

File No. 200822

Committee Item No. 1

Board Item No. 34

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Government Audit and Oversight

Date: Nov. 19, 2020

Board of Supervisors Meeting:

Date: Dec. 1, 2020

#### Cmte Board

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

#### OTHER

- |                                     |                                     |  |
|-------------------------------------|-------------------------------------|--|
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <u>OEWD Presentation – November 19, 2020</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Annual Report – FY2018-2019</u>           |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Financial Statements</u>                  |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>OEWD Memo – June 23, 2020</u>             |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Referral FYI – August 5, 2020</u>         |

Prepared by: John Carroll

Date: Nov. 13, 2020

Prepared by: John Carroll

Date: Nov. 25, 2020

1 [Japantown Community Benefit District - Annual Report - FY2018-2019]

2

3 **Resolution receiving and approving annual report for the Japantown Community**  
4 **Benefit District for FY2018-2019, 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 May 23, 2017, 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. 198-17, expressing the City’s intention to  
13 establish the Japantown Community Benefit District (the “Japantown CBD”); and

14 WHEREAS, On July 25, 2017, the Board of Supervisors adopted Resolution  
15 No. 302-17 establishing the Japantown CBD ("Resolution to Establish") for a period of 10  
16 years, commencing FY2017-2018; and

17 WHEREAS, On December 12, 2017, the Board of Supervisors adopted Resolution  
18 No. 461-17, authorizing an agreement with the owners' association for the  
19 administration/management of the Japantown CBD, and a management agreement (the  
20 “Management Contract”) with the owners' association, the Japantown Community Benefit  
21 District, Inc., 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. 171198; and

24

25

1           WHEREAS, The Japantown CBD has submitted for the Board’s receipt and approval  
2 the Japantown annual report for FY2018-2019 as required by Section 36650 of the Act and  
3 Section 3.4 of the Management Contract; and

4           WHEREAS, The Annual Report is on file with the Clerk of the Board of Supervisors in  
5 File No. 200822, and is incorporated herein by reference as though fully set forth; and

6           WHEREAS, Supporting documents, including, but not limited to, a transmittal letter and  
7 memorandum report from the City's Office of Economic and Workforce Development, dated  
8 June 23, 2020, and documentation from the Japantown CBD for the Annual Report is on file  
9 with the Clerk of the Board of Supervisors in File No. 200822; now, therefore, be it

10          RESOLVED, That the Board of Supervisors hereby receives and approves the annual  
11 report for the Japantown Community Benefit District for FY2018-2019.



# Japantown Community Benefit District FY 2018-2019 Annual Report



# Legislative Overview

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

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



# Review Process

## This resolution covers the Annual Report for FY 2018-19

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



# Japantown CBD Formation

YBCBD	Type	Initial Assessment Budget*	FY 2018-2019 Assessment Budget	Year Established	Expires
	Property-Based	\$ 393,700.66	\$ 393,750.30	2017	December 31, 2027

*\*budget identified in management plan*



# Japantown CBD Operations

- **Staff**

- Executive Director – Grace Horikiri

- **Service Areas**

- **Environmental Enhancements**

- Respond to stakeholder priorities and guiding principles to make Japantown more welcoming, clean, safe and beautiful which is intended to make each assessed parcel safer, cleaner and more attractive which will encourage investment dollars and generate additional pedestrian traffic

- **Economic Enhancements**

- This service area is a comprehensive economic development program which proactively works on filling vacancies with targeted businesses and works to bring more visitors to the JTCBD to engage in commercial or business activities. location.

- **Advocacy/Administration**

- Admin and operations includes oversight of service contract, implementation of major projects, staffing the Board of Directors and Committees, and general day to day operations

- **CBD Reserve**





# BENCHMARKS

## OEWD's staff reviewed the following budget related benchmarks for Japantown CBD:

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

**Benchmark 2 – Whether five percent (1.56%) of Japantown CBD's actuals came from sources other than assessment revenue.**

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

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



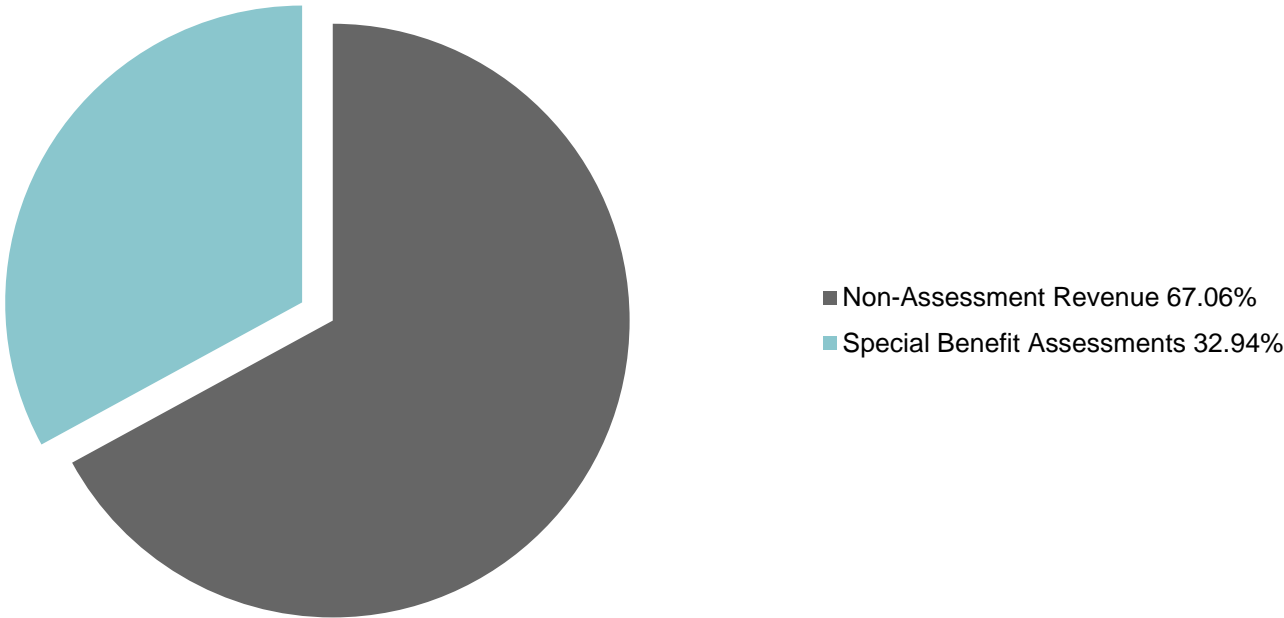
# Management Plan vs. Annual Budgets

Service Category	FY 2018-2019 Variance % Points
Environmental Enhancements	+3.85%
Economic Enhancements	-3.09%
Advocacy/Administration	+1.74%
CBD Reserve	-2.50%



# Assessment Revenue & Other Income

FY 2018-2019



# Budget vs Actuals

Service Category	FY 2018-2019 Variance % Points
Environmental Enhancements	+6.02%
Economic Enhancements	-9.68%
Advocacy/Administration	+3.67%
CBD Reserve	0.00%



# Carryover

<b>FY 2018-2019 Carryover Disbursement</b>	
<b>Environmental Enhancements</b>	\$55,121.69
<b>Economic Enhancements</b>	\$72,705.12
<b>Advocacy/Administration</b>	\$30,216.10
<b>TOTAL DESIGNATED AMOUNT</b>	<b>\$157,042.91</b>



# Conclusion

**Japantown CBD has met all requirements placed on it through State code and the CBD's Management Agreement with the City**

**Japantown CBD was formed in 2017 thanks to the determined efforts of the Japantown CBD steering committee.**

**Japantown CBD has performed well in implementing the service plan in the district:**

- **The CBD has worked well with established and well-known community groups in Japantown including the Japantown Task Force, Japantown Merchants Association, and other community service groups and nonprofit**
- **Has become a resource to merchants and other NGOs in the area**
- **Maintained an active board of directors and several sub committees**
- **Well positioned to continue successfully carry out its mission as a community benefit district**





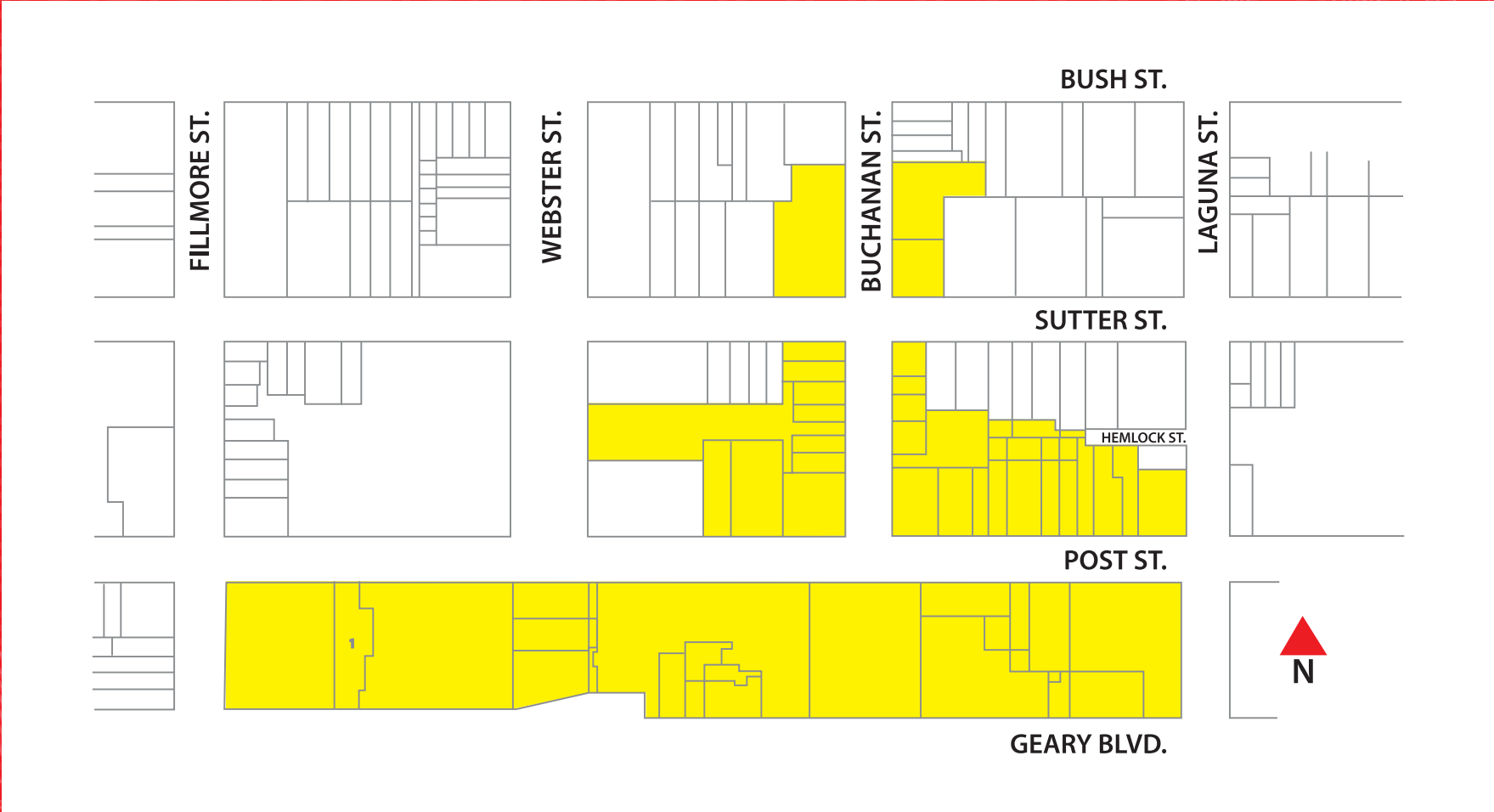
# JAPANTOWN

## COMMUNITY BENEFIT DISTRICT

San Francisco Board of Supervisors Government & Oversight Committee



# District Map



Japantown Community  
Benefit District, Inc.



# Active Committees

- Marketing & PR Committee
- Finance Working Group
- SafeCity Working Group



Japantown Community  
Benefit District, Inc.

# Grants for FY 18-19

- OEWD Japantown CBD Branding and Marketing
- OEWD Big Belly
- SF Japantown Foundation



Japantown Community  
Benefit District, Inc.

# Keeping Japantown Clean



Our hardworking Community Ambassadors inspires all of us to do our part to keep Japantown clean!

# Cleaning Stats



Japantown Community  
Benefit District, Inc.

# Keeping Japantown Safe

## SafeCity Camera Network



# Keeping Japantown Informed

- Facilitating Community Meetings
- Active in Small Business and Neighborhood Advisory Groups



# Helping to Promote Japantown

- Rebranding of Japantown
- Sponsored Community Events



**JapantownSF**<sup>TM</sup>

Taste & Experience the Culture of Japan



Japantown Community  
Benefit District, Inc.

# Supporting Our Small Businesses



**CBD** Japantown Community Benefit District, Inc.

### ホームレスと路上キャンプ 支援要請連絡先

コミュニティでホームレス生活をしている人や路上キャンプをしている人を懸念するサンフランシスコ市民は、そのような状況にある人への実質的支援や問い合わせ先に関する質問をします。それぞれの状況により、911番、警察非緊急電話番号、または311番と適切な連絡先が異なります。下記表による相談予約の問い合わせ先をまとめました。

311番に連絡かオンラインでサービスリクエストを提出	911番に連絡Call	警察非緊急電話番号 415-625-9123 に連絡
サンフランシスコ市のサービスに関する情報を得る	緊急救助	反応が速く、身体的行動をしていない人物が、字読みや住入口検索をしている
90日間の避難所ベッド予約をする (SFリソースセンターで CHANGEのアプリをインストールして予約可能となります)	メンタルヘルス緊急対応	特に苦しんでいる、悩んでいる人物の緊急支援を要請する
人物と動物の排泄物や危険廃棄物のため、交通渋滞または歩道の閉鎖を要請する	自身自身や他人に向かって暴力のため、交通渋滞または歩道の閉鎖を要請する	
ゴミと放棄されたショッピングカートを集積する	反応がなく、警察救助が必要な人物がいる	
路上キャンプを報告する	ある人物が強く反応を示さなかったり、警察の対応を拒否したり、その結果、不法侵入や住居入口封鎖になっている	
	苦しんでいる、悩んでいると思われる人物の緊急支援を要請する	

ここに掲載されている情報はホームレスおよび住居欠損から提供されたものです。

**CBD** Japantown Community Benefit District, Inc.

### Homeless and Encampment Who to Call for Assistance

San Franciscans regularly ask how they can help and who they should call when they are concerned about a person experiencing homelessness or an encampment in the community. There are some circumstances where it is most appropriate to call 9-1-1, the Police Non-Emergency Number, or 3-1-1. Below are some common reasons why someone may call for assistance and who they should call.

Call 9-1-1 or Contact the Police Non-Emergency	Call 3-1-1	Contact Homelessness and Supportive Housing
Individual emergency	Threatening and blocking sidewalks, parking, trespassing and not going to work	
Medical health emergency	Threatening to bring weapons or dangerous items to work	
Threatening to bring weapons or dangerous items to work	Threatening to bring weapons or dangerous items to work	
Threatening to bring weapons or dangerous items to work	Threatening to bring weapons or dangerous items to work	
Threatening to bring weapons or dangerous items to work	Threatening to bring weapons or dangerous items to work	
Threatening to bring weapons or dangerous items to work	Threatening to bring weapons or dangerous items to work	

Information provided by the Department of Homelessness and Supportive Housing



**Thank You!**

ありがとう

**arigato**



Japantown Community  
Benefit District, Inc.



# JAPANTOWN

## COMMUNITY BENEFIT DISTRICT

2018 - 2019 Annual Report



# 日本町



Photo credit: Chris Kilmann

# Working Together and Making a Difference

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Dear Community Members,

As one of the 3 remaining Japantowns in the United States, we all have the responsibility of being good stewards to ensure our communities' future.

When the Japantown Community Benefit District (JCBD) was formed in November of 2017, safety, cleanliness and economic well-being were top priorities that many of you, our stakeholders, addressed.

In the first fiscal year we partnered with Block by Block and through the hard work of our Community Ambassadors, the streets of Japantown have continued to see improvements. The beautification of Japantown goes hand in hand with it's economic health. Locals, as well as visitors from all around the world come here to experience and taste Japanese culture.

We also received a generous donation by an angel donor to fund the implementation of the Japantown SafeCity Camera Program. Currently in our final phase of mobilization, we are anticipating having 160 cameras in the network when completed. The SafeCity Camera Program not only allows the JCBD to assist law enforcement, but it has enabled us to build a better ongoing relationship with the San Francisco Police Department's Northern Station.

Through a grant from the Office of Economic Workforce Development (OEWD), the JCBD rolled out the new JapantownSF brand that has become a strong visual identity for Japantown.

We are most proud of the relationships we continue to build and strengthen, not only within our community, but with key City departments. Having a unified voice and visibility ensures that Japantown's concerns are recognized and addressed.

Moving forward, we will continue to be the resource for our community, especially the small businesses that make up the unique tapestry of Japantown. Working together we will keep Japantown safe, clean and thriving for all who live, work and visit our neighborhood.

With deep appreciation,

David Ishida  
President JCBD Board of Directors

Grace Horikiri  
Executive Director



## JapantownSF™

Taste & Experience the Culture of Japan

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### The Mission of the JCBD

Through economic business development for property owners and merchants, beautification of public spaces for all to enjoy and a safe livable environment –Japantown will continue to thrive as a culturally rich, authentic, and economically vibrant neighborhood which will continue to serve as the cultural heart of the Japanese and Japanese American communities for generations to come.

# Accomplishments in Our First Full Fiscal Year

In November of 2018 the Japantown Community Benefit District celebrated its first year of operation. Since its formation, our Board and Staff have implemented programs and services vital to Japantown.

## Keeping Japantown Safe

Japantown SafeCity Camera Program implementation. Upon completion Japantown will have approximately 160 cameras in the network.

Began active participation at SFPD Northern Station's Community Police Advisory Board monthly meetings as representative of Japantown.

Co-hosted API Council's SFPD Round Table held at the Japanese Cultural and Community Center of No. California.

Introduced the services of SF Safe to our community so we can all build a safer neighborhood.

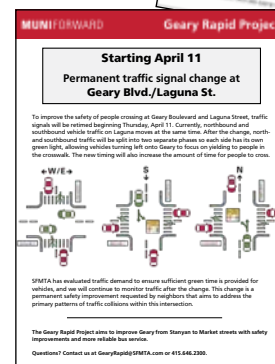
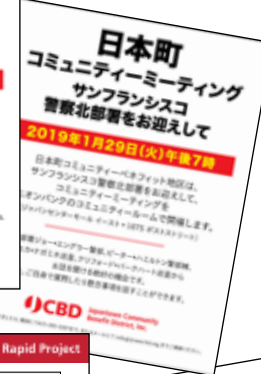
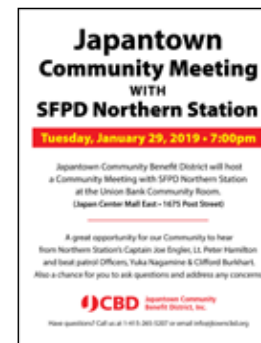
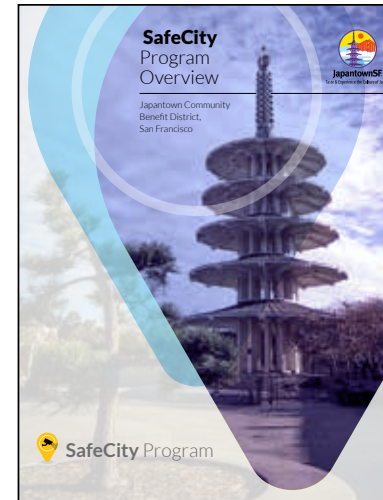
## Keeping Japantown Clean

Community Ambassadors provide daily cleaning services (from 7:30am - 4:00pm) on Japantown's sidewalks and public open spaces.

Participated in Mayor's Fix-It Team's District 5 Community Clean Up. Included replanting of new trees along Sutter Street and weed abatement in the Buchanan Mall.

Began discussion with the Chinatown Youth Council to provide steam cleaning service for Japantown.

Awarded OEWD grant for Bigbelly Trash Can Pilot Program.



Homeless and Encampment Who to Call for Assistance	
San Francisco region who has been helped and who they should call when they are concerned about a person experiencing homelessness or an encampment in the community. There are some circumstances where it would be appropriate to call 311. The Police Non-emergency number is 311. Some law enforcement agencies may call for assistance and who they should call.	
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## Keeping Japantown Informed

Produced and distributed newsletters, emailed to property owners and hand delivered to businesses and organizations in Japantown.

Hosted Community Meetings with the Department of Building Inspection and Office of Small Business to address the Accessible Business Entrance Program; Recology and SF Public Works to address trash issues and illegal dumping; SFPD Northern Station to discuss crime and homeless issues.

Launched the [www.jtowncbd.org](http://www.jtowncbd.org) website

Established presence on social media (Facebook, Twitter, Instagram) - #jtownsfcdb

Represented Japantown at the San Francisco Council of District Merchants & SFPD's 1st Small Business Security Summit.

Member of the SFMTA Small Business Working Group, that meets bi-monthly to discuss and advise SFMTA on a variety of issues facing the neighborhood merchant corridors.

Monthly attendance at the Japan Center Garage Board and Japantown Task Force meetings. Provide JCBD updates, cleaning highlights and crime report.

## Promoting Japantown

Formed the Greater Japantown Marketing and Communication Group, inviting key stakeholders. Presented a marketing plan so that we can work together to promote Japantown effectively.

Sponsored various community events including, the 3rd Annual Osaka Matsuri and the 45th Annual Nihonmachi Street Fair.

Helped organize SF Travel's Japantown Merchant Walk.

Ongoing coordination with NBC11 to promote the 2020 Tokyo Olympics in Japantown.



**JapantownSF**

Taste & Experience the Culture of Japan

### An Invitation to Join Us at the very first Greater Japantown Marketing & Communication Meeting

Thursday, April 11 • 10:00am - 11:00am  
Union Bank Community Room • Japan Center East Mall

Please RSVP by Thursday, April 4

The Japantown Community Benefit District (JCBD) not only works to foster a cleaner and safer community, but to enhance the area's economic vitality, so that our businesses and community can flourish.

At this first Greater Japantown Marketing & Communication Meeting, we'll be sharing with you what we have been working on to make Japantown a destination for repeat as well as new visitors and improve local lifestyle.

Working Together, Let's Make Japantown Thrive!

Making Japantown a place where one can taste & experience Japanese culture.

Kindly email Grace Horikiri at [grace@towncbd.org](mailto:grace@towncbd.org) to confirm your attendance.

Presented by **JCBD Japantown Community Benefit District, Inc.**  
1765 Sutter St., 2nd Floor, S.F., CA 94115  
415-265-5207 • [info@japantowncbd.org](mailto:info@japantowncbd.org)  
[www.japantowncbd.org](http://www.japantowncbd.org)



# Japantown SafeCity Camera Program

In August of 2018, the Japantown Community Benefit District received a generous donation of \$750,000 from an angel donor to implement a network of surveillance cameras within the Community Benefit District. The JCBD has been working closely with Applied Video Solutions, Inc., who has provided their expertise and guidance throughout the planning and implementation to make sure the network of cameras do their job to assist law enforcement.

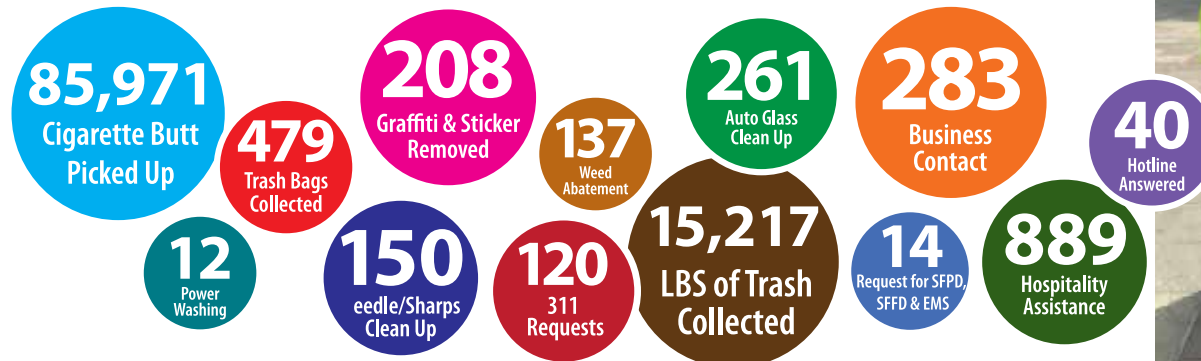
Joining the SafeCity Camera Program also enabled us to connect with other CBD/BIDs and City departments that have generously shared their first hand knowledge. The JCBD is grateful to the Union Square BID, Fisherman's Wharf CBD and SF Safe for their continued guidance. Working together to keep Japantown safe is a priority.



## Our Community Ambassadors

JapantownSF's Community Ambassadors not only keep our streets clean day in and day out, but they also serve as an important link in our community. Greeting visitors and business owners, listening to their concerns and providing them information.

They are our eyes and ears, alerting the JCBD of any issues, providing assistance to visitors as needed and making sure our streets remain clean and safe. It's not always an easy job, but they take great pride in their work to keep Japantown clean.



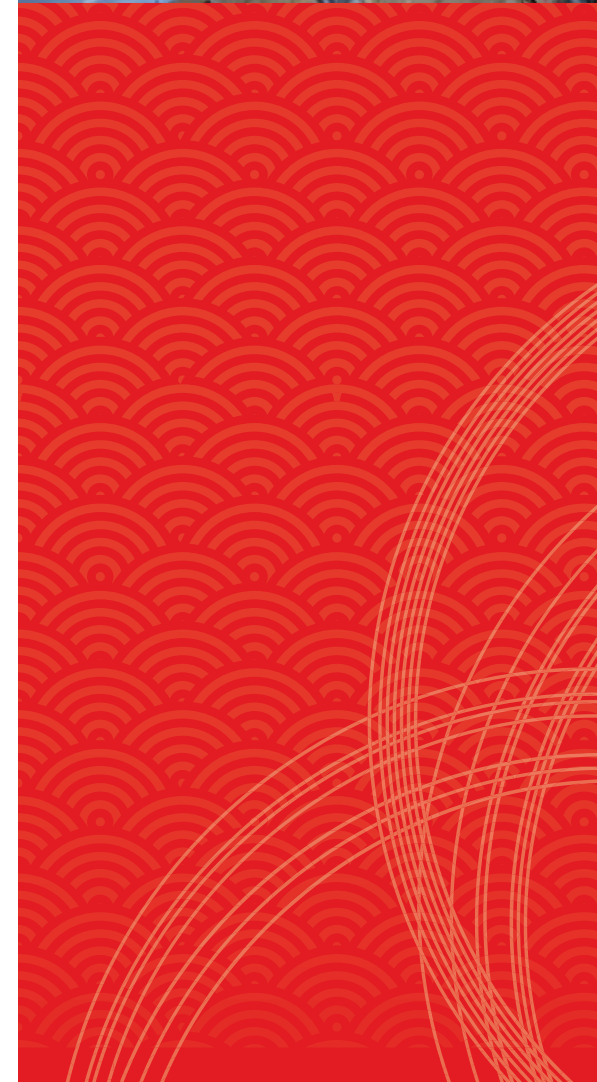
# Assessment Factors and Methodology

Each property within the JCBD's boundaries, as shown in the map, pays a special assessment proportional to the benefits received. Japantown property and business owners have emphasized that the assessment formula for the Japantown Community Benefit District be fair, balanced, and have a direct relationship to the district's services.

The Japantown Community Benefit District is funded through an annual assessment from businesses and property owners in the district. Estimated annual maximum assessment rates for all parcels, except Non-profit Parcels is as follows: \$0.1477 per square foot of lot, building + \$38.0166 per linear foot. Non-profit parcels is as follows: \$0.0739 per square foot of lot, building + \$19.0083 per linear foot.

Annual assessment rates may increase due to changes to the consumer price index (CPI), up to 3% each year. Assessments may also increase based on development in the District. JCBD assessments appear as a separate line item on the annual San Francisco County property tax bills.

For a complete list of 2018-2019 Japantown CBD property assessments, please visit [www.jtowncbd.org](http://www.jtowncbd.org)





# Financials

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## INCOME RESOURCES

	Amount	% of Total
Assessments*	\$ 396,045	34%
Donations	\$ 753,000	64%
General Benefits	\$ 20,500	2%
<b>TOTAL INCOME</b>	<b>\$ 1,169,545</b>	<b>100%</b>

\*includes late penalties

## EXPENSES BY PROGRAM

Japantown SafeCity	\$ 470,193	66%
Economic Enhancement	\$ 63,013	9%
Environmental Enhancement	\$ 127,884	18%
Advocacy/Administration	\$ 54,778	8%
<b>TOTAL EXPENSES</b>	<b>\$ 715,869</b>	<b>100%</b>

NET INCOME \$ 453,676

The net income will be carried over to fiscal year 2020.

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Email [info@jtowncbd.org](mailto:info@jtowncbd.org) to receive JCBD monthly district highlights and bi-monthly newsletters. Please visit our website at [jtowncbd.org](http://jtowncbd.org) for program information and other resources.

The Japantown Community Benefit District, Inc. is a 501c(3) nonprofit organization.

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## Board of Directors

President  
David Ishida, Community Member

Vice President  
Robert K. Sakai, Property Owner

Treasurer  
Mary Ishisaki, Property Owner

Secretary  
Jerry Ono, Director / Japantown Branch Manager -  
Union Bank

### Directors

Emily Glick, General Manager - The Buchanan

Steve Ishii, Executive Director - Kimochi Inc.

Dennis Kern, Director of Operations -  
San Francisco Recreation and Parks

Kimberly Kolbe, Business Owner - Shop MaruQ

Rob Malone, Off-Street Operations and CIP Manager -  
SFMTA

Lawrence Nakamura DDS, Business Owner

Kathy Nelson, Director - Kabuki Spring and Spa

Alex Prouty, General Manager - Hotel Kabuki

Abraham Sanez, Area Manager -  
Ramen Yamadaya Northern California

## Staff

Grace Horikiri, Executive Director  
[grace@jtowncbd.org](mailto:grace@jtowncbd.org)

Melissa Ayumi Bailey, Administrative Assistant  
[melissa@jtowncbd.org](mailto:melissa@jtowncbd.org)

Brandon Quan, Operations Manager  
[brandon@jtowncbd.org](mailto:brandon@jtowncbd.org)

 **Japantown Community  
Benefit District, Inc.**

1765 Sutter Street, 2nd Floor, San Francisco, CA 94115

Tel: 415-265-5207 • Fax: 415-796-0863

[info@jtowncbd.org](mailto:info@jtowncbd.org) • [www.jtowncbd.org](http://www.jtowncbd.org)

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

Japantown CBD	FY 2018-2019											
	Management Plan Budget	General Benefit Dollars	Management Plan Assessment Budget	% of Budget	% Assessment Budget	FY 2018-19 Budget	General Benefit Dollars	FY 2018-19 Assessment Budget	% of Assessment Budget	% of Budget	Variance Assessment Budget	Variance Total Budget
Environmental Enhancements	\$ 125,000.00	\$ 1,950.00	\$ 123,050.00	31.25%	31.25%	\$ 142,833.23	\$ 20,500.00	\$ 122,333.23	32.10%	35.10%	0.85%	3.85%
Economic Enhancements	\$ 195,000.00	\$ 3,042.00	\$ 191,958.00	48.75%	48.75%	\$ 185,804.78	\$ -	\$ 185,804.78	48.75%	45.66%	0.00%	-3.09%
Advocacy/Administration	\$ 70,000.00	\$ 1,092.00	\$ 68,908.00	17.50%	17.50%	\$ 78,297.00	\$ 5,297.00	\$ 73,000.00	19.15%	19.24%	1.65%	1.74%
CBD Reserve	\$ 10,000.00	\$ 156.00	\$ 9,844.00	2.50%	2.50%	\$ -	\$ -	\$ -	0.00%	0.00%	-2.50%	-2.50%
	\$ -	\$ -	\$ -	0.00%	0.00%	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%
	\$ -	\$ -	\$ -	0.00%	0.00%	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%
	\$ -	\$ -	\$ -	0.00%	0.00%	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%
<b>TOTAL</b>	<b>\$ 400,000.00</b>	<b>\$ 6,240.00</b>	<b>\$ 393,760.00</b>	<b>100.00%</b>	<b>100.00%</b>	<b>\$ 406,935.00</b>	<b>\$ 25,797.00</b>	<b>\$ 381,138.00</b>	<b>100.00%</b>	<b>100.00%</b>		

**BENCHMARK 2:** General Benefit Requirement

1.56%

Revenue Sources	FY 2018-19 Actuals	% of actuals	Source
Assessment Revenue	\$ 381,138.00		
<b>Total Assessment (Special Benefit) Revenue</b>	<b>\$ 381,138.00</b>	<b>32.94%</b>	
Contributions and Sponsorships	\$ 773,500.00	66.86%	
Grants	\$ -	0.00%	
Donations	\$ -	0.00%	
Interest Earned	\$ -	0.00%	
Earned Revenue	\$ -	0.00%	
Other	\$ 2,297.00	0.20%	
<b>Total Non-Assessment (General Benefit) Revenue</b>	<b>\$ 775,797.00</b>	<b>67.06%</b>	
<b>Total</b>	<b>\$ 1,156,935.00</b>	<b>100.00%</b>	

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

Japantown CBD	FY 2018-19											
	FY 2018-19 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)
Environmental Enhancements	\$ 142,833.23	\$ 122,333.23	\$ 20,500.00	32.10%	35.10%	\$ 102,744.32	\$ 82,244.32	\$ 20,500.00	36.70%	41.12%	4.60%	6.02%
Economic Enhancements	\$ 185,804.78	\$ 185,804.78	\$ -	48.75%	45.66%	\$ 89,900.57	\$ 89,900.57	\$ -	40.12%	35.98%	-8.63%	-9.68%
Advocacy/Administration	\$ 78,297.00	\$ 73,000.00	\$ 5,297.00	19.15%	19.24%	\$ 57,247.20	\$ 51,950.20	\$ 5,297.00	23.18%	22.91%	4.03%	3.67%
CBD Reserve	\$ -	\$ -	\$ -	0.00%	0.00%	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%
<b>TOTAL</b>	<b>\$ 406,935.00</b>	<b>\$ 381,138.00</b>	<b>\$ 25,797.00</b>	<b>100.00%</b>	<b>100.00%</b>	<b>\$ 249,892.09</b>	<b>\$ 224,095.09</b>	<b>\$ 25,797.00</b>	<b>100.00%</b>	<b>100.00%</b>		

**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 2018-2019 Carryover Disbursement	\$ 157,042.91	Spenddown Timeline
<b>General Benefit Project</b>		
General Benefit Project 1	\$ -	3-6 Months
General Benefit Project 2	\$ -	3-6 Months
General Benefit Project 3	\$ -	3-6 Months
General Benefit Project 4	\$ -	3-6 Months
	\$ -	
	\$ -	
	\$ -	
<b>General Project Total</b>	<b>\$ -</b>	
<b>Special Assessment Project</b>		
Environmental Enhancements	\$ 55,121.69	3-6 Months
Economic Enhancements	\$ 71,705.12	3-6 Months
Advocacy/Administration	\$ 30,216.10	3-6 Months
CBD Reserve	\$ -	3-6 Months
0	\$ -	
0	\$ -	
0	\$ -	
<b>Special Project Total</b>	<b>\$ 157,042.91</b>	
<b>Total Designated Amount for FY 2019-2020</b>	<b>\$ 157,042.91</b>	



Certified Public Accountants  
and Financial Advisors

**JAPANTOWN COMMUNITY BENEFIT  
DISTRICT, INC.**  
Financial Statements  
June 30, 2018

## INDEX TO FINANCIAL STATEMENTS

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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors  
Japantown Community Benefit District, Inc.

We have reviewed the accompanying financial statements of Japantown Community Benefit District, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statement of activities, functional expenses, and cash flows for the period from October 19, 2017 (date of inception) to June 30, 2018. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### Management's Responsibility for the Financial Statements

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

### Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the 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 general accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### Accountant's Conclusion

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

### SQUAR MILNER LLP



San Francisco, California  
October 31, 2019

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**JAPANTOWN COMMUNITY BENEFIT DISTRICT, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
June 30, 2018

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**ASSETS**

**CURRENT ASSETS**

Cash	\$ 242,288
Assessments receivable	<u>58,275</u>
Total assets	<u>\$ 300,563</u>

**NET ASSETS**

<b>NET ASSETS - unrestricted</b>	<u>\$ 300,563</u>
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**JAPANTOWN COMMUNITY BENEFIT DISTRICT, INC.**  
**STATEMENT OF ACTIVITIES**  
For the Period from October 19, 2017 (date of inception) to June 30, 2018

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	<u>Unrestricted</u>
<b>REVENUES AND SUPPORT</b>	
Assessments revenue	\$ 385,496
Contributions	<u>2,100</u>
Total revenues and support	<u>387,596</u>
<b>EXPENSES</b>	
Program services	54,468
Management and general	<u>32,565</u>
Total expenses	<u>87,033</u>
<b>CHANGE IN NET ASSETS</b>	300,563
Net assets - beginning of period	<u>-</u>
Net assets - end of period	<u><u>\$ 300,563</u></u>

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**JAPANTOWN COMMUNITY BENEFIT DISTRICT, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Period from October 19, 2017 (date of inception) to June 30, 2018

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	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Outside Services	\$ 42,335	\$ -	\$ 42,335
Legal and Professional Services	-	16,128	16,128
District Marketing and Promotion	-	10,000	10,000
Salaries	4,080	4,080	8,160
Charitable Contributions	4,575	-	4,575
Insurance	1,650	1,477	3,127
Occupancy	1,287	-	1,287
Payroll Expenses	541	434	975
Office Expenses	-	397	397
Bank Charges and Filing Fees	-	49	49
	<hr/>	<hr/>	<hr/>
Total expenses	\$ 54,468	\$ 32,565	\$ 87,033



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**JAPANTOWN COMMUNITY BENEFIT DISTRICT, INC.**  
**STATEMENT OF CASH FLOWS**  
For the Period from October 19, 2017 (date of inception) to June 30, 2018

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ 300,563
Change in operating assets:	
Assessments receivable	<u>(58,275)</u>
<b>Net cash provided by operating activities</b>	<u>242,288</u>
<b>NET INCREASE IN CASH</b>	242,288
CASH - beginning of period	<u>-</u>
CASH - end of period	<u>\$ 242,288</u>

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**JAPANTOWN COMMUNITY BENEFIT DISTRICT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

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**1. ORGANIZATION**

Japantown Community Benefit District, Inc. ("JCBD") is a not-for-profit organization formed on October 19, 2017 pursuant to a management contract with the City and County of San Francisco (the "City"). Refer to Note 3.

The JCBD, located in San Francisco, California, has specific charitable purpose to advance the common good, general welfare and quality of life of all San Franciscans, and of visitors to San Francisco, by enhancing environmental quality and beauty in the Japantown Community Benefit District, by fostering a safer and more secure community in that District, and by reinforcing the cultural heritage and economic vitality of that District, and to carry on other charitable activities associated with these goals as allowed by law.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Accounting***

The financial statements are as of and for the period from October 19, 2017 (date of inception) through June 30, 2018 and are presented in accordance with generally accepted accounting principles promulgated in the United States of America for Not-For-Profit Organizations ("U.S. GAAP").

***Basis of Presentation***

The JCBD is required to report information regarding its financial position and activities in accordance with three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

***Unrestricted Net Assets***

The portion of expendable funds that have no use or time restrictions. The Board of Directors may designate a portion of these net assets for specified purposes. All net assets of the JCBD were unrestricted net assets as of June 30, 2018.

***Temporarily Restricted Net Assets***

A portion of net assets for which use by the JCBD is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by the actions of the JCBD.

***Permanently Restricted Net Assets***

Net assets that are subject to donor-imposed restrictions that neither expire by passage of time, nor can otherwise be removed by actions of the JCBD.

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**JAPANTOWN COMMUNITY BENEFIT DISTRICT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Use of Estimates***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Cash and Cash Equivalents***

Cash consists of checking account. Cash equivalents consist of short-term and highly liquid investments with original maturities of three months or less from the dates of acquisition. There were no cash equivalents as of June 30, 2018.

***Assessments Receivable***

Assessments receivable represents obligations of the City due to the JCBD. The allowance for doubtful accounts is determined based on the collectability of receivables. Receivables are written off when it is probable that the receivables will not be collected. Management believes that all outstanding accounts receivable are collectible in full, therefore no allowance for doubtful accounts has been provided.

***Revenue Recognition***

**Assessments Revenue**

Assessments revenue is recognized when the assessments due from the City become due and measurable and when collectability is reasonably assured.

***Contributions***

Unconditional contributions and pledges are recognized at their fair value when received. Donor-restricted contributions are reported as increases in temporarily restricted or permanently restricted net assets depending upon the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

***Income Taxes***

The JCBD is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from California franchise taxes under Section 23701d of the Revenue and Taxation Code. In addition, the JCBD qualifies for the charitable contribution deduction under Section 170(b)(1)(A). However, income from activities not related to the JCBD's tax-exempt purpose may be subject to taxation as unrelated business income.

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**JAPANTOWN COMMUNITY BENEFIT DISTRICT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Income Taxes*** (continued)

U.S. GAAP provides disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. Management has considered its tax positions and does not believe that the JCBD has any uncertain tax positions that require adjustment or disclosure in the financial statements. The JCBD's returns are subject to examination by federal and state taxing authorities, generally for three to four years, respectively, after they are filed.

***Functional Expenses***

The costs of program and supporting service activities have been summarized on a functional basis in the statements of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Expenses are identified with a specific program or support service and are charged directly to that program or support service. Accordingly, certain costs have been allocated among the programs and supporting activities benefited.

***Recently Issued Accounting Standards***

In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities (ASU 2016-14). ASU 2016-14 changes how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flow. ASU 2016-14 requires amended presentation and disclosures to help not-for-profits provide more relevant information about their resources to donors, grantors, creditors, and other users. These include qualitative and quantitative requirements in the following areas: (1) net asset classes; (2) investment return; (3) expenses; (4) liquidity and availability of resources; and (5) presentation of operating cash flows. ASU 2016-14 will be effective for annual financial statements issued for fiscal years beginning after December 15, 2017. The JCBD will adopt the provisions of ASU 2016-14 effective July 1, 2018.

Although there are several other new accounting pronouncements issued or proposed by the FASB, which the JCBD will adopt, as applicable, the JCBD does not believe any of these accounting pronouncements will have a material impact on its financial position or results of operation.

***Subsequent Events***

The JCBD has evaluated subsequent events through October 31, 2019, the date the financial statements were available to be issued.

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**JAPANTOWN COMMUNITY BENEFIT DISTRICT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

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**3. ASSESSMENTS REVENUE**

In April of 2017, the City developed the Japantown Community Benefit District Plan (the "Plan") to improve the appearance and safety of the Japanese Community Benefit District ("District") which encompasses approximately seven whole and partial blocks in the commercial core of Japantown. The Plan is also to increase building occupancy and lease rates, and to encourage new business development and attract ancillary businesses and services.

On January 18, 2018, an agreement was entered into between the City and the JCBD, to implement, administer and provide the property-related services, improvements and activities, in accordance with the Plan for a term expiring on June 30, 2027.

The JCBD receives its support primarily from the multi-year special assessment levied by the City on Identified Parcels (as defined in Section 53750(g) of the Government Code) located within the District. The assessments may only be used to fund property-related services, improvements and activities, as defined, within the District in accordance with the Plan.

**4. CONCENTRATIONS OF RISK**

***Vendor***

The JCBD incurred expenses of \$42,335 for outsourced services paid to one non-profit organization, representing 49% of the total expenses for the period from October 19, 2017 (date of inception) to June 30, 2018.

***Other risk***

The JCBD's ability to generate resources is dependent upon the assessments from the City and County of San Francisco.

Financial instruments, which potentially subject the JCBD to concentrations of credit risk, consist principally of cash in bank accounts greater than \$250,000 with each financial institution. JCBD periodically reviews its cash and investment policy and believes that any potential loss is not material to the financial statements.

**MEMO**

To: Supervisor Dean Preston, District 5

CC: San Francisco Board of Supervisors

From: Chris Corgas; OEWD Senior Program Manager, Community Benefit Districts

RE: Japantown Community Benefit District FY 18-19 Annual Report

Date: June 23, 2020

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This is a memo summarizing the accomplishments of the Japantown Community Benefit District and an analysis of its financial statements (based on their audit) for the period between July 1, 2018 and June 30, 2019.

Each year the CBD is required to submit a mid-year report, an annual report, and a CPA Financial Review or Audit. Japantown CBD has complied with the submission of all these requirements. OEWD staff 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 Japantown CBD management contract with the City; and their Management Plan approved by the Board of Supervisors in 2017.

Also attached to this memo are the following documents:

1. Annual Reports
  - a. FY 2018-2019
2. CPA Financial Statements
  - a. FY 2019-2019
3. Draft resolution from the Office of Economic and Workforce Development



## **Background**

The Japantown Community Benefit District (Japantown CBD) was formed to clean, beautify, and provide economic enhancements within the district. The Japantown CBD is located in one of 3 remaining Japantowns in the United States, in a neighborhood that is identified by its rich cultural heritage and history. The Japantown CBD includes both privately and publicly owned properties. The district is 7 whole and partial blocks and approximately 67 parcels in the commercial core of Japantown.

- July 25, 2017: the Board of Supervisors approved the resolution that established the Japantown Community Benefit District for 10 years (Resolution # 461-17).
- December 12, 2017: the Board approved the contract for the administration and management of the Japantown Community Benefit District (Resolution # 13-06).

## **Basic Info about Japantown Community Benefit District:**

Year Established	2017
Assessment Collection Period	FY 2017-2018 to FY 2026-2027 (July 1, 2017 to June 30, 2027)
Services Start and End Date	January 1, 2018 – December 31, 2027
Initial Estimated Annual Budget	\$393,750
FY 2018-19 Assessment Submission	\$393,750
Fiscal Year	July 1 – June 30
Executive Director	Grace Horikiri
Name of Nonprofit Owners' Entity	Japantown Community Benefit District, Inc.

The current CBD website <https://www.jtowncbd.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**

### **Environmental Enhancements**

The Japantown CBD Management Plan calls for 31.25% of the assessment budget to be spent on Environmental Enhancements are designed to address vacancies by filling them with targeted businesses and to bring more visitors to the District area to engage in commercial and business activities.

### **Economic Enhancements**

The Japantown CBD Management Plan calls for 48.75% of the assessment budget to be spent on Economic Enhancements. Economic Enhancements include a business liaison to work as the primary point of contact between the CBD and the Japantown CBD business community. The liaison builds relationships businesses and connects them, as needed, to appropriate resources such as commerce experts, business associations, training programs, eligible grants, etc. in an effort to create a stronger business environment for all. Economic Enhancements also include destination marketing aimed to position Japantown as a dining, retail, and cultural destination.

### **Advocacy/Administration**

The Japantown CBD Management Plan calls for 17.50% of the assessment budget to be used on Advocacy/Administration. The CBD is staffed by a 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, 4) ensures that the organization is in compliance with their Management Plan and City contract, and 5) provide leadership through research and community education to represent the community with one clear voice.

#### **CBD Reserve**

The remaining 2.50% of annual budget is to be allocated to Reserves. Reserves are budgeted as a contingency for any payment delinquencies and/or unforeseen budget adjustments

The Japantown CBD board has fourteen (14) members which represent property owners, merchants, community organizations, and other stakeholders. Board member seats are determined using the following guidelines: 60% of seats are set aside for District property owners, 20% of seats are set aside for non-property owning merchants with a preference for existing small businesses operating retail, restaurant and service, and the remaining 20% of seats can be used for Community Based Organizations and stakeholders. This structure complies with Article 15 of the San Francisco Business and Tax Regulations Code. The full board meets monthly.

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

#### **FY 2018-2019**

##### **Environmental Enhancements**

- Community ambassadors provide daily cleaning services from 7:30 AM to 4:00 PM on Japantown CBD's sidewalks and public spaces.
- Removed 479 bags of litter and trash (Approximately 15,217 lbs)
- Picked up approximately 85,971 cigarette butts
- Removed 208 instances of graffiti or stickers
- Picked up 150 needles
- Picked up 261 instances of broken vehicle glass
- Power washed the entire District 12 times
- Provided hospitality assistance 889 times

##### **Economic Enhancements**

- Formed the Greater Japantown Marketing and Communication Group
- Developed and presented a marketing plan to work collaboratively with other organizations to promote Japantown effectively
- Organized SF Travel's Japantown merchant walk
- Sponsored the 3<sup>rd</sup> Annual Osaka Matsuri
- Sponsored the 45<sup>th</sup> Annual Nihonmachi Street Fair
- Coordination with local media to promote the 2020 Tokyo Olympics in Japantown

##### **Advocacy/Administration**



- Active participation in SFPD Northern Station’s Community Police Advisory Board monthly meetings as Japantown representatives
- Co-hosted API Council’s SFPD Round Table held at the Japanese Cultural and Community Center of Northern California
- Received a donation to implement a Japantown SafeCity Camera Program and worked with stakeholders on implementation
- Hosted community meetings with the Department of Building Inspection and Office of Small Business to address the Accessible Business Entrance Program
- Hosted community meetings with Recology and SF Public Works to address trash and illegal dumping
- Established a social media presence on Facebook, Twitter, and Instagram
- Keep property owners, merchants, and stakeholders up to date with newsletters, emails, and personal meetings.

**Japantown CBD Annual Budget Analysis**

**OEWD’s staff reviewed the following budget related benchmarks Japantown 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 “Japantown Community Benefit District,” Section 3.9 – Budget*)
- **BENCHMARK 2:** Whether five and fifty-five hundredths percent (5.55%) of actuals came from sources other than assessment revenue (*CA Streets & Highways Code, Section 36650(B)(6); Agreement for the Administration of the “Japantown Community Benefit District,” Section 3.4 - Annual Reports*)
- **BENCHMARK 3:** Whether the variance between the budget amount and actual expenses within a fiscal year was within 10 percent (*Agreement for the Administration of the “Japantown Community Benefit District,” Section 3.9 – Budget*).
- **BENCHMARK 4:** Whether Japantown 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 2018-2019**

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

**ANALYSIS:** Japantown CBD met this requirement. See Table Below.

Service Category	Management Plan Budget	% of Management Plan	FY 2018-2019 Budget	% of Budget	Variance Percentage Points
Environmental Enhancements	\$125,000.00	31.25%	\$142,833.23	35.10%	+3.85%

Economic Enhancements	\$195,000.00	48.75%	\$185,804.78	45.66%	-3.09%
Advocacy/Administration	\$70,000.00	17.50%	\$78,297.00	19.24%	+1.74%
CBD Reserve	\$10,000.00	2.50%	\$0.00	0.00%	-2.50%
<b>TOTAL</b>	<b>\$400,000</b>	<b>100%</b>	<b>\$406,935</b>	<b>100%</b>	<b>0.0%</b>

**BENCHMARK 2:** Whether five percent (5.55%) of Japantown CBD’s actuals came from sources other than assessment revenue

**ANALYSIS:** *Japantown CBD met this requirement. Assessment revenue was \$381,138.00 or 32.94% of actuals and non-assessment revenue was \$775,797.00 or 67.06% of actuals. See table below.*

Revenue Sources	FY 2018-2019 Actuals	% of Actuals
Special Benefit Assessments	\$381,138.00	
<b>Total assessment revenue</b>	<b>\$381,138.00</b>	<b>32.94%</b>
Contributions and Sponsorships	\$773,500.00	66.86%
Grants	\$0.00	0.00%
Other	\$2,297.00	0.20%
<b>Total non-assessment revenue</b>	<b>\$775,797.00</b>	<b>67.06%</b>
<b>TOTAL</b>	<b>\$1,156,935.00</b>	<b>100%</b>

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

**ANALYSIS:** *Japantown CBD met this requirement. See table below.*

Service Category	FY 2018-2019 Budget	% of Budget	FY 2018-2019 Actuals	% of Actuals	Variance Percentage Points
Environmental Enhancements	\$142,833.23	35.10%	\$102,744.32	41.12%	+6.02%
Economic Enhancements	\$185,804.78	45.66%	\$89,900.57	35.98%	-9.68%
Advocacy/Administration	\$78,297.00	19.24%	\$57,247.20	22.91%	+3.67%
CBD Reserve	\$0.00	0.00%	\$0.00	0.00%	0.00%
<b>TOTAL</b>	<b>\$406,935</b>	<b>100%</b>	<b>\$249,892.09</b>	<b>100%</b>	

**BENCHMARK 4:** Whether Japantown 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:** *Japantown CBD met this requirement. Please note: There is a period between when the City collects assessment payment and when the City disburses the funds to the CBD. As a result, a CBD typically has a fund balance at the end of the fiscal year that is equal to about 6 months of their annual budget. See table below.*

<b>FY 2018-2019 Carryover Disbursement</b>	<b>\$157,042.91</b>
Designated Projects for FY 2019-2020	
Environmental Enhancements	\$55,121.69
Economic Enhancements	\$71,705.12
Advocacy/Administration	\$30,216.10
<b>Total Designated amount for Future Years</b>	<b>\$157,042.91</b>

**Findings and Recommendations**

The Japantown CBD was formed in 2017 thanks to the determined efforts of the Japantown CBD steering committee. Following passage of the CBD a pivotal community leader and one of the CBD steering committee leaders, Robert “Bob” Hamaguchi, passed away. The remainder of the steering committee were able to overcome this challenge and enter into a management agreement with the City and County of San Francisco in late 2017. Greg Marutani, Robert Sakai, Mary Ishisaki, David Ishida, Beau Simon, Alice Kawahatsu, Jerry Ono, and Steve Nakajima were instrumental in ensuring the CBD started off on strong footing.

Pursuant to California Streets and Highways Code 36650(a) FY 2018-19 is the first annual report required to be provided by the Japantown CBD. The Japantown CBD met all benchmarks set by California Streets and Highways Code Section 36650-36651 and the Agreement for the Administration of the Japantown Community Benefit District. In particular, Japantown CBD did an extraordinary job in respect to Benchmark 2 as 67% of its total revenue was derived from non-assessment sources.

The Japantown CBD has worked well with established and well-known community groups in Japantown including the Japantown Task Force, Japantown Merchants Association, and other community service groups and nonprofits. These partnerships have been instrumental in helping the CBD become a go-to resource for merchants, property owners, and community members who frequent Japantown.

With a small governing board, the Japantown CBD can be potentially be impacted by board members stepping down or leaving for other reasons. OEWD recommends the CBD leverage its ties to the community and ensure community stakeholders, property owners, and merchants are well connected to the CBD. One way this can occur is through sub-committees that report to the governing board. This can

bring more people into CBD leadership and allow the CBD the ability to leverage and strengthen potential future board members.

### **Conclusion**

Japantown CBD has performed well in implementing the service plan. The CBD has done a commendable job of integrating itself into the broader Japantown community. The Japantown CBD has done an outstanding job in partnering with the community stakeholders and numerous municipal agencies for the activation and improvement of the greater community and by supporting longstanding Japantown traditions and events. The CBD is a well-run organization with active board and committee members and OEWD believes it is well positioned to continue successfully carry out its mission as a community benefit district.

BOARD of SUPERVISORS



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## 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: August 5, 2020

SUBJECT: LEGISLATION INTRODUCED

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The Board of Supervisors' Government Audit and Oversight Committee has received the following proposed legislation, introduced by Supervisor Preston on July 28, 2020:

**File No. 200822**

**Resolution receiving and approving annual report for the Japantown Community Benefit District for FY2018-2019, 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  
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

# Introduction Form

By a Member of the Board of Supervisors or Mayor

Time stamp  
or meeting date

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

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

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

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

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

Sponsor(s):

Subject:

The text is listed:

Signature of Sponsoring Supervisor:

For Clerk's Use Only