

MEMO

To: Supervisor Rafael Mandelman, District 8

CC: San Francisco Board of Supervisors

From: Chris Corgas; OEWD Senior Program Manager, Community Benefit Districts

RE: Castro/Upper Market Community Benefit District

Date: June 23, 2020

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, 2018 and June 30, 2019.

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 2018-2019
2. CPA Financial Review Report
 - a. FY 2018-2019
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).
- April 10, 2018: the Board of Supervisors approved the Castro/Upper Market CBD’s Annual Report for Fiscal Year 2016-2017 (Resolution # 097-18).
- July 9, 2019: the Board of Supervisors approved the Castro/Upper Market CBD’s Annual Report for FY 2017-2018 (Resolution #: 307-19).

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
FY 18-19 Assessment Submission	\$516,065
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, 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 includes cleaning and public realm management services include regular sidewalk and gutter sweeping within the district boundaries, enhanced trash emptying in public rights of way, graffiti removal within 24-48 hours, spot steam cleaning as necessary, a cleaning dispatch phone number, and maintenance of public spaces. These services are provided daily by a “Clean Team.” Additionally the Castro CBD steam cleans each parcel in the district, a minimum of 6 times a year. This program area augments its pedestrian safety initiatives with a Patrol Special officer who patrols the neighborhood seven nights a week. PROWSO may also include removal of bulky items, tree and plant maintenance, greening, landscaping and beautification of public spaces, 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 may also sponsor 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, Public Works and Recology. The Castro/Upper Market CBD Management Plan calls for 16% of the budget to be spent on administration and corporate operations.

In FY 2018-2019 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, every other month on the second Thursday. The five standing committees and meeting times are detailed below:

- **Executive Committee** – monthly
- **Finance Committee** – as needed.
- **Land Use Committee** – as needed
- **District Identity & Streetscape Committee** – monthly
- **Services Committee** – as needed
- **Retail Strategy Committee** - monthly.

Summary of Accomplishments, Challenges, and Delivery of Service Areas

FY 2018-2019

Public Rights of Way and Sidewalk Operations (PROWSO)

- 128,470 pounds of trash removed
- 13,765 instances of graffiti removed
- 2,259 needles removed
- 3,082 instances of bio-refuse removal
- Daily sweeping of entire district.
- Collected 31,656 yards of cardboard
- 1,357 block faces steam cleaned
- Weeding and greenspace maintenance.
- Cleaning of Harvey Milk Plaza (upstairs/sidewalk level, sidewalk level planter beds).
- 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, and lampposts.
- Continual implementation of Castro Cares

District Identity and Street Improvements (DISI)

- *Live!* In the Castro activated Jane Warner Plaza with free weekend entertainment between May and October, each performance brought 50-150 people in FY 18-19
- 47 live performances/events between May – December through *Live!* In The Castro
- Other community organizations such as SFAF, AIDS Emergency Fund, Rainbow World Fund, Sisters of Perpetual Indulgence use the Jane Warner Plaza on a regular basis for their own outreach and events.
- Co-hosted and co-organized the annual Castro Holiday Tree lighting with the Castro Merchants
- Co-hosted and co-organized the annual Menorah lighting with the Castro Merchants
- Coordinating with SFMTA regarding the Upper Market Pedestrian Safety & Bike Safety Improvement program

- Castro CBD continues to maintain Harvey Milk Plaza and Jane Warner Plaza with landscaping improvements and maintenance.
- Outreach at the Castro St. Fair

Administration and Corporate Operations

- Worked on the Castro/Upper Market CBD renewal and expansion process, which must be complete by July 2020
- Continued to administer Castro Cares, Jane Warner Plaza, and other grants
- Recruited new Board Members.
- Website and social media updates.
- Represent CBD in the media, at City and community functions and in the public.
- Respond to communication from property owners, merchants, and residents regarding issues directly or indirectly related to the services provided by the CBD.
- Maintain a close working relationship with the SFPD’s Mission Station, SF Public Works, SFMTA, and Recology.
- 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 2018-2019

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. Note: This indicates the amount budgeted in relation to Special Assessment dollars.

Service Category	Management Plan Budget	% of Budget	FY 2018-2019 Budget	% of Budget	Variance Percentage Points
Public Rights of Way and Sidewalk Operations plus Public Safety Services	\$260,675.00	63.04%	\$350,073.00	63.69%	+0.64%
District Identity and Streetscape Improvements	\$50,500.00	12.21%	\$62,935.00	11.45%	-0.76%
Administrative/Corporate Operations	\$65,000.00	15.72%	\$66,677.00	12.13%	-3.59%
Contingency/Reserve	\$37,325.00	9.03%	\$70,000.00	12.73%	+3.71%
TOTAL	\$413,500.00	100%	\$551,788.00	100%	

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 \$501,197.00 or 53.30% of actuals and non-assessment revenue was \$439,110.00 or 46.70% of actuals. See table below.*

Revenue Sources	FY 2018-2019 Actuals	% of Actuals
Special Benefit Assessments	\$524,236.00	
Total assessment revenue	\$524,236.00	57.35%
Grants	\$333,792.00	36.52%
Donations	\$22,640.00	2.48%
Contributions and Sponsorships	\$21,450.00	2.35%
Other	\$11,809.00	1.29%
Interest Earned	\$173.00	0.02%
Total non-assessment revenue	\$389,864.00	42.65%
Total	\$914,100.00	100%

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. Note: This indicates the amount of Special Assessment dollars utilized in this category.*

Service Category	FY 2018-2019 Budget	% of Budget	FY 2018-2019 Actuals	% of Actuals	Variance Percentage Points
Public Rights of Way and Sidewalk Operations plus Public Safety Services	\$350,073.00	63.69%	\$357,535.00	67.86%	+4.17%

District Identity and Streetscape Improvements	\$62,935.00	11.45%	\$67,160.00	12.75%	+1.30%
Administrative/Corporate Operations	\$66,677.00	12.13%	\$64,35658,093.00	12.21%	+0.08%
Contingency/Reserve	\$70,000.00	12.73%	\$37,854.00	7.18%	-5.55%
TOTAL	\$551,788.00	100%	\$526,905.00	100.0%	

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.*

FY 2018-2019 Carryover Disbursement	
Special Assessment Project	
Public Rights of Way Sidewalk Operations	\$ 139,856.00
District Identity and Streetscape Improvements	\$ 33,128.00
Administrative and Corporate Operations	\$ 111,242.63
Contingency and Reserve	\$ 76,952.37
Total Special Assessment Allocation to be spent in FY 19-20	\$361,279.00

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.

Castro CBD continues to perform well in respect to benchmark 2 due to a variety of City grants, foundation grants, and donations they receive throughout the year.

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.

Castro CBD implemented OEWD recommendations from the previous fiscal year's annual report.

The Castro CBD will be up for renewal in FY 2019-2020 and has begun working with OEWD on the process. Castro CBD continues to work closely with community stakeholders on this process and is moving forward on schedule for their renewal. Throughout FY 2018-2019 the CBD worked closely with OEWD to meet all necessary benchmarks to renew the CBD. Additionally, the CBD held community meetings, which OEWD attended, on the project. Although attendance at these meetings was sparse they were held at different days and times, including weekends, to accommodate unique schedules.

The CBD's primary focus, other than delivering services, during this reporting period was preparing for the renewal process which must be completed before the CBD sunsets in 2020. The CBD met all necessary benchmarks relating to this goal during this fiscal year. The CBD is currently on track to complete renewal before the district's sunset date.

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.