

**MEMO**

To: Supervisor Matt Haney, District 6

CC: San Francisco Board of Supervisors

From: Chris Corgas; Senior Program Manager, OEWD

RE: North of Market/Tenderloin Community Benefit District FY 17-18 Annual Report

Date: October 10, 2019

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This is a memo summarizing the accomplishments of the North of Market/Tenderloin Community Benefit District (“NOM/TL CBD”) and an analysis of its financial statements (based on their independent financial review) for the period between July 1, 2017 and June 30, 2018.

Each year the NOM/TL CBD is required to submit a mid-year report, an annual report, and a CPA Financial Review or Audit. NOM/TL 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 NOM/TL 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 2017-2018
2. CPA Financial Review Reports
  - a. FY 2017-2018
3. Draft resolution from the Office of Economic and Workforce Development



## **Background**

The North of Market/Tenderloin Community Benefit District spans 29 blocks and includes approximately 700 parcels, including parcels owned by Tenderloin Neighborhood Development Corporation and UC Hastings. The district also includes UN Plaza, Golden Gate Theater, and the Hilton San Francisco.

- August 2, 2005: the Board of Supervisors approved the resolution that established the NOM/TLCBD for 15 years (Resolution # 584-05).
- January 10, 2006: the Board approved the contract for the administration and management of the NOM/TLCBD (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).
- November 13, 2018: the Board of Supervisors approved the Annual Reports for FY's 2016-2017 (Resolution #382-18)

### **Basic Info about North of Market/Tenderloin CBD:**

Year Established	August 2005
Assessment Collection Period	FY 2005-2006 to FY 2019-2020
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	Simon Bertrang
Name of Nonprofit Owners' Entity	North of Market/Tenderloin Community Benefit Corporation

The current NOM/TL CBD website [www.tlcbd.org](http://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 7-days a week, (2) monthly soap and water scrub-down of all properties, (3) dealing with needles, hazardous waste and bulky items, and (4) graffiti removal 10 to 15 hours per week. Public Right-of-Way initiatives also includes the *Safe Passage* program. NOM/TL CBD contracts with *Block by Block* to provide supplemental sidewalk cleaning. The NOM/TL 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. The NOM/TL CBD dedicates approximately five percent (5%) of its budget to District Identity and Streetscape Improvements.

### **Management & Operations**

The NOM/TL CBD 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 fifteen (15) board members that represent the diverse property owners, business owners and residents in the district. The board meets the fourth Monday of every month. NOM/TL CBD has several committees that function to assist the NOM/TL 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 3<sup>rd</sup> Wednesday of the month.
- **Public Right-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 San Francisco Public Works, Fix-It

and Recology; tree planting and maintenance; and improving public right-of-way experience. The PROW Committee meets the 1<sup>st</sup> Thursday of the month.

- **Community Engagement and Communications (CEC) Committee** - oversees programs that promote Tenderloin district identity and provide beautification through visual media such as art and murals. The CEC Committee meets the 2<sup>nd</sup> Monday of the Month.
- **Safe Passage Committee** – oversees the Safe Passage Program. The Safe Passage Committee meets the 1<sup>st</sup> Wednesday of the month.

### **Summary of Accomplishments, Challenges, and Delivery of Services**

#### **FY 2017-2018**

##### **Public Right-of-Way and Sidewalk Operations**

- Clean and Safe Services Team removed 10,083 graffiti tags from public and private property and collected over 374,273 pounds of litter from sidewalks and gutter
- Steam-cleaned 706,000 linear feet of sidewalk
- Completed 1,957 instances of human/animal waste pick-ups
- Handled 1,048 cleaning call requests
- Completed 36 safety walks/initiatives serving a total of 171 seniors
- Expanded cleaning services via Block by Block contract from 5 days a week to 7 days a week
- Added the Downtown Streets Team (DST) as a sub-contractor to work with homeless individuals to get them off the streets and into jobs and housing, with a goal of hiring interested DST members to become full-time Clean Team members
- Provided additional sweeping and pressure washing services to Turk Hyde Mini Park
- Piloted twice-weekly pressure washing service for the Larkin Street corridor
- Grew the Safe Passage Program from 15 to 25 Corner Captains
- The Tenderloin Camera Network was expanded from 6 to 8 locations, with 29 multi-sensor cameras and 90 total camera views

##### **District Identity and Streetscape Improvements**

- Distributed 24 editions of “Tenderloin Talks,” a semi-monthly digital newsletter
- Attracted 1,694 social media followers
- Reached 1,063 mailing list recipients

- Received an award for a \$145,000 grant from OEWD to support organizational capacity and the expansion of the NOM/TL CBD’s work on the Larkin Street/Little Saigon Corridor
- Piloted a program at Turk/Hyde Mini Park by establishing daily Corner Captain presence the to welcome people of all ages to use the park
- Hosted tours with press to promote neighborhood businesses, people, and culture
- Continued the quarterly community meeting concept “Tenderloin Talk LIVE” initiated in June 2017

### **Management & Operations**

- Launched multi-year Invest Tenderloin fundraising campaign to “Improve the quality of lives for ALL in the Tenderloin”
- Held second annual Board retreat in November 2017 to build on the strategic framework developed at the previous year’s Board retreat and to focus on how to improve the quality of lives in the Tenderloin
- Recruited new Board members
- Transitioned staff from being employed by Urban Place Consulting to direct employment through the NOM/TL CBD by hiring a new Executive Director
- Launched a new NOM/TL CBD Employee Handbook
- Set up benefits for all employees including health insurance and retirement
- Expanded staff to include a Communications Coordinator under the Director of Communications

### **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 2017-2018**

**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 17-18 Assessment Budget	% of Assessment Budget	Variance Percentage Points
Public Right-of-Way and Sidewalk Operations	\$749,074.00	76.32%	\$850,098.00	75.98%	-0.34%
District Identity and Streetscape Improvements	\$45,000.00	4.58%	\$51,069.00	4.56%	-0.02%
Administrative/Corporate Operations	\$120,000.00	12.23%	\$136,184.00	12.17%	-0.05%
Contingency Reserve	\$67,413.00	6.87%	\$81,442.00	7.28%	+0.41%
<b>TOTAL</b>	<b>\$981,487.00</b>	<b>100%</b>	<b>\$1,118,793.00</b>	<b>100%</b>	

**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 \$1,113,856.00 or 80.57% of actuals and non-assessment revenue was \$268,582.00 or 19.43% of actuals. See table below.

Revenue Sources	FY 2017-2018 Actuals	% of Actuals
Special Benefit Assessments	\$1,113,856.00	
<b>Total assessment revenue</b>	<b>\$1,113,856.00</b>	<b>80.57%</b>
Contributions and Scholarships	\$15,681.00	1.13%
Grants	\$251,315.00	18.18%

Donations	\$1,057.00	0.08%
Interest Earned	\$529.00	0.04%
<b>Total non-assessment revenue</b>	<b>\$268,582.00</b>	<b>19.43%</b>
<b>TOTAL</b>	<b>\$1,382,438.00</b>	<b>100%</b>

**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 2017-2018 Assessment Budget	% of Assessment Budget	FY 2017-2018 Assessment Actuals	% of Assessment Actuals	Variance Percentage Points
Public Right-of-Way and Sidewalk Operations	\$850,098.00	75.98%	\$855,837.00	76.84%	+0.85%
District Identity and Streetscape Improvements	\$51,069.00	4.56%	\$40,352.00	3.62%	-0.94%
Administrative/Corporate Operations	\$136,184.00	12.17%	\$136,225.00	12.23%	+0.06%
Contingency Reserve	\$81,442.00	7.28%	\$81,442.00	7.31%	+0.03%
<b>TOTAL</b>	<b>\$1,118,793.00</b>	<b>100%</b>	<b>\$1,113,856.00</b>	<b>100%</b>	

**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.

<b>FY 2017-18 Carryforward to FY 18-19</b>	
<b>Special Assessment</b>	
Public Right-of-Way and Sidewalk Operations	\$425,049.00
District Identity and Streetscape Improvements	\$25,534.48

Administrative and Corporate Operations	\$68,092.00
Contingency and Reserve	\$38,252.00
<b>Total Carryforward</b>	<b>\$556,927.48</b>

### **Findings and Recommendations**

Within the review periods of FY 2017-2018, the NOM/TL CBD met the expectations and requirements as set by the California Street and Highways Code Section 36650-36651 as found on pages 5 and 6 of this memo.

For the FY 2017-2018, the management and staffing for the organization transitioned from a consultant team to direct employment through the NOM/TL CBD by hiring a new, full-time Executive Director. Under their new Executive Director Simon Bertrang’s leadership NOM/TL CBD continued to improve in all aspects, especially service delivery. For example, the NOM/TL CBD increased cleaning services from 5 to 7 days per week. They received a number of multi-year grants that allowed them to facilitate the full and final integration of the Safe Passage Program into the NOM/TL CBD service area. They began weekly Safe Escorted Senior Walking groups with seniors from YMCA and the San Francisco Senior Center. Additionally, the NOM/TL 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 NOM/TL CBD was successful in securing non-assessment dollars which contributed to approximately 19% of the total budget, far exceeding its required 5%. NOM/TL CBD was able to build capacity, continue with strategic planning and secure substantial funding for the organization.

### **Conclusion**

NOM/TL CBD has performed well in implementing their service plan. NOM/TL CBD has continued to successfully market and produce events and projects such as the Tenderloin Camera Network, “Four-Corner Friday,” Tenderloin Talk LIVE and worked to activate several corners in the neighborhood. NOM/TL 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 NOM/TL CBD will continue to successfully carryout their mission and service plans.