

MEMO

To: Supervisor Jane Kim, District 6

CC: San Francisco Board of Supervisors

From: Chris Corgas, OEWD Project Manager

RE: North of Market Tenderloin Community Benefit District

Date: June 22, 2016

This is a memo summarizing the accomplishments of the North of Market Tenderloin Community Benefit District and an analysis of its financial statements (based on their audit) for the period between July 1, 2013, and June 30, 2015.

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 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 North of Market/Tenderloin CBD management contract with the City; and their Management Plan approved by the Board of Supervisors in 2006.

Also attached to this memo are the following documents:

1. Annual Reports
 - a. FY 2013-2014
 - b. FY 2014-2015
2. CPA Financial Review Reports
 - a. FY 2013-2014
 - b. FY 2014-2015
3. Memo: Benchmark References for Fiscal Years 10/11 - 12/13
4. Draft resolution from the Office of Economic and Workforce Development



Background

The North of Market/Tenderloin District spans 29 blocks and includes 675 parcels, including parcels owned by Tenderloin Neighborhood Development Corporation, Shih Yu Lang Central YMCA and UC Hastings. The district also includes UN Plaza, Golden Gate Theaters and San Francisco Hilton.

- 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).
- April 28, 2015: the Board of Supervisors approved the Annual Reports for FYs 2010-2011, 2011-2012, and 2012-2013 (Resolution #160-15).

Basic Info about Greater North of Market/Tenderloin CBD:

Year Established	August 2005
Assessment Collection Period	FY 2005-2006 to FY 2019-2020 (July 1, 2005 to June 30, 2020)
Services Start and End Date	January 1, 2006 – December 31, 2020
Initial Estimated Annual Budget	\$981,147
Fiscal Year	July 1 – June 30
Executive Director	(Interim) Steve Gibson (Interim ED Susie McKinnon 2014 - 2016)
Name of Nonprofit Owners' Entity	North of Market Tenderloin Community Benefit District

The current BID website www.tlcbd.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

Public Right of Way and Sidewalk Operations

Sidewalk Operations services include: (1) twice daily sidewalk and gutter hand sweeping 6 to 7 days a week, (2) bi-monthly soap and water scrub-down of all properties, (3) a "Lead Sweeper" dealing with needles, hazardous waste and bulky items, and (4) graffiti removal 10 to 15 hours per week. Public Right of Way initiatives include: (1) *Safe Passages* program and (2) social services outreach and referrals. NOM/TL CBD contracts with *San Francisco Clean City Coalition* (Clean City) to provide sidewalk cleaning and maintenance as well as the Community Service Ambassador program. The North of Market Tenderloin CBD Management Plan calls for 76% of the budget to be spent on Public Right of Way and Sidewalk Operations.

District Identity and Streetscape Improvements

This service area includes but is not limited to promoting the district through brochures, a website, social media outlets (i.e. Facebook and Twitter), sponsoring special events, and enhancing beautification. NOM/TL dedicates approximately five percent (5%) of its budget to District Identity and Streetscape Improvements.

Management & Operations

The NOM/TL Management Plan calls for 12% of the budget to be spent on management and corporate operations. NOM/TL CBD is staffed by a full-time Executive Director who serves as the focal point person and advocate for the district. The NOM/TL CBD board has thirteen (13) board members that represent the diverse property and business owners in the district. The board meets every third Monday every month. NOM/TL CBD has several committees that function to assist the CBD with its goals and objectives.

The four committees include:

- **Executive Committee** - oversees central operations of the organization and ensures the functioning of key areas: staff and contracts; corporate finances; insurance; grants; development of budget; board agendas and meetings; correspondence; outreach; bylaws and policies; public relations; newsletters. The Executive Committee meets the 1st Tuesday of the month.
- **Public Rights of Way (PROW) Committee** – oversees the services in public spaces and ensures the success and efficiency of these services, along with other services designed to promote safety in the neighborhood. These services include the following activities: sidewalk sweeping and cleaning; steam cleaning; relations with the Department of Public Works (DPW); tree planting and maintenance; improving public right of way experience; and safety programs including Safe Passage and Safe Havens. The PROW Committee meets the 2nd Thursday of the month.
- **District Identity and Streetscape Improvements (DISI) Committee** - oversees programs that promote Tenderloin district identity and provide beautification through visual media such as art and murals. The DISI Committee meets the 1st Monday of the Month.
- **Community Advisory Board Committee** – works to address the needs and concerns of Tenderloin residents and engages in outreach activities to form partnerships among local community organizations. Current projects include community benefit agreement negotiations, land use planning and land use decisions. The Community Advisory Board Committee meets the 2nd Thursday of the month.

Summary of Accomplishments, Challenges, and Delivery of Services

FY 2013-2014

Public Right of Way and Sidewalk Operations

- Provided over 100 paid, transitional jobs to very low-income men and women through CBD operations. All program participants receive employment readiness support and job training.
- Clean and Safe Services Team removed more than 1,066 graffiti tags from public and private property; collected over 14,000 bags of litter from sidewalks and gutter; and safely disposed of 6,186 needles.

District Identity and Streetscape Improvements

- Completed a community-wide survey to evaluate individuals' perceptions of cleanliness in the district to more clearly identify potential cleaning service gaps and coordinate our efforts with a

service provider, property owners and other city agencies to efficiently address improvements to the neighborhood.

- Completed the Larkin Street Little Saigon Banner Project; received many compliments on the new banners that identify this unique commercial corridor.

Management & Operations

- Provided support to Tenderloin Sunday Streets, Asian Heritage Street Festival, Tenderloin Walking Tours, San Francisco Recovery Theater, and 'Neighbors'.

FY 2014-2015

Public Right of Way and Sidewalk Operations

- Provided over 100 paid, transitional jobs to very low-income men and women through CBD operations. All program participants receive employment readiness support and job training. Nearly 70% of those placed have retained employment for over a year.
- Clean and Safe Services Team removed more than 1,639 graffiti tags from public and private property; collected over 14,700 bags of litter from sidewalks and gutter; and safely disposed of approximately 6,000 needles.

District Identity and Streetscape Improvements

- Partnered with Friends of the Urban Forest, UC Hastings, San Francisco County Transit Authority, and others in order to green the neighborhood. This resulted in the planting of 30 new trees and new landscaping elements within the district.
- Established "Living Innovation Zones" to increase engagement and positive interaction in the public realm.

Management & Operations

- Recruited CBD's new governing board.
- Established partnerships with UC Hastings to rewrite organizational bylaws.
- Completed a full audit of the organization.

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

Service Category	Management Plan Budget	% of Management Plan	FY 2013-2014 Budget	% of Budget	Variance Percentage Points
Public Right of Way and Sidewalk Operations	\$749,074	76.0%	\$785,265	76.0%	0
District Identity and Streetscape Improvements	\$45,000	5.0%	\$51,662	5.0%	0
Administrative/Corporate Operations	\$120,000	12.0%	\$123,989	12.0%	0
Contingency Reserve	\$67,413	7.0%	\$72,327	7.0%	0
TOTAL	\$981,487	100%	\$1,033,241	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 \$981,579 or 92.45% of actuals and non-assessment revenue was \$80,118 or 7.55% of actuals. See table below.

Revenue Sources	FY 2013-2014 Actuals	% of Actuals
Special Benefit Assessments	\$981,579	
Total assessment revenue	\$981,579	92.45%
Grants	\$60,947	
Donations	\$12,445	
Miscellaneous		
Interest Earned		
Total non-assessment revenue	\$80,118	7.55%
TOTAL	\$1,061,697	100%

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 2013-2014 Budget	% of Budget	FY 2013-2014 Actuals	% of Actuals	Variance Percentage Points
Public Right of Way and Sidewalk Operations	\$804,000	81.5%	\$804,259	80.6%	-.82%
District Identity and Streetscape Improvements	\$44,964	4.6%	\$41,564	4.2%	-.39%
Administrative/Corporate Operations	\$113,402	11.5%	\$116,468	11.7%	+.19%
Contingency Reserve	\$24,526	2.5%	\$35,001	3.5%	+1.02
TOTAL	\$986,892	100%	\$997,292	100.0%	

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 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.

FY 2013-2014 Carryover Disbursement	
Designated Projects for FY 2014-15	
Total Designated amount for FY 2014-15	

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

Service Category	Management Plan Budget	% of Management Plan	FY 2013-2014 Budget	% of Budget	Variance Percentage Points
Public Right of Way and Sidewalk Operations	\$749,074	76.0%	\$804,000	81.5%	+5.15%
District Identity and Streetscape Improvements	\$45,000	5.0%	\$44,964	4.6%	-.03%
Administrative/Corporate Operations	\$120,000	12.0%	\$113,402	11.5%	-.74%
Contingency Reserve	\$67,413	7.0%	\$24,526	2.5%	-4.38%
TOTAL	\$981,487	100%	\$986,892	100%	

BENCHMARK 2: Whether five percent (5%) of NOM/TL CBD's actuals came from sources other than assessment revenue

ANALYSIS: NOM/TL CBD did not meet this requirement. Assessment revenue was \$1,104,987 or 98.56% of actuals and non-assessment revenue was \$16,122 or 1.44% of actuals. See table below.

Revenue Sources	FY 2013-2014 Actuals	% of Actuals
Special Benefit Assessments	\$981,579	
Total assessment revenue	\$1,104,987	98.56%
Grants	\$60,947	
Donations	\$12,445	
Miscellaneous		
Interest Earned		
Total non-assessment revenue	\$16,122	1.44%
TOTAL	\$1,121,099	100%

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 2014-2015 Budget	% of Budget	FY 2014-2015 Actuals	% of Actuals	Variance Percentage Points
Public Right of Way and Sidewalk Operations	\$785,263	76.0%	\$852,008	+6.1%	-4.9%
District Identity and Streetscape Improvements	\$51,662	5.0%	\$97,052	+1.5%	+3.1%
Administrative/Corporate Operations	\$123,989	12.0%	\$124,512	-.5%	-1.6%
Contingency Reserve	\$72,327	7.0%	\$125,510	-7.0%	+3.5
TOTAL	\$1,033,241	100%	\$1,199,082	100.0%	

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 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.

FY 2014-2015 Carryover Disbursement	
Designated Projects for FY 2015-16	
Public Rights of Way and Sidewalk Operations	\$30,000.00
District Identity and Streetscape Improvements	\$30,000.00
Administrative and Corporate Operations	\$28,806.00
Total Designated amount for FY 2015-16	\$88,806.00

Findings and Recommendations

Within the review periods of FY 2013-2014 and FY 2014-2015, the North of Market Tenderloin CBD generally met the expectations and requirements as set by the California Street and Highways Code Section 36650-36651; the Agreement for the Administration of the “North of Market Tenderloin Community Benefit District; and the Agreement for the Administration of the “North of Market Tenderloin Community Benefit District.”

North of Market Tenderloin CBD failed to meet Benchmark 2 for Fiscal Year 2014-2015 and Benchmark 4 for Fiscal Years 2013-2014 and 2014-2015. OEWD will work with the CBD's executive director to identify potential sources of general benefit funding for future fiscal years. Although, the CBD did not have a carryforward amount in FY 2013-2014, it should still be noted in the CBD's annual report. OEWD will provide more explicit instruction to North of Market Tenderloin CBD on how to successfully meet requirements set forth in Benchmark 4.

Conclusion

North of Market Tenderloin CBD has performed well in implementing their service plan. North of Market Tenderloin CBD has continued to successfully market and produce events and projects such as the "Living Innovation Zones," the Little Saigon Banner Project, and increased greenscaping. North of Market Tenderloin CBD has increased their opportunities in partnering with community stakeholders and numerous municipal agencies for the implementation of their management plan. NOM/TL CBD has an active board of directors and committee members; and OEWD believes the NOM/TL CBD will continue to successfully carryout their mission and service plans.