

MEMORANDUM

TO: Supervisor Matt Dorsey, District 6 Supervisor

CC: San Francisco Board of Supervisors

FROM: Chris Corgas; Deputy Director, Community Economic Development, OEWD
Mimi Tam Hiraki; Project Specialist, OEWD

DATE: 7/13/2023

SUBJECT: SoMa West Community Benefit District; FY 2021-2022 Annual Report

This is a memo summarizing the accomplishments of the SoMa West Community Benefit District and an analysis of its financial statements for the period between July 1, 2021 and June 30, 2022.

Each year the CBD is required to submit a mid-year report, an annual report, and a CPA Financial Review or Audit. SoMa West CBD has complied with the submission of all these requirements. OEWD staff reviewed these financial documents to monitor and report on whether they have complied with the rules per the Property and Business Improvement District Law of 1994, California Streets and Highways Code Sections 36600 Et Seq.; San Francisco's Business and Tax Regulations Code Article 15; the SoMa West CBD management contract with the City; and their Management Plan approved by the Board of Supervisors in 2019.

Also attached to this memo are the following documents:

1. Annual Report
 - a. FY 2021-2022
2. Financial Statements
 - a. FY 2021-2022
3. Draft resolution from the Office of Economic and Workforce Development



Background

The SoMa West Community Benefit District includes 2,700 property-based parcels.

- March 5, 2019: the Board of Supervisors approved the resolution that established the property-based district called the SoMa West Community Benefit District for 15 years commencing with FY 2019-2020 (Resolution # 104-19).
- November 19, 2019: the Board of Supervisors approved the resolution approving an agreement with the nonprofit Owners' Association for administration/management of the established property-based Community Benefit District known as the “SoMa West Community Benefit District” (Resolution # 506-19).

Basic Info about SoMa West CBD

| | |
|----------------------------------|--|
| Year Established | March 2019 |
| Assessment Collection Period | FY 2019-20 to FY 2033-34 (July 1, 2019 to June 30, 2034) |
| Services Start and End Date | January 1, 2020 – December 31, 2034 |
| Initial Estimated Annual Budget | \$3,741,943.94 |
| FY 21-22 Assessment Submission | \$3,996,910.40 |
| Fiscal Year | July 1 – June 30 |
| Executive Director(s) | Christian Martin; Executive Director |
| Name of Nonprofit Owners’ Entity | SoMa West Community Benefit District |

The current CBD website, <https://somawestcbd.org/>, includes all the pertinent information about the organization and their programs, meeting agendas, and their Management Plan.

Summary of Service Area Goals

Clean, Safe & Beautiful

The Safety Program provides security services in the form of patrolling bicycle personnel, walking patrols and/or vehicle patrols. It may include a security camera program. The Safe Team Program aims to prevent, deter and report illegal activities taking place on the streets, sidewalks, storefronts, parking lots and public alleys. Clean, Safe & Beautiful services may include, but are not limited to sidewalk cleaning, sidewalk pressure washing, trash collection, graffiti removal, landscape maintenance, public space activation and art in public places.

Marketing & Advocacy

The Marketing & Advocacy program aims to enhance the perceptions of the district. Activities within this program area may include but are not limited to destination marketing, branding, events, media relations, advocacy, community grants, website and district stakeholder communications.

Administration



Administration services include staff that oversees the District's services daily and actively works on behalf of the District parcels to ensure that City and County services and policies support the District. Other costs included in this service category include office expenses, professional services, organizational expenses such as insurance, financial review and funds may be used for renewing the District and/or repaying costs of establishment. Administration staff implements the programs and services of the District.

Contingency/Reserve/City Fees

An operating reserve is budgeted as a contingency for any payment of delinquencies, uncollectable assessments, renewal efforts and/or unforeseen budget adjustments. Funds may also be used for establishing and/or renewing the District.

Summary of Accomplishments, Challenges, and Delivery of Service Areas

FY 2021-2022

Clean, Safe & Beautiful

- Removed 1,083,525 pounds of trash
- Swept sidewalks 101,447 times
- Removed 64,318 hazardous items
- Provided landscaping services 16,985 times
- Abated 18,198 instances of graffiti
- Removed 11,150 bulky items
- Completed 3,385 other cleaning related activities
- Maintained over 150 planters throughout the district
- Installed lighting project called Glimmer
- Partnered with SOMA Pilipinas to activate Russ Street
- Collaborated with SF Parks Alliance, Together SF and local community members to hold first neighborhood cleanup day
- Hosted SOMA West Farmers Market at Eagle Plaza from July to October 2022
- Ramp up new "Night Shift" neighborhood ambassador program
- Worked to improve coordination with law enforcement
- Lighting Improvement Grants

Marketing & Advocacy

- Launched new website and highlighted SOMA Sapiens
- Participated in the IDA Federal Policy Committee, California Downtown Association and San Francisco CBD Alliance to advocate for district's priorities and policy reform
- Participated in Silence the Violence, a march organized by United Playaz and other SOMA organizations and businesses

Administration

- Staff oversaw the daily operations of the district to ensure program service delivery



DPCBD Annual Budget Analysis

OEWD’s staff reviewed the following budget related benchmarks for DPCBD:

- **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 “SoMa West Community Benefit District”, Section 3.9 – Budget*)
- **BENCHMARK 2:** Whether five and twenty-two hundredths percent (5.22%) of actuals came from sources other than assessment revenue (*CA Streets & Highways Code, Section 36650(B)(6); Agreement for the Administration of the “SoMa West 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 “SoMa West Community Benefit District”, Section 3.9 – Budget*)
- **BENCHMARK 4:** Whether SWCBD 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 2021-2022 Budget Analysis

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: *SWCBD met this requirement. See tables below.*

| Service Category | Management Plan Budget | | FY2021-2022 Budget | | Variance | |
|--|----------------------------|----------------------------|----------------------------|----------------------------|------------|--------|
| | Assessment (%) | Total (%) | Assessment (%) | Total (%) | Assessment | Total |
| Clean, Safe & Beautiful | \$2,965,851.09 (79.26%) | \$3,129,103.00 (79.26%) | \$2,852,678.00 (81.63%) | \$2,852,896.52 (81.63%) | +2.37% | +2.37% |
| Marketing and Advocacy | \$267,287.46 (7.14%) | \$282,000.00 (7.14%) | \$207,836.00 (5.95%) | \$207,836.00 (5.95%) | -1.20% | -1.20% |
| Administration | \$340,270.21 (9.09%) | \$359,000.00 (9.09%) | \$434,230.00 (12.43%) | \$434,230.00 (12.43%) | +3.33% | +3.33% |
| Contingency, Reserve, City Fees | \$168,535.17 (4.50%) | \$177,812.00 (4.50%) | \$0.00 (0.00%) | \$0.00 (0.00%) | -4.50% | -4.50% |
| TOTAL | \$3,741,943.94 | \$3,947,915.00 | \$3,494,744.00 | \$3,494,962.52 | | |

BENCHMARK 2: Whether five and twenty-two hundredths percent (5.22%) of actuals came from sources other than assessment revenue

ANALYSIS: *SWCBD did not meet this requirement. Assessment revenue was \$3,990,037.00 or 99.37% of actuals and non-assessment revenue was \$25,296.00 or 0.63%% of actuals. See table below.*



| Revenue Sources | FY21-22 Actuals | % of Actuals |
|--|-----------------------|---------------|
| Assessment Revenue | \$3,990,037.00 | |
| Total Assessment (Special Benefit) Revenue | \$3,990,037.00 | 99.37% |
| Contributions and Sponsorships | \$24,788.00 | 0.62% |
| Interest Earned | \$508.00 | 0.01% |
| In Kind Donation | | |
| Total Non-Assessment (General Benefit) Revenue | \$25,296.00 | 0.63% |
| Grand Total (Assessment and Non-Assessment) Revenue | \$4,015,333.00 | 100% |

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

ANALYSIS: *SWCBD met this requirement. See table below.*

| Service Category | FY2021-2022 Budget | | FY2021-2022 Actuals | | Variance | |
|--|----------------------------|----------------------------|----------------------------|----------------------------|------------|--------|
| | Assessment (%) | Total (%) | Assessment (%) | Total (%) | Assessment | Total |
| Clean, Safe & Beautiful | \$2,852,678.00 (81.63%) | \$2,852,896.52 (81.63%) | \$2,848,134.00 (79.61%) | \$2,858,684.00 (79.35%) | -2.02% | -2.28% |
| Marketing and Advocacy | \$207,836.00 (5.95%) | \$207,836.00 (5.95%) | \$357,904.00 (10.00%) | \$357,904.00 (9.93%) | +4.06% | +3.99% |
| Administration | \$434,230.00 (12.43%) | \$434,230.00 (12.43%) | \$371,455.00 (10.38%) | \$386,201.00 (10.72%) | -2.04% | -1.70% |
| Contingency, Reserve, City Fees | \$0.00 (0.00%) | \$0.00 (0.00%) | \$0.00 (0.00%) | \$0.00 (0.00%) | 0.00% | 0.00% |
| TOTAL | \$3,494,744.00 | \$3,494,962.52 | \$3,577,493.00 | \$3,602,789.00 | | |

BENCHMARK 4: Whether SWCBD 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: *SWCBD did not meet 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 2021-2022 Carryover Disbursement | As of 6/30/22 | FY23 | Thereafter |
|--|-----------------------|-----------------------|---------------------|
| Special Assessment Project | \$3,336,805.00 | | |
| Clean, Safe & Beautiful | | \$2,505,467.00 | |
| Marketing and Advocacy | | \$225,797.00 | |
| Administration | | \$287,451.00 | |
| Contingency, Reserve, City Fees | | \$142,374.00 | |
| Commitment for last 6 months | | | \$175,717.00 |
| Total Carry Forward | \$3,336,805.00 | \$3,161,089.00 | \$175,717.00 |

Findings and Recommendations

SoMa West CBD met two of the four the benchmarks as defined on page 4 of this memo. The CBD missed both Benchmark 2 and Benchmark 4. Benchmark 2 is the CBD’s requisite non-assessment dollar amount. The CBD missed the required 5.22% of its budget by a significant amount. This is likely due to a combination of it being the CBD’s first true year of operations and general impacts to donor solicitations caused by the Covid-19 pandemic. OEWD will review this amount in the FY 22-23 mid-year and annual report with the CBD to ensure they are on track to make this in future years. The CBD can meet this goal through a combination of grants, donations, as well as in-kind services provided to it. In fact, the CBD likely did achieve this benchmark when accounting for PPE donations provided to it by the City and County of San Francisco through the first half of FY 21-22.

Additionally, the CBD missed Benchmark 4. This information was provided to OEWD in financial statements and other financial documents, but not in its annual report. State law specifies that this information must be included in the annual report. OEWD recommends that SoMa West CBD includes this chart field in future annual reports.

Generally speaking, the CBD did provide OEWD with enough financial information through their financial statements and other financial documents. OEWD requires that this information also be included in each CBD’s annual report for easy public consumption and to comply with specific sections of state law, such as in the case of Benchmark 4. OEWD recommends, and will require, SoMa West CBD to include this data in subsequent annual report submissions to OEWD.

Throughout its first full fiscal year of operation SoMa West CBD performed extraordinary in implementing its services throughout the district, as demonstrated through the sampling of data provided on page 3. The CBD is one of the initial partners in the 311 Connected Worker pilot program, also known as integrated 311. Throughout FY 21-22, SoMa West CBD completed 1,549 (27.12%) of the 311 service requests within their geographic boundaries. OEWD will continue to monitor this data for emerging trends in response times and service request areas. The CBD believes it would be able to handle a greater amount of these requests with additional non-assessment dollars, which could come in the form of city grant dollars or



donations, to hire the appropriate number of staff to deal with the scale of 311 requests that come from this large geographic area. The following is a sample of the data collected in FY 21-22.

| <u>Agency</u> | <u>Number of Cases in FY 21-22 (beginning 11/2021)</u> | <u>Percentage</u> |
|--|--|-------------------|
| SoMa West CBD | 1,549 | 27.12% |
| DPW Ops Queue | 3,667 | 64.20% |
| CSP Supervisor Queue | 174 | 3.05% |
| Recology_Abandoned | 101 | 1.77% |
| HSOC Queue | 69 | 1.21% |
| Duplicate Case – Hold | 40 | 0.70% |
| DPW Bureau of Street Environmental Services | 23 | 0.40% |
| DPW BSM Queue | 16 | 0.28% |
| 311 Service Request Hold | 12 | 0.21% |
| DPT Meter_Bike_Queue | 8 | 0.14% |
| HSOC Individual Queue | 8 | 0.14% |
| Clear Channel – Transit Queue | 7 | 0.12% |
| ATT Graffiti Queue | 6 | 0.11% |
| DPT Paint Shop Queue | 4 | 0.07% |
| DBI Building Inspection Queue | 2 | 0.04% |
| DPW – Other | 2 | 0.04% |
| DPW BUF Queue | 2 | 0.04% |
| PUC – Water – Graffiti Queue | 2 | 0.04% |
| PUC Sewer Ops | 2 | 0.04% |
| PUC Streelights Queue | 2 | 0.04% |
| Recology_Litter | 2 | 0.04% |
| SFMTA – Access/Mobility Services Requested | 2 | 0.04% |



| | | |
|--|---|-------|
| US Postal Service Maintenance Queue | 2 | 0.04% |
| DBI Inspection Services | 1 | 0.02% |
| DPH – Environmental Health – HazWaste | 1 | 0.02% |
| DPW – Building Repair – Police/Fire Call Box | 1 | 0.02% |
| DPW - Bureau of Street Mapping | 1 | 0.02% |
| DPW – Bureau of Urban Forestry | 1 | 0.02% |
| DPW BSSR Queue | 1 | 0.02% |
| Police – Homeless Concerns | 1 | 0.02% |
| Recology_Overflowing | 1 | 0.02% |
| RPD Park Service Area 2 Queue | 1 | 0.02% |
| SFMTA Traffic Calming Queue | 1 | 0.02% |

| <u>Request Type</u> | <u>CBD Response Time – Average</u> | <u>City Response Time - Average</u> |
|------------------------------|------------------------------------|-------------------------------------|
| General Request – PW | 11.81 hours | 666.23 hours |
| Graffiti | 20.62 hours | 2,557.83 hours |
| Illegal Postings | 10.56 hours | 204.72 hours |
| Street and Sidewalk Cleaning | 12.26 hours | 235.14 hours |

OEWD expects that these numbers in FY 22-23 and FY 23-24 will help paint a more accurate picture as these numbers only relate to November 2021 – June 30, 2022.

OEWD would like to acknowledge that support that SoMa West CBD provided throughout the pandemic to the broader CBD community in San Francisco. The organization allowed use of its facilities to store PPE for use by all other CBDs throughout San Francisco. This act allowed OEWD to better coordinate logistics related to Covid-19 PPE deliveries to all geographic based CBDs throughout San Francisco. The organization continues to show a commitment to not only improving its own area, but working as an effective thought partner to benefit the wider ecosystem. The CBD continues to be seen as a best practice leader, especially in respect to service delivery, both statewide and nationally.



SoMa West CBD does not employ surveillance technology. There were no reported violations to OEWD of the Brown Act or California Public Records Act for this organization during this reporting period.

Conclusion

The SoMa West CBD has performed well in implementing its service plan and implementing programs throughout the district. The CBD needs to improve by meeting benchmarks 2 and 4 and by including data for the four benchmarks in the annual report. The CBD is an extremely well-run organization with an active Board of Directors and committee members. OEWD believes that SoMa West CBD will continue to successfully carryout its mission and services plan.

