

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: Noe Valley Community Benefit District; FY 2021-2022 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, 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. 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 2021-2022
2. CPA Financial Review Reports
 - a. FY 2021-2022
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)
- December 13, 2022: the Board of Supervisors approved the Annual Report for FY 2020-2021 (Resolution No. 538-22).

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 2021-22 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

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 2021-2022

Clean & Green

- Removed 536 instances of graffiti, stickers and improper signage – five times more than the previous year
- Responded to 365 calls, via 311, for pick-up of large items (e.g. furniture, mattresses, tree limbs, etc.) and illegally dumped toxic materials
- Weeded and watered 200 trees
- Removed 199 bulky trash items, yard debris, clothing, paint cans, emptied overflowing trash cans, returned abandoned shopping carts
- Maintained 84 chairs and tables in the public parklets on 24th Street
- Steam cleaned sidewalks monthly from March to November
- Maintained 27 planters/sidewalk gardens
- Watered and renewed 23 hanging flower baskets
- Maintained 4 BigBelly garbage receptacles through an OEWD grant
- Maintained 2 parklets with flowers/plants
- In Noe Valley Town Square, maintained 26 community benches, 20 bike racks, 10 new bike racks, 24 trash receptacles, and 7 umbrellas

Promotion of District

- Created and maintained 8 NVA identity banners
- Published and maintained NVA website

Administration

- Awarded \$115,000 in grants from SF OEWD and Supervisor Mandelman to activate Noe Valley Town Square. NVCBD continues to be a fiscal agent for Noe Valley Town Square events

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 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: *Noe Valley CBD met this requirement.*

Service Category	Management Plan Budget		FY 2021-2022 Budget		Variance	
	Assessment (%)	Total (%)	Assessment (%)	Total (%)	Assessment	Total
Clean and Green	\$159,661.76 (64.71%)	\$165,000.00 (64.71%)	\$162,000.00 (65.59%)	\$165,000.00 (64.64%)	+0.88%	-0.06%
Promotion of District	\$19,352.94 (7.84%)	\$20,000.00 (7.84%)	\$15,000.00 (6.07%)	\$20,250.00 (7.93%)	-1.77%	+0.09%
Administration	\$58,058.82 (25.53%)	\$60,000.00 (25.53%)	\$60,000.00 (24.59%)	\$60,000.00 (23.51%)	+0.76%	-0.02%
Contingency & Reserve	\$9,676.47 (3.92%)	\$10,000.00 (3.92%)	\$10,000.00 (4.05%)	\$10,000.00 (3.92%)	+0.13%	0.00%
TOTAL	\$246,750.00 (100%)	\$255,000.00 (100%)	\$247,000.00 (100%)	\$255,250.00 (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 \$255,605.00 or 64.15% of actuals and non-assessment revenue was \$142,817.00 or 35.85% of actuals. See table below.*

Revenue Sources	FY 2021-2022 actuals	% of actuals
Assessment Revenue	\$255,605.00	
Total Assessment (Special Benefit) Revenue	\$255,605.00	64.15%
Grants	\$123,221.00	
Fees for Service	\$19,482.00	
Interest Earned	\$114.00	
Total Non-Assessment (General Benefit) Revenue	\$142,817.00	35.85%
TOTAL	\$398,422.00	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 met this requirement. See table below.*

	FY 2021-2022 Budget		FY 2021-2022 Actuals		Variance	
Service Category	Assessment (%)	Total (%)	Assessment (%)	Total (%)	Assessment	Total
Clean and Green	\$162,000.00 (65.59%)	\$165,000.00 (64.64%)	\$158,495.99 (65.65%)	\$161,735.99 (64.12%)	+0.06%	-0.52%
Promotion of District	\$15,000.00 (6.07%)	\$20,250.00 (7.93%)	\$12,936.75 (5.36%)	\$20,496.75 (8.13%)	-0.71%	+0.19%
Administration	\$60,000.00 (24.59%)	\$60,000.00 (23.51%)	\$59,987.53 (24.85%)	\$59,987.53 (23.78%)	+0.56%	+0.28%
Contingency & Reserve	\$10,000.00 (4.05%)	\$10,000.00 (3.92%)	\$10,000.00 (4.14%)	\$10,000.00 (3.96%)	+0.09%	+0.05%
TOTAL	\$247,000.00 (100%)	\$255,250.00 (100%)	\$241,420.27 (100%)	\$252,220.27 (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 did not meet 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.*

FY2021-2022 Carryover	Dollar Amount
Assessment Amount for FY2022	
Total Designated Amount for FY 2022	

Findings and Recommendations

Noe Valley CBD met three of the four benchmarks as defined on pages 4 and 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 4 which requires the CBD to detail its carryforward amount and its planned spenddown plan. Typically, CBDs operating on the fiscal year have a fund balance that is equal to about 6 months of their annual budget. This coincides with the period of time they do not receive distributions from the City and County of San Francisco. The CBD's



financial statements does indicate the amount of money it has in reserves, but does not provide a spenddown plan. State code specifically calls for both parameters to be in the annual report. OEWD will review guidelines with the CBD and remind them of their obligation to include this in their annual report. OEWD will also review the carryforward amount with the executive director and understand the CBD's spenddown plan. Should this oversight occur again, OEWD may make additional recommendations or take additional action.

The CBD historically did not meet Benchmark 1 under its former management plan. OEWD worked with the CBD during its renewal to ensure that Benchmark 1 would be met under the new plan. This reporting period is the first full fiscal year under the new plan and the CBD successfully met this benchmark, indicating the structural issue in the prior management plan was addressed successfully.

The Noe Valley CBD is not part of the Connected Worker App, also known as Integrated 311. Based on the size and scope of the CBD's services this makes operational sense for them. The Noe Valley CBD does not utilize surveillance technology and is in compliance with OEWD's memorandum regarding surveillance technology. OEWD did not receive and reports of violations of the Brown Act or California Public Records Act by the organization in this reporting period.

Conclusion

Noe Valley CBD has performed well in implementing the service plan, but must fully comply with benchmark 4 in future annual reports. 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.

