

1 [Castro Community Benefit District - Annual Report - FY2021-2022]

2

3 **Resolution receiving and approving an annual report for the Castro Community Benefit**
4 **District for Fiscal Year (FY) 2021-2022, 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 May 19, 2020, 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. 215-20, expressing the City’s intention to
13 renew the then existing Castro/Upper Market Community Benefit District, to be known as the
14 Castro Community Benefit District (“Castro CBD”); and

15 WHEREAS, On July 14, 2020, the Board of Supervisors adopted Resolution
16 No. 322-20 establishing the Castro CBD (“Resolution to Establish”) for a period of 15 years,
17 commencing FY 2020-2021; and

18 WHEREAS, On December 1, 2020, the Board of Supervisors adopted Resolution
19 No. 550-20, authorizing an agreement with the owners' association for the
20 administration/management of the Castro CBD, and a management agreement (the
21 “Management Contract”) with the owners' association, 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. 201226; and

25

1 WHEREAS, On November 29, 2022, the Board of Supervisors approved the Castro
2 CBD's annual reports for fiscal year 2020-2021 in Resolution No. 502-22; and

3 WHEREAS, The Castro CBD has submitted for the Board's receipt and approval the
4 Castro CBD's annual report for fiscal year 2021-2022 as required by Section 36650 of the Act
5 and Section 3.4 of the Management Contract; and

6 WHEREAS, The annual report for fiscal year 2021-2022 is on file with the Clerk of the
7 Board of Supervisors in File No. 230579, and are incorporated herein by reference as though
8 fully set forth; and

9 WHEREAS, Supporting documents, including, but not limited to, a transmittal letter and
10 memorandum report from the City's Office of Economic and Workforce Development, dated
11 May 9, 2023, and documentation from the Castro CBD for the annual report for fiscal year
12 2021-2022 is on file with the Clerk of the Board of Supervisors in File No. 230579; now,
13 therefore, be it

14 RESOLVED, That the Board of Supervisors hereby receives and approves the annual
15 report for the Castro Community Benefit District for fiscal year 2021-2022.

The image is a low-angle, upward-looking photograph of a city street. In the foreground, a black utility pole stands on the left, with two rainbow Pride flags hanging from it. The flags are vibrant and stretch across the width of the pole. To the right, a tall, multi-story brick building with white window frames and decorative architectural details rises into a clear blue sky. The building's facade is partially obscured by a dark blue awning or overhang. In the background, more palm trees and other buildings are visible, suggesting a dense urban environment. The overall scene is bright and celebratory, reflecting the community's pride.

Castro Community Benefit District 2021–2022 Annual Report

Dear Community Member,

As the city pulls out of the pandemic, it is plagued with commercial vacancies, dirty sidewalks and increasing numbers of unhoused living on the sidewalks. The neighborhoods are faring a bit better than downtown and I'm pleased to say, in the Castro, we are beginning to see some positive change and activity.

The past few months the Castro has experienced an increase in previously vacant commercial storefronts filled with new businesses. We have new spas, restaurants, fitness and retail establishments. We also have four development projects working their way through city approvals. This growth demonstrates the hope, dreams and faith entrepreneurs, investors and developers have in the Castro. As of this printing, we have seven new businesses that have opened, three pop-ups and nine properties that are leased but not yet open. And, we have a new grant funded campaign to help fill commercial ground floor vacancies. This retail leasing campaign is detailed later in this report.

Our partner, the Castro Merchants association, has received grants to activate the neighborhood with outdoor events and a new grant to activate vacant storefronts. We will be working with them closely on their efforts to bring pop-ups or other types of activation into vacant storefronts.

As always, the Castro Community Benefit District's core cleaning and graffiti removal services work 12 hours a day, seven days week to keep the Castro clean. This year we removed 109,260 pounds of trash from our sidewalks and public spaces, and 9,353 incidences of graffiti from both public and private property in the district.

We are always trying to improve our services, email our executive director, Andrea Aiello, andrea@castrocbd.org, with any concerns you may have or if you want to learn more about the CBD.

Wishing you the best,



Justine Shoemaker
President, Board of Directors
Castro Community Benefit District





Neighborhood Beautification – It's What We Do!

In FY 2021-22

73.0%

of our assessment dollars were
dedicated to cleaning the Castro,
Upper Church and Upper Market.



This includes:

- Daily sweeping and trash removal
- Power washing sidewalks
- Scrub Requests (power washing calls for service and hot spots)
- Cleaning up human feces and other hazardous waste
- Disposal of dirty needles
- Graffiti removal
- Ensuring city removes dumped debris



You can see the CBD team out seven days a week. Sometimes its the details that make a neighborhood look well cared for. The Castro CBD detail work includes: weeding tree wells and sidewalk cracks, painting mailboxes and fire hydrants, cleaning city trash cans and other city furniture, removing trash from overflowing city trash cans, calling 311 for damaged city property, and saying Hi! to passersby.

Cleaning by the Numbers

A few highlights of some of the work we've accomplished this past year:



TRASH

in pounds

109,260



The Castro CBD works 12 hours a day/7 days a week. We provide daily sweeping, litter removal, graffiti removal, human waste disposal, disposal of dirty needles, and collect cardboard. We also power wash every block and respond to calls for hot spot power washing and scrub requests.

We're excited that more and more of you are using our clean & safe dispatch number to report bad spills, or negative behavior on the sidewalk. Keep calling/texting us! 415-471-7536.

That's more than SEVEN cable cars!



POWER WASHING

block faces

1,789



SCRUB REQUESTS

18,865



HUMAN WASTE

11,845



CARDBOARD

yards collected

21,232



NEEDLES COLLECTED

3,267



GRAFFITI

9,353

Castro Cares and Public Safety

What is Castro Cares?

Castro Cares, a program of the Castro Community Benefit District (Castro CBD):

- Deploys Community Ambassadors seven days a week
- Provides outreach and referral to the most vulnerable
- Deters negative street behavior
- Helps merchants resolve street level challenges
- Provides hospitality and wayfinding services



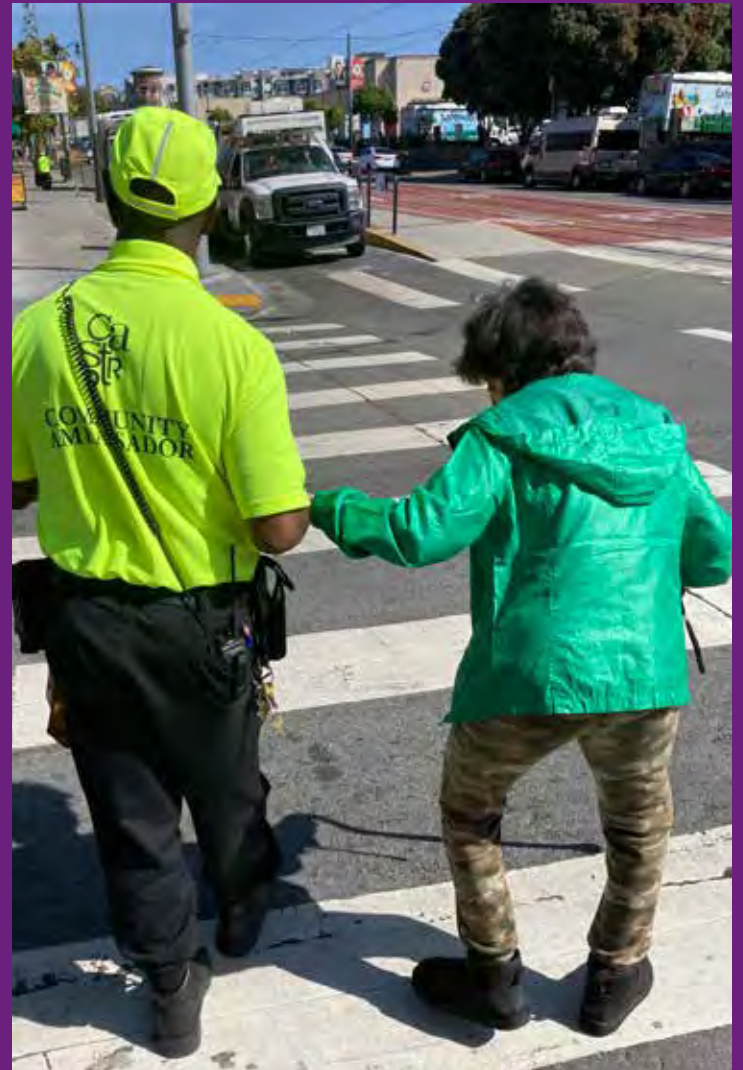
Community Outreach Services

Castro Cares saves lives. Between January – June 2022, the community ambassadors administered Narcan seven times, saving the lives of our most vulnerable. During one of these incidents, an individual was unresponsive on the F-Line at Jane Warner Plaza. The operator flagged the Community Ambassadors down, they administered Narcan and called 911. The trolley was then able to continue its route. Community ambassadors also conduct wellness checks, engage with the unhoused on our sidewalks providing referrals, water and calling 911 for those in crisis.



Hospitality Services

Community ambassadors assist neighbors, passersby and visitors.

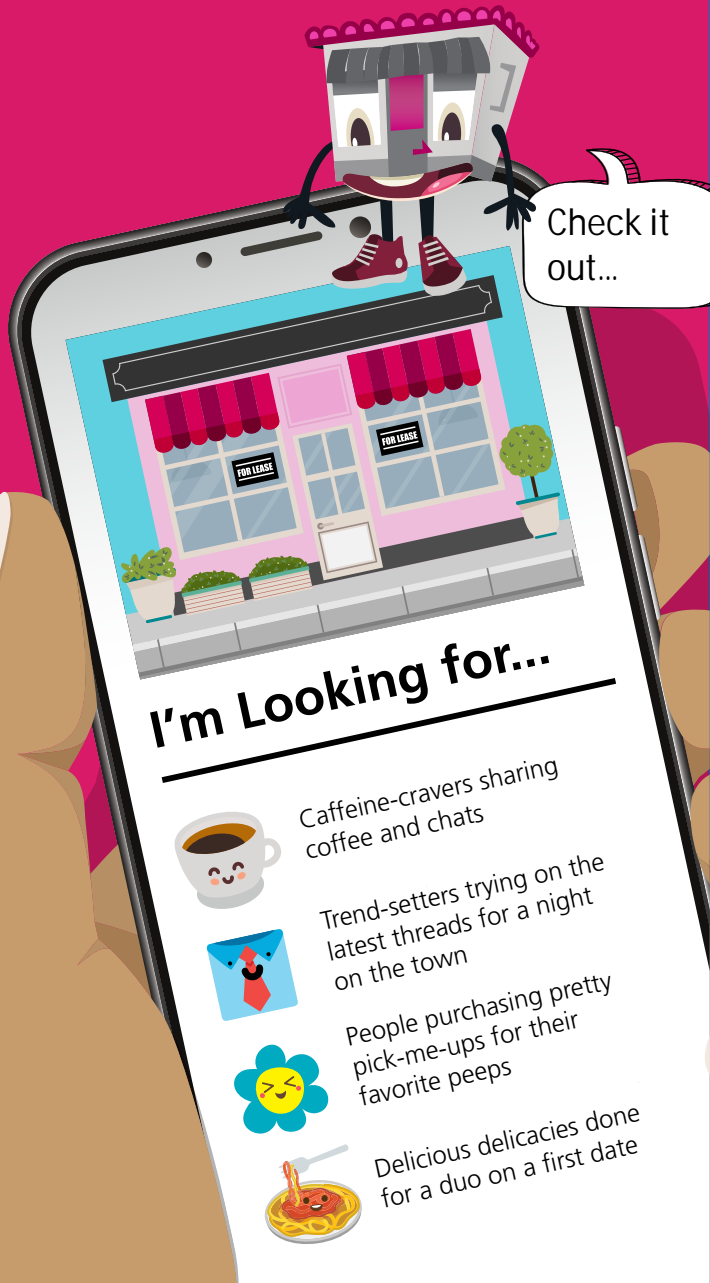


Between January – June 2022, the Community Ambassadors:

- Engaged with homeless 904 times
- Conducted 622 wellness checks
- Administered Narcan seven times

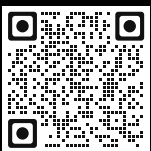
I'm Available

The Castro CBD is actively working with brokers to get our vacant storefronts leased. Property owners, you can hang this poster in your empty storefront to help draw attention to your property. Contact info@castrocbd.org also visit <https://castrocbd.org/retailleasing/>.



The Castro CBD and the Castro Merchants are leaders in advocating for the Castro's needs. A recent walk with Supervisor Mandelman and District Attorney Brooke Jenkins enabled them to hear first hand what we see in the Castro, how we can intervene and the support that is needed. We are amplifying the needs of the Castro and working towards solutions.

Castro CBD is a Strong Voice for the Castro



Scan here to go to our website for business vacancy and leasing information in the Castro



Assessments

The Castro CBD is partially funded through an annual assessment on the property in the district. The assessment rates for the district from July 1, 2021 - June 30, 2022 can be found at:

<https://castrocbd.org/information-for-property-owners/>

Assessments

Annual assessments are based upon an allocation of program costs and a calculation of assessable footage. Five property assessment variables: **property and building square footage, linear frontage, land use** and **location** are used in the calculation.

Benefit Zones

Location is important in determining special benefits received by each parcel and the assessment fee for each parcel. The district is divided into three benefit zones (see map on page 6). Each zone receives a different special benefit, and therefore different special assessment, based on the needs of that zone.

Assessment Increases

Assessment rates may increase by up to 5% per year or by the change in the Consumer Price Index for All Urban Consumers (CPI-U) for the San Francisco-Oakland-Hayward area for February, whichever is less. The determination of annual adjustments in assessments rates will be subject to the approval of the Castro CBD Board of Directors.

Each assessed property is listed on the CBD website at:
<http://castrocbd.org/information-for-property-owners/>

This information is provided to the Castro CBD from the S.F. Assessor's office. It is the responsibility of property owners to ensure the information provided to the CBD is correct. To correct information, property owners must contact the S. F. Assessor's office at 415-554-5596 or at <https://sfassessor.org/>

The Castro CBD's Management Plan can be found on the CBD's website at: <https://castrocbd.org/management-plan/>



Who We Are

Board of Directors

Justine Shoemaker, President
Alan Lau, Vice President
Crispin Hollings, Treasurer
Jim Laufenberg, Secretary
Billy Lemon, Board Member
Leon Shannon, Board Member
Ralph Hibbs, Board Member
Daniel Bergerac, Board Member
Angel Davis, Board Member
Michael 'Misha' Langley, Board Member
Helen McClure, Board Member
Desmond Morgan, Board Member
Pat Sahagun, Board Member

Staff

Andrea Aiello, Executive Director
Anh Han, Accountant
Josh Decolongon, Social Media Coordinator

Castro Cares Leadership Team

Castro Community Benefit District
Castro Community On Patrol
Castro Merchants
Duboce Triangle Neighborhood Association
Eureka Valley Neighborhood Association
Hartford Street Neighbors
Most Holy Redeemer Catholic Church
St. Francis Lutheran Church

All Castro CBD meetings are open to the public.

*Meeting times and location are listed on the CBD's website at:
<http://castrocdb.org/upcoming-meetings/>*



Financials

Statement of Activities

(Year Ended June 30, 2022)

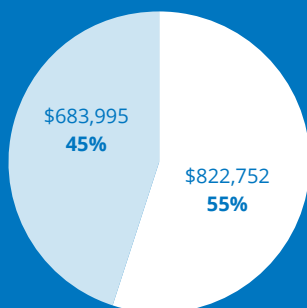
SUPPORT & REVENUES	
Assessment Revenue	\$ 822,752
Government Grants	\$ 672,012
Contributions	\$ 11,963
Interest Income	\$ 20
TOTAL SUPPORT & REVENUES	\$ 1,506,747
EXPENSES	
Program Services	\$ 1,290,842
General & Administrative	\$ 209,737
TOTAL EXPENSES	\$ 1,500,579
NET ASSETS	
CHANGE IN NET ASSETS	\$ 6,168
NET ASSETS, beginning of year	\$ 492,338
NET ASSETS, end of year	\$ 498,506

*Your Assessment Dollars
Multiply through the CBD's
Fundraising Efforts!*

Support & Revenues

Assessment & Other Income Sources

Assessment
 Non-Assessment*



*Non-Assessment income includes all other sources of income, including but not limited to: grants, contributions, etc.

July 2022–June 2023 Budget

INCOME	
Assessments	\$ 859,530
Grant - Castro Cares Grant	\$ 207,500
Grant - Jane Warner Plaza	\$ 50,000
Retail Strategy	\$ 38,144
Donations - Castro Cares	\$ 8,275
TOTAL INCOME	\$ 1,163,449
EXPENSES	
ASSESSMENTS	
Cleaning Services	\$ 619,500
Landscaping	\$ 2,625
Marketing	\$ 9,450
Administration and Contingency	\$ 227,955
Total Assessments	\$ 859,530
GRANTS	
Grant - Castro Cares	\$ 429,163
Grant - Jane Warner Plaza	\$ 97,630
Retail Strategy	\$ 38,144
Total Grants	\$ 564,937
DONATIONS, SPONSORSHIPS & OTHER	
Donations - Castro Cares	\$ 8,275
Donations - Retail Strategy Donations	\$ 5,870
Donations - General	\$ 3,010
Total Donations, Sponsorships & Other	\$ 17,155
TOTAL EXPENSE	\$ 1,441,622
REVENUE OVER EXPENSES	\$ (278,173)

FUTURE YEAR CARRY OVER	
Assessments	\$ 443,000
Grant - Castro Cares	\$ 37,502
Grant - Jane Warner Plaza	\$ 6,966
Donation - Castro Cares	\$ 35,876
Donation - General	\$ 1,151
FUTURE YEAR CARRYOVER	\$ 524,495





Never Alone

Funding for this mural was provided by the San Francisco Arts Commission, Maitri, and the Castro CBD.

Artist and photographer: Serge Gay Jr.

Dispatch

Help us keep the district clean!

Bad spill in front of your business? Overflowing city trash can with litter blowing around? Abandoned cardboard and other detritus? Negative Street Behavior? Needles or human excrement on the sidewalk?



CALL THE CASTRO CBD DISPATCH NUMBER:

415-471-7536

Pro tip: Save this number in your phone under "CBD Dispatch" for quick reference!



Castro Community Benefit District

693 14th St., San Francisco CA 94114 • 415-500-1181

facebook.com/castrocbd
@inthecastro
email: **info@castrocbd.org**



**CASTRO/UPPER MARKET COMMUNITY
BENEFIT DISTRICT, INC.**

(A California Not-For-Profit Corporation)

FINANCIAL STATEMENTS

JUNE 30, 2022



Advisory Assurance Tax Private Client

**CASTRO/UPPER MARKET COMMUNITY
BENEFIT DISTRICT, INC.**

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JUNE 30, 2022**

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Independent Accountants' Review Report

Board of Directors
Castro/Upper Market Community Benefit District, Inc.

We have reviewed the accompanying financial statements of Castro/Upper Market Community Benefit District, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of 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, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

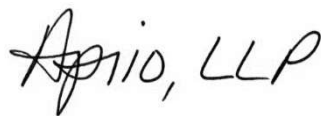
Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Castro/Upper Market Community Benefit District, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the relevant ethical requirements related to our review.



San Francisco, California
November 30, 2022

CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.

STATEMENT OF FINANCIAL POSITION - JUNE 30, 2022

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$	247,633
Assessments receivable		9,314
Grants receivable		555,614
Prepaid expenses		<u>10,038</u>

TOTAL CURRENT ASSETS 822,599

OTHER:

Security deposits		<u>3,185</u>
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TOTAL ASSETS \$ 825,784

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	\$	783
Accrued expenses		6,794
Deferred rent, current portion		3,146
Deferred income		<u>313,350</u>

TOTAL CURRENT LIABILITIES 324,073

LONG-TERM LIABILITIES:

Deferred rent, net of current portion		<u>3,205</u>
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TOTAL LIABILITIES 327,278

NET ASSETS:

Net assets without donor restrictions		136,487
Net assets with donor restrictions		<u>362,019</u>

TOTAL NET ASSETS 498,506

TOTAL LIABILITIES AND NET ASSETS \$ 825,784

See accompanying independent accountants' review report and notes to financial statements.

CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUES:			
Assessment revenue	\$ -	\$ 822,752	\$ 822,752
Government grants	-	672,012	672,012
Contributions	-	11,963	11,963
Interest income	20	-	20
Net assets released from restrictions	<u>1,512,095</u>	<u>(1,512,095)</u>	<u>-</u>
 TOTAL SUPPORT AND REVENUES	<u>1,512,115</u>	<u>(5,368)</u>	<u>1,506,747</u>
EXPENSES:			
Program services	1,290,842	-	1,290,842
General and administrative	<u>209,737</u>	<u>-</u>	<u>209,737</u>
 TOTAL EXPENSES	<u>1,500,579</u>	<u>-</u>	<u>1,500,579</u>
 CHANGE IN NET ASSETS	11,536	(5,368)	6,168
 NET ASSETS, beginning of year	<u>124,951</u>	<u>367,387</u>	<u>492,338</u>
 NET ASSETS, end of year	<u>\$ 136,487</u>	<u>\$ 362,019</u>	<u>\$ 498,506</u>

See accompanying independent accountants' review report and notes to financial statements.

CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2022

	Community Services	Landscaping	Marketing	Total Program Services	General and Administrative	Total
Street cleaning	\$ 668,534	\$ -	\$ -	\$ 668,534	\$ -	\$ 668,534
Community Ambassador programs	269,379	-	542	269,921	-	269,921
Marketing and promotional	-	-	200,112	200,112	-	200,112
Payroll	44,018	-	27,697	71,715	113,347	185,062
Rent expense	6,297	-	2,667	8,964	48,962	57,926
Social programs and services	47,458	-	383	47,841	-	47,841
Operation expenses	2,061	-	2,827	4,888	21,646	26,534
Payroll taxes and workers' compensation insurance	3,524	-	2,641	6,165	10,954	17,119
Streetscape improvements	-	10,982	-	10,982	-	10,982
Accounting fees	1,432	-	288	1,720	7,280	9,000
Professional services	-	-	-	-	7,539	7,539
Travel and meetings	-	-	-	-	9	9
TOTAL FUNCTIONAL EXPENSES	<u>\$ 1,042,703</u>	<u>\$ 10,982</u>	<u>\$ 237,157</u>	<u>\$ 1,290,842</u>	<u>\$ 209,737</u>	<u>\$ 1,500,579</u>

See accompanying independent accountants' review report and notes to financial statements.

CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase in net assets	\$ 6,168
Adjustment to reconcile increase in net assets to net cash used by operating activities:	
Deferred rent adjustment	(2,595)
Changes in operating assets and liabilities:	
Assessments receivable	(4,413)
Grants receivable	(274,072)
Prepaid expenses	125
Accounts payable	(7,080)
Accrued expenses	1,006
Refundable advance	<u>313,350</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	32,489
CASH FLOWS FROM INVESTING ACTIVITIES	-
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>
NET INCREASE IN CASH	32,489
CASH AND CASH EQUIVALENTS, beginning of year	<u>215,144</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 247,633</u>

See accompanying independent accountants' review report and notes to financial statements.

CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2022

Note 1. NATURE OF ACTIVITIES:

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 voted in favor of establishment of the Organization, for a 15- year life. Legislation in favor of creating the Organization was 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. 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. The term of the District expired on December 31, 2020.

To continue services past December 31, 2020, the Organization had to be "renewed" by a vote of the property owners, the board of supervisors and the Mayor. On July 14, 2020, the property owners approved the renewal and expansion of the Organization with a 72% approval of the weighted assessments for another 15 years, until December 31, 2035. The renewal included an increase of 53% in the assessments collected and an expansion of the boundaries, including assessments on parcels above the ground floor. The renewed Organization's name is Castro Community Benefit District. Services funded through assessment dollars are provided in the public realm and include a full array of cleaning services (sweeping sidewalks and curb line, steam cleaning sidewalks, graffiti abatement on public and private property, hazardous waste removal in the footprint); limited landscaping and limited marketing services.

The Castro is known across the globe as a center of the LGBT community. The international LGBT community looks to the Castro for inspiration and leadership. In a time when gayborhoods are disappearing across the country and globe, the Castro stands as a beacon. However, the continued growth of the Castro's LGBT identity is critical to its future as a cultural hub and economically vital community. To help ensure the Castro continues to not only keep, but grow and enhance its LGBT relevance and importance, the Castro/Upper Market Community Benefit District has funded improvements in the public realm that enhance the districts' LGBT identity. The District has funded rainbow striped cross walks at a critical intersection in the Castro, rainbow LED lights on Castro St., a public art project based in the ideas of LGBT people finding a home in the Castro and also a history walk.

CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2022

Note 2. SIGNIFICANT ACCOUNTING POLICIES:

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).

Financial statement presentation:

Professional accounting standards require that the Organization report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions. A description of the net asset categories follows:

Net assets without donor restrictions:

The portion of net assets that is not restricted by donor-imposed stipulations or restrictions.

Net assets with donor restrictions:

Net assets for which use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization, and net assets held in perpetuity by donor-imposed stipulations. Investment income is available for donor stipulated purposes. Net assets with donor restrictions are reclassified to without donor restrictions upon satisfaction of the time or purpose restrictions.

Assessments and grants receivable:

Assessments receivable are amounts due from businesses subject to the assessment program. Grants receivable primarily consists of grants from the City and County of San Francisco that have been awarded but for which funds have not yet been received. The Organization provides an allowance for doubtful accounts that is based on prior year bad debt experience. No allowance was deemed necessary at June 30, 2022. It is the Organization's policy to charge off uncollectible receivables when management determines the receivable will not be collected.

Property and equipment:

All acquisitions of property and equipment in excess of \$5,000 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, ranging from 3 – 7 years. At June 30, 2022, all property and equipment was fully depreciated.

Revenue recognition:

Contracts with Customers:

The Organization adopted Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("ASC Topic 606") on July 1, 2019 using the modified retrospective method. The Organization's operating results for reporting periods beginning after July 1, 2019 are presented under ASC Topic 606, while prior period amounts continue to be reported in accordance with historic accounting under Topic 605. The timing and measurement of revenues under ASC Topic 606 is similar to that recognized under previous guidance, accordingly, the adoption of ASC Topic 606 did not have a material impact on the statement of financial position, statement of activities, cash flows, or presentation thereof at adoption or in the current period. There were no changes in the opening net assets balance as a result of the adoption of ASC Topic 606.

CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2022

Note 2. SIGNIFICANT ACCOUNTING POLICIES (Continued):

Revenue recognition (continued):

Revenues are derived from rendering of services to certain affiliate members and are generally recognized when the Organization performs the services. For the year ended June 30, 2021, revenues from affiliate member dues totaled \$-.

Contributions:

On June 21, 2018, the FASB issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The Update assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The Update is effective to annual periods beginning after June 15, 2018 for resource recipients. The Organization has implemented ASU 2018-08 and has adjusted the presentation in these financial statements accordingly.

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.

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 net assets, depending on the nature of the contribution with donor restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restriction are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Assessment revenue is collected by the City of San Francisco and awarded to the Organization. It is treated as contribution revenue subject to the restrictions set forth in the agreement between the City and the Organization governing the administration of the assessment district.

Government grants:

Government grant income is recognized in accordance with the terms of the contract which is generally when the related expenditures are incurred.

Income tax status:

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). Accordingly, no provision has been made for such taxes in the accompanying combined financial statements.

CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2022

Note 2. SIGNIFICANT ACCOUNTING POLICIES (Continued):

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 according to the provisions of pertinent grants and a percentage allocation based on time spent on programs and supporting services.

Date of management's review:

Management has evaluated subsequent events through November 30, 2022, the date which the financial statements were available for issue. Management has concluded that there were no other subsequent events required to be disclosed or recognized in the financial statements.

Note 3. NATURE OF 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.

Note 4. CONCENTRATIONS OF CREDIT RISK:

The Organization maintains its cash and money market account balances at financial institutions located in San Francisco, California. Such balances with any one institution may, at times, be in excess of federally insured amounts. Risks associated with cash and cash equivalents are mitigated by banking with creditworthy institutions. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

Note 5. LIQUIDITY AND AVAILABILITY OF RESOURCES:

Financial assets available for general expenditure without donor restrictions limiting their use within one year of the balance sheet date comprise the following:

Cash and cash equivalents	\$	247,633
Grants receivable		555,614
Assessments receivable		9,314
Less donor-imposed restricted amount		<u>(362,019)</u>
Total	\$	<u>450,542</u>

Note 6. 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 55% of the Organization's total revenue. In addition, the Organization received government grants from the City and County of San Francisco which represent 45% of revenue.

Note 7. SIMPLE IRA RETIREMENT PLAN:

The Organization has a Simple IRA Retirement Plan which covers all eligible employees. Employees may contribute up to the IRS annual limit. Employee contributions are withheld through payroll and remitted to the respective financial investment institution. Pursuant to the Plan, the Organization matches employee contributions up to 3% of annual compensation. Contributions of \$5,199 were made by the Organization in the year ending June 30, 2022.

CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2022

Note 8. NET ASSETS WITHOUT DONOR RESTRICTIONS:

Net assets without donor restrictions comprise the following for the year ended June 30, 2022:

Board designated	\$ 136,487
Total	\$ 136,487

The Board has designated the amount set forth above for public right of way, district identity and streetscape improvements and for general and administrative expenses.

Note 9. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions and related activity comprise the following for the year ended June 30, 2022:

	July 1, 2021	Contributions and Income	Released from Restrictions	June 30, 2022
Assessments -				
general and administration	\$ -	\$ 221,252	\$ 221,252	\$ -
Assessments - Cleaning Services	297,831	590,000	591,126	296,705
Assessments - Landscaping	3,311	2,500	2,071	3,740
Assessments - Marketing	6,037	9,000	8,838	6,199
General donations	3,986	341	158	4,169
Castro Care donations	31,854	7,622	2,122	37,354
Retail strategy donations	11,618	2,500	8,253	5,865
Annual Event Sponsorship	-	1,500	1,000	500
SF Arts Commission	12,750	-	12,750	-
OEWD - Castro Care grant	-	558,024	550,537	7,487
OEWD - JWP grant	-	100,637	100,637	-
OEWD - Retail Strategy	-	11,351	11,351	-
Other Grant	-	2,000	2,000	-
Totals	\$ 367,387	\$ 1,506,727	\$ 1,512,095	\$ 362,019

Note 10. OPERATING LEASE:

The Organization conducts its operation from a facility that is leased under a five-year non-cancelable operating lease that began on June 1, 2019 and may be renewed in May 2024. Future minimum rental payments due under the lease are as follows:

Year Ending June 30,	
2023	41,966
2024	39,173
	\$ 81,139

Rental expense was \$57,926 for the year ended June 30, 2022.

MEMORANDUM

TO: Supervisor Rafael Mandelman, District 8 Supervisor

CC: San Francisco Board of Supervisors

FROM: Chris Corgas; Deputy Director, Community Economic Development, OEWD
Mimi Hiraki, Project Specialist, OEWD

DATE: 5/9/2023

SUBJECT: Castro Community Benefit District; FY 2021-2022 Annual Report

This is a memo summarizing the accomplishments of the Castro Community Benefit District (Castro CBD), formerly known as the Castro/Upper Market CBD and an analysis of its financial statements (based on their audit) for the period between July 1, 2021, and June 30, 2022.

Each year, the CBD is required to submit a mid-year report, an annual report and a CPA financial review or audit. 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 CBD's management contract with the City; and their Management Plan approved by the Board of Supervisors in 2006.

Also attached to this memo are the following documents:

1. Annual Reports
 - a. FY 2021-2022
2. CPA Financial Review Reports
 - a. FY 2021-2022
3. Draft resolution from the Office of Economic and Workforce Development



Background

The Castro/Upper Market Community Benefit District spans 46 block faces, 23 blocks and contains approximately 586 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).
- May 19, 2020: the Board of Supervisors approved the renewal and expansion of the Castro/Upper Market Community Benefit District (Resolution #215-20).
- September 29, 2020: the Board of Supervisors approved the Castro/Upper Market CBD’s Annual Report for FY 2018-2019 (Resolution #436-20).
- January 25, 2022: the Board of Supervisors approved the Castro/Upper Market CBD’s Annual Report for FY2019-2020 (Resolution #21-22).
- November 29, 2022: the Board of Supervisors approved the Castro/Upper Market CBD’s Annual Report for FY2020-2021 (Resolution #502-22).

Basic Information about the Castro Community Benefit District:

Year Established	August 2005
Year Renewed	May 2020
Assessment Collection Period	FY 2020-2021 to FY 2034-2035 (July 1, 2020 to June 30, 2035)
Services Start and End Date	January 1, 2020 – December 31, 2035
Initial Estimated Annual Budget	\$819,403.41
FY 21-22 Assessment Submission	\$819,039.92
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 Program Areas

Cleaning Services

Cleaning Services include sidewalk sweeping, power washing and graffiti removal will be provided along the frontages of the property within the district. Other cleaning services that may be provided are enhanced trash emptying in the public right-of-way and special events cleaning and maintenance service.



Landscaping

Landscaping maintenance will be done as needed and as approved by the Board of Directors within public plazas. As funding allows, new plantings, and sidewalk planters might be considered.

Marketing

Marketing and communication services include, but is not limited to, data collection, Castro CBD stakeholder and neighborhood outreach, website and social media, service presentations, general benefit fundraising, branding, media relations, and destination marketing.

Administration and Contingency

Administration activities include daily oversight and operation of the district, ensuring adherence to the Management District Plan, compliance with audit/reporting requirements, fundraising, building and managing relationships with the neighborhood association/groups, city agencies/departments and elected officials. This category also includes a contingency reserve that may be used to cover unforeseen future expenses and help smooth out cash flows, which are affected by the timing of property owner payments. This category can also support renewal expenses.

Summary of Accomplishments, Challenges, and Delivery of Services

FY 2021-2022

Cleaning Services

- Collected 109,260 lbs. of trash
- Collected 21,232 cardboard yards
- Removed 11,845 instance of human/animal feces
- Received 18,865 scrub requests -- nearly 2.3 times more than FY20-21
- Power washed 1,789 block faces
- Properly disposed of 3,267 discarded needles
- Removed 9,353 instances of graffiti or handbills

Public Safety

Through a grant from OEWD, Castro Cares hires community ambassadors to provide wayfinding, hospitality, and social service outreach to create a more welcoming district. Examples of service include checking in with merchants, well being checks and outreach, enforcement of MPC No-Trespassing, deter negative street behavior, hospitality services, respond to calls for service and collaborating with the CBD's Clean Team. Please see website for monthly and comprehensive breakdowns. Top interactions include the following:

- Engaged with people without housing 904 times
- Conducted 662 wellness checks
- Administered Narcan seven times

Marketing

- Launched a new campaign to help fill commercial ground floor vacancies



- Work closely with community partner, Castro Merchants Association, to activate the neighborhood with outdoor events

Administration and Corporate Operations

- Continued to administer Castro Cares, Jane Warner Plaza, Retail Strategy, and other grants
- Website and social media updates.
- Represented CBD in the media.
- Responded to communication from property owners, merchants, and residents regarding issues directly or indirectly related to the services provided by the CBD.
- Maintained a close working relationship with the SFPD’s Mission Station, Healthy Streets Operation Center, Department of Homelessness and Supportive Housing, Castro Merchants, Eureka Valley neighborhood Association, Duboce Triangle Neighborhood Association, and District 8 Residents Task Force
- 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 Community Benefit District”, Section 3.9 – Budget*).
- **BENCHMARK 2:** Whether five point forty-one percent (5.41%) of actuals came from sources other than assessment revenue (*CA Streets & Highways Code, Section 36650(B) (6); Agreement for the Administration of the “Castro 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 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 2021-2022 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.

ANALYSIS: The Castro CBD met this requirement. See tables below.

Service Category	Management Plan Budget		FY 2021-2022 Budget		Variance	
	Assessment (%)	Total (%)	Assessment (%)	Total (%)	Assessment	Total
Cleaning Services	\$550,912.10 (67.23%)	\$582,425.60 (67.23%)	\$590,000.00 (72.32%)	\$1,020,251.00 (70.88%)	+5.09%	+3.65%



Landscaping	\$2,364.73 (0.29%)	\$2,500.00 (0.29%)	\$2,500.00 (0.31%)	\$7,500.00 (0.52%)	+0.02%	+0.23%
Marketing	\$8,513.04 (1.04%)	\$9,000.00 (1.04%)	\$9,000.00 (1.10%)	\$111,273.30 (7.73%)	+0.06%	+6.69%
Administration and Contingency	\$257,613.53 (31.44%)	\$272,349.37 (31.44%)	\$214,297.00 (26.27%)	\$300,280.70 (20.86%)	-5.17%	-10.58%
TOTAL	\$819,403.41 (100%)	\$866,274.97 (100%)	\$815,797.00 (100%)	\$1,439,305.00 (100%)		

BENCHMARK 2: Whether five point forty-one percent (5.41%) of actuals came from sources other than assessment revenue

ANALYSIS: *The Castro CBD met this requirement. Assessment revenue was \$822,751.97 or 54.60% of actuals and non-assessment revenue was \$683,994.69 or 45.40% of actuals. See table below.*

Revenue Sources	FY2021-2022 Actuals	% of actuals
Assessment Revenue	\$821,101.04	
Penalties	\$706.26	
Redemption + Redemption Penalties	\$944.67	
Total Assessment Revenue	\$822,751.97	54.60%
Contributions and Sponsorships	\$1,500.00	
Grants	\$672,011.28	
Donations	\$10,463.18	
Interest Earned	\$20.23	
Earned Revenue	\$0.00	
Other	\$0.00	
Total Non-Assessment Revenue	\$683,994.69	45.40%
TOTAL	\$1,506,746.66	100.00%

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

ANALYSIS: *The Castro CBD met this requirement. See Table below.*



Service Category	FY 2021-2022 Budget		FY 2021-2022 Actuals		Variance	
	Assessment (%)	Total (%)	Assessment (%)	Total (%)	Assessment	Total
Cleaning Services	\$590,000.00 (72.32%)	\$1,020,251.00 (70.88%)	\$591,126.00 (72.82%)	\$986,297.84 (63.73%)	0.50%	-5.16%
Landscaping	\$2,500.00 (0.31%)	\$7,500.00 (0.52%)	\$2,017.00 (0.25%)	\$10,981.97 (0.73%)	-0.06%	0.21%
Marketing	\$9,000.00 (1.10%)	\$111,273.30 (7.73%)	\$8,838.00 (1.09%)	\$200,112.23 (13.34%)	-0.01%	5.60%
Administration and Contingency	\$214,297.00 (26.27%)	\$300,280.70 (20.86%)	\$209,737.00 (25.84%)	\$303,187.32 (20.20%)	-0.43%	-0.66%
TOTAL	\$815,797.00 (100%)	\$1,439,305.00 (100%)	\$811,718.00 (100%)	\$1,500,579.36 (100%)		

BENCHMARK 4: Whether the Castro CBD is indicating the amount of any surplus or deficit revenues to be carried forward into the next fiscal year and designating the projects to be funded by any surplus revenues

ANALYSIS: *The Castro 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.

FY21-22 Carryforward	Amount	Spenddown Timeline
Assessment Carryforward		
Cleaning Services	\$296,704.81	December 2022
Landscaping	\$3,739.87	December 2022
Marketing	\$6,199.39	December 2022
Administration and Contingency	\$136,486.98	December 2022
Total Assessment Amount	\$443,131.05	
Non-Assessment Carryforward		
Castro Cares Grant	\$7,487.00	December 2022
Jane Warner Plaza grant	\$0.00	December 2022
Castro Cares Donations	\$37,354.21	June 2023



Other Donations	\$10,532.74	June 2023
Total Non-Assessment Amount	\$55,373.95	

Findings and Recommendations

For FY 2020-2021, the Castro CBD met 4 out of the 4 benchmarks as defined on page 4 of this memo as set by the California Street and Highways Code Section 36650-36651; and the Agreement for the Administration of the Castro Community Benefit District.

The Castro CBD’s portfolio, based on assessment funding, is strongly focused on cleanliness. In FY 21-22 73% of their assessment dollars went to providing cleaning services within their service area. Currently, the Castro CBD is not part of the Connected Worker App, also known as Integrated 311. Based on the size and scope of the CBD’s cleaning program it may make sense for them to engage in conversations about joining this pilot. It would ultimately be the decision of the organization’s Board of Directors whether or not to participate.

The Castro CBD is also responsible for implementing various programs apart from special assessment funding, including Castro Cares and addressing storefront vacancies within its service zone. Castro Cares deploys community ambassadors seven days a week to provide outreach and referral to the most vulnerable. It also helps merchants resolve street level challenges, provides hospitality and wayfinding services, and helps deter negative street behavior. This includes providing Narcan to individuals experiencing an overdose, in the second half of FY21-22 Castro Cares ambassadors administered the medication seven times.

OEWD received no reports that the CBD violated the Brown Act or California Public Records Act. The CBD does not employ surveillance technology and is in compliance with OEWD’s memo regarding surveillance technology and CBDs.

Conclusion

The Castro/Upper Market CBD met all benchmarks in this reporting period. The Castro CBD continues to partner with the City and County of San Francisco to implement numerous grants, including the Castro Cares Grant and Jane Warner Plaza Grant. The Castro CBD has an active board of directors and committee members; and OEWD believes the Castro CBD will continue to successfully carryout their mission and service plans.



BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689
Tel. No. (415) 554-5184
Fax No. (415) 554-5163
TDD/TTY No. (415) 554-5227

MEMORANDUM

TO: Sarah Dennis-Phillips, Executive Director, Office of Economic and Workforce Development
Greg Wagner, City Controller, Office of the City Controller

FROM: Monique Crayton, Assistant Clerk, Government Audit and Oversight Committee, Board of Supervisors

DATE: March 12, 2024

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Government Audit and Oversight Committee has received the following proposed legislation, introduced by Supervisor Rafael Mandelman on May 16, 2023:

File No. 230579

Resolution receiving and approving an annual report for the Castro Community Benefit District for Fiscal Year (FY) 2021-2022, 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 Monique Crayton at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102 or by email at monique.crayton@sfgov.org.

cc:

Anne Taupier, Office of Economic and Workforce Development
Alesandra Lozano, Office of Economic and Workforce Development
Todd Rydstrom, Office of the City Controller



Community Benefit District Annual Reports

FY 2021-2022

- Noe Valley CBD
- Castro CBD
- Discover Polk CBD



Legislative Overview

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

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

Review Process

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

Basic Information

CBD Name	Type	Management Plan Assessment Budget	FY21-22 Assessment Roll Submission	Year(s) Formed and Renewed	Expires
Noe Valley CBD	Property-based	\$255,000	\$248,541.48	2005, 2020	2035
Castro CBD	Property-based	\$819,403.41	\$819,039.92	2005, 2020	2035
Discover Polk CBD	Property-based	\$622,784.00	\$635,983.00	2018	2029

Benchmarks

OEWD's staff reviewed the following budget related benchmarks for each CBD/BID:

- 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 the CBD met its non-assessment revenue source requirement.
- Benchmark 3 - Whether the variance between the budget amounts for each service category was within 10 percentage points from the fiscal 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.

Noe Valley - Benchmarks

Benchmark	Question	Was This Met in FY2022?
Benchmark 1	Variance between management plan budget and fiscal year budget is $X < 10\%$?	Yes
Benchmark 2	Non-assessment revenue is $X \geq 5\%$	Yes
Benchmark 3	Variance between fiscal year budget and fiscal year actuals is $X < 10\%$	Yes
Benchmark 4	Were carryforward funds indicated from current fiscal year to the next fiscal and were projects designated to be spent on?	No

Noe Valley- Findings and Recommendations (Part 1 of 2)

Missed Benchmarks (Benchmark 1)

- Noe Valley CBD missed Benchmark 4 which requires the CBD to detail its **carryforward amount and its planned spenddown plan. The CBD's financial** statements does indicate the amount of money it has in reserves, but does not provide a spenddown plan. State code specifically calls for both parameters to be in the annual report.
 - Recommendation: OEWD will review guidelines with the CBD and remind them of their obligation to include this in their annual report. OEWD will also review the carryforward amount with the executive director and **understand the CBD's spenddown plan. Should this oversight occur again,** OEWD may make additional recommendations or take additional action.

Noe Valley- Findings and Recommendations (Part 2 of 2)

- Service Delivery: The Noe Valley Management Plan calls for 65% of the budget to be spent on Public Rights of Way and Sidewalk Operations, including sidewalk cleaning, sweeping litter, debris and refuse; sidewalk pressure washing; graffiti removal; and greenscape management covering watering and weeding tree wells, providing gardens, benches, planter boxes, hanging flower baskets and parklets.
 - The CBD was awarded \$115,000 in grants from OEWD and Supervisor Mandelman to activate Noe Valley Town Square. Although events in the Noe Valley Town Square were largely suspended due to the pandemic, the CBD continues to activate the public space and see people utilizing the space.
- Connected Worker App: The CBD is not part of the Connected Worker App, also **known as Integrated 311. Based on the size and scope of the CBD's services this makes operational sense for them.**
- Surveillance Technology: The CBD does not employ surveillance technology and is in **compliance with OEWD's memo regarding this technology.**
- Compliance: There were no reported violations to OEWD of the Brown Act or CA Public Records Act

Castro - Benchmarks

Benchmark	Question	Was This Met in FY2022?
Benchmark 1	Variance between management plan budget and fiscal year budget is $X < 10\%$?	Yes
Benchmark 2	Non-assessment revenue is $X \geq 5.41\%$	Yes
Benchmark 3	Variance between fiscal year budget and fiscal year actuals is $X < 10\%$	Yes
Benchmark 4	Were carryforward funds indicated from current fiscal year to the next fiscal and were projects designated to be spent on?	Yes

Castro CBD - Findings and Recommendations

- Service Delivery: The CBD has a strong focus on cleanliness. 73% of their assessment dollars went to providing cleaning services within their service area.
 - The Castro CBD is also responsible for implementing various programs apart from special assessment funding, including Castro Cares and addressing storefront vacancies within its service zone. Castro Cares deploys community ambassadors seven days a week to provide outreach and referral to the most vulnerable. It also helps merchants resolve street level challenges, provides hospitality and wayfinding services, and helps deter negative street behavior.
- Connected Worker App: Castro CBD is not part of the Connected Worker App. **Based on the size and scope of the CBD's cleaning program it may make sense for them to engage in conversations about joining this pilot.**
- Surveillance Technology: The CBD does not employ surveillance technology.
- Compliance: There were no reported violations to OEWD of the Brown Act or CA Public Records Act.

Discover Polk - Benchmarks

Benchmark	Question	Was This Met in FY2022?
Benchmark 1	Variance between management plan budget and fiscal year budget is $X < 10\%$?	Yes
Benchmark 2	Non-assessment revenue is $X \geq 3.36\%$	Yes
Benchmark 3	Variance between fiscal year budget and fiscal year actuals is $X < 10\%$	No
Benchmark 4	Were carryforward funds indicated from current fiscal year to the next fiscal and were projects designated to be spent on?	Yes

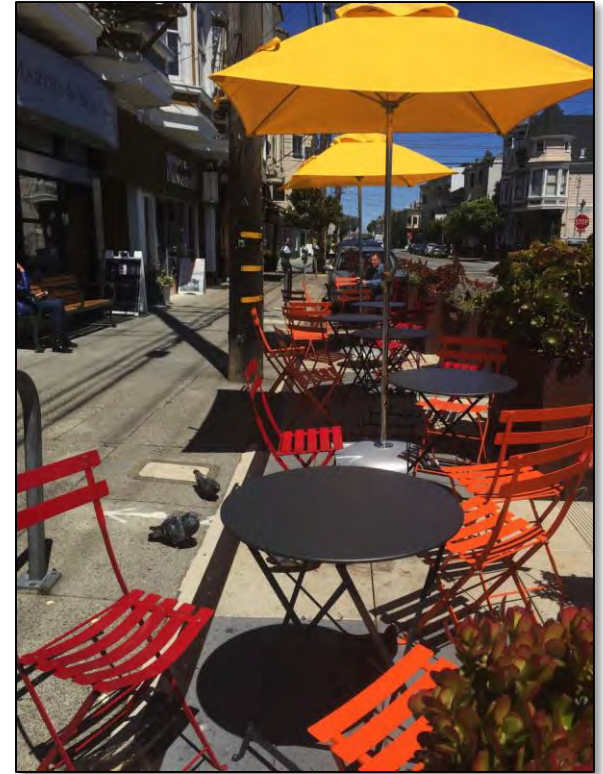
Discover Polk- Findings and Recommendations (Part 1 of 2)

Missed Benchmarks (Benchmark 3)

- Discover Polk CBD missed Benchmark 3 by overbudgeting by 3.17% above the allowable 10 percentage points for the District Coordinator, Administration & Reserve operations.
- **OEWD reviewed the CBD's management plan and engineer's report approved on August 2, 2018 (File #180621).** According to the Management Plan, District Coordinator and Administration services are apportioned to all by lot size and the parcels, so the parcels continued to receive special benefit.
- **It is in OEWD's opinion that these actions did not adversely impact special benefits conferred on parcels within the CBD.**

Discover Polk- Findings and Recommendations (Part 2 of 2)

- Service Delivery: During this review period, the DPCBD focused on recovery efforts for the district following the pandemic. The CBD devoted their time and resources toward streetscape improvements and small-scale outdoor community events, as well as supporting property owners, merchants, and residents to address the impacts of the lockdown.
 - DPCBD has excelled at partnering with community stakeholders and numerous municipal agencies for the activation and improvement of public spaces.
 - DPCBD launched a district-**wide music festival “Pickin’ on the Polk” that was free** to the public and took place on the Easter Weekend inside several local businesses and along a small street closure in the district. The CBD plans to make this an annual event moving forward within the district and continue to find ways to activate the corridor.
- Compliance: There were no reported violations to OEWD of the Brown Act or CA Public Records Act







Noe Valley Association
A Community Benefit District
noevalleyassociation.org

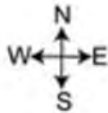
The Noe Valley Association - we clean, green and improve public space in the 24th Street commercial corridor.

Noe Valley CBD Area Map



LEGEND

-  CBD Boundary
-  Lot Boundary
-  Block Number
-  Lot Number



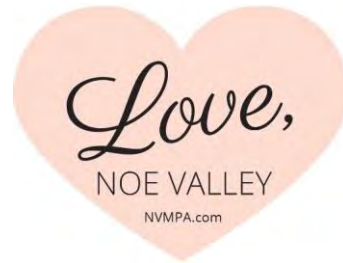
Noe Valley Association – Clean & Green

The NVA provides two full-time street porters and a part-time gardener.



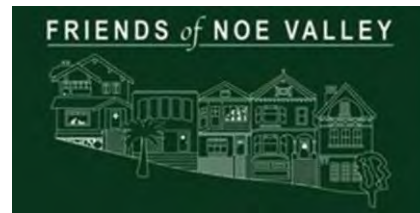
Noe Valley Association
A Community Benefit District
noevalleyassociation.org

NVA Partner Organizations



Noe Valley Merchants & Professionals Association

<http://www.noevalleymerchants.com>

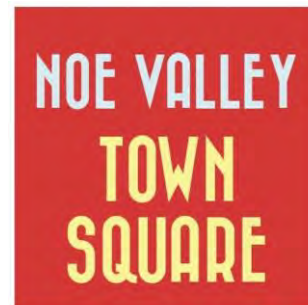


Friends of Noe Valley

<http://friendsofnoevalley.com>



Noe Valley Association
A Community Benefit District
noevalleyassociation.org



Noe Valley Town Square

<http://noevalleytownsquare.com>

Grants

NVA as Fiscal Agent for the Noe Valley Town Square



Day to Day Operations FYE 2022



Removal of **199** bulky trash items, furniture, mattresses, tree limbs, etc.



Removal of **536** graffiti marks, stickers, etc.



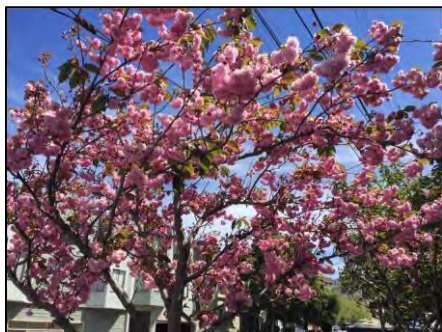
9 monthly sidewalk steam cleanings, March – November



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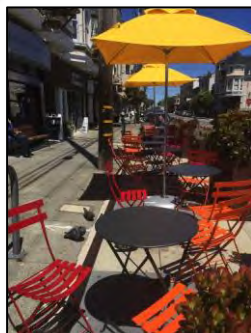
Day to Day Operations FYE 2022



200 tree wells weeded and watered
by NVA gardener



27 Planters/sidewalk gardens replanted,
watered and maintained



84 Chairs and tables maintained in
both public parklets on 24th Street
2 Public parklets maintained year-round
with flowers/plants



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Day to Day Operations FYE 2022



4 Bigbelly garbage receptacles installed and maintained



Maintenance of **26** community benches and **20** bike racks



23 flower baskets hung every six months



Thank You.

www.noevalleyassociation.org



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Castro Community Benefit District July 2021 - June 2022

San Francisco Board of Supervisors Government & Oversight
Committee



DISTRICT MAP



Priorities For The Castro CBD

- Removing Trash/Litter/Hazardous Waste and Hazardous Materials from Sidewalks and Curb Line
- Steam Cleaning Sidewalks
- Graffiti Removal
- Removing Overflow from City Trashcans
- Homeless Outreach & Collaboration with City Services
- Beautification
- Commercial Vacancy Reduction
- Advocacy

Cleaning Services



CLEANING UP IN FY 2021-22

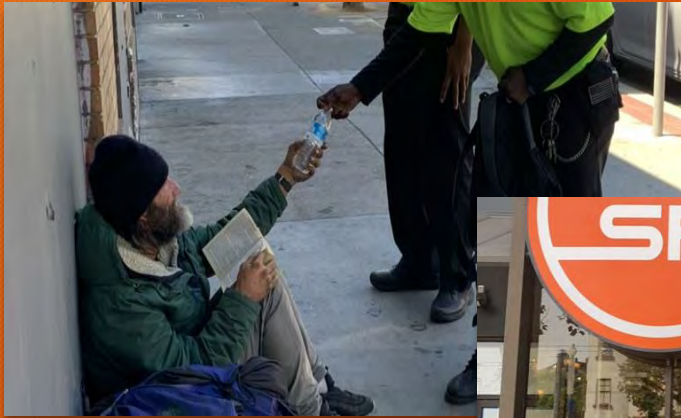
TRASH	109,260 pounds of trash removed
GRAFFITI	9,353 incidences of graffiti abated
NEEDLES	3,267 dirty/hazardous needles collected
CARDBOARD	21,232 yards of flattened cardboard
HUMAN FECES	11,845 incidences human feces removed

Homeless Outreach

Quick Local Response and Relationship Building

- Positive Presence Felt Throughout Neighborhood:
Assisted F-Line Operator
- 6 Months in 2022
 - Engaged with unhoused 904 times
 - 602 Wellness Checks
 - Administered Narcan 7 times

Community Ambassadors At Work



BEAUTIFICATION



BEAUTIFICATION



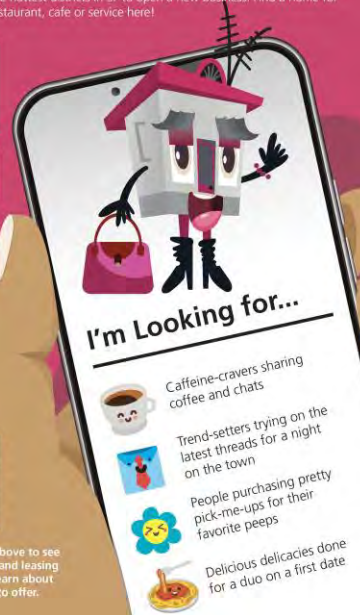
I'M AVAILABLE CAMPAIGN

I'm Available

Want to be a part of the Castro? With high walkability, easy public transit access, a magnet for the LGBTQ community and their allies locally and internationally, the Castro is one of the hottest districts in SF to open a new business. Find a home for your new store, restaurant, cafe or service here!



Use the QR code above to see a list of vacancies and leasing information and learn about all the Castro has to offer.



THANK YOU!

Annual Report Highlights – FY 21/22



Executive Summary

- During FY21-22 Discover Polk CBD focused its resources on two well-defined objectives, helping the community weather the impacts of the COVID-lockdown and adapting to the new realities of the “post-acute” phase of the pandemic.
 - From July 1st to approximately December 31st , DPCBD devoted its time and resources toward streetscape improvements and small-scale, outdoor community events, as well as supporting property owners, merchants, and residents to address the impacts of lockdown.
 - From approximately January 31st to June 30th 2022, DPCBD saw a return to more “normal” behaviors and community activity. On the positive side, this meant the return of visitors to our streets, customers, and in person gatherings – most notably the launch of our yearly district-wide music festival, Pickin’ on the Polk. On the negative, Covid-related street cleanliness and public safety issues persisted.

Neighborhood Cleanliness

- FY21-22 continued to see higher levels homelessness activity. As customer and residents returned to the streets, however, the overall cleanliness of the streets saw noticeable improvement.
- The StreetPlus team consistently accomplished their cleaning, graffiti abatement, and steam cleaning/power washing goals.
- Three of our five big belly trash cans were destroyed by an arsonist, but DPCBD swiftly replaced them with new cans.

Month	Animal Feces	Graffiti removed	Needles (# needles removed)	Sidewalk Sweeping	Pressure Washing-block faces cleaned
21-Jul	77	49	10	826	0
21-Aug	13	18	14	135	0
21-Sep	94	57	35	1906	28
21-Oct	27	31	14	574	86
21-Nov	77	77	11	722	64
21-Dec	110	24	17	1117	69
22-Jan	139	247	13	1404	47
22-Feb	157	13	7	969	38
22-Mar	106	10	2	687	50
22-Apr	142	27	14	1051	27
22-May	43	46	0	329	46
22-Jun	100	42	7	936	42
Total	1085	641	144	10656	497

Statement of Operations (Actual vs. Budget)

for the fiscal year ended June 30, 2022

	Actual	Budget	Variance Positive/(Negative)
REVENUE AND SUPPORT			
Assessments	635,983	696,640	(60,657)
Fundraising/In-Kind	69,355	33,295	36,060
Interest Income	0	0	0
TOTAL REVENUE AND SUPPORT	705,338	729,935	(24,597)
EXPENSES			
Clean & Safe Program	426,313	497,462	71,149
Beautification & Placemaking	125,709	224,276	98,567
Marketing, Business Support, Etc	137,526	63,953	(73,574)
Administration & Reserve	59,472	68,756	9,284
TOTAL EXPENSES	749,020	854,446	105,426
Change in Net Assets	-43,682	-124,511	80,829
Prior Year Net Assets (Carryover)	806,367	806,367	0
TOTAL NET ASSETS	762,685	681,856	80,829

Statement of Financial Position

As of 06/30/2022

ASSETS

Cash and Cash Equivalents	755,042
Assessment and Other Receivables	36,909
Prepaid Expenses	4,200
Equipment, net	6,879
TOTAL ASSETS	803,030

LIABILITIES & NET ASSETS

LIABILITIES

Accounts Payable	40,344
TOTAL LIABILITIES	40,344

NET ASSETS

Without Donor Restrictions	762,685
With Donor Restrictions	
TOTAL NET ASSETS (CARRYOVER)	762,685
TOTAL LIABILITIES & NET ASSETS	803,030

Financial Notes

Budget Vs Management Variance

- Revenues and expenses followed very closely to plan for the fiscal year. Assessment revenues were lower than expected due to the COVID crisis but were offset by lower-than-expected expenses and higher than expected fundraising efforts.

Expense

- Overall expenses for the fiscal year are under budget by \$105,426.

Clean & Safe

- Clean & Safe expenses are significantly under the budget by \$71,149 due to understaffing issues at StreetPlus mostly related to the COVID crisis.

Beautification & Placemaking

- Beautification & Placemaking expenses are \$98,567 lower than budgeted. The Discover Polk CBD Board of Directors made a conscientious decision to reserve Beautification & Placemaking expenses until FY22/23 to mitigate any budget deficits that might arise, specifically on collection assessments, due to Covid.

Marketing & Business Support

- Marketing & Business Support expenses are \$73,574 over the budgeted plan due to expenses incurred around our first annual Pickin' on the Polk music festival.

Admin & Reserve

- Admin & Reserve expenses are \$9,284 under the budgeted plan due to hiring of a social media management service later in the fiscal year than anticipated.

Carryover Status

- DPCBD has a carryover of \$762,685.

Other Notable Items

- DPCBD continued to proceed with fiscal caution throughout the COVID crisis due to uncertainty on the impact of the pandemic on assessment revenues. Thankfully, the crisis did not impact assessment revenues significantly. The Board of Directors and Executive Management team plan to allocate more of the reserve funds toward meeting the district's objectives in FY2022-2023.

Conclusion

2021/2022 was another year of cautious fiscal management as the impacts of the pandemic dragged on further than had been expected. We were extremely fortunate that our assessments came in at (or very near to) budget. We managed to stay within budget while keeping ample reserves due to COVID related risks. As the City recovers more fully from the pandemic, Discover Polk CBD will actively spend down its reserves – prudently - to increase the vibrancy, safety, and cleanliness of the neighborhood.

Introduction Form

(by a Member of the Board of Supervisors or the Mayor)



I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee (Ordinance, Resolution, Motion or Charter Amendment)
- 2. Request for next printed agenda (For Adoption Without Committee Reference)
(Routine, non-controversial and/or commendatory matters only)
- 3. Request for Hearing on a subject matter at Committee
- 4. Request for Letter beginning with "Supervisor inquires..."
- 5. City Attorney Request
- 6. Call File No. from Committee.
- 7. Budget and Legislative Analyst Request (attached written Motion)
- 8. Substitute Legislation File No.
- 9. Reactivate File No.
- 10. Topic submitted for Mayoral Appearance before the Board on

The proposed legislation should be forwarded to the following (please check all appropriate boxes):

- Small Business Commission Youth Commission Ethics Commission
- Planning Commission Building Inspection Commission Human Resources Department

General Plan Referral sent to the Planning Department (proposed legislation subject to Charter 4.105 & Admin 2A.53):

- Yes No

(Note: For Imperative Agenda items (a Resolution not on the printed agenda), use the Imperative Agenda Form.)

Sponsor(s):

Subject:

Long Title or text listed:

Signature of Sponsoring Supervisor: