

BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 554-5227

MEMORANDUM

TO: Ben Rosenfield, City Controller, Office of the Controller
Joaquin Torres, Director, Office of Economic and Workforce Development

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

DATE: April 23, 2019

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Government Audit and Oversight Committee has received the following proposed legislation, introduced by Supervisor Mandelman on April 16, 2019:

File No. 190424

Resolution receiving and approving the annual report for the Noe Valley Community Benefit District for FY2017-2018, 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: Todd Rydstrom, Office of the Controller
Ken Rich, Office of Economic and Workforce Development
J'Wel Vaughan, Office of Economic and Workforce Development
Lisa Pagan, Office of Economic and Workforce Development
Chris Corgas, Office of Economic and Workforce Development

1 [Noe Valley Community Benefit District - Annual Report - FY2017-2018]

2
3 **Resolution receiving and approving the annual report for the Noe Valley Community**
4 **Benefit District for FY2017-2018, submitted as required by the Property and Business**
5 **Improvement District Law of 1994 (California Streets and Highways Code,**
6 **Sections 36600, et seq.), Section 36650, and the District's management agreement with**
7 **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. 420-05, expressing the City's intention to
13 establish the Noe Valley Community Benefit District (the "Noe Valley CBD"); and

14 WHEREAS, On August 2, 2005, the Board of Supervisors adopted Resolution
15 No. 583-05 establishing the Noe Valley CBD ("Resolution to Establish") for a period of 15
16 years, commencing FY2005-2006; and

17 WHEREAS, On January 10, 2006, the Board of Supervisors adopted Resolution
18 No. 13-06, authorizing an agreement with the owners' association for the
19 administration/management of the Noe Valley CBD, and a management agreement (the
20 "Management Contract") with the owners' association, the Noe Valley Association, A
21 Community Benefit District, was executed accordingly; and

22 WHEREAS, A copy of the Management Contract is on file with the Clerk of the Board
23 of Supervisors in File No. 051967; and

24 WHEREAS, On May 22, 2018, the Board of Supervisors approved the Noe Valley
25 CBD's annual reports for FY2016-2017 in Resolution No.154-18; and

1 WHEREAS, The Noe Valley CBD has submitted for the Board's receipt and approval
2 the annual report for FY2017-2018 as required by Section 36650 of the Act and Section 3.4 of
3 the Management Contract; and

4 WHEREAS, The annual report for FY2017-2018 is on file with the Clerk of the Board of
5 Supervisors in File No. 190424, and is incorporated herein by reference as though fully set
6 forth; and

7 WHEREAS, Supporting documents, including, but not limited to, a transmittal letter and
8 memorandum report from the City's Office of Economic and Workforce Development, dated
9 March 29, 2019, and documentation from the Noe Valley CBD for the FY2017-2018 annual
10 report are on file with the Clerk of the Board of Supervisors in File No. 190424; now, therefore,
11 be it

12 RESOLVED, That the Board of Supervisors hereby receives and approves the annual
13 report for the Noe Valley Community Benefit District for FY2017-2018.

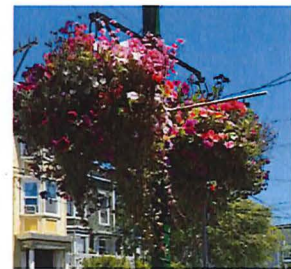


Noe Valley Association

Community Benefit District

Annual Report

2017-2018



The Noe Valley Association has provided over 13 years of Cleaning, Greening and Improving Public Space in Noe Valley

Mission



The mission of the Noe Valley Association (NVA) is to advance the quality of life for property owners, merchants and residents in the Noe Valley neighborhood. The NVA's efforts towards cleaning, greening and improving the public space and sidewalks in the commercial corridor reinforces the viability of the community's economic base.

Services and Programs

The NVA's attentive, consistent effort helps keep Noe Valley's neighborhood shopping area clean, attractive, healthy, comfortable and inviting.

Here are some of the benefits the NVA provides:

On-call Service Dispatch. Call/text: (415) 577-4227 for public area cleaning, maintenance and other non-emergency services. Monday - Saturday 7AM - 3PM, Sundays 7AM - 11AM. Please provide a photo or description and location details.

Clean Team. NVA street porters sweep and weed sidewalks and gutters, remove graffiti, stickers and posters, empty overfilled public trash receptacles, and refresh paint on public poles, garbage cans and fire hydrants. They also call 311 to remove large bulky items left on the sidewalk and provide visitors to the commercial district with directions and answer questions.

Greenscape Management. NVA's Streetscape Committee oversees providing gardens, benches, planter boxes, flower baskets, parklets and other neighborhood streetscape improvements. NVA's part-time gardener maintains the health and vitality of all trees and plantings.

Marketing and Branding. The NVA supports the local economic base by creating a unique sense of space, enhancing the 24th Street window-shopping experience, and promoting our neighborhood as an inviting destination for shopping and dining. To attract even more customers to 24th Street, NVA is sponsoring events at the Noe Valley Town Square and works with a special events program manager to activate the Square. NVA continues to co-produce popular community events: music in the parklets, Summerfest in June, and 24HoliDAYS on 24th Street in December.

District Management. The NVA is administered by a non-profit management corporation governed by a board comprised largely of Noe Valley property owners and merchants. The board oversees NVA's part-time Executive Director, who monitors contracts, finances, and insurance requirements; publishes City of San Francisco mid-year and annual reports; supports NVA board committees, attends San Francisco Board of Supervisors hearings, and manages the NVA website, email communications and community inquiries.

Most critically, the Executive Director applies for grants, an essential task as all major capital improvements to the district have been funded by grants. To date, the NVA has been awarded more than 17 city grants totaling over \$1.3 million. This is the result of demonstrating that the NVA is a well-managed institution that will responsibly maintain investments in street improvements.

What do you think?
Tell Us.

We'd really like to know.

Please complete the enclosed survey
and return by 9/20 in SASE
or visit:



www.surveymonkey.com/r/NVA_2018

See
Graffiti, Trash or
Cleaning issues?

Call/text (415) 577-4227



Monday - Saturday 7AM - 3PM
Sundays 7AM - 11AM

Please provide a photo or
description and location details.

Your
Views Matter.

Annual NVA Property Owner Meeting
Thursday, September 27
6:00 PM - 7:00 PM

Beverages/Appetizers
The Agency, 3848 24th Street

RSVP to info@noevalleyassociation.org

Accomplishments – Cleaning, Greening and Improving Noe Valley's Commercial Corridor

Category	Description	Count	
Public Rights of Way/ Sidewalk Operations	Sidewalk steam cleanings monthly, February – November	10	
	Removal of defacing graffiti, stickers and improper signage	176	
	Calls to 311 for pick-up of furniture, mattresses, tree limbs and other large items and pick-up of paint and other illegally dumped toxic materials	212	
	Pick-up of bulky trash items, yard debris, clothing, paint cans, etc.; emptying of over-flowing trash cans, return of abandoned shopping carts	258	
	Visitor Directions – requests by area visitors for assistance answered by NVA street porters on site every day	148	
	Trees watered and weeded by NVA gardener	229	
	Planter boxes replanted every four months, watered and maintained	26	
	Maintain chairs and tables in both public parklets on 24th Street	72 chairs 12 tables	
	Hanging flower baskets watered daily and renewed twice annually	26 baskets	
	Public sidewalk gardens & parklets maintained year-round with flowers/plants + related required DPW reports	7 gardens 2 parklets	
Streetscape Improvements	NVA Identity Banners	7	
	Maintain community benches, bike racks, news racks and trash receptacles throughout the district as well as the umbrellas in the parklets and in the Noe Valley Town Square	25 benches 36 bike racks 14 news racks 26 trash cans 7 umbrellas	
	Admin	The NVA is fiscal agent for \$112,000 in SF OEWD grant funds awarded to activate the Noe Valley Town Square (NVTs). These funds are used to produce and promote community events at the NVTs, inviting all to enjoy Noe Valley's community, cafés, shops, bars, and restaurants.	



Randy, Sym & Saito of Curb Appeal

The NVA recognizes the hard work, diligence and dedication of our two street porters, Saito and Sim. They have been working with the NVA for four years along with their manager Randy. We have come to rely on their ability to anticipate and resolve problems and issues, as well as their kind and patient manner - going beyond their duties in acting as ambassadors to visitors to Noe Valley's commercial district.

Stop and say hello the next time you see them!



The Noe Valley Association was established in August 2005 as a fifteen-year CBD. The NVA receives an annual special assessment from the 223 properties in the district. A map of the district is included on the enclosed invitation to the property owner meeting, and is posted on the NVA website.

Assessment Methodology

The Noe Valley Association Community Benefit District is funded through an annual assessment from businesses and property owners in the district. The CBD initially assessed properties according to variables as follows: \$0.164 per square foot of lot size + \$8.83 per linear foot of lot frontage + \$0.170 per square foot of non-exempted building square footage. The NVA Board may increase the CBD fees between 1.9% and 3% annually; the increases are never more than the Consumer Price Index (CPI) as determined by the U.S. Department of Labor.

As provided by the Property and Business Improvement Law of 1994, the CBD's assessment shall appear as a separate line item called special assessment on the annual property bill prepared by the City and County of San Francisco. For a complete listing of 2017-2018 NVA property assessments, please visit www.noevalleyassociation.org

Financial Position as of June 30, 2018

The NVA employs Accounting Results, Inc. for bookkeeping services. For our annual account review, the NVA again hired Crosby and Kaneda Accountants for the 2017/18 fiscal year. The figures below are the unaudited numbers.

The review will be completed in August; the final report will be available in September at the annual property owner meeting, on the NVA website, or by request to the Executive Director.

The NVA continues to be the fiscal sponsor for the Noe Valley Town Square – together we have produced major events such as Movie Nights, Blankets and BBQ, Wine and Jazz, Disco Bingo, Animal Fair, Spooktacular and Heroes Day and smaller entertaining events and vfree classes for the community.

REVENUE

Assessments	\$279,437
Donations	7,550
Interest	619
Total Revenue	\$294,806

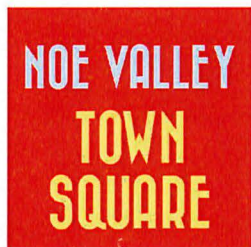
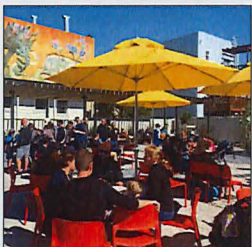
DISBURSEMENTS

Sidewalk Operations	\$162,673
Streetscape	20,662
Administration	77,459*
Total Disbursements	\$273,493

* Administration expenses are offset by fiscal agent fees

Contingency Fund for 2017/18

Balance in Restricted Funds	\$ 217,500
Balance in Unrestricted Funds	\$ 27,441



The NVA is the fiscal sponsor for the Noe Valley Town Square, a unique urban public square that welcomes the community to events including Movie Nights, Blankets and BBQ, Disco Bingo, Heroes Day, an Animal Fair, Spooktacular – as well as the weekly farmers market and free public classes – all of which enrich the neighborhood and benefit local residents and merchants.

Visit www.noevalleytownsquare.com for event details!

Your suggestions and ideas are welcome; please email info@noevalleytownsquare.com.
Many thanks to local sponsors for their support of community events in Noe Valley.

The Noe Valley Association welcomes your questions & feedback.

Noe Valley Association • 1330 Castro Street • SF • CA • 94114

Please direct any questions to info@noevalleyassociation.org or call Debra Niemann at 415-519-0093.

The Noe Valley Association is a registered 501(c)(3) organization. All contributions are tax-deductible to the extent allowed by law.

Financial Reporting

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

SA 61 - Noe Valley		2017-2018								
Service Category/Budget Line	Management Plan Budget	General Benefit Dollars	Management Plan Assessment Budget	% of Budget	FY 2017-18 Budget	General Benefit Dollars	FY 2017-18 Assessment Budget	% of Budget	Variance	Source
SA 61 - Noe Valley CBD - Public Rights of Way and Sidewalk	\$ 160,000.00	\$ 8,000.00	\$ 152,000.00	69.53%	\$ 170,000.00	\$ -	\$ 170,000.00	64.76%	-4.76%	
SA 61 - Noe Valley CBD - District Identity and Streetscape Improvements	\$ 20,000.00	\$ 1,100.00	\$ 20,900.00	9.56%	\$ 20,500.00	\$ -	\$ 20,500.00	7.81%	-1.75%	
SA 61 - Noe Valley CBD - Administrative and Corporate Operations	\$ 32,000.00	\$ 1,600.00	\$ 30,400.00	13.91%	\$ 72,000.00	\$ -	\$ 72,000.00	27.43%	13.52%	
SA 66 - Central Market CBD - Contingency and Reserve	\$ 16,128.00	\$ 806.40	\$ 15,321.60	7.01%	\$ -	\$ -	\$ -	0.00%	-7.01%	
0	\$ -	\$ -	\$ -	0.00%	\$ -	\$ -	\$ -	0.00%	0.00%	
0	\$ -	\$ -	\$ -	0.00%	\$ -	\$ -	\$ -	0.00%	0.00%	
0	\$ -	\$ -	\$ -	0.00%	\$ -	\$ -	\$ -	0.00%	0.00%	
TOTAL	\$ 230,128.00	\$ 11,506.40	\$ 218,621.60	100.00%	\$ 262,500.00	\$ -	\$ 262,500.00	100.00%		

BENCHMARK 2: General Benefit Requirement

Revenue Sources	FY 2017-2018 Actuals	% of actuals	Source
Assessment Revenue	\$ 272,282.00		
Total Assessment (Special Benefit) Revenue	\$ 272,282.00	72.67%	
Contributions and Sponsorships	\$ -	0.00%	
Grants	\$ 93,788.00	25.03%	
Donations	\$ 8,005.00	2.14%	
Interest Earned	\$ 619.00	0.17%	
Earned Revenue	\$ -	0.00%	
Other	\$ -	0.00%	
Total Non-Assessment (General Benefit) Revenue	\$ 102,412.00	27.33%	
Total	\$ 374,694.00	100.00%	

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

SA 61 - Noe Valley		FY 2017-18											
Service Category/Budget Line	FY 2017-18 Budget	Amount from Assessment	Amount from General Benefit	% of Budget (Assessment)	% Budget (Total Budget)	Actuals	Amount from Assessment	Amount from General Benefit	% of Actuals (Assessment)	% of Actuals (Total Budget)	Variance (Assessment)	Variance (Total Budget)	Source
SA 61 - Noe Valley CBD - Public Rights of Way and Sidewalk	\$ 170,000.00	\$ 170,000.00	\$ -	64.76%	64.76%	\$ 160,220.00	\$ 160,220.00	\$ -	58.80%	58.80%	\$ -9,780.00	\$ -9,780.00	
SA 61 - Noe Valley CBD - District Identity and Streetscape	\$ 20,500.00	\$ 20,500.00	\$ -	7.81%	7.81%	\$ 21,412.00	\$ 21,412.00	\$ -	7.86%	7.86%	\$ 912.00	\$ 912.00	
SA 61 - Noe Valley CBD - Administrative and Corporate	\$ 72,000.00	\$ 72,000.00	\$ -	27.43%	27.43%	\$ 73,364.00	\$ 73,364.00	\$ -	26.92%	26.92%	\$ 1,364.00	\$ 1,364.00	
SA 66 - Central Market CBD - Contingency and Reserve	\$ -	\$ -	\$ -	0.00%	0.00%	\$ 17,500.00	\$ 17,500.00	\$ -	6.42%	6.42%	\$ 17,500.00	\$ 17,500.00	
0	\$ -	\$ -	\$ -	0.00%	0.00%	\$ -	\$ -	\$ -	0.00%	0.00%	\$ -	\$ -	
0	\$ -	\$ -	\$ -	0.00%	0.00%	\$ -	\$ -	\$ -	0.00%	0.00%	\$ -	\$ -	
0	\$ -	\$ -	\$ -	0.00%	0.00%	\$ -	\$ -	\$ -	0.00%	0.00%	\$ -	\$ -	
TOTAL	\$ 262,500.00	\$ 262,500.00	\$ -	100.00%	100.00%	\$ 272,496.00	\$ 272,496.00	\$ -	100.00%	100.00%	\$ 10,000.00	\$ 10,000.00	

BENCHMARK 4: Whether 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

FY 2017-2018 Carryover Disbursement	Source	Spenddown Timeline
Special Assessment Project		
6 month operating reserve		FY 18-19
CBD renewal		FY 18-19
Contingency		FY 18-19
Special Project Total	\$ 162,500.00	

NOE VALLEY ASSOCIATION, A COMMUNITY BENEFIT DISTRICT

FINANCIAL STATEMENTS

June 30, 2018

(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2017)

CROSBY & KANEDA
Certified Public Accountants

Dedicated to Nonprofit Organizations

**NOE VALLEY ASSOCIATION,
A COMMUNITY BENEFIT DISTRICT**

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
Noe Valley Association, a Community Benefit District
San Francisco, California

We have reviewed the accompanying statements of financial position of Noe Valley Association, a Community Benefit District (a nonprofit organization) as of June 30, 2018, and the related statements of activities, cash flows, and functional expenses for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization 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.

Accountants' 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 American Institute of Certified Public Accountants. 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.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements for the year ended June 30, 2018 in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

The accompanying summarized comparative information as of and for the year ended June 30, 2017 is derived from financials that were previously reviewed by us and we stated that we were not aware of any material modifications that should be made to those financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America in our report

dated October 18, 2017. We have not performed procedures in connection with that review engagement since that date.

Croody & Lameda CPAs LLP

Oakland, California
December 10, 2018

**NOE VALLEY ASSOCIATION,
A COMMUNITY BENEFIT DISTRICT**

**Statement of Financial Position
June 30, 2018
(With Comparative Totals as of June 30, 2017)**

	2018	2017
Assets		
Cash	\$ 295,175	\$ 246,392
Assessments receivable	2,927	11,368
Due from City	1,787	501
Total Assets	\$ 299,889	\$ 258,261
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ -	\$ 135
Contingencies (Note 4)		
Net Assets		
Unrestricted	284,448	256,626
Temporarily restricted (Note 5)	15,441	1,500
Total Net Assets	299,889	258,126
Total Liabilities and Net Assets	\$ 299,889	\$ 258,261

See Independent Accountants' Review Report and
Notes to the Financial Statements

**NOE VALLEY ASSOCIATION,
A COMMUNITY BENEFIT DISTRICT**

**Statement of Activities
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)**

	Unrestricted	Temporarily Restricted	Total	
			2018	2017
Support and Revenue				
Assessments revenue	\$ 265,123	\$	\$ 265,123	\$ 265,123
Late fees and other charges	7,159		7,159	557
Fiscal projects	7,422	86,366	93,788	21,000
Donations	8,005		8,005	2,000
Interest	619		619	682
Net assets released from donor restrictions (Note 5)	72,425	(72,425)	-	-
Total Support and Revenue	360,753	13,941	374,694	289,362
Expenses				
Program	294,427		294,427	263,979
Management and general	31,524		31,524	35,969
Fundraising	6,980		6,980	8,930
Total Expenses	332,931	-	332,931	308,878
Change in net assets	27,822	13,941	41,763	(19,516)
Net Assets, beginning of year	256,626	1,500	258,126	277,642
Net Assets, end of year	\$ 284,448	\$ 15,441	\$ 299,889	\$ 258,126

See Independent Accountants' Review Report and
Notes to the Financial Statements

**NOE VALLEY ASSOCIATION,
A COMMUNITY BENEFIT DISTRICT**

**Statement of Cash Flows
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)**

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in net assets	\$ 41,763	\$ (19,516)
Adjustments to reconcile change in net assets to cash provided (used) by operating activities		
Change in assets and liabilities:		
Assessments receivable	8,441	710
Due from City	(1,286)	1,285
Accounts payable and accrued expenses	<u>(135)</u>	<u>135</u>
Net cash provided (used) by operating activities	<u>48,783</u>	<u>(17,386)</u>
 Change in cash	 48,783	 (17,386)
 Cash, beginning of year	 <u>246,392</u>	 <u>263,778</u>
 Cash, end of year	 <u>\$ 295,175</u>	 <u>\$ 246,392</u>

See Independent Accountants' Review Report and
Notes to the Financial Statements

**NOE VALLEY ASSOCIATION,
A COMMUNITY BENEFIT DISTRICT**

**Statement of Functional Expenses
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)**

	Programs		Total Program	Management and General	Fundraising	Total	
	District Projects	Fiscal Projects				2018	2017
Salaries	\$ 25,200	\$	\$ 25,200	\$ 12,600	\$ 4,200	\$ 42,000	\$ 42,000
Payroll taxes	2,048		2,048	1,024	341	3,413	3,413
Accounting			-	8,836	-	8,836	9,178
Fee for service		36,893	36,893	-	-	36,893	7,670
Street maintenance	160,220		160,220	-	-	160,220	162,065
Streetscape improvement	21,412		21,412	-	-	21,412	48,335
Advertising and promotions	907		907	453	151	1,511	20,907
Office expenses	1,011	19,229	20,240	506	169	20,915	3,740
Insurance	2,169		2,169	1,085	362	3,616	3,892
Payroll service	523		523	261	87	871	871
Travel, meals, meetings	681		681	341	114	1,136	3,886
Entertainment		13,730	13,730	-	-	13,730	-
Dues, permits and fees	5,518		5,518	2,759	920	9,197	1,903
Donations	1,530		1,530	765	255	2,550	1,000
Scholarships		1,073	1,073	-	-	1,073	-
Easter egg hunt and other	2,283		2,283	2,894	381	5,558	18
Total Expenses	<u>\$ 223,502</u>	<u>\$ 70,925</u>	<u>\$ 294,427</u>	<u>\$ 31,524</u>	<u>\$ 6,980</u>	<u>\$ 332,931</u>	<u>\$ 308,878</u>

See Independent Accountants' Review Report and
Notes to the Financial Statements

**NOE VALLEY ASSOCIATION,
A COMMUNITY BENEFIT DISTRICT**

**Notes to the Financial Statements
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)**

NOTE 1: NATURE OF ACTIVITIES

The Noe Valley Association, a Community Benefit District (the Organization) is a nonprofit organization founded by property owners, merchants and community members in the Noe Valley neighborhood of San Francisco, California. The Organization receives community benefit district assessment funds from taxes paid by property owners and merchants. Program activities of the Organization include:

Public Rights of Way and Sidewalk Operations

Sidewalk and gutter sweeping and spot cleaning, hot water steam cleanings, bulky and illegal trash removal, graffiti abatement, right of way support related to garbage cans, light poles, trees and tree wells.

District Identity and Streetscape Improvements

Activities related to district identity and streetscape improvements include tree planting, flower baskets, open sidewalks, new crosswalks, and additional greening work.

Noe Valley Harvest Festival

The Friends of Noe Valley, the Merchants Association, Noe Valley Farmer's Market and the NVA together created this annual neighborhood event held in October.

Fiscal Projects

Fiscal project work such as the Town Square project and the Girl's Film Festival.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Basis of Presentation

The Organization presents information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The three classes are differentiated by donor restrictions.

Unrestricted net assets – consist of resources which have not been specifically restricted by a donor. Unrestricted net assets may be designated for specific purposes by the Organization or may be limited by contractual agreements with outside parties.

Temporarily restricted net assets – represent contributions and other inflows of assets whose use is limited by donor-imposed stipulations that expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

NOE VALLEY ASSOCIATION,
A COMMUNITY BENEFIT DISTRICT

**Notes to the Financial Statements
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)**

Permanently restricted net assets – represent contributions and other inflows of assets whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization, other asset enhancements and diminishments subject to the same kinds of stipulations or reclassifications from or to other classes of net assets as a consequence of donor-imposed stipulations. There were no permanently restricted net assets as of June 30, 2018.

Contributions

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.

Unrestricted contributions and grants are recorded as unrestricted revenue when received. 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 temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Assessments Receivable

Assessments receivable primarily consists of delinquent tax assessments owed by property owners. Since the taxpayers will be subject to City enforcement procedures, all assessments are considered to be fully collectible at June 30, 2018.

Although delinquent assessments are subject to penalties and fines, the Organization believes that these amounts will be offset by delays in collections. Accordingly, no receivable has been recognized for penalties and fines and the Organization has not calculated the present value of this receivable.

Income Taxes

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). The Organization has evaluated its current tax positions as of June 30, 2018 and is not aware of any significant uncertain tax positions for which a reserve would be necessary. The Organization's tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively after they are filed.

NOE VALLEY ASSOCIATION,
A COMMUNITY BENEFIT DISTRICT

**Notes to the Financial Statements
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)**

Contributed Services

Contributed 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. There were no contributed services that met the criteria for recognition for the year ended June 30, 2018.

Estimates

The preparation of financial statements in conformity with GAAP 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.

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Organization determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the assets or liability.

The Organization had no assets or liabilities recorded at fair value on June 30, 2018.

Concentration of Credit Risk

At times, the Organization may have deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions.

Property and Equipment

All acquisitions of property and equipment in excess of \$1,000 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. The Organization had no property and equipment that met this capitalization policy at June 30, 2018.

NOE VALLEY ASSOCIATION,
A COMMUNITY BENEFIT DISTRICT

**Notes to the Financial Statements
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)**

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.

Prior Year Summarized Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

Reclassifications

Certain accounts in the prior year's summarized information have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

Subsequent Events

The Organization has evaluated subsequent events and has concluded that as of December 10, 2018 the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

NOTE 3: CONCENTRATIONS

Revenue

For the year ended June 30, 2018 the Organization received approximately 73% of its revenue from community benefit district assessments on property owners in the Noe Valley Community Benefit District. A significant reduction in the level of this support, if this were to occur, may have an effect on the Organization's program and activities.

NOTE 4: CONTINGENCIES

Assessments

Community benefit district assessments are received under agreement with the City and County of San Francisco and assessments have been currently authorized through December 2020. The assessments and related revenue to the Organization may be terminated at an earlier date if the community benefit district which funds the Organization's operations is disestablished by a vote of the assessed property owners or in certain other circumstances.

Grant Awards

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their

NOE VALLEY ASSOCIATION,
A COMMUNITY BENEFIT DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

terms, it has accommodated the objectives of the Organization to the provisions of the grants. The Organization's management is of the opinion that the Organization has complied with the terms of all grants.

NOTE 5: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following as of June 30:

	<u>2018</u>	<u>2017</u>
Photo archiving	\$ -	\$ 1,500
Fiscal projects	<u>15,441</u>	<u>-</u>
Total	<u>\$ 15,441</u>	<u>\$ 1,500</u>

Temporarily restricted net assets were released from donor restriction by satisfying the purposes specified by the donor as follows for the years ended June 30:

	<u>2018</u>	<u>2017</u>
Photo archiving	\$ 1,500	\$ -
Fiscal projects	<u>70,925</u>	<u>2,000</u>
Total	<u>\$ 72,425</u>	<u>\$ 2,000</u>

MEMO

To: Supervisor Rafael Mandelman, District 8

CC: San Francisco Board of Supervisors;
Chris Corgas, OEWD Senior Program Manager

From: Helen Mar, OEWD Project Manager

RE: Noe Valley Community Benefit District

Date: March 29, 2019

This is a memo summarizing the accomplishments of the Noe Valley Community Benefit District and an analysis of its financial statements (based on their audit) for the period between July 1, 2017, and June 30, 2018.

Each year the CBD is required to submit a mid-year report, an annual report, and a CPA Financial Review or Audit. Noe Valley 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 Noe Valley CBD management contract with the City; and their Management Plan approved by the Board of Supervisors in 2006.

Also attached to this memo are the following documents:

1. Annual Reports
 - a. FY 2017-2018
2. CPA Financial Review Reports
 - a. FY 2017-2018
3. Draft resolution from the Office of Economic and Workforce Development



Background

The Noe Valley Community Benefit District (Noe Valley CBD) was formed to clean, beautify, and improve public space within the district. Noe Valley CBD includes both privately and publicly owned properties. The district is 8 square blocks and includes 211 parcels. The main commercial street that services Noe Valley is 24th Street between Church and Douglass Streets.

- August 2, 2005: the Board of Supervisors approved the resolution that established the Noe Valley Community Benefit District for 15 years (Resolution # 583-05).
- January 10, 2006: the Board approved the contract for the administration and management of the Noe Valley Community Benefit District (Resolution # 13-06).
- March 3, 2015: the Board of Supervisors approved the Annual Reports for FYs 2009-2010, 2010-2011, 2011-2012, 2012-2013, and 2013-2014 (Resolution # 062-15).
- March 22, 2016: the Board of Supervisors approved the Annual Report for FY 2014-2015 (Resolution # 111-16).
- March 21, 2017: the Board of Supervisors approved the Annual Report for FY 2015-2016 (Resolution # 093-17).
- May 22, 2018: the Board of Supervisors approved the Annual Report for FY 2016-2017 (Resolution # 154-18).

Basic Info about Noe Valley Community Benefit District:

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	\$230,138
Fiscal Year	July 1 – June 30
Executive Director	Debra Niemann
Name of Nonprofit Owners’ Entity	Noe Valley Association

The current CBD website www.noevalleyassociation.org includes all the pertinent information about the organization and their programs, a calendar of events, their Management Plan, Mid-Year Report, Annual Report and meeting schedules.

Summary of Program Areas

Public Rights of Way and Sidewalk Operations

The Noe Valley Management Plan calls for 70% of the budget to be spent on Public Rights of Way and Sidewalk Operations. This program area includes maintenance of trees, planters and flower baskets; and systematic sidewalk cleaning. Noe Valley CBD contracts with Curb Appeal to provide daily sidewalk and gutter sweeping as well as removal of excess trash, leaves and debris, graffiti removal within 24 hours, ten monthly hot steam cleanings and as needed spot cleaning are services that are covered by this

program area. Curb Appeal is also responsible for watering 24 hanging flower baskets, 148 neighborhood trees, and 22 open ground or planter boxes.

District Identity and Streetscape Improvements

Approximately 9% of the annual budget is allocated for public space development and streetscape improvements. This program area includes but is not limited to promoting the district through a website that includes information about their purpose and accomplishments, sponsoring special events such as street festivals, and developing plans that outline the long term goals of the district.

Management & Operations

Noe Valley CBD is staffed by a part-time Executive Director who 1) performs the day-to-day management of the organization, 2) works with various city departments, 3) advocates for city funds and services, and 4) ensures that the organization is in compliance with their Management Plan and City contract. The Noe Valley CBD Management Plan calls for approximately 14% of the budget to be spent on management and operations.

The remaining 7% of annual budget is to be allocated to a contingency fund.

The Noe Valley CBD board has eight (8) members, represented by residents, property owners, merchants, and community organizations. Board member seats are determined using the following guidelines: property owners (63%), two seats (25%) are set aside for non-property owning merchants with a preference for existing small businesses operating retail, restaurant and service, and one seat (12%) is reserved for Community Based Organizations and residents. This structure complies with Article 15 of the San Francisco Business and Tax Regulations Code. The full board meets quarterly. The committees are detailed below:

- **Executive Committee** – The Executive Committee oversees central operations of the organization and ensures the functioning of key areas: staff and contracts; corporate finances; insurance; grants; development of budget; board agendas and meetings; correspondence; outreach; bylaws and policies; public relations; newsletters. The Executive Committee meets on an as needed basis.
- **Streetscape Committee** – The Streetscape Committee is in charge of overseeing the greening and creation of public space and ensuring the success and efficiency of these services. The Streetscape Committee meets as needed.

Summary of Accomplishments, Challenges, and Delivery of Services

FY 2017-2018

Public Right of Way and Sidewalk Operations

- Removed 176 graffiti marks, stickers, and improper signage
- Removed 258 pieces of bulky and illegal trash (boxes, furniture, yard debris, bags of garbage, etc.)
- 212 calls to 311 for large item pick-ups
- Watered 229 trees

District Identity and Streetscape Improvements

- Provided directions to 148 visitors
- maintained 7 gardens and 2 parklets
- maintained 25 community benches, 36 bike racks, 14 news racks, 26 trash cans and 7 umbrellas
- replanted planter boxes every 4 months, watered and maintained
- watered and semi-annually renewed 26 hanging flower baskets
- installed 7 NVA identity banners

Management & Operations

- Awarded a \$112,000 grant as a fiscal agent to activate the Noe Valley Town Square on 24th Street

NVCBD Annual Budget Analysis

OEWD's staff reviewed the following budget related benchmarks for Noe Valley 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 "Noe Valley 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 "Noe Valley Community Benefit District," Section A - 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 "Noe Valley Community Benefit District," Section 3.9 – Budget*).
- **BENCHMARK 4:** Whether Noe Valley CBD is indicating the amount of any surplus or deficit revenues to be carried forward into the next fiscal year and designating the projects to be funded by any surplus revenues (*CA Streets & Highways Code, Section 36650(B)(5)*).

FY 2017-2018

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: Noe Valley CBD did not meet this requirement. Upon further research the CBD indicated that due to its small budget that it does not budget for contingency, but rather determines how much, if any, should be allocated based off leftover reserves at the end of the FY. OEWD explained to the CBD that although this is fiscally prudent and in line with providing services with the district, that they must add budget to the contingency section for each FY and remove some from the Administrative and Corporate Operations service area in order to meet this benchmark. OEWD believes that the CBD will be able to meet this benchmark in the future by following staff recommendation which will not impact other areas of the service plan. A slight uptick in the amount budgeted for Administrative and Corporate Operations is due to the CBD beginning renewal proceedings. See Table Below.

Service Category	Management Plan Budget	% of Management Plan	FY 2017-2018 Budget	% of Budget	Variance Percentage Points
Public Rights of Way and Sidewalk Operations	\$160,000	69.53%	\$170,000	64.76%	-4.76%
District Identity and Streetscape Improvements	\$22,000	9.56%	\$20,500	7.81%	-1.75%
Administrative/Corporate Operations	\$32,000	13.91%	\$72,000	27.43%	+13.52%
Contingency Reserve	\$16,128	7.01%	\$0.00	0.00%	-7.01%
TOTAL	\$230,128	100%	\$262,500	100%	0.0%

BENCHMARK 2: Whether five percent (5%) of Noe Valley CBD's actuals came from sources other than assessment revenue

ANALYSIS: *Noe Valley CBD met this requirement.* Assessment revenue was \$272,282.00 or 72.67% of actuals and non-assessment revenue was \$102,412 or 27.33% of actuals. See table below.

Revenue Sources	FY 2017-2018 Actuals	% of Actuals
Special Benefit Assessments	\$272,282	
Total assessment revenue	\$272,282	72.67%
Donations	\$8,005	2.14%
Grants	\$93,788	25.03%
Interest Earned	\$619	0.17%
Total non-assessment revenue	\$102,412	27.33%
TOTAL	\$374,694	100%

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

ANALYSIS: *Noe Valley CBD met this requirement.* See table below.

Service Category	FY 2017 - 2018 Budget	% of Budget	FY 2017 - 2018 Actuals	% of Actuals	Variance Percentage Points
Public Rights of Way and Sidewalk Operations	\$170,000	64.76%	\$160,220	58.80%	-5.96%

District Identity and Streetscape Improvements	\$20,500	7.81%	\$21,412	7.86%	+0.05%
Administrative/Corporate Operations	\$72,000	27.43%	\$73,364	26.92%	-0.51%
Contingency Reserve	\$0.00	0.00%	\$17,500	6.42%	+6.42%
TOTAL	\$262,500	100%	\$272,496	100%	

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

ANALYSIS: *Noe Valley 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 2017-2018 Carryover Disbursement	\$162,500.00
Designated Projects for FY 2017-18	
6 month operating reserve for programs	\$120,000.00
Noe Valley CBD Renewal	\$25,000.00
Contingency	\$17,500.00
Total Designated amount for Future Years	\$162,500.00

Findings and Recommendations

Within the review period of FY 2017-2018, the Noe Valley CBD did not meet Benchmark 1 of the expectations and requirements as set by the California Street and Highways Code Section 36650-36651; and the Agreement for the Administration of the Noe Valley Community Benefit District. In order to correct this the CBD needs to decrease the percentage budgeted for Administrative and Corporate Operations by at least 3.52% and increase the percentage budgeted for Contingency by the amount deducted from the Administrative and Corporate Operations service area. Noe Valley CBD has historically not met this benchmark.

OEWD’s review of the CBD indicates structural weaknesses in the District management plan and City requirements that were not accounted for in the original management plan causing the CBD to continually miss this benchmark.

Additional City requirements of an account review caused the CBD to spend an additional \$8,836 dollars on its Administrative/Corporate Operations service area. This account review was not included as part

of the administration budget in the original management plan which was sent to property owners, but was required after the district was approved by property owners and the Board of Supervisors in 2005. Because the district is one of the first CBD's in San Francisco there were changes made by the City after the management plan was approved. This caused variances in budgeting to surpass permitted levels.

OEWD met with the Noe Valley CBD and reviewed both its FY budget and FY actuals to see if there was a fix to this missed benchmark. OEWD determined that the CBD could meet Benchmark 1 in the future through anticipatory budgeting without having negative impact on the District's financial well-being. Going forward, OEWD expects the CBD to meet this benchmark. Additionally, OEWD anticipates that upon CBD renewal the district will be able to fully meet this requirement by updating their management plan appropriately to rectify previous structural deficiencies.

OEWD finds that Noe Valley CBD improved on their non-special assessment requirement found in Benchmark 2. For the second consecutive year, the District raised more non-assessment revenue than it did in the previous FY compared to the CBD's overall budget. In FY 16-17 the Noe Valley CBD raised approximately 8% in non-assessment revenue, but in FY 17-18 that has risen to 27.33%. A large portion of this increase can be attributed to the CBD overseeing the activation of the Noe Valley Town Square through City grant funding.

OEWD has been working with Noe Valley CBD on its CBD renewal campaign and recommends the District continues to take steps to ensure the CBD is renewed no later than July 2020. If the District is not renewed, it will sunset at midnight, January 1st, 2021.

Conclusion

Noe Valley CBD has performed well in implementing the service plan. The CBD has continued to successfully sponsor and help promote events in Noe Valley, including activation of the Noe Valley Town Square, driving hundreds of visitors to the district. Noe Valley CBD has done an outstanding job in partnering with the community stakeholders and numerous municipal agencies for the activation and improvement 24th at Noe and at Church streets. Noe Valley CBD is a well-run organization with active board and committee members and will continue to successfully carryout its mission as a community benefit district.

Introduction Form

By a Member of the Board of Supervisors or Mayor

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BOARD OF SUPERVISORS
SAN FRANCISCO

2019 APR 16 AM 11:19
Time stamp
or meeting date

BY [Signature]

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):

Rafael Mandelman

Subject:

Noe Valley Community Benefit District – FY 2017-2018 Annual Report

The text is listed:

Resolution receiving and approving annual report for the Noe Valley Community Benefit District for fiscal year 2017-2018, 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.

Signature of Sponsoring Supervisor:

[Signature]

For Clerk's Use Only