

MEMO

To: Supervisor Matt Haney, District 6

CC: San Francisco Board of Supervisors

From: Mimi Tam Hiraki, OEWD Community Development Specialist

RE: Mid Market Community Benefit District; CY 2019 and 2020 Annual Reports

Date: February 10, 2022

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, 2019 and December 31, 2019 and between January 1, 2020 and December 31, 2020.

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 2019
 - b. CY 2020
2. CPA Financial Review Report
 - a. CY 2019
 - b. CY 2020
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 807 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).

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 18-19 Assessment Roll Submission	\$1,515,854.96
FY 19-20 Assessment Roll Submission	\$1,608,150.72
FY 20-21 Assessment Roll Submission	\$1,694,614,78
Calendar Year	January 1 – December 31

Executive Director
Name of Nonprofit Entity

Tracy Everwine
Central Market Community Benefit District Corporation

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

The Mid Market CBD's public safety approach focuses on customer service hospitality, crime prevention and social service outreach. Key programs include: Community ambassadors, SFPD 10B Officers, community meetings, and public safety seminars.

Cleaning and Maintenance

Mid Market CBD's cleaning and maintenance services include enhanced cleaning and maintenance services within the public right-of-ways (above and beyond) the baseline level of service provided by the City of San Francisco. This includes sidewalk sweeping, spot cleaning, steam cleaning, graffiti abatement, landscaping, and monitoring public trash receptacle overflow and trash removal.

Management and Economic Development

Management includes day-to-day management of the organization and advocacy for District needs with various City departments ensuring good and timely service. Economic Development activities such as business attraction, retention and promotion encourage non-residential properties to maximize their development and land use.

Summary of Accomplishments, Challenges, and Delivery of Service Areas

CY 2019

Public Safety

- Public Safety Services (*partial list*):
 - Received 2,037 safety related calls or emails into dispatch
 - Provided 330 social service interventions

Cleaning and Maintenance

- Cleaning and Maintenance Services (*partial list*)
 - Removed 158,158 pounds of trash from the district
 - Removed 4,872 graffiti tags, stickers, and flyers
 - 2,750 human/animal waste clean-ups
 - Cleaned 117,476 total linear footage
 - Installed new Bigbelly "smart" refuse collection units
 - Received 1,502 cleaning calls

Management and Economic Development

- Collaborated with neighboring CBDs, other community-based organizations, and multiple City agencies.

- Consistently posted on retail vacancies on MMCBD’s website and available spaces were shown to several prospective tenants. Listings can be found here: <https://www.midmarketcbd.org/retail-space-available/>
- Helped welcome 11 new retail businesses to the District: Abe’s Pizza, Bini’s Kitchen, Burma Club, Create Skateboards, Falafalland, Living Room SF, Nick’s on Mission, Square Pie Guys, Supreme, The Nail Hall, and The Pawn Shop
- Continued management of all CBD programs, ensure district compliance, and implement grants.

CY 2020

Public Safety

- Public Safety Services (*partial list*):
 - Responded to 6,085 safety and behavior situations including trespassers and loiterers, substance use, sleepers and campers, illegal vendors and aggressive/agitated/indecent behavior
 - Received 57 emergency safety calls and 103 non-emergency safety calls
 - Provided 640 social service interventions, including referrals and escorts. Provided people without housing MMCBD’s Food | Shelter | Help Resource Guide
 - Distributed and made personal protective equipment and Covid-19 safety information accessible to residential buildings, offices, businesses and people in need.
 - Posted City signs for Covid-19 safety protocols

Cleaning and Maintenance

- Cleaning and Maintenance Services (*partial list*)
 - Responded to 255 graffiti requests, 2,895 street requests, and 651 pressure washing requests
 - Removed 104,125 pounds of trash and cleaned 100 overflowing trash cans
 - Cleaned 163,200 total linear footage annually
 - Removed total of 4,870 graffiti tags, stickers, and flyers
 - Disposed 25,000 needles
 - 3,300 human/animal waste clean-ups
 - Cleaned 1,446 illegal dumping with 195 of the illegal dumping related to 311 entries
 - Removed or bundled 2,366 cardboard
 - Weeded and/or topped off 337 tree wells
 - Staff faced challenges while cleaning and maintaining the sidewalk including being targets of verbal and physical attacks and unhealthy air quality from the wild fire smoke.

Management and Economic Development

- Collaborated with neighboring CBDs, other community-based organizations, and multiple City agencies, including:
 - The Friends of Mint Plaza and the Friends of Stevenson to implement public realm enhancements
 - Managing a City grant to make landscaping improvements and install public art in Mint Plaza
 - Managing a City grant to facilitate the installation of decorative lighting on the 500 block of Stevenson

- Participating on the Mid-Market Business Association Board of Directors and the Friends of Mint Plaza Board of Directors, Better Market Street Project Advisory Committee, and 6th Street Revitalization
- Consistently posted on retail vacancies on MMCBD's website and available spaces were shown to several prospective tenants. Listings can be found here:
<https://www.midmarketcbd.org/retail-space-available/>
- Helped attract 3 new retail businesses to the District: Hetchy's Hots, Limonnana, and Sunset Squares Pizza
- Launched coffee café loyalty program to incentivize people to visit all coffee cafes in the district.
- Continued management of all CBD programs, ensure district compliance, and implement grants.
- Provided 2,900 Merchants & Owners Meet and Greet service, provided 419 visitors with directions and referrals and distributed 139 flyers and information

MMCBD Annual Budget Analysis

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

- **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 2019

BENCHMARK 1: Whether the variance between the percentage amounts for each service category were within 10 percentage points of the percentages identified in the Management Plan.

ANALYSIS: MMCBD met this requirement. See table below.

Service Category	Original Management Plan Budget	% of Budget	CY 2019 Budget	% of Budget	Variance Percentage Points
Public Safety	\$431,382.73	35.20%	\$497,089.68	33.44%	-1.77%
Cleaning and Maintenance	\$352,000.00	28.73%	\$446,880.11	30.06%	+1.33%
Management and Economic Development	\$300,885.66	24.55%	\$508,721.29	34.22%	+9.66%
Contingency and Reserve	\$141,165.24	11.52%	\$33,999.32	2.29%	-9.23%
TOTAL	\$1,225,433.63	100%	\$1,486,690.40	100%	

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

ANALYSIS: *MMCBD met this requirement. MMCBD received \$1,516,795.60 in assessment revenue, which was approximately 79.65% of their CY 2019 operating budget. The CBD received \$387,573.87 in non-assessment revenue which was approximately 20.35% of their CY 2019 revenue. See table below.*

Revenue Sources	CY 2019 Actuals	% of Actuals
Special Benefit Assessments	\$1,516,795.60	
Total Assessment Revenue	\$1,516,795.60	79.65%
Contributions and Sponsorships	\$9,310.00	0.49%
Grants	\$157,857.83	8.29%
Fees for Service	\$220,022.58	11.55%
Other	\$383.46	0.02%
Total General Benefit (non-assessment) revenue	\$387,573.87	20.35%
TOTAL	\$1,904,369.47	100%

Non-assessment revenue applied to 3.68% General Benefit requirement

BENCHMARK 3: Whether the variance between the budget amount and actual expenses within the calendar year were within 10 percentage points.

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

Service Category	CY 2019 Budget	% of Budget	CY 2019 Actuals	% of Actuals	Variance Percentage Points
Public Safety	\$497,089.68	33.44%	\$433,889.83	29.52%	-3.91%
Cleaning & Maintenance	\$446,880.11	30.06%	\$430,582.54	29.30%	-0.76%
Management and Economic Development	\$508,721.29	34.22%	\$494,113.56	33.62%	-0.60%
Contingency and Reserve*	\$33,999.32	2.29%	\$111,007.74	7.55%	+5.27%
TOTAL	\$1,486,690.40	100%	\$1,469,593.67	100.00%	

*Contingency and Reserve may be redeployed throughout future years to meet the needs of the CBD.

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.

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

CY 2019 Carryover	Total
CY 2019 Assessment Carryforward	\$47,201.93
Total Carryover Assessment Future Years	\$47,201.93

CY 2020

BENCHMARK 1: Whether the variance between the percentage amounts for each service category were within 10 percentage points of the percentages identified in the Management Plan.

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

Service Category	Original Management Plan Budget (Percentage)	CY 2020 Budget – Asst. (Percentage)	CY 2020 Budget – Total (Percentage)	Variance Percentage Points – Asst.	Variance Percentage Points - Total
Public Safety	\$431,382.73 (35.20%)	\$542,348.70 (34.27%)	\$800,056.37 (31.69%)	-0.93%	-3.51%
Cleaning and Maintenance	\$352,000.00 (28.73%)	\$460,273.63 (29.08%)	\$679,802.39 (37.29%)	+0.35%	+8.56%
Management and Economic Development	\$300,885.66 (24.55%)	\$546,032.87 (34.50%)	\$631,492.65 (29.44%)	+9.95%	+4.89%
Contingency and Reserve	\$141,165.24 (11.52%)	\$33,999.32 (2.15%)	\$33,999.32 (1.58%)	-9.37%	-9.92%
TOTAL	\$1,225,433.63 (100%)	\$1,582,654.52 (100%)	\$2,145,350.73 (100%)		

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

ANALYSIS: *MMCBD met this requirement. MMCBD received \$1,668,912.59 in assessment revenue, which was approximately 64.59% of their CY 2020 operating budget. The CBD received \$914,897 in non-assessment revenue which was approximately 35.41% of their CY 2020 revenue. See table below.*

Revenue Sources	CY 2020 Actuals	% of Actuals
Special Benefit Assessments	\$1,668,912.59	
Total Assessment Revenue	\$1,668,912.59	64.59%
Contributions and Sponsorships	\$5,869.00	0.23%
Grants	\$280,325.41	10.85%
Fees for Service	\$628,289.63	24.32%
Other	\$414.75	0.02%
Total General Benefit (non-assessment) revenue	\$914,897.79	35.41%
TOTAL	\$2,583,809.38	100.00%

BENCHMARK 3: Whether the variance between the budget amount and actual expenses within the calendar year were within 10 percentage points.

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

Service Category	CY 2020 Budget – Asst. (Percentage)	CY 2020 Budget – Total (Percentage)	CY 2020 Actuals – Asst. (Percentage)	CY 2020 Actuals – Total (Percentage)	Variance Percentage Points – Asst.	Variance Percentage Points – Total
Public Safety	\$542,348.70 (34.27%)	\$800,056.37 (31.69%)	\$415,653.78 (26.38%)	\$883,685.44 (35.36%)	-7.89%	+3.67%
Cleaning and Maintenance	\$460,273.63 (29.08%)	\$679,802.39 (37.29%)	\$529,984.33 (33.64%)	\$928,677.96 (37.16%)	+4.56%	-0.13%
Management and Economic Development	\$546,032.87 (34.50%)	\$631,492.65 (29.44%)	\$526,684.28 (33.43%)	\$583,772.01 (23.36%)	-1.07%	-6.18%
Contingency and Reserve*	\$33,999.32 (2.15%)	\$33,999.32 (1.58%)	\$103,291.26 (6.56%)	\$104,291.26 (4.13%)	+4.41%	+2.55%
TOTAL	\$1,582,654.52 (100%)	\$2,145,350.73 (100%)	\$1,575,613.65 (100%)	\$2,499,426.67 (100%)		

*Contingency and Reserve may be redeployed throughout future years to meet the needs of the CBD.

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.

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

CY 2021 Assessment Carryforward Disbursement		Spenddown Timeline
Service Category	Dollar Amount	
Cleaning and Maintenance	\$95,190.14	spending in 2021 & 2022
Public Safety	\$78,003.82	spending in 2021 & 2022
Management & Economic Development	\$41,635.02	spending in 2021 & 2022
Contingency & Reserves	\$810,012.67	when needed
Special Assessment Total	\$1,024,841.65	

FY 2020-21 Non-Assessment Carryforward Disbursement		Spenddown Timeline
Non-Assessment Project or bucket name	Dollar Amount	
Non-Assessment	\$191,048.76	when needed
Non-Assessment Total	\$191,048.76	

Findings and Recommendations

For the review period of CY 2019 Mid Market CBD (MMCBD) met all four benchmarks set by the California Street and Highways Code Section 36650-3351 as found on page 5 of this memo; the Agreement for the Administration of the Mid Market Community Benefit District; and the Agreement for the Administration of the “Mid Market Community Benefit District.”

For the review period of CY 2020 MMCBD met all of the benchmarks set by the California Street and Highways Code Section 36650-3351; the Agreement for the Administration of the Mid Market Community Benefit District; and the Agreement for the Administration of the “Mid Market Community Benefit District.”

CY 2020 was an especially challenging year for the City’s Improvement Districts. In February 2020 pedestrian traffic began to decline with the emergence of the COVID 19 pandemic. On March 16, 2020 the City and County of San Francisco Public Health Officer issued a Public Health Order requiring residents to remain at home, with the exception of essential needs. All public and private gatherings of any number of people occurring outside a single family or living unit were prohibited. And all Non-Essential Businesses and Non-Essential Government Functions were required to cease all operations.

However, OEWD and the Office of the City Attorney acted quickly to clarify Improvement District services in the public realm could continue despite local and state issued shelter in place ordinances.

Furthermore, OEWD diligently worked with the Improvement Districts and the Covid Command Center to ensure District workers were able to acquire additional personal protective equipment (PPE) and hygiene supplies to keep workers and the community safe. The Districts played an important role disseminating PPE to their District's stakeholders and facilitating communication between the City and the District's community throughout the pandemic.

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.

Conclusion

Mid Market CBD performed well implementing its service plan during the review period; and was a valuable asset to its District members and the City through the unprecedented circumstances brought on by the Covid-19 pandemic. The CBD continued to successfully implement the service areas stated in its Management Plan while also pivoting to meet pandemic protocols. Mid Market CBD seized opportunities to leverage and add value to its work through fundraising, grants, and collaborative partnerships in CY 2019 and CY2020. The CBD 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.