

BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689
Tel. No. (415) 554-5184
Fax No. (415) 554-5163
TDD/TTY No. (415) 554-5227

MEMORANDUM

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

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

DATE: October 13, 2021

SUBJECT: LEGISLATION INTRODUCED

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

File No. 211058

Resolution receiving and approving an annual report for the Noe Valley Community Benefit District for Fiscal Year (FY) 2019-2020, submitted as required by the Property and Business Improvement District Law of 1994 (California Streets and Highways Code, Sections 36600, et seq.), Section 36650, and the District's management agreement with the City, Section 3.4.

If you have any comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

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

1 [Noe Valley Community Benefit District - Annual Report - FY2019-2020]

2

3 **Resolution receiving and approving an annual report for the Noe Valley Community**
4 **Benefit District for Fiscal Year (FY) 2019-2020, submitted as required by the Property**
5 **and Business Improvement District Law of 1994 (California Streets and Highways**
6 **Code, Sections 36600, et seq.), Section 36650, and the District's management**
7 **agreement with the City, Section 3.4.**

8

9 WHEREAS, On June 7, 2005, pursuant to the Property and Business Improvement
10 District Law of 1994 (the "Act"), California Streets and Highways Code, Sections 36600 *et*
11 *seq.*, as augmented by Article 15 of the San Francisco Business and Tax Regulations Code,
12 the Board of Supervisors adopted Resolution No. 420-05, expressing the City's intention to
13 establish the Noe Valley Community Benefit District (the "Noe Valley CBD"); and

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

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

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

24 WHEREAS, On September 9, 2020, the Board of Supervisors approved the Noe Valley
25 CBD's annual reports for FY2018-2019 in Resolution No.437-20; and

1 WHEREAS, The Noe Valley CBD has submitted for the Board’s receipt and approval
2 the annual report for FY2019-2020 as required by Section 36650 of the Act and Section 3.4 of
3 the Management Contract; and

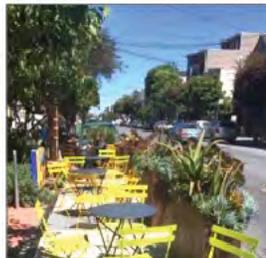
4 WHEREAS, The annual report for FY2019-2020 is on file with the Clerk of the Board of
5 Supervisors in File No. 211058, and is incorporated herein by reference as though fully set
6 forth; and

7 WHEREAS, Supporting documents, including, but not limited to, a transmittal letter and
8 memorandum report from the City's Office of Economic and Workforce Development, dated
9 October 1, 2021, and documentation from the Noe Valley CBD for the FY2019-2020 annual
10 report are on file with the Clerk of the Board of Supervisors in File No. 211058; now, therefore,
11 be it

12 RESOLVED, That the Board of Supervisors hereby receives and approves the annual
13 report for the Noe Valley Community Benefit District for FY2019-2020.



Noe Valley Association Community Benefit District



Annual Report 2019-2020

Accomplishments

Cleaning, Greening & Improving Noe Valley's Commercial Corridor

It has been an unusual year due to COVID-19, with an increase in graffiti, improper signage and fliers, and a reduction in visitor assistance. Calls to 311 for removal of bulky items and overflowing trash cans stayed the same.

Public Rights of Way/ Sidewalk Operations

- 10** Sidewalk steam cleanings monthly, February – November
- 262** Removed graffiti, stickers and improper signage
- 223** calls to 311 for pick-up of furniture, mattresses, tree limbs and other large items and pick-up of paint and other illegally dumped toxic materials
- 258** removed bulky trash items, yard debris, clothing, paint cans, etc.; emptied overflowing trash cans, returns of abandoned shopping carts
- 27** Visitor assistance by NVA street porters to area visitors

Streetscape Improvements

- 201** Trees watered and weeded by NVA gardener
- 27** Planters/sidewalk gardens replanted, watered and maintained
- 1** new street pole installed with additional flower basket
- 27** Hanging flower baskets watered and renewed
- 1** public park + **2** parklets maintained year-round with flowers/plants
- 8** NVA Identity Banners created and maintained

Admin

An \$80,000 special grant from SF OEWD was awarded for a third year to continue to activate the Noe Valley Town Square (NVTS). The NVA is fiscal agent for all NVTS events, bringing city residents and the local community to 24th Street to shop and enjoy events.

Annual NVA Property Owner Meeting

**Wednesday,
September 30
5:30 PM via Zoom**

RSVP:
info@noevalleyassociation.org
Details will be emailed.

Graffiti, Trash, Cleaning issues?

**text/call
(415) 879-7858**

**Please text a photo or
description + location
details.**

**Mon - Sat 7AM – 3PM
Sun 7AM – 11AM**

Thank you!



SF Supervisor Rafael Mandelman, NVA Executive Director Debra Niemann, & OEWD Senior Program Manager Chris Corgas

Thanks to our district's savvy and civic-minded property owners, the NVA was renewed by a 76% to 24% majority! The 15-year CBD renewal will be in force January 1, 2021 through December 31, 2035. Formal presentations took place at the San Francisco Board of Supervisors meeting on January 28, 2020. Property owners' ballots were counted by the San Francisco Department of Elections and the results were unanimously approved by the SF Board of Supervisors.



To all property owners who supported the NVA renewal vote to protect the vitality of our business district, we say a heartfelt, energized **THANK YOU!** We will continue to earn your confidence every day.

Changes to the NVD District Boundaries

Since the NVA was formed in 2005, state and city laws governing community benefit districts have changed. The district currently extends west to Douglass Street; the four corner properties there were removed from the district with the renewal due to new laws requiring that district properties be contiguous. As 94% of the properties between Diamond and Douglass are residential and don't need NVA services, the NVA board decided to remove them with the district renewal starting in 2021. Details are posted online.



Services and Programs

NVA's attentive, consistent efforts help keep Noe Valley's neighborhood shopping area clean, attractive, healthy, comfortable and inviting. Here are some of the benefits the NVA provides:

On-call Service Dispatch – text/call: (415) 879-7858

for public area cleaning, maintenance and other non-emergency services. Monday - Saturday 7AM - 3PM, Sundays 7AM - 11AM
Please text a photo or description + location details.

Clean Team 7 Days a Week

NVA street porters sweep and weed sidewalks and gutters, remove graffiti and fliers, empty overfilled public trash receptacles and call 311 for removal of large bulky items left on the sidewalk.

Greenscape Management

The NVA's Streetscape Committee oversees open sidewalk gardens, benches, planter boxes, flower baskets, parklets and other neighborhood streetscape improvements. The NVA's part-time gardener maintains the health and vitality of all plantings. The City of SF Bureau of Urban Forestry now manages the trimming and replacement of citywide street trees. The NVA manages the tree wells and low-hanging branches within eight feet of the sidewalk.

Advocacy Services

NVA advocates for City grants and services above and beyond what is required by the City, from lobbying for removal of deserted news stands to creating and managing a liaison role with City departments which encourage new businesses and investment in 24th Street to increase its appeal as a destination. The NVA promotes events via websites and social media, and partners with the Noe Valley Merchants and Professionals Association to support its economic goals.

The Noe Valley Association welcomes your questions & feedback. Noe Valley Association • 1330 Castro Street • SF • CA • 94114

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

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

Marketing and Branding

The NVA supports the local economic base by creating a unique sense of space and promoting our neighborhood as an inviting destination for shopping and dining. To attract even more customers to 24th Street, NVA is the fiscal agent for events at the new Noe Valley Town Square and works with a special events program manager to activate the space. In the wake of COVID-19 we have had to temporarily cancel all Town Square events. (noevalleytownsquare.com)

District Management

NVA is administered by a non-profit management corporation governed by a board comprised of Noe Valley property owners and merchants. The board oversees NVA's part-time Executive Director, who monitors contracts, finances, and insurance requirements; publishes City of San Francisco mid-year and annual reports; supports NVA board committees; attends San Francisco Board of Supervisors hearings; and manages the NVA website, email communications and community inquiries. Most critically, the Executive Director applies for grants, an essential task as all major capital improvements to the district have been funded by city grants. To date, the NVA has been awarded city grants totaling c. \$1 million. This is the result of demonstrating that the NVA is a well-managed institution that will responsibly maintain investments in street improvements.



We were pleased to welcome San Francisco Mayor London Breed on her visit to Noe Valley on June 15th, when retail and restaurants began reopening. NVA work – and our vibrant retail community – continues!

NVA Deemed an Essential Service During COVID-19

The NVA has continued to clean and green the district since the shelter-in-place order took effect on March 16, 2020. We are proud to announce that despite unprecedented challenges, we have continued all services without interruption.



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

Assessment Methodology

The Noe Valley Association Community Benefit District is funded through an annual assessment from property owners in the district. The CBD initially assessed properties according to variables as follows: \$0.164 per square foot of lot size + \$8.83 per linear foot of lot frontage + \$0.170 per square foot of non-exempted building square footage. The NVA board may increase the CBD fees between 1.9% and 3% annually, not to exceed the Consumer Price Index (CPI) as determined by the U.S. Department of Labor.

As provided by the Property and Business Improvement Law of 1994, the CBD's assessment shall appear as a separate line item called Special Assessment on the annual property bill prepared by the City and County of San Francisco. For a complete listing of 2019-2020 NVA property assessments as well as the NVA renewal assessment methodology, please visit www.noevalleyassociation.org

Financial Position as of June 30, 2020

NVA engages Accounting Results, Inc. for bookkeeping services. For our annual account review, the NVA again hired Crosby and Kaneda Accountants for the 2019-20 fiscal year. The figures shown here are unaudited. The review and final report will be available in September and posted on the NVA website, or provided by request to the NVA Executive Director.

Income	Actuals	Budget	over/(under) budget
Assessments	\$267,762	\$265,000	\$ 2,762
Fiscal Agent Fee*	\$ 13,600	\$ 8,000	\$ 5,600
Interest Income	\$ 767	\$ 700	\$ 67
Total income	\$282,129	\$273,700	\$ 8,429
Expenses	Actuals	Budget	over/(under) budget
Sidewalk			
Operations	\$167,577	\$170,000	\$ (2,423)
Streetscape	\$ 18,526	\$ 20,500	\$ (1,974)
Administration	\$ 74,332	\$ 72,000	\$ 2,332
Renewal**	\$ 72,315	\$ 70,000	\$ 2,315
Total expenses	\$332,750	\$332,500	\$ 250

July 2019-June 2020 Balance Sheet

Restricted Funds \$185,000
 Unrestricted Funds \$135,075

NOE VALLEY ASSOCIATION, A COMMUNITY BENEFIT DISTRICT

FINANCIAL STATEMENTS

June 30, 2020

(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2019)

CROSBY & KANEDA

Certified Public Accountants
for Nonprofit Organizations

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

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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

We have reviewed the accompanying financial statements of Noe Valley Association, a Community Benefit District (the Organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, cash flows and functional expenses 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 Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

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 generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

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.

Report on Summarized Comparative Information

The accompanying summarized comparative information as of and for the year ended June 30, 2019 is derived from financials that were previously reviewed by us and we stated that we were not aware of any material modifications that should be made to those financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America in our report dated September 26, 2019. We have not performed procedures in connection with that review engagement since that date.


Oakland, California
October 30, 2020

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

**Statement of Financial Position
June 30, 2020
(With Comparative Totals as of June 30, 2019)**

	<u>2020</u>	<u>2019</u>
Assets		
Cash and cash equivalents	\$ 308,025	\$ 312,050
Assessments receivable	2,795	4,309
Due from City	<u>86</u>	<u>-</u>
Total Assets	<u><u>\$ 310,906</u></u>	<u><u>\$ 316,359</u></u>
Liabilities and Net Assets		
Net Assets		
Without donor restrictions	\$ 284,466	\$ 288,637
With donor restrictions (Note 5)	<u>26,440</u>	<u>27,722</u>
Total Net Assets	<u><u>310,906</u></u>	<u><u>316,359</u></u>
Total Liabilities and Net Assets	<u><u>\$ 310,906</u></u>	<u><u>\$ 316,359</u></u>

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

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

**Statement of Activities
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)**

	Without Donor	With Donor	Total	
	Restrictions	Restrictions	2020	2019
Support and Revenue				
Property assessment revenue	\$ 266,334	\$	\$ 266,334	\$ 265,656
Fiscal projects - grants		121,700	121,700	112,242
Donations		2,118	2,118	32,920
Interest and other	767		767	1,883
Support provided by expiring time and purpose restrictions	125,100	(125,100)	-	-
Total Support and Revenue	<u>392,201</u>	<u>(1,282)</u>	<u>390,919</u>	<u>412,701</u>
Expenses				
Program	332,033		332,033	347,256
Management and general	57,155		57,155	38,806
Fundraising	7,184		7,184	10,169
Total Expenses	<u>396,372</u>	<u>-</u>	<u>396,372</u>	<u>396,231</u>
Change in net assets	(4,171)	(1,282)	(5,453)	16,470
Net Assets, beginning of year	<u>288,637</u>	<u>27,722</u>	<u>316,359</u>	<u>299,889</u>
Net Assets, end of year	<u>\$ 284,466</u>	<u>\$ 26,440</u>	<u>\$ 310,906</u>	<u>\$ 316,359</u>

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

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

**Statement of Cash Flows
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)**

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ (5,453)	\$ 16,470
Adjustments to reconcile change in net assets to cash provided (used) by operating activities		
Change in assets and liabilities:		
Assessments receivable	1,514	(1,382)
Due from City	(86)	1,787
Net cash provided (used) by operating activities	(4,025)	16,875
Change in cash and cash equivalents	(4,025)	16,875
Cash and cash equivalents, beginning of year	312,050	295,175
Cash and cash equivalents, end of year	\$ 308,025	\$ 312,050

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

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

**Statement of Functional Expenses
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)**

	Programs		Total Program	Management and General	Fundraising	Total	
	District Projects	Fiscal Projects				2020	2019
Salaries	\$ 36,406	\$ -	\$ 36,406	\$ 27,454	\$ 4,200	\$ 68,060	\$ 74,500
Payroll taxes	3,034	-	3,034	2,288	350	5,672	3,326
Accounting	-	-	-	10,216		10,216	8,302
Fee for service	464	35,267	35,731	350	54	36,135	5,086
Street maintenance	167,577	-	167,577	-	-	167,577	185,398
Streetscape improvement	18,526	-	18,526	-	-	18,526	17,650
Advertising and promotions	162	2,015	2,177	122	19	2,318	13,331
Office expenses	2,512	22,079	24,591	1,895	290	26,776	18,376
Insurance	1,886	3,067	4,953	1,418	218	6,589	6,536
Travel, meals, meetings	41	-	41	31	5	77	1,822
Entertainment	-	17,059	17,059	-	-	17,059	18,881
Dues, permits and renewal fees	17,744	1,496	19,240	13,381	2,048	34,669	36,386
Other	-	2,698	2,698	-	-	2,698	6,637
Total Expenses	<u>\$ 248,352</u>	<u>\$ 83,681</u>	<u>\$ 332,033</u>	<u>\$ 57,155</u>	<u>\$ 7,184</u>	<u>\$ 396,372</u>	<u>\$ 396,231</u>

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

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

**Notes to the Financial Statements
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)**

NOTE 1: NATURE OF ACTIVITIES

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

Public Rights of Way and Sidewalk Operations

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

District Identity and Streetscape Improvements

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

Fiscal Projects

Fiscal project work such as the Noe Valley Town Square (NVTs) project and the Noe Valley Girl's Film Festival (NVGFF).

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net assets without donor restrictions – are resources available to support operations. The only limits on the use of the net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions – are resources that are restricted by a donor for use for a particular purpose or in a particular period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor's instructions.

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

**Notes to the Financial Statements
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)**

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of building or equipment (or less commonly, the contribution of those net assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use.

Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses are reported as decreases in net assets without donor restrictions.

Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless the contributed assets are specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Property Assessment Revenue

The Organization recognizes assessment revenue when assessed. Property taxes are payable in December and April of each fiscal year. Amounts are collected by the Treasurer and Tax Collector (Tax Collector) of the City and County of San Francisco and are remitted to the Organization in four payments each year.

Assessments Receivable

Assessments receivable primarily consists of delinquent tax assessments owed by property owners. Since the taxpayers will be subject to City enforcement procedures, all assessments are considered to be fully collectible at June 30, 2020.

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

Income Taxes

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under IRC 501(c)(3) and California RTC 23701(d). The Organization has evaluated its current tax positions as

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

**Notes to the Financial Statements
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)**

of June 30, 2020 and is not aware of any significant uncertain tax positions for which a reserve would be necessary. The Organization's tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively, after they are filed.

Contributed Services

Contributed services are reflected in the financial statements at the fair value of the services received only if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. There were no contributed services that met the criteria for recognition for the year ended June 30, 2020.

Estimates

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

Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all money market funds and other highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

Fair Value Measurements

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

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

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

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

The Organization had no assets or liabilities recorded at fair value on June 30, 2020.

Concentration of Credit Risk

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

Property and Equipment

All acquisitions of property and equipment in excess of \$1,000 and all expenditures for repairs and maintenance, renewals, and betterments that materially prolong the useful lives

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

**Notes to the Financial Statements
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)**

of assets are capitalized. Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment. The Organization had no property and equipment that met this capitalization policy at June 30, 2020.

Expense Recognition and Allocation

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions using a reasonable allocation method that is consistently applied as follows:

Salaries and wages, benefits, and payroll taxes are allocated based on quarterly activity reports prepared by key personnel.

Office expenses and supplies, insurance, and other expenses that cannot be directly identified are allocated on the basis of employee headcount for each program and supporting activity.

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgments contain requests for contributions, joint costs have been allocated between fundraising and management and general expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

Changes in Accounting Principles

The Organization adopted *FASB ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. The ASU clarifies current guidance about whether a transfer of assets, or the reduction, settlement, or cancellation of liabilities, is a contribution or an exchange transaction. It provides criteria for determining whether the resource provider is receiving commensurate value in return for the resources transferred which, depending on the outcome, determines whether the organization follows contribution guidance or exchange transaction guidance. In addition, it increases the number of contributions that are likely to be considered conditional by removing guidance that a conditional promise to give is considered unconditional if the possibility that the condition will not be met is remote. The Adoption of this ASU did not result in a material change to the financials of the Organization.

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

**Notes to the Financial Statements
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)**

Prior Year Summarized Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Reclassifications

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

NOTE 3: CONCENTRATIONS

Revenue

For the year ended June 30, 2020 the Organization received approximately 68% of its revenue from community benefit district assessments on property owners in the Noe Valley Community Benefit District. A significant reduction in the level of this support, if this were to occur, may have an effect on the Organization's program and activities.

NOTE 4: CONTINGENCIES

Assessments

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

Grant Awards

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. The Organization's management is of the opinion that the Organization has complied with the terms of all grants.

NOTE 5: NET ASSETS WITH DONOR RESTRICTIONS

The Organization sponsors the Noe Valley Town Square project and the Noe Valley Film Festival project. Net assets with donor restrictions for fiscal projects consisted of \$26,440 and \$27,722 as of June 30, 2020 and 2019, respectively.

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

**Notes to the Financial Statements
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)**

NOTE 6: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure that is, without donor or other restrictions limiting their use, within one year of June 30, 2020 are:

Cash and cash equivalents	\$ 308,025
Due from City	86
Assessments receivable	2,795
Less: Purpose-restricted net assets	<u>(26,440)</u>
Total	<u>\$ 284,466</u>

As part of the Organization's liquidity management plan, the Organization maintains funds in excess of daily requirements in cash and cash equivalent accounts.

NOTE 7: SUBSEQUENT EVENTS

The Organization has evaluated subsequent events and has concluded that as of October 30, 2020 the date that the financial statements were available to be issued, there were no significant subsequent events to disclose beyond the following:

Public Health Order - Coronavirus

In March 2020 the Organization and the area it operates in was subject to a public health order related to COVID-19 coronavirus which affected activities of the Organization. As of the date these financials were available to be issued this public health matter had not fully resolved which may result in continued impacts to the Organization's operations.

MEMO

To: Supervisor Rafael Mandelman, District 8 Supervisor

CC: San Francisco Board of Supervisors;

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

RE: Noe Valley Community Benefit District; FY 2019-2020 Annual Report

Date: October 1, 2021

This is a memo summarizing the accomplishments of the Noe Valley Community Benefit District and an analysis of its financial statements for the period between July 1, 2019, and June 30, 2020.

Each year the CBD is required to submit a mid-year report, an annual report, and a CPA Financial Review or Audit. Noe Valley CBD has complied with the submission of all these requirements. OEWD staff, with assistance from the Controller's Office, reviewed these financial documents to monitor and report on whether they have complied with the rules per the Property and Business Improvement District Law of 1994, California Streets and Highways Code Sections 36600 Et Seq.; San Francisco's Business and Tax Regulations Code Article 15; the Noe Valley CBD management contract with the City; and their Management Plan approved by the Board of Supervisors in 2006.

Also attached to this memo are the following documents:

1. Annual Reports
 - a. FY 2019-2020
2. CPA Financial Review Reports
 - a. FY 2019-2020
3. Draft resolution from the Office of Economic and Workforce Development



Background

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

- August 2, 2005: the Board of Supervisors approved the resolution that established the Noe Valley Community Benefit District for 15 years (Resolution # 583-05).
- January 10, 2006: the Board approved the contract for the administration and management of the Noe Valley Community Benefit District (Resolution # 13-06).
- March 3, 2015: the Board of Supervisors approved the Annual Reports for FYs 2009-2010, 2010-2011, 2011-2012, 2012-2013, and 2013-2014 (Resolution # 062-15).
- March 22, 2016: the Board of Supervisors approved the Annual Report for FY 2014-2015 (Resolution # 111-16).
- March 21, 2017: the Board of Supervisors approved the Annual Report for FY 2015-2016 (Resolution # 093-17).
- May 22, 2018: the Board of Supervisors approved the Annual Report for FY 2016-2017 (Resolution # 154-18).
- September 17, 2019: the Board of Supervisors approved the Annual Report for FY 2017-2018 (Resolution # 399-19).
- December 1, 2020: the Board of Supervisors approved the Annual Report for FY 2018-2019 (Resolution # 549-20).

Basic Info about Noe Valley Community Benefit District:

Year Established	August 2005
Assessment Collection Period	FY 2005-2006 to FY 2019-2020 (July 1, 2005 to June 30, 2020)
Services Start and End Date	January 1, 2006 – December 31, 2020
Initial Estimated Annual Budget	\$230,138
FY 2019-20 Assessment Submission	\$269,328
Fiscal Year	July 1 – June 30
Executive Director	Debra Niemann
Name of Nonprofit Owners' Entity	Noe Valley Association

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

Summary of Program Areas

Public Rights of Way and Sidewalk Operations

The Noe Valley Management Plan calls for 70% of the budget to be spent on Public Rights of Way and Sidewalk Operations. This program area includes maintenance of trees, planters and flower baskets; and systematic sidewalk cleaning. Noe Valley CBD contracts with Curb Appeal to provide daily sidewalk and

gutter sweeping as well as removal of excess trash, leaves and debris, graffiti removal within 24 hours, ten monthly hot steam cleanings and as needed spot cleaning are services that are covered by this program area. Curb Appeal is also responsible for watering 24 hanging flower baskets, 148 neighborhood trees, and 22 open ground or planter boxes.

District Identity and Streetscape Improvements

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

Management & Operations

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

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

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

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

Summary of Accomplishments, Challenges, and Delivery of Services

FY 2019-2020

Public Right of Way and Sidewalk Operations

- Removed 262 graffiti marks, stickers, and improper signage.
- Removed 258 pieces of bulky and illegal trash (boxes, furniture, yard debris, bags of garbage, etc.).
- 223 calls to 311 for large item pick-ups.
- Watered and weeded 201 tree wells.

- 10 sidewalk steam cleanings monthly from February thru November.

District Identity and Streetscape Improvements

- Provided directions to 27 visitors
- Created and maintained 8 Noe Valley Association identity banners.
- 27 planters/sidewalk gardens replanted, watered, and maintained.
- 27 hanging flower baskets watered and renewed.
- 1 public park and 2 parklets maintained year-round with flowers and plants.
- Maintained 72 chairs and 12 tables in both public parklets along 24th Street

Management & Operations

- Fiscal agent for a grant through OEWD to activate and maintain the Noe Valley Town Square
- Oversaw the Noe Valley CBD renewal campaign which was completed in FY 2019-2020

NVCBD Annual Budget Analysis

OEWD's staff reviewed the following budget related benchmarks for Noe Valley CBD:

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

FY 2019-2020

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

ANALYSIS: *Noe Valley CBD did not meet this requirement. Noe Valley instituted OEWD recommendations from the FY 2018-2019 annual report related to variance percentage points become and has become much more in alignment to what is permitted. The CBD continues to not meet this due to unforeseen changes since the CBD's initial formation in 2005, specifically requirements surrounding financial statements. This change causes the CBD to budget more in Administrative/Corporate Operations than initially anticipated. OEWD expects this systemic issue to be addressed and rectified via the Noe Valley CBD renewal in FY 2019-20. Additionally, costs related to the renewal of the Noe Valley CBD were accounted for from the organization's contingency/reserve category which cause further fluctuations. See Table Below.*

Service Category	Management Plan Budget (Percentage)	FY 2019-20 Budget – Assessment (Percentage)	FY 2019-20 Budget – Total (Percentage)	Variance Percentage Points – Asst.	Variance Percentage Points - Total
Public Rights of Way and Sidewalk Operations	\$160,000 (69.53%)	\$188,577.00 (56.67%)	\$191,000.00 (57.44%)	-12.85%	-12.08%
District Identity and Streetscape Improvements	\$22,000 (9.56%)	\$21,526.00 (6.47%)	\$23,500.00 (7.07%)	-3.09%	-2.49%
Administrative/ Corporate Operations	\$32,000 (13.91%)	\$50,332.00 (15.13%)	\$48,000.00 (14.44%)	+1.22%	+0.53%
Contingency Reserve	\$16,128 (7.01%)	\$72,315.00 (21.73%)	\$72,315.00 (21.05%)	+14.72%	+14.04%
TOTAL	\$230,128 (100%)	\$332,750.00 (100%)	\$332,500.00 (100%)		

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

ANALYSIS: *Noe Valley CBD met this requirement. Assessment revenue was \$390,989.00 or 68.12% of actuals and non-assessment revenue was \$124,655.00 or 31.88% of actuals. See table below.*

Revenue Sources	FY 2019-2020 Actuals	% of Actuals
Special Benefit Assessments	\$266,364.00	
Total assessment revenue	\$266,364.00	68.12%
Grants	\$121,700.00	31.13%
Donations	\$2,188.00	0.56%
Interest Earned	\$767.00	0.20%
Total non-assessment revenue	\$124,655.00	31.88%
TOTAL	\$390,989.00	100.00%

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

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

Service Category	FY 2019-20 Budget – Assessment (Percentage)	FY 2019-20 Budget – Total (Percentage)	FY 2019-20 Actuals – Asst. (Percentage)	FY 2019-20 Actuals – Total. (Percentage)	Variance Percentage Points - Assessment	Variance Percentage Points - Total
Public Rights of Way and Sidewalk Operations	\$188,577.00 (56.67%)	\$191,000.00 (57.44%)	\$167,577.00 (52.89%)	\$167,577.00 (50.36%)	-3.78%	-7.08%
District Identity and Streetscape Improvements	\$21,526.00 (6.47%)	\$23,500.00 (7.07%)	\$18,526.00 (5.85%)	\$18,526.00 (5.57%)	-0.62%	-1.50%
Administrative/ Corporate Operations	\$50,332.00 (15.13%)	\$48,000.00 (14.44%)	\$58,400.00 (18.43%)	\$74,332.00 (22.34%)	+3.31%	+7.90%
Contingency Reserve	\$72,315.00 (21.73%)	\$72,315.00 (21.05%)	\$72,315.00 (22.83%)	\$72,315.00 (21.73%)	+1.09%	+0.68%
TOTAL	\$332,750.00 (100%)	\$332,500.00 (100%)	\$316,818.00 (100%)	100%		

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

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

FY 2019-2020 Carryover Disbursement	
Designated Projects for FY 2019-20	
Restricted Funds (6 months of programmatic operating expenses)	\$ 145,00.00
Service categories as defined by NVA management plan, July 2020 -Dec 2035	\$136,500.00
Total Designated amount for Future Years	\$281,500.00

Findings and Recommendations

Within the review period of FY 2019-2020, the Noe Valley CBD did not meet Benchmark 1 of the expectations and requirements as set by the California Street and Highways Code Section 36650-36651; and the Agreement for the Administration of the Noe Valley Community Benefit District. In order to correct this the CBD needs to decrease the percentage budgeted for Contingency/Reserve category by 4.72% and increase the amount spent on Public Rights of Way and Sidewalk Operations by at least 2.85%. This deviancy was caused by one-time expenditures budgeted for the Noe Valley CBD's renewal process. The CBD planned to spend money from the Contingency/Reserve and showcased that plan in the budget. This expenditure did not adversely impact CBD cleaning services and special benefit as dollars spent on those areas was consistent to years when this expenditure did not take place and this planned expense was to ensure the renewal of the district and continue special services for parcels within the renewed district. Noe Valley CBD has historically not met this benchmark. As mentioned within the report, the CBD's failure to meet this benchmark stems from structural weakness in the original CBD management plan and changes in City requirements that were not accounted for in the document. OEWD has worked with the CBD on its renewal campaign and documents and believes this will be rectified with a new management plan, which will begin to be implemented in FY 2020-21.

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

This order was particularly confusing to the Community Benefit District/Business Improvement District community in San Francisco as, by definition, they provide supplemental service and no direction was provided on whether or not they were to cease operations.

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

Each CBD decided on whether to continue services as usual, scale back services, change service patterns, or suspend service operations. Noe Valley CBD continued its operations and services in the early days of the pandemic and did not stop despite the order, in line with the future determination made by OEWD and the City Attorney's Office. However, popular community programming that is funded by an OEWD grant through the CBD at Noe Valley Town Square was postponed, cancelled, or altered due to the Covid-19 pandemic.

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

OEWD has worked with and provided technical assistance to the Noe Valley CBD through its renewal campaign. The CBD successfully completed its renewal in the early second quarter of FY 19-20 and will be operational for an additional 15 year period..

Conclusion

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

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