500.00 (12.21%)	\$404,800.00 (33.38%)	\$92,690.00 (15.67%)	+21.17%	+3.45%
Administrative/Corporate Operations	\$65,000.00 (15.72%)	\$39,695.00 (3.27%)	\$39,695.00 (6.71%)	-12.45%	-9.01%
Contingency/Reserve	\$37,325.00 (9.03%)	\$6,000.00 (0.49%)	\$6,000.00 (1.01%)	-8.53%	-8.01%
TOTAL	\$413,500.00 (100%)	\$1,212,719.00 (100%)	\$591,625.00 (100%)		

BENCHMARK 2: Whether five percent (5%) of actuals came from sources other than assessment revenue.

ANALYSIS: *The Castro/Upper Market CBD met this requirement. Assessment revenue was \$501,197.00 or 53.30% of actuals and non-assessment revenue was \$439,110.00 or 46.70% of actuals. See table below.*

Revenue Sources	FY 2019-2020 Actuals	% of Actuals
Special Benefit Assessments	\$535,216.00	
Total assessment revenue	\$535,216.00	53.22%
Grants	\$433,711.00	43.13%
Donations	\$5,255.00	0.52%%
Contributions and Sponsorships	\$16,852.00	1.68%
Affiliate Membership	\$14,432.00	1.44%
Interest Earned	\$114.00	0.01%
Total non-assessment revenue	\$470,364.00	46.78%
Total	\$1,005,580.00	100%

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

ANALYSIS: *The Castro/Upper Market CBD met this requirement. When accounting for the difference between assessment dollar actuals and non-assessment dollars, the Castro/Upper Market CBD meets this benchmark. The CBD receives a substantial amount of operating dollars via non-assessment sources which throw off the “actuals” calculations. See table below. Note: This indicates the amount of Special Assessment dollars utilized in this category.*

Service Category	FY 19-20 Budget (Percentage)	FY 19-20 Asst. Budget (Percentage)	FY 19-20 Actuals - Total (Percentage)	FY 19-20 Actuals – Asst. (Percentage)	Variance % Points – Actuals Total	Variance % Points – Actuals Asst.
Public Rights of Way and Sidewalk Operations plus Public Safety Services	\$762,224.00 (62.85%)	\$453,240.00 (76.61%)	\$618,261.00 (67.07%)	\$357,535.00 (67.86%)	+4.22%	-8.75%
District Identity and Streetscape Improvements	\$404,800.00 (33.38%)	\$92,690.00 (15.67%)	\$201,276.00 (21.84%)	\$67,160.00 (12.75%)	-11.54%	-2.92%
Administrative/Corporate Operations	\$39,695.00 (3.27%)	\$39,695.00 (6.71%)	\$64,356.00 (6.98%)	\$64,356.00 (12.21%)	+3.71%	+5.50%
Contingency/Reserve	\$6,000.00 (0.49%)	\$6,000.00 (1.01%)	\$37,854.00 (4.11%)	\$37,854.00 (7.18%)	+3.61%	+6.17%

TOTAL	\$1,212,719.00 (100%)	\$591,625.00 (100%)	\$921,747.00 (100%)	\$526,905.00 (100%)		
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BENCHMARK 4: Whether the Castro/Upper Market 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.

ANALYSIS: *The Castro/Upper Market 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.*

FY 2018-2019 Carryover Disbursement	
Special Assessment Project	
Public Rights of Way Sidewalk Operations	\$ 249,126.36
District Identity and Streetscape Improvements	\$ 62,188.00
Administrative and Corporate Operations	\$ 24,125.00
Total Special Assessment Allocation to be spent in FY 19-20	\$ 335,439.36

Findings and Recommendations

For FY 2019-2020, the Castro/Upper Market CBD met 3 out of the 4 benchmarks as defined on page 5 of this memo. The Castro/Upper Market CBD missed benchmark 1 which compares the organization’s management plan budget with the fiscal year budget by the Castro/Upper Market 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 3.57% more on their Public Right of Way and Sidewalk Operations service area than the 10% variance allowance. Per the District’s Management District Plan (MDP), approved by the San Francisco Board of Supervisors on August 2, 2005, this service area provides:

- Regular sidewalk and gutter sweeping
- Sidewalk steam cleaning
- Spot cleaning
- Daily security services
- Maintenance of public spaces
- Holiday decorations
- Enhanced trash emptying in the public right of way
- Removal of bulky items
- Graffiti removal within 24 hours
- Installation and maintenance of banners
- Tree and plan maintenance and planting

- Equipment, supplies, tools
- Vehicle maintenance and insurance
- Maintenance personnel and supervisor costs

Per information available the additional budget to this service area came at the expense of the CBD's Administration and Corporate Operations and Contingency/Reserve service categories. Typically, these categories have little impact on determining the specific benefit to identified parcel owners as they typically deal with the internal operations of the District. 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 would note that 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/Upper Market CBD indicates that the variance of FY actuals from FY budget for assessment dollars is -8.75%. 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. OEWD recommends that the Castro/Upper Market CBD executive director clearly articulate the language surrounding deviations from the management plan budget and fiscal year budget as articulated in Section 3.9 of the CBD's management agreement with the City and County of San Francisco. The CBD executive director and governing board, which has fiscal responsibility over the CBD, should ensure this benchmark is met in the future.

The Castro/Upper Market CBD was up for renewal and expansion in FY 2019-2020 if the District failed to renew, it would sunset at the end of the calendar year. After a multi-year process, led by the Castro/Upper Market CBD staff and renewal committee, the CBD's property owners voted with 75% of weighted assessments cast to renew and expand the District for an additional 15-year term, which will end on December 31, 2035. On July 14, 2020 the Board of Supervisors unanimously voted to approve the formation (renewal and expansion) of the Castro Community Benefit District. Please note that starting in FY 2020-2021 the CBD will be referred to as the Castro CBD and no longer the Castro/Upper Market CBD per language in the District's MDP approved by the Board of Supervisors on July 14, 2020.

The second half of FY 2019-2020 was particularly challenging for the Castro/Upper Market CBD as well as property owners and businesses in the area. In February 2020 visitor traffic to the area began to decline due to the emergence of the Covid-19 global pandemic. On March 16, 2020 Mayor London N. Breed announced that the Health Officer for the City County of San Francisco issued a Public Health Order requiring residents to remain at home, with the exception of essential needs. Additionally, all businesses other than Essential Businesses and Essential Government Functions, were required to cease all operations. All public and private gatherings of any number of people occurring outside a single family or living unit were also prohibited.

This order was particularly confusing to the Community Benefit District/Business Improvement District community in San Francisco as, by definition, they provide supplemental service and no direction was provided on whether or not they were to cease operations. Each CBD decided on whether to continue services as usual, scale back services, change service patterns, or suspend service operations. The

Castro/Upper Market CBD decided to suspend some operations and services and enter into a modified service plan for the District. OEWD and the Office of the City Attorney worked to determine if CBD/BIDs must continue their supplemental service despite what decisions each district made in reaction to the pandemic. On March 23, 2020 OEWD issued a memo to all CBD/BIDs stating that, based on the advice of Deputy City Attorney Manu Pradhan, Articles 13 C and D of the California Constitution supersede both gubernatorial and mayoral executive orders. These Constitutional provisions deal with how special benefits are conveyed and each CBD/BID's specific assessment formula. The ramifications of this meant that all CBD/BIDs had to return to full service immediately. OEWD also provided a list of resources to the CBD/BIDs to provide to their employees or contractors. The Castro/Upper Market CBD returned to their full-service schedule once this determination was made.

During the pandemic OEWD worked with the Covid Command Center to ensure that CBD/BID essential workers were not forgotten during the Covid response and was able to acquire personal protective equipment and hygiene supplies to keep workers and the community safe. CBD/BIDs played an important role in facilitating communication between the City and their stakeholders throughout the pandemic. The Castro/Upper Market CBD worked with the Covid Command Center, through OEWD, to disseminate Covid-19 related information to its stakeholders and provided safety kits to the unhoused community and commuters within the District.

Conclusion

The Castro/Upper Market CBD did not meet 1 of its 4 benchmarks OEWD checks on annual basis, but OEWD determined it did not adversely impact special benefits conferred to assessed property owners. The CBD continued to perform well at meeting benchmark 2. The Castro/Upper Market CBD continues to partner with the City and County of San Francisco to implement numerous grants, including the Castro Cares program. During the pandemic, the Castro/Upper Market CBD increased opportunities to partner with community stakeholders and numerous municipal agencies to disseminate Covid-19 information. The Castro/Upper Market CBD has an active board of directors and committee members; and OEWD believes the Castro/Upper Market CBD will continue to successfully carryout their mission and service plans. This will be the final annual report for the Castro/Upper Market Community Benefit District formed under the 2005 MDP, all future annual reports will relate to the District as renewed and expanded on July 14, 2020.

BOARD of SUPERVISORS



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MEMORANDUM

TO: Kate Sofis, Director, Office of Economic and Workforce Development
Ben Rosenfield, City Controller

FROM: John Carroll, Assistant Clerk, Government Audit and Oversight Committee, Board of Supervisors

DATE: October 13, 2021

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Government Audit and Oversight Committee has received the following proposed legislation, introduced by Supervisor Mandelman on October 5, 2021:

File No. 211057

Resolution receiving and approving an annual report for the Castro/Upper Market Community Benefit District for Fiscal Year (FY) 2019-2020, 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 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.

c: Offices of Chair Preston and Supervisor Mandelman
Todd Rydstrom, Office of the Controller
Anne Taupier, Office of Economic and Workforce Development
Lisa Pagan, Office of Economic and Workforce Development
Chris Corgas, 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