

# MEMORANDUM

**TO:** Supervisor Matt Dorsey, District 6 Supervisor

**CC:** San Francisco Board of Supervisors

**FROM:** Jackie Hazelwood, Community Benefit District Program Director, OEWD

**DATE:** February 10, 2024

**SUBJECT:** Mid Market Community Benefit District; CY 2022 Annual Report

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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, 2022 and December 31, 2022.

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 2022
2. CPA Financial Review Report
  - a. CY 2022
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).
- March 14, 2023, the Board of Supervisors approved CMCBD's Annual Report for CY 2021 (Resolution #117-23).

## **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
FY 22-23 Assessment Roll Submission	\$1,764,676.30



Calendar Year  
Executive Director  
Name of Nonprofit Entity

January 1 – December 31  
Tracy Everwine  
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 join with SFPD 10B Officers in a co-responder model to proactively walk targeted areas in the District and together respond to calls for service. The organization also maintains a public safety camera program to provide evidentiary support for the investigation of crime.

#### **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. CBD Cleaners also proactively identify and report the need for Ambassador support while in the field.

#### **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 expansion, and the promotion of District offerings through marketing and promotional activities.

### **Summary of Delivery of Services and Accomplishments**

#### **CY2022**

#### **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 continued their work from the prior year in response to the COVID-19 pandemic as they coordinated with the City and community organizations as employees and other visitors returned.

Key highlights include the following:

- Provided 2,038 social service interventions
- Received 160 non-emergency calls
- Received 51 91 emergency calls



- Maintained weekly tent counts totaling 6,048 submitted to the City's HSOC team
- Provided resident services 1,943 times
- Distributed 6,500 Affordable Housing & Social Service Resource Guides
- Attended DEM coordination meetings
- Attended SFPD briefings weekly
- 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 frequent sanitation of touch points in addition to the following:

- 6,398 General Information Assistance Requests Fulfilled
- Disposed 16,155 discarded syringes
- Removed human and/or animal waste 22,615 times. **(Nearly doubled from the prior year)**
- Addressed 3,311 residential requests
- Removed 20,439 graffiti tags in both public and private spaces. Numerous vacant and boarded-up storefronts were kept free of graffiti with daily painting. **(Nearly doubled from the prior year)**
- Filled 7,179 trash bags totaling 179,475 pounds of trash and litter removed **(significant increase from prior year of 111,050 pounds)**
- Removed 2,631 stickers and flyers
- Handed out 1,821 pet bags
- Maintained landscapes 245 times
- Spent 3,723 hours pressure washing the entire district and fulfilled 1,898 special requests

### **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 4,686 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
- 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
- Produced quarterly recap newsletters sharing District news and accomplishments
- Continued to work closely with DPW, SFMTA and BART on planning and implementation of the following projects: the Better Market Street Project and 6<sup>th</sup> Street re-design work 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 stakeholder.
- Notably, the Mid Market CBD brought back Robin Williams Mural (which was previously located on a building that was demolished in 2019) – they identified a storefront at 1055 Market and worked with the property owner, artist, and the City's Community Challenge Grant to bring the piece back to Mid-Market



### 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 2022 Budget Analysis**

**BENCHMARK 1:** Whether the variance between the budget amounts for each service category was within 10 percentage points from the budget identified in the Management Plan. *\*Note: For the purposes of this benchmarking process, OEWD reviews whether the CBD met this requirement solely for the Assessment Variance (rather than Total Variance)*

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

Service Category	Original Management Plan Budget (Percentage)	CY 2022 Asst. Budget (Percentage)	CY 2022 Total Budget (Percentage)	Variance Percentage Points – Asst.	Variance Percentage Points – Total
Public Safety	\$431,382.73 (35.20%)	\$597,683.00 (35.55%)	\$853,227.00 (32.44%)	+0.35%	-2.77%
Cleaning and Maintenance	\$352,000.00 (28.72%)	\$497,721.00 (29.61%)	\$531,369.00 (20.20%)	+0.88%	-8.52%
Management and Economic Development	\$300,885.66 (24.55%)	\$558,014.00 (33.19%)	\$1,218,241.00 (46.31%)	+8.64%	+21.76%
Contingency and Reserve	\$141,165.24 (11.52%)	\$27,686.00 (1.65%)	\$27,686.00 (1.05%)	-9.87%	-10.47%
<b>TOTAL</b>	<b>\$1,225,433.63 (100.00%)</b>	<b>\$1,681,104.00 (100.00%)</b>	<b>\$2,630,523.00 (100.00%)</b>		

**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 \$1,629,018.00 in assessment revenue including penalties, redemption, and redemption penalties, which was approximately 66.84% of their CY 2022 operating budget. The CBD received \$807,995.00 in non-assessment revenue which was approximately 33.16% of their CY 2022 revenue. See table below.

Revenue Sources	CY 2022 Actuals	% of Actuals
<b>Total Assessment (Special Benefit) Revenue</b>	<b>\$1,629,018.00</b>	<b>66.84%</b>
Grants	\$80,895.00	3.32%
Fee For Service	\$623,991.00	25.60%
Other (In-Kind Contributions & Sponsorships)	\$103,109.00	4.23%
<b>Total Non-Assessment (General Benefit) Revenue</b>	<b>\$807,995.00</b>	<b>33.16%</b>
<b>Grand Total (Assessment and Non-Assessment) Revenue</b>	<b>\$2,437,013.00</b>	<b>100.00%</b>

**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 2022 Asst. Budget (Percentage)	CY 2022 Total Budget (Percentage)	CY 2022 Actuals – Asst. (Percentage)	CY 2022 Actuals – Total (Percentage)	Variance Percentage Points – Asst.	Variance Percentage Points – Total
Public Safety	\$597,683.00 (35.55%)	\$853,227.00 (32.44%)	\$549,597.00 (33.74%)	\$614,870.00 (25.23%)	-1.82%	-7.21%
Cleaning and Maintenance	\$497,721.00 (29.61%)	\$531,369.00 (20.20%)	\$485,581.00 (29.81%)	\$570,215.00 (23.40%)	+0.20%	+3.20%
Management and Economic Development	\$558,014.00 (33.19%)	\$1,218,241.00 (46.31%)	\$498,840.00 (30.62%)	\$1,157,018.00 (47.48%)	-2.57%	+1.16%
Contingency and Reserve	\$27,686.00 (1.65%)	\$27,686.00 (1.05%)	\$95,000.00 (5.83%)	\$95,000.00 (3.90%)	+4.18%	2.85%
<b>TOTAL</b>	<b>\$1,681,104.00 (100.00%)</b>	<b>\$2,630,523.00 (100.00%)</b>	<b>\$1,629,018.00 (100.00%)</b>	<b>\$2,437,103.00 (100.00%)</b>		



**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.*

<b>CY 2022 Assessment (Special Benefit) Carryforward</b>	<b>As of 12/31/2022</b>	<b>Budgeted for 2022</b>	<b>Budgeted for Future Years</b>
Public Safety	\$91,493.00	(\$61,811.00)	\$29,682.00
Cleaning and Maintenance	\$74,598.00	(\$24,930.00)	\$49,668.00
Management and Economic Development	\$93,832.00	(\$12,113.00)	\$81,719.00
Contingency and Reserve	\$989,014.00	\$5,000.00	\$994,014.00
<b>Total Assessment Carry Forward</b>	<b>\$1,248,937.00</b>	<b>(\$93,854.00)</b>	<b>\$1,155,083.00</b>
<b>Total Non-Assessment Carry Forward</b>	<b>\$246,943.00</b>	<b>\$35,554.00</b>	<b>\$282,497.00</b>
<b>Grand Total Carry Forward</b>	<b>\$1,495,881.00</b>	<b>(\$58,300.00)</b>	<b>\$1,437,581.00</b>

### **Findings and Recommendations**

For the review period of CY 2022 Mid-Market CBD (MMCBD) met all 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.”

While Mid-Market CBD’s annual reporting to OEWD for 2022 was late, the CBD was compliant with legislation and the Agreement for the Administration of the organization. Following their late submission, the Mid-Market CBD was communicative with OEWD surrounding questions that arose as a part of this analysis and continues to work with OEWD to determine solutions on how to expedite report completion and review going forward.

During this review period, the Mid Market CBD continued their work in supporting members to address the lingering economic impacts of the COVID-19. They maintained their role in the corridor as a key partner to small businesses currently located in the district in addition to those who may be interested in securing a storefront there. Specifically, they helped attract and retain small businesses by vetting and connecting prospective tenants with landlords, and conducting tours of the neighborhood.



Further, once new businesses opened in the corridor, the CBD uplifted them on their website and in quarterly reports they share out with partners. The CBD also collaborated with City agencies, including the Office of Small Business, to ensure that wayfinding signage and promotional materials highlighted small businesses that were impacted by construction associated with the 6<sup>th</sup> Street Pedestrian Safety Project and Better Market Street Phase 1. 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's Ambassador, Safety, and Clean Teams continued to be invaluable assets in this corridor – serving as the eyes and ears on the street while also providing services that promote a cleaner, safer, and more vibrant environment. Notably, the CBD's Clean Teams nearly doubled their service provision in a number of categories including the removal of human and/or animal waste and removal of graffiti tags in both public and private spaces, and largely increased their trash collection throughout the corridor.

OEWD has yet to receive the Mid Market CBD's Surveillance Technology Report for CY 2022 and has requested its immediate submission as of the writing of this memo. However, the CBD's website does include relevant policy information and contact information for interested partners. In the meantime, OEWD is actively following up with the CBD to ensure their compliance with this program.

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 served as a key partner in 'bringing the district back to life' in the wake of the COVID-19 pandemic through their support of corridor activations, filling of key vacancies, and consistent provision of vital cleaning and safety supplemental services throughout the district. 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.

