

**MEMO**

To: Supervisor Aaron Peskin, District 3  
CC: San Francisco Board of Supervisors  
From: Chris Corgas, OEWD Project Manager  
RE: Top of Broadway Community Benefit District  
Date: January 20, 2016

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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, 2014, and June 30, 2015.

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 reviewed these 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 2014-2015
2. CPA Financial Review Report
  - a. FY 2014-2015
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; 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'	Top of Broadway Community Benefit District Association

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.

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

Sidewalk Operations, Beautification and Order service area includes sidewalk and public rights of way maintenance and beautification. This service area calls for one person at 20 hours, 5 days per week to remove graffiti and stickers from street fixtures and sidewalk cleaning. In addition, the program provides periodic steam cleaning (each Friday; district-wide monthly), 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. In FY 14-15, ToBCBD was staffed by a part-time Executive Director who serves as the focal point person and advocate for Top of Broadway CBD. ToBCBD board has up to 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 Advisory Committee** – The Marketing & Identity Advisory Committee is responsible for activities associated with area marketing and identity management, and makes related strategy and option recommendations for consideration by the Board of Directors. The Committee which is funded from the “District Identity” special benefit funds in the Management District Plan, proposes and manages promotion of CBD businesses and activities/events, and promotes area identity and manage branding efforts. The Committee meets monthly (at the option of the Committee Chair).
- **Services and Safety Advisory 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. This is the equivalent of the SOBO allocation of funds as written in the Management District Plan. The Committee evaluates programs and initiatives, and advises the Board on issues that impact safety and quality of life and experience of CBD residents, businesses, property owners and visitors. The Committee meets monthly on the 3<sup>rd</sup> Thursday of the month and is often joined by the San Francisco Police Department (SFPD) Central Station Captain.
- **Finance Advisory 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. This committee serves in the capacity of the Executive Committee of the Organization.

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

#### **FY 2014-2015**

##### **District Identity – Marketing and Identity**

- Hosted Off Broadway Summer Pop Up and other events
- Hosted events and a district tour as part of the International Downtown Association Conference
- Expanded flower baskets (20 installed) and decorative lighting
- Historical marker design and impending installation
- Developed and implemented a retail strategy and visioning project for the District

##### **Safety and Services Committee/Sidewalk Operations, Beautification and Order (SOBO)**

- Cleaning and litter removal – 262
- Graffiti incidents removal – 1,274
- Human/animal waste clean-up – 97
- Pressure washing entire district – 13 times plus 7 problem areas (entire

- Illegal dumping reports – 606
- Hospitality interactions – 1,250
- Decreased SFPD interactions by over 70% year over year
- Provided landscaping services and tree maintenance for area
- Conducted nearly 2,000 merchant check-ins.

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

- Began work on a formal district expansion project with the City (OEWD)
- Continued fundraising and grant applications to supplement District assessment dollars
- Recruited new affiliate members
- Held regularly scheduled board and committee meetings
- Held inaugural annual meeting

### **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 any surplus or deficit revenues to be carried forward into the next fiscal year and designating projects to be funded by any surplus revenues (*CA Streets & Highways Code, Section 36650(B)(5)*)

#### **FY 2014-2015**

**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 did not meet this requirement. ToBCBD was incredibly successful at obtaining grants and donations to fund the District’s activities. Separating the non-assessment dollars from the review of this benchmark, demonstrates that the amount of assessment dollars allocated to each program is, in fact, appropriate. The basic allocation of funds as outlined in the Management District plan have not only been reached, but greatly exceeded. The percentages have been altered due to the great success in collecting grants that nearly double the CBD assessment collection. Since these funds are not generated from property assessments, they become “Board revenues” that allow the Board to fund services over and above the service levels and frequencies outlined in the original management district plan. See tables below.

Service Category	Management Plan Budget	% of Budget	FY 2014-2015 Budget	% of Budget	Variance Percentage Points
District Identity Activities	\$45,000	42.23%	\$47,920	21.35%	-20.88%
Sidewalk Operations, Beautification, & Order	\$30,000	28.15%	\$129,440	57.67%	+29.52%
Administration, Organization and Corporate Operations	\$25,000	23.46%	\$47,100	20.98%	-2.48%
Contingency and Reserves	\$6,567	6.16%	\$0	0%	-6.16%
<b>TOTAL</b>	<b>\$106,567</b>	100%	<b>\$224,460</b>	<b>100%</b>	

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

**ANALYSIS:** *ToBCBD met this requirement. Assessment revenue was \$106,135 or 59.95% of actuals and non-assessment revenue was \$70,909 or 40.05% of actuals. See table below.*

Revenue Sources	FY 2014-2015 Actuals	% of Actuals
Special Benefit Assessments	\$ 106,135	
<b>Total assessment revenue</b>	<b>\$106,135</b>	<b>59.95%</b>
Contributions	\$8,900	
Grants	\$30,000	
Earned Revenue	\$409	
Other	\$31,600	
<b>Total non-assessment revenue</b>	<b>\$70,909</b>	<b>40.05%</b>
Total	\$177,044	100%

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

**ANALYSIS:** *ToBCBD met this requirement. See table below.*

Service Category	FY 2014-2015 Budget	% of Budget	FY 2014-2015 Actuals	% of Budget	Variance Percentage Points
District Identity	\$47,920	21.35%	\$65,265	26.24%	+4.89
Sidewalk Operations, Beautification, & Order	\$129,440	57.67%	\$125,408	50.42%	-7.25
Administration, Organization, and Corporate Operations	\$47,100	20.98%	\$58,062.00	23.34%	+2.36
Contingency and Reserves	\$0	0%	\$0	0%	0
<b>TOTAL</b>	<b>224,460</b>	<b>100.0%</b>	<b>\$237,773</b>	<b>100.0%</b>	

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

**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 2014-15 Carryover Disbursement</b>	<b>\$143,793</b>
Designated Projects for FY 2015-16	
CCGP Historical Markers	\$30,000
Sidewalk Operations, Beautification, and Order	\$19,180
General and Admin	\$79,771
<b>Total Designated amount for FY 2014-15</b>	<b>\$143,793</b>

### Findings and Recommendations

ToBCBD has met all of the benchmarks as defined on page 4 of this memo, with the exception of Benchmark 1, based upon the significant contribution of non-assessment district revenues to the annual CBD operations.

While the SOBO percentage points exceed the allowable variance the variance between the budget amount for Sidewalk Operations, Beautification & Order exceeded 10 percentage points from the budget identified in the Management Plan. This variance 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 & Order (SOBO) including \$65,000 for safety patrols and \$25,000 for additional cleaning (pressure washing services). The remaining \$10,000 of the first year funds were allocated to Administration, Organization and 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 separate assessment and non-assessment revenues and expenditures in the analysis of their financials.

### **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 and security cameras. Top of Broadway CBD has an active board of directors and committee members. OEWD believes the Top of Broadway CBD will continue to successfully carryout its mission and service plans.