

BOARD of SUPERVISORS



City Hall  
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TDD/TTY No. 554-5227

## MEMORANDUM

TO: Ben Rosenfield, City Controller, Office of the Controller  
Joaquin Torres, Director, Office of Economic and Workforce Development

FROM: John Carroll, Assistant Clerk, Government Audit and Oversight  
Committee, Board of Supervisors

DATE: August 5, 2020

SUBJECT: LEGISLATION INTRODUCED

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The Board of Supervisors' Government Audit and Oversight Committee has received the following proposed legislation, introduced by Supervisor Mandelman on July 28, 2020:

**File No. 200820**

**Resolution receiving and approving an annual report for the Castro/Upper Market Community Benefit District for FY2018-2019, submitted as required by the Property and Business Improvement District Law of 1994 (California Streets and Highways Code, Sections 36600, et seq.), Section 36650, and the District's management agreement with the City, Section 3.4.**

If you have any comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

c: Todd Rydstrom, Office of the Controller  
J'Wel Vaughan, Office of Economic and Workforce Development  
Lisa Pagan, Office of Economic and Workforce Development  
Chris Corgas, Office of Economic and Workforce Development

1 [Castro/Upper Market Community Benefit District - Annual Report - FY2018-2019]

2  
3 **Resolution receiving and approving an annual report for the Castro/Upper Market**  
4 **Community Benefit District for FY2018-2019, submitted as required by the Property and**  
5 **Business Improvement District Law of 1994 (California Streets and Highways Code,**  
6 **Sections 36600, et seq.), Section 36650, and the District's management agreement with**  
7 **the City, Section 3.4.**  
8

9 WHEREAS, On June 7, 2005, pursuant to the Property and Business Improvement  
10 District Law of 1994 (the "Act"), California Streets and Highways Code, Sections 36600 et  
11 seq., as augmented by Article 15 of the San Francisco Business and Tax Regulations Code,  
12 the Board of Supervisors adopted Resolution No. 421-05, expressing the City's intention to  
13 establish the Castro/Upper Market Community Benefit District (the "Castro/Upper Market  
14 CBD"); and

15 WHEREAS, On August 2, 2005, the Board of Supervisors adopted Resolution No.  
16 582-05 establishing the Castro/Upper Market CBD ("Resolution to Establish") for a period of  
17 15 years, commencing FY 2005-2006; and

18 WHEREAS, On January 10, 2006, the Board of Supervisors adopted Resolution No.  
19 14-06, authorizing an agreement with the owners' association for the administration and  
20 management of the Castro/Upper Market CBD, and a management agreement (the  
21 "Management Contract") with the owners' association, the Castro/Upper Market Community  
22 Benefit District, was executed accordingly; and

23 WHEREAS, A copy of the Management Contract is on file with the Clerk of the Board  
24 of Supervisors in File No. 051968; and  
25



1           WHEREAS, On July 9, 2019, the Board of Supervisors approved the Castro/Upper  
2 Market CBD's annual reports for FY2017-2018 in Resolution No. 307-19; and

3           WHEREAS, The Castro/Upper Market CBD has submitted for the Board's receipt and  
4 approval the Castro/Upper Market annual reports for FY2018-2019 as required by Section  
5 36650 of the Act and Section 3.4 of the Management Contract; and

6           WHEREAS, The Annual Report is on file with the Clerk of the Board of Supervisors in  
7 File No. \_\_\_\_\_, and are incorporated herein by reference as though fully set forth;  
8 and

9           WHEREAS, Supporting documents, including, but not limited to, a transmittal letter and  
10 memorandum report from the City's Office of Economic and Workforce Development, dated  
11 June 23, 2020, and documentation from the Castro/Upper Market CBD for the Annual Report  
12 is on file with the Clerk of the Board of Supervisors in File No. \_\_\_\_\_; now,  
13 therefore, be it

14           RESOLVED, That the Board of Supervisors hereby receives and approves the annual  
15 report for the Castro/Upper Market Community Benefit District for FY2018-2019.  
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25

[illegible]







# Castro Community Benefit District Works Towards Renewal

## A Letter from the President

Dear Community Member:

It has been an honor to be part of the Board of Directors over the past year and have the opportunity to serve as President. During my tenure, it has been an exciting and fulfilling opportunity to experience the evolution and growth of our organization. As we approach our renewal in the next year, I want to thank our committed staff, volunteer Board of Directors, committee members, and City representatives that contributed to the amelioration of the Castro/ Upper Market community throughout the year and previous fifteen. Their dedication to improvement and maintaining a vital and flourishing community has not wavered, and their passion for the community is inspiring.

The 2018–2019 fiscal year has been exciting and successful. We were able to accomplish many of our previously established goals and set future goals during our Renewal, Budgeting, and Board meetings.

The CBD's role, as defined in the Management Plan, is dualistic. First, we supplement City services to keep our streets clean and safe. I hope you have seen our Clean Team removing garbage, graffiti, needles, and waste, steam cleaning sidewalks, and weeding greenbelts. The CBD's contractor, S.F. Patrol Special Police has maintained a strong presence on the streets, ready to assist and notify proper authorities in unsafe situations. Details of our efforts are in this report.

Second, we provide assistance and resources to small businesses through our Retail Strategy Committee and homeless outreach through our Castro Cares Committee. Over the past year, the Nominating Committee completed its work of bringing (3) new Board Members, rounding out our committed volunteer Board to (10) ten. They participate in six standing committees (Executive, Services, Finance, Retail Strategy, Streetscape Beautification, and Land Use) and two ad hoc committees (Nominating, Renewal).

As a highlight, we successfully opened a new office, that allows us to be closely connected and integrated into the community. We are easily accessible with our clean team staff on hand and now have the opportunity for meetings and community gatherings in our new space.

Please read through this annual report and discover all that we have accomplished and how we are working to make the Castro and Upper Market an even greater place for our businesses, residents, and visitors.

Sincerely,



**Justine Shoemaker**  
**President, Board of Directors**  
Castro/Upper Market Community Benefit District

# Cleaning Up By the Numbers

In one year, together we've removed:



**TRASH** *(in pounds)*

128,470

*That's a lot of garbage!*

That weight equals  
as much as **two**  
freight cars, which  
weigh 30 tons each!



**GRAFFITI**

13,765

**POWER  
WASHING**

*block faces*

1,357

**SCRUB  
REQUESTS**

1,602

**ILLEGAL  
DUMPING**

*311 calls*

317



**OVERFLOW  
CITY TRASH**

146

**CARDBOARD**

*yards collected*

31,656



**NEEDLES  
COLLECTED**

2,259

**WEED  
ABATEMENT**

*block faces*

865



**HUMAN  
WASTE**

3,082

We live in one of San Francisco's most popular areas, so keeping things tidy is a challenge.



The mission of the Castro Community Benefit District is to provide services that improve the quality of life in the neighborhood, emphasizing clean, safe, beautiful streets. It also promotes the area's economic vitality, fosters the Castro's unique district identity, and honors its diverse history.



# WELCOME HOME!

Remember the Welcome Wagon? WELCOME HOME is a new twist on the welcome wagon, encouraging our newest residents to Shop Local. Working with the Castro Merchants, Eureka Valley Neighborhood Association, Duboce Triangle Neighborhood Association and local realtors, the Castro CBD created Welcome Home bags which are delivered to our newest residential neighbors! The Welcome Home bags, funded through the Office of Economic & Workforce Development, are filled with important information about the neighborhood and coupons from the area merchants, encouraging people to get involved and to SHOP LOCAL!





# Castro Drives Along

## Daniel Bergerac Rides Along with SF Patrol Special Police

S.F. Patrol Special  
Police Officer  
Cody Clements



Daniel Bergerac, co-owner of dog-grooming business Mudpuppy's Tub and Scrub (536 Castro St.), a Castro CBD Board member, past-president of the Castro Merchants (2014–2019) and a member of the Mission Station Community Police Advisory Board was curious as to what exactly Patrol Special did and made arrangements to do a “ride along” with Patrol Special Cody Clements in September 2019. We were curious what his experience was so we interviewed him to find out.

**Castro CBD:** *How did you come to do a drive along?*

**Daniel:** I have been a very harsh critic of the Patrol Special. I just wasn't sure of the value of the services they provided. I thought it would be good for me to better understand what exactly Cody and his team do, so I rode and walked with him for two-and-a-half hours. My opinion of Patrol Special totally changed. I saw what Patrol Special really does, and that is community policing with a focus on quality of life infractions.

**Castro CBD:** *What impressed you most?*

**Daniel:** Cody knows EVERYONE!, remains calm, and treats people with respect and compassion. Everyone we stopped to talk to knew Cody and he knew them, and it was clear there was mutual respect. His approach gets results, he gets cooperation from the street people. He carries water in the back of his truck and he carries socks so they know that if he is asking them to move along, they can also hit him up for a bottle of water or a pair of socks.

**Castro CBD:** *Would five more Cody's help?*

**Daniel:** I think it would be incredible. We need more public safety in the Castro.

**Castro CBD:** *Can you provide an example of Cody's work?*

**Daniel:** A security guard called from the Walgreens at 18th and Castro about someone who wouldn't leave the store. He was loud and we could hear the disturbance from the street. Cody diffused the situation immediately, the incident ended quickly with the individual leaving the store.

Another time, he approached a group setting up a tent, and said, “I can't let you set up a tent at 8 o'clock at night, you've got to wait until 11, you've got to take it down.” They were not happy, and he waited until they complied.

Cody emphasizes de-escalation on the job.

**Castro CBD:** *What is the relationship between PSP and SFPD?*

**Daniel:** Cody and his team have a great relationship with Mission Station. When the Patrol Special start their shift, they check in with the lieutenant on duty, they can call PD dispatch if needed and they get a quick response.

**Castro CBD:** *Any closing comments?*

**Daniel:** Yes, I've changed my mind about the value of the SF Patrol Special Police, so much so that my business has now become one of their customers, even though I am a day-time business, I want that extra protection at night.



The Castro CBD funds the SF Patrol Special Police through assessment fees and through the grant funded Castro Cares program.



be a part of the solution

# Castro Cares

## Providing Street Outreach & Added Public Safety

Street outreach gets people ready to accept referrals and services. The outreach worker breaks down barriers and builds trust, gets them open to the idea of accepting services. Funded through grants, community donations and merchant sponsorships, Castro Cares collaborates with existing resources in the community most notably Most Holy Redeemer, St. Francis Lutheran Church and Strut. Castro Cares has connected people with services at Strut, with SF HOT, and the city's case managers. It's important that our outreach workers are there, our outreach experience shows there is so much need. For example:

*One day as the outreach worker was talking with a community member he had worked with before, he learned that this individual's PrEP medication, a medication to prevent HIV, was stolen during the night. Through a series of calls, the Castro Cares outreach worker was able to get him the medication he needed.*

*Another time, our outreach worker was interacting with someone just at the right time, the individual wanted to enter treatment for his substance use disorder. A few calls and with the city's help, a placement was found for this individual to enter treatment!*

The SF Patrol Special Police enforce existing laws, with an emphasis on quality of life laws. Through a community policing approach, they are a real asset to the community. They provide a combination of support/compassion and law enforcement. Their focus is on getting results and getting people to comply with existing laws.

Castro Cares Works!



Outreach Worker John Rivie giving supplies to an at risk individual on the street.



Patrol Special Assistant Antjaun Tazwell

*Castro Cares, funded through a grant from the Office of Economic & Workforce Development and donations from merchants and neighbors, funds both street outreach and added enforcement. The street outreach is provided through a contract with Strut – SF AIDS Foundation and the added enforcement is provided through a contract with the SF Patrol Special Police.*

SF Patrol Special Police issued a total of **3,462** warnings for a variety of infractions.



**1,711**

obstructing the sidewalk and/or trespassing (sleeping in doorways)



**309**

calls for shoplifting



**232**

interventions with loitering around ATM's.



# Assessments

The Castro/Upper Market Community Benefit District is primarily funded through an annual assessment on the property in the district. Castro/Upper Market CBD assessments are based on the following factors:

Linear frontage, lot/parcel size, building square footage, and building use.

## Relative costs are as follows:

**Linear frontage:** \$11.541308/linear foot

**Lot square footage:** \$.1040058/lot size square foot

**Building square footage:** \$.14633460/building square foot

Each assessed property is listed on the CBD website at:

<http://castrocbd.org/information-for-property-owners/>

*This information is provided to the Castro/Upper Market CBD from the SF Assessor's office. It is the responsibility of property owners to ensure the information provided to the CBD is correct. To correct information, property owners must contact the SF Assessor's Office at 415-554-5596 or at <https://sfassessor.org/>.*

*The Castro/Upper Market CBD's Management Plan can be found on the CBD's website at:*

<http://castrocbd.org/cbd-management-plan/>



Sundance Saloon

# Who We Are

## Board of Directors

Justine Shoemaker, President  
Alan Lau, Vice President  
Crispin Hollings, Treasurer  
Jim Laufenberg, Secretary  
Daniel Bergerac, Board Member  
Angel Davis, Board Member  
Michael 'Misha' Langley, Board Member  
Helen McClure, Board Member  
Desmond Morgan, Board Member  
Pat Sahagun, Board Member

## Staff

Andrea Aiello, Executive Director  
Kristin Wojkowski, Executive Assistant/  
Program Coordinator  
Anh Han, Accountant

## Castro Cares Leadership Team

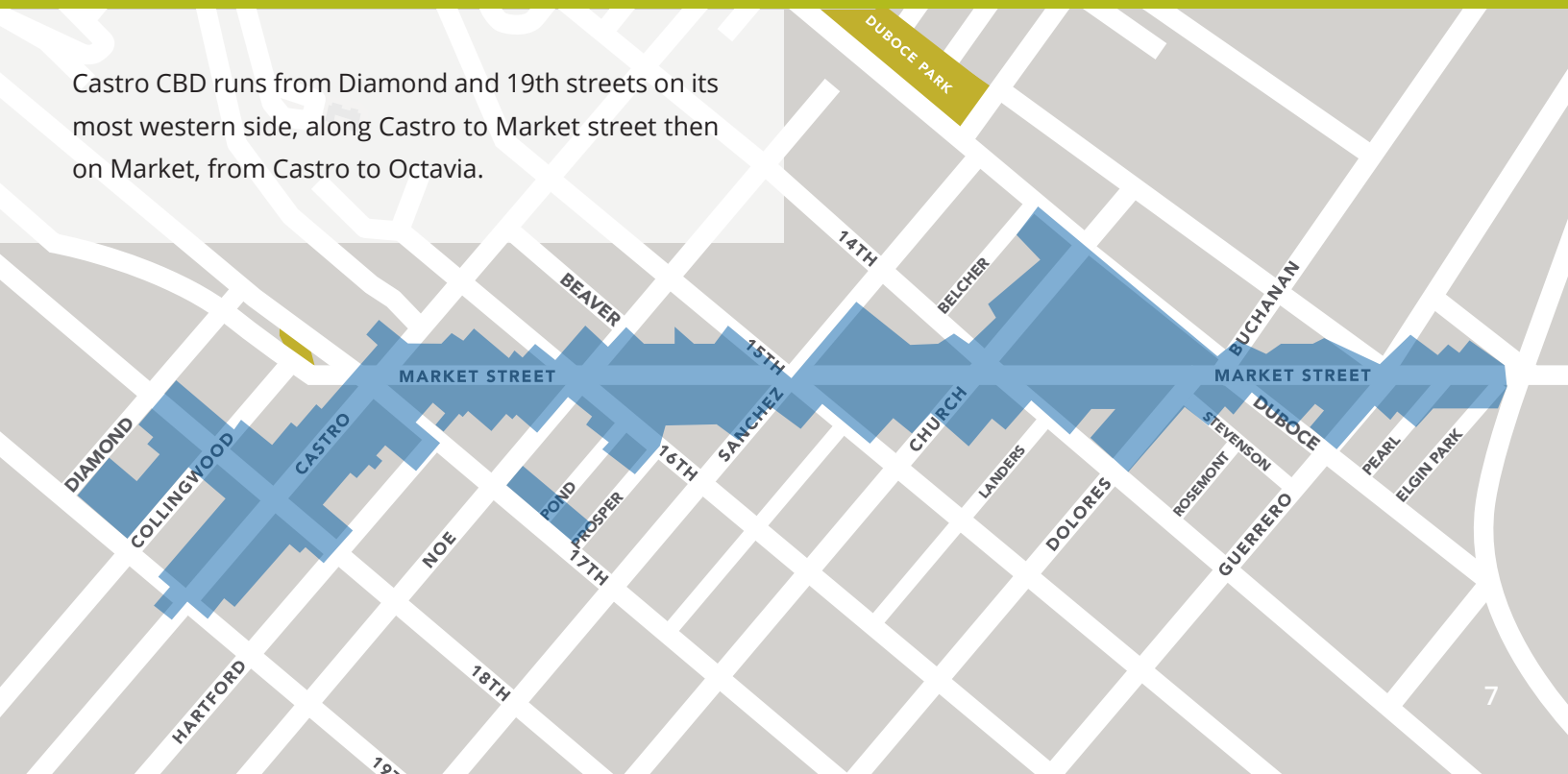
Castro Community Benefit District  
Castro Community On Patrol  
Castro Merchants  
Duboce Triangle Neighborhood Association  
Eureka Valley Neighborhood Association  
Hartford Street Neighbors  
Most Holy Redeemer Catholic Church  
St. Francis Lutheran Church  
Strut, S.F. AIDS Foundation

All Castro/Upper Market CBD meetings  
are open to the public.

Meeting times and location are listed on  
the CBD's website at:

<http://castrocdb.org/upcoming-meetings/>

Castro CBD runs from Diamond and 19th streets on its  
most western side, along Castro to Market street then  
on Market, from Castro to Octavia.



# Financials

## Statement of Activities

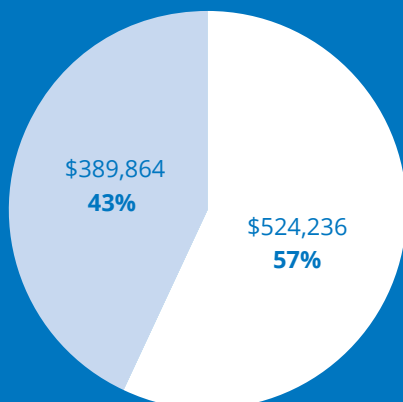
(Year Ended June 30, 2019)

SUPPORT & REVENUES	
Assessment Revenue	\$524,236
Government Grants	\$333,792
Contributions	\$22,640
Contracts for Service	\$11,809
Sponsorship Income	\$21,450
Interest Income	\$173
<b>TOTAL SUPPORT &amp; REVENUES</b>	<b>\$914,100</b>
EXPENSES	
Program Services	\$978,108
General and Administrative	\$71,928
<b>TOTAL EXPENSES</b>	<b>\$1,050,036</b>
NET ASSETS	
Change in Net Assets	(\$135,936)
NET ASSETS beginning of year	\$619,794
NET ASSETS end of year	\$483,858

*Your Assessment Dollars  
Multiply through the CBD's  
Fundraising Efforts!*

Support & Revenues  
Assessment & Other Income Sources

Assessment Non-Assessment\*



## July 2018–June 2019 Budget

REVENUE	
Property Tax Special Assessments	\$516,800
Grants	\$300,000
Donations	\$35,000
Contracts for Service	\$10,500
<b>TOTAL REVENUE</b>	<b>\$862,300</b>

EXPENSES ASSESSMENTS	
Cleaning & Security Services - Expenditures (63%)	\$350,073
Beautification & Streetscape Improvement - Expenditures (12%)	\$62,935
General & Administrative - Expenditures (16%)	\$66,677
Contingency (9%)	\$70,000
<b>Total Assessment Expenses</b>	<b>\$549,685</b>

GRANTS	
Cleaning & Security Related Grants	\$217,671
Beautification Related Grants	\$254,257
<b>Total Grant Expenses</b>	<b>\$471,928</b>

DONATION & OTHER	
Cleaning & Security Related Donations + Other	\$59,700
Beautification Related Donations	\$20,160
<b>Total Donation Expenses</b>	<b>\$79,860</b>

<b>TOTAL EXPENSES</b>	<b>\$1,101,473</b>
<b>REVENUE OVER EXPENSES</b>	<b>(\$239,173)</b>

PRIOR YEAR CARRY OVER INCOME	
Prior Year Assessment Carryover Income	\$366,751
Prior Year Donation Carryover Income	\$81,348
Prior Year Grant Carryover Income	\$171,928

<b>TOTAL PRIOR YEAR CARRYOVER INCOME</b>	<b>\$620,027</b>
<b>FUTURE YEAR CARRYOVER</b>	<b>\$380,854</b>

\*Non-Assessment income includes all other sources of income, including but not limited to: grants, contributions, etc.



# Live!

## in the Castro

*Live!* in the Castro: In its 6th season, the *Live!* in the Castro program hosted 48 live performances in Jane Warner Plaza. With a goal of encouraging visitors to positively use our public space, *Live!* events typically attract between 50–150 people to the Castro—from neighborhood residents to people who drive in from other cities specifically for the events. This season, performers included local dance troupe ManDance, the engaging Mexican folklore dancers from Ballet Folklórico to neighborhood favorites like country line dancing with Sundance Saloon. We heard big band jump style blues of the Alpha Rhythm Kings, bluegrass from the Beauty Operators and piano in the plaza with original compositions by John Steven Morgan (who totes out a real ragtime piano to each event). *Live!* in the Castro also hosts musical soloists on the first Thursday of every month in support of the Castro Art Walk.



Dancers from Man Dance Company perform in the open air environment of *Live!* In the Castro.



**A timely tribute** This balloon sculpture by Sparky's Balloons and tribute wall, are in honor of all those impacted by the coronavirus and the frontline workers fighting this pandemic. Image courtesy of Gary Virginia.



#ONEMILLIONBUBBLES  
#SPARKYSBALLOONS  
Thank you to all those  
who are working to keep us  
SAFE  
LOVE  
Merci to Everyone!!  
Stay and Strong  
Safe









**facebook.com/castrocbd**  
**@visitthecastro**  
email: **info@castrocbd.org**

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

SA 63 - Castro		FY 2018-19								
Service Category/Budget Line	Management Plan Budget	General Benefit Dollars	Management Plan Assessment Budget	% of Budget	FY 2018-19 Budget	General Benefit Dollars	FY 2018-19 Assessment Budget	% of Budget	Variance	Source
SA 63 - Castro CBD - Public Rights of Way and Sidewalk Operations	\$ 260,675.00	\$ 13,033.75	\$ 247,641.25	63.04%	\$ 627,444.00	\$ 277,371.00	\$ 350,073.00	56.96%	-6.08%	General Benefit: Castro Cares Donations/Affiliate Membership/Castro Cares Grant
SA 63 - Castro CBD - District Identity and Streetscape Improvements	\$ 50,500.00	\$ 2,525.00	\$ 47,975.00	12.21%	\$ 208,095.00	\$ 145,160.00	\$ 62,935.00	18.89%	6.68%	General Benefit: DISI Donations/JWP Grant/Horizon Foundation Grant/ManDance Donations/Retail Strategy Donations
SA 63 - Castro CBD - Administrative and Corporate Operations	\$ 65,000.00	\$ 3,250.00	\$ 61,750.00	15.72%	\$ 66,677.00	\$ -	\$ 66,677.00	6.05%	-9.67%	
Contingency and Reserve	\$ 37,325.00	\$ 1,866.25	\$ 35,458.75	9.03%	\$ 70,000.00	\$ -	\$ 70,000.00	6.36%	-2.67%	
Horizon Foundation Grant	\$ -	\$ -	\$ -	0.00%	\$ 129,257.00	\$ 129,257.00	\$ -	11.73%	11.73%	Horizon Foundation Grant
0	\$ -	\$ -	\$ -	0.00%	\$ -	\$ -	\$ -	0.00%	0.00%	
0	\$ -	\$ -	\$ -	0.00%	\$ -	\$ -	\$ -	0.00%	0.00%	
<b>TOTAL</b>	<b>\$ 413,500.00</b>	<b>\$ 20,675.00</b>	<b>\$ 392,825.00</b>	<b>100.00%</b>	<b>\$ 1,101,473.00</b>	<b>\$ 551,788.00</b>	<b>\$ 549,685.00</b>	<b>100.00%</b>		

BENCHMARK 2: General Benefit Requirement

5.00%

Revenue Sources	FY 2018-19 Actuals	% of actuals	Source
Assessment Revenue	\$ 524,236.00		
<b>Total Assessment (Special Benefit) Revenue</b>	<b>\$ 524,236.00</b>	<b>57.35%</b>	
Contributions and Sponsorships	\$ 21,450.00	2.35%	Sponsorship
	\$ 333,792.00	36.52%	Castro Cares Grant/Jane Warner Plaza Grant/CBD Renewal Grant
Grants			
Donations	\$ 22,640.00	2.48%	Donations
Interest Earned	\$ 173.00	0.02%	
Earned Revenue	\$ -	0.00%	
Other	\$ 11,809.00	1.29%	Affiliate Membership
<b>Total Non-Assessment (General Benefit) Revenue</b>	<b>\$ 389,864.00</b>	<b>42.65%</b>	
<b>Total</b>	<b>\$ 914,100.00</b>	<b>100.00%</b>	

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

SA 63 - Castro		FY 2018-19											
Service Category/Budget Line	FY 2018-19 Budget	Amount from Assessment	Amount from General Benefit	% of Budget (Assessment)	% Budget (Total Budget)	Actuals	Amount from Assessment	Amount from General Benefit	% of Actuals (Assessment)	% of Actuals (Total Budget)	Variance (Assessment)	Variance (Total Budget)	Source
SA 63 - Castro CBD - Public Rights of Way and Sidewalk Operations	\$ 627,444.00	\$ 350,073.00	\$ 277,371.00	63.69%	56.96%	\$ 618,261.00	\$ 357,535.00	\$ 260,726.00	67.86%	58.83%	4.17%	1.86%	assessment/general
SA 63 - Castro CBD - District Identity and Streetscape Improvement	\$ 208,095.00	\$ 62,935.00	\$ 145,160.00	11.45%	18.89%	\$ 201,276.00	\$ 67,160.00	\$ 134,116.00	12.75%	19.15%	1.30%	0.26%	assessment/general
SA 63 - Castro CBD - Administrative and Corporate Operations	\$ 66,677.00	\$ 66,677.00	\$ -	12.13%	6.05%	\$ 64,356.00	\$ 64,356.00	\$ -	12.21%	6.12%	0.08%	0.07%	assessment
Contingency and Reserve	\$ 70,000.00	\$ 70,000.00	\$ -	12.73%	6.36%	\$ 37,854.00	\$ 37,854.00	\$ -	7.18%	3.60%	-5.55%	-2.75%	assessment
Horizon Foundation Grant	\$ 129,257.00	\$ -	\$ 129,257.00	0.00%	11.73%	\$ 129,257.00	\$ -	\$ 129,257.00	0.00%	12.30%	0.00%	0.56%	General Benefit
	\$ -	\$ -	\$ -	0.00%	0.00%	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	
	\$ -	\$ -	\$ -	0.00%	0.00%	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	
TOTAL	\$ 1,101,473.00	\$ 549,685.00	\$ 551,788.00	100.00%	100.00%	\$ 1,051,004.00	\$ 526,905.00	\$ 524,099.00	100.00%	100.00%			

BENCHMARK 4: Whether 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

FY 2018-19 Carryover Disbursement		Source	Spenddown Timeline
<b>General Benefit Project</b>			
General Benefit Project 1	\$ 2,905.35	General Donations	
General Benefit Project 2	\$ 51,005.15	Castro Cares	
General Benefit Project 3	\$ 2,531.79	Man Dance	Jul 19 - Jun 20
General Benefit Project 4	\$ 12,360.89	Retail Strategy Donations	Jul 19 - Jun 20
General Benefit Project 5	\$ 9,659.00	Castro Cares Grant	Jul 19 - Jun 20
General Benefit Project 6	\$ 25,000.00	CBD Renewal Grant	Jul 19 - Jun 20
General Benefit Project 7	\$ 18,250.00	Sponsorship	Jul 19 - Jun 20
	\$ -		
<b>General Project Total</b>	<b>\$ 121,712.18</b>		
<b>Special Assessment Project</b>			
SA 63 - Castro CBD - Public Rights of Way and Sidewalk Operations	\$ 139,856.00	Assessment	Jul 19-Dec 19
SA 63 - Castro CBD - District Identity and Streetscape	\$ 33,128.00	Assessment	Jul 19-Dec 19
SA 63 - Castro CBD - Administrative and Corporate Operations	\$ 111,242.63	Assessment	Jul 19-Jun 20
Contingency and Reserve	\$ 76,952.37	Assessment	Jul 19-Jun 20
	\$ -		
<b>Special Project Total</b>	<b>\$ 361,179.00</b>		
<b>Total Designated Amount for FY 2018-19</b>	<b>\$ 482,891.18</b>		





**CASTRO/UPPER MARKET COMMUNITY  
BENEFIT DISTRICT, INC.**

**(A California Not-For-Profit Corporation)**

**FINANCIAL STATEMENTS**

**JUNE 30, 2019**



**CASTRO/UPPER MARKET COMMUNITY**  
**BENEFIT DISTRICT, INC.**

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## **Independent Accountant's Review Report**

Board of Directors  
Castro/Upper Market Community Benefit District, Inc.

We have reviewed the accompanying financial statements of Castro/Upper Market Community Benefit District, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

### **Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### **Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

*RINA Accountancy LLP*

Certified Public Accountants

San Francisco, California  
October 18, 2019

**CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.**

**STATEMENT OF FINANCIAL POSITION - JUNE 30, 2019**

**ASSETS**

**CURRENT ASSETS:**

Cash and cash equivalents	\$ 485,389
Assessments receivable	491
Grants receivable	97,789
Property and equipment, at cost, net	-
Prepaid expenses	4,401
Security deposits	<u>3,185</u>

TOTAL ASSETS	<u>\$ 591,255</u>
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**LIABILITIES AND NET ASSETS**

**LIABILITIES:**

Accounts payable	\$ 55,576
Accrued expenses	40,416
Deferred rent	<u>11,405</u>

TOTAL LIABILITIES (All Current)	<u>107,397</u>
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**NET ASSETS:**

Net assets without donor restrictions	124,824
Net assets with donor restrictions	<u>359,034</u>

TOTAL NET ASSETS	<u>483,858</u>
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TOTAL LIABILITIES AND NET ASSETS	<u>\$ 591,255</u>
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**CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.****STATEMENT OF ACTIVITIES****YEAR ENDED JUNE 30, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUES:</b>			
Assessment revenue	\$ 47,008	\$ 477,228	\$ 524,236
Government grants	-	333,792	333,792
Contributions	-	22,640	22,640
Affiliate member dues	11,809	-	11,809
Sponsorship income	-	21,450	21,450
Interest income	173	-	173
Net assets released from restrictions	1,051,004	(1,051,004)	-
<b>TOTAL SUPPORT AND REVENUES</b>	<b>1,109,994</b>	<b>(195,894)</b>	<b>914,100</b>
<b>EXPENSES:</b>			
Program services	978,108	-	978,108
General and administrative	71,928	-	71,928
<b>TOTAL EXPENSES</b>	<b>1,050,036</b>	<b>-</b>	<b>1,050,036</b>
<b>CHANGE IN NET ASSETS</b>	<b>59,958</b>	<b>(195,894)</b>	<b>(135,936)</b>
<b>NET ASSETS, beginning of year</b>	<b>64,866</b>	<b>554,928</b>	<b>619,794</b>
<b>NET ASSETS, end of year</b>	<b>\$ 124,824</b>	<b>\$ 359,034</b>	<b>\$ 483,858</b>

See accompanying independent accountants' review report and notes to financial statements.

# CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

**YEAR ENDED JUNE 30, 2019**

	Program Services				
	District Identity & Streetscape Improvement	Public Right of Way	Harvey Milk Plaza Redesign	General and Administrative	Total
Sidewalk cleaning	\$ 63,966	\$ 345,643	\$ -	\$ -	\$ 409,609
Salaries and wages	67,750	78,409	-	28,527	174,686
Professional services	15,142	15,142	125,000	16,277	171,561
Security and public safety	-	98,974	-	-	98,974
Social programs and services	-	63,212	-	-	63,212
Operation expenses	12,248	11,934	1,022	8,466	33,670
Rent expense	11,668	10,209	-	6,139	28,016
Marketing and advertising	12,165	4,728	4,076	-	20,969
Events and promotions	20,097	-	-	-	20,097
Payroll taxes and workers' compensation	4,361	4,709	-	4,017	13,087
Accounting fees	-	-	-	8,000	8,000
Streetscape improvements	4,562	-	-	-	4,562
Castro Ambassadors	2,181	-	-	-	2,181
Loss on disposal of assets	-	235	235	118	588
Travel and meetings	130	100	-	332	562
Depreciation	105	105	-	52	262
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 214,375</b>	<b>\$ 633,400</b>	<b>\$ 130,333</b>	<b>\$ 71,928</b>	<b>\$ 1,050,036</b>

See accompanying independent accountants' review report and notes to financial statements.

**CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED JUNE 30, 2019**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in net assets	\$ (135,936)
Adjustment to reconcile change in net assets to net cash used in operating activities:	
Depreciation	262
Loss on disposal of assets	<u>588</u>

**NET CASH USED BY OPERATING ACTIVITIES BEFORE  
CHANGES IN OPERATING ASSETS AND LIABILITIES**

**(135,086)**

**CHANGES IN OPERATING ASSETS AND LIABILITIES:**

Accounts receivable	7,908
Grants receivable	57,590
Deposits	707
Prepaid expenses	(249)
Accounts payable	17,259
Accrued expenses and other payable	29,659
Deferred revenue	<u>(7,610)</u>

**NET CASH PROVIDED BY OPERATING ASSETS AND LIABILITIES**

**105,264**

**NET CASH USED BY OPERATING ACTIVITIES**

**(29,822)**

**NET DECREASE IN CASH**

**(29,822)**

**CASH AND CASH EQUIVALENTS, beginning of year**

**515,211**

**CASH AND CASH EQUIVALENTS, end of year**

**\$ 485,389**

See accompanying independent accountants' review report and notes to financial statements.

**CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS - JUNE 30, 2019**

**Note 1. NATURE OF ACTIVITIES:**

Organization:

The Castro/Upper Market Community Benefit District, Inc. ('Organization') was incorporated in California on December 7, 2005 as a non-profit public benefit corporation. Its mission is to provide services that improve the quality of life in the neighborhood emphasizing clean, safe, beautiful streets. It also promotes the area's economic vitality, fosters the Castro's unique district identity, and honors its diverse history. All property owners whose parcels of land fall within the Organization's geographic area fund the Organization through a special assessment fee, as established after a majority of property owners vote and legislation adopted by the Board of Supervisors on August 2, 2005 and signed on August 8, 2005 by the Mayor of the City and County of San Francisco (the City).

Upon formation of the district in 2005, its members (property owners) were assessed an annual special tax assessment levied by the City under the Property and Business Improvement District Law of 1994. The term of the district will expire (unless renewed) on December 31, 2020. Under a contract with the City and a Management Plan, the Organization receives these special tax assessments and, in exchange, provides certain services to the members of the District. The services include, but are not limited to, supplemental regular cleaning of the sidewalks and curb gutters (sweeping/steam cleaning), graffiti removal, security, marketing, greening and landscaping services, public space management, sponsorship of special events and other district promotional activities, and management and corporate operations.

The Castro is known across the globe as a center of the LGBT community. The international LGBT community looks to the Castro for inspiration and leadership. In a time when gayborhoods are disappearing across the country and globe, the Castro stands as a beacon. However, the continued growth of the Castro's LGBT identity is critical to its future as a cultural hub and economically vital community. To help ensure the Castro continues to not only keep, but grow and enhance its LGBT relevance and importance, the Castro/Upper Market Community Benefit District has funded improvements in the public realm that enhance the districts' LGBT identity. The District has funded rainbow striped cross walks at a critical intersection in the Castro, rainbow LED lights on Castro St., a public art project based in the ideas of LGBT people finding a home in the Castro and also a history walk. The District's newest endeavor in helping to enshrine the LGBT identity in the Castro is a collaborative effort with the City & County of San Francisco to reimagine and rebuild Harvey Milk Plaza into a world class public plaza that honors Harvey Milk and the LGBT history of the Castro.

**Note 2. SIGNIFICANT ACCOUNTING POLICIES:**

Basis of Accounting:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America (GAAP).

Financial statement presentation:

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14 Not-for-Profit Entities (Topic 958) *Presentation of Financial Statements of Not-for-Profit Entities*. The amendments in this update are designed to improve the current net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's (NFP's) liquidity, financial performance, and cash flows. The standard has been implemented.



**CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS - JUNE 30, 2019**

**Note 2. SIGNIFICANT ACCOUNTING POLICIES (Continued):**

Financial statement presentation (continued):

Professional accounting standards require that the Organization report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions. A description of the net asset categories follows:

*Net assets without donor restrictions:*

The portion of net assets that is not restricted by donor-imposed stipulations or restrictions.

*Net assets with donor restrictions:*

Net assets for which use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization, and net assets held in perpetuity by donor-imposed stipulations. Investment income is available for donor stipulated purposes. Net assets with donor restrictions are reclassified to without donor restrictions upon satisfaction of the time or purpose restrictions.

Cash and Cash Equivalents:

Cash equivalents consist of highly liquid investments with an initial maturity of three months or less. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Property and Equipment:

All acquisitions of property and equipment in excess of \$5,000 and all expenditures for repairs and maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment, ranging from 3 – 7 years.

Receivables:

Accounts receivable primarily consists of grants from the City and County of San Francisco that have been awarded but for which funds have not yet been received. The Organization provides an allowance for doubtful accounts that is based on prior year bad debt experience. No allowance was deemed necessary at June 30, 2019. It is the Organization's policy to charge off uncollectible accounts receivables when management determines the receivable will not be collected.

Contribution:

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of contribution. Contributions to be received after one year are discounted at an appropriate rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

**CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS - JUNE 30, 2019**

**Note 2. SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**Contribution (continued):**

All donor-restricted contributions are reported as increases in net assets, depending on the nature of the contribution with donor restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restriction are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**Donated services and materials:**

Donated services are reflected in the financial statements at the fair value of the services received only if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Donated property is recognized as contribution in the accompanying financial statements at its estimated fair market value at date of gift.

**Income tax status:**

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and the California Revenue and Taxation Code Section 23701(d). Accordingly, no provision has been made for such taxes in the accompanying combined financial statements.

**Use of Accounting Estimates:**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**Concentration of Credit Risk:**

The Organization maintains its cash and money market account balances at financial institutions located in San Francisco, California. Such balances with any one institution may, at times, be in excess of federally insured amounts. Risks associated with cash and cash equivalents are mitigated by banking with creditworthy institutions. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

**Functional Allocation of Expenses:**

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited according to the provisions of pertinent grants and a percentage allocation based on time spent on programs and supporting services.

**Recent accounting pronouncements:**

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. Early adoption is not permitted. The updated standard will be effective for annual reporting periods beginning after December 15, 2018. The Organization is currently evaluating the effect the updated standard will have on its financial statements.

**CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS - JUNE 30, 2019**

**Note 2. SIGNIFICANT ACCOUNTING POLICIES (Continued):**

Recent accounting pronouncements (continued):

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The new standard will supersede much of the existing authoritative literature for leases. This guidance requires lessees, among other things, to recognize right-of-use assets and liabilities on their Statement of Financial Position for all leases with lease terms longer than twelve months. The standard will be effective for non-public business entities for fiscal years beginning after December 15, 2020 with early application permitted. The Organization is currently evaluating the impact this guidance will have on its financial statements.

Date of management's review:

Management has evaluated subsequent events through October 18, 2019, the date which the financial statements were available for issue. Management has concluded that there were no other subsequent events required to be disclosed or recognized in the financial statements.

**Note 3. LIQUIDITY:**

Financial assets available for general expenditure without donor restrictions limiting their use within one year of the balance sheet date comprise the following:

Cash and cash equivalents	\$ 117,238
Total	<u>\$ 117,238</u>

**Note 4. PROPERTY AND EQUIPMENT:**

At June 30, 2019, property and equipment consisted of the following:

Computer equipment	\$ 2,527
Furniture and fixtures	<u>1,243</u>
	\$ 3,770
Less: Accumulated depreciation	<u>(3,770)</u>
Net property and equipment	<u>\$ -</u>

For the year ended June 30, 2019, depreciation expense amounted to \$262.

**Note 5. CONCENTRATION OF SUPPORT AND REVENUE:**

The Organization received special benefit assessments under a contract with the City and County of San Francisco, which represents approximately 57% of the Organization's total revenue.

**Note 6. NET ASSETS WITHOUT DONOR RESTRICTIONS:**

Net assets without donor restrictions comprise the following for the year ended June 30, 2019:

Available for operations	\$ 86,969
Board designated	<u>37,855</u>
Total	<u>\$ 124,824</u>

The Board has designated the amount set forth above for public right of way, district identity and streetscape improvements and for general and administrative expenses.

**CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS - JUNE 30, 2019**

**Note 7. NET ASSETS WITH DONOR RESTRICTIONS:**

Net assets with donor restrictions and related activity comprise the following for the year ended June 30, 2019:

	July 1, 2018	Contributions and Income	Released from Restrictions	June 30, 2019
Assessments - public right of way	\$ 167,122	\$ 330,269	\$ 384,485	\$ 112,906
Assessments - district identity and streetscape improvements	37,380	62,908	79,542	20,746
Assessments - general and administration	91,556	84,051	71,927	103,680
General donations	2,137	2,038	1,270	2,905
Castro Care donations	64,855	17,534	31,384	51,005
Harvey Milk Plaza Donations	-	3,600	3,600	-
Man Dance donations	4,209	2,668	4,345	2,532
Retail strategy donations	15,022	-	2,661	12,361
Annual Event Sponsorship	-	18,250	-	18,250
OEWD - Castro Care grant	43,390	183,792	217,533	9,649
OEWD - CBD renewal grant	-	25,000	-	25,000
OEWD - JWP grant	-	125,000	125,000	-
Horizons Foundation HMP grant	129,257	-	129,257	-
<b>Totals</b>	<b><u>\$ 554,928</u></b>	<b><u>\$ 855,110</u></b>	<b><u>\$ 1,051,004</u></b>	<b><u>\$ 359,034</u></b>

**Note 8. OPERATING LEASE:**

The Organization conducts its operation from a facility that is leased under a five-year non-cancelable operating lease that began on June 1, 2019 and may be renewed on May 31, 2024. Future minimum rental payments due under the lease are as follows:

Year Ending June,	
2020	\$ 39,546
2021	40,337
2022	41,144
2023	41,966
2024	39,173
	<u>\$ 202,166</u>

Rental expense was \$28,016 for the year ended June 30, 2019.

**MEMO**

To: Supervisor Rafael Mandelman, District 8

CC: San Francisco Board of Supervisors

From: Chris Corgas; OEWD Senior Program Manager, Community Benefit Districts

RE: Castro/Upper Market Community Benefit District

Date: June 23, 2020

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This is a memo summarizing the performance of the Castro/Upper Market Community Benefit District (Castro/Upper Market CBD) and an analysis of their financial statements (based on their audit) for the period between July 1, 2018 and June 30, 2019.

Each year the CBD is required to submit a mid-year report, an annual report, and a CPA Financial Review or Audit. The Castro/Upper Market 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 Castro/Upper Market's Community Benefit District management contract with the City; and their Management Plan as approved by the Board of Supervisors in 2006.

Also attached to this memo are the following documents:

1. Annual Report
  - a. FY 2018-2019
2. CPA Financial Review Report
  - a. FY 2018-2019
3. Draft resolution from the Office of Economic and Workforce Development

### **Background**

The Castro/Upper Market Community Benefit District spans 18 blocks and contains 279 parcels.

- August 2, 2005: the Board of Supervisors approved the establishment of the Castro/Upper Market Community Benefit District (Resolution # 582-05).
- January 10, 2006: the Board approved the contract for the administration and management of the Castro/Upper Market Community Benefit District (Resolution # 14-06).
- April 10, 2018: the Board of Supervisors approved the Castro/Upper Market CBD's Annual Report for Fiscal Year 2016-2017 (Resolution # 097-18).
- July 9, 2019: the Board of Supervisors approved the Castro/Upper Market CBD's Annual Report for FY 2017-2018 (Resolution #: 307-19).

### **Basic Info about the Castro Upper Market 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	\$413,500
FY 18-19 Assessment Submission	\$516,065
Fiscal Year	July 1 – June 30
Executive Director	Andrea Aiello
Name of Nonprofit Entity	Castro/Upper Market Community Benefit District Corporation

The current CBD website, [www.castrocbd.org](http://www.castrocbd.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**

#### **Public Rights of Way and Sidewalk Operations (PROWSO)**

Public Rights of Way and Sidewalk Operations program area includes cleaning and public realm management services include regular sidewalk and gutter sweeping within the district boundaries, enhanced trash emptying in public rights of way, graffiti removal within 24-48 hours, spot steam cleaning as necessary, a cleaning dispatch phone number, and maintenance of public spaces. These services are provided daily by a "Clean Team." Additionally the Castro CBD steam cleans each parcel in the district, a minimum of 6 times a year. This program area augments its pedestrian safety initiatives with a Patrol Special officer who patrols the neighborhood seven nights a week. PROWSO may also include removal of bulky items, tree and plant maintenance, greening, landscaping and beautification of public spaces, The Castro/Upper Market CBD Management Plan calls for 63% of the budget to be spent on PROWSO.

#### **District Identity and Street Improvements (DISI)**

The District Identity and Street Improvements service includes marketing, public relations, street enhancements, historical markers and public art, and economic vitality related strategies in the Castro/Upper Market area. This program area may also sponsor events such as Halloween, Castro Street Fair, Pink Saturday, Bear Weekend, and Folsom Street Fair. The Castro/Upper Market CBD Management Plan allocates 12% of their funds to this service area.

#### **Administration and Corporate Operations**

The Castro/Upper Market CBD is staffed by a full-time executive director who serves as the focal point person and advocate for the CBD. The executive director also ensures that the CBD complies with the City contract and management plan as well as works towards organizational development issues including long term goals of the CBD. The executive director is in regular communication with community stakeholders such as the SFPD, Public Works and Recology. The Castro/Upper Market CBD Management Plan calls for 16% of the budget to be spent on administration and corporate operations.

In FY 2018-2019 the Castro/Upper Market CBD board had ten (10) directors, represented by residents, property owners, community organizations, and non-property-owning merchants. The full board meets, every other month on the second Thursday. The five standing committees and meeting times are detailed below:

- **Executive Committee** – monthly
- **Finance Committee** – as needed.
- **Land Use Committee** – as needed
- **District Identity & Streetscape Committee** – monthly
- **Services Committee** – as needed
- **Retail Strategy Committee** - monthly.

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

#### **FY 2018-2019**

##### **Public Rights of Way and Sidewalk Operations (PROWSO)**

- 128,470 pounds of trash removed
- 13,765 instances of graffiti removed
- 2,259 needles removed
- 3,082 instances of bio-refuse removal
- Daily sweeping of entire district.
- Collected 31,656 yards of cardboard
- 1,357 block faces steam cleaned
- Weeding and greenspace maintenance.
- Cleaning of Harvey Milk Plaza (upstairs/sidewalk level, sidewalk level planter beds).
- Topping off of City trash cans, and collection of street garbage, including animal/human feces, and to a limited extent removing illegal fliers, stickers from bus stops, city signage, and lampposts.
- Continual implementation of Castro Cares

##### **District Identity and Street Improvements (DISI)**

- *Live!* In the Castro activated Jane Warner Plaza with free weekend entertainment between May and October, each performance brought 50-150 people in FY 18-19
- 47 live performances/events between May – December through *Live!* In The Castro
- Other community organizations such as SFAF, AIDS Emergency Fund, Rainbow World Fund, Sisters of Perpetual Indulgence use the Jane Warner Plaza on a regular basis for their own outreach and events.
- Co-hosted and co-organized the annual Castro Holiday Tree lighting with the Castro Merchants
- Co-hosted and co-organized the annual Menorah lighting with the Castro Merchants
- Coordinating with SFMTA regarding the Upper Market Pedestrian Safety & Bike Safety Improvement program

- Castro CBD continues to maintain Harvey Milk Plaza and Jane Warner Plaza with landscaping improvements and maintenance.
- Outreach at the Castro St. Fair

#### **Administration and Corporate Operations**

- Worked on the Castro/Upper Market CBD renewal and expansion process, which must be complete by July 2020
- Continued to administer Castro Cares, Jane Warner Plaza, and other grants
- Recruited new Board Members.
- Website and social media updates.
- Represent CBD in the media, at City and community functions and in the public.
- Respond to communication from property owners, merchants, and residents regarding issues directly or indirectly related to the services provided by the CBD.
- Maintain a close working relationship with the SFPD's Mission Station, SF Public Works, SFMTA, and Recology.
- Ensured compliance with state and City CBD requirements; as well as Management Agreement with the City.

#### **Castro/Upper Market CBD Annual Budget Analysis**

#### **OEWD's staff reviewed the following budget related benchmarks for the Castro/Upper Market 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 "Castro/Upper Market 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 "Castro/Upper Market 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 "Castro/Upper Market Community Benefit District", Section 3.9 – Budget*).
- **BENCHMARK 4:** Whether the Castro/Upper Market 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 36650(B)(5)*).

#### **FY 2018-2019**

**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:** The Castro/Upper Market CBD met this requirement. The variance between the budget amounts for each service category was within 10 percentage points from the budget identified in the Management Plan. See table below. Note: This indicates the amount budgeted in relation to Special Assessment dollars.



Service Category	Management Plan Budget	% of Budget	FY 2018-2019 Budget	% of Budget	Variance Percentage Points
Public Rights of Way and Sidewalk Operations plus Public Safety Services	\$260,675.00	63.04%	\$350,073.00	63.69%	+0.64%
District Identity and Streetscape Improvements	\$50,500.00	12.21%	\$62,935.00	11.45%	-0.76%
Administrative/Corporate Operations	\$65,000.00	15.72%	\$66,677.00	12.13%	-3.59%
Contingency/Reserve	\$37,325.00	9.03%	\$70,000.00	12.73%	+3.71%
<b>TOTAL</b>	<b>\$413,500.00</b>	<b>100%</b>	<b>\$551,788.00</b>	<b>100%</b>	

**BENCHMARK 2:** Whether five percent (5%) of actuals came from sources other than assessment revenue.

**ANALYSIS:** *The Castro/Upper Market CBD met this requirement. Assessment revenue was \$501,197.00 or 53.30% of actuals and non-assessment revenue was \$439,110.00 or 46.70% of actuals. See table below.*

Revenue Sources	FY 2018-2019 Actuals	% of Actuals
Special Benefit Assessments	\$524,236.00	
<b>Total assessment revenue</b>	<b>\$524,236.00</b>	<b>57.35%</b>
Grants	\$333,792.00	36.52%
Donations	\$22,640.00	2.48%
Contributions and Sponsorships	\$21,450.00	2.35%
Other	\$11,809.00	1.29%
Interest Earned	\$173.00	0.02%
<b>Total non-assessment revenue</b>	<b>\$389,864.00</b>	<b>42.65%</b>
<b>Total</b>	<b>\$914,100.00</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:** *The Castro/Upper Market CBD met this requirement. See table below. Note: This indicates the amount of Special Assessment dollars utilized in this category.*

Service Category	FY 2018-2019 Budget	% of Budget	FY 2018-2019 Actuals	% of Actuals	Variance Percentage Points
Public Rights of Way and Sidewalk Operations plus Public Safety Services	\$350,073.00	63.69%	\$357,535.00	67.86%	+4.17%

District Identity and Streetscape Improvements	\$62,935.00	11.45%	\$67,160.00	12.75%	+1.30%
Administrative/Corporate Operations	\$66,677.00	12.13%	\$64,356.58	12.21%	+0.08%
Contingency/Reserve	\$70,000.00	12.73%	\$37,854.00	7.18%	-5.55%
<b>TOTAL</b>	<b>\$551,788.00</b>	<b>100%</b>	<b>\$526,905.00</b>	<b>100.0%</b>	

**BENCHMARK 4:** Whether the Castro/Upper Market 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:** *The Castro/Upper Market 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 2018-2019 Carryover Disbursement</b>	
Special Assessment Project	
Public Rights of Way Sidewalk Operations	\$ 139,856.00
District Identity and Streetscape Improvements	\$ 33,128.00
Administrative and Corporate Operations	\$ 111,242.63
Contingency and Reserve	\$ 76,952.37
<b>Total Special Assessment Allocation to be spent in FY 19-20</b>	<b>\$361,279.00</b>

### **Findings and Recommendations**

For the fiscal year in review, the Castro/Upper Market CBD has met all of the benchmarks as defined on page 4 of this memo.

Castro CBD continues to perform well in respect to benchmark 2 due to a variety of City grants, foundation grants, and donations they receive throughout the year.

Castro/Upper Market CBD's large carryover can be explained because there is a period between when the City collects assessment payment and when the City disburses the funds to the CBD. As a result, CBD's typically have a fund balance equal to about 6 months of their annual budget in order to fund operation until their next disbursement happens.

Castro CBD implemented OEWD recommendations from the previous fiscal year's annual report.

The Castro CBD will be up for renewal in FY 2019-2020 and has begun working with OEWD on the process. Castro CBD continues to work closely with community stakeholders on this process and is moving forward on schedule for their renewal. Throughout FY 2018-2019 the CBD worked closely with OEWD to meet all necessary benchmarks to renew the CBD. Additionally, the CBD held community meetings, which OEWD attended, on the project. Although attendance at these meetings was sparse they were held at different days and times, including weekends, to accommodate unique schedules.

The CBD's primary focus, other than delivering services, during this reporting period was preparing for the renewal process which must be completed before the CBD sunsets in 2020. The CBD met all necessary benchmarks relating to this goal during this fiscal year. The CBD is currently on track to complete renewal before the district's sunset date.

### **Conclusion**

The Castro/Upper Market CBD has performed well in implementing their service plan. The Castro/Upper Market CBD has continued to successfully market and produce events such as *Live!* in the Castro. The Castro/Upper Market CBD has increased their opportunities in partnering with community stakeholders and numerous municipal agencies for the implementation of the Castro Cares Project. The Castro/Upper Market CBD has an active board of directors and committee members; and OEWD believes the Castro/Upper Market CBD will continue to successfully carryout their mission and service plans.

**Introduction Form**

By a Member of the Board of Supervisors or Mayor

Time stamp  
or meeting date

I hereby submit the following item for introduction (select only one):

- ☐ 1. For reference to Committee. (An Ordinance, Resolution, Motion or Charter Amendment).
- ☐ 2. Request for next printed agenda Without Reference to Committee.
- ☒ 3. Request for hearing on a subject matter at Committee.
- ☐ 4. Request for letter beginning : "Supervisor  inquiries"
- ☐ 5. City Attorney Request.
- ☐ 6. Call File No.  from Committee.
- ☐ 7. Budget Analyst request (attached written motion).
- ☐ 8. Substitute Legislation File No.
- ☐ 9. Reactivate File No.
- ☐ 10. Topic submitted for Mayoral Appearance before the BOS on

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- ☐ Small Business Commission      ☐ Youth Commission      ☐ Ethics Commission
- ☐ Planning Commission      ☐ Building Inspection Commission

**Note: For the Imperative Agenda (a resolution not on the printed agenda), use the Imperative Form.**

Sponsor(s):

Subject:

The text is listed:

Resolution receiving and approving an annual report for the Castro/Upper Market Community Benefit District for FY2018-2019, submitted as required by the Property and Business Improvement District Law of 1994 (California Streets and Highways Code, Sections 36600, et seq.), Section 36650, and the District's management agreement with the City, Section 3.4.

Signature of Sponsoring Supervisor: 

For Clerk's Use Only