

File No. 151237 Committee Item No. 2
 Board Item No. 19

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Government Audit and Oversight Date January 21, 2016

Board of Supervisors Meeting Date FEBRUARY 2, 2016

Cmte Board

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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Resolution |
| <input type="checkbox"/> | <input type="checkbox"/> | Ordinance |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input type="checkbox"/> | <input type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Introduction Form |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
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| <input type="checkbox"/> | <input type="checkbox"/> | Contract/Agreement |
| <input type="checkbox"/> | <input type="checkbox"/> | Form 126 – Ethics Commission |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
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OTHER (Use back side if additional space is needed)

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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Office of Economic and Workforce Development Memo - 11/20/15</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>CBD Annual Report 2013-2014</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>CBD CPA Report 06/30/14</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Referral FYI 12/08/15</u> |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <u>CASTRO/UPPER MARKET OEND PYT - 01/21/2016</u> |
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Completed by: Erica Major Date January 15, 2016
 Completed by: EM Date 1/25/2016

1 [Castro/Upper Market Community Benefit District - FY2013-2014 Annual Report to the City]

2
3 **Resolution receiving and approving an annual report for the Castro/Upper Market**
4 **Community Benefit District for FY2013-2014, submitted as required by the Property and**
5 **Business Improvement District Law of 1994 (California Streets and Highways Code,**
6 **Sections 36600, et seq.), Section 36650, and the District's management agreement with**
7 **the City, Section 3.4.**

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

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

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

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

1 WHEREAS, On March 5, 2015, the Board of Supervisors approved the Castro/Upper
2 Market CBD's annual reports for FYs 2009-2010, 2010-2011, 2011-2012, 2012-2013 in
3 Resolution No. 63-15; and

4 WHEREAS, The Castro/Upper Market CBD has submitted for the Board's receipt and
5 approval the Castro/Upper Market annual report for FY2013-2014 ("the Annual Report") as
6 required by Section 36650 of the Act and Section 3.4 of the Management Contract; and

7 WHEREAS, The Annual Report is on file with the Clerk of the Board of Supervisors in
8 File No. 151237, and is incorporated herein by reference as though 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 November 20, 2015, and documentation from the Castro/Upper Market CBD for the Annual
12 Report is on file with the Clerk of the Board of Supervisors in File No. 151237; now, therefore,
13 be it

14 RESOLVED, That the Board of Supervisors hereby receives and approves the annual
15 report for the Castro/Upper Market Community Benefit District for FY2013-2014.

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Castro/Upper Market Community Benefit District

 **SAN
FRANCISCO**
Office of Economic and Workforce Development

7/28/19
SUBMITTED AND PRESENTED
CARRIED ON CALLING

Legislative Overview

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

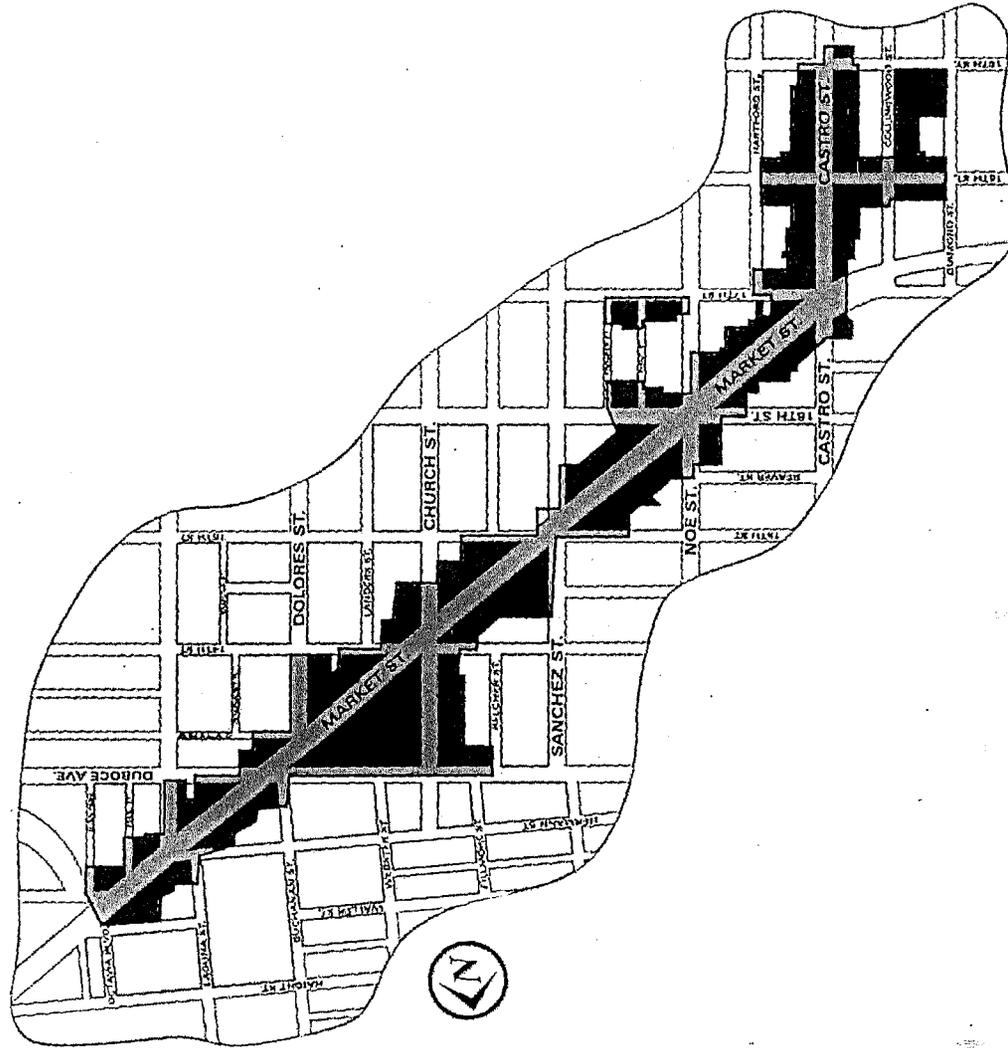
- State law**
 - “1994 Act”
- Local law**
 - “Article 15”

Review Process

This resolution covers Annual Report for FY 2013-2014

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

Parcel Map



1089

Castro/Upper Market CBD Formation

Castro/Upper Market CBD	Type	Assessment Budget*	Year Established	Expires
	Property-Based	\$ 413,500	2005	June 30, 2020

1090

**budget identified in management plan*

Castro/Upper Market CBD Operations

Staff

- Executive Director – Andrea Aiello

Service Areas

- **Public Rights of Way and Sidewalk Operations (PROWSO)**
 - Includes street maintenance, beautification, and safety services.
 - “Clean Team” is funded through this program.
 - Patrol Special officer patrols the neighborhood seven nights week.
- **District Identity and Street Improvements (DISI)**
 - Includes marketing, public relations and street enhancements.
- **Administration and Corporate Operations**
 - Includes oversight of service contract, implementation of major projects, staffing the Board of Directors and committees, and general day to day operations.

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BENCHMARKS

OEWD 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.

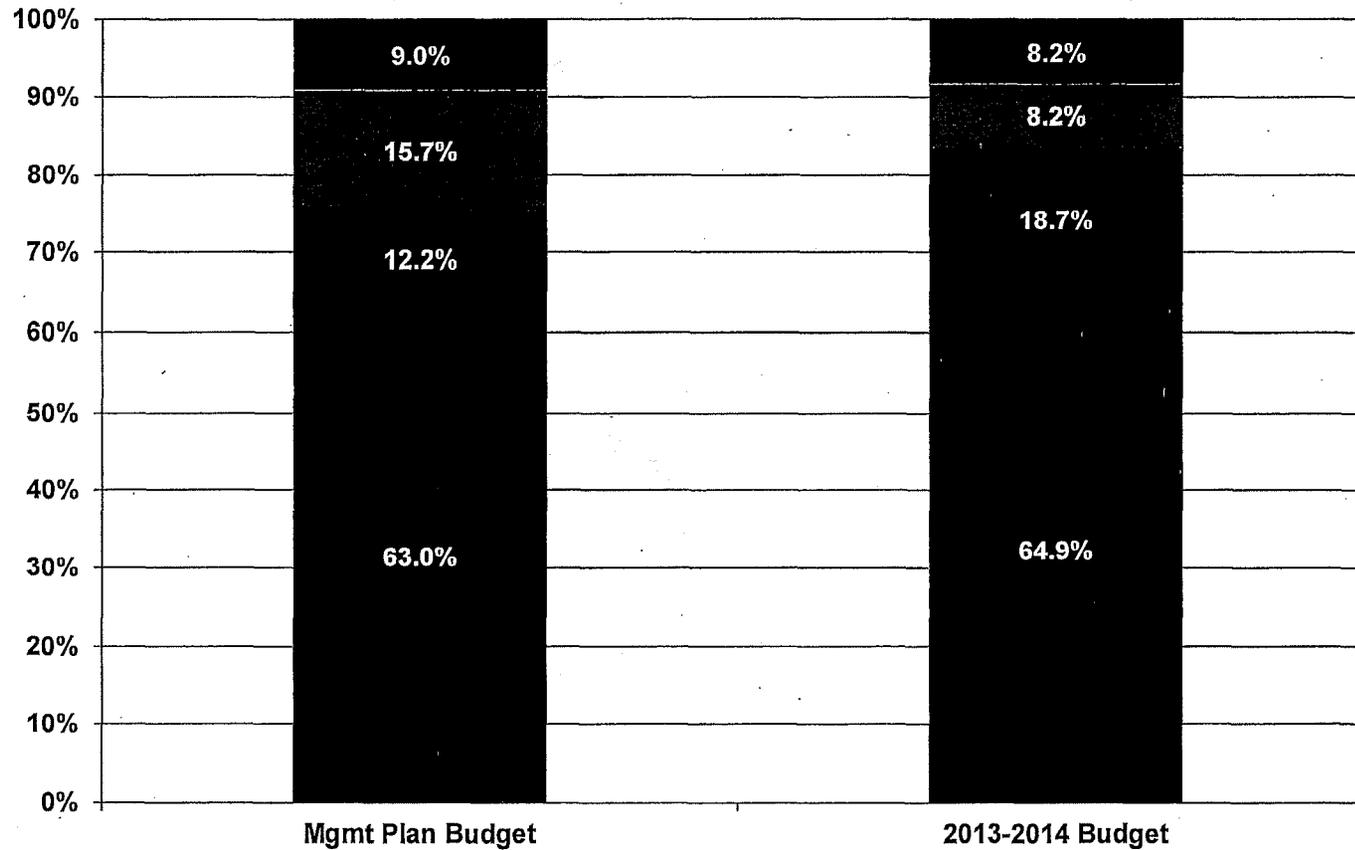
Benchmark 2 – Whether five percent (5%) of the Castro/Upper Market CBD’s actuals came from sources other than assessment revenue.

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

Benchmark 4 - Whether the Castro/Upper Market 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.

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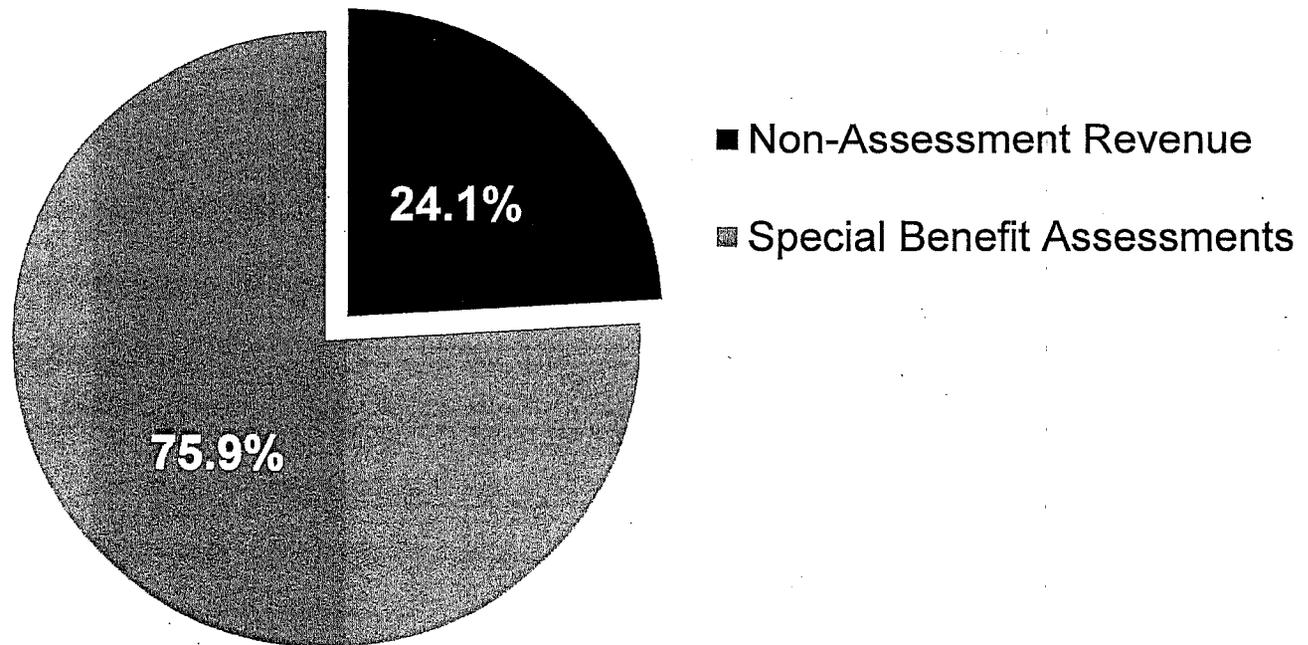
1: Management Plan vs. Annual Budget



- Public Right of Way and Sidewalk Operations
- District Identity and Streetscape Improvements
- Management and Administration
- Contingency Reserve

2: Assessment Revenue & Other Income

FY 2013 - 2014



1094

3: Budget vs Actuals

Service Category	FY 2013-2014 Variance Percentage Points
Public Rights of Way and Sidewalk Operations plus Public Safety Services	-19.4
District Identity and Street Improvements	+21.5
Administrative/Corporate Operations	+6.0

1095

4: Carryover

Designated Projects

For FY 2014-2015

Unrestricted net assets

Designated by the board for

Public Rights of way and sidewalk operations	\$26,827
District identity and Streetscape Improvements	\$4,955
Retail Strategy	\$15,000
Reserves (End of fiscal year balance is ideally 6 months of budget)	\$253,814

Undesignated

Unrestricted net assets	\$63,895
Total unrestricted net assets	\$364,491

Temporarily restricted net assets

Restricted for

OEWD – retail project	\$35,000
OEWD – merchant support	\$5,213
OEWD – retail study	\$32,000
OEWD – LED light improvement	\$15,000
Jane Warner Plaza	\$3,000

Total Temporarily restricted net assets	\$90,213
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Total Designated Amount \$454,704

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Recommendations for the Castro/Upper Market CBD

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

- Currently, the CBD only has one staff person. Given the high level of activity of the organization, the CBD should consider hiring additional staff to support the program.
- Fund raising through promotions or other creative means would ensure the CBD continues to meet their non-assessment revenue goal independent of city grants.

Conclusion

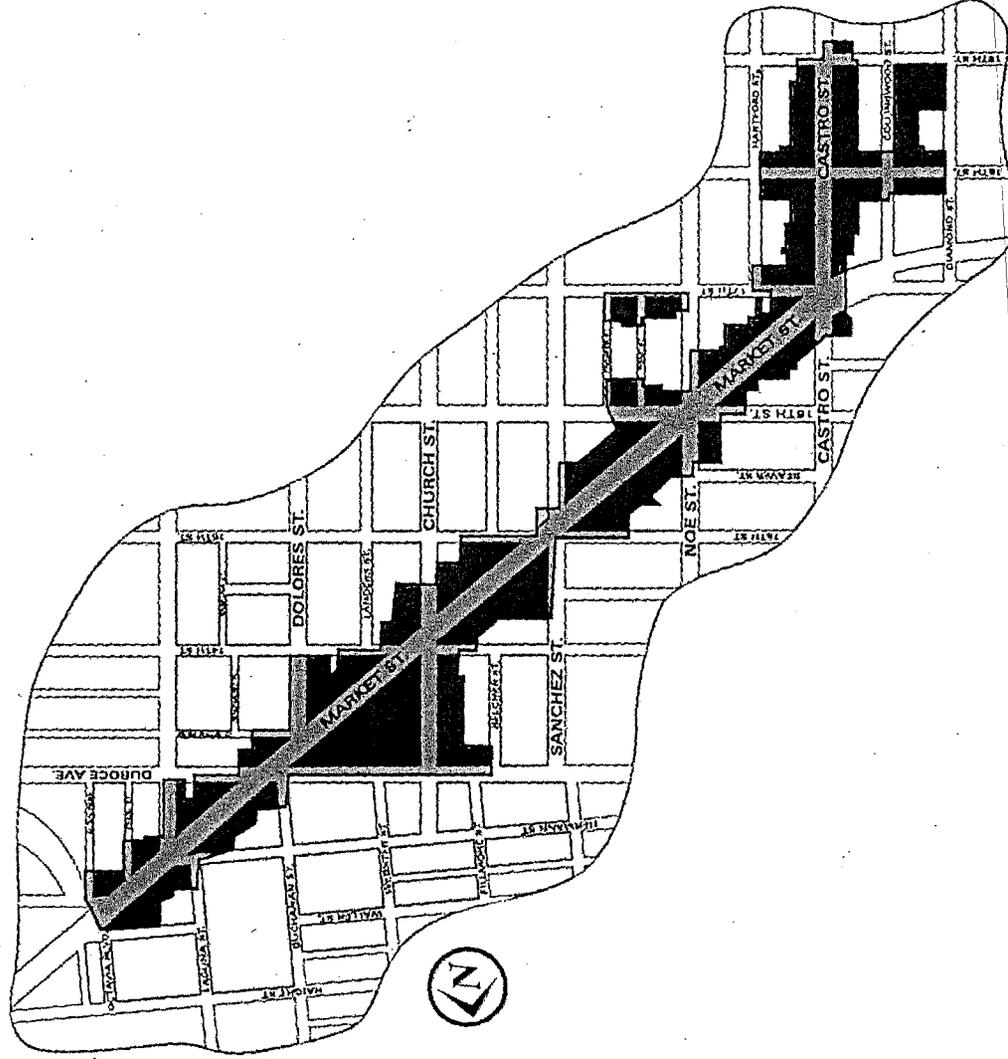
The Castro/Upper Market CBD has performed well in implementing the service plan in the district:

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

soa

CASTRO / UPPER MARKET
COMMUNITY BENEFIT DISTRICT

Area Map of the CBD



1100



Active Committees

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

Partner Organizations

- Castro Merchants
- Castro/Eureka Valley Neighborhood Association
- Duboce Triangle Neighborhood Association
- Safeway
- Recology
- DPW

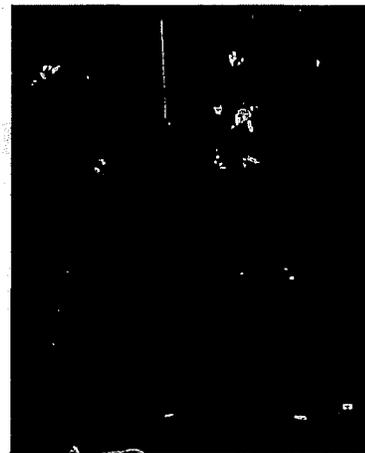
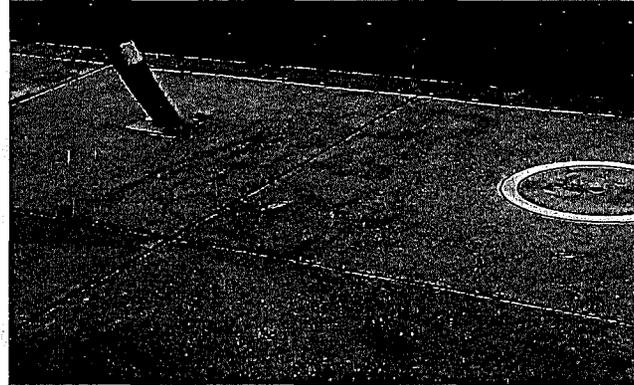
Current Grants

- OEWD Merchant Support Grant
- OEWD LED Celebratory Lights Grant
- OEWD Retail Strategy Grant

Events + Highlights

- ◆ **Clean:** 250 Trash Bags a Month - Clean Team sweeps every parcel daily, removes graffiti and steam cleans quarterly.
- ◆ **Safe:** Collaborates with businesses to fund S.F. Patrol Special Police. Hours of patrol are:
 - ❖ Sunday – Wednesday 4:00 p.m. – 1:00 a.m.
 - ❖ Thursday – Saturday 4:00 p.m. – 3:00 a.m.
- ◆ **Green:**
 - ❖ *Live!* In The Castro: Free outdoor live performances
 - ❖ Castro Ambassadors: Volunteers welcome visitors to the Castro. In four years of operation, the Ambassadors have helped 24,000 visitors. Information is available in seven languages.
 - ❖ Landscaping Improvements and Plaza Management

Before & After Steam Cleaning/Trash Removal



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Live! In The Castro



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Castro Ambassadors



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Challenges

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

Opportunities

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

Projects + Visions

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

Projects + Visions

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

Thank You



BOARD of SUPERVISORS



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

MEMORANDUM

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

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

DATE: December 8, 2015

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Government Audit and Oversight Committee has received the following proposed legislation, introduced by Supervisor Wiener on December 1, 2015:

File No. 151237

Resolution receiving and approving an annual report for the Castro/Upper Market Community Benefit District for FY2013-2014, 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 comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102 or by email at: erica.major@sfgov.org.

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

Major, Erica (BOS)

From: Major, Erica (BOS)
Sent: Tuesday, December 08, 2015 4:29 PM
To: Rufo, Todd (ECN); Rosenfield, Ben (CON)
Cc: Rich, Ken (ECN); Pagan, Lisa (ECN); Rydstrom, Todd (CON)
Subject: REFERRAL FYI (151237) Castro/Upper Market Community Benefit District - FY2013-2014 Annual Report to the City
Attachments: 151237 FYI.pdf

Greetings:

This matter is being forwarded to your department for informational purposes. If you have any comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

Thank you.

Erica Major
Assistant Committee Clerk
Board of Supervisors
1 Dr. Carlton B. Goodlett Place, City Hall, Room 244
San Francisco, CA 94102
Phone: (415) 554-4441 | Fax: (415) 554-5163
Erica.Major@sfgov.org | www.sfbos.org



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MEMO

To: Supervisor Scott Wiener, District 8

CC: San Francisco Board of Supervisors

From: Richard Kurylo, OEWD Project Manager

RE: Castro/Upper Market Community Benefit District

Date: November 20, 2015

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, 2013, and June 30, 2014.

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 2013-2014
2. CPA Financial Review Report
 - a. FY 2013-2014
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).
- March 3, 2015: the Board of Supervisors approved the Castro/Upper Market CBD's Annual Reports for Fiscal Years 2009-2010, 2010-2011, 2011-2012, and 2012-2013 (Resolution # 63-15).



Basic Info about the Castro Upper Market CBD

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

The current CBD website, www.castrocdb.org, includes all the pertinent information about the organization and their programs, a calendar of events, their Management Plan, Mid-Year Report, Annual Report and meeting schedules.

Summary of Service Area Goals

Public Rights of Way and Sidewalk Operations (PROWSO)

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

District Identity and Street Improvements (DISI)

The District Identity and Street Improvements service includes marketing, public relations, street enhancements, historical markers and public art, and economic vitality related strategies in the Castro/Upper Market area. This program area 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. The Castro/Upper Market CBD Management Plan calls for 16% of the budget to be spent on administration and corporate operations.

In FY 2013-2014 the Castro/Upper Market CBD board had ten (10) directors, represented by residents, property owners, community organizations, and non-property owning merchants. The full board meets on the second Thursday of each month. The five committees and meeting times are detailed below:

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

Summary of Accomplishments, Challenges, and Delivery of Service Areas

FY 2013-2014

Public Rights of Way and Sidewalk Operations (PROWSO)

- Litter and Trash Removal : 250 trash bags per month
- Graffiti Removal by Street:
 - Castro - 124
 - Market – 316
 - Church – 83
 - Duboce – 24
- Developed a close working relationship with both Recology and DPW to collectively work diligently to keep the public realm in the Castro clean.

District Identity and Street Improvements (DISI)

- Served as the lead agency in a collaborative effort with the neighborhood associations (Castro/Eureka Valley Neighborhood Association; Duboce Triangle Neighborhood Association), the Castro Merchants and the Market St. developers to implement the Upper Market Retail Strategy Project.
- Held twenty (20) *Live!* in the Castro performances which averaged 100-150 attendees.
- Paid for the installation of three streetscape enhancement elements (total cost of \$121,860) in collaboration with the City's Castro Street Sidewalk Widening project. These three elements were:
 - 4 Rainbow Crosswalks at Castro & 18th streets
 - 48 LED lights. The CBD changes the program on these lights based on the holiday and season.
 - 20 Castro History Walk Markers: identifying historical events of the Eureka Valley.

Administration and Corporate Operations

- Leveraged outside dollars, in-kind services and volunteer services to implement its programs and projects. The following businesses and organizations donated to the Castro/Upper Market CBD:
 - Sutton Law Firm
 - HBO
 - SF Travel Partnership
 - The Café

- Coldwell Banker
- Prado Group, Inc.
- Brian Spiers Development
- The Apothecarium
- Forest City Development
- Strada Development Group
- Angus McCarthy
- Eureka Valley Neighborhood Association
- Duboce Triangle Neighborhood Association
- Castro Merchants

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 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 (*CA Streets & Highways Code, Section 36650(B)(5)*).

FY 2013-2014

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

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

Service Category	Management Plan Budget	% of Budget	FY 2013-2014 Budget	% of Budget	Variance Percentage Points
Public Rights of Way and Sidewalk Operations plus Public Safety Services	\$260,675	63%	\$289,170	65%	+2%
District Identity and Streetscape Improvements	\$50,500	12%	\$83,165	19%	+7%
Administrative/Corporate Operations	\$65,000	16%	\$36,665	8%	-8%
Contingency/Reserve	\$37,325	9%	\$36,645	8%	-1%
TOTAL	\$413,500	100%	\$445,645	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 \$437,441 or 75.9% of actuals and non-assessment revenue was \$139,026 or 24.1% of actuals. See table below.*

Revenue Sources	FY 2013-2014 Actuals	% of Actuals
Special Benefit Assessments	\$437,441	
Total assessment revenue	\$437,441	75.9%
Contributions	\$120,170	
Fiscal Agent Revenue	\$1,963	
In-Kind Rent and Facility Use	\$6,000	
In-Kind Services	\$10,300	
Interest Earned	\$593	
Total non-assessment revenue	\$139,026	24.1%
Total	\$576,467*	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 did not meet this requirement. The Castro/Upper Market CBD used FY 2012-13 carryover assessment revenue for streetscape improvements that were budgeted to DISI.*

Service Category	FY 2013-2014 Budget	% of Budget	FY 2013-2014 Actuals**	% of Actuals	Variance Percentage Points
Public Rights of Way and Sidewalk Operations plus Public Safety Services	\$289,170	64.9%	\$272,171	45.5%	-19.4%
District Identity and Streetscape Improvements	\$83,165	18.7%	\$240,586	40.2%	+21.5%
Administrative/Corporate Operations	\$36,665	8.2%	\$85,082	14.2%	+6.0%
Contingency/Reserve	\$36,645	8.2%	-		
TOTAL	\$445,645	100.0%	\$597,839*	100.0%	

*In fiscal year 2013-14, expenses (\$597,839) exceeded revenue (\$576,467) by \$21,372. Please see the memorandum from the Castro/Upper Market CBD dated November 6, 2015, for clarification.

**Per the Castro/Upper Market CBD's financial statements for the year ended June 30, 2014, functional expenses were categorized into 13 different service categories. The assignment of the functional expenses line items into the four main service categories was outlined in a memorandum from the CBD dated November 6, 2015.

BENCHMARK 4: Whether the Castro/Upper Market 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/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 2013-2014 Carryover Disbursement	\$454,704
Unrestricted net assets	
Designated by the board for	
Public Rights of way and sidewalk operations	\$26,827
District identity and Streetscape Improvements	\$4,955
Retail Strategy	\$15,000
Reserves***	\$253,814
Undesignated	
Unrestricted net assets	\$63,895
Total unrestricted net assets	\$364,491
Temporarily restricted net assets	
Restricted for	
OEWD – retail project	\$35,000
OEWD – merchant support	\$5,213
Business and neighborhood donations – retail project	\$32,000
OEWD – LED light improvement	\$15,000
JWP	\$3,000
Total Temporarily restricted net assets	\$90,213
Total Designated Amount	\$454,704

***Reserves are carryforward funds that will be spent on Public Rights of Way and Sidewalk Operations, District Identity and Streetscape Improvements and Administrative/Corporate Operations in upcoming fiscal year(s). Note that CBDs typically should have a fund balance at the end of the fiscal year that is equal to about 6 months of their annual budget, which is the goal of the Castro/Upper Market CBD. Please see the memorandum from the Castro/Upper Market CBD dated November 6, 2015, for clarification.

Findings and Recommendations

For the fiscal year in review, the Castro/Upper Market CBD has generally met all of the benchmarks as defined on page 5 of this memo. With respect to 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) and Benchmark 3 (whether the variance between the budget amount and actual expenses within a fiscal year was within 10 percentage points), the Castro/Upper Market CBD did not meet these requirements.

The Castro/Upper Market CBD anticipated grant funding in FY 2013-2014 and allocated these additional funds to the Public Rights of Way and Sidewalk Operations and District Identity and Streetscape Improvements program areas.

The Castro/Upper Market CBD exceeded their General Benefit requirement of five percent (5%) by raising their non-assessment revenue to \$139,026 or 24.1%. The CBD was successful in acquiring grant dollars for streetscape and physical improvement projects. This increase in funding explains the high variances between the budget to actuals for PROWSO and DISI as these additional monies were allocated to these program areas. In conclusion, while OEWD is charged with noting any variances above 10 percentage points, the office must note that these variances are appropriate as the additional funds allocated to these program areas were generated from non-assessment dollars. Currently the Castro/Upper Market CBD only has one full time staff person. Given the significant amount of carryover funds, there is an opportunity to hire additional staff to support the program.

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

Conclusion

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



MEMORANDUM

TO: Richard Kurylo, Project Manager, OEWD

FROM: Andrea Aiello, Executive Director, Castro/Upper Market CBD *AA*

DATE: November 6, 2015

RE: CBD Annual Report to the Board of Supervisors for FY 2013-14

Please note the following clarifications regarding the CBD annual report to the Board of Supervisors for fiscal year 2013-14.

Benchmarks 2 and 3

In fiscal year 2013-14, expenses (\$597,839) exceeded revenue (\$576,467) by \$21,372 per the financial statements for the year ended June 30, 2014. This was partially the result of the Castro/Upper Market CBD using fiscal year 2012-13 carryover assessment revenue for streetscape improvements that were budgeted for District Identity and Streetscape Improvements.

Benchmark 3

Functional expenses per the financial statements for the year ended June 30, 2014, were as follows:

FY 2013-14 Functional Expenses	Total
Sidewalk cleaning	\$ 233,191
Security and public safety	\$ 11,180
Streetscape improvements	\$ 131,455
Marketing and Castro Ambassadors	\$ 34,764
Events and promotions	\$ 24,681
Payroll	\$ 94,437
Payroll taxes and workers' compensation	\$ 8,657
Legal and professional	\$ 27,143
Operation expenses	\$ 14,535
Travel and meetings	\$ 1,496
In-kind rent	\$ 6,000
In-kind marketing	\$ 1,600
In-kind legal and professional	\$ 8,700
Total Functional Expenses	\$ 597,839

The functional expenses roll up into the four main budget categories as follows:

FY 2013-14 Functional Expenses	Total
Public Rights of Way and Sidewalk Operations	\$ 272,171
District Identity and Streetscape Improvements	\$ 240,586
Administrative/Corporate Operations	\$ 85,082
Contingency Reserve	\$ 0
Total Functional Expenses	\$ 597,839

Benchmark 4

Per the financial statements for the year ended June 30, 2014, unrestricted net assets include \$253,814 identified for "Reserves." Reserves are carryforward funds that will be spent on Public Rights of Way and Sidewalk Operations, District Identity and Streetscape Improvements and Administrative/Corporate Operations in upcoming fiscal year(s). Note that CBDs typically should have a fund balance at the end of the fiscal year that is equal to about 6 months of their annual budget, which is the goal of the Castro/Upper Market CBD.

Please let me know if you have any questions or need further clarification.

Thank you.



Castro/Upper Market CBD
584 Castro St. #336
San Francisco, CA 94114

1125

facebook.com/castrocbd

@visitthecastro

castrocbd.org

Address Correction Service
Requested

**CASTRO/UPPER MARKET
COMMUNITY BENEFIT DISTRICT
NEWSLETTER AND REPORT**

WHAT'S INSIDE:

- CASTRO ST. IMPROVEMENT PROJECT AND CBD FUNDED ELEMENTS
- CASTRO AMBASSADORS
- CASTRO CARES
- RETAIL STRATEGY
- CLEANING CHARTS/GRAPHS
- FINANCIALS
- WEBSITE
- BOARD OF DIRECTORS
- STAY IN TOUCH WE NEED YOUR EMAIL ADDRESS
- DISPATCH#

NEIGHBORLY

NEW AND

NOTEWORTHY

osca

CASTRO CARES: ADDRESSING QUALITY OF LIFE IN THE CASTRO & UPPER MARKET

Castro Cares Under the leadership of the Castro/Upper Market Community Benefit District, a coalition of neighborhood groups is bringing additional, dedicated resources to the Castro/Upper Market from the San Francisco Department of Public Health (SFDPH), the San Francisco Police Department (SFPD), and the Patrol Special Police.

The initiative began with the placement in the Castro of Homeless Outreach Team workers, funded by the SFDPH, to connect those living on the streets with services. When the full initiative rolls out over the coming year, **Castro Cares** will fund additional dedicated overtime SFPD officers, plus Patrol Special Police Officers and homeless outreach services.

Castro Cares is the result of an effort by a coalition of neighborhood groups, organizations and businesses working with District 8 Supervisor Scott Wiener, who successfully championed for \$100,000 per year in city start-up funds for two years. An additional city grant for \$15,000 was secured and the CBD committed another \$15,000. A private fundraising campaign began in December has raised \$30,000. Our goal is to raise an additional \$200,000 for this year.

Members of the neighborhood coalition include:

- Castro/Upper Market Community Benefit District,
- Castro/Eureka Valley Neighborhood Association,
- Castro Community on Patrol,
- Most Holy Redeemer Catholic Church,
- Duboce Triangle Neighborhood Association,
- Hartford Street Neighbors,
- Collingwood Street Neighbors,
- St. Francis Lutheran Church,
- Safeway,
- Castro Merchants,
- SF Department of Public Health,
- SF Police Department, Mission Station.



The overall goal of **Castro Cares** is to improve the quality of life for those living on the street and for those who live, work and play in the Castro/Upper Market. When fully funded, the program will provide a range of homeless-related social services and additional dedicated law enforcement to core affected areas in the CBD boundaries. Levels of service will be scaled back or up depending on the amount of funds raised. Donations are actively being solicited.

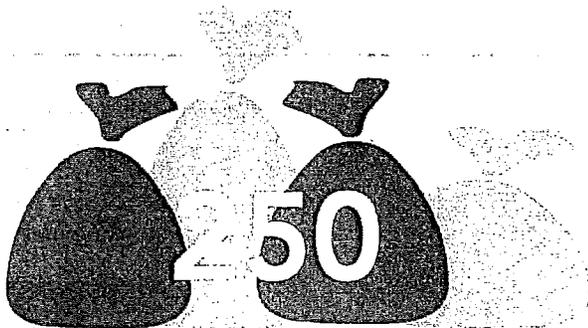
To learn more about **Castro Cares** or to donate go to: www.castrocares.org or call the CBD at 415-500-1181.



Castro Cares Team
Photos courtesy of Rick Gerharter

TRASH & LITTER CLEAN UP

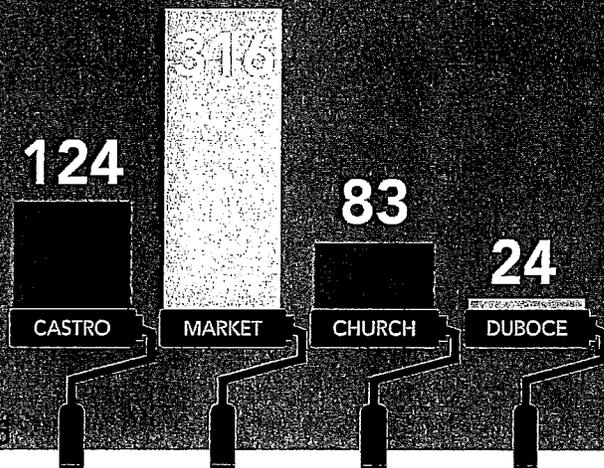
365 DAYS A YEAR



TRASH BAGS A MONTH

GRAFFITI REMOVAL

BY STREET (2013-2014)



LOOKING FORWARD

Clean & Safe will continue as the Castro CBD's top priorities. The Castro CBD clean team will continue to sweep the sidewalks and gutters, daily, the linear frontage of every parcel in the district, remove graffiti from public and private property, steam clean quarterly and steam clean urgent hot spots.

The CBD will continue to collaborate with other businesses in the district to fund **Patrol Special Police**. The CBD's contributions help to fund the SF Patrol Special Police patrolling the district.

- Sunday – Wednesday
4:00 p.m. – 1:00 a.m.
- Thursday – Friday
4:00 p.m. – 3:00 a.m.



Pedestrian safety, particularly on upper Market Street will be a top priority for the Castro/Upper Market Community Benefit District over the next few years. The Castro CBD has taken a leadership role, working with the neighborhood associations and SF MTA to develop much needed pedestrian safety improvements on Market Street.

GRAFFITI REMOVAL

The Castro CBD removes graffiti for free in the district. If you would like the CBD to remove graffiti from your property in the Castro, please go to www.castrocbd.org/index.php/our-services/graffiti-removal to sign up, or call the Castro CBD at 415-500-1181.

Castro/Upper Market CBD Dispatch #415-402-0522

THANKS!

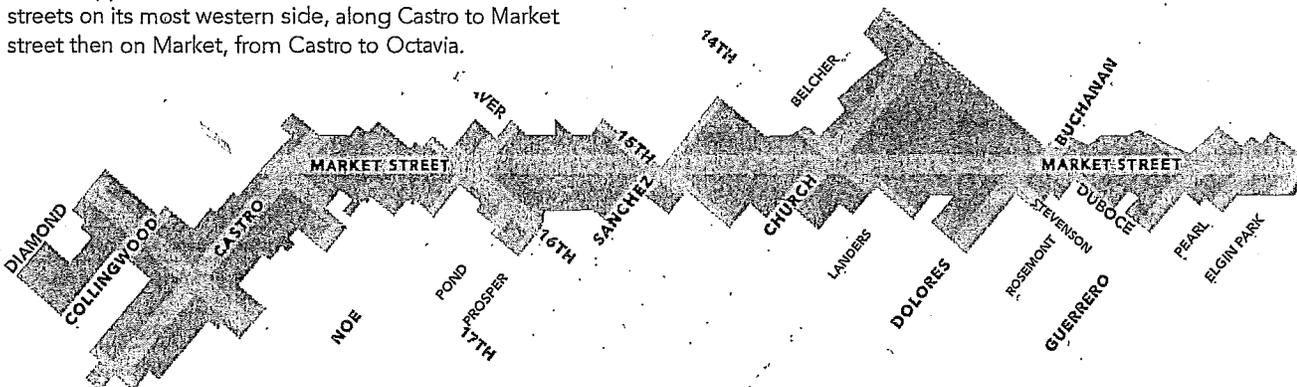
Donors to the Castro & Upper Market Retail Strategy: The Apothecarium, Angus McCarthy, Brian Spiers Development, Castro/Eureka Valley Neighborhood Association (EVNA), Castro Merchants (formerly MUMC), Duboce Triangle Neighborhood Association (DTNA), Forest City Development, Office of Economic & Workforce Development (City of SF), Prado Group, Supervisor Scott Wiener's Office, Strada Development.

Coldwell Banker Real Estate: Donated office and meeting room space to the Castro/Upper Market Community Benefit District for four years!

Orphan Andy's: Special thanks to Dennis Ziebell and Bill Pung, co-owners of Orphan Andy's. Dennis and Bill have volunteered with gardening, maintenance and other issues. Thank you!

CASTRO / UPPER MARKET CBD DISTRICT

Castro/Upper Market CBD runs from Diamond and 19th streets on its most western side, along Castro to Market street then on Market, from Castro to Octavia.



FINANCIALS

STATEMENT OF ACTIVITIES

Year Ended June 30, 2014

SUPPORT & REVENUE	
Assessment revenue	\$437,441
Contributions	120,170
Fiscal agent revenue	1,963
In-kind rent and facility use	6,000
In-kind services	10,300
Interest income	593
Total Support and Revenue	\$576,467
EXPENSES	
Program	\$507,381
General and administrative	85,082
Fundraising	5,376
Total Expenses	\$597,839
Change in Net Assets	(\$21,372)
Net Assets, beginning of year	\$476,076
Net Assets, end of year	\$454,704

STATEMENT OF FINANCIAL POSITION

June 30, 2014

ASSETS	
Current Assets	
Cash and cash equivalents	\$469,921
Accounts receivable	1,435
Assessments receivable	37,125
Grants receivable	75,000
Prepaid expenses	6,990
Total Assets	\$590,471
LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts payable	\$10,118
Accrued expenses & other payable	3,789
Pledge payable	121,860
Total Liabilities	\$135,767
Net Assets	
Unrestricted	\$364,491
Temporarily restricted net assets	\$90,213
Total net assets	\$454,704
Total liabilities and net assets	\$590,471

JULY 2014 – JUNE 2015 BUDGET

REVENUES	
Assesment Revenue	\$508,920
Grants & Fundraising	50,000
Other & Interest	600
Total Revenue	\$559,520
EXPENSES	
PROWSO- Public Rights of Way & Sidewalk Operations- Cleaning & Safety	\$334,800
District Identity, Streetscape Improvement & Economic Vitality	70,730
Administration	78,343
Grant & Fund Expenses	153,400
Total Expenses	\$637,273
Change in Carryforward Funds	(\$77,753)
ENDING CARRYFORWARD (ESTIMATE)	
Service Area Funds & Contingency	\$80,247
Six Months Cash Flow	253,814
Total Ending Carryforward Funds	\$334,061

ASSESSMENT METHODOLOGY

The Castro/Upper Market CBD is funded through an annual assessment on the property in the district. Castro/Upper Market CBD assessments are based on the following factors:

- Linear frontage
- Lot/Parcel size
- Building square footage
- Building use

The methodology used to calculate assessment fees is detailed in the Castro/Upper Market CBD Management District Plan which can be found on the Castro CBD's website at: www.castrocbd.org/images/about/CBD_Mgmt_Plan_Rev_FY_06-07_1.pdf.

Each assessed property with the linear frontage, building square footage and lot size is listed on the Castro CBD website

at: www.castrocbd.org/images/about/LotMeasurements_website_2014.pdf.

This information is provided to the Castro/Upper Market 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.Assessors Office at 415-554-5596 or email: assessor@sfgov.org The Castro/Upper Market Community Benefit District's Management Plan can be found on the CBD's website at: www.castrocbd.org/images/about/CBD_Mgmt_Plan_Rev_FY_06-07_1.pdf.

For questions about the Management Plan, please contact the Castro/Upper Market CBD at 415-500-1181.

Property Value	FY 2014-15 Annual Cost
Linear Frontage	10.205100/lf
Building Square Footage (Use Categories A,B)	0.12939200/sf
Lot/Parcel Size	0.0919600/sf

Building Use Categories	
Use Code	Description of Use
A	Retail space, hotels, motels, visitor related
B	Office and Commercial uses, free standing parking structures
C	Industrial/Manufacturing/Distribution
D	Institutional (City, County, School, public utility, parks, etc.)
E	Church, non-profit, tax-exempt
F	Residential multi-unit housing, apartments, condos
G	Residential single family housing units

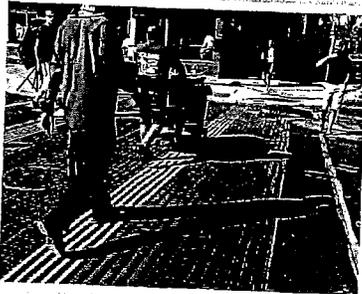
CASTRO STREET IMPROVEMENT PROJECT

It's 2015 and the Castro Street Improvement Project is complete! Thank you to all the merchants, residents and neighbors who lived through the construction. The new Castro Street is one which reflects the current best practices in urban design, with wider sidewalks, a narrower street, 63 trees, bulb-outs, leaning posts, bike racks, and themed streetscape improvements. It is pedestrian centric, encouraging people to be out and about, to linger, meet friends at a sidewalk café and generally bring a positive vibe to the street.

Rainbow crosswalks, the Castro History Walk, and LED celebratory lighting are all elements of the new Castro Street, funded by the Castro/Upper Market Community Benefit District and being enjoyed by all. Planning on a city funded major improvement project to the Castro Commercial District, the CBD board of directors put aside funds to pay for

additional beautification efforts, on top of the baseline funds that would be provided by the city. The city funded Castro Street Improvement Project provided just this opportunity.

Decorative crosswalks, LED celebratory lighting and markers to note the history of the neighborhood were beautification elements supported by the community, but not within the city's budget for the project. The Castro/Upper Market CBD board of directors approved \$121,860 to fund these three elements. A community input process was developed resulting in the rainbow crosswalks at 18th and Castro Streets and the Castro History Walk. The Castro History Walk documents the history of the Eureka Valley beginning with the era of the indigenous Yelamu people through recent years, when the Castro became world-renowned as a beacon for LGBT freedom.



Rainbow crosswalks



Castro History Walk



LED celebratory lighting

CASTRO & UPPER MARKET RETAIL STRATEGY

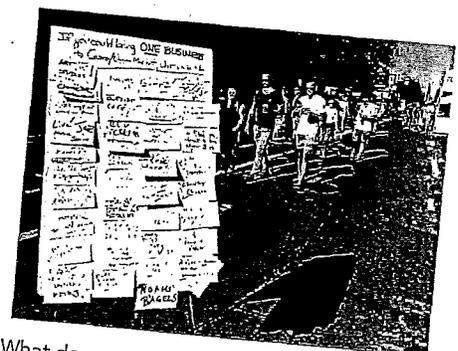
Launched in July 2014, the primary aim of the Retail Strategy project is to address the existing high vacancy rate and develop an actionable plan to fill new ground floor retail in a manner that enables the commercial corridor to thrive while preserving its unique character. It also aims to ensure a high quality of life for area residents, while maintaining international draw as a tourist destination.

The Castro/Upper Market commercial corridor is the second most active business district in San Francisco, with high pedestrian activity and draw as both a tourist destination and a "gay mecca." Its retail vacancy rate of 6.9%, however, is much higher than the City's 3.8% average. New large-scale construction projects, adding over 30,000 square feet of new ground floor space, threaten to push the neighborhood's retail vacancy rate even higher.

To address the concern around vacancy, the Retail Strategy was created as a collaborative effort by the Castro/Upper Market Community Benefit District (CBD), the Duboce Triangle Neighborhood Association (DTNA), the Castro/Eureka Valley Neighborhood Association (EVNA), and

Castro Merchants (CM). The Castro CBD contributed \$15,000 plus \$5,200 in-kind staff support. The remaining \$67,000 was raised through outside non-assessment dollars from the support of the organizations identified above plus local developers, the Office of Supervisor Scott Wiener and the S.F. Office of Economic & Workforce Development.

The project has been collecting data from residents, visitors, merchants, property owners and brokers, plus collecting data from other publicly available sources. The final work of the Retail Strategy will be presented to the community in June 2015. To learn more about the project visit: www.castroretail.com.



What do you want in the Castro?

CASTRO AMBASSADORS HELP 24,000 VISITORS

In its four seasons, a total of 24,033 visitors have been helped by the Castro CBD's volunteer Castro Ambassadors. These committed volunteers can be spotted at Castro and Market with their blue ambassador T-shirts providing information about the Castro to visitors from all over the world. The program provides information in six different languages besides English. You can imagine the delight in the faces of visitors from mainland China when we hand them *The Best of The Castro* in Chinese! Dan Esparza, volunteer ambassador coordinator, shared, "Visitors from other countries are surprised and delighted when they learn we have information for them in their native language. So few visitor information programs in the U.S. provide the breadth of languages that we do, and we're all volunteers!" This past summer the Castro Ambassadors helped 7,233 visitors from all over the globe.

Our goal is to help 35,000 visitors by the end of the 2015 ambassador season (May – October). We need your help to do this. Join the Castro Ambassadors. It's fun, easy and you get to meet a great group of neighbors who enjoy sharing their love for the Castro with people from all over the world. Go to <http://www.castrocbd.org/index.php/our-services/castro-ambassador> to learn more and sign up or email info@castrocbd.org.



Castro Ambassadors

STAY IN TOUCH WITH THE CBD!

CURRENT BOARD OF DIRECTORS

OFFICERS: Scott James, *President*; Alan Lau, *Treasurer*; Pauline Scholten, *Secretary*

AT LARGE MEMBERS: Joel Bubeck, Jim Laufenberg, Wendy Mogg, Tim Patriarca, Pat Sahagun, Gustavo Serina

EXECUTIVE DIRECTOR: Andrea Aiello

Castro/Upper Market CBD Board of Directors meetings are open to the public and are held at 6:00 p.m. on the second Thursday of each month at 501 Castro St., 2nd floor (above the Bank of America). For information on all Castro/Upper Market CBD meetings see the CBD website at: www.castrocbd.org.



Castro/Upper Market CBD
584 Castro St. #336
San Francisco, CA 94114
P 415.500.1181 F 415.522.0395
execdirector@castrocbd.org

JOIN OUR EMAIL LIST

Go to www.castrocbd.org/index.php/component/chronofoms/?chronofom=JoinList

Neighborhood updates are sent out monthly.

**CASTRO/UPPER MARKET COMMUNITY
BENEFIT DISTRICT, INC.
FINANCIAL REPORT
YEAR ENDED JUNE 30, 2014**

CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.
FINANCIAL REPORT
YEAR ENDED JUNE 30, 2014

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Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6

CHEK TAN AND COMPANY

A CERTIFIED PUBLIC ACCOUNTING FIRM

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

I have reviewed the accompanying statement of financial position of Castro/Upper Market Community Benefit District, Inc. (a nonprofit organization) as of June 30, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements.

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

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

San Francisco, California
December 12, 2014

Chek Tan and Company

CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2014

ASSETS

Current assets	
Cash and cash equivalents	\$469,921
Accounts receivable	1,435
Assessments receivable	37,125
Grants receivable	75,000
Prepaid expenses	<u>6,990</u>
Total assets	<u>\$590,471</u>

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable	\$ 10,118
Accrued expenses and other payable	3,789
Pledge payable	<u>121,860</u>
Total liabilities	<u>135,767</u>
Net assets	
Unrestricted net assets	364,491
Temporarily restricted net assets	<u>90,213</u>
Total net assets	<u>454,704</u>
Total liabilities and net assets	<u>\$590,471</u>

See independent accountant's review report and accompanying notes.

CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014

Support and revenue	
Assessment revenue	\$ 437,441
Contributions	120,170
Fiscal agent revenue	1,963
In-kind rent and facility use	6,000
In-kind services	10,300
Interest income	<u>593</u>
Total support and revenue	<u>576,467</u>
Expenses	
Program services	507,381
General and administrative	85,082
Fundraising	<u>5,376</u>
Total expenses	<u>597,839</u>
Changes in net assets	(21,372)
Net assets, beginning of year	<u>476,076</u>
Net assets, end of year	<u>\$ 454,704</u>

See independent accountant's review report and accompanying notes.

CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2014

	<u>Program</u> <u>Services</u>	<u>General and</u> <u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Sidewalk cleaning	\$233,191	\$ 0	\$ 0	\$233,191
Security and public safety	11,180	0	0	11,180
Streetscape improvements	131,455	0	0	131,455
Marketing and Castro Ambassadors	34,397	367	0	34,764
Events and promotions	24,681	0	0	24,681
Payroll	69,501	19,560	5,376	94,437
Payroll taxes and workers' compensation	0	8,657	0	8,657
Legal and professional	0	27,143	0	27,143
Operation expenses	1,308	13,227	0	14,535
Travel and meetings	68	1,428	0	1,496
In-kind rent	0	6,000	0	6,000
In-kind marketing	1,600	0	0	1,600
In-kind legal and professional	<u>0</u>	<u>8,700</u>	<u>0</u>	<u>8,700</u>
 Total functional expenses	 <u>\$507,381</u>	 <u>\$85,082</u>	 <u>\$5,376</u>	 <u>\$597,839</u>

See independent accountant's review report and accompanying notes.

CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2014

Cash flow from operating activities:	
Decrease in net assets	\$(21,372)
Adjustments to reconcile change in net assets to cash provided by operating activities:	
Change in assets and liabilities:	
Accounts receivable	(1,435)
Assessments receivable	4,320
Grants receivable	(75,000)
Prepaid expenses	(6,990)
Accounts payable	10,118
Accrued expenses and other payable	(24,269)
Pledge payable	<u>121,860</u>
Net cash provided by operating activities	<u>7,232</u>
Net increase in cash and cash equivalents	7,232
Cash and cash equivalents at beginning of year	<u>462,689</u>
Cash and cash equivalents at end of year	\$ <u>469,921</u>

See independent accountant's review report and accompanying notes.

CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

Note 1 - Nature of Activities

a. Organization

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

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

Note 2 - Significant Accounting Policies

a. Basis of accounting

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

b. Basis of presentation

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

Unrestricted net assets – consist of resources which have not been specifically restricted by a donor. Unrestricted net assets may be designated for specific purposes by the Organization or may be limited by contractual agreements with outside parties.

CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

Note 2 - Significant Accounting Policies (continued)

b. Basis of presentation (continued)

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

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

c. Contributions

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

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

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

d. Assessments receivable

Assessments receivable primarily consists of delinquent tax assessments owed by property owners. Since the taxpayers will be subject to City enforcement procedures, all assessments are considered to be fully collectible at June 30, 2014.

CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

Note 2 - Significant Accounting Policies (continued)

d. Assessments receivable (continued)

Although delinquent assessments are subject to penalties and fines, the Organization believes that these amounts will be offset by delays in collections. Accordingly, no receivable has been recognized for penalties and fines and the Organization has not calculated the present value of this receivable.

e. Income taxes

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and the California Revenue and Taxation Code Section 23701(d). The Organization has evaluated its current tax positions as of June 30, 2014 and is not aware of any significant uncertain tax positions for which a reserve would be necessary. The Organization's tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively after they are filed.

f. Donated services and materials

Donated services are reflected in the financial statements at the fair value of the services received only if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. For the year ended June 30, 2014, the Organization recognized \$10,300 contributed services.

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

g. Use of accounting estimates

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

h. Cash and cash equivalents

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

CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

Note 2 - Significant Accounting Policies (continued)

i. Concentration of credit risk

The Organization places its cash and cash equivalents with financial institutions and its balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per depository bank. At various times, the Organization had cash balances in excess of the insured amount. At June 30, 2014, the Organization had \$127,935 uninsured balance.

j. Property and equipment

All acquisitions or property and equipment in excess of \$1,000 and all expenditures for repairs and maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment. The Organization had no property and equipment that met this capitalization policy at June 30, 2014.

k. Functional allocation of expenses

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

Note 3 - 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 75% of the Organization's total revenue.

The Organization also received contributions in the total amount of \$85,000 from one donor, which represents 15% of the Organization's total revenue.

CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

Note 4 - Net Assets

Unrestricted net assets	
Designated by the Board for	
Public rights of way and sidewalk operation, and public safety services	\$ 26,827
District identity and streetscape improvements	4,955
Retail strategy	15,000
Reserves	253,814
Undesignated	
Unrestricted net assets	<u>63,895</u>
Total unrestricted net assets	
	<u>364,491</u>
Temporarily restricted net assets	
Restricted for	
OEWD – retail project	35,000
OEWD – merchant support	5,213
OEWD – retail study	32,000
OEWD – LED light improvement	15,000
JWP	<u>3,000</u>
Temporarily restricted net assets	
	<u>90,213</u>
Total net assets	
	<u>\$454,704</u>

Note 5 - Subsequent Event

The Organization has evaluated subsequent events through December 12, 2014, the date which the financial statements were available to be issued.

Introduction Form

By a Member of the Board of Supervisors or the Mayor

Time stamp
or meeting date

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

- 1. For reference to Committee.
An ordinance, resolution, motion, or charter amendment.
- 2. Request for next printed agenda without reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning "Supervisor [] inquires"
- 5. City Attorney request.
- 6. Call File No. [] from Committee.
- 7. Budget Analyst request (attach written motion).
- 8. Substitute Legislation File No. []
- 9. Request for Closed Session (attach written motion).
- 10. Board to Sit as A Committee of the Whole.
- 11. Question(s) submitted for Mayoral Appearance before the BOS on []

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission Youth Commission Ethics Commission
- Planning Commission Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use a Imperative

Sponsor(s):

Supervisor Wiener

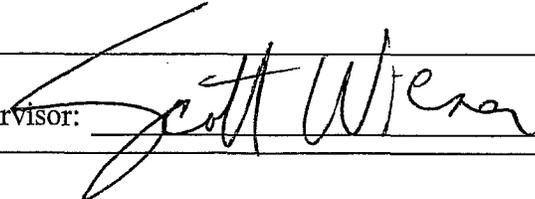
Subject:

Castro/Upper Market Community Benefit District – FY 2013-2014

The text is listed below or attached:

Resolution receiving and approving annual report for the Castro/Upper Market Community Benefit District for fiscal year 2013-2014, submitted as required by the Property and Business Improvement District Law of 1994 (California Streets and Highways Code, Sections 36600, et seq.), Section 36650, and the District's management agreement with the City, Section 3.4.

Signature of Sponsoring Supervisor:



For Clerk's Use Only:

