

**MEMO**

To: Matt Haney, District 6 Supervisor

CC: San Francisco Board of Supervisors

From: Chris Corgas, OEWD Program Director

RE: North of Market/Tenderloin Community Benefit District FY 18-19 and FY 19-20 Annual Reports

Date: February 2, 2022

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This is a memo summarizing the performance of the North of Market/Tenderloin Community Benefit District and an analysis of its financial statements (based on financial review by their auditors) for the period between July 1, 2018, and June 30, 2020.

Each year the CBD is required to submit a mid-year report, an annual report, and a CPA Financial Review or Audit. North of Market/Tenderloin CBD did not comply with the submission of all these requirements for FY 2018-2019 or FY 2019-2020 in a timely manner; specifically, the CBD turned in its annual report and financial review or audit late. OEWD staff reviewed these financial documents to monitor and report on whether they have complied with the rules per the Property and Business Improvement District Law of 1994, California Streets and Highways Code Sections 36600 Et Seq.; San Francisco's Business and Tax Regulations Code Article 15; the North of Market/Tenderloin CBD management contract with the City; and their Management Plan approved by the Board of Supervisors in 2006 and 2019.

Also attached to this memo are the following documents:

1. Annual Reports
  - a. FY 2018-2019
  - b. FY 2019-2020
2. CPA Financial Review Reports
  - a. FY 2018-2019 and FY 2019-2020
3. Memo from the North of Market/Tenderloin Community Benefit District
4. Draft resolution from the Office of Economic and Workforce Development

**Background**



In FY 2018-2019 the North of Market/Tenderloin Community Benefit District spanned 29 blocks and included 675 parcels. Following its renewal and effective in FY 2019-2020 the district now spans 41 blocks and includes approximately 800 parcels.

- August 2, 2005: the Board of Supervisors approved the resolution that established the North of Market Tenderloin Community Benefit District for 15 years (Resolution # 584-05).
- January 10, 2006: the Board approved the contract for the administration and management of the North of Market Tenderloin Community Benefit District (Resolution # 15-06).
- July 12, 2011: the Board of Supervisors approved the Annual Reports for FYs 2006-2007, 2007-2008, 2008-2009 and 2009-2010 (Resolution #284-11).
- April 28, 2015: the Board of Supervisors approved the Annual Reports for FYs 2010-2011, 2011-2012, and 2012-2013 (Resolution #160-15).
- August 2, 2016: the Board of Supervisors approved the Annual Reports for FY's 2013-2014 and 2014-2015 (Resolution #348-16).
- December 12, 2017: the Board of Supervisors approved the Annual Reports for FY's 2015-2017 (Resolution #449-17).
- November 13, 2018: the Board of Supervisors approved the Annual Reports for FY's 2016-2017 (Resolution #382-18).
- April 23, 2019: the Board of Supervisors approved a resolution declaring the intention of the Board of Supervisors to renew and expand a property-based business improvement district known as the "North of Market/Tenderloin Community Benefit District" and levy a multi-year assessment on all parcels in the district (Resolution #195-19).
- June 25, 2019: the Board of Supervisors approve a resolution to establish (renew and expand) the property-based business improvement district known as the "North of Market/Tenderloin Community Benefit District," ordering the levy and collection of assessments against property located in that District for 15 years commencing with FY2019-2020 (Resolution #297-19).
- November 19, 2019: the Board of Supervisors approved the Annual Reports for FY 2017-2018 (Resolution #507-19).
- November 19, 2019: the Board of Supervisors approved an agreement with the nonprofit Owners' Association for administration/management of the established property-based Community Benefit District known as the "North of Market/Tenderloin Community Benefit District," pursuant to California Streets and Highways Code, Section 36651, for a period commencing upon Board approval, through June 30, 2034 (Resolution #508-19).

**Basic Info about Greater North of Market/Tenderloin CBD:**

Year Established	2005
Year Renewed	2019
Assessment Collection Period	FY 2005-2006 to FY 2019-2020 (July 1, 2005 to June 30, 2020) FY 2019-2020 to FY 2033-2034 (July 1, 2019 to June 30 2034)
Services Start and End Date	January 1, 2006 – December 31, 2020 <sup>1</sup> January 1, 2020 – December 31, 2034

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<sup>1</sup> This district was renewed and expanded in 2019, meaning the original iteration of the District sunset on December 31, 2019.

Initial Estimated Annual Budget	\$981,147 (FY 2005-2006 to FY 2019-2020) \$1,963,840 (FY 2019-2020 to FY 2033-2034)
FY 2018-2019 Assessment Submission	\$1,129,137.76
FY 2019-2020 Assessment Submission	\$1,963,834.98
Fiscal Year	July 1 – June 30
Executive Director	Simon Bertrang
Name of Nonprofit Owners’ Entity	North of Market/Tenderloin Community Benefit Corporation

The current CBD website [www.tlcbd.org](http://www.tlcbd.org), includes all the pertinent information about the organization and their programs, a calendar of events, their Management Plans, Mid-Year Reports, Annual Reports and meeting schedules.

### Summary of Program Areas – FY 2018-2019

#### **Public Right of Way and Sidewalk Operations**

Sidewalk Operations services include: (1) twice daily sidewalk and gutter hand sweeping 5 days a week, (2) bi-monthly soap and water scrub-down of all properties, (3) a “Lead Sweeper” dealing with needles, hazardous waste and bulky items, and (4) graffiti removal 10 to 15 hours per week, and (5) once monthly sidewalk steam cleaning. For the years in review, Public Right of Way initiatives also include: (1) *Safe Passages* program and (2) a public toilet study, access and design project. The CBD contracts with *Block By Block* to provide sidewalk cleaning. The CBD Management Plan calls for 76% of the budget to be spent on Public Right of Way and Sidewalk Operations.

#### **District Identity and Streetscape Improvements**

This service area includes but is not limited to promoting the district through brochures, a website, social media outlets (i.e. Facebook and Twitter), sponsoring special events, and enhancing beautification. The CBD dedicates approximately five percent (5%) of its budget to District Identity and Streetscape Improvements.

#### **Management & Operations**

The NOM/TL Management Plan calls for 12% of the budget to be spent on management and corporate operations. The CBD is staffed by a full-time Executive Director who serves as the focal point person and advocate for the district. The CBD board has fifteen (15) board members that represent the diverse property and business owners and residents in the district. The board meets every third Monday every month. The CBD has several committees that function to assist the CBD with its goals and objectives.

The four committees include:

- **Executive Committee** - oversees central operations of the organization and ensures the functioning of key areas: staff and contracts; corporate finances; insurance; grants; development of budget; board agendas and meetings; correspondence; outreach; bylaws and policies; public relations; newsletters. The Executive Committee meets the 1<sup>st</sup> Wednesday of the month.
- **Public Rights of Way (PROW) Committee** – oversees the services in public spaces and ensures the success and efficiency of these services, along with other services designed to promote safety in the neighborhood. These services include the following activities: sidewalk sweeping and cleaning; steam cleaning; relations with the Department of Public Works (DPW); tree planting and

maintenance; improving public right of way experience; and safety programs including Safe Passage and Safe Havens. The PROW Committee meets the 2<sup>nd</sup> Thursday of the month.

- **District Identity and Streetscape Improvements (DISI) Committee** - oversees programs that promote Tenderloin district identity and provide beautification through visual media such as art and murals. The DISI Committee meets the 1<sup>st</sup> Monday of the Month.
- **Community Advisory Board Committee** – works to address the needs and concerns of Tenderloin residents and engages in outreach activities to form partnerships among local community organizations. Projects during these years include community benefit agreement negotiations, land use planning discussions and advocacy, and community safety meetings. The Community Advisory Board Committee meets the 2<sup>nd</sup> Thursday of the month.

### **Summary of Program Areas – FY 2019-2020**

#### **Clean & Safe**

The Clean & Safe Program is designed to promote the cleanliness and safety of the area within the North of Market/Tenderloin CBD boundaries. The clean program may include, but is not limited to:

- Sidewalk pressure washing: Uniformed, radio-equipped personnel sweep litter, debris and refuse from sidewalks and gutters of the North of Market/Tenderloin CBD. Paper signs and handbills that are taped or glued on property, utility boxes, poles and telephones are removed.
- Trash collection: Collector truck personnel collect trash from sidewalks as needed. They are also dispatched to collect large bulky items illegally dumped in the North of Market/Tenderloin CBD.
- Graffiti removal: Painters remove graffiti by painting, using solvent and pressure washing. The North of Market/Tenderloin CBD maintains a zero-tolerance graffiti policy. An effort is made to remove all tags within 24 hours on weekdays.
- Landscape maintenance: Weeding of District tree wells and sidewalk cracks. In addition, North of Market/Tenderloin CBD personnel may provide landscape maintenance to decorative planters.

The Safe Program provides community-based safety services for the area within the CBD. The Safe Program does not include armed security forces and does not hire private security to remove people from the sidewalks. The Safe Program will support safe initiatives that acknowledge that everyone on the sidewalks deserves to be and feel safe, and that are initiated by the community and led by the community. This program consists of:

- **Safe Passage**: A program that aims to o keep the North of Market/Tenderloin CBD safe and create safe walking groups for youth and seniors will be maintained and may be expanded.
- **Block Safety Groups**: A program to support residents and businesses as they seek to activate the sidewalks in front of their buildings will be maintained and may be expanded.
- **Camera Network**
- **Public Space Activation**

#### **Marketing & Economic Development**

The program helps parcel owners in their efforts to attract tenants and support local commerce and investment and work to improve the positive perception of the North of Market/Tenderloin CBD. The programs may include, but are not limited to, the following:

- **Destination Marketing**

- Branding
- Events
- Media Relations
- Website
- District Stakeholder Outreach

**Administration**

The aforementioned improvements and activities are managed by a professional staff that requires centralized administrative support. Administration staff oversees the North of Market/Tenderloin CBD’s services, which are delivered seven days a week. Administration staff actively works on behalf of the North of Market/Tenderloin CBD parcels to ensure that City and County services and policies support the North of Market/Tenderloin CBD. Included in this item are office expenses, professional services, organizational expenses such as insurance, and the cost to conduct a yearly financial review.

**Contingency/Reserve/City Fees**

An operating reserve is budgeted as a contingency for any payment of delinquencies, uncollectible assessments, Community Benefit District establishment and/or renewal efforts, and/or unforeseen budget adjustments.

**Summary of Accomplishments, Challenges, and Delivery of Services**

**FY 2018-2019**

**Public Right of Way and Sidewalk Operations**

- 334,899 lbs of trash removed
- 21,862 needles safely removed
- 6,549 instances of graffiti and sticker abatement
- 2,311 block faces pressure washed
- 1,245 instances of hot spots being pressure washed
- 16,198 instances of human or animal waste removal and sanitation
- 273 illegal dumping areas resolved
- Rolled out the Micro-Neighborhood Cleaning Program, bringing a dedicated TLCBD Clean Team Member to each of six, smaller “micro-neighborhoods” within the larger District.

**District Identity and Streetscape Improvements**

- Supported community events including a regular cleaning event by the Lower Hyde Street Association, the annual District 6 Community Clean Team Event that kicked off in Boeddeker Park in August 2018 and the Mayor’s city-wide “Love Our City” Giants Sweep event that kicked off in Macaulay Park in September 2018.
- Partnered with Public Works to support a volunteer tree planting effort that brought 40 new trees in the Tenderloin as part of the Global Climate Action Summit in September 2018.

- Led the Tenderloin contingent of the June 2019 “Love Our City” Clean Up Day which brought volunteers from the hospitality and tourism industry to do litter pick-up, plant flowers at the Downtown Senior Center, paint in Veterans Alley, and plant 13 trees.
- Installed five Bigbelly trash cans in partnership with OEWD and the Mayor’s Fix-It Office to pilot the enclosed, tamper-proof, solar-powered trash cans. The Bigbellies were wrapped with TLCBD branding promoting the message that “around here, we tend to our sidewalks” and including the Hot-Line Number.
- Took on lead role in “Four Corner Friday” events, a neighborhood-wide activation during the afternoon on the first Fridays of the month.
- Supported the Safer Inside Demonstration Project at Glide in August 2018 as part of ongoing advocacy to bring a safe injection site to the Tenderloin.

### **Management & Operations**

- Expanded staff to ensure better daily operations: hired a new part-time Administrative Coordinator, grew part-time Communications Coordinator into a full-time position, and the part-time Safe Passage Coordination became a new full-time position
- Drafted an updated TLCBD Financial policy and Procedures Handbook
- Completed leadership transition to a new full-time executive director
- Formed a renewal steering committee to lead the assessment renewal process and to determine services of the renewed and expanded CBD

### **FY 2019-2020**

#### **Clean & Safe**

- 273,385 lbs of trash removed
- 9,962 needles safely removed
- 7,110 instances of graffiti and stickers abated
- 3,691 block faces pressure washed
- 2,345 instances of hot spots being pressure washed
- 25,996 instances of human or animal waste being removed and sanitized
- Increased regular pressure washing of every sidewalk in the District from a monthly schedule to a weekly schedule in January 2020.
- Successfully advocated for the expansion and implementation of an expanded Pit Stop restroom program in the Tenderloin.

#### **Marketing & Economic Development**

- Acquired Tenderloin Equitable Development Project (TEDP) and leveraged its assets to build a new Economic Opportunity Program, significantly increasing the support and resources for small businesses in the Tenderloin.
- Pivoted to address the challenges of the Covid-19 pandemic and. In partnership with OEWD, provided more than \$200,000 in grant funding to support more than 80 businesses during the ongoing economic crisis created by the pandemic.
- Provided funding, technical assistance, in-kind services, and resources to restaurants to assist with pivot to curbside pick-up and outdoor dining,

## Administration

- Initiated a TLCBD Evaluation Program to develop performance measures for programs and the organization as a whole, and to identify indicators to measure the effectiveness of the work that the CBD does in its various programs and in the wider community.
- Established new Committee Structure to engage Board and community partners in expanded programs - rather than the three traditional program committees, Public Right of Way (PROW), Community Engagement & Communications (CEC) and Safe Passage, the new structure matched the programs in the Core Framework that TLCBD started developing in 2016. TLCBD expanded Program Committees to include:
  - Clean: Overseeing contracts for third-party vendors to staff a Clean Team and provide supplemental cleaning services as well as building partnerships with other agencies and organizations providing cleaning services in the neighborhood
  - Safe: Overseeing TLCBD Safe Passage operations, Safe Routes to School work and a new Pedestrian Safety initiative as well as building partnerships with neighborhood schools and nonprofits providing services for children and seniors
  - Inviting Space: Overseeing a new program to build a Tenderloin Park Network and uphold a vision for beautiful and inviting shared public spaces
  - Neighborhood Pride: Overseeing programs that build neighborhood agency and voice by supporting a handful of Block Safety Groups, a vision for Community Pride Through Environmental Design (CPTED) and continuing the TL Thrives initiative
  - Economic Opportunity: Overseeing the development of a new program supporting small businesses, building partnerships to support workforce development for neighborhood residents and shepherding the partnership and then eventual acquisition of the Tenderloin Equitable Development Project (TEDP)
  - Evaluation: Overseeing the development of the new program to evaluate effectiveness and also serving the function of an Audit Committee

### NOM/TL CBD Annual Budget Analysis

#### OEWD's staff reviewed the following budget related benchmarks for NOM/TL 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 "North of Market/Tenderloin Community Benefit District", Section 3.9 – Budget*)
- **BENCHMARK 2:** Whether five percent (5%) in FY 2018-2019 and three and thirty four hundredths percent (3.34%) in FY 2019-2020 of actuals came from sources other than assessment revenue (*CA Streets & Highways Code, Section 36650(B)(6); Agreement for the Administration of the "North of Market Tenderloin Community Benefit District", Section A - 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 "North of Market Tenderloin Community Benefit District", Section 3.9 – Budget*).

- **BENCHMARK 4:** Whether NOM/TL 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 36651*)

**FY 2018-2019**

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

**ANALYSIS:** *NOM/TL CBD met this requirement. See table below.*

Service Category	Management Plan Budget (Percentage)	FY 2018-19 Budget – Asst (Percentage)	FY 2018-19 Budget – Total (Percentage)	Variance Percentage Point – Asst.	Variance Percentage Points - Total
Public Right of Way and Sidewalk Operations	\$749,074 (76.32%)	\$964,968.11 (81.86%)	\$2,621,764.10 (76.73%)	+5.54%	+0.41%
District Identity and Streetscape Improvements	\$45,000 (4.58%)	\$63,939.00 (5.42%)	\$288,736.72 (8.45%)	+0.84%	+3.87%
Management & Operations	\$120,000 (12.23%)	\$149,868.22 (12.71%)	\$412,809.96 (12.08%)	+0.49%	-0.14%
Contingency Reserve	\$67,413 (6.87%)	\$0.00 (0.00%)	\$93,563.20 (2.74%)	-6.87%	-4.13%
<b>TOTAL</b>	<b>\$981,487 (100%)</b>	<b>\$1,178,775.33 (100%)</b>	<b>\$3,416,873.98 (100%)</b>		

**BENCHMARK 2:** Whether five percent (5%) of NOM/TL CBD’s actuals came from sources other than assessment revenue

**ANALYSIS:** *NOM/TL CBD met this requirement. Assessment revenue was \$1,143,428.00 or 49.30% of actuals and non-assessment revenue was \$1,140,892.09 or 50.70% of actuals. See table below.*

Revenue Sources	FY 2018-2019 Actuals	% of Actuals
Special Benefit Assessments	\$1,143,428.00	
<b>Total assessment revenue</b>	<b>\$1,143,428.00</b>	<b>49.30%</b>
Grants – Government	\$700,566.00	30.21%
Grants – Foundations and Corporate	\$407,256.00	17.56%
Individual Donations	\$53,870.00	2.32%
Program Service Fees	\$6,966.00	0.30%



Interest and Other Income	\$7,234.09	0.31%
<b>Total non-assessment revenue</b>	<b>\$1,175,892.09</b>	<b>50.70%</b>
TOTAL	\$2,319,320.00	100%

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

**ANALYSIS:** *NOM/TL CBD met this requirement. See tables below.*

Service Category	FY 2018-19 Budget – Asst. (Percentage)	FY 2018-19 Budget – Total (Percentage)	FY 2018-2019 Actuals – Asst. (Percentage)	2018-2019 Actuals – Total (Percentage)	Variance Percentage Points – Asst.	Variance Percentage Points – Total
Public Right of Way and Sidewalk Operations	\$964,968.11 (81.86%)	\$2,621,764.10 (76.73%)	\$936,032.09 (81.86%)	\$1,861,712.00 (77.55%)	--	+0.82%
District Identity and Streetscape Improvements	\$63,939.00 (5.42%)	\$288,736.72 (8.45%)	\$62,021.76 (5.42%)	\$164,537.00 (6.85%)	--	-1.60%
Management & Operations	\$149,868.22 (12.71%)	\$412,809.96 (12.08%)	\$145,374.15 (12.71%)	\$373,216.00 (15.55%)	--	+3.46%
Contingency Reserve	\$0.00 (0.00%)	\$93,563.20 (2.74%)	\$0.00 (0.00%)	\$1,248.00 (0.05%)	--	-2.69%
<b>TOTAL</b>	<b>\$1,178,775.33 (100%)</b>	<b>\$3,416,873.98 (100%)</b>	<b>\$1,143,428.00 (100%)</b>	<b>\$2,400,713.00 (100%)</b>		

**BENCHMARK 4:** Whether NOM/TL CBD is indicating the amount of funds to be carried forward into the next fiscal year and designating projects to be spent in current fiscal year

**ANALYSIS:** NOM/TL CBD met this requirement. See table below.

*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.*

2018-2019 Carryover Disbursement		Source	Spenddown Timeline
<b>General Benefit Project</b>			
Camera Program	\$ 393,843.00	Silicon Valley Foundation	FY20
Inviting Spaces	\$ 75,000.00	St. Francis Memorial Foundation	FY20
Various	\$ 38,456.00	10th Anniversary Safe Passage Fundraiser	FY20
<b>General Project Total</b>	<b>\$ 507,299.00</b>		
<b>Special Assessment Project</b>			FY20
SA 62 - Tenderloin CBD - Public Rights of Way and Sidewalk Operations	\$ 430,878.97		FY20
SA 62 - Tenderloin CBD - District Identity and Streetscape Improvements	\$ 25,857.25		FY20
SA 62 - Tenderloin CBD - Administrative and Corporate Operations	\$ 69,046.77		FY20
Contingency and Reserve	\$ 58,504.95		FY20
<b>Special Assessment Project Total</b>	<b>\$ 584,287.95</b>		
<b>Total Designated Amount for FY 2019-20</b>	<b>\$ 1,091,586.95</b>		

**FY 2019-2020**

**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:** NOM/TL CBD met this requirement. See table below.

Service Category	Management Plan Budget (Percentage)	FY 2019-20 Budget – Asst (Percentage)	FY 2019-20 Budget – Total (Percentage)	Variance Percentage Point – Asst	Variance Percentage Points - Total
Clean & Safe	\$1,356,618.00 (66.77%)	\$1,200,694.00 (76.66%)	\$2,547,547.00 (73.63%)	+9.89%	+6.86%
Marketing & Economic Development	\$315,950.00 (15.55%)	\$180,416.00 (11.52%)	\$557,673.00 (16.12%)	-4.03%	+0.57%
Administration	\$309,103.00 (15.21%)	\$185,098.00 (11.82%)	\$354,706.00 (10.25%)	-3.40%	-4.96%
Contingency/ Reserve/City Fees	\$50,000.00 (2.46%)	\$0.00 (0.00%)	\$0.00 (0.00%)	-2.46%	-2.46%
<b>TOTAL</b>	<b>\$2,031,671.00 (100%)</b>	<b>\$1,566,208.00 (100%)</b>	<b>\$3,459,926.00 (100%)</b>		

**BENCHMARK 2:** Whether five percent (5%) of NOM/TL CBD’s actuals came from sources other than assessment revenue

**ANALYSIS:** NOM/TL CBD met this requirement. Assessment revenue was \$1,969,176.00 or 58.02% of actuals and non-assessment revenue was \$1,424,876.00 or 41.98% of actuals.

Revenue Sources	FY 2019-2020 Actuals	% of Actuals
Special Benefit Assessments	\$1,969,176.00	
<b>Total assessment revenue</b>	<b>\$1,969,176.00</b>	<b>58.02%</b>
Grants - Government	\$642,702.00	18.94%
Grants - Foundations and Corporate	\$604,431.00	17.81%
Individual Donations	\$24,188.00	0.71%
Program Service Fees	\$129,926.00	3.83%
Interest and Other Income	\$23,629.00	0.70%
<b>Total non-assessment revenue</b>	<b>\$1,424,876.00</b>	<b>41.98%</b>
Total	\$3,394,052.00	100%

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

**ANALYSIS:** NOM/TL CBD met this requirement. See table below.

Service Category	FY 2019-20 Budget – Asst.  (Percentage)	FY 2019-20 Budget – Total  (Percentage)	FY 2019-2020 Actuals – Asst.  (Percentage)	FY 2019-2020 Actuals – Total.  (Percentage)	Variance Percentage Points – Asst.	Variance Percentage Points – Total
Clean & Safe	\$1,200,694.00 (76.66%)	\$2,547,547.00 (73.63%)	\$1,534,592.06 (77.93%)	\$2,419,914.00 (71.91%)	+1.27%	-1.72%
Marketing & Economic Development	\$180,416.00 (11.52%)	\$557,673.00 (16.12%)	\$214,508.60 (10.89%)	\$448,700.00 (13.33%)	-0.63%	-2.78%
Administration	\$185,098.00 (11.82%)	\$354,706.00 (10.25%)	\$220,075.34 (11.18%)	\$496,393.00 (14.75%)	-0.64%	+4.50%
Contingency/ Reserve/City Fees	\$0.00 (0.00%)	\$0.00 (0.00%)	\$0.00 (0.00%)	\$0.00 (0.00%)	--	--
<b>TOTAL</b>	<b>\$1,566,208.00 (100%)</b>	<b>\$3,459,926.00 (100%)</b>	<b>\$1,196,176.00 (100%)</b>	<b>\$3,365,007.00 (100%)</b>		

**BENCHMARK 4:** Whether NOM/TL CBD is indicating the amount of funds to be carried forward into the next fiscal year and designating projects to be spent in current fiscal year.

**ANALYSIS:** NOM/TL CBD met this requirement. See table below.

*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.*

2019-2020 Carryover Disbursement		Source	Spenddown Timeline
<b>General Benefit Project</b>			
Camera Program	\$336,351.00	Silicon Valley Foundation	FY21
Economic Opportunity	\$19,524.00	UC Hastings	FY21
Inviting Spaces	\$57,283.00	St. Francis Memorial Foundation	FY21
Inviting Spaces	\$10,084.00	Dignity Health	FY21

Mural	\$2,250.00	Various	FY21
<b>General Project Total</b>	<b>\$425,492.00</b>		
<b>Special Assessment Project</b>			
SA 62 - Tenderloin CBD - Public Rights of Way and Sidewalk Operations	\$767,296.03		
SA 62 - Tenderloin CBD - District Identity and Streetscape Improvements	\$107,254.30		
SA 62 - Tenderloin CBD - Administrative and Corporate Operations	\$110,037.67		
<b>Special Project Total</b>	<b>\$984,588.00</b>		
<b>Total Designated Amount for FY 2020-21</b>	<b>\$1,410,080.00</b>		

### Findings and Recommendations

Within the review periods of FY 2018-2019 and FY 2019-2020, the North of Market/Tenderloin CBD met all of the benchmarks as defined on pages 7 and 8 of this memo.

The North of Market/Tenderloin CBD is a high-capacity entity operating in the neighborhood which is able to work closely with other neighborhood and nonprofit partners as well as the City and County of San Francisco to work on issues affecting its service area. Both the FY 2018-19 and FY 2019-20 annual reports highlight some of these successes. Additionally, the organization continues to grow following the strategic planning session it underwent earlier this decade. OEWD is pleased to see the organization and its governing board continue to improve on lessons learned through that process which will allow the organization to grow and evolve with the needs of the district.

The North of Market/Tenderloin CBD was significantly delayed in providing OEWD a full and complete FY 2018-19 and 2019-20 annual reports and financial statements. Annual reporting is required under both state law and the CBD's management agreement with the City and County of San Francisco. Although this delay was exacerbated by the Covid-19 pandemic, its root cause was that the organization changed bookkeeping services several times during this period. The CBD's various manual processes and lack of consistent systems contributed to the delay, especially without an on-house financial professional to ensure reporting was on time. OEWD is pleased that the CBD worked to address issues relating to the internal structure by hiring a senior director of finance and administration in 2021. OEWD is hopeful that the combination of additional staff, a stronger internal structure, and a new bookkeeper will keep the CBD on track for timely reporting in the future. OEWD further recommends that the CBD avoid making changes to bookkeeping and financial services in the middle of a reporting period, if possible.

In late FY 2018-2019 and early FY 2019-20, the North of Market/Tenderloin CBD was renewed by ratepayers for an additional 15-year term. As a result, this will be the final report on the work of the initial CBD formed in 2005. FY 2019-20 annual reporting serves as the first report for the renewed and expanded North of Market/Tenderloin CBD.

The second half of FY 2019-2020 was particularly challenging for the North of Market/Tenderloin CBD as well as property owners and businesses in the area. In February 2020 visitor traffic to the area began to decline due to the emergence of the Covid-19 pandemic. On March 16, 2020 City and County of San Francisco Health Officer issued a Public Health Order requiring residents to remain at home, with the exception of essential needs. Additionally, all businesses other than Essential Businesses and Essential Government Functions were required to cease all operations. All public and private gatherings of any number of people occurring outside a single family or living unit were also prohibited.

This order was particularly confusing to the Community Benefit District/Business Improvement District community in San Francisco as, by definition, they provide supplemental service and no direction was provided as to whether or not they were to cease operations. The North of Market/Tenderloin CBD did suspend operations in the early days of the pandemic out of an abundance of caution.

OEWD and the Office of the City Attorney worked to determine if CBD/BIDs must continue their supplemental service despite what decisions each district made in reaction to the pandemic. On March 23, 2020, OEWD issued a memo to all CBD/BIDs stating that, based on the advice of Deputy City Attorney Manu Pradhan, Articles 13 C and D of the California Constitution supersede both gubernatorial and mayoral executive orders. These Constitutional provisions deal with how special benefits are conveyed and each CBD/BID's specific assessment formula. The ramifications of this meant that all CBD/BIDs had to return to full service immediately. OEWD also provided a list of resources to the CBD/BIDs to provide to their employees or contractors. The North of Market/Tenderloin CBD reinstated services reasonably soon once this determination was made.

During the pandemic OEWD worked with the Covid Command Center to ensure that CBD/BID essential workers were not forgotten during the Covid response and able to acquire personal protective equipment and hygiene supplies to keep workers and the community safe. CBD/BIDs played an important role in facilitating communication between the City and their stakeholders throughout the pandemic. The North of Market/Tenderloin CBD worked with the Covid Command Center, through OEWD, to disseminate Covid-19 related information to its stakeholders and provided safety kits to the unhoused community and commuters within the District. Additionally, the CBD provided needed logistical support to OEWD in delivering PPE to other CBDs throughout San Francisco.

### **Conclusion**

North of Market/Tenderloin CBD has performed well in implementing their service plan. The CBD continues to address its core objectives and continues to be successful at partnering with the community-at-large on specific initiatives and goals. The CBD must do a better job of turning in annual reports in a timely manner. The CBD has an active board of directors and committee members; and OEWD believes it will be able to carry out their mission and service plans.