

MEMORANDUM

TO: Supervisor Matt Dorsey, District 6 Supervisor

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

FROM: Mimi Hiraki; Project Specialist, OEWD

DATE: December 22, 2022

SUBJECT: Mid Market Community Benefit District; CY 2021 Annual Report

This is a memo summarizing the performance of the Mid Market Community Benefit District (Mid Market CBD), formerly known as the Central Market CBD, and an analysis of their financial statements (based on their audit) for the period between January 1, 2021 and December 31, 2021.

Each year the CBD is required to submit a mid-year report, an annual report, and a CPA Financial Review or Audit. Mid Market 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 Central Market Community Benefit District's Management Contract with the City; and their Management Plan as approved by the Board of Supervisors in 2014.

Also attached to this memo are the following documents:

1. Annual Report
 - a. CY 2021
2. CPA Financial Review Report
 - a. CY 2021
3. Draft resolution from the Office of Economic and Workforce Development



Background

The District is generally described as from the West side of 5th Street to the East side of South Van Ness Avenue, and from the South side of Market Street to the South Side of Mission Street. In addition, one block North of Market between Cyril Magnin and Mason, and one block North of Market between Grove and Larkin are included. Also, properties along Sixth Street between Market and Folsom Streets, along with the properties on adjacent streets and alleys East and West of Sixth Street (to varying distances) are included. The District contains 1,088 parcels, including the former US Mint building and Mint Plaza.

- July 23, 2013, the Board of Supervisors approved the resolution that established (renew and expand) the property-based district called the Central Market Community Benefit District (Resolution #264-13).
- February 4, 2014, the Board of Supervisors approved the contract for the administration and management of the Central Market Community Benefit District (Resolution #019-14).
- February 3, 2015, the Board of Supervisors approved CMCBD’s Annual Reports for CYs 2011, 2012, and 2013 (Resolution #034-15).
- June 7, 2016, the Board of Supervisors approved CMCBD’s Annual Report for CY 2014 (Resolution #230-16).
- September 20, 2016, the Board of Supervisors approved Resolution modifying the Management District Plan and Engineer’s Report to remove the district-wide cap on annual assessment revenues levied on properties located in the property-based business improvement district (community benefit district) known as the “Central Market Community Benefit District;” and making environmental findings (Resolution # 402-16).
- May 9, 2017, the Board of Supervisors approved CMCBD’s Annual Report for CY 2015 (Resolution #170-17).
- November 13, 2018, the Board of Supervisors approved the CMCBD’s Annual Report for CY 2016 (Resolution # 400-18).
- October 29, 2019, the Board of Supervisors approved CMCBD’s Annual Report for CY 2017 (Resolution #467-19).
- January 26, 2021, the Board of Supervisors approved CMCBD’s Annual Report for CY 2018 (Resolution #021-21).
- May 17, 2022, the Board of Supervisors approved CMCBD’s Annual Report for CY 2019 and CY 2020 (Resolution #210-22).

Basic Info about Central Market CBD

Year Established	2006
Year Renewed	2013
Year Modified	2016
Assessment Collection Period	2013 - 2027
Services Start and End Date	January 1, 2014 - December 31, 2028
Initial Estimated Annual Budget	\$1,225,433.63
FY 20-21 Assessment Roll Submission	\$1,694,614,78
FY 21-22 Assessment Roll Submission	\$1,695,161.22
Calendar Year	January 1 – December 31
Executive Director	Tracy Everwine
Name of Nonprofit Entity	Central Market Community Benefit District Corporation



dba Mid Market Community Benefit District

The current CBD website, <https://www.midmarketcbd.org/>, includes all the pertinent information about the organization and their programs, a calendar of events, their Management Plan, Annual Report and meeting schedules.

Summary of Service Area Goals

Public Safety

Mid Market CBD’s public safety approach focuses on customer service, hospitality and social service outreach. Community Ambassadors sometimes joined with SFPD 10B Officers in a co-responder model. The organization also maintains a public safety camera program to provide evidentiary support for the investigation of crime. Mid Market CBD also facilitates district stakeholder meetings when necessary and conducts public safety seminars bringing public safety best practices to the community.

Cleaning and Maintenance

Mid Market CBD’s cleaning and maintenance services include supplemental cleaning and maintenance services within the public right-of-way (above and beyond) the baseline level of service provided by the City of San Francisco. This includes sidewalk sweeping, pressure washing, graffiti abatement, landscaping, and monitoring of public trash receptacles removing excess trash.

Management and Economic Development

Daily oversight of the organization, its vendors and partners; as well as advocacy for District needs with City departments and elected officials ensures good and timely service. Economic Development activities include: business attraction, retention and stabilization, and the promotion of District offerings through marketing and promotional activities.

Summary of Delivery of Services and Accomplishments

CY2021

Public Safety

During this review period, Mid Market CBD Ambassadors and SFPD 10B Officers anecdotally reported that boarded up storefronts, open air drug use, drug sales, and tent encampments were constant and significant in the public realm. Staff coordinated with the City and community organizations as employees and other visitors returned. Additionally, the CBD coordinated with the Department of Emergency Management during the City’s Declaration of an Emergency in the Tenderloin area in December 2021 which included the district. Mid Market CBD provided extra field crew, vendor and administrative team hours to support these public/private coordinated efforts. Key highlights include the following:

- Provided 1,212 social service interventions
- Received 152 non-emergency calls
- Received 54 911 emergency calls
- Distributed 5,000 copies of MMCBD’s Food-Shelter-Help Resource Guide
- Maintained weekly tent counts submitted to the City’s HSOC team
- Provided resident services 2,705 times



- Attended DEM coordination meetings
- Attended SFPD briefings weekly
- CBD field crew members saw an increased number of verbal and physical assault incidents while on the job. Additionally, handled an outpouring of frustration from district stakeholders.
- Maintained its public safety camera program to support the investigation of crime.

Cleaning and Maintenance

The Mid Market CBD cleaning and maintenance activities included removing excessive trash and biohazards and more frequent sanitation of touch points to guard against the continued spread of Covid-19 in addition to the following:

- Disposed 27,500 discarded syringes
- Removed human and/or animal waste 11,844 times
- Addressed 2,705 residential requests
- Removed 11,605 graffiti tags in both public and private spaces. Numerous vacant and boarded-up storefronts were kept free of graffiti with daily painting.
- Filled 4,442 trash bags totaling 111,0505 pounds of trash and litter removed
- Removed 1,490 stickers and flyers
- Handed out 2,187 pet bags
- Maintained landscapes 147 times
- Removed hazardous waste 11,844 times
- Spent 163,200 hours pressure washing the entire district and fulfilled 1,144 special requests
- Leased Bigbelly trash receptacles which improved cleanliness around receptacles, reduced rummaging, and improved aesthetics
- Obtained City grant funding to support the Bigbelly trash receptacle program

Management and Economic Development

During this review period, Mid Market CBD's district faced a significant number of ground floor retail vacancies with the remaining businesses struggling with limited foot traffic, decreased sales, increased theft, increased vandalism and employee retention. Key highlights include the following:

- Provided merchant services 3,611 times
- Maintained an inventory of and marketed the district's ground-floor retail spaces for lease
- Tracked parcels in development, provided support for project completion and alignment with CBD goals for public realm enhancement
- Issued a survey in Q1 to better understand stakeholder priorities for recovery; and in Q2 issued a business attraction survey to ascertain they types of businesses desired for the district.
- Started the Mid Market Small Business Video Series to promote District businesses on social media
- Maintained website to include District resources including lists of the businesses, social service agencies and non-profit organizations
- Produced a marketing & leasing brochure for Mid Market
- Obtained a Community Challenge Grant to install landscaping upgrades to Mint Plaza and infrastructure for public art
- Produced quarterly recap newsletters sharing District news and accomplishments



- Worked closely with DPW, SFMTA and BART on planning and implementation of the following projects: the Better Market Street Project, 6th Street re-design work and transit canopy/station revitalization projects respectively to improve pedestrian safety in and around work sites, ensure work is necessary and prioritized correctly, expedited quickly and as minimally invasive as possible to area stakeholders

Mid Market CBD Annual Budget Analysis

OEWD’s staff reviewed the following budget related benchmarks for Mid Market CBD:

- **BENCHMARK 1:** Whether the variance between the budget percentages for each service category were within 10 percentage points of the percentages in the Management Plan (Agreement for the Administration of the “Central Market Community Benefit District”, Section 3.9 – Budget).
- **BENCHMARK 2:** Whether three and sixty-eight hundredths percent (3.68%) of actuals came from sources other than assessment revenue (CA Streets & Highways Code, Section 36650(B)(6); Agreement for the Administration of the “Central Market Community Benefit District”, Section 3.4 - Annual Reports).
- **BENCHMARK 3:** Whether the variance between the budget expenses and actual expenses within a calendar year was within 10 percent (Agreement for the Administration of the “Central Market Community Benefit District”, Section 3.9 – Budget).
- **BENCHMARK 4:** Whether MMCBD is indicating the amount of funds to be carried forward into the next calendar year and designating projects to be spent in that calendar year (CA Streets & Highways Code, Section 36650(B)(5).

CY 2021 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: Mid Market CBD did not meet this requirement. See table below.

Service Category	Original Management Plan Budget (Percentage)	CY 2021 Asst. Budget (Percentage)	CY 2021 Total Budget (Percentage)	Variance Percentage Points – Asst.	Variance Percentage Points – Total
Public Safety	\$431,382.73 (35.20%)	\$544,089.74 (31.30%)	\$821,606.77 (34.79%)	-3.91%	-0.42%
Cleaning and Maintenance	\$352,000.00 (28.72%)	\$516,378.52 (29.70%)	\$818,189.91 (34.64%)	+0.98%	+5.92%
Management and Economic Development	\$300,885.66 (24.55%)	\$602,994.21 (34.69%)	\$647,061.81 (27.40%)	+10.13%	2.84%
Contingency and Reserve	\$141,165.24 (11.52%)	\$75,000.00 (4.31%)	\$75,000.00 (3.18%)	-7.21%	-8.34%
TOTAL	\$1,225,433.63 (100.00%)	\$1,738,462.47 (100.00%)	\$2,361,858.49 (100.00%)		



BENCHMARK 2: Whether three and sixty-eight hundredths percent (3.68%) of actuals came from sources other than assessment revenue.

ANALYSIS: *Mid Market CBD met this requirement. MMCBD received \$1,680,031.67 in assessment revenue including penalties, redemption, and redemption penalties, which was approximately 70.93% of their CY 2021 operating budget. The CBD received \$688,538.00 in non-assessment revenue which was approximately 29.07% of their CY 2021 revenue. See table below.*

Revenue Sources	CY 2021 Actuals	% of Actuals
Total Assessment (Special Benefit) Revenue	\$1,680,031.67	70.93%
Grants	\$58,000.79	2.45%
Fee For Service	\$517,915.84	21.87%
Interest Income	\$414.93	.02%
Other (In-Kind & Misc. - includes PPP forgiveness)	\$112,205.63	4.74%
Total Non-Assessment (General Benefit) Revenue	\$688,537.19	29.07%
Grand Total (Assessment and Non-Assessment) Revenue	\$2,368,568.86	100.00%

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

ANALYSIS: *Mid Market CBD met this requirement. See table below.*

Service Category	CY 2021 Asst. Budget (Percentage)	CY 2021 Total Budget (Percentage)	CY 2021 Actuals – Asst. (Percentage)	CY 2021 Actuals – Total (Percentage)	Variance Percentage Points – Asst.	Variance Percentage Points – Total
Public Safety	\$544,089.74 (31.30%)	\$821,606.77 (34.79%)	\$460,565.41 (26.87%)	\$726,521.12 (31.30%)	-4.43%	-3.49%
Cleaning and Maintenance	\$516,378.52 (29.70%)	\$818,189.91 (34.64%)	\$539,633.42 (31.48%)	\$839,612.45 (36.17%)	+1.78%	+1.53%
Management and Economic Development	\$602,994.21 (34.69%)	\$647,061.81 (27.40%)	\$630,081.43 (36.75%)	\$670,970.53 (28.91%)	+2.07%	+1.51%
Contingency and Reserve	\$75,000.00 (4.31%)	\$75,000.00 (3.18%)	\$84,001.52 (4.90%)	\$84,001.52 (3.62%)	+0.59%	0.44%



TOTAL	\$1,738,462.47 (100.00%)	\$2,361,858.49 (100.00%)	\$1,714,281.84 (100.00%)	\$2,321,105.62 (100.00%)		
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BENCHMARK 4: Whether Mid Market CBD is indicating the amount of funds to be carried forward into the next calendar year and designating projects to be spent in that calendar year.

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

CY 2021 Assessment (Special Benefit) Carryforward	As of 12/21/2021	Budgeted for 2022	Budgeted for Future Years
Public Safety	\$71,823.44	\$70,000.00	\$1,823.44
Cleaning and Maintenance	\$58,560.59	\$15,189.72	\$43,370.87
Management and Economic Development	\$50,194.79	\$0.00	\$50,194.79
Contingency and Reserve	\$894,014.25	\$0.00	\$894,014.25
Total Assessment Carry Forward	\$1,074,593.07	\$85,189.72	\$989,403.35
Total Non-Assessment Carry Forward	\$272,762.11	\$0.00	\$272,762.11
Grand Total Carry Forward	\$1,374,355.18	\$85,189.72	\$1,262,165.46

Findings and Recommendations

For the review period of CY 2021 Mid Market CBD (MMCBD) met three of the four benchmarks set by the California Street and Highways Code Section 36650-3351 as found on page 4 of this memo; the Agreement of the Mid Market Community Benefit District; and the Agreement for the Administration of the “Mid Market Community Benefit District.” MMCBD missed Benchmark 1 which compares the organization’s fiscal year budget to the management plan budget. Per Section 3.9 of the *Agreement for the Administration of the “Mid Market Community Benefit District,”* each CBD is allotted a ten (10) percent deviation from their management plan. If they do not meet this, OEWD must determine if this deviation adversely impacts the special benefits conferred on parcels within the CBD.

In this particular situation, MMCBD missed Benchmark 1 by over budgeting +0.13% over the allowable 10 percentage points for the Management and Economic Development service category. As required, OEWD reviewed the impact to determine if this amount adversely impacted special benefits conferred on parcels within the district. OEWD reviewed Mid Market CBD’s amended management plan and engineer’s



report approved on September 20, 2016 (File #160988). Per the amended management plan, under the section titled, “CMCBD Proposed Method of Assessment,” the service category Marketing and Economic Activity Benefit Point Assignment is 1.0 to non-residential/non-residential condominium property and 0.50 to parking lot/vacant property while zero for both non-profit/public/institution property and residential/residential condominium property. This means that parcels with non-residential/non-residential condominium property and parking lot/vacant property will receive special benefit from Marketing and Economic activity and as the CBD overbudgeted in this service category, the special benefits conferred on parcels are expected to be higher. Thus, it is in OEWD’s opinion that in this situation these actions do not adversely impact special benefits conferred on parcels. Additionally, the CBD has a strong historical precedence of meeting this benchmark for the past seven consecutive years and the variance is less than 1%, it is in OEWD’s opinion that the CBD will likely meet this benchmark in the future.

While Mid Market CBD’s annual reporting to OEWD for 2021 was late in part due to the team becoming part of the Department of Emergency Management’s Joint Field Operations Team, the CBD was compliant with legislation and the Agreement for the Administration of the organization. Mid Market CBD dedicated field crew hours, vendor time and administrative time to weekly meetings. This impacted the organization’s capacity to conduct the regular business of the organization including annual reporting. Additionally, the CBD worked with OEWD to figure out solutions on how to expedite report completion and review going forward.

During this review period, the Mid Market CBD pivoted to the emerging health and economic impacts of the COVID-19 global pandemic that started in March 2020 and continued through this review period. The CBD adjusted to the continuous changes of health orders issued by the San Francisco Health Officer, including the renewed shelter-in-place health order in December 2021 in addition to the City’s declaration of State of Emergency in the Tenderloin in December 2021 for the Tenderloin area. Mid Market CBD also addressed the many challenges of vacant, ground floor retail space and worked overtime to address loitering and blight, and to stabilize existing businesses.

The CBD issued a survey in quarter 1 to better understand stakeholders’ priorities for recovery and what businesses and services are desired, issued a Business Attraction Survey in quarter 2 to understand what types of businesses are desired for the district. The Mid Market CBD additionally published a new Mid Market Business Brochure to provide information to constituents on what’s coming to the neighborhood, what’s arrived and where new businesses can find a location. Through a Community Challenge Grant, the CBD oversaw landscaping upgrades to Mint Plaza creating a more welcoming space for visitors. The Mid Market CBD continues to be an advocate and partner as they help support the State of Emergency in the Tenderloin Area, the Better Market Street Construction 5th to 8th, the 6th Street Construction Market to Howard, the BART Construction 8th and Market, and the new street vending legislation.

Mid Market CBD’s Board of Directors currently meets requirements set forth by Article 15 of the Business and Tax Regulations Code and there have been no reports of Brown Act violations within the reporting period. The Mid Market CBD is also in compliance with the Surveillance Technology Reporting requirements.

Conclusion

Mid Market CBD performed well implementing its service plan during the review period; and were an invaluable asset to District members and the City. through the unprecedented circumstances brought on by



the Covid-19 pandemic. Mid Market CBD also continued to seized opportunities to leverage and add value to its work through fundraising, grants, and collaborative partnerships in CY 2021. The organization has an active Board of Directors and committee members. OEWD believes that the Mid Market CBD is well positioned to continue carrying out its mission.

