

**MEMO**

To: Supervisor Aaron Peskin, District 3

CC: San Francisco Board of Supervisors

From: Chris Corgas, OEWD Senior Program Manager

RE: Top of Broadway Community Benefit District

Date: April 17, 2018

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This is a memo summarizing the performance of the Top of Broadway Community Benefit District (ToBCBD) and an analysis of their financial statement (based on their audit) for the period between July 1, 2016, and June 30, 2017.

In the first year of operation, the CBD is required to submit a mid-year report, an annual report, and a CPA Financial Review or Audit. Top of Broadway CBD has complied with the submission of all these requirements. OEWD staff reviewed these 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 Top of Broadway Community Benefit District management contract with the City; and their Management Plan as approved by the Board of Supervisors in 2013.

Also attached to this memo are the following documents:

1. Annual Report
  - a. FY 2016-2017
2. CPA Financial Review Report
  - a. FY 2016-2017
3. Memo explaining carryover spenddown plan
4. Draft resolution from the Office of Economic and Workforce Development

**Background**



The Top of Broadway Community Benefit District includes 39 property-based parcels.

- July 23, 2013: the Board of Supervisors approved the resolution that established the property-based district called the Top of Broadway Community Benefit District for 8 years (Resolution # 263-13).
- November 5, 2013: Organization formed and incorporated; first meeting of the Board of Directors.
- February 25, 2014: the Board approved the contract for the administration and management of the Top of Broadway Community Benefit District (Resolution # 52-14)
- March 17, 2014: CBD received first assessment payment.
- September 5, 2017: the Board approved the Top of Broadway CBD's annual report for FY 2015 – 2016 (Resolution #331-17).

#### **Basic Info about Top of Broadway CBD**

Year Established	July 2013
Assessment Collection Period	FY 2013-14 to FY 2020-21 (July 1, 2013 to June 30, 2021)
Services Start and End Date	January 1, 2014 – December 31, 2021
Initial Estimated Annual Budget	\$106,567
Fiscal Year	July 1 – June 30
Executive Director	Marco LiMandri
District Director	Dominic LiMandri
Name of Nonprofit Owners'	Top of Broadway Community Benefit District Association

The current CBD website <http://topofbroadwaycbd.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**

##### **District Identity**

District Identity program area includes marketing, public relations, special events, and street enhancements, such as signage, historical markers, and banners, for the district. ToBCBD Management Plan calls for approximately 42% of the budget to be spent in this service area.

##### **Sidewalk Operations, Beautification and Order (SOBO)**

Sidewalk Operations, Beautification and Order service area includes sidewalk and public rights of way maintenance and beautification. This service area calls for one person at 20 hours, 5 days per week to remove graffiti and stickers from street fixtures and sidewalk cleaning. In addition, the program provides periodic steam cleaning (each Friday; district-wide monthly), trimming trees, and cleaning tree wells. The ToBCBD Management Plan calls for approximately 28% of the budget to be spent on SOBO.

### **Administration, Organization and Corporate Operations**

The ToBCBD Management Plan calls for approximately 30% of the budget to be spent on administration, organization, and corporate operations. In FY 16-17, ToBCBD was staffed by a part-time Executive Director who serves as the focal point person and advocate for Top of Broadway CBD. ToBCBD board has up to ten (10) board members that represent the diverse property owners and businesses in the district. Notice of meetings of the CBD's Board of Directors and CBD Advisory *Committees will be posted to the website calendar and at the SF Main Library. All Board of Directors and Committee meetings are open to the public, and public comment is welcome.* There are five advisory committees:

- **Executive/Organization Committee** – The Executive/Organization Committee oversees staff and district administration and consulting contracts, corporate finances, insurance, grants, development of budget, board agendas and meetings, correspondences, outreach, bylaws and Board policies, relationships with the Board of Supervisor's office, political representatives and public agencies, board elections, fundraising, etc. Oversees annual election of board members. Consists all of the officers of the corporation.
- **District Identity and Streetscape Improvement (DISI)** - The District Identity & Streetscape Improvement Committee is responsible for activities associated with area marketing and identity management, and will make related strategy and option recommendations for consideration by the Board of Directors. The Committee will propose and manage advocacy of area businesses and activities/events, and will promote area identity and manage branding efforts. The Committee meets monthly (at the option of the Committee Chair).
- **Sidewalk Operations, Beautification and Order Committee Meeting (SOBO)** - The Sidewalk Operations, Beautification and Order Committee is responsible for Services & Safety programs, including the coordination of services, activities and improvements related to sidewalk operations, beautification and safety. The Committee will evaluate programs and initiatives, and advise the Board on issues that impact safety, and quality of life and experience of area residents, businesses and visitors. The Committee meets monthly on the 2nd Wednesday of the month and is often joined by the SFPD Central Station Captain.
- **Land Use** – The Land Use Committee is responsible for areas involving parking, transportation, mobility, planning, zoning, code enforcement, new developments, Entertainment Commission, alcohol permits and outdoor dining encroachments, review of new tenant improvements and their impact, etc.
- **Expansion Task Force** – The Expansion Task Force oversees the boundaries, survey and other steps involved in the possible expansion of the Top of Broadway CBD. This task force will advise the Executive Committee on the results of its findings and the Executive Committee will bring the issues to the Board for review and concurrence. Crated by board action and advisory to the Executive Committee.
- **Finance Advisory Committee** – The Finance Advisory Committee is responsible for monitoring the financial and operating condition of the Organization as well as managing banking and insurance related matters. The Committee reviews all financial reports and oversees the CPA Review. The

Committee provides counsel and administrative advice to the Executive Director and Board of Directors as needed. The Committee meets quarterly and as needed. This committee serves in the capacity of the Executive Committee of the Organization.

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

#### **FY 2016-2017**

##### **District Identity – Marketing and Identity**

- Continued work and refinement of the Historical Marker Project, expected to be installed in and around the Broadway corridor in February of 2018
- Proposed, conceptualized and contracted with a design vendor to install a temporary art installation over the Kearny Street Steps in Spring 2018
- Developed new direction for district-wide ornamental landscaping expected to be exhibited in Spring 2018
- Collaborated with OEWD, SFDPW, and the CBD Consortium to draft policy to secure a more autonomous, expeditious process of deployment for pedestrian amenities (themed banners, sidewalk seating, decorative lighting, etc.).
- Continued developing strategic partnerships in and around the North Beach with community members and organizations alike

##### **Safety and Services Committee/Sidewalk Operations, Beautification and Order (SOBO)**

- Provided sidewalk maintenance services 349 days out of the year, collecting and removing approximately 8,725 lbs. of litter from the gutters and public right-of-way.
- Removed 1,078 incidences of graffiti from the public rights-of-way, a 3.7% increase from last fiscal year
- Removed 580 incidences of human/animal waste in-district, a 1% increase from last fiscal year
- Reported and facilitated the removal of over 400 incidences of illegal dumping in the district, a substantial 52% decrease from last fiscal year
- Conducted monthly district-wide inspections with SFDPW personnel and coordinated resources among multiple agencies to ensure collaborative coverage of the Broadway corridor
- Hosted monthly Sidewalk Operations Committee Meetings

##### **Administration, Organization and Corporate Operations**

- Began work on a formal district expansion project with the City (OEWD)
- Continued fundraising and grant applications to supplement District assessment dollars
- Held regularly scheduled board and committee meetings

### **ToBCBD Annual Budget Analysis**

**OEWD's staff reviewed the following budget related benchmarks for ToBCBD:**

- **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 “Top of Broadway Community Benefit District”, Section 3.9 – Budget*)
- **BENCHMARK 2:** Whether one percent (1%) of actuals came from sources other than assessment revenue (*CA Streets & Highways Code, Section 36650(B)(6); Agreement for the Administration of the “Top of Broadway 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 “Top of Broadway Community Benefit District”, Section 3.9 – Budget*)
- **BENCHMARK 4:** Whether ToBCBD is indicating the amount of any surplus or deficit revenues to be carried forward into the next fiscal year and designating projects to be funded by any surplus revenues (*CA Streets & Highways Code, Section 36650(B)(5)*)

**FY 2016-2017**

**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:** *ToBCBD met this requirement. ToBCBD was incredibly successful at obtaining grants, sponsorships, and donations to fund the District’s activities. Separating the non-assessment dollars from the review of this benchmark, demonstrates that the amount of assessment dollars allocated to each program is, in fact, appropriate. ToBCBD accounting changes allowed OEWD to determine budget and assessment expenditures from those that were paid for from non-assessment funds. See tables below.*

Service Category	Management Plan Budget	% of Budget	FY 2016-2017 Budget	% of Budget	Variance Percentage Points
District Identity Activities	\$45,000	42.23%	\$45,000	42.23%	0%
Sidewalk Operations, Beautification, & Order	\$30,000	28.15%	\$30,000	28.15%	0%
Administration, Organization and Corporate Operations	\$31,567.31	29.62%	\$31,567.31	29.62%	0%
<b>TOTAL</b>	<b>\$106,567.31</b>	100%	<b>\$106,567.31</b>	<b>100%</b>	

**BENCHMARK 2:** Whether one percent (1%) of actuals came from sources other than assessment revenue

**ANALYSIS:** *ToBCBD met this requirement. Assessment revenue was \$109,097.99 or 51.35% of actuals and non-assessment revenue was \$103,356.56 or 48.65% of actuals. See table below.*

Revenue Sources	FY 2016-2017 Actuals	% of Actuals
Special Benefit Assessments	\$ 109,097.99	
<b>Total assessment revenue</b>	<b>\$ 109,097.99</b>	<b>51.35%</b>
Grants	\$20,500	9.65%
Donations	\$25,000	11.77%
Earned Revenue	\$1,228	0.58%
Other	\$56,628.56	26.65%
<b>Total non-assessment revenue</b>	<b>\$103,356.56</b>	<b>48.65%</b>
<b>Total</b>	<b>\$212,454.55</b>	<b>100%</b>

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

**ANALYSIS:** *ToBCBD met this requirement. See table below.*

Service Category	FY 2016-2017 Budget	% of Budget	FY 2016-2017 Actuals	% of Budget	Variance Percentage Points
District Identity	\$45,000	42.23%	\$45,000	42.23%	0%
Sidewalk Operations, Beautification, & Order	\$30,000	28.15%	\$30,000	28.15%	0%
Administration, Organization, and Corporate Operations	\$31,567.31	29.62%	\$31,567.31	29.62%	0%
<b>TOTAL</b>	<b>\$106,567.31</b>	<b>100%</b>	<b>\$106,567.31</b>	<b>100.0%</b>	

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

**ANALYSIS:** *ToBCBD met this requirement, they did include non-assessment revenue in their totals. 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 2016-17 Carryover Disbursement	Spenddown Timeline
Designated Projects for FY 2016-17	

District Identity and Streetscape Improvement	\$47,500.00	FY 2017-2018
Sidewalk Operations, Beautification, and Order	\$142,000.00	FY 2017-2018
Administration, Organization, and Corporate Operations	\$57,900.00	FY 2017-2018
<b>Total Designated amount for FY 2016-2017</b>	<b>\$247,400.00</b>	

### **Findings and Recommendations**

ToBCBD has met all of the benchmarks as defined on page 5 of this memo. The CBD worked closely with OEWD to ensure their budgeting separated assessment dollars from non-assessment dollars to provide a more accurate picture of how assessment dollars were budgeted and spent.

As illustrated in Benchmark 2, approximately 49% of the CBD's budget was composed of non-assessment monies. These monies must be allocated according to parameters set forth by donors, grantors, and contributors. The CBD does an excellent job of obtaining non-assessment revenue sources.

OEWD reviewed the CBD's website periodically in FY 16-17 and found that the district did post meeting agendas in compliance with The Brown Act. Furthermore, the website was routinely updated. OEWD alerted ToBCBD to a web issue for the CBD web page early in FY 16-17. ToBCBD needed to hire outside contractors to rectify the error. The website was non-functional for a period of two months. ToBCBD successfully rectified the situation and the website has been working well since.

### **Conclusion**

The Top of Broadway CBD was formed through an open community based process, developed governance policies and procedures and implemented its services. Top of Broadway CBD has performed well in implementing its service plan and successfully meeting most benchmarks set forth by governing statute. ToBCBD successfully worked with OEWD in order to better articulate finances from previous years.