

MEMORANDUM

TO: Supervisor Rafael Mandelman, District 8 Supervisor

CC: San Francisco Board of Supervisors,
Chris Corgas; Program Director, OEWD

FROM: Mimi Hiraki; Project Specialist, OEWD

DATE: July 21, 2022

SUBJECT: Noe Valley Community Benefit District; FY 2020-2021 Annual Report

This is a memo summarizing the accomplishments of the Noe Valley Community Benefit District and an analysis of its financial statements (based on their audit) for the period between July 1, 2020, and June 30, 2021.

Each year the CBD is required to submit a mid-year report, an annual report, and a CPA Financial Review or Audit. Noe Valley 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 Noe Valley CBD management contract with the City; and their Management Plan approved by the Board of Supervisors in 2020.

Also attached to this memo are the following documents:

1. Annual Reports
 - a. FY 2020-2021
2. CPA Financial Review Reports
 - a. FY 2020-2021
3. Draft resolution from the Office of Economic and Workforce Development



Background

The Noe Valley Community Benefit District (Noe Valley CBD) was formed to clean, beautify, and improve public space within the district. Noe Valley CBD includes both privately and publicly owned properties. The district is 8 square blocks and includes 211 parcels. The main commercial street that services Noe Valley is 24th Street between Church and Douglass Streets.

- August 2, 2005: the Board of Supervisors approved the resolution that established the Noe Valley Community Benefit District for 15 years (Resolution # 583-05).
- January 10, 2006: the Board of Supervisors approved the contract for the administration and management of the Noe Valley Community Benefit District (Resolution # 13-06).
- March 3, 2015: the Board of Supervisors approved the Annual Reports for FYs 2009-2010, 2010-2011, 2011-2012, 2012-2013, and 2013-2014 (Resolution # 062-15).
- March 22, 2016: the Board of Supervisors approved the Annual Report for FY 2014-2015 (Resolution # 111-16).
- March 21, 2017: the Board of Supervisors approved the Annual Report for FY 2015-2016 (Resolution # 093-17).
- May 22, 2018: the Board of Supervisors approved the Annual Report for FY 2016-2017 (Resolution # 154-18).
- September 17, 2019: the Board of Supervisors approved the Annual Report for FY 2017-2018 (Resolution # 399-19).
- December 1, 2020: the Board of Supervisors approved the Annual Report for FY 2018-2019 (Resolution # 549-20).
- February 7, 2020: the Board of Supervisors approved the resolution to establish (renew) the Noe Valley Community Benefit District for 15 years (Resolution # 53-20).
- December 1, 2020: the Board of Supervisors approved the contract for the administration and management of the Noe Valley Community Benefit District (Resolution # 549-20).
- January 25, 2021: the Board of Supervisors approved the Annual Report for FY 2019-2020. (Resolution # 22-22).

Basic Info about Noe Valley Community Benefit District

Year Established	August 2005
Year Renewed	February 2020
Assessment Collection Period	FY 2020-2021 to FY 2034-2035 (July 1, 2020 to June 30, 2035)
Services Start and End Date	January 1, 2021 – December 31, 2035
Initial Estimated Annual Budget	\$255,000
FY 2020-21 Assessment Submission	\$248,541.48
Fiscal Year	July 1 – June 30
Executive Director	Debra Niemann
Name of Nonprofit Owners’ Entity	Noe Valley Association

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



Summary of Program Areas

Service Area Categories for July 1, 2020, to December 31, 2020

Noe Valley CBD renewed and expanded the District during this review period. For the first half of the fiscal year (July 1, 2020 to December 31, 2020), the CBD operated under the previous Management's framework which detailed the following service areas:

Public Rights of Way and Sidewalk Operations

The Noe Valley Management Plan calls for 70% of the budget to be spent on Public Rights of Way and Sidewalk Operations. This program area includes maintenance of trees, planters and flower baskets; and systematic sidewalk cleaning. Noe Valley CBD contracts with Curb Appeal to provide daily sidewalk and gutter sweeping as well as removal of excess trash, leaves and debris, graffiti removal within 24 hours, ten monthly hot steam cleanings and as needed spot cleaning are services that are covered by this program area. Curb Appeal is also responsible for watering 24 hanging flower baskets, 148 neighborhood trees, and 22 open ground or planter boxes.

District Identity and Streetscape Improvements

Approximately 9% of the annual budget is allocated for public space development and streetscape improvements. This program area includes but is not limited to promoting the district through a website that includes information about their purpose and accomplishments, sponsoring special events such as street festivals, and developing plans that outline the long-term goals of the district.

Management & Operations

Noe Valley CBD is staffed by a part-time Executive Director who 1) performs the day-to-day management of the organization, 2) works with various city departments, 3) advocates for city funds and services, and 4) ensures that the organization is in compliance with their Management Plan and City contract. The Noe Valley CBD Management Plan calls for approximately 14% of the budget to be spent on management and operations.

The remaining 7% of annual budget is to be allocated to a contingency fund.

The Noe Valley CBD board has eight (8) members, represented by residents, property owners, merchants, and community organizations. Board member seats are determined using the following guidelines: property owners (63%), two seats (25%) are set aside for non-property-owning merchants with a preference for existing small businesses operating retail, restaurant and service, and one seat (12%) is reserved for Community Based Organizations and residents. This structure complies with Article 15 of the San Francisco Business and Tax Regulations Code. The full board meets quarterly. The committees are detailed below:

- **Executive Committee** – The 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 on an as needed basis.
- **Streetscape Committee** – The Streetscape Committee is in charge of overseeing the greening and creation of public space and ensuring the success and efficiency of these services. The Streetscape Committee meets as needed.



Service Area Categories for January 1, 2021, to June 30, 2021

Noe Valley renewed and expanded the District during this review period. For the second half of the fiscal year (January 1, 2021, to June 30, 2021), the CBD operated under the new Management's framework which detailed the following service areas:

Clean & Green

The Noe Valley Management Plan calls for 65% of the budget to be spent on Public Rights of Way and Sidewalk Operations. This program area includes sidewalk cleaning covering systematic sidewalk and gutter cleaning, sweeping litter, debris and refuse; sidewalk pressure washing; graffiti removal; and greenscape management covering watering and weeding tree wells, providing gardens, benches, planter boxes, hanging flower baskets and parklets.

Promotion of District

Approximately 8% of the annual budget is allocated for promotion of district, local businesses, helping property owners attract tenants through advertisement and neighborhood branding efforts. This program area includes but is not limited to promoting the district through a website that includes information about their purpose and accomplishments, managing media relations, sponsoring special events such as street festivals, and district stakeholder outreach.

Administration

Noe Valley CBD is staffed by a part-time Executive Director who 1) performs the day-to-day management of the organization, 2) works with various city departments, 3) advocates for city funds and services, and 4) ensures that the organization is in compliance with their Management Plan and City contract. The Noe Valley CBD Management Plan calls for approximately 24% of the budget to be spent on management and operations. The remaining 4% of annual budget is to be allocated to a contingency fund.

The Noe Valley CBD board is represented by residents, property owners, merchants, and community organizations. Board member seats are determined using the following guidelines: at least 50% to be property owners and at least 20% non-property-owning merchants. This structure complies with Article 15 of the San Francisco Business and Tax Regulations Code.

Summary of Accomplishments, Challenges, and Delivery of Services

The following activities are reported by the CBD at the annual level. Based off the descriptions of the service categories areas in each of the management plans, the service areas are grouped by similarity. Public Rights of Way and Sidewalk Operations is grouped with Clean & Green as both service areas largely focused on services such as sidewalk cleaning, greenscape management, weeding tree wells and watering planter boxes. District Identity and Streetscape Improvements is grouped with Promotion of District as both service areas largely focused on promoting the district, sponsoring special events and website management. Management & Operations is grouped with Administration as both service areas largely focused on providing performing day-to-day management of the organization, working with various city departments, advocating for city funds and services and ensures the organization is in compliance with their Management Plan and City contract.



FY 2020-2021

Public Right of Way and Sidewalk Operations / Clean & Green

- Installed 4 Bigbelly garbage receptacles installed and maintained in January 2021.
- Removed 92 graffiti marks, stickers, and improper signage.
- Removed 199 pieces of bulky and illegal trash (boxes, furniture, yard debris, bags of garbage, etc.).
- Responded to 186 calls to 311 for large item pick-ups.
- Watered and weeded 201 tree wells.
- Replanted, watered and maintained 27 planters/sidewalk gardens.
- Maintained 84 chairs and tables in both public parklets on 24th Street, 27 community benches, 36 bike racks, 10 new racks, 24 trash receptacles and 7 umbrellas
- Watered and renewed 23 hanging flower baskets and installed 1 new street pole with flower basket
- Maintained 2 parklets with flowers and plants.
- 9 sidewalk steam cleanings monthly from March thru November.

District Identity and Streetscape Improvements / Promotion of District

- 8 NVA banners created and maintained
- Continue to publish and maintain NVA website

Management & Operations / Administration

- Fiscal agent for an OEWD funded grant to activate and maintain the Noe Valley Town Square for a fourth year.

NVCBD Annual Budget Analysis

OEWD's staff reviewed the following budget related benchmarks for Noe Valley 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 "Noe Valley 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 "Noe Valley 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 "Noe Valley Community Benefit District," Section 3.9 – Budget*).
- **BENCHMARK 4:** Whether Noe Valley 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 2020-2021 Budget Analysis

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

ANALYSIS: *Noe Valley CBD did not meet this requirement.*

July 2020-December 2020

Service Category/ Budget Line	Management Plan Budget (Percentage)	FY2020- 2021 Budget – Asst. (Percentage)	FY2020-2021 Budget – Total (Percentage)	Variance Percentage Points – Asst.	Variance Percentage Points - Total
Sidewalk Operations	\$160,000.00 (69.53%)	\$85,000.00 (62.27%)	\$89,200.00 (63.29%)	-7.26%	-6.24%
District Identity and Streetscape Improvements	\$22,000.00 (9.56%)	\$10,250.00 (7.51%)	\$10,250.00 (7.27%)	-2.05%	-2.29%
Administrative/Corpo rate operations	\$32,000.00 (13.91%)	\$36,000.00 (26.37%)	\$36,249.00 (25.72%)	+12.47%	+11.81%
Contingency & Reserve	\$16,128.00 (7.01%)	\$5,250.00 (3.85%)	\$5,250.00 (3.85%)	-3.16%	-3.28%
TOTAL (July- December 2020)	\$230,128.00 (100%)	\$136,500.00 (100%)	\$140,949.00 (100%)		

January 2021-June 2021

Service Category/ Budget Line	Management Plan Budget (Percentage)	FY2020- 2021 Budget – Asst. (Percentage)	FY2020- 2021 Budget – Total (Percentage)	Variance Percentage Points – Asst.	Variance Percentage Points - Total
Clean and Green	\$165,000.00 (64.71)	\$82,500.00 (64.81%)	\$95,149.00 (67.89%)	0.00%	+3.19%
Promotion of District	\$20,000.00 (7.84%)	\$10,000.00 (7.84%)	\$10,000.00 (7.14%)	0.00%	-0.71%
Administration	\$60,000.00 (25.53%)	\$30,000.00 (23.53%)	\$30,000.00 (21.41%)	0.00%	-2.12%
Contingency & Reserve	\$10,000.00 3.92%)	\$5,000.00 (3.92%)	\$5,000.00 (3.57%)	0.00%	-0.35%
TOTAL (January- June 2021)	\$255,000.00 (100%)	\$127,500.00 (100%)	\$140,149.00 (100%)		



BENCHMARK 2: Whether five percent (5%) of Noe Valley CBD’s actuals came from sources other than assessment revenue

ANALYSIS: *Noe Valley CBD met this requirement. Assessment revenue was \$273,482.00 or 94.09% of actuals and non-assessment revenue was \$17,187.00 or 5.91% of actuals. See table below.*

Revenue Sources	FY 2020-2021 Actuals	% of actuals
Assessment Revenue	\$247,114.00	
Total Assessment (Special Benefit) Revenue	\$247,114.00	79.25%
Grants	\$50,229.00	16.11%
Donations	\$12,466.00	4.00%
Interest Earned	\$1,998.00	0.64%
Total Non-Assessment (General Benefit) Revenue	\$64,693.00	20.75%
TOTAL	\$311,807.00	100.00%

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

ANALYSIS: *Noe Valley CBD did not meet this requirement. See table below.*

July 2020-December 2020

Service Category/Budget Line	FY2020-2021 Budget – Asst. (Percentage)	FY2020-2021 Budget – Total (Percentage)	FY2020-2021 Actuals – Asst. (Percentage)	FY2020-2021 Actuals – Total (Percentage)	Variance Percentage Points – Asst.	Variance Percentage Points – Total
Sidewalk Operations	\$85,000.00 (62.27%)	\$89,200.00 (63.29%)	\$75,991.00 (50.59%)	\$80,191.00 (51.83%)	-11.68%	-11.45%
District Identity and Streetscape Improvements	\$10,250.00 (7.51%)	\$10,250.00 (7.27%)	\$9,057.00 (6.03%)	\$9,117.00 (5.89%)	-1.48%	-1.38%
Administrative/Corporate Operations	\$36,000.00 (26.37%)	\$36,249.00 (25.72%)	\$39,734.00 (26.45%)	\$39,983.00 (25.84%)	+0.08%	+0.12%
Contingency & Reserve	\$5,250.00 (3.85%)	\$5,250.00 (3.85%)	\$25,426.00 (16.93%)	\$25,426.00 (16.43%)	+13.08%	+12.71%
TOTAL	\$136,500.00 (100%)	\$140,949.00 (100%)	\$150,208.00 (100%)	\$154,717.00 (100%)		

January 2021-June 2021



Service Category/ Budget Line	FY2020-2021 Budget – Asst. (Percentage)	FY2020-2021 Budget – Total (Percentage)	FY2020-2021 Actuals – Asst. (Percentage)	FY2020-2021 Actuals – Total (Percentage)	Variance Percentage Points – Asst.	Variance Percentage Points - Total
Clean and Green	\$82,500.00 (64.81%)	\$95,149.00 (67.89%)	\$81,338.00 (65.98%)	\$94,016.00 (69.15%)	+1.28%	+1.26%
Promotion of District	\$10,000.00 (7.84%)	\$10,000.00 (7.14%)	\$5,933.00 (4.81%)	\$5,933.00 (4.36%)	-3.03%	-2.77%
Administration	\$30,000.00 (23.53%)	\$30,000.00 (21.41%)	\$31,003.00 (25.15%)	\$31,003.00 (22.80%)	+1.62%	+1.40%
Contingency & Reserve	\$5,000.00 (3.92%)	\$5,000.00 (3.57%)	\$5,000.00 (4.06%)	\$5,000.00 (3.68%)	+0.13%	+0.11%
TOTAL (January-June 2021)	\$127,500.00 (100%)	\$140,149.00 (100%)	\$123,274.00 (100%)	\$135,952.00 (100%)		

BENCHMARK 4: Whether Noe Valley 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: *Noe Valley 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.*

FY2020-2021 Carryover	Dollar Amount
Assessment Amount for FY2021	\$70,732.00
Total Designated Amount for FY 2020-2021	\$70,732.00

Findings and Recommendations

FY2020-2021 was a year of transition for Noe Valley CBD as the CBD successfully completed renewal on February 7, 2020 and began operating under a new management plan mid-year. Thus, for the first half of this reporting period, July 2020-December 2020, the CBD’s benchmarks are evaluated under the previous management plan and engineer’s report adopted by the Board of Supervisors on January 10, 2006 (File #051967) while the second half of this reporting period, January 2021-June 2021, is evaluated under the current management plan and engineer’s report adopted by the Board of Supervisors on January 28, 2020 (File #191027).

Noe Valley CBD met two of the four benchmarks as defined on page 5 of this memo as set by the California Street and Highways Code Section 36650-36651; and the Agreement for the Administration of the Noe Valley Community Benefit District. The Noe Valley CBD missed Benchmark 1 which compares the organization’s fiscal year budget to the management plan budget and Benchmark 3 which compares the



organization's fiscal year budget with the fiscal year actuals. Per Section 3.9 of the *Agreement for the Administration of the "Noe Valley Community Benefit District,"* each CBD is allotted a ten (10) percent deviation from their management plan. If they do not meet this, OEWD must determine if this deviation adversely impacts the special benefits conferred on parcels within the CBD.

In this particular situation, Noe Valley CBD missed Benchmark 1 by over budgeting 2.47% over the allowable 10 percentage points for the Administrative/Corporate operations category for the first half of the reporting period (July-December 2020) and missed Benchmark 3 by overspending 1.68% over the allowable 10 percentage points for Sidewalk Operations and overspending 3.08% over the allowable 10 percentage point for Administrative/Corporate operations for the first half of the reporting period (July-December 2020). In order to determine if these actions adversely impacted special benefits conferred on parcels within the CBD, OEWD reviewed the CBD's management plan and engineer's report approved on January 10, 2006 (File #051967). According to the Management Plan, both Administrative/Corporate services and Sidewalk Operations are apportioned to all by lot size and the parcels, so the parcels continued to receive special benefit. It is in OEWD's opinion that these actions did not adversely impact special benefits conferred on parcels within the CBD.

Historically, Noe Valley CBD struggled to meet Benchmark 1 due to the structural weakness of the old management plan and changes in City requirements that were not accounted for in the document. The problem has been rectified with the new management plan as demonstrated by the Noe Valley CBD meeting all benchmarks in the second half of the reporting period, January 2021-June 2021 when it began operating under the new management plan. As expected, once the renewed management plan began the structural weaknesses in the original management plan due to increased city requirements over the years was rectified and they met all benchmarks for that portion of the reporting period.

During this review period, the CBD has performed well pivoting to the emerging health and economic impacts of the COVID-19 global pandemic that started in March 2020 and continued through this review period. The CBD adjusted to the continuous updates in health orders issued by the San Francisco Health Officer, including the renewed shelter-in-place health order in December 2021.

With the shelter-in-place health order, the CBD saw an increase in pedestrian traffic as its residents utilized outdoor spaces, including the Noe Valley Town Square and the 27 benches the CBD installed in the commercial corridor, for safe social distancing. This resulted in an increase of trash on the sidewalks and the CBD adjusting their services appropriately to ensure the shopping area remained clean, attractive, comfortable and inviting. The CBD also continued to work with the Office of Economic Workforce Development to receive and distribute PPE.

Noe Valley CBD continues to be the fiscal agent for Noe Valley Town Square. Although much of the Noe Valley Town Square event programming was suspended due to the pandemic, the CBD is planning in partnership with SF Recreation and Parks Department to resume events and activation in Fall 2021.

Conclusion

Noe Valley CBD has performed well in implementing the service plan. Although events in the Noe Valley Town Square were largely suspended due to the pandemic, the CBD continues to activate the public space and see people utilizing the space. Noe Valley CBD is a well-run organization with active board and committee members and will continue to successfully carryout its mission as a community benefit district.

