

MEMORANDUM

TO: Supervisor Rafael Mandelman, District 8 Supervisor

CC: San Francisco Board of Supervisors

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

DATE: 5/9/2023

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

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

Each year, the CBD is required to submit a mid-year report, an annual report and a CPA financial review or audit. Castro/Upper Market CBD has complied with the submission of all these requirements. OEWD staff, with assistance from the Controller's Office, reviewed these financial documents to monitor and report on whether they have complied with the rules per the Property and Business Improvement District Law of 1994, California Streets and Highways Code Sections 36600 Et Seq.; San Francisco's Business and Tax Regulations Code Article 15; the Castro/Upper Market CBD's management contract with the City; and their Management Plan approved by the Board of Supervisors in 2006.

Also attached to this memo are the following documents:

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



Background

The Castro/Upper Market Community Benefit District spans 46 block faces, 23 blocks and contains approximately 586 parcels.

- August 2, 2005: the Board of Supervisors approved the establishment of the Castro/Upper Market Community Benefit District (Resolution # 582-05).
- January 10, 2006: the Board approved the contract for the administration and management of the Castro/Upper Market Community Benefit District (Resolution # 14-06).
- April 10, 2018: the Board of Supervisors approved the Castro/Upper Market CBD's Annual Report for Fiscal Year 2016-2017 (Resolution # 097-18).
- July 9, 2019: the Board of Supervisors approved the Castro/Upper Market CBD's Annual Report for FY 2017-2018 (Resolution # 307-19).
- May 19, 2020: the Board of Supervisors approved the renewal and expansion of the Castro/Upper Market Community Benefit District (Resolution #215-20).
- September 29, 2020: the Board of Supervisors approved the Castro/Upper Market CBD's Annual Report for FY 2018-2019 (Resolution #436-20).
- January 25, 2022: the Board of Supervisors approved the Castro/Upper Market CBD's Annual Report for FY2019-2020 (Resolution #21-22).
- November 29, 2022: the Board of Supervisors approved the Castro/Upper Market CBD's Annual Report for FY2020-2021 (Resolution #502-22).

Basic Information about the Castro Community Benefit District:

Year Established	August 2005
Year Renewed	May 2020
Assessment Collection Period	FY 2020-2021 to FY 2034-2035 (July 1, 2020 to June 30, 2035)
Services Start and End Date	January 1, 2020 – December 31, 2035
Initial Estimated Annual Budget	\$819,403.41
FY 21-22 Assessment Submission	\$819,039.92
Fiscal Year	July 1 – June 30
Executive Director	Andrea Aiello
Name of Nonprofit Entity	Castro/Upper Market Community Benefit District Corporation

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

Summary of Program Areas

Cleaning Services

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



Landscaping

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

Marketing

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

Administration and Contingency

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

Summary of Accomplishments, Challenges, and Delivery of Services

FY 2021-2022

Cleaning Services

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

Public Safety

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

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

Marketing

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



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

Administration and Corporate Operations

- Continued to administer Castro Cares, Jane Warner Plaza, Retail Strategy, and other grants
- Website and social media updates.
- Represented CBD in the media.
- Responded to communication from property owners, merchants, and residents regarding issues directly or indirectly related to the services provided by the CBD.
- Maintained a close working relationship with the SFPD's Mission Station, Healthy Streets Operation Center, Department of Homelessness and Supportive Housing, Castro Merchants, Eureka Valley neighborhood Association, Duboce Triangle Neighborhood Association, and District 8 Residents Task Force
- Ensured compliance with state and City CBD requirements; as well as Management Agreement with the City.

Castro/Upper Market CBD Annual Budget Analysis

OEWD's staff reviewed the following budget related benchmarks for the Castro/Upper Market CBD:

- **BENCHMARK 1:** Whether the variance between the budget amounts for each service category was within 10 percentage points from the budget identified in the Management Plan (*Agreement for the Administration of the "Castro Community Benefit District", Section 3.9 – Budget*).
- **BENCHMARK 2:** Whether five point forty-one percent (5.41%) of actuals came from sources other than assessment revenue (*CA Streets & Highways Code, Section 36650(B) (6); Agreement for the Administration of the "Castro Community Benefit District", Section 3.4 - Annual Reports*).
- **BENCHMARK 3:** Whether the variance between the budget amount and actual expenses within a fiscal year was within 10 percent (*Agreement for the Administration of the "Castro/Upper Market Community Benefit District", Section 3.9 – Budget*).
- **BENCHMARK 4:** Whether the Castro CBD is indicating the amount of funds to be carried forward into the next fiscal year and designating projects to be spent in current fiscal year (*CA Streets & Highways Code, Section 36650(B)(5)*).

FY 2021-2022 Budget Analysis

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

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

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



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

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

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

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

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

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



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

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

ANALYSIS: The Castro CBD met this requirement.

Please note: There is a period between when the City collects assessment payment and when the City disburses the funds to the CBD. As a result, a CBD typically has a fund balance at the end of the fiscal year that is equal to about 6 months of their annual budget. See table below.

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



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

Findings and Recommendations

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

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

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

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

Conclusion

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

