

MEMO

To: Supervisor Jane Kim, District 6

CC: San Francisco Board of Supervisors

From: Chris Corgas, OEWD Senior Program Manager
Helen Mar, OEWD Project Specialist

RE: North of Market/Tenderloin Community Benefit District

Date: August 31, 2018

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, 2016, and June 30, 2017.

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 2016-2017
2. CPA Financial Review Reports
 - a. FY 2016-2017
3. Draft resolution from the Office of Economic and Workforce Development



Background

The North of Market/Tenderloin District spans 29 blocks and includes approximately 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).
- August 2, 2016: the Board of Supervisors approved the Annual Reports for FY's 2013-2014 and 2014-2015 (Resolution #348-16).
- December 12, 2017: the Board of Supervisors approved the Annual Reports for FY's 2015-2017 (Resolution #449-17).

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	Steve Gibson
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 three 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.

Summary of Accomplishments, Challenges, and Delivery of Services

FY 2016-2017

Public Right of Way and Sidewalk Operations

- Clean and Safe Services Team removed 1,923 graffiti tags from public and private property and collected over 408,500 pounds of litter from sidewalks and gutter
- Steam-cleaned 675,000 linear feet of sidewalk
- Executed 2 Public Space Activation events
- Grew Safe Passage program from 10 Corner Captains to 15 Corner Captains
- Received a Vision Zero grant to increase the Safe Passage programs and improve the safe movement of pedestrians in the Tenderloin

District Identity and Streetscape Improvements

- Installed 70 street banners that are neighborhood landmarks
- Developed “Tenderloin Talks”, a semi-monthly digital newsletter
- Redesigned website to provide easier access to TLCBD information
- Developed “Tenderloin Talks Live”, a quarterly community meeting concept Participated in several “Four-Corner Friday” events to activate several corners in the neighborhood

Management & Operations

- Contracted with Urban Place Consulting to pursue management and leadership support for the CBD
- Developed operation leadership fundraising program
- Partnerships with community stakeholders to execute a greening and tree planting campaign Secured a total of \$561, 685 from non-assessment sources in FY16-17
- New Board members were recruited and Board was expanded from 13 to 15 members

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 2016-2017

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 16-17 Assessment Budget	% of Assessment Budget	Variance Percentage Points
Public Right of Way and Sidewalk Operations	\$749,074	76.32%	\$840,808.00	75.17%	-1.15%
District Identity and Streetscape Improvements	\$45,000	4.58%	\$55,111.00	4.93%	+0.34%
Administrative/Corporate Operations	\$120,000	12.23%	\$144,295.00	12.90%	+0.67%
Contingency Reserve	\$67,413	6.87%	\$78,295.00	7.00%	+0.13%
TOTAL	\$981,487	100%	\$1,118,509.00	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 \$1,108,066.00 or 57.75% of actuals and non-assessment revenue was \$810,821.00 or 42.25% of actuals. See table below.

Revenue Sources	FY 2016-2017 Actuals	% of Actuals
Special Benefit Assessments	\$1,108,066.00	
Total assessment revenue	\$1,108,066.00	57.75%
Contributions and Scholarships	\$15,302.00	
Grants	\$795,519.00	
Total non-assessment revenue	\$810,821.00	42.25%
TOTAL	\$1,918,887.00	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 2016-2017 Assessment Budget	% of Assessment Budget	FY 2016-2017 Assessment Actuals	% of Assessment Actuals	Variance Percentage Points
Public Right of Way and Sidewalk Operations	\$840,808.00	75.17%	\$859,360.00	77.55%	+2.38%
District Identity and Streetscape Improvements	\$55,111.00	4.93%	\$42,559.00	3.84%	-1.09%
Administrative/Corporate Operations	\$144,295.00	12.90%	\$128,587.00	11.60%	-1.30%
Contingency Reserve	\$78,295.00	7.00%	\$77,560.00	7.00%	0.00%
TOTAL	\$1,118,509.00	100%	\$1,108,066.00	100%	

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 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.*

FY 2016-17 Carryforward to FY 17-18	
Special Assessment	
Public Rights of Way and Sidewalk Operations	\$470,551.00
District Identity and Streetscape Improvements	\$43,113.00
Administrative and Corporate Operations	\$87,566.00
Total Carryforward	\$601,230.00

Findings and Recommendations

Within the review periods of FY 2016-2017, the North of Market Tenderloin CBD 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” - as found on page 5 of this memo.

Under Steve Gibson’s leadership, North of Market/Tenderloin CBD continued to improve in all aspects, especially service delivery. For example, the CBD increased cleaning services from 5 to 7 days per week. Additionally, the CBD increased staff capacity which led to increased coordination between itself, City departments, and other stakeholders which directly led to a positive improvement in efficiency and effectiveness of the organization as well as improved relationships with various community stakeholders.

The CBD was extremely successful in securing non-assessment dollars, which contributed to approximately 42% of the total budget, far exceeding its required 5%.

Overall, FY 16-17 was a year of capacity building, strategic planning, substantial funding procurement, and recruiting long-term leadership for the CBD.

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 Security Camera Project, Community Banner Campaign, “Four-Corner Friday,” and worked to activate several corners in the neighborhood. North of Market Tenderloin CBD has increased opportunities in partnering with community stakeholders and 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 CBD will continue to successfully carryout their mission and service plans.