

MEMORANDUM

TO: Supervisor Dean Preston, District 5 Supervisor

CC: San Francisco Board of Supervisors

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

DATE: July 13, 2023

SUBJECT: North of Market/Tenderloin Community Benefit District; FY 2020-2021 Annual Report

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, 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. North of Market/Tenderloin CBD did not comply with the submission of all these requirements for FY 2021-2021 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 2019.

Also attached to this memo are the following documents:

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



Background

North of Market/Tenderloin Community Benefit District spans across 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).
- May 17, 2022: the Board of Supervisors approved the Annual Reports for FYs 2018-2019 and 2019-2020 (Resolution #211-22).

Basic Info about Greater North of Market/Tenderloin CBD:

Year Established	2005
Year Renewed	2019
Assessment Collection Period	FY 2019-2020 to FY 2033-2034 (July 1, 2019 to June 30 2034)
Services Start and End Date	January 1, 2020 – December 31, 2034
Initial Estimated Annual Budget	\$1,963,840 (FY 2019-2020 to FY 2033-2034)



FY 2020-2021 Assessment Submission	\$2,042,888.92
Fiscal Year	July 1 – June 30
Executive Director	Simon Bertrang Kate Robinson (starting August 2022)
Name of Nonprofit Owners' Entity	North of Market/Tenderloin Community Benefit Corporation

TLCBD's website 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. TLCBD regularly updates their calendar, meeting schedule and meeting minutes. The last Annual Report posted was for FY2019-2020.

Summary of Program Areas

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: Refreshing plants, maintaining and planting trees. When funding is available, the CBD may weed tree wells and sidewalk cracks as well as 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 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 organize residents and businesses and support them in community-led strategies for improving the street conditions and sidewalks in front of their buildings to be maintained and 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 2020-2021

Clean & Safe

- 292,600 lbs of trash removed
- 26,920 instances of human or animal waste being removed and sanitized
- 11,704 bags of trash removed
- 11,257 needles safely removed
- 7,610 instances of graffiti and stickers abated
- 6,270 block faces pressure washed
- 1,119 instances of hot spots being pressure washed
- Increased regular pressure washing of every sidewalk in the District from a monthly schedule to a weekly schedule.
- Through funding from the Mayor’s Office and District 6 Supervisor’s Office, TLCBD placed 68 Bigbellies with colorful art-designed wraps at every intersection of the district
- Served total of 21,215 children and 6,622 seniors/disabled people through the Safe Passage Program and Safe Passage Senior Program
- Provided kids and families a safe Halloween option called “Safe Trick or Treat Route”
- Pivoted Safe Passage to support food security and safe park access during the closure of schools due to the pandemic
- Planned 72 park programs for activation
- Planned 9 Play Streets events with 86 attendees on average per event
- 6 murals with Paint the Void installed

Marketing & Economic Development



- Formed a new Economic Opportunity Program, significantly increasing the support and resources for small businesses in the Tenderloin, through a newly-built database of 250+ businesses.
- Assisted 82 businesses leading to \$213,000 total financial assistance to businesses.
- Funded 95 mini grants.
- Provided support to 73 businesses applications to city/corporate grants, 46 SF Shines applications, and 27 SF Help loan applications.
- Served 3,500 food insecure residents through a partnership with SF New Deal within the Tenderloin Health and Economic Relief Pilot program.
- Support businesses with the negotiation and review of leases, LOIs and proposals.
- Support execution of the Larkin Street and Golden Gate Avenue Shaped Spaces street closure outdoor dining program to provide mini-grant funds for 14 businesses to purchase equipment.

Administration

- 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 TLCBD Evaluation Program to evaluate effectiveness of the work that the CBD does in its various programs and in the wider community and also serving the function of an Audit Committee
 - Youth Voice: launched a new program to educate youth ages 14-24 to learn how to turn research into policy action on topics such as drug use, violence, homelessness and crime in the Tenderloin

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 three and thirty four hundredths percent (3.34%) 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 2021-2022

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 2021-21 Budget – Asst (Percentage)	FY 2021-22 Budget – Total (Percentage)	Variance Percentage Point – Asst	Variance Percentage Points - Total
Clean & Safe	\$1,356,618.00 (66.77%)	\$1,574,440.00 (66.26%)	\$2,038,315.00 (61.98%)	-0.51%	-4.80%
Marketing & Economic Development	\$315,950.00 (15.55%)	\$392,400.00 (16.51%)	\$392,400.00 (11.93%)	+0.96%	-3.62%
Administration	\$309,103.00 (15.21%)	\$359,222.00 (15.12%)	\$808,848.00 (24.57%)	-0.10%	+9.35%
Contingency/ Reserve/City Fees	\$50,000.00 (2.46%)	\$50,109.00 (1.52%)	\$50,109.00 (1.52%)	-0.35%	-0.94%
TOTAL	\$2,031,671.00 (100%)	\$2,376,171.00 (100%)	\$3,288,872.00 (100%)		

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 \$2,021,032.00 or 38.11% of actuals and non-assessment revenue was \$3,282,747.00 or 61.89% of actuals.*



Revenue Sources	FY 2021-2022 Actuals	% of actuals
FY Assessment Revenue	\$2,132,373.00	30.21%
Penalties	\$0.00	0.00%
Total Assessment (Special Benefit) Revenue	\$2,132,373.00	30.21%
Contributions and Sponsorships	\$1,653,873.00	23.43%
Grants	\$1,900,324.00	26.92%
Donations	\$5,216.00	0.07%
Interest Earned	\$16,236.00	0.23%
Earned Revenue	\$1,141,682.00	16.17%
Other	\$209,440.00	2.97%
Total Non-Assessment (General Benefit) Revenue	\$4,926,771.00	69.79%
Grand Total	\$7,054,144.00	100.00%

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

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

Service Category	FY 2021-22 Budget – Asst (Percentage)	FY 2021-22 Budget – Total (Percentage)	FY 2021-2022 Actuals – Asst (Percentage)	FY 2021-2022 Actuals – Total (Percentage)	Variance Percentage Points – Asst	Variance Percentage Points – Total
Clean & Safe	\$1,574,440.00 (66.26%)	\$2,038,315.00 (61.98%)	\$1,421,482.00 (66.67%)	\$3,797,506.00 (82.51%)	+0.41%	+20.54%
Marketing & Economic Development	\$392,400.00 (16.51%)	\$392,400.00 (11.93%)	\$355,396.00 (16.67%)	\$363,273.00 (7.89%)	+0.15%	-4.04%
Administration	\$359,222.00 (15.12%)	\$808,848.00 (24.57%)	\$355,396.00 (16.67%)	\$441,617 (9.60%)	+1.55%	-14.97%
Contingency/ Reserve/City Fees	\$50,109.00 (1.52%)	\$50,109.00 (1.52%)	\$0.00 (0.00%)	\$0.00 (0.00%)	-2.11%	-1.52%
TOTAL	\$2,376,171.00 (100%)	\$3,288,872.00 (100%)	\$1,795,118.77	\$3,941,378.00		



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.

FY 2021-22 Assessment Carryforward Disbursement		
Service Category	Dollar Amount	Spenddown Timeline
Clean and Safe	\$0.00	FY22
Marketing and Economic Development	\$0.00	FY22
Administration	\$0.00	FY22
Special Assessment Total	\$0.00	
FY 2021-22 Non-Assessment Carryforward Disbursement		
Silicon Valley Community Foundation	\$50,000.00	FY24
Camera/Silicon Valley	\$28,072.00	FY23
SEADC/Silicon Valley	\$177,500.00	FY23
AARP/Dodge Alley	\$25,000.00	FY23
Non-Assessment Total	\$730,572.00	

Findings and Recommendations

During the FY 2021-2022 review period, the North of Market/Tenderloin CBD met 3 of the 4 benchmarks as set by the California Street and Highways Code Section 36650-36651; and the Agreement for the Administration of the North of Market Tenderloin Community Benefit District as detailed on pages 5 and 6 of this memo.

The organization failed to meet benchmark 4 for FY 20-21. This CBD operates on the fiscal year, meaning that it carries over approximately 6 months of assessment revenue from one fiscal year to the next in order to fund operations during the time period the City does not distribute assessment funds. This amount needs to be included in the annual report, as stipulated in state law. OEWD recommends the organization include this information in their annual report document.

The North of Market/Tenderloin CBD continues to struggle in providing OEWD with a full and complete annual reports and financial statements in a timely manner for the fourth consecutive year. Annual reporting



is required under both state law and the CBD's management agreement with the City and County of San Francisco. The organizations primarily assigned delay causes due to the time it takes their outside financial professionals to complete end of year booking. The organization improved on submittal timelines compared to FY 20-21 annual reporting. The addition of finance and administration staff in FY 21-22 assisted in this.

The North of Market/Tenderloin CBD does employ surveillance technology, but did not comply with OEWD's memo regarding CBDs' and surveillance technology which requires including information on the program in the annual report. The CBD did comply in FY 20-21. The CBD does include information on their camera program on its website, but does not provide the full policies, as articulated in FY 20-21 reporting, on its site. OEWD will require the CBD submit an additional Tenderloin Surveillance Technology report by 6/15/2023.

OEWD received no complaints regarding violations of the Brown Act or California Public Records Act in this reporting period.

The North of Market/Tenderloin CBD is taking part in the Connected Worker App program, commonly known as Integrated 311. In it, the CBD responds to 311 requests within their purview and has the ability to close out 311 tickets. In FY 21-22 there were able to respond and complete a total of 3,243 unique 311 tickets, or 65.65% of these generated within the service area. Based off data provided by the system, the CBD was able to respond to and address these issues significantly faster than city crews.

The North of Market/Tenderloin CBD is a high-capacity entity operating in the neighborhood with strong ties to its businesses, residents, and other neighborhood and nonprofit partners.

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.

