

MEMO

To: Supervisor Aaron Peskin, District 3

CC: San Francisco Board of Supervisors

From: Chris Corgas, OEWD Senior Program Manager

RE: Top of Broadway Community Benefit District FY 18-19 Annual Report and Dissolution

Date: August 13, 2020

This is a memo summarizing the performance of the Top of Broadway Community Benefit District (ToBCBD) and an analysis of their financial statement (based on their audit) for the period between July 1, 2019 and June 30, 2019 as well as a final review of the CBD's financial records in anticipation of an early dissolution.

In the first year of operation, the CBD is required to submit a mid-year report, an annual report, and a CPA Financial Review or Audit. Top of Broadway CBD has complied with the submission of all these requirements. OEWD staff reviewed these documents to monitor and report on whether they have complied with the rules per the Property and Business Improvement District Law of 1994, California Streets and Highways Code Sections 36600 Et Seq.; San Francisco's Business and Tax Regulations Code Article 15; the Top of Broadway Community Benefit District management contract with the City; and their Management Plan as approved by the Board of Supervisors in 2013.

Also attached to this memo are the following documents:

1. Annual Report
 - a. FY 2018-2019
2. CPA Financial Review Report
 - a. FY 2018-2019
3. Top of Broadway CBD Dissolution Request Letter
4. OEWD memo regarding petition results for the dissolution of the Top of Broadway CBD
5. Notice of Public Hearing
6. Draft resolution from the Office of Economic and Workforce Development

Background

The Top of Broadway Community Benefit District includes 39 property-based parcels.

- July 23, 2013: The Board of Supervisors approved the resolution that established the property-based district called the Top of Broadway Community Benefit District for 8 years (Resolution # 263-13).
- February 25, 2014: The Board of Supervisors approved the contract for the administration and management of the Top of Broadway Community Benefit District (Resolution # 52-14).
- March 17, 2014: CBD received first assessment payment.
- May 22, 2018: The Board of Supervisors approved the Top of Broadway CBD's annual report for FY 2016 – 2017 (Resolution #165-18).
- September 17, 2019: The Board of Supervisors approved the Top of Broadway CBD's annual report for FY 2017 – 2018 (Resolution # 400-19).

Basic Info about Top of Broadway CBD

Year Established	July 2013
Assessment Collection Period	FY 2013-14 to FY 2020-21 (July 1, 2013 to June 30, 2021)
Services Start and End Date	January 1, 2014 – December 31, 2021 ¹
Initial Estimated Annual Budget	\$106,567
FY 18-19 Assessment Submission	\$111,423.50
Fiscal Year	July 1 – June 30
Executive Director	Marco LiMandri
District Director	Dominic LiMandri
Name of Nonprofit Owners'	Top of Broadway Community Benefit District Association

The current CBD website <http://topofbroadwaycbd.org/> includes all the pertinent information about the organization and their programs, a calendar of events, their Management Plan, Mid-Year Report, Annual Report and meeting schedules.

Summary of Service Area Goals

District Identity

District Identity program area includes marketing, public relations, special events, and street enhancements, such as signage, historical markers, and banners, for the district. ToBCBD Management Plan calls for approximately 42% of the budget to be spent in this service area.

Sidewalk Operations, Beautification and Order (SOBO)

Sidewalk Operations, Beautification and Order service area includes sidewalk and public rights of way maintenance and beautification. This service area calls for one person at 20 hours, 5 days per week to

¹ Sunset date per management plan. The CBD did not collect or expend assessment in FY 19-20 as they were undergoing the dissolution process.

remove graffiti and stickers from street fixtures and sidewalk cleaning. In addition, the program provides periodic steam cleaning (each Friday; district-wide monthly), trimming trees, and cleaning tree wells. The ToBCBD Management Plan calls for approximately 28% of the budget to be spent on SOBO.

Administration, Organization and Corporate Operations

The ToBCBD Management Plan calls for approximately 30% of the budget to be spent on administration, organization, and corporate operations. In FY 18-19, ToBCBD was staffed by a part-time District Manager who serves as the focal point person and advocate for Top of Broadway CBD. ToBCBD board has up to ten (10) board members that represent the diverse property owners and businesses in the district. Notice of meetings of the CBD's Board of Directors and CBD Advisory *Committees were posted to the website calendar and at the SF Main Library. All Board of Directors and Committee meetings are open to the public, and public comment is welcome.* There are five advisory committees:

- **Executive/Organization Committee** – The Executive/Organization Committee oversees staff and district administration and consulting contracts, corporate finances, insurance, grants, development of budget, board agendas and meetings, correspondences, outreach, bylaws and Board policies, relationships with the Board of Supervisor's office, political representatives and public agencies, board elections, fundraising, etc. Oversees annual election of board members. Consists of all the officers of the corporation.
- **District Identity and Streetscape Improvement (DISI)** - The District Identity & Streetscape Improvement Committee is responsible for activities associated with area marketing and identity management and will make related strategy and option recommendations for consideration by the Board of Directors. The Committee will propose and manage advocacy of area businesses and activities/events and will promote area identity and manage branding efforts. The Committee meets monthly (at the option of the Committee Chair).
- **Sidewalk Operations, Beautification and Order Committee Meeting (SOBO)** - The Sidewalk Operations, Beautification and Order Committee is responsible for Services & Safety programs, including the coordination of services, activities and improvements related to sidewalk operations, beautification, and safety. The Committee will evaluate programs and initiatives, and advise the Board on issues that impact safety, and quality of life and experience of area residents, businesses, and visitors. The Committee meets monthly on the 2nd Wednesday of the month and is often joined by the SFPD Central Station Captain.
- **Land Use (as needed)** – The Land Use Committee is responsible for areas involving parking, transportation, mobility, planning, zoning, code enforcement, new developments, Entertainment Commission, alcohol permits and outdoor dining encroachments, review of new tenant improvements and their impact, etc.

Summary of Accomplishments, Challenges, and Delivery of Service Areas

District Identity and Streetscape Improvements

- Continued to work with Joshua Hubert to stabilize and expand the functionality of the *Shimmer* art installation.
- Routinely distributed Historical Marker Brochure literature to surrounding establishments/businesses.
- Hired a social media marketing vendor to manage the Top of Broadway CBD's Instagram and Facebook channels for a 4-month period.

Sidewalk Operations, Beautification and Order (SOBO)

- Provided sidewalk maintenance services 355 days out of the year, collecting, and removing approximately 9,000 lbs. of litter from the gutters and public right-of-way.
- Removed 835 incidences of graffiti from the public rights-of-way.
- Removed 525 incidences of human/animal waste in-district.
- Continued coordination with North Beach Citizens to maintain 10 Surfrider cigarette ashcans and Bigbelly unit within district.
- Conducted monthly district-wide inspections with SFPW personnel and coordinated resources among multiple agencies to ensure collaborative coverage of the Broadway corridor
- Pressure washed the entire District 13 times

Administration, Organization and Corporate Operations

- Held regularly scheduled board and committee meetings
- Oversaw dissolution proceedings for the CBD

ToBCBD Annual Budget Analysis

OEWD's staff reviewed the following budget related benchmarks for ToBCBD:

- **BENCHMARK 1:** Whether the variance between the budget amounts for each service category was within 10 percentage points from the budget identified in the Management Plan (*Agreement for the Administration of the "Top of Broadway Community Benefit District", Section 3.9 – Budget*)
- **BENCHMARK 2:** Whether one percent (1%) of actuals came from sources other than assessment revenue (*CA Streets & Highways Code, Section 36650(B)(6); Agreement for the Administration of the "Top of Broadway Community Benefit District", Section 3.4 - Annual Reports*)
- **BENCHMARK 3:** Whether the variance between the budget amount and actual expenses within a fiscal year was within 10 percent (*Agreement for the Administration of the "Top of Broadway Community Benefit District", Section 3.9 – Budget*)
- **BENCHMARK 4:** Whether ToBCBD is indicating the amount of any surplus or deficit revenues to be carried forward into the next fiscal year and designating projects to be funded by any surplus revenues (*CA Streets & Highways Code, Section 36650(B)(5)*)

FY 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: *ToBCBD met this requirement. ToBCBD was successful at obtaining grants, sponsorships, and donations to fund the District’s activities. Separating the non-assessment dollars from the review of this benchmark, demonstrates that the amount of assessment dollars allocated to each program is, in fact, appropriate. ToBCBD accounting changes allowed OEWD to determine budget and assessment expenditures from those that were paid for from non-assessment funds. See tables below.*

Service Category	Management Plan Budget	% of Budget	FY 2018-2019 Budget	% of Budget	Variance Percentage Points
District Identity Activities	\$45,000	42.23%	\$45,000	42.23%	0%
Sidewalk Operations, Beautification, & Order	\$30,000	28.15%	\$30,000	28.15%	0%
Administration, Organization and Corporate Operations	\$31,567.31	29.62%	\$31,567.31	29.62%	0%
TOTAL	\$106,567.31	100%	\$106,567.31	100%	

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

ANALYSIS: *ToBCBD met this requirement. Assessment revenue was \$113,345.00 or 74.90% of actuals and non-assessment revenue was \$37,981.00 or 25.10% of actuals. See table below.*

Revenue Sources	FY 2018-2019 Actuals	% of Actuals
Special Benefit Assessments	\$ 113,345.00	
Total assessment revenue	\$ 113,345.00	74.90%
Grants/Contributions	\$ 30,156.00	19.93%
Other	\$ 7,825.00	5.17%
Total non-assessment revenue	\$37,981.00	25.10%
Total	\$151,326.00	100%

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

ANALYSIS: *ToBCBD did not meet this requirement. The Top of Broadway CBD actuals represent a combination of assessment dollars and non-assessment dollars which is why the total spent is significantly higher than what was taken in. Additionally, the CBD is seeking an early dissolution which required them*

to dispose of all assets and funding to dissolve. Even if the CBD separated special assessment dollars from the total actuals, they would not have met this requirement. As a small CBD they are sensitive to any divergence from their management plan categories. In FY 18-19 this was caused by an increase in spending on street cleanliness which was funded by decreasing expenditures in district marketing. See table below.

Service Category	FY 18-19 Budget	% of Budget	FY 18-19 Actuals	% of Budget	Variance Percentage Points
District Identity	\$45,000.00	42.23%	\$ 16,099.00	10.72%	-31.51%
Sidewalk Operations, Beautification, & Order	\$30,000.00	28.15%	\$ 71,222.00	47.43%	+19.28%
Administration, Organization, and Corporate Operations	\$31,567.31	29.62%	\$ 62,850.00	41.85%	+12.23%
TOTAL	\$106,567.31	100%	\$150,171.00	100.0%	

BENCHMARK 4: Whether ToBCBD is indicating the amount of any surplus or deficit revenues to be carried forward into the next fiscal year and designating projects to be funded by any surplus revenues

ANALYSIS: ToBCBD met this requirement. The CBD is seeking an early dissolution and thus cannot have any assets. Per their Form-990EZ, attached to this file, the CBD has 0 assets and thus has no funds to carry forward. *See table below.*

FY 2018-19 Carryover Disbursement	
Designated Projects for FY 2019-20	
District Identity and Streetscape Improvement	\$0.00
Total Designated amount for FY 2019-2020	\$0.00

Findings and Recommendations

ToBCBD has met all 3 of the 4 benchmarks as defined on page 4 of this memo. Due to the small size of the CBD it is sensitive to any fluctuations in budgeted dollars and actual dollars spent. Larger districts do not have this issue as their budgets are large enough to keep fluctuations under the 10% variance points.

The CBD was formed in FY 2013-14 and was set to sunset at the end of FY 2020-21. On August 10, 2019, the CBD formally let OEWD know that its Owners’ Association had voted to suspend the district immediately and to seek an early dissolution. The primary reason behind the decision was that the CBD’s operating budget via special assessment had historically been heavily subsidized by outside sources. Beginning in 2018, these sources began to reduce their donation amount to the CBD with all support expected to end in 2019. In the Owners’ Association’s opinion, the CBD’s special assessment budget alone

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was not sufficient to continue operations. OEWD worked with Supervisor Peskin, his staff, and the City's Attorney's Office to develop legislation seeking an early dissolution for the Top of Broadway CBD. This will be the first early dissolution of a CBD in San Francisco. The CBD submitted petitions indicating 47.29% of the weighted assessment payers are in favor an early dissolution. This is approximately 2.71% short of the 50% of weighted assessments needed to disestablish the CBD through the state process found in the 1994 Law, instead the CBD may be dissolved by supermajority vote of the Board of Supervisors as stipulated in Article 15 of the Business and Tax Regulations Code.

As the CBD is seeking an early dissolution it has no dollars to carryforward into FY 19-20. Review of the CBD's tax documents from FY 2018-19 confirm the CBD has no assets. Due to the dissolution, OEWD has no further recommendations for the CBD.

Conclusion

The Top of Broadway CBD was formed through an open community-based process, developed governance policies, and procedures and implemented its services. Top of Broadway CBD has performed well in implementing its service plan and successfully meeting most benchmarks set forth by governing statute. It has done this since FY 2013-14 and will be considered dissolved at the end of FY 18-19. This will be the final annual report for the Top of Broadway CBD.