

File No. 110459

Committee Item No. 5

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Government Audit and Oversight

Date: June 23, 2011

Board of Supervisors Meeting

Date: _____

Cmte Board

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OTHER

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| <input checked="" type="checkbox"/> | <input type="checkbox"/> | * <u>Annual Reports 2006-2007, 2007-2008, 2008-2009, 2009-2010</u> |
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Completed by: Andrea S. Ausberry

Date June 17, 2011

Completed by: _____

Date _____

An asterisked item represents the cover sheet to a document that exceeds 25 pages. The complete document is in the file.

1 [Annual Reports - North of Market/Tenderloin Community Benefit District]

2
3 **Resolution regarding North of Market/Tenderloin Community Benefit District Annual**
4 **Reports to the City: receiving and approving the District's Annual Reports for FYs**
5 **2006-2007, 2007-2008, 2008-2009 and 2009-2010; as submitted pursuant to Section**
6 **36650 of the Business Property and Business Improvement Act of 1994 (California**
7 **Streets and Highways Code §§36600 et seq.) and Section 3.4 of the District's**
8 **management contract with the City.**

9
10 WHEREAS, On June 7, 2005, pursuant to the Property and Business Improvement
11 Law of 1994, California Streets and Highways Code Sections 36600 *et seq.* (the "Act"), as
12 augmented by Article 15 of the San Francisco Business and Tax Regulations Code ("Article
13 15"), the Board of Supervisors adopted Resolution No. 422-05 "Resolution of Intention to form
14 the North of Market/Tenderloin Community Benefit District (CBD)" (BOS File No. 050877);
15 and;

16 WHEREAS, On August 2, 2005 the Board of Supervisors adopted Resolution
17 No. 584-05 "Resolution to Establish the North of Market/Tenderloin Community Benefit
18 District" for a period of 15 years commencing with Fiscal Year 2005-2006 (BOS File
19 No. 051192); and,

20 WHEREAS, On January 10, 2006 the Board of Supervisors adopted Resolution
21 No. 15-06, approving a contract with the property owners' non-profit association North of
22 Market/Tenderloin Community Benefit Corporation for management and administration of the
23 North of Market/Tenderloin Community Benefit District (BOS File No. 052018); and,

24 WHEREAS, On June 19, 2007 the Board of Supervisors adopted Resolution
25 No. 347-07 approving the North of Market/Tenderloin Community Benefit District's annual

1 report for Fiscal Years 2005-2006 and modifying a part of the management agreement
2 (BOS File No. 070736); and,

3 WHEREAS, On May 23, 2011 the North of Market/Tenderloin Community Benefit
4 District's Annual Reports for Fiscal Years 2006-2007, 2007-2008, 2008-2009 and 2009-2010,
5 including the related budget for Fiscal Year 2010-2011, were filed with the Board of
6 Supervisors together with a transmittal letter and memorandum from the City's Office of
7 Economic and Workforce Development, which are hereby declared to be a part of this
8 Resolution as if set forth fully herein; and,

9 WHEREAS, These annual reports are submitted pursuant to Section 36650 of the
10 Business Property and Business Improvement Act of 1994 (California Streets and Highways
11 Code §§36600 *et seq.*), and pursuant to Section 3.4 of the District's Management Contract
12 with the City (*i.e.*, Section 3.4 of the City's agreement/contract with the nonprofit property
13 owners' association North of Market/Tenderloin Community Benefit Corporation, for
14 management and administration of the North of Market/Tenderloin Community Benefit District)
15 which is on file with the Clerk of the Board of Supervisors in File No. 052018 (re Resolution
16 No. 15-06); now, therefore, be it

17
18 RESOLVED, that the Board of Supervisors hereby receives and approves the North of
19 Market/Tenderloin Community Benefit District 's Annual Reports for Fiscal Years 2006-2007,
20 2007-2008, 2008-2009 and 2009-2010, including the related budget for Fiscal Year 2010-
21 2011, which are hereby declared to be a part of this Resolution as if set forth fully herein.
22
23
24
25

May 23, 2011

Supervisor Jane Kim
San Francisco Board of Supervisors
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, Ca 94102-4689

Dear Supervisor Kim,

We are submitting this packet on the North of Market/Tenderloin Community Benefit District (NOM/TL CBD) for your review. Per their contract with the City, we are requesting that you introduce a resolution to approve the annual reports and financial statements of NOM/TL CBD for FY 2006-2007, FY 2007-2008, FY 2008-2009, FY 2009-2010 and their organizational budget for FY 2010-2011. We also ask that you schedule a public hearing through the appropriate committee to take testimony on the work of NOM/TL CBD for the past four fiscal years.

Included in this packet:

- 1) Draft resolution from the City Attorney
- 2) Memo summarizing the accomplishments of the NOM/TL CBD
- 3) Summary and analysis of their financial statements
- 4) Annual Reports from FY 2006-2007, FY 2007-2008, FY 2008-2009, FY 2009-2010
- 5) CPA Financial Review for FY 2006-2007, FY 2008-2009, FY 2009-2010 and Form 990 for FY 2007-2008

Per their contract with the City, NOM/TL CBD is required to submit the following reports:

- 1) Mid-year report (due January 31st, on two quarters of work)
- 2) Annual Report (due July 31st, 30 days after the end of fiscal year)
- 3) Unaudited Financial Statements and Budget for the following year (due July 31st, 30 days after the end of fiscal year)
- 4) CPA Financial Review/Audit (due August 31st, 60 days after the end of fiscal year)

Each year the North of Market/Tenderloin Community Benefit Corporation (NOM/TL CBC) is required to submit a mid-year report; an annual report; and a CPA Financial Review or Audit. NOM/TL CBC has complied with most of these requirements, not all. They did not conduct a CPA Financial Review during FY 2007-2008 and they did not submit mid-year reports in FY 2007-2008 and FY 2008-2009.

The attached memo summarizes their accomplishments for the past four fiscal years and a summary and analysis of their financial statements and organizational development. 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 NOM/TL CBD management contract with the City; and their Management Plan approved by the Board of Supervisors in 2005.

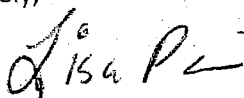
OEWD's staff report reviewed the following budget related benchmarks for NOM/TL CBC:

- 1) Whether the variance between the budget amounts for each service category was within 10 percentage points from the budget of the previous fiscal year – *NOM/TL CBC met this requirement for all fiscal years covered in this report. Please see Table 1 on page 9.*
- 2) Whether five percent of their income came from sources other than assessment revenue – *NOM/TL CBC did not meet this requirement during FY 2006-2007 (1%) and FY 2007-2008 (4%). However, they raised more than 5% during FY 2008-2009 and FY 2009-2010. Please see Table 2 on page 10.*
- 3) Whether the variance between budget amount and actual expenses within a fiscal year was within 10 percent – *This analysis is explained on pages 5-7 of this report. Also, please see Table 3 on Page 11.*
- 4) Whether the annual budget indicates the amount of funds carried over from the previous fiscal year – *NOM/TL CBC met this requirement for all fiscal years covered in this report. Please see Tables 3 and 4 on pages 11 and 12.*
- 5) Whether a spending plan for carryover funds was provided in the annual budget – *NOM/TL CBC met this requirement for all fiscal years covered in this report. Please see Tables 3 and 4 on pages 11 and 12. Each year, the organization allocates the assessment funds they receive in May as "Deferred Revenue" and will use it as operating funds for the first six months of the following fiscal year. This process is explained in further detail in the Budget Analysis below.*

The Board of Supervisors will need to vote on the attached resolution to approve the FY 2006-2007, FY 2007-2008, FY 2008-2009, FY 2009-2010 NOM/TL CBD annual reports and financial statements as well as their organizational budget for FY 2010-2011.

Thank you for your support of the NOM/TL Community Benefit District. We look forward to working with you throughout this process.

Sincerely,



Lisa Pagan
Project Manager
Community Benefit District Program



MEMO

To: SF Board of Supervisors

From: Lisa Pagan and Trina Villanueva, OEWD

RE: North of Market/Tenderloin Community Benefit District – Annual Review FY 2006-2007, FY 2007-2008, FY 2008-2009 and FY 2009-2010

Date: May 23, 2011

The North of Market/Tenderloin Community Benefit District (NOM/TL CBD) was formed mainly to provide cleaning, safety and beautification services in the neighborhood. The district is 29 square blocks and bounded by O'Farrell Street, Mason Street, Market Street and Larkin Street (please see map in attached annual reports). The district includes 605 properties, including parcels owned by Tenderloin Neighborhood Development Corporation, Shih Yu Lang Central YMCA and UC Hastings. The district also includes UN Plaza, Golden Gate Theaters and San Francisco Hilton.

Background

- August 9, 2005, the Board of Supervisors approved the creation of the North of Market/Tenderloin Community Benefit District (Resolution # 584-05).
- January 10, 2006, the Board approved the contract for the administration and management of the Market/Tenderloin Community Benefit District (Resolution # 15-06). The nonprofit "owner's association" that will manage the district is called the North of Market/Tenderloin Community Benefit Corporation.
- The CBD began receiving assessment funds in January 2006 and subsequently started providing cleaning services.

Basic Info about North of Market/Tenderloin CBD

Year Established – August 2005

Assessments Collected – FY 2005-06 to FY 2019-20 (July 1, 2005 to June 30, 2020)

Services Start and End Date -- January 1, 2006 – December 31, 2020

Initial Estimated Annual Budget -- \$981,147

Fiscal Year – July 1 – June 30

Executive Director – Elaine Zamora

Name of Nonprofit Entity – North of Market/Tenderloin Community Benefit Corporation

Each year the North of Market/Tenderloin Community Benefit Corporation (NOM/TL CBC) is required to submit a mid-year report; an annual report; and a CPA Financial Review or Audit. NOM/TL CBC has complied with most of these requirements, not all. They did not conduct a CPA Financial Review during FY 2007-2008 and they did not submit mid-year reports in FY 2007-2008 and FY 2008-2009.

This memo summarizes their accomplishments for the past four fiscal years and a summary and analysis of their financial statements and organizational development. 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 NOM/TL CBD management contract with the City; and their Management Plan approved by the Board of Supervisors in 2005.

OEWD's staff report reviewed the following budget related benchmarks for NOM/TL CBC:

- 1) Whether the variance between the budget amounts for each service category was within 10 percentage points from the budget of the previous fiscal year – *NOM/TL CBC met this requirement for all fiscal years covered in this report. Please see Table 1 on page 9.*
- 2) Whether five percent of their income came from sources other than assessment revenue – *NOM/TL CBC did not meet this requirement during FY 2006-2007 (1%) and FY 2007-2008 (4%). However, they raised more than 5% during FY 2008-2009 and FY 2009-2010. Please see Table 2 on page 10.*
- 3) Whether the variance between budget amount and actual expenses within a fiscal year was within 10 percent – *This analysis is explained on pages 5-7 of this report. Also, please see Table 3 on Page 11.*
- 4) Whether the annual budget indicates the amount of funds carried over from the previous fiscal year – *NOM/TL CBC met this requirement for all fiscal years covered in this report. Please see Tables 3 and 4 on pages 11 and 12.*
- 5) Whether a spending plan for carryover funds was provided in the annual budget – *NOM/TL CBC met this requirement for all fiscal years covered in this report. Please see Tables 3 and 4 on pages 11 and 12. Each year, the organization allocates the assessment funds they receive in May as "Deferred Revenue" and will use it as operating funds for the first six months of the following fiscal year. This process is explained in further detail in the Budget Analysis below.*

Summary of Accomplishments and Challenges 2006-2010

Public Rights of Way and Sidewalk Operations

The district's Management Plan calls for 76% of the budget to be spent on cleaning, safety and beautification services. NOM/TL CBC is in compliance with their Management Plan and contract as they have spent a majority (72% - 86%) of their budget in this service area for the past four years.

Street Cleaning and Maintenance:

NOM/TL CBC contracted with *San Francisco Clean City Coalition* (Clean City) in January 2006 to provide cleaning and maintenance services throughout the district (29 blocks). Clean City is a nonprofit social enterprise organization that provides transitional employment and job readiness training as a critical bridge for low-income, in recovery and homeless individuals striving to rejoin the workforce. For more information on their organization, go to www.sfcleancity.com. NOM/TL CBC also chose Clean City because of their commitment to hiring people from the neighborhood to perform cleaning and maintenance services for the CBD. At this time, they are the only CBD in San Francisco that utilizes a nonprofit social enterprise for their cleaning services.

Since 2006, Clean City has provided the following services:

- Twice daily sidewalk and gutter hand sweeping, Monday through Friday
- Lead Sweeper deals with needles, hazardous waste and bulky items
- Graffiti removal 10-15 hours per week (below 10 ft high)
- Monthly sidewalk steam cleaning throughout the CBD
- Bi-monthly soap and water scrub-down of all properties
- Additional attention to identified hotspots

The 20-person cleaning crew works 5 days a week (Monday through Friday) from 7:30am to 10:30am and from 12:30pm to 3:30pm.

A summary of Clean City's work in 2009-2010 showed that the cleaning crews accomplished the following: removed over 2,500 graffiti tags on private property; removed 1,678 needles from the CBD area and disposed them safely; and used over 17,000 bags to sweep off litter on sidewalks and gutters. One important note, Clean City has noticed a decline in the number of needles picked up over the last three years – from 3,099 in 2007-2008 to 1,678 in 2009-2010.

Safety:

To encourage a more positive view of the neighborhood and encourage more families to participate in community events, NOM/TL CBC started hosting Safe Street events. In 2006-2007, they had two Safe Streets events – “Santa Sightings” in December 06 and “Spring Bunny and Mother Earth” in May 07. Both times, they were held on Jones Street between Golden Gate and McAllister. They closed the streets and the children were able to hang out with Santa and his elves, listen to carolers from the Conservatory of Music and enjoyed reindeer rides, a petting zoo and piñatas. During the May event, the children enjoyed an even bigger petting zoo, watched Aztec dancers and went home with seeded biodegradable cups. This area was chosen because it's where a lot of violence has occurred. The CBD wanted the children to experience positive events in that same area. Since then, they have held “Santa Sightings” each year and have had a lot of success getting more neighbors involved including SFPD and local merchants.

In April 2007, the organization helped organized the Safety Plan Kick-off meeting to establish a Comprehensive Safety Plan. They helped create The New Tenderloin (TNT) which focuses primarily on safety issues. In 2008, they worked with TNT to get new signage in the neighborhood, re-strip lanes, start a Safe Passage Pilot program and sponsored the Safe Haven project, which offers safe refuge from difficult or unsafe situations on the street. In 2009, they expanded the Safe Passages project to an After School Escort project, a chaperone program for kids to go from the bus stop to after-school activities. They also worked with SFPD to improve relations and promote community policing efforts, helped establish the Community Justice Center and helped eliminate a problematic liquor store in the neighborhood.

Beautification:

They began their beautification efforts in 2006-2007 with tree plantings. Over the last four years, the CBD has planted and maintained over 70 trees in the neighborhood.

District Identity and Streetscape Improvements (DISI)

Per their Management Plan, the CBD is supposed to spend 5% of their budget on District Identity and Streetscape Improvement projects. Over the past four years, the CBD has spent 1%-12% of their budget on DISI activities. The CBD spent 1%-2% of their budget on District Identity (promotions activities) during FY 2006-2007 and FY 2007-2008. However, during FY 2008-2009 and FY 2009-2010, the CBD spent more (9%-12%) on both district promotional activities as well as streetscape improvement projects due to the grants and donations they received.

There's a DISI committee who oversees activities and events that promote the district including: logo development, special events, their website as well as streetscape improvements including: landscape design, bus shelters, festival poles, decorations, visual linkages and new public space projects.

District Identity (Promotions):

The CBD began their district identity work in 2006-2007 with the creation of their website and publication of newsletters and the Tenderloin Restaurant Guide. The CBD website, www.nom-tlcbd.org includes all the pertinent information about the organization, their programs, reports and meeting schedules. It also includes information about events in the neighborhood, tips for property owners and the restaurant guide.

In 2008, they began sponsoring monthly Concerts at the Cadillac for noon-time entertainment and helped secure the designation, Uptown Tenderloin Historic District. In 2009, the CBD facilitated *Wonderland*, an art project comprised of 16 installations, established the CBD Art Gallery and sponsored theater performances at the Black Hawk Jazz Club. They also began working with Tenderloin Housing Clinic to establish the Tenderloin History Museum, walking tours and map of historic buildings.

In 2010, they received funding from the Office of Economic and Workforce Development to install banners throughout the neighborhood with messages like "Heart of the City" and "Living in the Ten." The banners were created by community members and students who donated their art for this project.

Streetscape Improvement:

One of the unique activities of the CBD over the past few years has been the installation of mural projects in the neighborhood. In April 2008, they received a Community Challenge Grant and commissioned an artist to paint a mural on the corner of Jones and Golden Gate. The CBD also raised funds from property owners and other sources and the mural was finished in 2009. The CBD was recently awarded another Community Challenge grant for a large mural project at the US Post Office on Hyde Street. There will be an update on this project in their FY 2010-2011 report.

Besides the continued tree planting over the past four years, the CBD embarked on working with Friends of Boeddeker Park in 2008. Through their joint efforts to maintain the park, the Trust for Public Land chose Boeddeker Park as one of three City parks for redesign and renovation. This work is currently still in progress.

Administrative and Corporate Operations

The NOM/TL CBC has been managed by Elaine Zamora since its inception. Ms. Zamora played a significant role in starting the district and wanted to ensure that this community benefit district moved from vision to reality. Ms. Zamora worked for the organization as a contractor for the past four years and spends 80% time. The original board members comprised of 15 members and included representatives from Mercy Housing, TNDC, UC Hastings, Tenderloin Housing Clinic and the Hilton Hotel. Board members serve for two years. Elections are held every June and half of the board members are elected at this meeting. Currently the organization is looking for more board members, in particular property owners and merchants in the district. They have 11 members and would like to go back to 13 members. They have lost many of their original members over the years.

The board currently has five committees including the Executive Committee; Nominating; Public Rights of Way (Cleaning and Maintenance); District Identity and Streetscape Improvements and Community Advisory Board Committee. All committees except for the Executive Committee include board members as well as volunteers from the neighborhood.

The organization secured office and community space at 134 Golden Gate Avenue in 2008. This space has allowed them to build partnerships with other organizations in the district. In June 2009, NOM/TL CBC hired Dina Hilliard as the Associate District Manager. She staffs the board committees, works with the CPA firm to conduct their annual financial review, assists in planning CBD sponsored events, participates in neighborhood activities and maintains the office.

Note: The following are updates on important administrative issues that occurred during FY 2010-2011. Since this report does not cover the current fiscal year, these issues will be discussed again when OEWD analyzes the work of the CBD in FY 2010-2011.

Sunshine Task Force complaints:

In late 2010, OEWD received complaints from people who attended the board meetings that the board has not followed rules of the Ralph Brown Act and CA Public Records Act. In addition, the organization had to respond to complaints at the Sunshine Ordinance Task Force brought forth by residents that they have not shared enough information with the public. Staff provided the materials to the complainants and there are currently no pending issues with the Task Force.

Please note that the City Attorney for the Sunshine Ordinance Task Force had written a memo to the Task Force members with an opinion that since CBDs must comply with the state Brown Act and Public Records Act, and that the Task Force is charged with reviewing alleged violations of the Sunshine Ordinance, and not alleged violations solely of the state Public Records Act and Brown Act, the Task Force lacked jurisdiction to adjudicate the complaint. However, NOMTL CBC still provided the materials to the complainants to resolve the issue.

Executive Director Transition & Organizational Development:

Ms. Zamora informed the board in December 2010 that she will step down from her position as the Executive Director. Ms. Hilliard has been appointed as the Interim Executive Director until a permanent director is hired. Given the recent staff changes, the need for more board members and complaints from residents about compliance with Open Government rules, OEWD has provided a grant for \$24,750 to CompassPoint Nonprofit Services to assist NOM/TL CBC from February to June 2011 with the executive search process, board development trainings and perform a needs assessment to help the board and staff identify strategic directions for the organization. OEWD will also be contracting with the City Attorney's office to provide a training on the Brown Act and CA Public Records Act. Because CBDs are formed under the CA Streets and Highways code, they are subject to the state Ralph Brown Act and CA Public Records Act. In the meantime, OEWD staff has been reviewing their agendas and attending board meetings to ensure they comply with Brown Act rules.

CBD Annual Budget Analysis

Below is a summary of NOM/TL CBC's income and expenses for the past four fiscal years. The analysis is based primarily on the organization's CPA Financial Reviews. Because they did not submit a CPA Financial Review in FY 2007-2008, OEWD and the Controller's Office staff reviewed their Form 990 for that year. In addition, the Controller's Office reviewed their Form 990 for the last four fiscal years as one more way to fully understand the organization's expenses.

NOM/TL CBC receives two major transfers of assessment funds -- in late December/early January and in late April/early May. Assessment funds are paid at the same time as property taxes which are due to the city by December 10th and April 10th. The NOM/TL CBC uses the second transfer of assessment funds as their cash flow to operate during the first six months of the following fiscal year.

For NOM/TL CBC, the second transfer of funds is set aside as "deferred revenue" (please see Statement of Financial Position in their CPA Financial Review) to be used for operations during the next fiscal year until the next large transfer of funds in late December/early January.

FY 2006-2007

According to their CPA Review, NOM/TL CBC received \$835,786 in assessment funds and \$9,659 in interest income. Only 1% of their income came from other sources. They expended \$778,662 in programmatic and administrative costs. NOM/TL CBC spent \$654,459 (84%) of their total expenses on sidewalk operations/cleaning and maintenance and safety activities and \$17,439 (2%) on DISI activities. They spent \$106,764 (14%) on administration costs such as paying for contract staff, insurance, legal and accounting fees.

The organization did not spend much on district identity and streetscape improvement activities because their DISI Committee did not finalize their projects such as banners and landscape design improvements. Most of their DISI funds went to website development and a few special events.

NOM/TL CBC had \$549,579 in cash available at the end of the 2006-2007 fiscal year. Of this amount, \$415,394 was set aside as "deferred revenue" to be used for operations during the first six months of the 2007-2008 fiscal year. They ended the fiscal year with net assets of \$131,818 which they carried over and allocated to specific projects in FY 2007-2008 including the purchase of a sidewalk scrubbing machine. Carryover funds are allocated based on need and priorities set by the Board.

FY 2007-2008

Since the organization did not submit a CPA financial review for this fiscal year, the analysis provided by the Controller's Office was based on their FY 2007-2008 IRS Form 990. According to that report, NOM/TL CBC received \$918,946 in assessment funds and \$33,131 in other income. Four percent of their revenue came from non-assessment funds which is short of their requirement to raise 5% of their revenue from other sources. Of their government grants, the CBD received a \$15,000 grant from OEWD to help purchase a large scrubbing machine and a \$3000 grant from the Arts Commission for the Santa Sightings Events.

While the organization worked on several district identity and streetscape improvement related projects, they did not spend as much as they budgeted for the work during this fiscal year. They sponsored events, published a newsletter and published the Tenderloin Restaurant Guide. They also worked with Friends of Boeddekker Park and began the process for the mural project on Golden Gate Avenue.

They expended \$751,686 in programmatic and administrative costs. NOM/TL CBC spent \$643,272 (86%) of their total expenses on sidewalk operations/cleaning and maintenance and safety activities; \$11,072 (1%) on DISI activities; and \$97,342 (13%) on management and operations. All of these expenses were proportional to their budget and actual revenues.

NOM/TL CBC had \$666,480 in cash available at the end of the fiscal year. Of this amount, \$392,105 was set aside as "deferred revenue" to be used for operations during the first six months of the 2008-2009 fiscal year. NOM/TL CBC ended the fiscal year with net assets of \$334,576 which they also carried over and allocated to specific projects in FY 2008-2009 such as the Golden Gate Mural Project, banners and small grants for community events.

FY 2008 - 2009

Their CPA Financial Review for FY 2008-2009 showed that NOM/TL CBC received a total of \$988,744 in revenues. Of this, they received \$922,259 in assessment funds and \$66,485 in other income. The organization was able to raise 7% of their revenues from other sources.

Their total expenses during FY 2008-2009 was \$959,443. NOM/TL CBC spent \$699,441 (73%) of their total expenses on sidewalk operations/cleaning and maintenance and safety activities; \$112,575 (12%) on DISI activities; and \$147,427 (15%) on management and operations. The administrative costs increased because the CBD hired Dina Hilliard as Project Coordinator on a contract basis from April to June 2009. The organization was able to spend a lot more on DISI activities and events due to the outside grants they received and the funds they carried over from the previous fiscal year. All of these expenses were proportional to their budget and actual revenues.

NOM/TL CBC ended the fiscal year with \$712,713 in cash available. Of this amount, \$386,105 was set aside as "deferred revenue" to be used for operations during the first six months of the 2009-2010 fiscal year. NOM/TL CBC ended the fiscal year with net assets of \$363,877 which they also carried over and allocated to specific projects in FY 2009-2010 including district management, extra cleaning, Safe Passage Projects, more neighborhood events and grants for community events.

FY 2009 – 2010

During this fiscal year, NOM/TL CBC received a total of \$937,775 in revenues. Of this amount, \$877,980 came from assessment funds and \$59,795 in other income. They raised 6% of their revenues from other sources.

Their total expenses during FY 2009-2010 was \$1,018,287. NOM/TL CBC spent \$736,754 (72%) of their total expenses on sidewalk operations/cleaning and maintenance and safety activities and \$96,655 (9%) on DISI activities including *Wonderland*, two mural projects, banners and grants for community events. The organization spent \$184,878 (15%) on management and operations which increased from the previous year because the organization moved into an office and hired Dina Hilliard as the Associate District Manager (full-time staff with benefits). However, all of these expenses were still proportional to their budget and actual revenues.

NOM/TL CBC ended the fiscal year with \$696,281 in cash available. Of this amount, \$430,883 was set aside as "deferred revenue" to be used for operations during the first six months of the 2010-2011 fiscal year. NOM/TL CBC ended the fiscal year with net assets of \$283,365 which they carried over and allocated to specific projects in FY 2010-2011 including extra cleaning, new cleaning equipment, mural maintenance, Safe Passage Projects, grants for community events and general administration.

FY 2010 – 2011

The CBD's budget for FY 2010-2011 is \$1,208,880. They intend to spend 68% on Public Rights of Way and Sidewalk Operations; 6% on District Identity and Streetscape Improvements; 18% on Administration costs; and 7% for Contingency/Reserve. All are consistent with their Management Plan and their FY 2009-2010 budget.

Recommendations

- 1) In the past four years, NOM/TL CBC has not been consistent on submitting all reports. OEWD staff has informed them that they need to submit all documents and reports and they have agreed to do so. During FY 2009-2010 and so far in FY 2010-2011 they have submitted all required documents.
- 2) Per state law, NOM/TL CBC carries over funds from the previous year and allocates them to specific projects in the following year. Recently, the organization has improved in clearly indicating the use of these funds in their annual budgets. Their organizational budget for the past two years clearly shows how each budget line item is paid for. OEWD encourages NOM/TL CBC to continue this practice.
- 3) OEWD recommends that the CBD continue to conduct more activities under District Identity and Streetscape Improvement program area, especially marketing and promotions of the district, as they did not do much during the first two years.
- 4) OEWD staff recommends that the organization update their website. There is a lot of information but it can be difficult to navigate and find information. The website is a tool they can use to highlight all the great work they are doing in the neighborhood.

- 5) Due to the organization's budget size and the changes in leadership, OEWD will request that NOM/TL CBC conduct an annual audit starting with FY 2010-2011. It will benefit the new permanent Executive Director and will be a good way to ensure that the organization has operated with good financial controls.
- 6) OEWD staff will continue to monitor the progress the board is making with improving their organizational development issues and how they evolve through their Executive Director transition process in 2011. In particular, OEWD will check in periodically with both CompassPoint and NOM/TL CBC on their board development trainings, needs assessment and the executive search process. OEWD staff will also continue to work with staff and attend board meetings to ensure they are complying with Brown Act and CA Public Records Act rules.

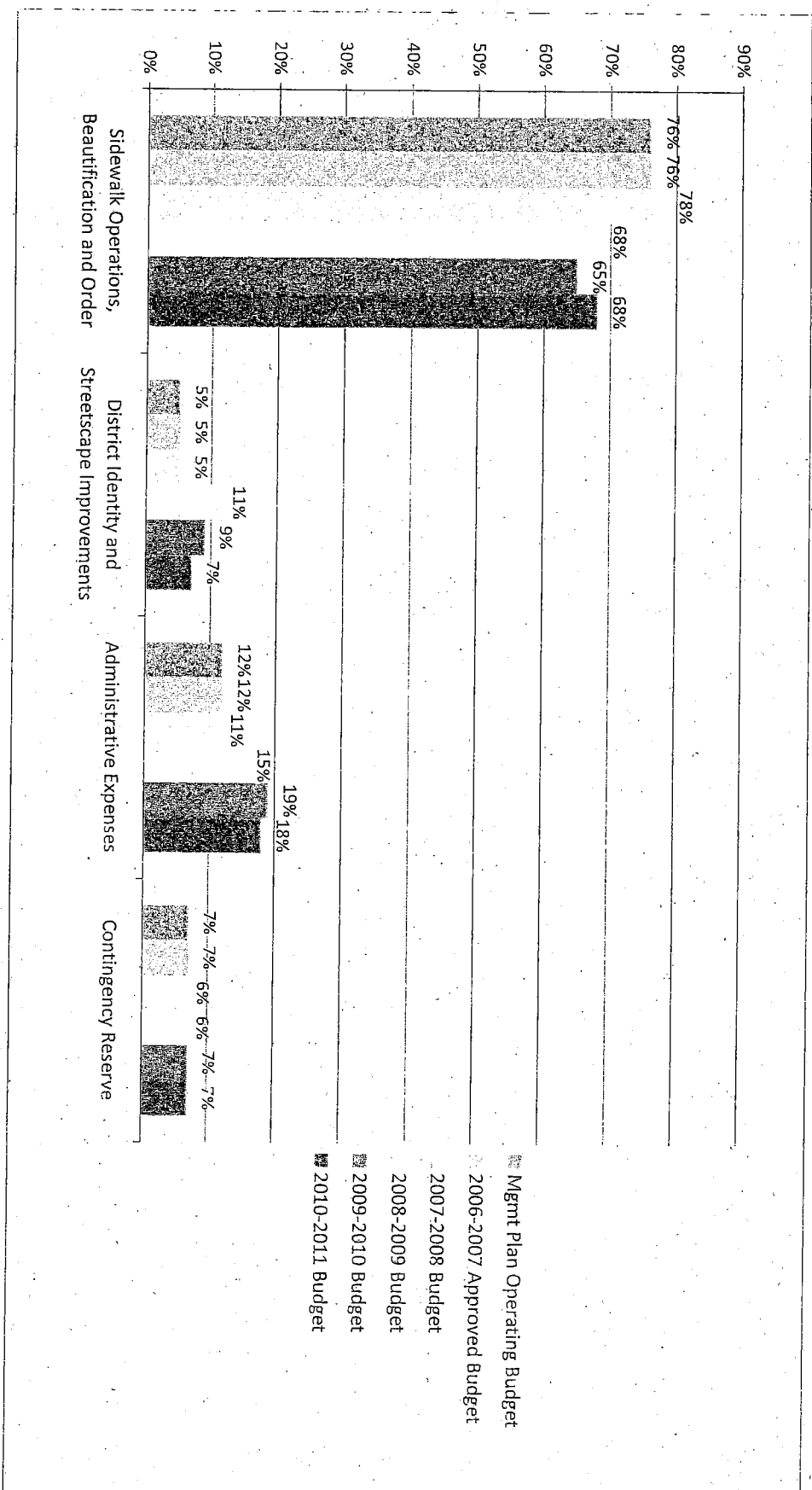
Conclusion

The Tenderloin neighborhood is one of the most challenging areas of San Francisco. With the concentration of social service providers, homeless shelters as well as bars/nightclubs and liquor stores, residents have to contend with a lot of issues. For the past five years, the North of Market/Tenderloin CBD has been a positive addition to the area. They have cleaner streets and have helped to sponsor several safety related projects and community events and activities.

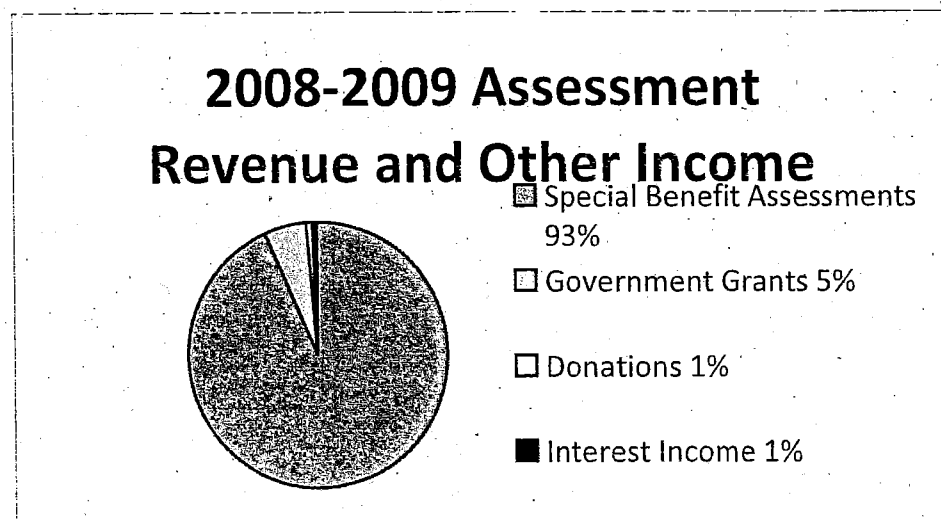
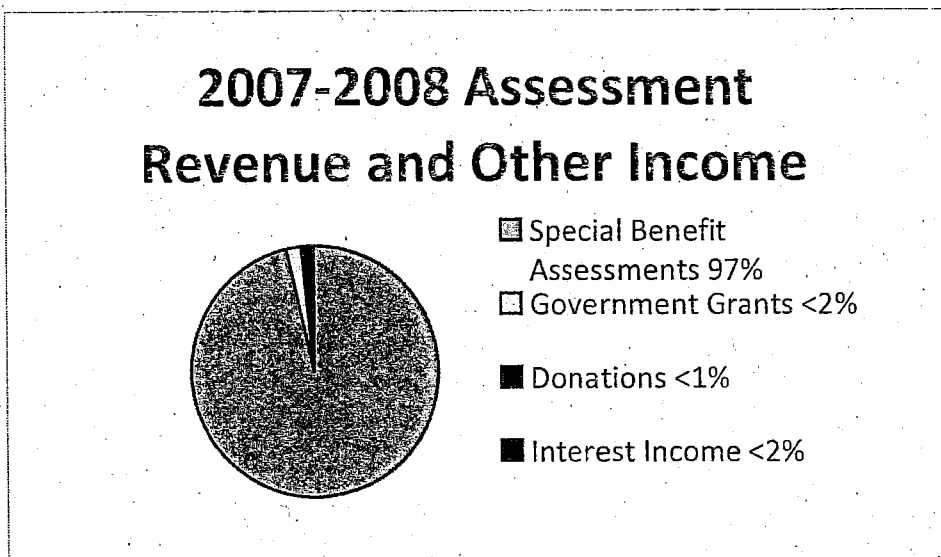
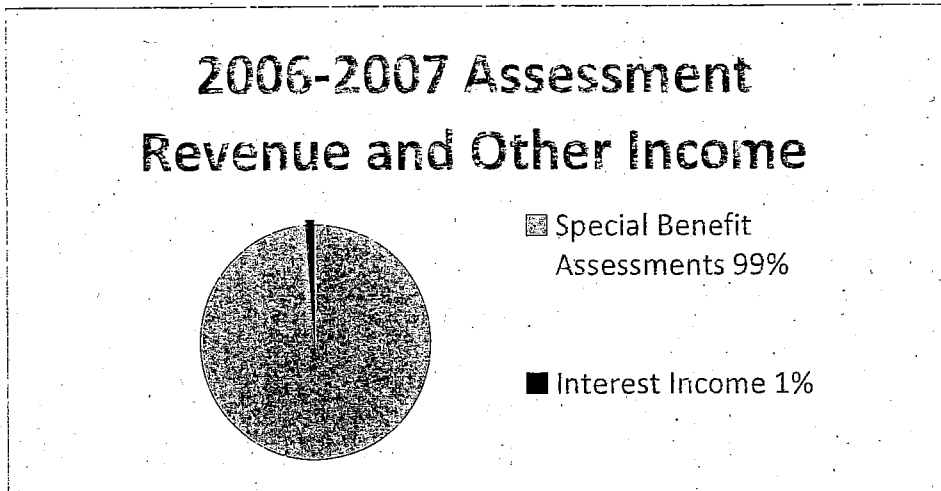
There have been challenges within the organization including board and staff changes and complaints from some members of the public about their participation in the organization's activities and meetings. One of their biggest challenges in the past year has been a complaint to the Sunshine Ordinance Task Force. The organization has learned a lot from this experience and has been determined to improve their meetings and provide the public the information they want.

OEWD has seen improvement over the past several months. We have invested technical assistance and grant revenue into this organization to ensure that it continues to be a positive addition to the neighborhood.

Annual Budgets compared to original Management Plan Budget

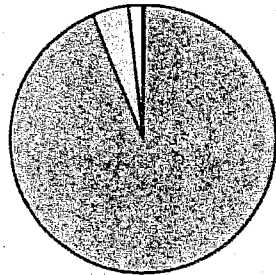


Other Income Sources (e.g. Grants, Donations, In-Kind, etc.) / 5% requirement



2009-2010 Assessment

Revenue and Other Income



- Special Benefit Assessments 94%
- Government Grants 4%
- Donations 2%
- Interest Income <1%

NORTH OF MARKET/TENDERLOIN COMMUNITY BENEFIT DISTRICT
 Revenue and Expenditures - Budget vs. Actual
 Fiscal Years Ending 2007 through 2010

	Fiscal Year Ended June 30, 2007				Fiscal Year Ended June 30, 2008				Fiscal Year Ended June 30, 2009				Fiscal Year Ended June 30, 2010			
	Actuals	Budget	Difference	% Difference	Actuals	Budget	Difference	% Difference	Actuals	Budget	Difference	% Difference	Actuals	Budget	Difference	% Difference
REVENUES*																
Assessment Revenue	835,786	797,000			918,346	918,570			892,258	892,863			931,980	931,378		
Grants	5,650				35,000				3,200				6,854			
Interest income	5,650				591				528				5			
Donations and Other Income	5,650	54,000			3,000	9,216			3,196	33,131			3,090	5,287		
Deferred Revenue	65,833	365,544			134,125	415,394			109,685	392,105			145,990	386,105		
Carryover from previous year	992,847	1,216,544			1,086,262	1,343,180			1,373,320	1,318,099			1,301,652	1,322,770		
EXPENDITURES																
Program services																
District identity and streetscape improvements	422,439	43,409	-25,970	-60%	18,072	45,891	-34,819	-76%	82,575	123,190	-10,615	-9%	98,635	108,117	-11,462	-11%
Sidewalk operations, beautification and order	657,559	639,818	-5,359	-1%	523,227	797,541	-154,269	-19%	659,241	769,561	-70,120	-9%	726,733	783,791	-47,037	-6%
General and administrative expenses	117,724	104,182	2,582	2%	95,342	110,138	-12,796	-12%	127,422	173,615	-26,188	-15%	184,628	228,565	-43,687	-19%
Contingency/Reserve	678,602	868,182	-89,520		723,686	1,017,817	-201,884		859,443	1,132,641	-173,198		1,018,287	1,211,040	-192,753	
Carryover to next year	134,185				103,777				103,777				83,365			

* Budget vs actual statement includes carryover funds not spent in previous years.

Table 4

**NORTH OF MARKET/TENDERLOIN COMMUNITY BENEFIT DISTRICT
2010-2011 Budget**

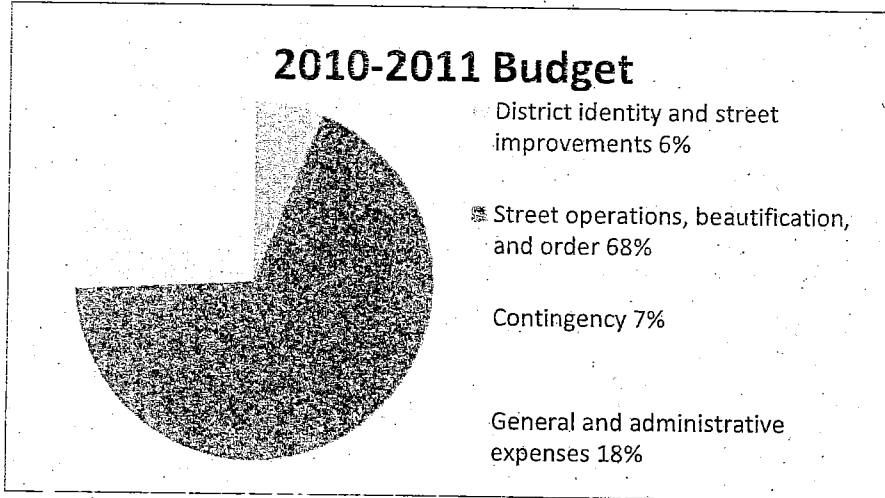
REVENUES

Deferred Revenue from FY 09-10	430,883
Assessment Revenue (1st installment)	481,282
Other Income	
Interest earned	2,951
Carryover from prior year	283,365
Assessment Revenue (projected 2nd installment)	443,897
	\$ 1,642,378

EXPENDITURES

Program services	
District identity and street improvements	74,691
Street operations, beautification, and order	823,080
Contingency	89,968
General and administrative expenses	221,141
	\$ 1,208,880

EXCESS OF REVENUES OVER EXPENDITURES **\$ 433,498**



Disbursement of Carryover Funds in FY 2011-2012	\$ 433,498
First 6 months of FY 11-12	
Public Rights of Way and Sidewalk Operations	\$ 329,458
District Identity and Streetscape Improvements	\$ 21,675
Administrative	\$ 52,020
Contingency/Reserve	\$ 30,345
	\$ 433,498