

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: May 1, 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. 190425

Resolution receiving and approving the annual report for the Castro/Upper Market 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 [Castro/Upper Market Community Benefit District - Annual Report - FY2017-2018]

2
3 **Resolution receiving and approving the annual report for the Castro/Upper Market**
4 **Community Benefit District for FY2017-2018, submitted as required by the Property and**
5 **Business 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. 421-05, expressing the City's intention to
13 establish the Castro/Upper Market Community Benefit District (the "Castro/Upper
14 Market CBD"); and

15 WHEREAS, On August 2, 2005, the Board of Supervisors adopted Resolution
16 No. 582-05 establishing the Castro/Upper Market CBD ("Resolution to Establish") for a period
17 of 15 years, commencing FY2005-2006; and

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

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

1 WHEREAS, On April 10, 2018, the Board of Supervisors approved the Castro/Upper
2 Market CBD's annual reports for FY2016-2017 in Resolution No. 097-18; and

3 WHEREAS, The Castro/Upper Market CBD has submitted for the Board's receipt and
4 approval the Castro/Upper Market annual reports for FY2017-2018 as required by
5 Section 36650 of the Act and Section 3.4 of the Management Contract; and

6 WHEREAS, The Annual Report is on file with the Clerk of the Board of Supervisors in
7 File No. 190425, and are incorporated herein by reference as though fully set forth; and

8 WHEREAS, Supporting documents, including, but not limited to, a transmittal letter and
9 memorandum report from the City's Office of Economic and Workforce Development, dated
10 April 8, 2019, and documentation from the Castro/Upper Market CBD for the Annual Report is
11 on file with the Clerk of the Board of Supervisors in File No. 190425; now, therefore, be it

12 RESOLVED, That the Board of Supervisors hereby receives and approves the annual
13 report for the Castro/Upper Market Community Benefit District for FY2017-2018.

Castro

CASTRO / UPPER MARKET
COMMUNITY BENEFIT DISTRICT

Annual Report 2017–2018

**Economic Vitality Report
Community Benefit District Renewal! Castro Cares
Cleaning Up by the Numbers Live! in the Castro
CUMCBD as a Leadership Organization
Friends of Harvey Milk Plaza Financials**



The Castro/Upper Market Community Benefit District Works for You!

Dear Friends and Neighbors,

Some days it seems the more things change, the more they stay the same. Changing demographics, changing social mores, resistance to change, new economic realities, too-low-wages, more people and not enough housing, drugs, trash, homelessness, and violence—the list of challenges we face today is long and sadly familiar.

I remember as a child dodging raving homeless vets on the way to Harvey Milk Memorial Library. I remember inspecting our grassy play areas in Dolores Park for needles before playing tag. I remember all the poop, the needles, the drugs, the bashings, the rent parties.

Some days I walk the streets of the Castro, dodging who-knows-what on the sidewalk, looking in an empty store front, standing by a mentally challenged member of the street population yelling as I wait for the light to turn green. Some days I'm not exactly sure what I'm doing here, except that I'm existing in the community I've known and loved and I'm trying to make it better—the same as all of you.

The Castro has problems and we all know it.

The Castro has solutions, too.

I'm proud that the Castro/Upper Market Community Benefit District ("Castro CBD") is a part of developing solutions and is a voice for the Castro.

This annual report highlights some of our important work over the past year. I encourage you to get involved in a neighborhood organization, there are many, all focused on making improvements to the community. And this is the tradition I will always remember so well when I think of the Castro. When I think of growing up in the Castro, I don't think of the problems the Castro faced back then, I think of the 1989 earthquake. I remember neighbors bringing out portable TV's and radios, bringing out water and food, and those with working phones inviting strangers in to call relatives and friends. When I think back, I think of a community who came together time and again in times of extreme and not so extreme trouble and worked out solutions. I think about the people who stuck it out during the bad times and the good and worked inclusively to make things better for all.

The more things change the more they stay the same, indeed!

We've always been a community that comes together when needed, relies on each other when necessary, and lends a hand when it's available. For nearly 15 years, the Castro/Upper Market Community Benefit District has been by your side and, whatever the future may bring, we'll be here next to you—and that won't change.

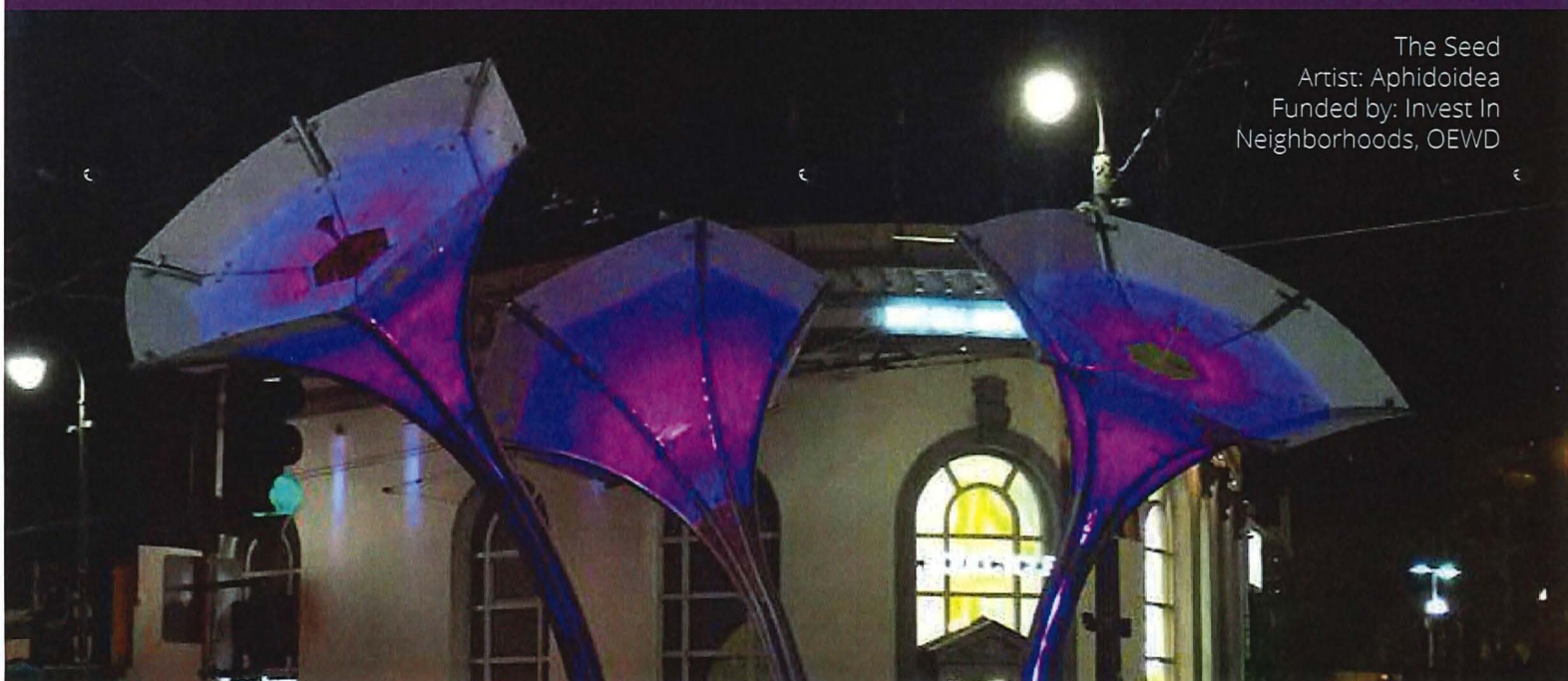
From myself, our executive director, our board of directors and employees: thank you for your continued support.

Jamal Cool
President, Board of Directors

If you want to get involved with this amazing organization, let us know!

Email info@castrocdb.org or call 415-500-1181.

The Seed
Artist: Aphidoidea
Funded by: Invest In
Neighborhoods, OEWD

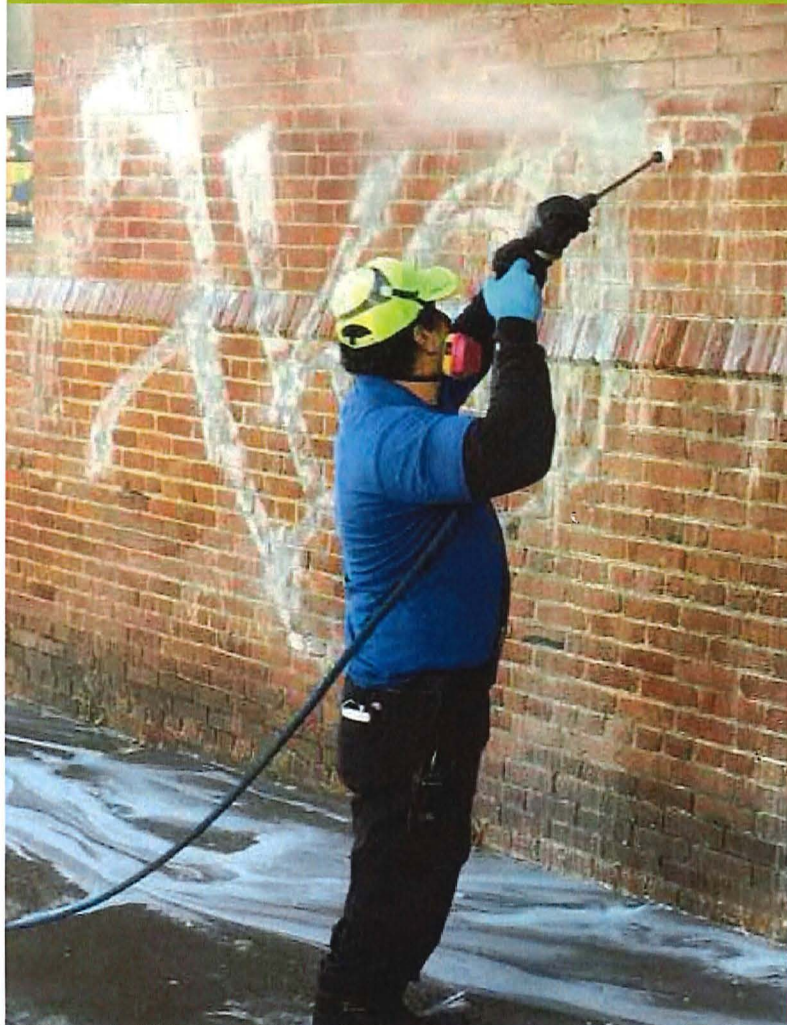


Cleaning Up



9,496

POUNDS OF TRASH PER MONTH



The mission of the Castro/Upper Market Community Benefit District is to provide services that improve the quality of life in the neighborhood, emphasizing clean, safe, beautiful streets. It also promotes the area's economic vitality, fosters the Castro's unique district identity, and honors its diverse history.

Cover photo courtesy of Gooch and Steven Underhill.

Economic Vitality Combats Commercial Vacancies

Economic vitality is important to the property owners, merchants, residents and visitors of the Castro & Upper Market. The online retail competition and the increasing number of commercial ground floor vacancies make headlines in newspapers across the country, including in San Francisco. What works? Is there a magical policy or strategy? The Castro CBD believes it is more like a puzzle, fitting together different strategies and policies.

Strategies employed by the Castro CBD include:

Clean Streets: cleaning 133,050 pounds of trash this year; plus 2,389 needles; 2,802 incidences of hazardous material (human feces).

Safe Streets: public safety patrols 7 nights a week and 9am–5pm on Sundays, including 1516 warnings for a variety of violations from obstructing the sidewalk to shoplifting and sleeping in doorways (MPC 25 violation).

Zoning: taking positions on zoning issues before the planning commission to advocate for an interesting and vital commercial district.

Homelessness: grant funding and donations for Castro Cares funds additional public safety officers and homeless outreach. The additional public safety officers act as a crime deterrent and ensure existing laws are enforced. The homeless outreach offers at risk individuals a path towards recovery.

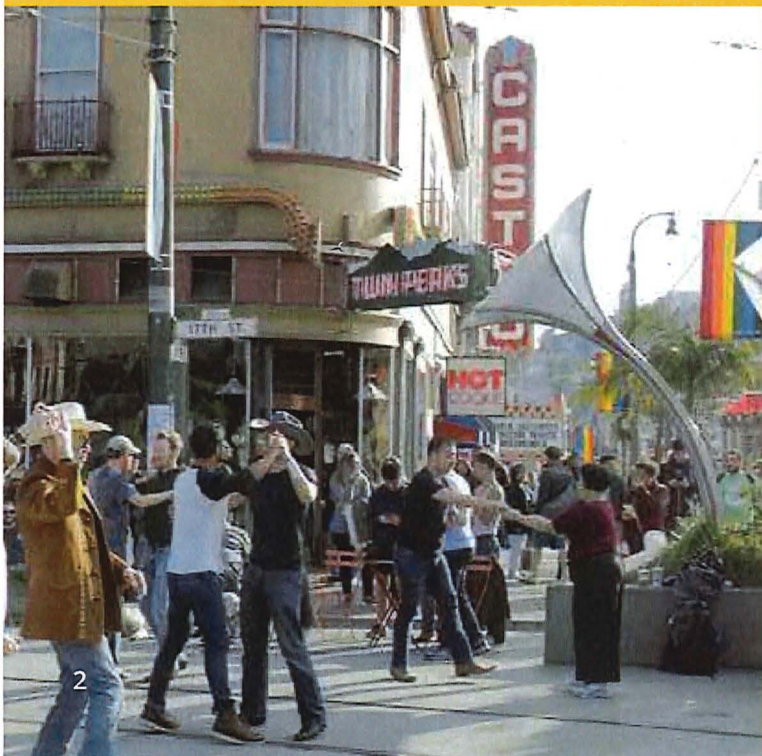
Live! In The Castro: brings live performances and entertainment to the Jane Warner Plaza between May–October every Saturday and Sunday. *Live!* in the Castro is helping to increase daytime foot traffic in the Castro.

Problem Solving: leadership in the community to address challenges, collaborating with Castro Merchants, neighborhood associations, D8 supervisor, SFPD, SF Public Works, and SFMTA.

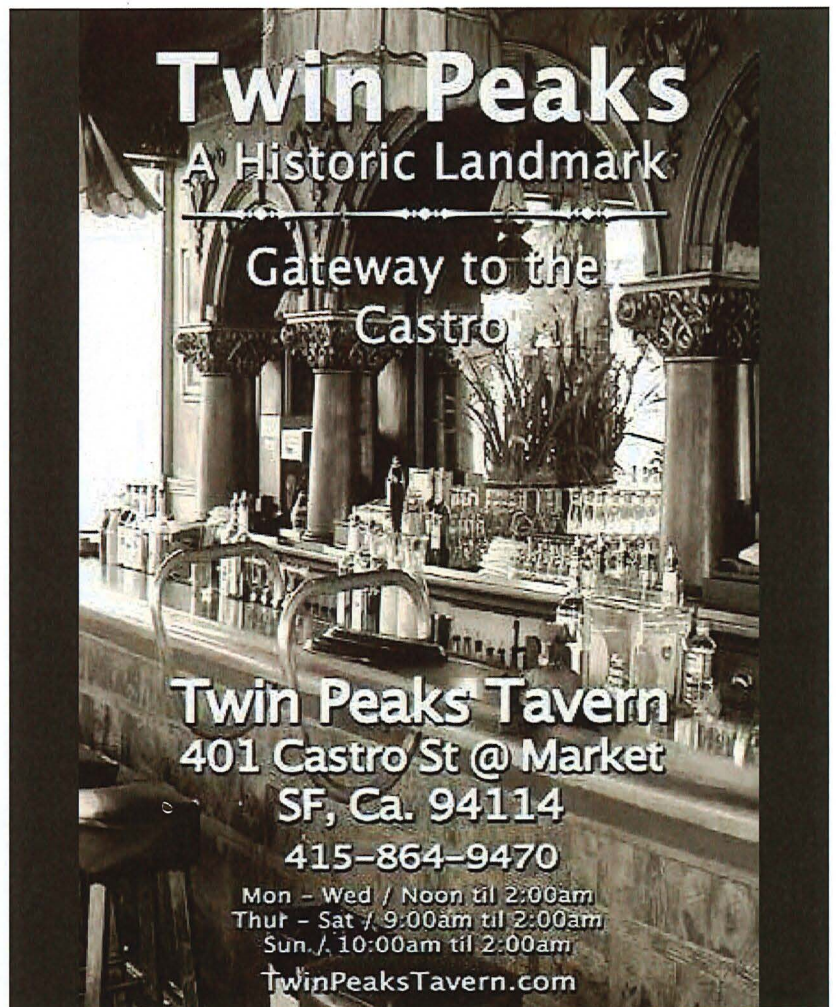
Policy: Working closely with the Castro CBD and other neighborhood stakeholders, Supervisor Rafael Mandelman has proposed legislation to ease zoning restrictions on new businesses opening on upper Market.

"The intent of this legislation is to make it easier for businesses to fill vacant storefronts and to shorten the time it takes to open their doors. A more vibrant Market Street is better for all of us."

Rafael Mandelman, Supervisor



**Castro CBD's
Hard Work
Makes Us
Look Good!**



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Gateway to the
Castro

Twin Peaks Tavern
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415-864-9470

Mon - Wed / Noon til 2:00am
Thur - Sat / 9:00am til 2:00am
Sun. / 10:00am til 2:00am
TwinPeaksTavern.com



We Are Excited To Announce our RENEWAL!

Get Involved & Help Us Form The Castro/ Upper Market CBD for 2020 and Beyond!

The Castro CBD board of directors is excited to work with the property owners, merchants and community on designing the Castro/Upper Market CBD for the next 10–15 years! The Castro CBD is up for renewal in December 2020. To ensure we continue to meet the neighborhood's needs for 2020 and beyond we need your input! We will continue to hold community meetings and reach out to you via email and USPS. Look out for communication from us, connect with us via email at info@castrocbd.org.

Since 2006, the Castro/Upper Market Community Benefit District has been stewards of this sprawling business district composed of several distinct neighborhoods and commercial districts. The Castro CBD has implemented critical cleaning, graffiti removal, public safety services, and beautification projects. With the city as our partner, we have implemented much of our 2008 Pedestrian Safety & Streetscape Beautification Plan. We installed the most photographed and now world-famous rainbow crosswalks at 18th & Castro Street and we transformed the most dangerous intersection on upper Market into a pedestrian plaza with managed seating, landscaping, art and live entertainment.

The Castro/Upper Market Community Benefit District ("Castro CBD") raised \$2,300,381 in additional funding over the past thirteen years—funding all going toward strategies to encourage people to shop, eat, drink, and play in the Castro & Upper Market.

To continue providing these critical services, the Castro CBD must be renewed /reauthorized in December 2020. Without this reauthorization, the CBD's services will end.

Renewal involves a mail-in ballot vote by the property owners, approval by the board of supervisors and final approval by the mayor. To launch the renewal process the Castro CBD sent out a survey to property owners. The results of which can be found on-line at <http://tinyurl.com/y26xydde>.

The Castro CBD will also be holding a series of meetings through the fall of 2019.

We want YOUR INPUT! Help us design the new Castro/Upper Market Community Benefit District. What are your priorities?

To learn more about these meetings, the renewal process and to get involved in what your future CBD will look like, call **Andrea Aiello at 415-500-1181 or email: andrea@castrocbd.org**.

The CBD has regularly scheduled Renewal Committee meetings on the 2nd and 4th Thursdays of the month at 11:00 a.m., 693 14th St. at the CBD office. These meetings are open to everyone.

Castro CBD staff and board members will also be reaching out to property owners and merchants for one-on-one meetings.

Join us as we build an exciting future for the Castro CBD and the Castro/Upper Market district!

Castro Cares

Funding Public Safety & Homeless Outreach

The Patrol Special Officers funded through Castro Cares make a difference! "The Castro Cares funded Patrol Special Officers enforce existing laws, while at the same time offering a warm hand to those at risk on the street. When they are on patrol, I rarely find people sleeping in my doorway," said local merchant Miguel Lopez on a recent morning as he was opening his shop.

The Patrol Special Officers funded through Castro Cares patrol the Castro on Friday and Saturday nights from 7pm-7am and on Sunday from 9am-5pm. They routinely patrol Church, Market and Castro Streets and the bikeway behind Safeway. They offer help and support to those at risk on the street and also enforce existing laws. The Patrol Special Officers regularly move those who are violating the no trespassing signs and then circle back to make sure they have truly complied. Yet, Cody and his team of officers are respected and trusted by those living on the street, they know that if they need help, Cody or one of the other officers will help.

Castro Cares also funds homeless outreach. Through a unique relationship with Strut SF AIDS Foundation, 20 hours a week of homeless/street outreach is provided. The focus of their work is to build relationships and trust with those at risk on the street and to help them on their journey towards recovery. The outreach worker understands the importance of meeting people's needs and also bringing in outside resources. For instance, their backpack of supplies not only has toiletries, it also has biodegradable poop bags. Yes, the type of poop bags used by backpackers. This brilliant team understands the issues in the neighborhood and they are discreetly distributing poop bags! And people are thankful! They have successfully brought in resources from HOT and the Department of Public Health to supplement their work; adding two more outreach shifts to their schedule.

Castro Cares is funded through a grant from the Office of Economic & Workforce Development and donations. To donate go to <http://www.castrocares.org/donations/>.

"Outreach has been successful. Our current collaboration with the city's Homeless Outreach Team [HOT] has been very productive and well received by community members. We look forward to further collaborations with the HOT team, and more engagement with community members...who can benefit from our services."

John Rivie, Castro Cares Outreach Worker



John Rivie,
Castro Cares
Outreach Worker

Cleaning Up By the Numbers

We live in one of San Francisco's most popular areas, so keeping things tidy is a challenge.

In one year, together we've removed:



TRASH (in pounds)

113,950

That's a lot of garbage!

That's as much trash that *four* industrial-sized dump trucks can hold!



GRAFFITI

3,828



STICKERS

4,920



HUMAN WASTE

2,802

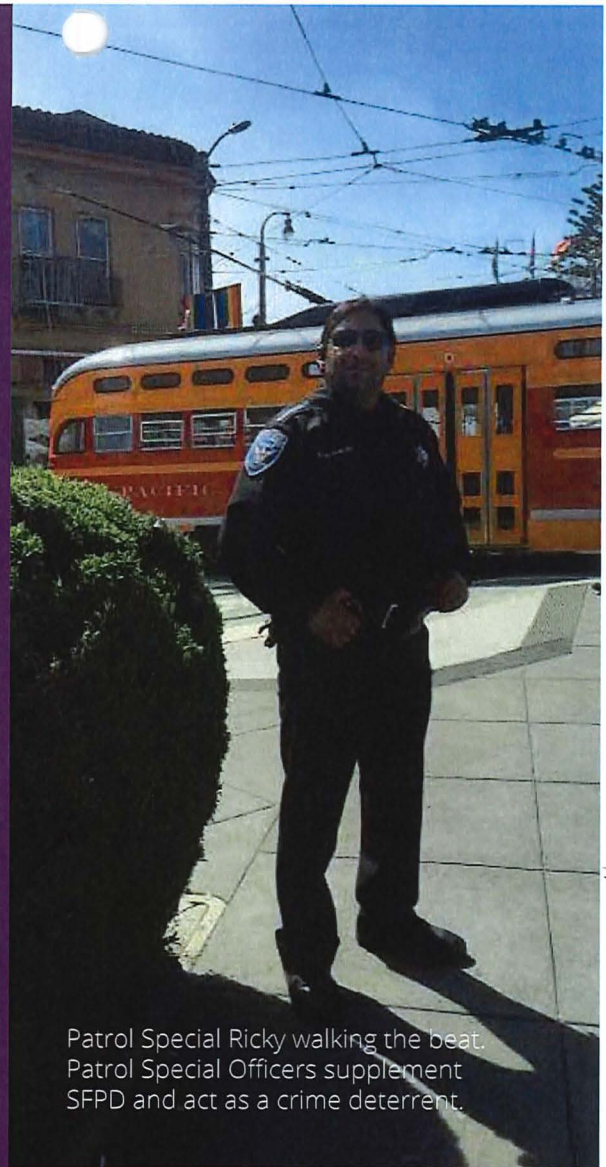


NEEDLES COLLECTED

2,389

helping everyone be safer.

would you pick that up!?



Patrol Special Ricky walking the beat. Patrol Special Officers supplement SFPD and act as a crime deterrent.

**We
love
The
Castro!**

Live!

In the Castro

Primarily funded through a grant from the Office of Economic & Workforce Development, *Live!* In the Castro brings live performances and entertainment to the Jane Warner Plaza between May–October. During any one performance between 50–150 people can be gathered in Jane Warner Plaza enjoying the event. Some people come specifically for the event while others just happen upon live entertainment, are thrilled to have found such a fun event and just linger for 5 minutes or a full hour. This program of live entertainment at this unique corner is beginning to generate a buzz across the city. Come to the Castro for open air, live entertainment free to all! Mid-May–Early October Saturday and Sundays 1–2pm.



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Leadership Organization

I Thought You Only Cleaned!

The Castro/Upper Market Community Benefit District really does do more than clean! We bring the community together to address some of the neighborhood's most challenging issues including:

Homelessness: The Castro CBD leads the Castro Cares Leadership Team, a neighborhood collaborative to improve the quality of life in the Castro & Upper Market. Castro Cares provides street outreach and police patrols to help improve everyday life in the Castro & Upper Market.

Retail Strategy: The Community Benefit District's Retail Strategy project established neighborhood priorities for a retail "Traffic Light" for new businesses moving in to the neighborhood. This traffic light is a useful tool, alerting brokers on the priorities of the neighborhood groups.

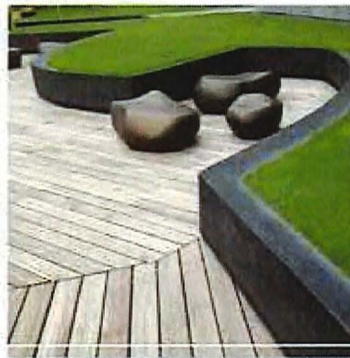
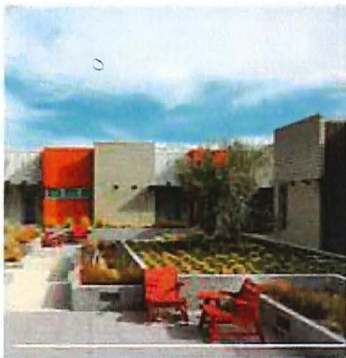
Advocacy: Day in and day out the CBD advocates for the Castro & Upper Market. In city hall and with city agencies the CBD advocates for city services, not only ensuring we get our fair share, but proposing solutions to our challenges and acting as a conduit for pilot projects.



From left: Officer Cachola, LEADS Outreach Worker Randy Carter, CBD Executive Director Andrea Aiello, LEADS Outreach Worker Clarence Hardy, Officer Oropeza, Supervisor Mandelman

"The Castro CBD is a strong advocate for the community. The CBD has grown into a collaborative organization, building consensus among neighborhood associations to address challenges and harness opportunities. The Castro is lucky to have the CBD."

Scott Weiner, Senator



STRATEGIC FORESIGHT
DISCIPLINED EXECUTION
COMMITMENT TO
POSITIVE CHANGE

PRADO
GROUP

LOOKOUT
 MARKET & 16th - SF
 LOOKOUTSF.COM

Friends of Harvey Milk Plaza

Building a Public Plaza That Truly Honors Harvey Milk

This is the goal of the Friends of Harvey Milk Plaza: to finally re-build Harvey Milk Plaza into a public space that is commensurate with the role that Harvey Milk played in the Castro, in San Francisco and in the world-wide LGBTQ community. He is truly an icon—but an icon without a fitting memorial in the place he called home, and in the place that became the rallying point for LGBT activism and is still a mecca for the global LGBTQ community.

The Cushman Family Foundation—Lawrence M. Cushman made a \$500,000 donation to the Horizons Foundation as seed money for this project. In 2014, then Supervisor Scott Wiener called the Castro CBD, Castro Merchants and several city agencies together to begin exploring how to improve Harvey Milk Plaza and memorialize Harvey Milk. Five years later, we are well on our way!

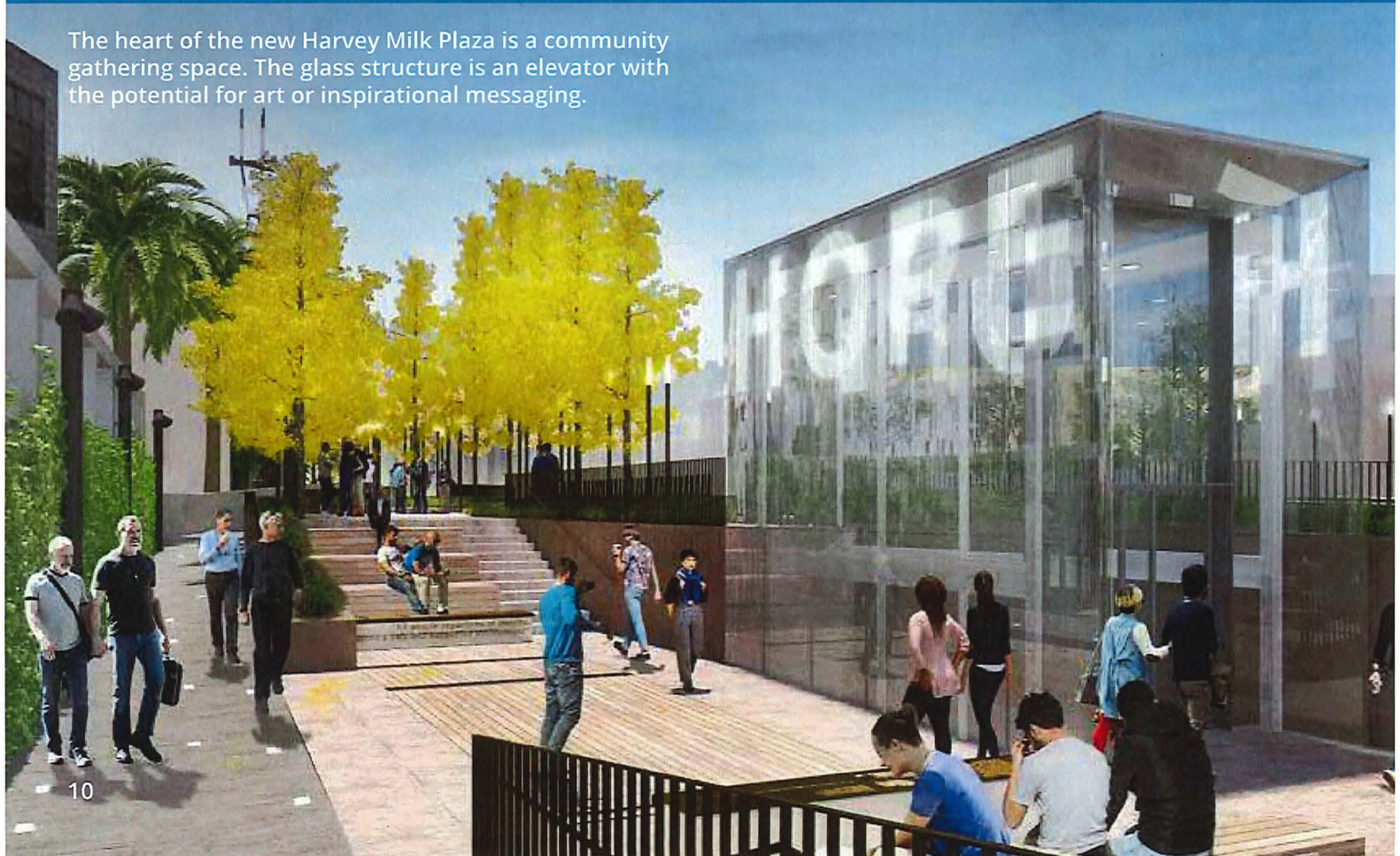
Community meetings clarified that the priorities were:

- Honor Harvey Milk
- Universal Access for the transit station
- Public Health & Public Safety for the transit station and the new plaza: eliminate hiding places and areas difficult to see into
- Community gathering space

In December 2018, the project was awarded Phase 1 approval from the SF Arts Commission.

To learn more about this exciting project that has the power to create a San Francisco destination in the Castro, go to www.harveymilkplaza.org or email Andrea Aiello at andrea@castrocbd.org.

The heart of the new Harvey Milk Plaza is a community gathering space. The glass structure is an elevator with the potential for art or inspirational messaging.





CAN'T HAVE
A RAINBOW
WITHOUT A
LITTLE RED

Castro, we're coming
out to play.

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Canela

Taste Spain

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Thank *you*
for keeping
The Castro
clean!

BEAUX
HAPPY HOUR

MARTINI MONDAYS
\$5 ASSORTED MARTINIS

TAPPED TUESDAYS
\$2 ANY BEER

WINE WEDNESDAYS
\$5 GLASS OF WINE/BUBBLY
\$15 BOTTLE OF BUBBLY
\$20 BOTTLE OF WINE

DEE'S KEYS THURSDAYS
WEEKLY PIANO BAR | 4-8PM
\$7 SPECIALTY COCKTAILS
FREE DRINK FOR EVERY SINGER

FRISKY FRIDAYS
\$2 WELL DRINKS | 8:30-10PM

DAILY 2-4-1
MONDAY - FRIDAY | 3 - 9PM
SATURDAY - SUNDAY | 2 - 8PM

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TO BE THE HUMAN YOUR DOG
ALREADY KNOWS YOU ARE.**

- MISS MAYA MOO

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THE CASTRO

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Financials

Statement of Activities

(Year Ended June 30, 2018)

SUPPORT & REVENUES	
Assessment revenue	\$501,197
Government Grants	\$16,500
Contributions	\$69,651
Affiliate member dues	\$11,024
Foundation Grants	\$341,8
Interest Income	\$123
TOTAL SUPPORT & REVENUE	\$940,307

EXPENSES	
Program services	\$991,565
General and administrative	\$70,903
TOTAL EXPENSES	\$1,062,468

NET ASSETS	
Change in Net Assets	(\$122,161)
N.A., Beginning of Year	\$741,955
N.A., End of Year	\$619,794

**Castro CBD:
Keep Up
The Good
Work!**

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MOTOR LODGE

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Castro
OF ITS KIND.**

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Assessments

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

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

Relative costs are as follows:

Linear frontage: \$11,140300/linear foot

Lot square footage: \$.1003917/lot size square foot

Building square footage: \$.14124961/building square foot

Each assessed property is listed on the Castro CBD website at: <http://tinyurl.com/yxa2oxnm>.

This information is provided to the Castro/Upper Market CBD from the S. F. Assessor's office. It is the responsibility of property owners to ensure the information provided to the CBD is correct. To correct information, property owners must contact the S.F. Assessor's Office at 415-554-5596 or at <http://www.sfassessor.org/>. The Castro/Upper Market Community Benefit District's Management Plan can be found on the CBD's website at: <http://castrocbd.org/cbd-management-plan/>.



Who We Are

Board of Directors

Jamal Cool, President
Alan Lau, Vice President
Hubert Ban, Treasurer
Jim Laufenberg, Secretary
Crispin Hollings, Board Member
Michael 'Misha' Langely, Board Member
Peter Laska, Board Member
Helen McClure, Board Member
Pat Sahagun, Board Member
Justine Shoemaker, Board Member

Staff

Andrea Aiello, Executive Director
Kristin Wojkowski, Executive Assistant/Program Coordinator
Anh Han, Accountant

Castro Cares Leadership Team

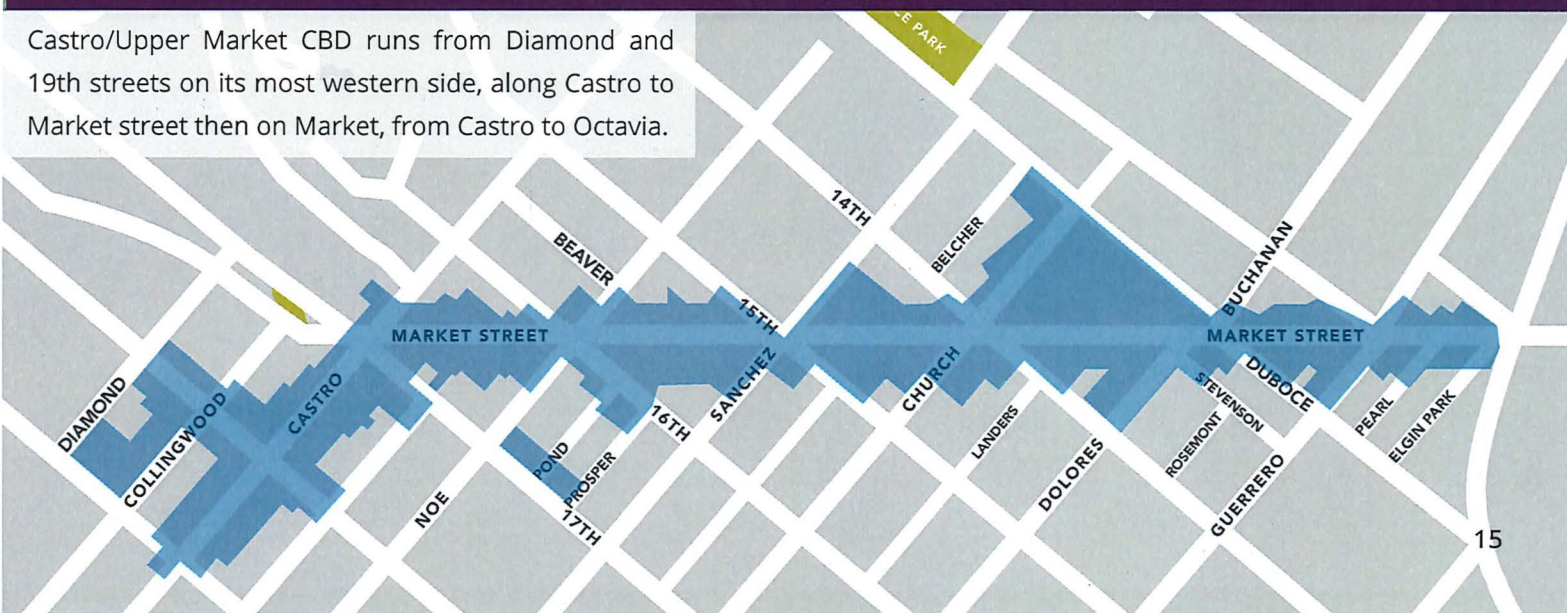
Castro Community On Patrol
Castro Merchants
Castro/Upper Market Community Benefit District
Duboce Triangle Neighborhood Association
Eureka Valley Neighborhood Association
Hartford Street Neighbors
Most Holy Redeemer Catholic Church
St. Francis Lutheran Church
Wednesday Suppers, Most Holy Redeemer Catholic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

Castro/Upper Market CBD Board of Directors meetings are open to the public. Board meetings are held bi-monthly at 6pm, at 501 Castro Street, 2nd floor (above the Bank of America). For information on all Castro/Upper Market CBD meetings, see the CBD website at: <http://castrocbd.org/upcoming-meetings/>

"All of us in the Castro are incredibly lucky to have the Castro CBD in our district. The Castro CBD is both responsive and proactive. The Castro CBD solves day to day problems on the ground and also looks forward, trying to find solutions. The CBD is in close communication with my office as we address the neighborhood's challenges."

Rafael Mandelman, Supervisor

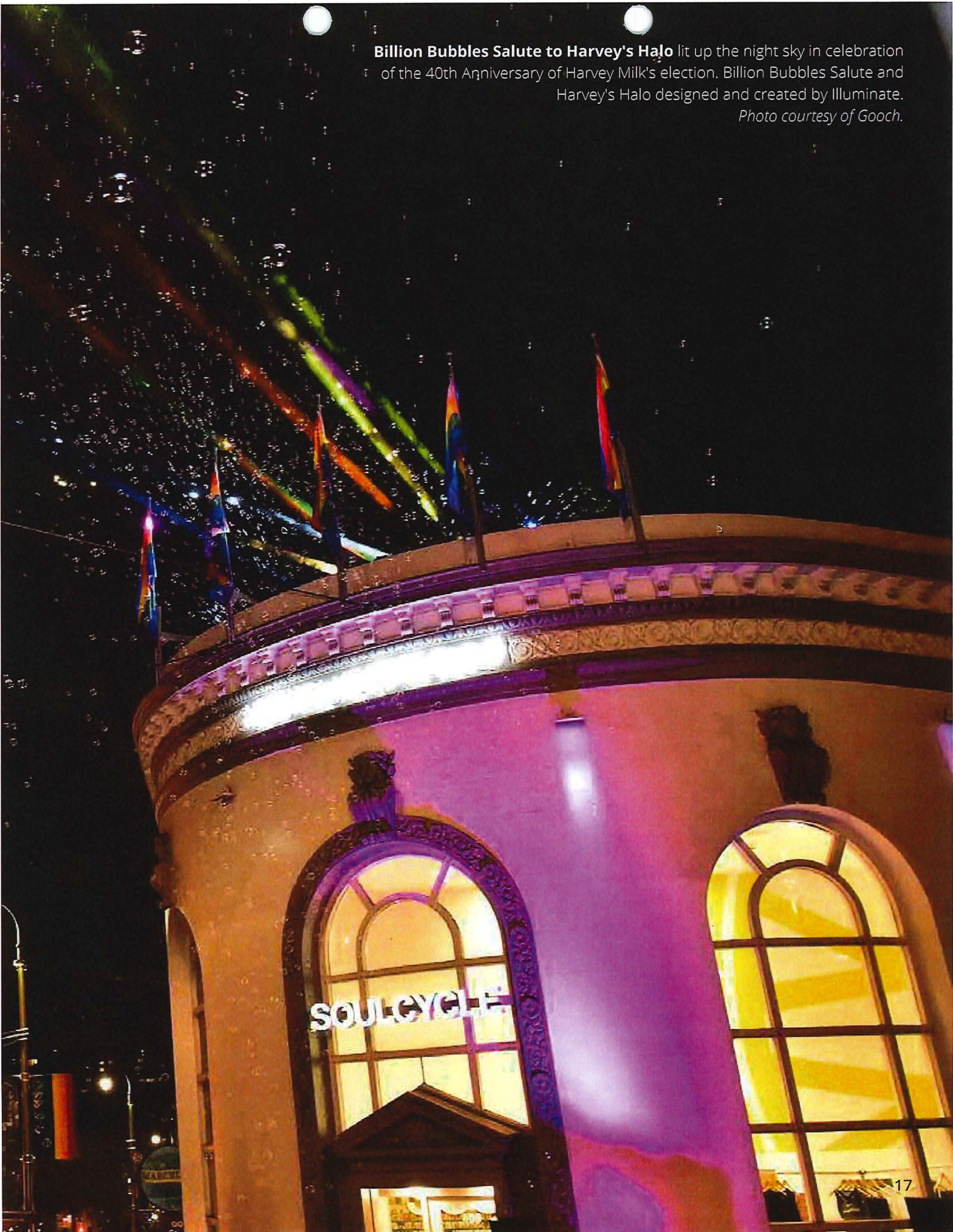
Castro/Upper Market CBD runs from Diamond and 19th streets on its most western side, along Castro to Market street then on Market, from Castro to Octavia.





Billion Bubbles Salute to Harvey's Halo lit up the night sky in celebration of the 40th Anniversary of Harvey Milk's election. Billion Bubbles Salute and Harvey's Halo designed and created by Illuminate.

Photo courtesy of Gooch.



Veritas

Building Brighter Futures



Veritas Investments owns and manages a diverse portfolio of multifamily and mixed-use multifamily and retail properties that ranges from architecturally distinguished buildings in San Francisco's most iconic neighborhoods to transit-oriented complexes within up-and-coming, emerging residential districts both in the City and in surrounding communities. **Contact us to find out more at www.veritasinvestments.com.**

Stay in Touch with the CBD!

WE WANT TO COMMUNICATE WITH YOU!

To join our email list, go to:

<http://castrocbd.org/contact/>

Graffiti Removal

The Castro CBD removes graffiti for free in the district. If you would like the CBD to remove graffiti from your property in the Castro, please go to:

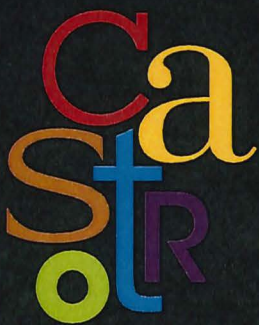
<http://castrocbd.org/graffiti-removal/>

to sign up, or call the **Castro CBD at 415-500-1181**.

Castro/Upper Market CBD

Dispatch #: 415-471-7536

Call with urgent cleaning concerns/graffiti removal.



CASTRO/UPPER MARKET
COMMUNITY BENEFIT DISTRICT

Castro/Upper Market Community Benefit District

WE'VE MOVED!

693 14th St., San Francisco CA 94114

ph: 415-500-1181

[facebook.com/castrocbd](https://www.facebook.com/castrocbd)

[@visitthecastro](https://www.instagram.com/visitthecastro)

email: info@castrocbd.org

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

Service Category/Budget Line	Management Plan Budget	General Benefit Dollars	Management Plan Assessment Budget	% of Budget	FY 2017-18							
					FY 2017-18 Budget	General Benefit Dollars	FY 2017-18 Assessment Budget	% of Budget	% of Assessment Budget	Variance (Assessment)	Variance (Total Budget)	Source
SA 63 - Castro CBD - Public Rights of Way and Sidewalk Operations	\$ 260,675.00	\$ 13,033.75	\$ 247,641.25	63.04%	\$ 634,635.00	\$ 291,195.00	\$ 343,440.00	47.57%	67.50%	4.46%	-15.47%	General Benefit: Castro Cares Donations/Affiliate Membership/Castro
SA 63 - Castro CBD - District Identity and Streetscape Improvements	\$ 50,500.00	\$ 2,525.00	\$ 47,975.00	12.21%	\$ 576,747.00	\$ 520,107.00	\$ 56,640.00	43.23%	11.13%	-1.08%	31.01%	General Benefit: DISI Donations/IJWP Grant/Horizon Foundation Grant
SA 63 - Castro CBD - Administrative and Corporate Operations	\$ 65,000.00	\$ 3,250.00	\$ 61,750.00	15.72%	\$ 70,930.00	\$ 11,610.00	\$ 59,320.00	5.32%	11.66%	-4.06%	-10.40%	General Benefit: Donations/Grants
Contingency and Reserve	\$ 37,325.00	\$ 1,866.25	\$ 35,458.75	9.03%	\$ 51,900.00	\$ 2,500.00	\$ 49,400.00	3.89%	9.71%	0.68%	-5.14%	
0	\$ -	\$ -	\$ -	0.00%	\$ -	\$ -	\$ -	0.00%			0.00%	
0	\$ -	\$ -	\$ -	0.00%	\$ -	\$ -	\$ -	0.00%			0.00%	
0	\$ -	\$ -	\$ -	0.00%	\$ -	\$ -	\$ -	0.00%			0.00%	
TOTAL	\$ 413,500.00	\$ 20,675.00	\$ 392,825.00	100.00%	\$ 1,334,212.00	\$ 825,412.00	\$ 508,800.00	100.00%				

BENCHMARK 2: General Benefit Requirement

5.00%

Revenue Sources	FY 2017-2018 Actuals	% of actuals	Source
Assessment Revenue	\$ 501,197.00		
Total Assessment (Special Benefit) Revenue	\$ 501,197.00	53.30%	
Contributions and Sponsorships	\$ -	0.00%	
Grants	\$ 358,312.00	38.11%	Horizons Foundation Grant/Castro Cares Grant/Jane Warner Plaza Grant
Donations	\$ 69,651.00	7.41%	Castro cares Donations and other
Interest Earned	\$ 123.00	0.01%	
Earned Revenue	\$ -	0.00%	
Other	\$ 11,024.00	1.17%	
Total Non-Assessment (General Benefit) Revenue	\$ 439,110.00	46.70%	
Total	\$ 940,307.00	100.00%	

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

Service Category/Budget Line	FY 2017-18 Budget	Amount from Assessment	Amount from General Benefit	% of Budget (Assessment)	% Budget (Total Budget)	FY 2017-18				Variance (Assessment)	Variance (Total Budget)	Source
						Actuals	Amount from Assessment	Amount from General Benefit	% of Actuals (Assessment)			
SA 63 - Castro CBD - Public Rights of Way and Sidewalk Operations	\$ 634,635.00	\$ 343,440.00	\$ 291,195.00	67.50%	47.57%	\$ 449,941.00	\$ 340,428.00	\$ 109,513.00	70.25%	42.25%	2.75%	-5.32%
SA 63 - Castro CBD - District Identity and Streetscape Improvements	\$ 576,747.00	\$ 56,640.00	\$ 520,107.00	11.13%	43.23%	\$ 453,826.00	\$ 62,278.00	\$ 391,548.00	12.85%	42.61%	1.72%	-0.61%
SA 63 - Castro CBD - Administrative and Corporate Operations	\$ 70,930.00	\$ 59,320.00	\$ 11,610.00	11.66%	5.32%	\$ 134,924.00	\$ 58,093.00	\$ 76,831.00	11.99%	12.67%	0.33%	7.35%
Contingency and Reserve	\$ 51,900.00	\$ 49,400.00	\$ 2,500.00	9.71%	3.89%	\$ 26,275.00	\$ 23,775.00	\$ 2,500.00	4.91%	2.47%	-4.80%	-1.42%
0	\$ -	\$ -	\$ -	0.00%	0.00%	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%
0	\$ -	\$ -	\$ -	0.00%	0.00%	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%
0	\$ -	\$ -	\$ -	0.00%	0.00%	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%
TOTAL	\$ 1,334,212.00	\$ 508,800.00	\$ 825,412.00	100.00%	100.00%	\$ 1,064,966.00	\$ 484,574.00	\$ 580,392.00	100.00%	100.00%		

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
General Benefit Project		
General Benefit Project 1	General Donations	
General Benefit Project 2	Castro Cares Donations	Dec-19
General Benefit Project 3	Man Dance Donations	Aug-19
General Benefit Project 4	Retail Strategy Donations	Dec-19
General Benefit Project 5	Castro Cares Grant	completed
General Benefit Project 6	Horizon Foundation	Jun-19
General Project Total		
Special Assessment Project		
SA 63 - Castro CBD - Public Rights of Way and Sidewalk		Dec-18
SA 63 - Castro CBD - District Identity and Streetscape		Dec-18
SA 63 - Castro CBD - Administrative and Corporate Operations		Dec-18
Contingency and Reserve		Jun-19
0		
0		
0		
Special Project Total		
Total Designated Amount for FY 2018-19		



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

(A California Not-For-Profit Corporation)

FINANCIAL STATEMENTS

JUNE 30, 2018



CASTRO/UPPER MARKET COMMUNITY
BENEFIT DISTRICT, INC.

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Independent Accountant's Review Report

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

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

Management's Responsibility for the Financial Statements

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

Accountant's Responsibility

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

Accountant's Conclusion

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

RINA accountancy corporation

Certified Public Accountants

San Francisco, California
December 28, 2018

CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.

STATEMENT OF FINANCIAL POSITION - JUNE 30, 2018

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 515,211
Accounts receivable	8,399
Grants receivable	155,379
Property and equipment, at cost (net of accumulated depreciation of \$2,925)	850
Prepaid expenses	4,152
Security deposits	3,892

TOTAL ASSETS \$ 687,883

LIABILITIES AND NET ASSETS

LIABILITIES:

Accounts payable	\$ 38,317
Accrued expenses	22,162
Deferred income	7,610

TOTAL LIABILITIES (All Current) 68,089

NET ASSETS:

Unrestricted net assets	64,866
Temporarily restricted net assets	554,928

TOTAL NET ASSETS 619,794

TOTAL LIABILITIES AND NET ASSETS \$ 687,883

CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
SUPPORT AND REVENUES:			
Assessment revenue	\$ 34,083	\$ 467,114	\$ 501,197
Government grants	-	16,500	16,500
Contributions	1,896	67,755	69,651
Affiliate member dues	11,024	-	11,024
Foundation grants	-	341,812	341,812
Interest income	123	-	123
Net assets released from restrictions	1,031,917	(1,031,917)	-
	<u>1,079,043</u>	<u>(138,736)</u>	<u>940,307</u>
TOTAL SUPPORT AND REVENUES			
	<u>1,079,043</u>	<u>(138,736)</u>	<u>940,307</u>
EXPENSES:			
Program services	991,565	-	991,565
General and administrative	70,903	-	70,903
	<u>1,062,468</u>	<u>-</u>	<u>1,062,468</u>
TOTAL EXPENSES			
	<u>1,062,468</u>	<u>-</u>	<u>1,062,468</u>
CHANGE IN NET ASSETS	16,575	(138,736)	(122,161)
NET ASSETS, beginning of year	48,291	693,664	741,955
	<u>48,291</u>	<u>693,664</u>	<u>741,955</u>
NET ASSETS, end of year	\$ 64,866	\$ 554,928	\$ 619,794
	<u>\$ 64,866</u>	<u>\$ 554,928</u>	<u>\$ 619,794</u>

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

CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018

	Program Services			General and	Total
	District Identity & Streetscape Improvement	Public Right of Way	Harvey Milk Plaza Redesign	Administrative	
Sidewalk cleaning	\$ 62,971	\$ 314,932	\$ -	\$ -	\$ 377,903
Professional services	10,825	-	208,638	20,413	239,876
Salaries and wages	66,501	77,033	5,884	32,451	181,869
Security and public safety	-	88,245	-	-	88,245
Streetscape improvements	56,281	-	-	-	56,281
Marketing and advertising	19,757	4,709	3,234	-	27,700
Events and promotions	21,910	-	-	-	21,910
Operation expenses	8,037	7,683	100	6,033	21,853
Payroll taxes and workers' compensation	6,540	7,397	-	2,542	16,479
Rent expense	5,128	9,951	32	1,061	16,172
Accounting fees	-	-	-	8,250	8,250
Castro Ambassadors	2,910	-	-	-	2,910
Travel and meetings	1,288	547	599	44	2,478
Depreciation	216	217	-	109	542
TOTAL FUNCTIONAL EXPENSES	\$ 262,364	\$ 510,714	\$ 218,487	\$ 70,903	\$ 1,062,468

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

CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ (122,161)
Adjustment to reconcile change in net assets to net cash used in operating activities:	
Depreciation	<u>543</u>
NET CASH USED BY OPERATING ACTIVITIES BEFORE CHANGES IN OPERATING ASSETS AND LIABILITIES	<u>(121,618)</u>
CHANGES IN OPERATING ASSETS AND LIABILITIES:	
Accounts receivable	378,272
Grants receivable	(155,379)
Prepaid expenses	(121)
Accounts payable	2,958
Accrued expenses and other payable	5,415
Deferred revenue	<u>7,610</u>
NET CASH PROVIDED BY OPERATING ASSETS AND LIABILITIES	<u>238,755</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>117,137</u>
NET INCREASE IN CASH	117,137
CASH AND CASH EQUIVALENTS, beginning of year	<u>398,074</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 515,211</u></u>

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

CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.

NOTES TO THE FINANCIAL STATEMENTS - JUNE 30, 2018

Note 1. NATURE OF ACTIVITIES:

Organization:

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

Upon formation of the district in 2005, its members (property owners) were assessed an annual special tax assessment levied by the City under the Property and Business Improvement District Law of 1994. The term of the district will expire (unless renewed) on December 31, 2020. Under a contract with the City and a Management Plan, the Organization receives these special tax assessments and, in exchange, provides certain services to the members of the District. The services include, but are not limited to, supplemental regular cleaning of the sidewalks and curb gutters (sweeping/steam cleaning), graffiti removal, security, marketing, greening and landscaping services, public space management, sponsorship of special events and other district promotional activities, and management and corporate operations.

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

Note 2. SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting:

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

Financial statement presentation:

Professional accounting standards require that the Organization report 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. A description of the three net asset categories follows:

Unrestricted net assets:

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

Temporarily restricted net assets:

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

CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.
NOTES TO THE FINANCIAL STATEMENTS - JUNE 30, 2018

Note 2. SIGNIFICANT ACCOUNTING POLICIES (Continued):

Permanently restricted net assets:

The portion of net assets held in perpetuity by donor-imposed stipulations. Investment income is available for donor stipulated purposes and is included in temporarily restricted net assets. The Organization has no permanently restricted net assets.

Cash and Cash Equivalents:

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

Property and Equipment:

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

Receivables:

Accounts receivable primarily consists of grants from the City and County of San Francisco that have been awarded but for which funds have not yet been received. The Organization provides an allowance for doubtful accounts that is based on prior year bad debt experience. No allowance was deemed necessary at June 30, 2018. It is the Organization's policy to charge off uncollectible accounts receivables when management determines the receivable will not be collected.

Contribution:

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 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.

Donated services and materials:

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

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

CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.
NOTES TO THE FINANCIAL STATEMENTS - JUNE 30, 2018

Note 2. SIGNIFICANT ACCOUNTING POLICIES (Continued):

Income tax status:

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

Use of Accounting Estimates:

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

Concentration of Credit Risk:

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

Functional Allocation of Expenses:

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Recent accounting pronouncements:

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14 Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities. The amendments in this update are designed to improve the current net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's (NFP's) liquidity, financial performance, and cash flows. The amendments in this Update are effective for annual financial statements issued for fiscal years beginning after December 15, 2017. Early application is permitted. Amendments should be applied on a retrospective basis in the year the update is first applied. The Organization is currently evaluating the impact the amendments in this ASU will have on its financial statements.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. Early adoption is not permitted. The updated standard will be effective for annual reporting periods beginning after December 15, 2018. The Organization is currently evaluating the effect that the updated standard will have on its financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The new standard will supersede much of the existing authoritative literature for leases. This guidance requires lessees, among other things, to recognize right-of-use assets and liabilities on their Statement of Financial Position for all leases with lease terms longer than twelve months. The standard will be effective for non-public business entities for fiscal years beginning after December 15, 2019 with early application permitted. The Organization is currently evaluating the impact this guidance will have on its financial statements.

CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.
NOTES TO THE FINANCIAL STATEMENTS - JUNE 30, 2018

Note 2. SIGNIFICANT ACCOUNTING POLICIES (Continued):

Date of management's review:

Management has evaluated subsequent events through December 28, 2018 the date which the financial statements were available for issue. Management has concluded that there were no other subsequent events required to be disclosed or recognized in the financial statements.

Note 3. PROPERTY AND EQUIPMENT:

At June 30, 2018, property and equipment consisted of the following:

Computer equipment	\$ 2,527
Furniture and fixtures	1,831
	<u>\$ 4,358</u>
Less: Accumulated depreciation	<u>(3,508)</u>
Net property and equipment	<u><u>\$ 850</u></u>

For the year ended June 30, 2018, depreciation expense amounted to \$542.

Note 4. CONCENTRATION OF SUPPORT AND REVENUE:

The Organization received special benefit assessments under a contract with the City and County of San Francisco, which represents approximately 53% of the Organization's total revenue.

Note 5. NET ASSETS:

Unrestricted net assets comprised the following at June 30, 2018:

Unrestricted net assets \$ 64,866

Temporarily restricted net assets and related activity comprise the following for the year ended June 30, 2018:

	July 1, 2017	Contributions and Income	Released from Restrictions	June 30, 2018
Assessments - public right of way	\$ 191,796	\$ 326,778	\$ 351,452	\$ 167,122
Assessments - district identity and streetscape improvements	39,914	60,144	62,678	37,380
Assessments - general and administration	69,055	80,192	57,691	91,556
General donations	-	2,375	238	2,137
Castro Care donations	36,520	32,171	3,836	64,855
Harvey Milk Plaza Donations	-	1,056	1,056	-
Man Dance donations	-	5,550	1,341	4,209
Pink Triangle Park donations	-	6,153	6,153	-
Retail strategy donations	-	20,450	5,428	15,022
OEWD - Castro Care grant	182,316	16,500	155,426	43,390
OEWD - JWP grant	167,234	-	167,234	-
OEWD - retail strategy	6,829	-	6,829	-
Horizons Foundation HMP grant	-	341,812	212,555	129,257
Totals	<u>\$ 693,664</u>	<u>\$ 893,181</u>	<u>\$ 1,031,917</u>	<u>\$ 554,928</u>

CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.
NOTES TO THE FINANCIAL STATEMENTS - JUNE 30, 2018

Note 6. OPERATING LEASE:

The Organization conducts its operation from a facility that is leased under a three-year non-cancelable operating lease originally expiring on August 31, 2017 and extended for an additional three years until August 31, 2020. Future minimum rental payments due under the lease are as follows:

For the year ending June	
2019	\$ 51,074
2020	52,606
2021	<u>8,810</u>
Total	<u>\$ 112,490</u>

Rental expense was \$16,172 for the year ended June 30, 2018.

MEMO

To: Supervisor Rafael Mandelman, District 8

CC: San Francisco Board of Supervisors

From: Chris Corgas, OEWD Senior Program Manager

RE: Castro/Upper Market Community Benefit District

Date: April 8, 2019

This is a memo summarizing the performance of the Castro/Upper Market Community Benefit District (Castro/Upper Market CBD) and an analysis of their financial statements (based on their audit) for the period between July 1, 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. The Castro/Upper Market CBD has complied with the submission of all these requirements. OEWD staff, with assistance from the Controller's Office, reviewed these financial documents to monitor and report on whether they have complied with the rules per the Property and Business Improvement District Law of 1994, California Streets and Highways Code Sections 36600 Et Seq.; San Francisco's Business and Tax Regulations Code Article 15; the Castro/Upper Market's Community Benefit District management contract with the City; and their Management Plan as approved by the Board of Supervisors in 2006.

Also attached to this memo are the following documents:

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



Background

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

- August 2, 2005: the Board of Supervisors approved the establishment of the Castro/Upper Market Community Benefit District (Resolution # 582-05).
- January 10, 2006: the Board approved the contract for the administration and management of the Castro/Upper Market Community Benefit District (Resolution # 14-06).
- April 10, 2018: the Board of Supervisors approved the Castro/Upper Market CBD's Annual Reports for Fiscal Year 2016-2017 (Resolution # 097-18).

Basic Info about the Castro Upper Market CBD

Year Established	August 2005
Assessment Collection Period	FY 2005-2006 to FY 2019-2020 (July 1, 2005 to June 30, 2020)
Services Start and End Date	January 1, 2006 – December 31, 2020
Initial Estimated Annual Budget	\$413,500
Fiscal Year	July 1 – June 30
Executive Director	Andrea Aiello
Name of Nonprofit Entity	Castro/Upper Market Community Benefit District Corporation

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

Summary of Service Area Goals

Public Rights of Way and Sidewalk Operations (PROWSO)

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

District Identity and Street Improvements (DISI)

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

Administration and Corporate Operations

The Castro/Upper Market CBD is staffed by a full-time executive director who serves as the focal point person and advocate for the CBD. The executive director also ensures that the CBD complies with the City contract and management plan as well as works towards organizational development issues including long term goals of the CBD. The executive director is in regular communication with community

stakeholders such as the SFPD, Public Works and Recology. The Castro/Upper Market CBD Management Plan calls for 16% of the budget to be spent on administration and corporate operations.

In FY 2017-2018 the Castro/Upper Market CBD board had ten (10) directors, represented by residents, property owners, community organizations, and non-property owning merchants. The full board meets on the second Thursday of each month. The five standing committees and meeting times are detailed below:

- **Executive Committee** – as needed.
- **Finance Committee** – as needed.
- **Land Use Committee** – Fourth Monday of the month.
- **District Identity & Streetscape Committee** – First Monday of the month.
- **Services Committee** – as needed.

Summary of Accomplishments, Challenges, and Delivery of Service Areas

FY 2017-2018

Public Rights of Way and Sidewalk Operations (PROWSO)

- 113,950 pounds of trash removed
- 8,748 instances of graffiti (3,828) or sticker (4,920) removal
- 2,389 needles removed
- 2,802 instances of bio-refuse removal
- Daily sweeping of entire district.
- Began pilot of Big Belly trash receptacle system in 5 locations in the Castro CBD
- Weeding and greenspace maintenance.
- Cleaning of Harvey Milk Plaza (upstairs/sidewalk level, sidewalk level planter beds).
- Topping off of City trash cans, and collection of street garbage, including animal/human feces, and to a limited extent removing illegal fliers, stickers from bus stops, city signage, and lampposts.
- Continual implementation of Castro Cares

District Identity and Street Improvements (DISI)

- Live! In the Castro activated Jane Warner Plaza with free weekend entertainment between May and October, each performance brought 50-150 people in FY 17-18
- 47 live performances/events between May – December through *Live! In The Castro*
- Other community organizations such as SFAF, AIDS Emergency Fund, Rainbow World Fund, Sister's of Perpetual Indulgence use the Jane Warner Plaza on a regular basis for their own outreach and events.
- Installation of The Seed in fall 2017, funded through an Invest In Neighborhoods grant
- November 8, 2017, 40th Anniversary celebration of Harvey Milk's Election to Supervisor. This celebration included rally, music and speakers, gathering of several thousand people in the Castro, Harvey's Halo light installation by Illuminate and Billion Bubbles Salute the following weekend.
- Participated in "Friends of Harvey Milk Plaza" to reimagine the plaza and honor Harvey Milk
- Co-hosted and co-organized the annual Castro Holiday Tree lighting with the Castro Merchants
- Co-hosted and co-organized the annual Menorah lighting with the Castro Merchants
- Coordinating with SFMTA regarding the Upper Market Pedestrian Safety & Bike Safety Improvement program

- Castro CBD continues to maintain Harvey Milk Plaza and Jane Warner Plaza with landscaping improvements and maintenance.
- Castro Ambassadors welcomed 3,257 visitors to the Castro between May – October, Ambassadors distribute material in six different languages.
- Outreach at the Castro St. Fair

Administration and Corporate Operations

- Began the Castro/Upper Market CBD renewal and expansion process, which must be complete by July 2020
- Continued to administer Castro Cares, Jane Warner Plaza, and other grants
- Recruited new Board Members.
- Website and social media updates.
- Represent CBD in the media, at City and community functions and in the public.
- Respond to communication from property owners, merchants, and residents regarding issues directly or indirectly related to the services provided by the CBD.
- Maintain a close working relationship with the SFPD's Mission Station, SF Public Works, SFMTA, and Recology.
- Ensured compliance with state and City CBD requirements; as well as Management Agreement with the City.

Castro/Upper Market CBD Annual Budget Analysis

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

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

FY 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: *The Castro/Upper Market CBD met this requirement. The variance between the budget amounts for each service category was within 10 percentage points from the budget identified in the Management Plan. See table below. Note: This indicates the amount budgeted in relation to Special Assessment dollars.*

Service Category	Management Plan Budget	% of Budget	FY 2017-2018 Budget	% of Budget	Variance Percentage Points
Public Rights of Way and Sidewalk Operations plus Public Safety Services	\$260,675.00	63.04%	\$343,440.00	67.50%	+4.46%
District Identity and Streetscape Improvements	\$50,500.00	12.21%	\$56,640.00	11.13%	-1.08%
Administrative/Corporate Operations	\$65,000.00	15.72%	\$59,320.00	11.66%	-4.06%
Contingency/Reserve	\$37,325.00	9.03%	\$49,400.00	9.71%	+0.68%
TOTAL	\$413,500.00	100%	\$508,800.00	100%	

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

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

Revenue Sources	FY 2017-2018 Actuals	% of Actuals
Special Benefit Assessments	\$501,197.00	
Total assessment revenue	\$501,197.00	53.30%
Grants	\$358,312.00	38.11%
Donations	\$69,651.00	7.41%
Interest Earned	\$123.00	0.01%
Total non-assessment revenue	\$439,110.00	46.70%
Total	\$940,307.00	100%

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

ANALYSIS: *The Castro/Upper Market CBD met this requirement. See table below. Note: This indicates the amount of Special Assessment dollars utilized in this category.*

Service Category	FY 2017-2018 Budget	% of Budget	FY 2017-2018 Actuals	% of Actuals	Variance Percentage Points
Public Rights of Way and Sidewalk Operations plus Public Safety Services	\$343,440.00	67.50%	\$340,428.00	70.25%	+2.75%

District Identity and Streetscape Improvements	\$56,640.00	11.13%	\$62,278.00	12.85%	+1.72%
Administrative/Corporate Operations	\$59,320.00	11.66%	\$58,093.00	11.99%	+0.33%
Contingency/Reserve	\$49,400.00	9.71%	\$23,775.00	4.91%	-4.80%
TOTAL	\$508,800.00	100%	\$484,574.00	100.0%	

BENCHMARK 4: Whether the Castro/Upper Market CBD is indicating the amount of funds to be carried forward into the next fiscal year and designating projects to be spent in current fiscal year.

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

FY 2017-2018 Carryover Disbursement	
Special Assessment Project	
District Identity and Streetscape Improvements	\$167,122.00
Public Rights of Way Sidewalk Operations	\$37,380.00
Administrative and Corporate Operations	\$91,556.00
Contingency and Reserve	\$64,866.00
Total Special Assessment Allocation to be spent in FY 18-19	\$360,924.00

Findings and Recommendations

For the fiscal year in review, the Castro/Upper Market CBD has met all of the benchmarks as defined on page 4 of this memo.

Castro CBD continues to perform well in respect to benchmark 2 due to a variety of City grants, foundation grants, and donations they receive throughout the year.

Castro/Upper Market CBD's large carryover can be explained because there is a period between when the City collects assessment payment and when the City disburses the funds to the CBD. As a result, CBD's typically have a fund balance equal to about 6 months of their annual budget in order to fund operation until their next disbursement happens.

Castro CBD implemented OEWD recommendations from the previous fiscal year's annual report.

The Castro CBD will be up for renewal in FY 2019-2020 and has begun working with OEWD on the process. Castro CBD continues to work closely with community stakeholders on this process and is moving forward on schedule for their renewal.

In FY 17-18, OEWD received reports from an outside source that the Castro CBD was in violation of the Brown Act. Upon looking into the matter, OEWD determined that the CBD more likely that not violated the Brown Act on the reported occasions. OEWD believes this was due to governing board turnover. The CBD rectified the situation immediately upon being contacted by OEWD.

In order to clearly remind CBDs of their Brown Act and California Public Records Act responsibilities, OEWD organized a training for all CBD executive directors and available board members which was presented by the City Attorney's Office. OEWD advised the outside reporting party of the corrective actions the CBD had taken, the Brown Act and California Public Records Act training, and their options to further pursue the matter under remedies provided for in the Brown Act.

Conclusion

The Castro/Upper Market CBD has performed well in implementing their service plan. The Castro/Upper Market CBD has continued to successfully market and produce events such as *Live!* in the Castro. The Castro/Upper Market CBD has increased their opportunities in partnering with community stakeholders and numerous municipal agencies for the implementation of the Castro Cares Project. The Castro/Upper Market CBD has an active board of directors and committee members; and OEWD believes the Castro/Upper Market CBD will continue to successfully carryout their mission and service plans.

Introduction Form

By a Member of the Board of Supervisors or Mayor

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SAN FRANCISCO

2019 APR 16 AM 11:19

BY [Signature] 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):

Supervisor Rafael Mandelman

Subject:

Castro/Upper Market Community Benefit District – FY 2017-2018

The text is listed:

Resolution receiving and approving annual report for the Castro/Upper Market 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