

File No. 160161 Committee Item No. 3  
Board Item No. 17

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Government Audit and Oversight Date March 10, 2016

#### Board of Supervisors Meeting

Date MARCH 27, 2016

#### Cmte Board

<input type="checkbox"/>	<input type="checkbox"/>	Motion
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Resolution
<input type="checkbox"/>	<input type="checkbox"/>	Ordinance
<input type="checkbox"/>	<input type="checkbox"/>	Legislative Digest
<input type="checkbox"/>	<input type="checkbox"/>	Budget and Legislative Analyst Report
<input type="checkbox"/>	<input type="checkbox"/>	Youth Commission Report
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Introduction Form
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Department/Agency Cover Letter and/or Report
<input type="checkbox"/>	<input type="checkbox"/>	MOU
<input type="checkbox"/>	<input type="checkbox"/>	Grant Information Form
<input type="checkbox"/>	<input type="checkbox"/>	Grant Budget
<input type="checkbox"/>	<input type="checkbox"/>	Subcontract Budget
<input type="checkbox"/>	<input type="checkbox"/>	Contract/Agreement
<input type="checkbox"/>	<input type="checkbox"/>	Form 126 – Ethics Commission
<input type="checkbox"/>	<input type="checkbox"/>	Award Letter
<input type="checkbox"/>	<input type="checkbox"/>	Application
<input type="checkbox"/>	<input type="checkbox"/>	Public Correspondence

#### OTHER (Use back side if additional space is needed)

<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	OEWD Memo - 02.16.2016
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	CBD Annual Report - FY2014-2015
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	CBD CPA Report - FY2014-2015
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Referral FYI - 03.01.2016
<input type="checkbox"/>	<input checked="" type="checkbox"/>	OEWD PPT - 3-10-2016
<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	

Completed by: Erica Major Date March 4, 2016  
Completed by: [Signature] Date 3/14/2016

1 [Castro/Upper Market Community Benefit District - Annual Reports to the City - FY2014-2015]

2  
3 **Resolution receiving and approving annual report for the Castro/Upper Market**  
4 **Community Benefit District for FY2014-2015, submitted as required by the Property and**  
5 **Business Improvement District Law of 1994 (California Streets and Highways Code,**  
6 **Sections 36600, *et seq.*), Section 36650, and the District's management agreement with**  
7 **the City, Section 3.4.**

8  
9 WHEREAS, On June 7, 2005, pursuant to the Property and Business Improvement  
10 District Law of 1994 (the "Act"), California Streets and Highways Code, Sections 36600, *et*  
11 *seq.*, as augmented by Article 15 of the San Francisco Business and Tax Regulations Code,  
12 the Board of Supervisors adopted Resolution No. 421-05, expressing the City's intention to  
13 establish the Castro/Upper Market Community Benefit District (the "Castro/Upper Market  
14 CBD"); and

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

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

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

1 WHEREAS, On February 2, 2016, the Board of Supervisors approved the  
2 Castro/Upper Market CBD's annual reports for FY2013-2014 in Resolution No. 40-16; and

3 WHEREAS, The Castro/Upper Market CBD has submitted for the Board's receipt and  
4 approval the Castro/Upper Market annual reports for FY2014-2015 as required by Section  
5 36650 of the Act and Section 3.4 of the Management Contract; and

6 WHEREAS, The Annual Report is on file with the Clerk of the Board of Supervisors in  
7 File No. 160161 and are incorporated herein by reference as though fully set forth; and

8 WHEREAS, Supporting documents, including, but not limited to, a transmittal letter and  
9 memorandum report from the City's Office of Economic and Workforce Development, dated  
10 February 16, 2016, and documentation from the Castro/Upper Market CBD for the Annual  
11 Report is on file with the Clerk of the Board of Supervisors in File No. 160161; now, therefore,  
12 be it

13 RESOLVED, That the Board of Supervisors hereby receives and approves the annual  
14 report for the Castro/Upper Market Community Benefit District for FY2014-2015.



**CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT  
FINAL REPORT  
JULY 1, 2014 - JUNE 30, 2015**

**List of Assessments for New Fiscal Year by Parcel**

Sent in separate attachment as excel spread sheet

**Services Implemented for FY 2014-15****Public Rights of Way and Sidewalk Operations**

- **Cleaning and graffiti removal services were provided every day in FY 2014-15** to every parcel in the district. Graffiti was removed within 24 – 48 hours of notification. Services included:
  - Daily sweeping of the entire district, (i.e. every parcel - map and list of parcels attached as Attachments 1 and 2) including every parcel and gutters,
  - Harvey Milk Plaza (upstairs/sidewalk level, sidewalk level planter beds)
  - Jane Warner Plaza litter removal and planter beds, water plants
  - Topping off of City trash cans, and collection of street garbage, including animal/human feces, and to a limited extent removing illegal fliers, stickers from bus stops, city signage, lamp posts.
  - Daily removal of all graffiti within the district (including on private property 9ft. or lower) within 24 hours of notification (except instances which require steam cleaning).
  - Quarterly Industrial-strength hot steam cleaning of sidewalks and plazas within the district.
  - Spot power washing as needed on an urgent call basis, including sidewalk graffiti.
  - Call DPW 311 for debris dumped and tracking how those calls are resolved.
  - Additional sweeping and power washing hot spots after special events including Pink Saturday, Gay Pride, Castro Street Fair, and Halloween.
  - Weeding around tree wells and keeping tree wells free of trash.
  - Operation of a central dispatch number available to all to report issues within the district boundaries.
  - Unlocking gate in front of the parking lot on Castro St. next to the Castro Theatre by 6:50 a.m. daily.
  - Reporting any hazardous situations in the district to dispatch service, dispatch reports problem to 311, and tracks issue resolution.
- **Cleaning contract expired in June 2015; Issued RFP for a new 3 year contract for cleaning services.**
  - Reviewed proposals and after competitive review process, selected Block By Block as our new cleaning services contractor.

**Public Safety Services**

- **Contract with S.F. Patrol Special Police** to specifically patrol the Harvey Milk and Jane Warner plazas and the public restroom on Market St. in front of Safeway. The hours are: 4:00 p.m. – 1:00 Sunday – Wednesday and 4:00 p.m. – 3:00 a.m. Thursday – Saturday.

- **Launched Castro Cares** a community based collaborative to improve the quality of life for those who are at risk, living on in the Castro/Upper Market and those who are housed, and/or who work and play in the district. Castro Cares was launched as a soft launch for the winter holidays through a contribution from the Castro CBD – 72 hours of overtime police officers were paid to conduct foot patrols throughout the district.
  - Castro Cares was fully launched in March 2015 with 20 hours of dedicated homeless outreach workers, 20 hours of dedicated overtime SF police officers, and 15 hours of dedicated SF patrol special police all walking foot patrols throughout the district.
  - Raised a total of \$191,000 in FY 2014-15 to fund Castro Cares.
    - ✓ \$76,000 in private donations from merchants and residents, \$115,000 in city grants; Castro/Upper Market CBD made a \$15,000 contribution.
  - The first four months of the program (March – June) saw:
    - ✓ 35 hours a week of dedicated law enforcement services walking a foot patrol in the Castro/Upper Market. This additional law enforcement documented 856 incidents. Most of these were warnings, 18 citations were written and 4 arrests were made. Much of the work of the Castro Cares law enforcement program is focused on quality of life issues from sleeping in doorways/trespassing to public intoxication/aggressive behavior. Law enforcement also calls EMT's for people in desperate situations and overly intoxicated.
    - ✓ 20 hours a week of dedicated homeless outreach workers walking the Castro/Upper Market. These outreach workers made contact with 462 individuals at risk living on the street. Of these 282 or 61% had a positive outreach engagement. A positive engagement is the first step for many individuals being willing to accept services.

#### **District Identity and Streetscape Improvements**

- **Completion of the Castro St. Sidewalk Widening project.** This \$7,000,000 project, funded through city and federal funds, widened the sidewalks on Castro St. and added street trees, leaning posts and other beautification strategies. The Castro CBD acted as the liaison between the city and the merchants and property owners. **The CBD operated a website (funded through a city grant) and paid for LED celebratory lights and the rainbow crosswalks at Castro & 18<sup>th</sup> St.**
- **Completed the Castro & Upper Market Retail Strategy:** A collaborative project aimed at addressing the increase in vacancies in the Castro & Upper Market and developing an actionable plan to fill ground floor retail in a manner that encourages the district to thrive. The Castro & Upper Market Retail Strategy is funded through donations from the City of SF, Supervisor Wiener's Office, Castro CBD, local neighborhood associations, local merchants, and local developers. The final report and appendix is on the website at: <http://www.flipgorilla.com/p/23837411469442599/show>

- ✓ Work on this project will continue through FY 2015-16 to implement the recommendations.
- **Joined Mayor Lee on a tour of the Castro**, introducing him to merchants, discussing the Castro St. widening project, Retail Strategy Project and economic vitality strategies and some of the challenges around economic vitality; and other challenges facing the Castro.
- **Castro CBD continues to maintain Harvey Milk Plaza and Jane Warner Plaza.** This includes organizing volunteers to maintain both plazas and provide assistance in gardening, cleaning, and furniture maintenance. Core volunteers include Orphan Andy's, The Café, and nearby residents.
- **Volunteers, outside of the CBD, received funding to make landscape improvements at Harvey Milk Plaza** and these same volunteers (Deep Green Clean Team) have improved the landscaping at Jane Warner Plaza.
- **Developed plans to implement fuller programming in the Jane Warner Plaza through Live! In The Castro** and other strategies.
- **Wrote successful funding proposal** (\$125,00 a year for 2 years) to City to fund improvements to Jane Warner Plaza in FY 2015-16 including:
  - 50 hours a week of interns to be plaza stewards.
  - Increased programming through *Live! In The Castro*.
  - Beautification and landscaping improvements.
- **Castro Ambassadors** continues for its fourth year. Castro Ambassadors are volunteers trained to greet and welcome tourists and visitors into the neighborhood. Ambassadors have developed Castro specific handouts, directions and maps, in 6 languages other than English, and use these to assist tourists. Ambassadors helped 5,800 visitors during the summer of 2014.
- **Outreach at the Castro St. Fair** – Castro CBD had a booth at the fair to provide the opportunity for residents, property owners and others to learn about the CBD and meet the CBD staff and board members.
- **Social media updates:** CBD facebook page, twitter feed and website.
- **Leader in advocating for pedestrian safety improvements** on Upper Market.
- **Land Use Committee**, CBD will continue to work closely with neighborhood organizations, property owners and developers on land use issues.

#### **Administrative and Corporate Operations**

- Moved into CBD office of our own.
- Developed and approved Fiscal & Governance Policy Manual
- Developed and approved Personnel Handbook
- Ensure functioning of CBD and compliance with city contract and management plan.
- Ensure compliance with the California Brown Act.
- Recruited new board members to Board of Directors.
- Monitor contracts and services. Assist contractors in problem solving as is necessary.
- Hired program coordinator for 25 hours a week to coordinate *Live! In The Castro* and provide assistance with Castro Cares.
- Continue to update website.

- Held Board retreat to develop long term plans for the CBD.
- Continue as active member of CBD/BID Consortium.
- Support all working committees of the Board of Directors including: Streetscape, Services, Land Use, Executive, and Finance.
- Ensure finances are accurate; work with CPA on annual review.
- Respond to communication from property owners, merchants, residents and others regarding issues directly and/or indirectly related to the services provided by the CBD.

### **Services Planned for FY 2015-16**

#### **Public Rights of Way and Sidewalk Operations; Public Safety**

- **Orient new cleaning contractor** to district, ensure high level of cleaning is maintained.
- **Monitor contract** with Block By Block to ensure compliance with contract.
- Clarify and implement **citywide cleaning metrics**
- Post monthly **cleaning reports**
- Develop new **uniforms for clean team** workers that clearly brand the Castro CBD.
- Promote **CBD Dispatch Services** throughout the district.
- Continue to **secure signed graffiti waivers** from property owners.
- **Ensure data is collected** correctly and timely.
- Continually **monitor the security services** and challenges in the district and meet with the key community stakeholders, report on issues to the CBD Services Committee.
- **Communication with SFPD** on a regular basis.
- **Castro Cares**, continue to **implement and monitor** program and contracts.
  - contracts with SF Patrol Special, SF HOT and the SFPD overtime program.
  - **Fundraise** for Castro Cares.
  - Collect and organize data for all services delivered through Castro Cares.
  - Keep **website updated**.

#### **District Identity and Streetscape Improvements**

- **Implement Intern program** at Jane Warner Plaza and other improvements/activation strategies once funds are received from the city.
- **Seek grant funding and other fundraising strategies** to support beautification and activation strategies
- CBD to work on **beautification strategies** in the district; work on implementing 3 year plan.
- **Implement Live! In The Castro** throughout the summer and into the fall and winter, weather dependent.
- CBD will participate in **holiday decorations** in the district.
- CBD will continue to **organize volunteers** to help maintain Jane Warner Plaza and Harvey Milk Plaza.



- Through the **Land Use Committee**, CBD will continue to work closely with neighborhood organizations, property owners and developers on land use issues.
- Through Land Use Committee, CBD will begin **to implement recommendations in the Castro & Upper Market Retail Strategy.**
- **Continue Castro Ambassadors**, including recruiting and training new ambassadors.
- **Provide leadership**, advocacy and community collaboration for pedestrian safety improvements on upper Market St.

#### **Administrative and Corporate Operations**

- Ensure functioning of CBD and compliance with City contract and management plan.
- Ensure compliance with the California Brown Act and California Public Records Act.
- Recruit and train new board members to Board of Directors.
- Monitor contracts and services. Assist contractors in problem solving as is necessary.
- Develop campaign to educate property owners about the CBD; conduct special outreach efforts to Safeway, other large property owners and new developers.
- Hire new bookkeeper
- Ensure finances are accurate; work with CPA on annual review.

#### **CHANGES TO THE DISTRICT BOUNDARIES**

None

#### **ASSESSMENT FORMULA**

FY 2015-16:

$\$10.460200/\text{linear foot} + \$0.0942600/\text{lot square foot} + 0.13262700/\text{building square foot}^*$   
= assessment fee

\* building square footage is charged for retail space, hotels, motels, visitor related, office and commercial uses, free standing parking structures

#### **DRAFT UN-AUDITED FINANCIALS**

Enclosed as Attachment A

- FY 2014-15 Profit & Loss Statement
- FY 2014-15 Balance Sheet

#### **APPROVED FY 2015-16 BUDGET**

Enclosed as Attachment B

- FY 2015-16 CBD Budget

**ATTACHMENT A**

- Draft Profit & Loss FY 2014-15
- Draft Balance Sheet June 30, 2015

# Castro/Upper Market Community Benefit District, Inc.

## PROFIT AND LOSS

July 2014 - June 2015

	TOTAL
<b>Income</b>	
4000 Assessments & Contributed Support	
4010 Special Benefit Assessments	
4011 Special Benefit Assessment Income	455,657.64
4012 Interest & Penalties on Assessments	1,016.77
Total 4010 Special Benefit Assessments	456,674.41
4020 Individual/Business Contributions	4,500.00
4022 Business Donations	1,650.00
Total 4020 Individual/Business Contributions	6,150.00
4030 Interest Income	263.36
4040 In-Kind Donations	
4041 Donated Use of Facilities	1,854.83
4043 Donated Items for Office Use	1,387.50
4044 Castro Cares	1,151.82
Total 4040 In-Kind Donations	4,394.15
4050 Grants	
4052 Government Grants	125,000.00
Total 4050 Grants	125,000.00
4070 Discounts/Refunds Given	-1,627.34
4080 Affiliate Membership	1,986.00
Total 4000 Assessments & Contributed Support	592,840.58
4034 Castro Cares Donations	72,532.81
Total Income	\$665,373.39
Gross Profit	\$665,373.39
<b>Expenses</b>	
7000 Program Services Expense	
7010 Contracts--Street Cleaning	268,496.73
7020 Contracts--Police Patrol Services	10,140.00
7025 Security	40,237.67
7026 Incentives	1,906.98
Total 7025 Security	42,144.65
7027 Social Services	3,927.55
7030 District ID/Streetscape Improvements	
7031 Repair & Maintenance	-869.05
7032 Landscaping	1,204.42
7033 Ambassador Program	6,302.59
7035 Promotions/Street entertainment	12,757.52
7037 Marketing & Advertising	16,864.29
7038 Meetings & Events	480.56

7039 Streetscape Improvements	0.00
7040 Consulting Econ Dev	82,041.07
<b>Total 7030 District ID/Streetscape Improvements</b>	<b>118,781.40</b>
<b>Total 7000 Program Services Expense</b>	<b>443,490.33</b>
<b>7200 Personnel Expenses</b>	
7210 Officer & Director Salaries	94,002.00
7220 Salaries & Wages -- Other	5,075.71
7240 Payroll Taxes	5,027.34
7260 Workers' Compensation Insurance	37.00
<b>Total 7200 Personnel Expenses</b>	<b>104,142.05</b>
<b>7500 Professional Fees</b>	
7510 Fundraising Fees	466.00
7520 Accounting Fees	23,435.17
7530 Legal & Professional Fees	14,329.00
7540 Payroll Fees	1,388.97
7560 Administrative Services	1,092.25
<b>Total 7500 Professional Fees</b>	<b>40,711.39</b>
<b>8100 Operational Expenses</b>	
8105 Bank Service Charges	47.72
8107 Paypal Fees	152.46
<b>Total 8105 Bank Service Charges</b>	<b>200.18</b>
8120 Office Rent	15,811.58
8125 Utilities	1,059.95
8130 Equipment/PO Box Rental	404.00
8135 Janitorial	676.40
<b>8140 Insurance</b>	
8141 Insurance--Directors and Officers	1,602.04
8143 Insurance--General Liability and Property	1,376.96
8144 Volunteer Insurance	70.00
8146 Insurance - Commercial Property	609.00
<b>Total 8140 Insurance</b>	<b>3,658.00</b>
8145 Licenses, Permits, Dues, Fees	451.00
8155 Office Supplies	5,304.62
8160 Postage and Shipping	3,512.02
8170 Printing and Copying	3,499.93
8180 Supplies & Materials	205.07
8185 Telecom Expenses	1,487.92
8190 Website/Internet Expense	10,407.67
8199 Indirect Expenses	715.00
<b>Total 8100 Operational Expenses</b>	<b>47,393.34</b>
<b>8300 Travel &amp; Meeting Expenses</b>	
8320 Travel/Transportation	63.25
8330 Parking/Tolls	87.52
8340 Conferences, Meetings, Conventions	473.06
8360 Board Meeting Expense	585.60

Total 8300 Travel & Meeting Expenses	1,209.43
8900 RHW - Payments & Expenses	
8911 Rainbow Honor Walk Payments	-148.63
Total 8900 RHW - Payments & Expenses	-148.63
9100 In-Kind Expenses	4,394.15
Total Expenses	\$641,192.06
Net Operating Income	\$24,181.33
Other Expenses	
9400 Depreciation & Amortization Expense	
9420 Depreciation	735.92
Total 9400 Depreciation & Amortization Expense	735.92
9500 Reconciliation Discrepancies	0.40
9600 Ask Andrea	212.30
Total Other Expenses	\$948.62
Net Other Income	\$ -948.62
Net Income	\$23,232.71

Monday, Sep 21, 2015 02:13:12 PM PDT GMT-7 - Accrual Basis

# Castro/Upper Market Community Benefit District, Inc.

## BALANCE SHEET

As of June 30, 2015

	TOTAL
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Bank Accounts</b>	
1020 Checking Accounts	
1021 Cash in Bank--WFB Ckg 9854	3,318.15
1022 Cash in Bank--SB&T Ckg (Account Closed)	0.00
1023 Cash in Bank--BA Ckg	1,000.00
1024 Checking Paypal	392.66
Total 1020 Checking Accounts	4,710.81
1030 Cash in MM/CDs	
1031 Cash in Bank--WFB MM	170,983.98
1032 Cash in Bank--SB&T MM (ACCOUNT CLOSED)	0.00
1033 Cash in Bank--BA CD	127,060.26
Total 1030 Cash in MM/CDs	298,044.24
Total Bank Accounts	\$302,755.05
<b>Accounts Receivable</b>	
1040 General Receivables	9,104.06
1045 Assessment Receivables	67,187.34
1050 Pledges Receivable	0.00
1060 Grants Receivable	
1061 MOEWD Grant	197,500.00
1063 SF Study Center Ped Safety Grant	0.00
Total 1060 Grants Receivable	197,500.00
Total Accounts Receivable	\$273,791.40
<b>Other current assets</b>	
1095 Prepaid Expenses	3,934.00
1096 Prepaid Insurance	309.50
Total Other current assets	\$4,243.50
Total Current Assets	\$580,789.95
<b>Fixed Assets</b>	
1100 Computer & Equipment	
1101 Original cost	2,526.91
1102 Depreciation	-561.52
Total 1100 Computer & Equipment	1,965.39
1110 Furniture & Fixtures	
1111 Original cost	1,831.16
1112 Depreciation	-174.40
Total 1110 Furniture & Fixtures	1,656.76
Total Fixed Assets	

	\$3,622.15
Other Assets	
1200 Security Deposits	1,392.00
Total Other Assets	<u>\$1,392.00</u>
<b>TOTAL ASSETS</b>	<u><b>\$585,804.10</b></u>
<b>LIABILITIES AND EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 Accounts Payable	48,530.52
Total Accounts Payable	<u>\$48,530.52</u>
Credit Cards	
2030 Wells Fargo Credit Card - 4113	1,483.69
Total Credit Cards	<u>\$1,483.69</u>
Other Current Liabilities	
2040 Deferred Assessments	0.00
2080 Deferred Grant Income--Restricted by Use	
2081 OEWD	0.00
2083 Pedestrian Safety Grant	0.00
Total 2080 Deferred Grant Income--Restricted by Use	<u>0.00</u>
2098 Loan Payable--Board Members	0.00
2100 Accrued Expenses	0.00
2200 Accrued Vacation Payable	7,854.15
2300 Payroll Tax Payable	0.00
2400 Pledge Payable	0.00
Total Other Current Liabilities	<u>\$7,854.15</u>
Total Current Liabilities	<u>\$57,868.36</u>
Total Liabilities	<u>\$57,868.36</u>
Equity	
3700 Temporarily Restricted Net Assets	0.00
3710 OEWD-Retail Project	30,617.55
3720 OEWD-Merchant Support	25,000.00
3730 Retail Study	11,394.39
3740 JWP	2,574.23
3750 OEWD-LED Grant	25,000.00
3770 Castro Cares Donations	2,500.00
3775 Castro Cares Grant	102,089.03
Total 3700 Temporarily Restricted Net Assets	<u>199,175.20</u>
3800 Unrestricted Net Assets	0.00
3900 BOD Designated Net Assets	0.00
3910 DISI	151.24
3920 Reserves	275,376.59
3930 PROWSO	0.00
3940 Retail Strategy	15,000.00

3950 Cas Cares	15,000.00
Total 3900 BOD Designated Net Assets	305,527.83
Net Income	23,232.71
Total Equity	\$527,935.74
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$585,804.10</b>

*Monday, Sep 21, 2015 02:11:40 PM PDT GMT-7 - Accrual Basis*



**ATTACHMENT B**

- Approved FY 2015-16 Budget

**CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT**

Budget 15-16FY Executive Summary

Revised September 21, 2015

	<u>General &amp; Assessment</u>	<u>Grants &amp; Donation</u>	<u>Total</u>
<b>CARRY OVER FY14-15 FUNDS/RESERVES (Estimated)</b>			
General/Assessment Reserves/Contingency FY14-15	\$103,000		
Assessment \$ from May 2015 for July-Dec 2015 Operations	\$253,814		
Restricted/Designated Grants & Donations from FY14-15		\$154,550	
<b>[A] TOTAL CARRY OVER FY14-15/RESERVES (Estimated)</b>	<b>\$356,814</b>	<b>\$154,550</b>	<b>\$511,364</b>

**FY 15-16 BUDGET****REVENUES**

Assessment Revenue	\$464,605		
Affiliate Revenue	\$12,000		
Other & Interest	\$600		
Grants & Donations		\$404,965	
<b>[a] TOTAL REVENUES</b>	<b>\$477,205</b>	<b>\$404,965</b>	<b>\$882,170</b>

**EXPENSES**

<b>PROWSO - Cleaning &amp; Safety % assess</b>	<b>68%</b>
<b>Total PROWSO Expenses</b>	<b>\$316,185</b>

<b>DISI % assess</b>	<b>14%</b>
<b>Total DISI</b>	<b>\$63,102</b>

<b>General &amp; Administration % assess</b>	<b>20%</b>
<b>Total Administration Expenses</b>	<b>\$92,340</b>

<b>[b] Total Expense - General and Assessment</b>	<b>\$471,627</b>
---	------------------

<b>Grant &amp; Fund Expenses % of expense</b>	<b>47%</b>
Jane Warner Plaza	\$4,032
JWP - Grant	\$74,577
Castro Cares Grant 1 (14-15FY & 15-16FY)	\$131,450
Castro Cares Grant 2 (16-17FY)	\$ -
Casto Cares Donations	\$96,654
Invest in Neighborhoods Grant	\$18,167
Salaries & Wages Paid by Grants	\$86,461
<b>[b] Total Grants &amp; Restricted Fund Expenses</b>	<b>\$411,340</b>
<b>[b] TOTAL OPERATING BUDGET EXPENSES</b>	<b>\$882,967</b>

<b>[B] SURPLUS (DEFICIT) for 15-16FY {a-b} (A-b)</b>	<b>\$5,578</b>	<b>-\$6,375</b>	<b>-\$797</b>
--	----------------	-----------------	---------------

**ENDING RESERVES FY15-16 (Estimated)**

General/Assessment Reserves/Contingency FY15-16	\$108,578		
Assessment \$ from May 2016 for July-Dec 2016 Operations	\$253,814		
Restricted/Designated Grants & Donations from FY15-16		\$148,175	
<b>TOTAL ENDING NET ASSETS/RESERVES FY15-16 {A+B}</b>	<b>\$362,392</b>	<b>\$148,175</b>	<b>\$510,567</b>

**CASTRO/UPPER MARKET COMMUNITY  
BENEFIT DISTRICT, INC.  
FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2015**

**CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.**  
**FINANCIAL REPORT**  
**YEAR ENDED JUNE 30, 2015**

**TABLE OF CONTENTS**

	<b><u>Page No.</u></b>
Independent Accountant's Review Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6

# CHEK TAN AND COMPANY

A CERTIFIED PUBLIC ACCOUNTING FIRM

## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of  
Castro/Upper Market Community Benefit District, Inc.  
San Francisco, California

I have reviewed the accompanying statement of financial position of Castro/Upper Market Community Benefit District, Inc. (a nonprofit organization) as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended. 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, I do not express such an opinion.

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 and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements.

My responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I believe that the results of my procedures provide a reasonable basis for my report.

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

*Chek Tan and Company*

San Francisco, California  
January 6, 2016

**CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2015**

**ASSETS**

Current assets	
Cash and cash equivalents	\$301,612
Accounts receivable	9,104
Assessments receivable	67,188
Grants receivable	147,500
Prepaid expenses	3,934
Property and equipment, net (less of accumulated depreciation of \$758)	3,600
Security deposit	<u>3,892</u>
Total assets	<u>\$536,830</u>

**LIABILITIES AND NET ASSETS**

Current liabilities	
Accounts payable	\$ 55,385
Accrued expenses and other payable	<u>11,265</u>
Total liabilities	<u>66,650</u>
Net assets	
Unrestricted net assets	328,839
Temporarily restricted net assets	<u>141,341</u>
Total net assets	<u>470,180</u>
Total liabilities and net assets	<u>\$536,830</u>

See independent accountant's review report and accompanying notes.

**CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2015**

Support and revenue	
Assessment revenue	\$455,047
Affiliate member dues	1,986
Contributions	203,682
In-kind rent and facility use	1,855
In-kind materials and supplies	2,540
Interest income	<u>263</u>
Total support and revenue	<u>665,373</u>
Expenses	
Program services	560,963
General and administrative	88,468
Fundraising	<u>466</u>
Total expenses	<u>649,897</u>
Changes in net assets	15,476
Net assets, beginning of year	<u>454,704</u>
Net assets, end of year	<u>\$470,180</u>

See independent accountant's review report and accompanying notes.

**CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2015**

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Sidewalk cleaning	\$268,497	\$ 0	\$ 0	\$268,497
Security and public safety	10,140	0	0	10,140
Castro Cares services	51,932	0	0	51,932
Streetscape improvements	2,335	0	0	2,335
Retail strategy, marketing, and ambassadors	105,278	0	0	105,278
Events and promotions	11,238	0	0	11,238
Payroll	70,815	30,190	0	101,005
Payroll taxes and workers' compensation	4,628	2,663	0	7,291
Support and legal	6,453	33,792	466	40,711
Operation expenses	18,088	14,031	0	32,119
Rent expense	10,167	3,145	0	13,312
Travel and meetings	240	1,404	0	1,644
In-kind material and supplies	1,152	1,388	0	2,540
In-kind rent	<u>0</u>	<u>1,855</u>	<u>0</u>	<u>1,855</u>
Total functional expenses	<u>\$560,963</u>	<u>\$88,468</u>	<u>\$466</u>	<u>\$649,897</u>

See independent accountant's review report and accompanying notes.



**CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2015**

Cash flow from operating activities:	
Increase in net assets	\$ 15,476
Adjustments to reconcile change in net assets to cash used in operating activities:	
Depreciation	<u>758</u>
Net cash provided by operating activities before changes in operating assets and liabilities	<u>16,234</u>
Change in operating assets and liabilities:	
Accounts receivable	( 7,669)
Assessments receivable	( 30,063)
Grants receivable	( 72,500)
Prepaid expenses	3,056
Security deposit	( 3,892)
Accounts payable	45,267
Accrued expenses and other payable	7,476
Pledge payable	<u>(121,860)</u>
Net cash used in operating assets and liabilities	<u>(180,185)</u>
Net cash used in operating activities	<u>(163,951)</u>
Cash flows from investing activity:	
Purchase of property and equipment	<u>( 4,358)</u>
Net cash used in investing activity	<u>( 4,358)</u>
Net decrease in cash and cash equivalents	(168,309)
Cash and cash equivalents at beginning of year	<u>469,921</u>
Cash and cash equivalents at end of year	\$ <u>301,612</u>

See independent accountant's review report and accompanying notes.

**CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**Note 1 - Nature of Activities**

**a. Organization**

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

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

**Note 2 - Significant Accounting Policies**

**a. Basis of accounting**

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

**b. Basis of presentation**

The Organization presents information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The three classes are differentiated by donor restrictions.

*Unrestricted net assets* – consist of resources which have not been specifically restricted by a donor. Unrestricted net assets may be designated for specific purposes by the Organization.

CASTRO/UPP MARKET COMMUNITY BENEFIT DISTRICT, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

Note 2 - Significant Accounting Policies (continued)

b. Basis of presentation (continued)

*Temporarily restricted net assets* – represent contributions whose use is limited by donor-imposed stipulations that expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

*Permanently restricted net assets* – represent contributions whose use is limited by donor-imposed stipulations that require the gift to be invested in perpetuity. The income from such invested assets, including realized and unrealized gains, is generally available to support the activities of the Organization. Donors may also restrict all or part of the income and/or appreciation from these investments to permanently restricted net assets, resulting in increases/decreases to these net assets.

c. Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of contribution. Contributions to be received after one year are discounted at an appropriate rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Unrestricted contributions are recorded as unrestricted revenue when received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

d. 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, 2015.

**CASTRO/UPP MARKET COMMUNITY BENEFIT DISTRICT, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**Note 2 - Significant Accounting Policies (continued)**

**d. Assessments receivable (continued)**

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.

**e. 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 Internal Revenue Code Section 501(c)(3) and the California Revenue and Taxation Code Section 23701(d). The Organization has evaluated its current tax positions as of June 30, 2015 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.

**f. Donated services and materials**

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

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

**g. Use of accounting estimates**

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

**h. Cash and cash equivalents**

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

**CASTRO/UPP MARKET COMMUNITY BENEFIT DISTRICT, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**Note 2 - Significant Accounting Policies (continued)**

**i. Concentration of credit risk**

The Organization places its cash and cash equivalents with financial institutions and its balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per depository bank. At various times, the Organization had cash balances in excess of the insured amount. At June 30, 2015, the Organization did not have uninsured balance.

**j. 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 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.

**k. Functional allocation of expenses**

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

**Note 3 - Property and Equipment**

At June 30, 2015, property and equipment consisted the following:

		<u>Estimated Useful Lives (Years)</u>
Computer equipment	\$ 2,527	3
Furniture and fixtures	<u>1,831</u>	7
	4,358	
Less: Accumulated depreciation	<u>( 758)</u>	
Net property and Equipment	\$ <u>3,600</u>	

For the year ended June 30, 2015, depreciation expense amounted to \$758.

**CASTRO/UPP MARKET COMMUNITY BENEFIT DISTRICT, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**Note 4 - Concentration of Support and Revenue**

The Organization received special benefit assessments under a contract with the City and County of San Francisco, which represents approximately 69% of the Organization's total revenue.

**Note 5 - Net Assets**

**Unrestricted net assets**

**Designated by the Board for**

**District identity and streetscape improvements** **\$ 14,089**

**Reserves** **281,743**

**Undesignated**

**Unrestricted net assets** **33,007**

**Total unrestricted net assets** **328,839**

**Temporarily restricted net assets**

**Restricted for**

**Jane Warner Plaza Activation** **4,500**

**Castro Cares donations** **44,304**

**Castro Cares grant** **92,537**

**Temporarily restricted net assets** **141,341**

**Total net assets** **\$470,180**

**Note 6 - Operating Lease**

The Organization conducts its operation from facilities that are leased under a three-year non-cancelable operating lease expiring on August 31, 2017. The lease contains a renewal option. Future minimum rental payments due under the lease are as follows:

**Year ending June 30,**

**2016** **\$45,600**

**2017** **45,600**

**2018** **7,600**

**\$98,800**

**CASTRO/UPF . MARKET COMMUNITY BENEFIT DISTRICT, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**Note 7 - Subsequent Event**

The Organization has evaluated subsequent events through January 6, 2016, the date which the financial statements were available to be issued.

(REVISED  
VERSION)

**MEMO**

To: Supervisor Scott Wiener, District 8  
CC: San Francisco Board of Supervisors  
From: Chris Corgas, OEWD Project Manager  
RE: Castro/Upper Market Community Benefit District  
Date: February 16, 2016

---

This is a memo summarizing the performance of the Castro/Upper Market Community Benefit District (Castro/Upper Market CBD) and an analysis of their financial statements (based on their audit) for the period between July 1, 2014 and June 30, 2015.

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

Also attached to this memo are the following documents:

1. Annual Report
  - a. FY 2014-2015
2. CPA Financial Review Report
  - a. FY 2014-2015
3. Draft resolution from the Office of Economic and Workforce Development





### **Background**

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

- August 2, 2005: the Board of Supervisors approved the establishment of the Castro/Upper Market Community Benefit District (Resolution # 582-05).
- January 10, 2006: the Board approved the contract for the administration and management of the Castro/Upper Market Community Benefit District (Resolution # 14-06).
- February 2, 2016: the Board of Supervisors approved the Castro/Upper Market CBD's Annual Reports for Fiscal Year 2013-2014 (Resolution # 40-16).

### **Basic Info about the Castro Upper Market CBD**

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

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

### **Summary of Service Area Goals**

#### **Public Rights of Way and Sidewalk Operations (PROWSO)**

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

#### **District Identity and Street Improvements (DISI)**

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

#### **Administration and Corporate Operations**

The Castro/Upper Market CBD is staffed by a full-time executive director who serves as the focal point person and advocate for the CBD. The executive director also ensures that the CBD complies with the

City contract and management plan as well as works towards organizational development issues including long term goals of the CBD. The executive director is in regular communication with community stakeholders such as the SFPD. The Castro/Upper Market CBD Management Plan calls for 16% of the budget to be spent on administration and corporate operations.

In FY 2014-2015 the Castro/Upper Market CBD board had ten (10) directors, represented by residents, property owners, community organizations, and non-property owning merchants. The full board meets on the second Thursday of each month. The three committees and meeting times are detailed below:

- **Executive Committee** – as needed.
- **Finance Committee** – as needed.
- **Land Use Committee** – Last Monday of the month. Encourages land use that aligns with the Upper Market Guidelines; compliments the existing diverse and historic character of the district; adds to the economic vitality through new community-serving uses and increases public safety for residents and visitors.
- **District Identity & Streetscape Committee** – 1st Monday of the month.
- **Services Committee** – as needed.

#### **Summary of Accomplishments, Challenges, and Delivery of Service Areas**

##### **FY 2014-2015**

##### **Public Rights of Way and Sidewalk Operations (PROWSO)**

- Graffiti removal within 48 hours of being reported
- Daily sweeping of entire district
- Quarterly steam cleaning of sidewalks and plazas in district
- Weeding and greenspace maintenance

##### **District Identity and Street Improvements (DISI)**

- Completion of Castro St. Sidewalk Widening Project, which was funded with City and federal funds. Project widened sidewalks, added street trees, leaning posts, and other beautification strategies. Castro CBD acted as liaison between the City and merchants and property owners. The CBD paid for LED celebratory lights, Castro ST. History Walk (20 plaques in the sidewalk marking historic points in the Eureka Valley neighborhood, and the rainbow crosswalks at Castro & 18<sup>th</sup> Street.
- Completed the Castro & Upper Market Retail Strategy. This was a collaborative project aimed at addressing the increase in vacancies in the district and developing an actionable plan to fill ground floor retail in a manner which encourages the district to thrive.

##### **Administration and Corporate Operations**

- Developed and approved Fiscal & Governance Policy Manual
- Developed and approved Personnel Handbook
- Recruited new Board Members
- Website and social media updates
- CBD now has its own office
- Hired part-time staff funded through grant dollars, not assessment dollars

- Ensured compliance with state and City CBD requirements; as well as Management Agreement with the City.

### Castro/Upper Market CBD Annual Budget Analysis

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

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

#### **FY 2014-2015**

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

**ANALYSIS:** *The Castro/Upper Market CBD met this requirement. The variance between the budget amounts for each service category was within 10 percentage points from the budget identified in the Management Plan. See table below.*

Service Category	Management Plan Budget	% of Budget	FY 2014-2015 Budget	% of Budget	Variance Percentage Points
Public Rights of Way and Sidewalk Operations plus Public Safety Services	\$260,675	63%	\$334,800	59%	-4%
District Identity and Streetscape Improvements	\$50,500	12%	\$70,730	13%	+1%
Administrative/Corporate Operations	\$65,000	16%	\$78,343	14%	-2%
Contingency/Reserve	\$37,325	9%	\$80,247	14%	+5%
<b>TOTAL</b>	<b>\$413,500</b>	<b>100%</b>	<b>\$564,120</b>	<b>100%</b>	

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

**ANALYSIS:** *The Castro/Upper Market CBD met this requirement. Assessment revenue was \$455,047 or 68% of actuals and non-assessment revenue was \$210,326 or 32% of actuals. See table below.*

Revenue Sources	FY 2014-2015 Actuals	% of Actuals
Special Benefit Assessments	\$455,047	
<b>Total assessment revenue</b>	<b>\$455,047</b>	<b>68%</b>
Contributions	\$203,682	31%
Donations	\$4,395	1%
Earned Revenue	\$1,986	.3%
Interest Earned	\$263	.04%
<b>Total non-assessment revenue</b>	<b>\$210,326</b>	<b>32%</b>
<b>Total</b>	<b>\$665,373</b>	<b>100%</b>

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

**ANALYSIS:** *The Castro/Upper Market CBD met this requirement. See table below.*

Service Category	FY 2014-2015 Budget	% of Budget	FY 2014- 2015 Actuals	% of Actuals	Variance Percentage Points
Public Rights of Way and Sidewalk Operations plus Public Safety Services	\$334,800	59%	\$400,841	59%	0%
District Identity and Streetscape Improvements	\$70,730	13%	\$132,702	19%	+6%
Administrative/Corporate Operations	\$78,343	14%	\$115,354	17%	+3%
Contingency/Reserve	\$80,247	14%	\$33,007	5%	-9%
<b>TOTAL</b>	<b>\$564,120</b>	<b>100.0%</b>	<b>\$681,904</b>	<b>100.0%</b>	

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

**ANALYSIS:** *The Castro/Upper Market CBD met this requirement. Please note: There is a period between when the City collects assessment payment and when the City disburses the funds to the CBD. As a result,*

a CBD typically has a fund balance at the end of the fiscal year that is equal to about 6 months of their annual budget. See table below.

<b>FY 2014-2015 Carryover Disbursement</b>	<b>\$470,180</b>
General Benefit Projects	
Jane Warner Plaza Activation	\$4,500
Castro Cares	\$136,841
Total General Benefit Projects	<b>\$141,341</b>
Special Assessment Project	
District Identity and Streetscape Improvements	\$14,089
Administrative and Corporate Operations	\$33,077
Contingency and Reserve	\$281,743
Total Special Assessment Allocation	<b>\$328,909</b>
<b>Total Designated Amount</b>	<b>\$470,250</b>

### **Findings and Recommendations**

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

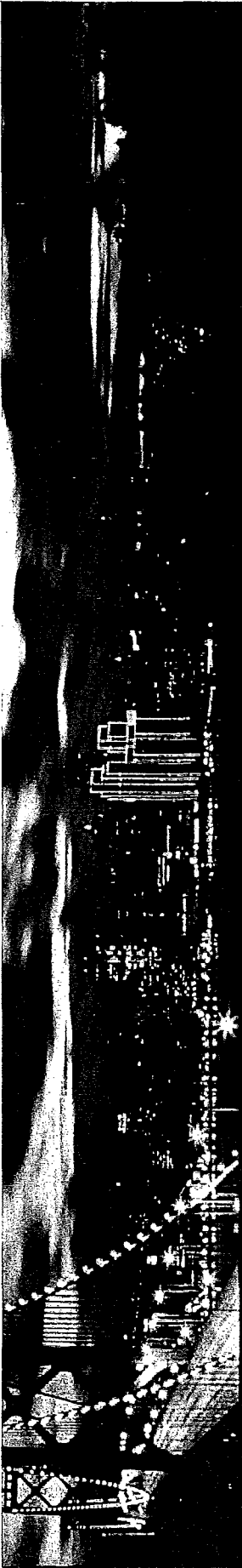
The Castro/Upper Market CBD exceeded their General Benefit requirement of five percent (5%) by raising their non-assessment revenue to \$210,326 or 32%. carryover funds, there is an opportunity to hire additional staff to support the program. Castro/Upper Market CBD's large carryover can be explained because there is a period between when the City collects assessment payment and when the City disburses the funds to the CBD. As a result, CBD's typically have a fund balance equal to about 6 months of their annual budget in order to fund operation until their next disbursement happens.

Moving forward, OEWD will work with the Castro/Upper Market CBD to develop a framework that identifies assessment fund allocation and non-assessment expenditures.

### **Conclusion**

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

160161  
3/10/2016  
SUBMITTED + PRESENTED



# Castro Upper Market Community Benefit District



# Legislative Overview

**Community Benefit Districts (CBDs) /  
Business Improvement Districts (BIDs) are  
governed by:**

- State law**
  - “1994 Act”
- Local law**
  - “Article 15”

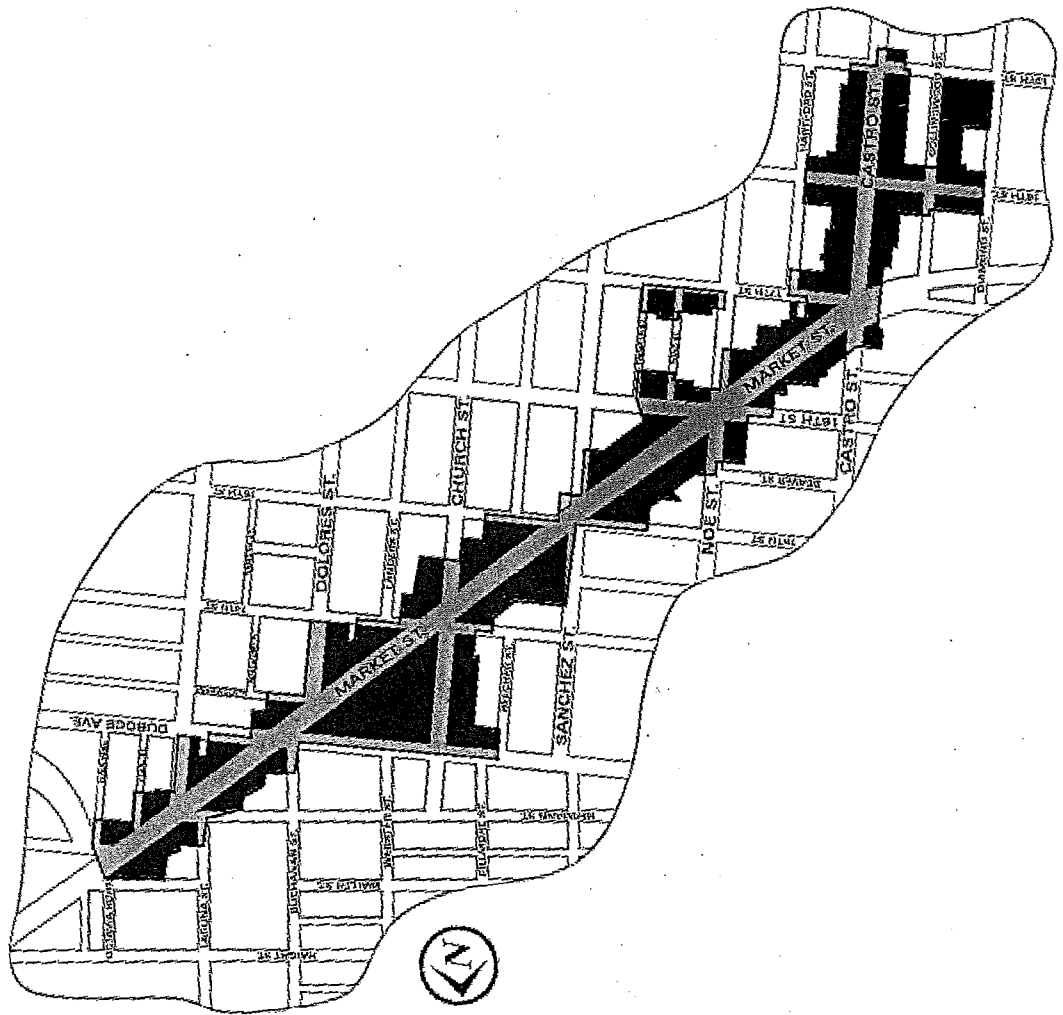
# Review Process

## **This resolution covers Annual Report for FY 2014-2015**

- OEWD ensures that all CBDs/BIDs are meeting their management plans.
- OEWD staff conducts an annual review of Annual Reports and CPA Financial Reviews.
- OEWD provides the Board Supervisors with a summary memo.



# Parcel Map



# CMCBD Formation

CUMCBD	Type	Assessment Budget*	Year Established	Expired
	Property-Based	\$ 413,500	2005	June 30, 2020

*\*budget identified in management plan*

# Castro/Upper Market CBD Operations

## Staff

- Executive Director – Andrea Aiello

## Service Areas

- **Public Rights of Way and Sidewalk Operations (PROWSO)**
  - This program includes street maintenance, beautification, and safety services.
    - “Clean Team” and Community Guides are funded through this program.
    - Hires a Patrol Special officer who patrols the neighborhood seven nights week.
- **District Identity and Street Improvements (DISI)**
  - This service area includes marketing, public relations and street enhancements in the Central Market district.
- **Administration and Corporate Operations**
  - Admin and operations includes oversight of service contract, implementation of major projects, staffing the Board of Directors and Committees, and general day to day operations.

# BENCHMARKS

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

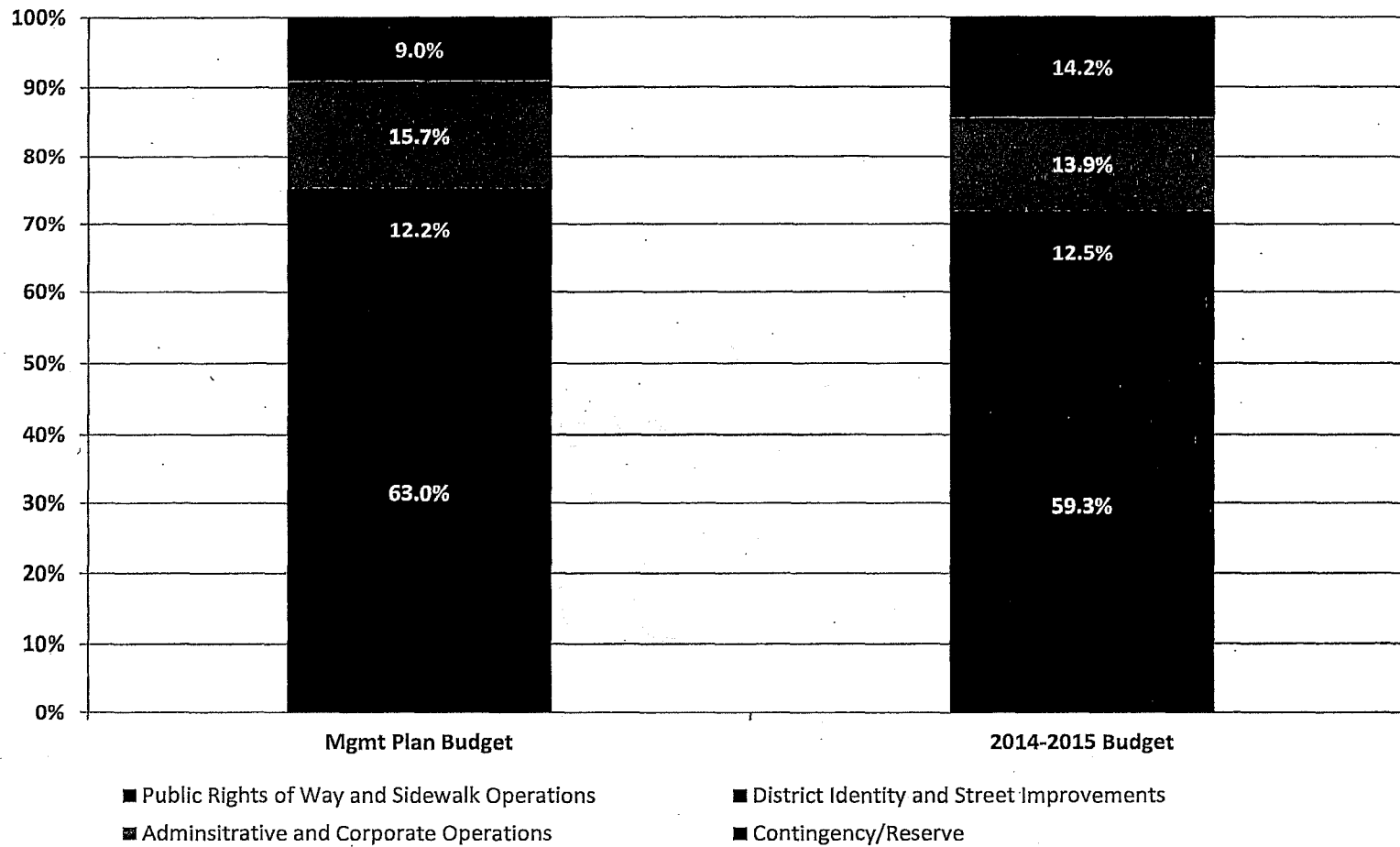
**Benchmark 1 – Whether the variance between the budget amounts for each service category was within 10 percentage points from the management plan.**

**Benchmark 2 – Whether five percent (5%) of Castro/Upper Market CBD's actuals came from sources other than assessment revenue.**

**Benchmark 3 - Whether the variance between the budget amounts for each service category was within 10 percentage points from the actuals.**

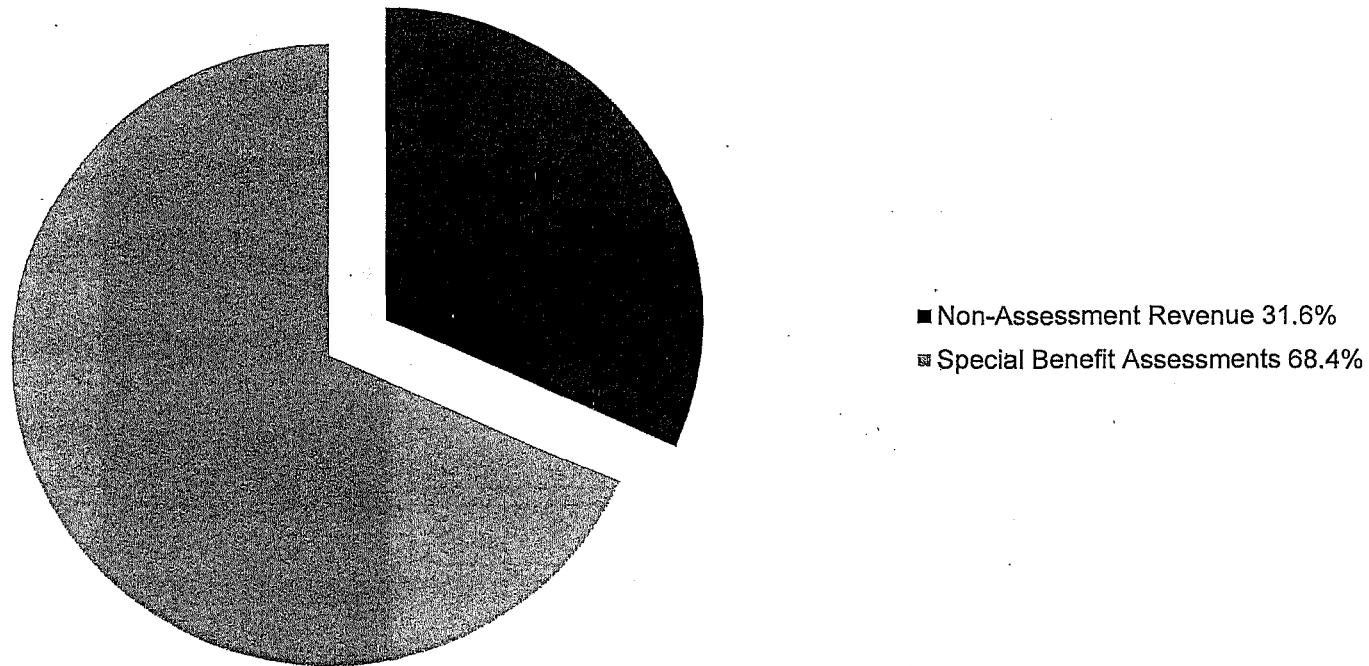
**Benchmark 4 - Whether CBD is indicating the amount of funds carried over from the current fiscal year and designating projects to be spent in the upcoming fiscal year.**

# Management Plan vs. Annual Budgets



# Assessment Revenue & Other Income

FY 2014 - 2015



1790

# Budget vs Actuals

Service Category	FY 2014-2015 Variance Percentage Points
Public Rights of Way and Sidewalk Operations	-6%
District Identity and Street Improvements	+6.9%
Administrative Expenses	+3.03%
Contingency/Reserve	-9.38%

# Carryover

Designated Projects	FY 2013-2014
<b>General Benefit Projects</b>	
<b>Designated by the board for</b>	
Jane Warner Plaza Activation	\$4,500
Castro Cares	\$136,841
<b>Total General Benefit Projects</b>	<b>\$141,341</b>
<b>Special Assessment Projects</b>	
<b>Restricted for</b>	
District Identity and Streetscape Improvements	\$14,089
Administrative and Corporate Operations	\$33,077
Contingency and Reserve	\$281,743
<b>Total Special Assessment Projects</b>	<b>\$328,909</b>
<b>Total Temporarily restricted net assets</b>	<b>\$470,250</b>

1792



# Findings/Recommendations for CUMCBD

In completing the review of the Castro/Upper Market CBD's annual reports and financials, OEWD sets forth the following recommendations:

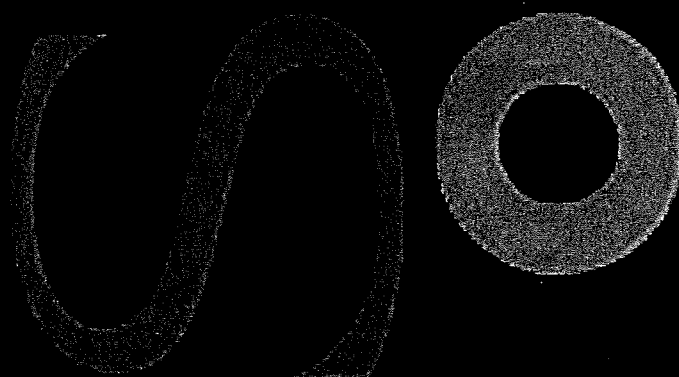
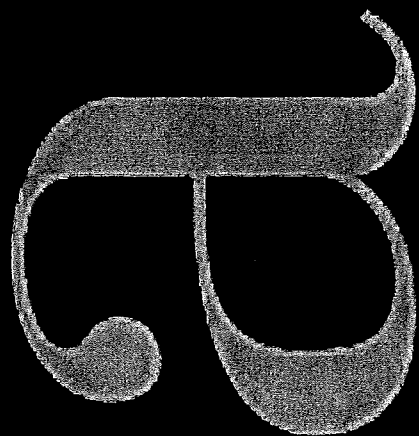
- CUMCBD did a spectacular job of raising non-assessment revenue
- Currently the CBD only has one staff person who is part-time. Given the significant amount of carryover funds, there is an opportunity to hire additional staff to support the program.

# Conclusion

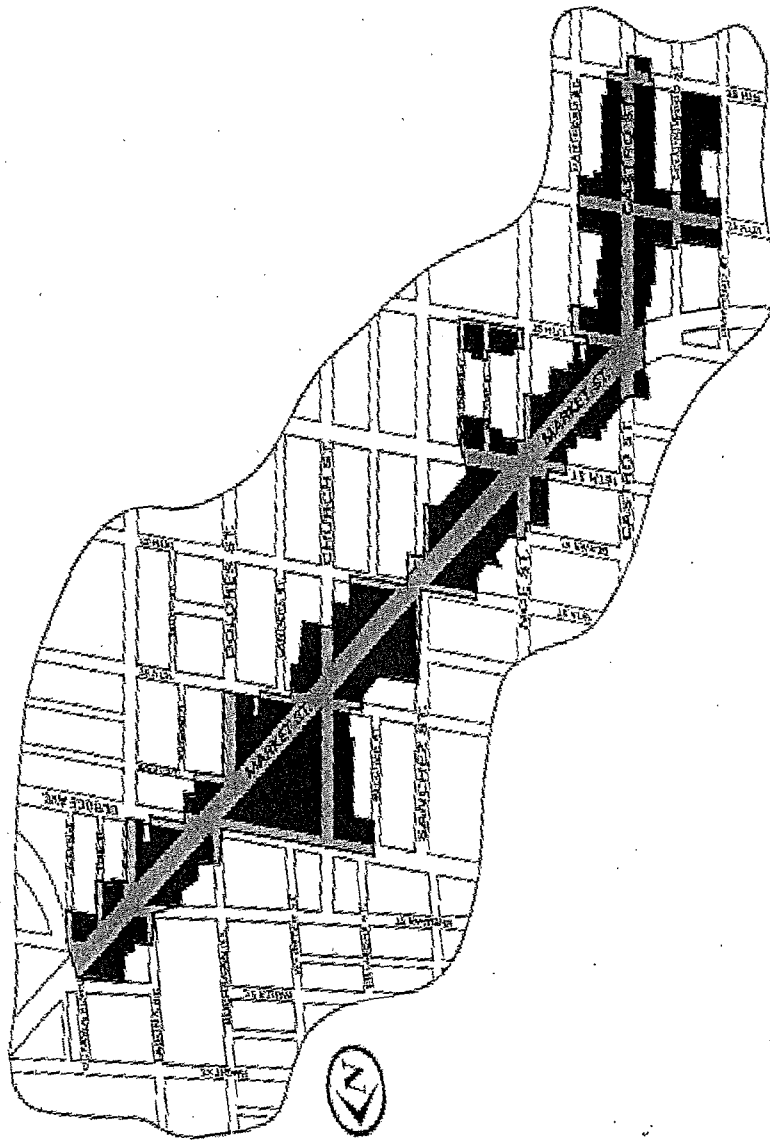
**Castro/Upper Market CBD has performed well in implementing the service plan in the district:**

- **CBD has continued to successfully market and produce events like *Live! In the Castro* and Harvey Milk Day.**
- **Increased their opportunities in partnering with community stakeholders and numerous municipal agencies for the implementation of the Castro Street Design Project.**
- **Maintained an active board of directors and robust subcommittees**

CASTRO / UPPER MARKET  
COMMUNITY BENEFIT DISTRICT



# Area Map of the CBD



# Active Committees

- Executive Committee
- Finance Committee
- District Identity & Streetscape Committee
- Services Committee
- Land Use Committee

# Partner Organizations

- Castro Merchants
- Castro/Eureka Valley Neighborhood Association
- Duboce Triangle Neighborhood Association
- Safeway
- The Apothecarium SF
- Recology
- DPW
- SFPD

# Current Grants

- OEWD Castro Cares
- OEWD Retail Strategy Grant



# Events + Highlights

- ◆ **Clean:** 250 Trash Bags a Month - Clean Team sweeps every parcel daily, removes graffiti and steam cleans quarterly.
- ◆ **Safe:** Collaborates with businesses to fund S.F. Patrol Special Police. Hours of patrol are:
  - ❖ Sunday – Wednesday 4:00 p.m. – 1:00 a.m.
  - ❖ Thursday – Saturday 4:00 p.m. – 3:00 a.m.
- ◆ **Green:**
  - ❖ *Live!* In The Castro: Free outdoor live performances
  - ❖ Castro Ambassadors: Volunteers welcome 10,000 visitors to the Castro every season. Information is available in seven languages.
  - ❖ Landscaping Improvements and Plaza Management
  - ❖ Retail Strategy



# Keeping the District Clean



Community Benefit District Logo

# Live! In The Castro



# Castro Ambassadors



THE UNIVERSITY OF  
CHICAGO PRESS

# Challenges

- People living on the street many of whom are seriously mentally ill and/or substance abusers.
  - To address this very serious challenge, the Castro/Upper Market CBD is the lead agency in a unique community-based initiative called Castro Cares.
- Commercial vacancies: double the city avg.
- Dangerous intersections in the district.

# Opportunities

- Castro Cares is an opportunity to bring additional, dedicated homeless related and law enforcement services to the district.
- Castro & Upper Market Retail Strategy is the community collaborative effort to address the high vacancy rate in the district.
- Collaborating with MTA and community organizations to improve dangerous intersections.

# Projects + Visions

- Improve pedestrian, bicycle, motorcycle and vehicle safety on upper Market St. Work closely with the City to implement Vision Zero.
- Increase the level of homeless related services and law enforcement in the district, either through a continuation of Castro Cares or an increase in City services.

# Projects + Visions

- Collaborate with the City to make Jane Warner Plaza a success. This will include making funds available to manage and activate the plaza and to provide enough funding for more cleaning and maintenance.
- Enter the next phase of the Castro & Upper Market Retail Strategy: Implementation of Project Recommendations leading to a decrease in the commercial vacancy rate.

# Thank You





BOARD of SUPERVISORS



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

## MEMORANDUM

TO: Ben Rosenfield, City Controller, Office of the Controller  
Todd Rufo, Director, Office of Economic and Workforce Development

FROM: Erica Major, Assistant Committee Clerk, Government Audit and Oversight  
Committee, Board of Supervisors

DATE: March 1, 2016

SUBJECT: LEGISLATION INTRODUCED

---

The Board of Supervisors' Government Audit and Oversight Committee has received the following proposed legislation, introduced by Supervisor Wiener on February 23, 2016:

**File No. 160161**

**Resolution receiving and approving annual report for the Castro/Upper Market Community Benefit District for FY2014-2015, 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 additional comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

c:  
Todd Rydstrom, Office of the Controller  
Ken Rich, Office of Economic and Workforce Development  
Lisa Pagan, Office of Economic and Workforce Development



# Introduction Form

By a Member of the Board of Supervisors or the 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 [ ] inquires"
- ☐ 5. City Attorney request.
- ☐ 6. Call File No. [ ] from Committee.
- ☐ 7. Budget Analyst request (attach written motion).
- ☐ 8. Substitute Legislation File No. [ ]
- ☐ 9. Request for Closed Session (attach written motion).
- ☐ 10. Board to Sit as A Committee of the Whole.
- ☐ 11. Question(s) 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 a Imperative**

**Sponsor(s):**

Supervisor Wiener

**Subject:**

Castro/Upper Market Community Benefit District – FY 2014-2015

**The text is listed below or attached:**

Resolution receiving and approving annual report for the Castro/Upper Market Community Benefit District for fiscal year 2014-2015, submitted as required by the Property and Business Improvement District Law of 1994 (California Streets and Highways Code, Sections 36600, et seq.), Section 36650, and the District's management agreement with the City, Section 3.4.

Signature of Sponsoring Supervisor:

*Scott Wiener*

For Clerk's Use Only: