

**MEMO**

To: Supervisor Julie Christensen, District 3

CC: San Francisco Board of Supervisors

From: Crezia Tano, OEWD Senior Project Manager

RE: Top of Broadway Community Benefit District

Date: April 2, 2015

---

---

This is a memo summarizing the performance of the Top of Broadway Community Benefit District (ToBCBD) and an analysis of their financial statement (based on their audit) for the period between July 1, 2013, and June 30, 2014.

In the first year of operation, the CBD is required to submit a mid-year report, an annual report, and a CPA Financial Review or Audit. Top of Broadway 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 Top of Broadway Community Benefit District management contract with the City; and their Management Plan as approved by the Board of Supervisors in 2013.

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 Top of Broadway Community Benefit District includes 39 property-based parcels.

- July 23, 2013: the Board of Supervisors approved the resolution that established the property-based district called the Top of Broadway Community Benefit District for 8 years (Resolution # 263-13).
- November 5, 2013: Organization formed and incorporated and first meeting of the Board of Directors.
- February 25, 2014: the Board approved the contract for the administration and management of the Top of Broadway Community Benefit District (Resolution # 52-14).
- March 17, 2014: CBD received first assessment payment.

## Basic Info about Top of Broadway CBD

Year Established	July 2013
Assessment Collection Period	FY 2013-14 to FY 2020-21 (July 1, 2013 to June 30, 2021)
Services Start and End Date	January 1, 2014 – December 31, 2021
Initial Estimated Annual Budget	\$106,567
Fiscal Year	July 1 – June 30
Executive Director	Ben Horne
Name of Nonprofit Owners' Association	Top of Broadway Community Benefit District

The current CBD website, <http://topofbroadwaycbd.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 Service Area Goals

### **District Identity**

District Identity program area includes marketing, public relations, special events, and street enhancements, such as signage, historical markers, and banners, for the district. ToBCBD Management Plan calls for 42% 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 and beautification. This service area calls for one person at 20 hours per week to remove graffiti and stickers from street fixtures and sidewalk cleaning. In addition, the program provides periodic steam cleaning (up to twice per year), trimming trees, and cleaning tree wells. The ToBCBD Management Plan calls for 28% of the budget to be spent on SOBO.

### **Administration, Organization and Corporate Operations**

The ToBCBD Management Plan calls for 30% of the budget to be spent on administration, organization, and corporate operations. ToBCBD is staffed by a part-time Executive Director who serves as the focal point person and advocate for Top of Broadway CBD. ToBCBD board has eleven (11) board members that represent the diverse property owners and businesses in the district. Notice of meetings of the CBD's Board of Directors and CBD Advisory Committees will be posted to the website calendar and at the SF Main Library. All Board of Directors and Committee meetings are open to the public, and public comment is welcome. There are three advisory committees:

- **Marketing and Identity Committee** – The Marketing & Identity Advisory Committee is responsible for activities associated with area marketing and identity management, and will make related strategy and option recommendations for consideration by the Board of Directors. The Committee will propose and manage advocacy of area businesses and activities/events, and will promote area identity and manage branding efforts. The Committee meets monthly (at the option of the Committee Chair).
- **Services and Safety Committee** – The Services & Safety Advisory Committee is responsible for Services & Safety programs, including the coordination of services, activities and improvements related to sidewalk operations, beautification and safety. The Committee will evaluate programs and initiatives, and advise the Board on issues that impact safety, and quality of life and experience of area residents, businesses and visitors. The Committee meets monthly on the 3<sup>rd</sup> Thursday of the month and is often joined by the SFPD Central Station Captain.
- **Finance Committee** – The Finance Advisory Committee is responsible for monitoring the financial and operating condition of the Organization as well as managing banking and insurance related matters. The Committee reviews all financial reports and oversees the CPA Review. The Committee provides counsel and administrative advice to the Executive Director and Board of Directors as needed. The Committee meets quarterly and as needed.

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

#### **FY 2013-2014**

##### **District Identity**

- Conducted SWOT analysis including review of area history and community survey and research to develop branding identity (logo) and key messages.
- Developed outline for 6-month PR plan and goals.
- Crafted branding identity and area story to convey the district's rich history.
- Developed website and collateral materials to accurately reflect area's brand identity.
- Installed decorative lighting on 15 trees within district.
- Leveraged non-assessment funding and installed 6 flower baskets.

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

- Cleaning and litter removal – 108
- Graffiti incidents removal – 381
- Human/animal waste clean-up – 85
- Pressure washing entire district – 5 times plus problem areas
- Illegal dumping reports – 169
- Instituted Security Protocols developed by District Attorney’s Office in conjunction with community.
- Developed RFP for cleaning & safety services and distributed.
- Hired cleaning company and implemented 5 day per week street cleaning and monthly pressure washing services.
- Hired security company and implemented Thursday – Saturday safety and hospitality patrols.
- Provided landscaping maintenance to trees in district.

### **Administration, Organization and Corporate Operations**

- Organization formed through public process and incorporated in November 2013 and received 501C3 status.
- Organization setup policies and procedures for governance and management, developed the infrastructure of the organization and implemented services seamlessly starting in December 2013.
- Advocated, contributed and worked with CBD Consortium on beat cop funding, strategic planning and CBD/BID legislation.
- Evaluated district conditions on regular basis with DPW and advocated for improvements
- Conducted initial security camera and lighting audit.
- Hosted numerous Central Station Captain’s meetings including new Captain’s security plan meeting for Broadway.
- Advocated to City and property owners and businesses for improved management of parking lots, trash management and illegal dumping, loitering and party bus control.

### **ToBCBD Annual Budget Analysis**

#### **OEWD’s staff reviewed the following budget related benchmarks for ToBCBD:**

- **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 “Top of Broadway Community Benefit District”, Section 3.9 – Budget*)
- **BENCHMARK 2:** Whether one percent (1%) of actuals came from sources other than assessment revenue (*CA Streets & Highways Code, Section 36650(B)(6); Agreement for the Administration of the “Top of Broadway 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 “Top of Broadway Community Benefit District”, Section 3.9 – Budget*)
- **BENCHMARK 4:** Whether ToBCBD 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:** *ToBCBD met this requirement. See tables below.*

Service Category	Management Plan Budget	% of Budget	FY 2013-2014 Budget	% of Budget	Variance Percentage Points
District Identity	\$45,000	42.2%	\$45,000	42.2%	0%
Sidewalk Operations, Beautification, & Order	\$30,000	28.2%	\$30,000	28.2%	0%
Administration, Organization, and Corporate Operations	\$25,000	23.5%	\$25,000	23.5%	0%
Contingency Reserve	\$6,567	6.2%	\$6,567	6.2%	0%
<b>TOTAL</b>	<b>\$106,567</b>	100.0%	<b>\$106,567</b>	<b>100.0%</b>	

**BENCHMARK 2:** Whether one percent (1%) of actuals came from sources other than assessment revenue

**ANALYSIS:** *ToBCBD met this requirement. Assessment revenue was \$105,502 or 32.6% of actuals and non-assessment revenue was \$217,631 or 67.4% of actuals. See table below.*

Revenue Sources	FY 2013-2014 Actuals	% of Actuals
Special Benefit Assessments	\$ 105,502	
<b>Total assessment revenue</b>	<b>\$105,502</b>	<b>32.6%</b>
Contributions	\$200,156	
In-kind rent and facility use	\$5,500	
In-kind services	\$11,975	
<b>Total non-assessment revenue</b>	<b>\$217,631</b>	<b>67.4%</b>
Total	\$323,133	100%

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

**ANALYSIS:** *ToBCBD did not meet this requirement. This Sidewalk Operations, Beautification, & Order (SOBO) variance is explained by the \$100,000 pledge from the Broadway Entertainment & Culture Association. These funds were allocated to SOBO. See table below.*

Service Category	FY 2013-2014 Budget	% of Budget	FY 2013-2014 Actuals	% of Budget	Variance Percentage Points
District Identity	\$45,000	42.2%	\$13,988	35.3%	-6.9
Sidewalk Operations, Beautification, & Order	\$30,000	28.2%	\$57,333	44.9%	+16.7
Administration, Organization, and Corporate Operations	\$25,000	23.5%	\$36,328	19.8%	-3.7
Contingency Reserve	\$6,567	6.2%			
<b>TOTAL</b>	<b>106,567</b>	<b>100.0%</b>	<b>\$107,649</b>	<b>100.0%</b>	

**BENCHMARK 4:** Whether ToBCBD 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:** *ToBCBD 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.*

<b>FY 2013-14 Carryover Disbursement</b>	<b>\$215,484</b>
Designated Projects for FY 2014-15	
District Identity & Marketing	\$31,066
Sidewalk Operations, Beautification & Order	\$63,527
Administration, Organization, and Corporate Operations	\$20,891
General Fund (Broadway Entertainment & Cultural Association)	\$100,00
- SOBO	- \$90,000
o Safety	o \$65,000
o Additional Cleaning	o \$25,000
- Admin/Corp	- \$10,000
<b>Total Designated amount for FY 2014-15</b>	<b>\$215,484</b>

## **Findings and Recommendations**

ToBCBD has generally met all of the benchmarks as defined on page 5 of this memo, with the exception of benchmark three.

While the SOBO percentage points exceed the allowable variance, further research shows that this variance in program area allocation is explained by their high performance in raising non-assessment revenue. ToBCBD received a two year pledge from the Broadway Entertainment and Cultural Association of \$200,000 (\$100,000 per year). The Board of Directors of the CBD allocated 90% of the first year funds to Sidewalk Operations, Beautification and Order (SOBO) including the safety patrols (\$65,000) and \$25,000 for additional cleaning – pressure washing services, creating a large variance in the expenses for SOBO. The remaining \$10,000 of the first year funds were allocated to Administration/Corporate Operations.

As a result of these high non-assessment revenues, the percentages do not provide an accurate assessment of fund allocation. Separating the non-assessment dollars from the review of those benchmarks, the amount allocated to each program year is in fact appropriate, and meet the benchmarks.

Moving forward OEWD will work with Top of Broadway CBD to develop a framework that identifies assessment fund allocation and non-assessment expenditures.

## **Conclusion**

The Top of Broadway CBD was formed through an open community based process, developed governance policies and procedures and implemented its services. Top of Broadway CBD has performed well in implementing the service plan as well as forming and building infrastructure in a timely manner. Top of Broadway CBD has successfully developed and implemented branding and marketing materials. Top of Broadway CBD has increased their opportunities in partnering with community stakeholders and numerous municipal agencies in its planning and advocacy around district lighting & security cameras. Top of Broadway CBD has an active board of directors and committee members; and OEWD believes the Top of Broadway CBD will continue to successfully carryout its mission and service plans.