

MEMO

To: Supervisor Aaron Peskin, District 3
CC: San Francisco Board of Supervisors
From: Chris Corgas, OEWD Senior Program Manager
RE: Top of Broadway Community Benefit District
Date: May 12, 2017

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, 2015, and June 30, 2016.

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 2015-2016
2. CPA Financial Review Report
 - a. FY 2015-2016
3. Memo explaining carryover spenddown plan
4. 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.
- March 8, 2016: the Board approved the Top of Broadway CBD's annual report for FY 2014-2015 (Resolution # 083-16).

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	Marco LiMandri
District Director	Dominic LiMandri
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 24% 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 3rd 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.

Contingency and Reserve

The Management Plan calls for 6% of the budget to be spent on the Contingency and Reserves category.

Summary of Accomplishments, Challenges, and Delivery of Service Areas

FY 2015-2016

District Identity – Marketing and Identity

- Continued work and refinement of the Historical Marker Project, expected to be installed in and around the Broadway corridor in Spring 2017.

- Advanced numerous beatification project plans intended to accentuate the scheduled improvements to Kearny Street i.e. the Kearny Streetscape Improvement Project. Projects are expected to deploy in Spring 2017.
- Developed new directions for district-wide ornamental landscaping expected to be exhibited in Spring 2017.

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

- Cleaning and litter removal – 6,650 lbs
- Graffiti incidents removal – 1,040
- Pressure washing entire district – 42,545.75 linear feet, does not include individual instances
- Illegal Dumping Reports –902
- Human/Animal Waste clean-up –574
- Graffiti Incidents Removed –1,040
- Merchant Check-ins— 8,867
- Calls for Service—17
- Loitering—1,227

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
- Held regularly scheduled board and committee meetings

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 2015-2016

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, sponsorships, 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 ad 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 2015-2016 Budget	% of Budget	Variance Percentage Points
District Identity Activities	\$45,000	42.23%	\$50,042.26	23.43%	-18.80%
Sidewalk Operations, Beautification, & Order	\$30,000	28.15%	\$110,517.12	51.74%	+23.59%
Administration, Organization and Corporate Operations	\$25,000	23.46%	\$53,055.00	24.84%	+1.38%
Contingency and Reserves	\$6,567	6.16%	\$0	0%	-6.16%
TOTAL	\$106,567	100%	\$213,614.38	100%	

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

ANALYSIS: *ToBCBD met this requirement. Assessment revenue was \$108,667 or 49.92% of actuals and non-assessment revenue was \$109,017 or 50.08% of actuals. See table below.*

Revenue Sources	FY 2015-2016 Actuals	% of Actuals
Special Benefit Assessments	\$ 108,667	
Total assessment revenue	\$108,667.00	49.08%
Affiliate Member Dues	\$307	6.10%
Contributions	\$75,000	11.48%
Fundraising	\$12,965	22.97%
In-Kind	\$20,745	.84%
Total non-assessment revenue	\$109,017.00	50.08%
Total	\$217,684.00	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 2015-2016 Budget	% of Budget	FY 2015-2016 Actuals	% of Budget	Variance Percentage Points
District Identity	\$50,042.26	23.43%	\$50,042.26	22.87%	-.02%
Sidewalk Operations, Beautification, & Order	\$110,517.12	51.74%	\$110,517.12	50.51%	-7.11%
Administration, Organization, and Corporate Operations	\$53,055.00	24.84%	\$58,222.00	26.61%	+7.13%
Contingency and Reserves	\$0	0%	\$0	0%	0
TOTAL	\$213,614.38	100%	\$218,781.38	100.0%	

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 did not meet this requirement. Although, ToBCBD did indicate their carryforward amount, but they did not indicate a spenddown plan. OEWD requested and was provided with a supplementary memo detailing the District’s spenddown plan. A copy of which can be found in your legislative packet. 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 2015-16 Carryover Disbursement	\$82,129.00	Spenddown Timeline
Designated Projects for FY 2015-16		
District Identity and Streetscape Improvement (Streetscape Projects)	\$15,000.00	FY 2016-2017
District Identity and Streetscape Improvement (Events)	\$5,000.00	FY 2016-2017
Sidewalk Operations, Beautification, and Order (Security)	\$35,000.00	FY 2016-2017
Sidewalk Operations, Beautification, and Order (Cleaning Services)	\$20,000.00	FY 2016-2017
Administration	\$7,129.00	FY 2016-2017

Total Designated amount for FY 2016-2017	\$82,129.00	
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Findings and Recommendations

ToBCBD has met 2 of the benchmarks as defined on page 4 of this memo and did not meet Benchmarks 1 and 2, based upon the significant contribution of non-assessment district revenues to the annual CBD operations and not providing a spenddown plan in their annual report.

The SOBO and DISI percentage points exceed the allowable 10 percentage points from the budget identified in the Management Plan. As illustrated in Benchmark 2, over 50% of the CBD’s budget was composed of non-assessment monies. These monies must be allocated according to parameters set forth by donors, grantors, and contributors. 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.

The CBD clearly states what the carryforward amount is within their annual report, but does not provide a spenddown plan for that amount. OEWD requested and received a memo from the CBD indicating the spenddown plan for this amount. OEWD is currently testing a new format for annual reports which would ensure compliance with this benchmark. OEWD will implement this for the FY 16-17 annual report.

The Top of Broadway CBD was awarded an OEWD Invest in Neighborhood’s grant to pursue CBD expansion feasibility in some surrounding areas. At the end of FY 2016 the grant was in the process of being executed. Top of Broadway CBD began work on CBD expansion feasibility in FY 2016-2017. As of this point the CBD has not provided the City with any deliverables.

OEWD reviewed the CBD’s website routinely in FY 15-16 and found that the district did post meeting agendas in compliance with The Brown Act. Furthermore, the website was routinely updated. OEWD alerted ToBCBD to a web issue for the CBD web page early in FY 16-17. This will be expanded upon in the FY 16-17 annual report, but, as of now, all website issues have been resolved.

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 its service plan and successfully meeting most benchmarks set forth by governing statute. ToBCBD needs to provide more specification within their management plan to meet their Benchmark 4 requirement.