

**MEMO**

To: Supervisor Julie Christensen, District 3

CC: San Francisco Board of Supervisors

From: Crezia Tano, OEWD Senior Project Manager

RE: Fisherman's Wharf Community Benefit District (Landside and Portside)

Date: February 26, 2015

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This is a memo summarizing the performance of the Fisherman's Wharf Community Benefit District (FWCBD) for both "Landside" and "Portside" and an analysis of their financial statements (based on their audit) for the period between July 1, 2013, and June 30, 2014.

Each year the CBD is required to submit a mid-year report, an annual report, and a CPA Financial Review or Audit. Fisherman's Wharf 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 Fisherman's Wharf Association management contract with the City; and their Management Plan as approved by the Board of Supervisors in 2005 for Landside and 2006 for Portside.

Also attached to this memo are the following documents:

1. Annual Report
  - a. FY 2013-2014
2. CPA Financial Review Report
  - a. FY 2013-2014
3. Draft resolution from the Office of Economic and Workforce Development



## Background

The Fisherman’s Wharf Community Benefit District includes two districts - the “Landside” property-based district includes 127 parcels and “Portside” business-based district includes 58 parcels.

Landside:

- July 26, 2005: the Board of Supervisors approved the resolution that established the property-based district called the Fisherman’s Wharf Landside Community Benefit District for 15 years (Resolution # 540-05).
- January 10, 2006: the Board approved the contract for the administration and management of the Fisherman’s Wharf Community Landside CBD (Resolution # 16-06).

Portside:

- December 12, 2006: the Board of Supervisors approved the resolution that established the business-based district called the Fisherman’s Wharf Portside Community Benefit District for 14 years (Resolution # 696-06).
- June 19, 2007: the Board approved the contract for the administration and management of the Fisherman’s Wharf Portside CBD (Resolution # 312-07).

## Basic Info about Fisherman’s Wharf CBD

Year Established	Landside 2005 Portside 2006
Assessment Collection Period	Landside: FY 2005-06 to FY 2019-20 (July 1, 2005 to June 30, 2020) Portside: FY 2006-07 to FY 2019-20 (July 1, 2006 to June 30, 2020)
Services Start and End Date	Landside: January 1, 2006 – December 31, 2020 Portside: January 1, 2007 – December 31, 2020
Initial Estimated Annual Budget	Landside: \$662,615 Portside: \$187,113
Fiscal Year	July 1 – June 30
Executive Director	Troy Campbell
Name of Nonprofit Owners’ Association	Fisherman’s Wharf Association of San Francisco

The current CBD website, <http://www.visitfishermanswharf.com/>, 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 Service Area Goals

### **District Identity and Street Improvements (DISI)**

District Identity and Street Improvements service includes marketing and public relations and street enhancements for the district. The Landside CBD Management Plan calls for 41% of the budget to be spent on DISI while the Portside CBD Management Plan calls for 70% of the budget to be spent in this service area.

### **Street Operations, Beautification and Order (SOBO)**

Street Operations, Beautification and Order service area includes street maintenance, beautification, and safety and emergency preparedness. FWCBBD contracts with Costless Maintenance Service Company (CMSC) Block by Block to provide removal of litter from sidewalks seven days a week year round, annual sidewalk steam cleaning, ongoing power washing and removal of graffiti within 72 hours. Security in the district is provided by two SFPD 10B officers SIX days a week from July to early October. Three full-time and one part-time ambassador provide assistance with directions and questions, communication with law enforcement and the Port of San Francisco, and outreach to homeless on the wharf. The Landside CBD Management Plan calls for 29% of the budget to be spent on SOBO while the Portside CBD Management Plan does not allocate funds for this service area.

### **Administration and Corporate Operations**

The Landside and Portside CBD Management Plan calls for 20% of the budget to be spent on administration and corporate operations. FWCBBD is staffed by a full-time Executive Director who serves as the focal point person and advocate for Fisherman's Wharf CBD. FWCBBD board has twenty-five (25) board members that represent the diverse property and business owners in the district. In addition, there are three non-voting community representatives on the board that include the National Park Service, the Fishing Industry, and the Port of San Francisco. The board meets every fourth Thursday of the month. Board members are expected to serve on at least one committee. The five committees include:

- **Marketing/District Identity & Streetscape Improvements** - The Marketing/District Identity & Streetscape Improvements committee works to promote visitation to Fisherman's Wharf and meets the second Tuesday of the month.
- **PIERSafe** - The PIERSafe committee works to create a safety and emergency preparedness for businesses and residents in the Fisherman's wharf community and meets the first Thursday of the month. Fisherman Wharf CBD regularly holds trainings, meetings and drills to ensure safety for merchants, workers and visitors on the wharf.
- **Sustainability/Zero** - The Sustainability/Zero Waste committee works to assist businesses and residents in reaching the City's goals of becoming 100% sustainable by the year 2020 and meets every two months.
- **Street Operations and Beautification** - The Street Operations and Beautification committee works to ensure a clean and safe commercial district and meet on the second Tuesday of the month.
- **Transportation Improvement** - The Transportation Improvement committee works to help mitigate traffic congestion and improve vehicle and pedestrian safety and meets every two months.

## Summary of Accomplishments, Challenges, and Delivery of Service Areas

### **FY 2013-2014**

#### **District Identity and Street Improvements (DISI)**

- Sold 857 tickets for the beer garden and chowder competition.
- Produced the sold out 2<sup>nd</sup> Annual “Crab Fest” in December which included 8 restaurants, three wineries, and a brewery, raising \$4,000.
- Received press coverage from: The Guardian, Curbed.com, KTVU, SF Weekly, NBC, CBS, SF Business Times, SF Gate, SF Examiner, Funcheap SF, SF Station, The Bold Italic, Boston Herald, USA Today, Where Magazine and VIA. Magazine, The Huffington Post, the Travel Channel, Travelocity, The Red Tricycle, etc.

#### **Street Operations, Beautification and Order (SOBO)**

*Note: The FWCBD 2013-14 Annual Report developed standardized metrics for measuring program performance.*

- Safety & Security Services:
  - Escorts provided – 1,430
  - Street Performer Interaction – 1,073
  - Quality of Life – Sit/Lie – 1,043
- Visitor/Merchant Services:
  - Hospitality Assistance – 19,963
  - Directions Given – 14,540
- Cleaning/Maintenance Services
  - Trash Collected (lbs) – 15,330
  - Graffiti Stickers Removed – 4,786
  - Street Furniture Cleaned – 2,838
  - Trash Gates Cleaned – 917

#### **Administration and Corporate Operations**

- The Executive Director served as the representative for the district on Central Station’s Community Police Advisory Board.
- Held bi-monthly SFPD Community Meetings attended by the SFPD Central Station Police Captain and beat officers.
- Produced and partnered with the Tel-Hi Neighborhood center on the 2nd Annual Fisherman’s Wharf Job Fair. Attracted 20 wharf businesses to participate in the event. The businesses met with applicants from all age groups and levels of experience.
- Advocated for bringing the Central Subway to the wharf and assisted the group SF NexT stop in getting the County Transportation Authority to fund a study to move the project forward .

## FWCBD Annual Budget Analysis

**OEWD's staff reviewed the following budget related benchmarks for FWCBD:**

- **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 "Fisherman's Wharf Community Benefit District", Section 3.9 – Budget; Agreement for the Administration of the "Fisherman's Wharf Portside Community Benefit District", Section 3.9 - Budget*)
- **BENCHMARK 2:** Whether five percent (5%) of Landside's actuals came from sources other than assessment revenue (*CA Streets & Highways Code, Section 36650(B)(6); Agreement for the Administration of the "Fisherman's Wharf 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 "Fisherman's Wharf Community Benefit District", Section 3.9 – Budget; Agreement for the Administration of the "Fisherman's Wharf Portside Community Benefit District", Section 3.9 - Budget*)
- **BENCHMARK 4:** Whether FWCBD 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 2013-2014**

**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:** *FWCBD met this requirement for Portside; FWCBD did not meet this requirement for Landside. Landside variances are explained by the cost of paying for Parking Control officers due to changes made on Jefferson Street and an expanded Ambassador program which falls in both DISI and SOBO. DISI reductions were due to the FWCBD's reduction in sponsoring events that did not significantly add to the FWCBD's Mission. See tables below.*

#### **Landside**

<b>Service Category</b>	<b>Management Plan Budget</b>	<b>% of Budget</b>	<b>FY 2013-2014 Budget</b>	<b>% of Budget</b>	<b>Variance Percentage Points</b>
District Identity and Street Improvements	\$255,000	41%	\$138,100	21.9%	-24.2
Sidewalk Operations, Beautification, & Order	\$181,130	29%	\$291,900	46.2%	+17.2
Administrative Expenses	\$125,000	20%	140,000	22.2%	+2.2
Contingency Reserve	\$61,033	10%	61,200	9.7%	-0.2
<b>TOTAL</b>	<b>\$622,615</b>	<b>100%</b>	<b>631,200</b>	<b>100%</b>	

**Portside**

Service Category	Management Plan Budget	% of Budget	FY 2013-2014 Budget	% of Budget	Variance Percentage Points
District Identity and Street Improvements	\$130,979	70%	\$152,810	70.4%	+0.4
Administrative Expenses	\$37,423	20%	\$40,590	18.7%	-1.3
Contingency Reserve	\$18,711	10%	\$23,800	11.0%	+1.0
<b>TOTAL</b>	<b>\$187,113</b>	<b>100%</b>	<b>\$217,200</b>	<b>100%</b>	

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

**ANALYSIS:** *FWCBD met this requirement.* Assessment revenue was \$631,200 or 85.2% of actuals and non-assessment revenue was \$109,848 or 14.8% of actuals. See table below.

Revenue Sources	FY 2013-2014 Actuals	% of Actuals
Landside Special Benefit Assessments	\$ 631,200	
<b>Total assessment revenue</b>	<b>\$631,200</b>	<b>85.2%</b>
Special Events	\$2,876	
Public Support	\$106,467	
Interest Earned	\$505	
<b>Total non-assessment revenue**</b>	<b>\$109,848</b>	<b>14.8%</b>
Total	\$741,048	100%

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

**ANALYSIS:** *FWCBD did not meet this requirement for Landside; FWCBD did not meet this requirement for Portside. Variances in DISI for both the Port and Landside come from costs related to hiring a new employee, Wharf Fest 2013, legal fees and the need to reprint Wharf tourist brochures. These were from designated carry over funds. See table below.*

**Landside**

Service Category	FY 2013-2014 Budget	% of Budget	FY 2013-2014 Actuals	% of Budget	Variance Percentage Points
District Identity and Street Improvements	\$138,100	21.9%	\$244,645	35.3%	+13.4
Sidewalk Operations, Beautification, & Order	\$291,900	46.2%	\$311,011	44.9%	-1.3
Administrative Expenses	\$140,000	22.2%	\$136,973	19.8%	-2.4
Contingency Reserve	\$61,200	9.7%			
<b>TOTAL</b>	<b>631,200</b>	<b>100%</b>	<b>\$692,629</b>	<b>100.0%</b>	

**Portside**

Service Category	FY 2013-2014 Budget	% of Budget	FY 2013-2014 Actuals	% of Budget	Variance Percentage Points
District Identity and Street Improvements	\$152,810	70.4%	\$158,991	82.3%	+12.0
Administrative Expenses	\$40,590	18.7%	\$34,091	17.7%	-1.0
Contingency Reserve	\$23,800	11.0%			
<b>TOTAL</b>	<b>\$217,200</b>	<b>100.0%</b>	<b>\$193,082</b>	<b>100.0%</b>	

**BENCHMARK 4:** Whether FWCBD 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:** FWCBD did not meet this requirement. *FWCBD did not indicate carryforward funds and the allocation of these funds in their Annual Report. OEWD requested that FWCBD provide a letter stating the carryover disbursement along with the designated projects. See attached letter from Fisherman’s Wharf CBD dated February 26, 2015. 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.*

<b>FY 2013-14 Carryover Disbursement</b>	<b>\$356,600</b>
Designated Projects for FY 2014-15	
DISI Special marketing Projects	\$249,600
SOBO Special Street Projects	\$107,000
<b>Total Designated amount for FY 2014-15</b>	<b>\$356,600</b>

**Findings and Recommendations**

For the fiscal year in review, Fisherman’s Wharf CBD (Landside) has exceeded its general benefit requirement of five percent. FWCBD did not, however, provide the following required information in its Annual Report: 1) carryover amounts and designated program area. FWCBD has prepared a letter addressing this issue, the letter is attached.

With respect to benchmark one (whether the variance between the budget amounts for each service category was within 10 percentage points from the budget identified in the Management Plan) FWCBD (Landside) did not meet this requirement. For benchmark three (whether the variance between the budget amount and actual expenses within a fiscal year was within 10 percentage points), FWCBD Landside and Portside did not meet this requirement.

FWCBD has expressed that these variances in DISI and SOBO fund allocations can be explained by the overlap of activities across service areas. For example, FWCBD (Landside) has an Ambassador Program that is funded by both DISI and SOBO. While FWCBD has outlined the cause of the variances, FWCBD should work diligently to ensure that the annual budget presented to their Board of Directors for approval is in reasonable alignment with the original management plan, as approved by the voters in the District.



## **Conclusion**

Fisherman's Wharf CBD has performed well in implementing the service plan of both the Landside and Portside areas. Fisherman's Wharf CBD has continued to successfully market and produce events such as 4<sup>th</sup> of July, Fleet Week, and Holiday Lights and Sights. Fisherman's Wharf CBD has increased their opportunities in partnering with community stakeholders and numerous municipal agencies for the implementation of the Jefferson Street Public Realm Plan. Fisherman's Wharf CBD has an active board of directors and committee members; and OEWD believes the Fisherman's Wharf CBD will continue to successfully carryout its mission and service plans.