

File No. 200821

Committee Item No. 3

Board Item No. 34

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Government Audit and Oversight

Date: Sept. 17, 2020

Board of Supervisors Meeting:

Date: Sept. 29, 2020

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Resolution |
| <input type="checkbox"/> | <input type="checkbox"/> | Ordinance |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input type="checkbox"/> | <input type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Subcontract Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Contract/Agreement |
| <input type="checkbox"/> | <input type="checkbox"/> | Form 126 – Ethics Commission |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
| <input type="checkbox"/> | <input type="checkbox"/> | Application |
| <input type="checkbox"/> | <input type="checkbox"/> | Public Correspondence |

OTHER

- | | | |
|-------------------------------------|-------------------------------------|---|
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <u>OEWD Presentation – September 17, 2020</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Annual Report – FY2018-2019</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>CPA Report – FY2018-2019</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>OEWD Memo – June 9, 2020</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Referral FYI – August 5, 2020</u> |

Prepared by: John Carroll

Date: Sept. 11, 2020

Prepared by: John Carroll

Date: Sept. 25, 2020

1 [Noe Valley Community Benefit District - Annual Report - FY2018-2019]

2

3 **Resolution receiving and approving an annual report for the Noe Valley Community**
4 **Benefit District for FY2018-2019, submitted as required by the Property and Business**
5 **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. 420-05, expressing the City's intention to
13 establish the Noe Valley Community Benefit District (the "Noe Valley CBD"); and

14 WHEREAS, On August 2, 2005, the Board of Supervisors adopted Resolution
15 No. 583-05 establishing the Noe Valley CBD ("Resolution to Establish") for a period of 15
16 years, commencing FY2005-2006; and

17 WHEREAS, On January 10, 2006, the Board of Supervisors adopted Resolution
18 No. 13-06, authorizing an agreement with the owners' association for the
19 administration/management of the Noe Valley CBD, and a management agreement (the
20 "Management Contract") with the owners' association, the Noe Valley Association, A
21 Community Benefit District, was executed accordingly; and

22 WHEREAS, A copy of the Management Contract is on file with the Clerk of the Board
23 of Supervisors in File No. 051967; and

24 WHEREAS, On September 17, 2019, the Board of Supervisors approved the Noe
25 Valley CBD's annual reports for FY2017-2018 in Resolution No.399-19; and

1 WHEREAS, The Noe Valley CBD has submitted for the Board's receipt and approval
2 the annual report for FY2018-2019 as required by Section 36650 of the Act and Section 3.4 of
3 the Management Contract; and

4 WHEREAS, The annual report for FY2018-2019 is on file with the Clerk of the Board of
5 Supervisors in File No. 200821, and is incorporated herein by reference as though fully set
6 forth; and

7 WHEREAS, Supporting documents, including, but not limited to, a transmittal letter and
8 memorandum report from the City's Office of Economic and Workforce Development, dated
9 June 9, 2020, and documentation from the Noe Valley CBD for the FY2018-2019 annual
10 report are on file with the Clerk of the Board of Supervisors in File No. 200821; now, therefore,
11 be it

12 RESOLVED, That the Board of Supervisors hereby receives and approves the annual
13 report for the Noe Valley Community Benefit District for FY2018-2019.



Noe Valley Community Benefit District FY 2018-2019 Annual Report



Legislative Overview

**Community Benefit Districts (CBDs) /
Business Improvement Districts (BIDs) are
governed by:**

- **State law**
 - “1994 Act”
- **Local law**
 - “Article 15”



Review Process

This resolution covers the Annual Report for FY 2018-2019

- OEWD ensures that all CBDs/BIDs are meeting their management plans.
- OEWD staff conducts an annual review of Annual Reports and CPA Financial Reviews.
- OEWD provides the Board Supervisors with a summary memo.



NVCBD Formation

NVCBD	Type	Assessment Budget*	FY 2018-19 Assessment Roll Submission	Year Established	Expires
	Property-Based	\$ 230,138	\$ 269,328	2005	June 30, 2020

**budget identified in management plan*



NVCBD Operations

- **Staff**

- Executive Director – Debra Niemann

- **Service Areas**

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

- This program includes street maintenance, beautification, and safety services.
 - Contracts with Curb Appeal to provide sidewalk cleaning and beautification services.
 - During the holiday seasons, NVA hires San Francisco Patrol Special

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

- This program area is allocated for public space development.
 - Promote the district through a strategic marketing materials.
 - Sponsor special events in the district such as farmer's markets and street festivals.

- **Administration and Corporate Operations**

- Admin and operations includes oversight of service contract, implementation of major projects, staffing the Board of Directors and Committees, and general day to day operations.



BENCHMARKS

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

Benchmark 1 – Whether the variance between the budget amounts for each service category was within 10 percentage points from the management plan.

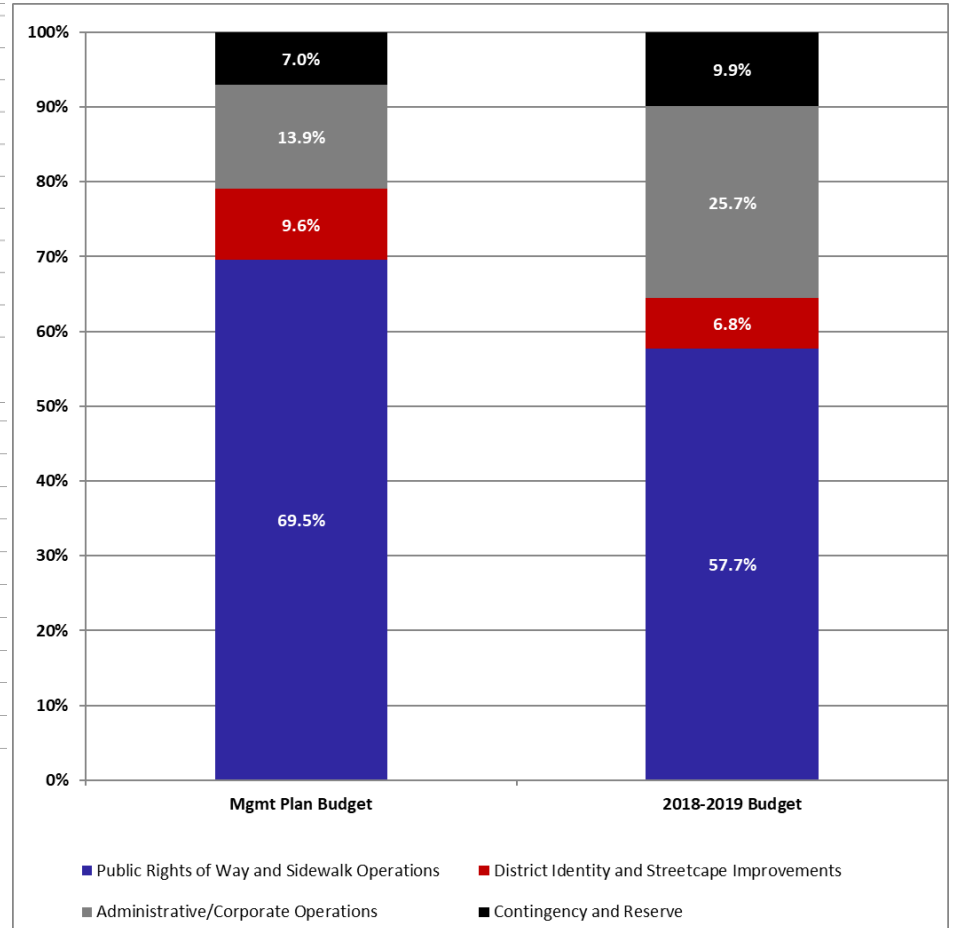
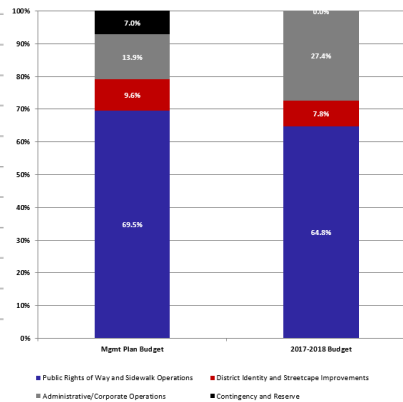
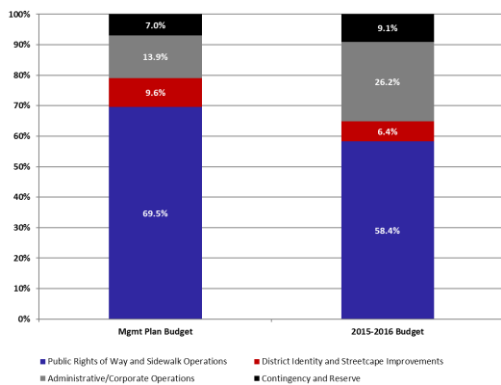
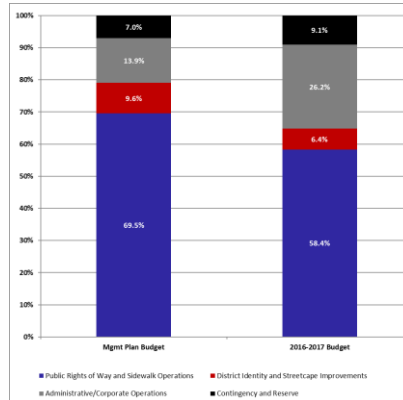
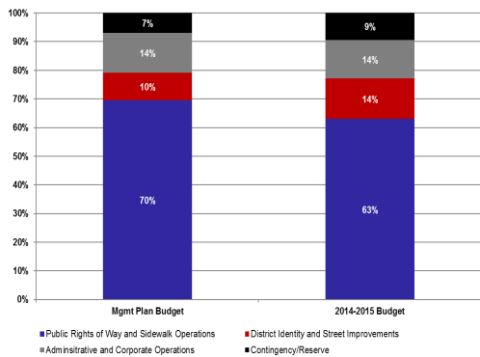
Benchmark 2 – Whether five percent (5%) of NVCBD's actuals came from sources other than assessment revenue.

Benchmark 3 - Whether the variance between the budget amounts for each service category was within 10 percentage points from the actuals.

Benchmark 4 - Whether CBD is indicating the amount of funds carried over from the current fiscal year and designating projects to be spent in the upcoming fiscal year.



Management Plan vs. Annual Budgets

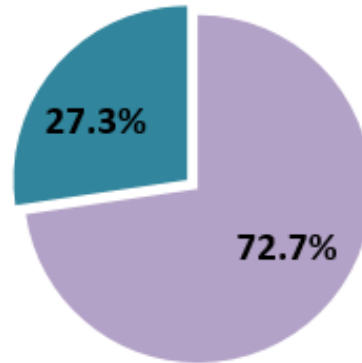


Assessment Revenue & Other Income



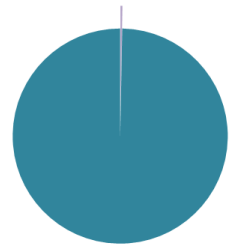
FY 2014 - 2015

- Non-Assessment Revenue 10%
- Special Benefit Assessments 90%



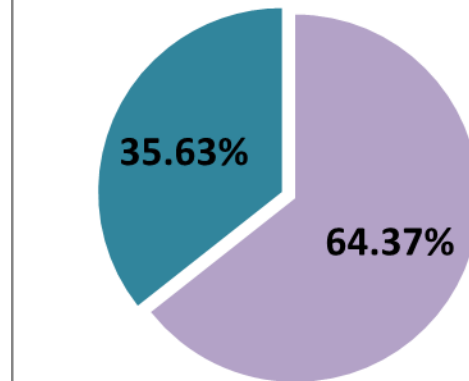
FY 2017 - 2018

- Special Assessment Revenue 72.67%
- Non-Assessment Revenue 27.33%



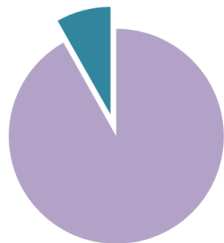
FY 2015 - 2016

- Non-Assessment Revenue .30%
- Special Benefit Assessments 99.70%



FY 2018 - 2019

- Special Assessment Revenue 64.37%
- Non-Assessment Revenue 35.63%



FY 2016 - 2017

- Special Assessment Revenue 91.82%
- Non-Assessment Revenue 8.18%



Budget vs Actuals

Service Category	FY 2014-15 Variance % Points	FY 2015-16 Variance % Points	FY 2016-17 Variance % Points	FY 2017-18 Variance % Points	FY 2018-19 Variance % Points
Public Rights of Way and Sidewalk Operations	-1%	+6.42%	-5.88%	-5.96%	+0.82%
District Identity and Street Improvements	0%	+0.81%	+9.21%	+0.05%	-0.23%
Administrative Expenses	+4%	+1.38%	+5.73%	0.51%	-0.91%
Contingency/ Reserve	-2%	-8.61%	-9.05%	+6.42%	+0.32%



Carryover

Designated Projects	FY 2018-2019
Public Rights of Way and Sidewalk Operations	\$114,724.50
District Identity and Streetscape Improvements	\$15,774.00
Administrative/Corporate Operations	\$22,951.50
Contingency	\$11,550.00
Total Designated Amount	\$162,500.00



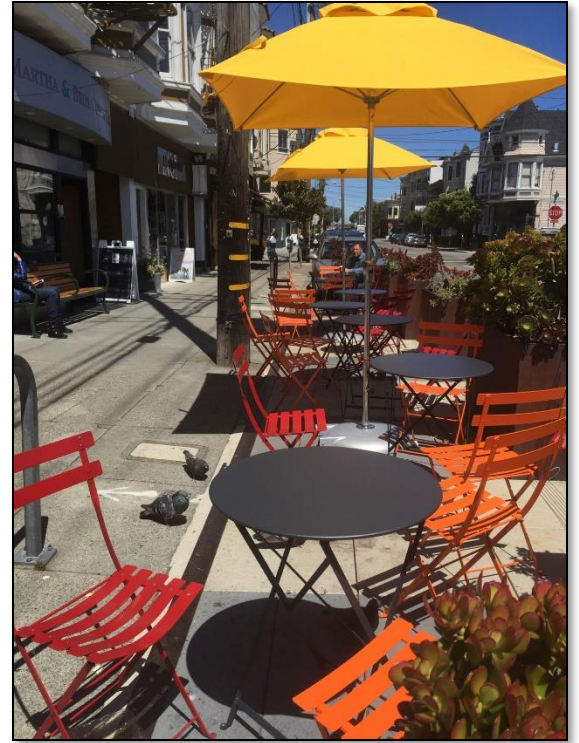
Findings/Recommendations and Conclusion

In completing the review of the NVCBD's annual reports and financials, OEWD sets forth the following recommendations:

- CBD will sunset in 2020 and has begun their renewal campaign
- CBD did not meet Benchmark 1 and has historically not met it due to structural weakness in management plan.
- In order to correct this, the CBD needs to decrease the percentage budgeted for Administrative and Corporate Operations by at least 1.79% and increase the percentage budgeted for Public Rights of Way and Sidewalk Operations by the amount deducted from the Administrative and Corporate Operations service area
- OEWD anticipates that upon CBD renewal, the district will be able to fully meet this requirement by updating their management plan appropriately

Although the CBD did not meet one benchmark, it has overall performed well in implementing its service plan. Board is active. CBD has successfully sponsored various events, including the activation of Noe Valley Town Square. OEWD will continually work with the CBD to ensure it meets benchmarks.

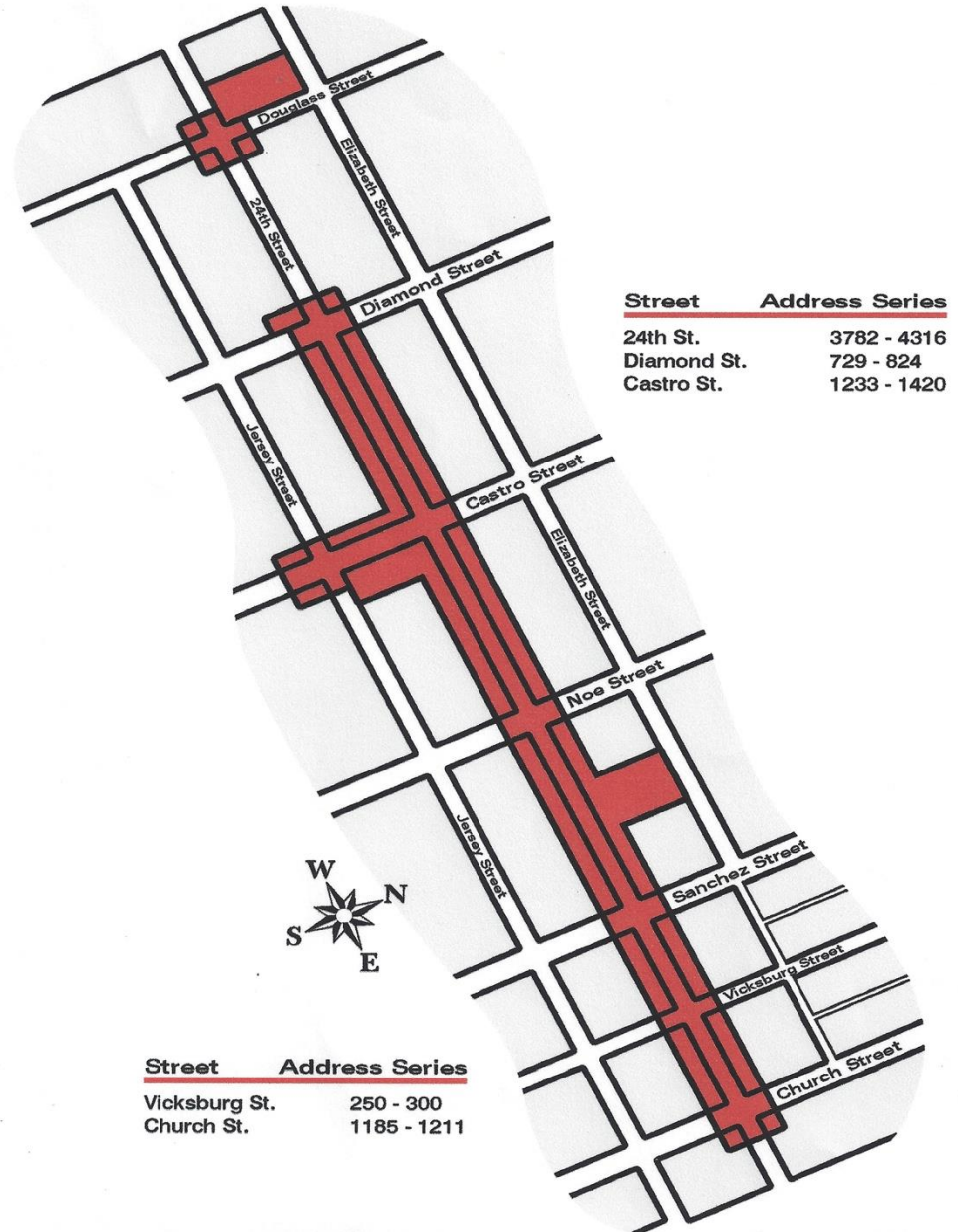




Noe Valley Association
A Community Benefit District
noevalleyassociation.org

**Noe Valley Association- A Community Benefits District
Address Range Map**

Noe Valley CBD Area Map



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NVA Active Committees

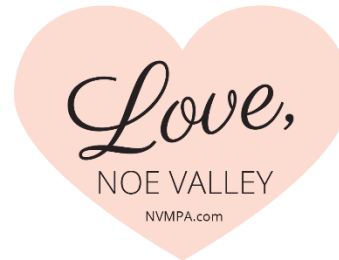
Green Committee - Streetscape Improvements



NVA Active Committees

Community Event Marketing

in partnership with the Noe Valley Merchants & Professionals Association



NVA Active Committees

Community Event Marketing

in partnership with the Noe Valley Merchants & Professionals Association



live reindeer & Santa December 12



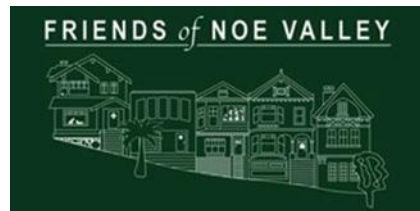
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NVA Partner Organizations



Noe Valley Merchants & Professionals Association

<http://www.noevalleymerchants.com>

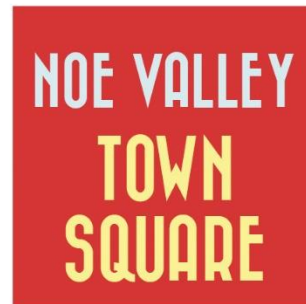


Friends of Noe Valley

<http://friendsofnoevalley.com>



Noe Valley Association
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Noe Valley Town Square

<http://noevalleytownsquare.com>

Grants

2018/19

- OEWD grant for NVTs with NVA to continue to act as fiscal agent for Noe Valley Town Square to ensure success and utilization of new public space.



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Day to Day Operations

Current examples:

- Annual removal of 258 bulky trash items
- Annual removal of 176 graffiti marks, stickers
- 10 annual power washings of sidewalks
- 24 flower baskets hung every six months
- 27 Planter boxes replanted every six months
- 7 large sidewalk garden areas maintained monthly
- 229 trees on annual trimming schedule, with tree wells filled with decomposed granite or bark on an as-needed basis
- NVA employs two full-time street porters and a part-time gardener.



Opportunities

Install a bathroom
at the Noe Valley Town Square



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Projects + Visions

- Murals on large blank walls – of private property
- Countdown signals on traffic lights



Projects + Visions = Advocacy



Thank You.



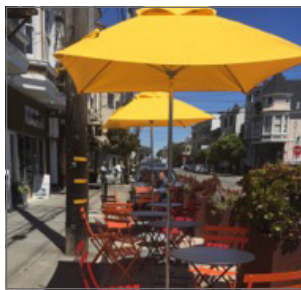
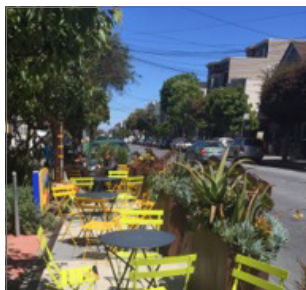
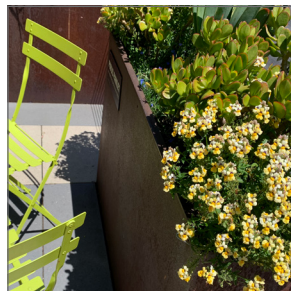
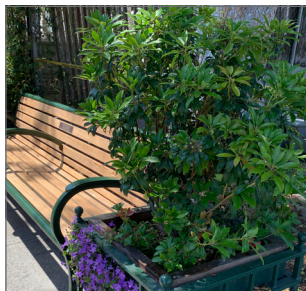
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Noe Valley Association

Community Benefit District

The Noe Valley Association has provided over 14 years of Cleaning, Greening and Improving Public Space in Noe Valley. **It's time to renew!**



Annual Report
2018-2019



The mission of the Noe Valley Association (NVA) is to improve the quality of life for property owners, merchants and residents in the Noe Valley neighborhood. NVA's efforts towards cleaning, greening and improving the public space and sidewalks in the commercial corridor reinforces the viability of the community's economic base.

Services and Programs

NVA's attentive, consistent efforts help keep Noe Valley's neighborhood shopping area clean, attractive, healthy, comfortable and inviting. Here are some of the benefits the NVA provides:

On-call Service Dispatch – text/call: (415) 574-5015

for public area cleaning, maintenance and other non-emergency services. Monday - Saturday 7AM - 3PM, Sundays 7AM - 11AM. Please text a photo or description + location details.

Clean Team 7 Days a Week

NVA street porters sweep and weed sidewalks and gutters, remove graffiti, stickers and posters, empty overfilled public trash receptacles, and refresh paint on public poles, garbage cans and fire hydrants. They also call 311 to remove large bulky items left on the sidewalk and provide visitors to the commercial district with directions and answer questions.

Greenscape Management

NVA's Streetscape Committee oversees gardens, benches, planter boxes, flower baskets, parklets and other neighborhood streetscape improvements. NVA's part-time gardener maintains the health and vitality of all trees and plantings.

Advocacy Services

NVA advocates for City grants and services above and beyond what is required by the City, from lobbying for removal of deserted news stands to creating and managing a liaison role with City departments which encourage new businesses and investment in 24th Street to increase its appeal as a destination. NVA promotes events via websites and social media, and partners with the Noe Valley Merchants and Professionals Association to support its economic goals.

Marketing and Branding

NVA supports the local economic base by creating a unique sense of space, enhancing the 24th Street visitor experience, and promoting our neighborhood as an inviting destination for shopping and dining. To attract even more customers to 24th Street, NVA sponsors events at the Noe Valley Town Square and works with a special events program manager to activate the Square. NVA continues to support the annual Summerfest and 24HoliDAYS on 24th Street annual community events.

District Management

NVA is administered by a non-profit management corporation governed by a board comprised of Noe Valley property owners and merchants. The board oversees NVA's part-time Executive Director, who monitors contracts, finances, and insurance requirements; publishes City of San Francisco mid-year and annual reports; supports NVA board committees; attends San Francisco Board of Supervisors hearings; and manages the NVA website, email communications and community inquiries. Most critically, the Executive Director applies for grants, an essential task as all major capital improvements to the district have been funded by city grants. To date, the NVA has been awarded city grants totaling c. \$1 million.

This is the result of demonstrating that the NVA is a well-managed institution that will responsibly maintain investments in street improvements.

Street Cleaning Every Day



Randy, Joe & Saito and Joe of Curb Appeal, providing steam cleaning and street porter services for the NVA CBD.

10 Monthly Steam Cleanings

Accomplishments

Cleaning, Greening & Improving Noe Valley's Commercial Corridor

Public Rights of Way/ Sidewalk Operations	Sidewalk steam cleanings monthly, February – November	10
	Removal of defacing graffiti, stickers and improper signage	176
	Calls to 311 for pick-up of furniture, mattresses, tree limbs and other large items and pick-up of paint and other illegally dumped toxic materials	212
	Pick-up of bulky trash items, yard debris, clothing, paint cans, etc.; emptying of over-flowing trash cans, return of abandoned shopping carts	258
	Visitor Assistance – requests for directions, etc. by district visitors answered by NVA street porters on site every day	148
	Removal of partially used or empty news racks and boxes to reduce clutter and increase sidewalk accessibility for pedestrians	4 stands 24 boxes
Streetscape Improvements	Trees watered and weeded by NVA gardener	229
	Planter boxes replanted every four months, watered and maintained	27
	Chairs and tables maintained in both public parklets on 24th Street	72 chairs 12 tables
	Hanging flower baskets watered daily and renewed twice annually	26 baskets
	Public sidewalk gardens & parklets maintained year-round with flowers/plants, plus related required Department of Public Works reports	7 gardens 2 parklets
	NVA Identity Banners created and maintained	8
Admin	Maintenance of community benches, bike racks, news racks and trash receptacles throughout the district, as well as the umbrellas in both parklets and in the Noe Valley Town Square	28 benches 36 bike racks 10 news racks 24 trash cans 7 umbrellas
Admin	The NVA is fiscal agent for a \$100,000 SF OEWD grant awarded to activate the Noe Valley Town Square (NVTs). The NVA works to produce and promote the Square to tourists and the city-wide community, inviting all to shop, eat and imbibe in Noe Valley cafés, shops, bars, and restaurants.	



It's time to renew!

Let's keep NVA green & growing!

Thanks to property owners like you who care about the economic vitality of the Noe Valley neighborhood, NVA has provided a clean, green, and vibrant urban environment that attracts people to 24th Street.

This fall, property owners will be asked to renew funding for all of the services listed above. Watch your mail for a specially marked envelope with your petition and important details about the renewal process!



Since being established in August 2005 as a 15-year Community Benefit District (CBD), the Noe Valley Association (NVA) has provided desirable cleaning, greening and other services, funded by an annual special assessment on the 224 properties in the district (see map on NVA's website).

Assessment Methodology

The Noe Valley Association Community Benefit District is funded through an annual assessment from property owners in the district. The CBD initially assessed properties according to variables as follows: \$0.164 per square foot of lot size + \$8.83 per linear foot of lot frontage + \$0.170 per square foot of non-exempted building square footage. The NVA board may increase the CBD fees between 1.9% and 3% annually, not to exceed the Consumer Price Index (CPI) as determined by the U.S. Department of Labor.

As provided by the Property and Business Improvement Law of 1994, the CBD's assessment shall appear as a separate line item called Special Assessment on the annual property bill prepared by the City and County of San Francisco. For a complete listing of 2018-2019 NVA property assessments, please visit www.noevalleyassociation.org

Financial Position as of June 30, 2019

NVA employs Accounting Results, Inc. for bookkeeping services. For our annual account review, the NVA again hired Crosby and Kaneda Accountants for the 2018-19 fiscal year. Figures shown here are unaudited; the review will be completed in August. The final report will be available in September at the Annual Property Owner Meeting, on the NVA website, or by request to the NVA Executive Director.

Along with cleaning, greening and improving our district's public space, NVA serves as the fiscal sponsor for the Noe Valley Town Square. Together, we have produced entertainment events large and small as well as free classes for the community. Major events include Movie Nights, Music in the Square, Animal Fair, and Heroes Day.

REVENUE

Assessments	\$266,060
Grants	\$ 30,920
Fiscal Agent Fees	\$ 20,760
Donations	\$ 3,000
Interest	884
Total Revenue	\$321,624

DISBURSEMENTS

Sidewalk Operations	\$185,397
Streetscape	\$ 20,699
Administration	\$ 78,606
Renewal	\$ 32,347
Total Disbursements	\$317,049

* Administration expenses are offset by fiscal agent fees

Contingency Fund for 2018/19

Balance Restricted Funds	\$165,000
Balance in Unrestricted Funds	\$ 88,560

**Join Us! Annual NVA
Property Owner Meeting
& CBD Renewal Kickoff!**

**Wednesday,
September 18
5:30 PM – 7:00 PM**

**Beverages/Appetizers
Droubi Team, 4157 24th Street**

RSVP: info@noevalleyassociation.org

**Graffiti, Trash,
Cleaning issues?**

**text/call
(415) 574-5015**

**Please text a photo or
description + location
details.**

**Mon - Sat 7AM – 3PM
Sun 7AM – 11AM**

**NOE VALLEY
TOWN
SQUARE**

A hearty shout out to the Mayor's Office of Economic and Workforce Development for continuing a \$100,000 grant for activation of the Noe Valley Town Square, and to District 8 Supervisor Rafael Mandelman for his support. The family and community events at the Square attract visitors to shop and dine on 24th Street.
www.noevalleytownsquare.com

The Noe Valley Association welcomes your questions & feedback.

Noe Valley Association • 1330 Castro Street • SF • CA • 94114

Please direct any questions to info@noevalleyassociation.org or call Debra Niemann at 415-519-0093.

The Noe Valley Association is a registered 501(c)(3) organization. All contributions are tax-deductible to the extent allowed by law.

Financial Reporting

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

Noe Valley CBD		FY 2018-2019										
Service Category/Budget Line	Management Plan Budget	General Benefit Dollars	Management Plan Assessment Budget	% of Budget	% Assessment Budget	FY 2018-19 Budget	General Benefit Dollars	FY 2018-19 Assessment Budget	% of Assessment Budget	% of Budget	Variance Assessment Budget	Variance Total Budget
Public Rights of Way and Sidewalk Operations	\$ 160,000.00	\$ -	\$ 160,000.00	69.53%	69.53%	\$ 175,000.00	\$ -	\$ -	#DIV/0!	57.66%	#DIV/0!	-11.87%
District Identity (Marketing and Promotions)	\$ 22,000.00	\$ -	\$ 22,000.00	9.56%	9.56%	\$ 20,500.00	\$ -	\$ -	#DIV/0!	6.75%	#DIV/0!	-2.81%
Administrative and Corporate Operations	\$ 32,000.00	\$ -	\$ 32,000.00	13.91%	13.91%	\$ 78,000.00	\$ -	\$ -	#DIV/0!	25.70%	#DIV/0!	11.79%
Contingency and Reserve	\$ 16,128.00	\$ -	\$ 16,128.00	7.01%	7.01%	\$ 30,000.00	\$ -	\$ -	#DIV/0!	9.88%	#DIV/0!	2.88%
0	\$ -	\$ -	\$ -	0.00%	0.00%	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%
0	\$ -	\$ -	\$ -	0.00%	0.00%	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%
#REF!	\$ -	\$ -	\$ -	0.00%	0.00%	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%
TOTAL	\$ 230,128.00	\$ -	\$ 230,128.00	100.00%	100.00%	\$ 303,500.00	\$ -	\$ -	#DIV/0!	100.00%		

BENCHMARK 2: General Benefit Requirement

Revenue Sources	FY 2018-19 Actuals	% of actuals	Source
Assessment Revenue	\$ 265,656.00		
Total Assessment (Special Benefit) Revenue	\$ 265,656.00	64.37%	
Fiscal Projects	\$ 112,242.00	27.20%	
Grants		0.00%	
Donations	\$ 32,920.00	7.98%	
Interest Earned	\$ 883.00	0.21%	
Earned Revenue	\$ -	0.00%	
Other	\$ 1,000.00	0.24%	
Total Non-Assessment (General Benefit) Revenue	\$ 147,045.00	35.63%	
Total	\$ 412,701.00	100.00%	

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

Noe Valley CBD		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)
Public Rights of Way and Sidewalk Operations	\$ 175,000.00	\$ -	\$ -	#DIV/0!	57.66%	\$ 185,397.00	\$ -	\$ -	#DIV/0!	58.48%	#DIV/0!	0.82%
District Identity (Marketing and Promotions)	\$ 20,500.00	\$ -	\$ -	#DIV/0!	6.75%	\$ 20,699.00	\$ -	\$ -	#DIV/0!	6.53%	#DIV/0!	-0.23%
Administrative and Corporate Operations	\$ 78,000.00	\$ -	\$ -	#DIV/0!	25.70%	\$ 78,606.00	\$ -	\$ -	#DIV/0!	24.79%	#DIV/0!	-0.91%
Contingency and Reserve	\$ 30,000.00	\$ -	\$ -	#DIV/0!	9.88%	\$ 32,347.00	\$ -	\$ -	#DIV/0!	10.20%	#DIV/0!	0.32%
TOTAL	\$ 303,500.00	\$ -	\$ -	#DIV/0!	100.00%	\$ 317,049.00	\$ -	\$ -	#DIV/0!	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 2018-2019 Carryover Disbursement	\$	Spenddown Timeline
General Benefit Project		
General Benefit Project 1	\$ -	3-6 Months
General Benefit Project 2	\$ -	3-6 Months
General Benefit Project 3	\$ -	3-6 Months
General Benefit Project 4	\$ -	3-6 Months
	\$ -	
	\$ -	
	\$ -	
General Project Total	\$ -	
Special Assessment Project		
Public Rights of Way and Sidewalk Operations	\$ 114,724.50	3-6 Months
District Identity (Marketing and Promotions)	\$ 15,774.00	3-6 Months
Administrative and Corporate Operations	\$ 22,951.50	3-6 Months
Contingency and Reserve	\$ 11,550.00	3-6 Months
0	\$ -	
0	\$ -	
#REF!	\$ -	
Special Project Total	\$ 165,000.00	
Total Designated Amount for FY 2017-18	\$ 165,000.00	

NOE VALLEY ASSOCIATION, A COMMUNITY BENEFIT DISTRICT

FINANCIAL STATEMENTS

June 30, 2019

(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2018)

CROSBY & KANEDA

Certified Public Accountants
for Nonprofit Organizations

**NOE VALLEY ASSOCIATION,
A COMMUNITY BENEFIT DISTRICT**

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
Noe Valley Association, a Community Benefit District
San Francisco, California

We have reviewed the accompanying statements of financial position of Noe Valley Association, a Community Benefit District (a nonprofit organization) as of June 30, 2019, and the related statements of activities, cash flows, and functional expenses for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization 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.

Accountants' 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 American Institute of Certified Public Accountants. 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.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements for the year ended June 30, 2019 in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

The accompanying summarized comparative information as of and for the year ended June 30, 2018 is derived from financials that were previously reviewed by us and we stated that we were not aware of any material modifications that should be made to those financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America in our report

dated December 10, 2018. We have not performed procedures in connection with that review engagement since that date.

Croody & Lameda CPAs LLP

Oakland, California
September 26, 2019

**NOE VALLEY ASSOCIATION,
A COMMUNITY BENEFIT DISTRICT**

**Statement of Financial Position
June 30, 2019
(With Comparative Totals as of June 30, 2018)**

	<u>2019</u>	<u>2018</u>
Assets		
Cash and cash equivalents	\$ 312,050	\$ 295,175
Assessments receivable	4,309	2,927
Due from City	<u>-</u>	<u>1,787</u>
Total Assets	<u>\$ 316,359</u>	<u>\$ 299,889</u>
Liabilities and Net Assets		
Contingencies (Note 4)		
Net Assets		
Without donor restrictions	\$ 288,637	\$ 284,448
With donor restrictions (Note 5)	<u>27,722</u>	<u>15,441</u>
Total Net Assets	<u>316,359</u>	<u>299,889</u>
Total Liabilities and Net Assets	<u>\$ 316,359</u>	<u>\$ 299,889</u>

See Independent Accountants' Review Report and
Notes to the Financial Statements

**NOE VALLEY ASSOCIATION,
A COMMUNITY BENEFIT DISTRICT**

**Statement of Activities
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)**

	Without Donor	With Donor	Total	
	Restrictions	Restrictions	2019	2018
Support and Revenue				
Assessments revenue	\$ 265,656	\$	\$ 265,656	\$ 265,123
Late fees and other charges			-	7,159
Fiscal projects	19,036	93,206	112,242	93,788
Donations	32,920		32,920	8,005
Miscellaneous	1,000		1,000	-
Interest	883		883	619
Support provided by purpose restrictions	80,925	(80,925)	-	-
Total Support and Revenue	<u>400,420</u>	<u>12,281</u>	<u>412,701</u>	<u>374,694</u>
Expenses				
Program	347,256		347,256	294,427
Management and general	38,806		38,806	31,524
Fundraising	10,169		10,169	6,980
Total Expenses	<u>396,231</u>	<u>-</u>	<u>396,231</u>	<u>332,931</u>
Change in net assets	4,189	12,281	16,470	41,763
Net Assets, beginning of year	<u>284,448</u>	<u>15,441</u>	<u>299,889</u>	<u>258,126</u>
Net Assets, end of year	<u>\$ 288,637</u>	<u>\$ 27,722</u>	<u>\$ 316,359</u>	<u>\$ 299,889</u>

See Independent Accountants' Review Report and
Notes to the Financial Statements

**NOE VALLEY ASSOCIATION,
A COMMUNITY BENEFIT DISTRICT**

**Statement of Cash Flows
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)**

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 16,470	\$ 41,763
Adjustments to reconcile change in net assets to cash provided (used) by operating activities		
Change in assets and liabilities:		
Assessments receivable	(1,382)	8,441
Due from City	1,787	(1,286)
Accounts payable and accrued expenses	-	(135)
Net cash provided (used) by operating activities	16,875	48,783
Change in cash and cash equivalents	16,875	48,783
Cash and cash equivalents, beginning of year	\$ 295,175	\$ 246,392
Cash and cash equivalents, end of year	\$ 312,050	\$ 295,175

See Independent Accountants' Review Report and
Notes to the Financial Statements

**NOE VALLEY ASSOCIATION,
A COMMUNITY BENEFIT DISTRICT**

**Statement of Functional Expenses
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)**

	Programs		Total Program	Managemen and General	Fundraising	Total	
	District Projects	Fiscal Projects				2019	2018
Salaries	\$ 25,200	\$ 32,500	\$ 57,700	\$ 12,600	\$ 4,200	\$ 74,500	\$ 42,000
Payroll taxes	1,995	-	1,995	998	333	3,326	3,413
Accounting	-	-	-	8,302	-	8,302	8,836
Fee for service	4,651	-	4,651	326	109	5,086	36,893
Street maintenance	185,398	-	185,398	-	-	185,398	160,220
Streetscape improvement	17,650	-	17,650	-	-	17,650	21,412
Advertising and promotions	3,800	6,998	10,798	1,900	633	13,331	1,511
Office expenses	1,371	16,092	17,463	684	229	18,376	20,915
Insurance	3,494	713	4,207	1,747	582	6,536	3,616
Travel, meals, meetings	847	410	1,257	424	141	1,822	1,136
Entertainment	-	18,881	18,881	-	-	18,881	13,730
Dues, permits and fees	20,027	3,007	23,034	10,014	3,338	36,386	9,197
Donations	965	600	1,565	482	161	2,208	2,550
Easter egg hunt and other	1,817	-	1,817	909	303	3,029	5,558
Miscellaneous	840	-	840	420	140	1,400	1,944
Total Expenses	<u>\$ 268,055</u>	<u>\$ 79,201</u>	<u>\$ 347,256</u>	<u>\$ 38,806</u>	<u>\$ 10,169</u>	<u>\$ 396,231</u>	<u>\$ 332,931</u>

See Independent Accountants' Review Report and
Notes to the Financial Statements

NOE VALLEY ASSOCIATION,
A COMMUNITY BENEFIT DISTRICT

**Notes to the Financial Statements
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)**

NOTE 1: NATURE OF ACTIVITIES

The Noe Valley Association, a Community Benefit District (the Organization) is a nonprofit organization founded by property owners, merchants and community members in the Noe Valley neighborhood of San Francisco, California. The Organization receives community benefit district assessment funds from taxes paid by property owners and merchants. Program activities of the Organization include:

Public Rights of Way and Sidewalk Operations

Sidewalk and gutter sweeping and spot cleaning, hot water steam cleanings, bulky and illegal trash removal, graffiti abatement, right of way support related to garbage cans, light poles, trees and tree wells.

District Identity and Streetscape Improvements

Activities related to district identity and streetscape improvements include tree planting, flower baskets, open sidewalks, new crosswalks, and additional greening work.

Fiscal Projects

Fiscal project work such as the Noe Valley Town Square (NVTS) project and the Noe Valley Girl's Film Festival (NVGFF).

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net assets without donor restrictions – are resources available to support operations. The only limits on the use of the net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions – are resources that are restricted by a donor for use for a particular purpose or in a particular period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor's instructions.

**NOE VALLEY ASSOCIATION,
A COMMUNITY BENEFIT DISTRICT**

**Notes to the Financial Statements
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)**

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor imposed restrictions. Net assets restricted for acquisition of building or equipment (or less commonly, the contribution of those net assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use.

Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses are reported as decreases in net assets without donor restrictions.

Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless the contributed assets are specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Assessments Receivable

Assessments receivable primarily consists of delinquent tax assessments owed by property owners. Since the taxpayers will be subject to City enforcement procedures, all assessments are considered to be fully collectible at June 30, 2019.

Although delinquent assessments are subject to penalties and fines, the Organization believes that these amounts will be offset by delays in collections. Accordingly, no receivable has been recognized for penalties and fines and the Organization has not calculated the present value of this receivable.

Income Taxes

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). The Organization has evaluated its current tax positions as of June 30, 2019 and is not aware of any significant uncertain tax positions for which a reserve would be necessary. The Organization's tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively after they are filed.

**NOE VALLEY ASSOCIATION,
A COMMUNITY BENEFIT DISTRICT**

**Notes to the Financial Statements
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)**

Contributed Services

Contributed 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. There were no contributed services that met the criteria for recognition for the year ended June 30, 2019.

Estimates

The preparation of financial statements in conformity with GAAP 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.

Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all money market funds and other highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Organization determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the assets or liability.

The Organization had no assets or liabilities recorded at fair value on June 30, 2019.

Concentration of Credit Risk

At times, the Organization may have deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions.

Property and Equipment

All acquisitions of property and equipment in excess of \$1,000 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. The

NOE VALLEY ASSOCIATION,
A COMMUNITY BENEFIT DISTRICT

**Notes to the Financial Statements
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)**

Organization had no property and equipment that met this capitalization policy at June 30, 2019.

Expense Recognition and Allocation

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions using a reasonable allocation method that is consistently applied as follows:

Salaries and wages, benefits, and payroll taxes are allocated based on quarterly activity reports prepared by key personnel.

Office expenses and supplies, insurance, and other expenses that cannot be directly identified are allocated on the basis of employee headcount for each program and supporting activity.

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgments contain requests for contributions, joint costs have been allocated between fundraising and management and general expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

Changes in Accounting Principles

The Organization implemented FASB ASU No. 2016-14 in the current year, applying the changes retrospectively. The new standards change the following aspects of the financial statements:

The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.

The unrestricted net asset class has been renamed net assets without donor restrictions.

The financial statements include a disclosure about liquidity and availability of resources.

The changes have the following effect on net assets at June 30, 2018:

Net Asset Class:	As Originally <u>Presented</u>	After Adoption of <u>ASU 2016-14</u>
Unrestricted net assets	\$ 284,448	\$ -
Temporarily restricted net assets	15,441	-
Net assets without donor restrictions	-	284,448

**NOE VALLEY ASSOCIATION,
A COMMUNITY BENEFIT DISTRICT**

**Notes to the Financial Statements
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)**

Net assets with donor restrictions	<u>-</u>	<u>15,441</u>
Total	<u>\$ 299,889</u>	<u>\$ 299,889</u>

Prior Year Summarized Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

Reclassifications

Certain accounts in the prior year's summarized information have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

Subsequent Events

The Organization has evaluated subsequent events and has concluded that as of September 26, 2019 the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

NOTE 3: CONCENTRATIONS

Revenue

For the year ended June 30, 2019 the Organization received approximately 65% of its revenue from community benefit district assessments on property owners in the Noe Valley Community Benefit District. A significant reduction in the level of this support, if this were to occur, may have an effect on the Organization's program and activities.

NOTE 4: CONTINGENCIES

Assessments

Community benefit district assessments are received under agreement with the City and County of San Francisco and assessments have been currently authorized through December 2020. The assessments and related revenue to the Organization may be terminated at an earlier date if the community benefit district which funds the Organization's operations is disestablished by a vote of the assessed property owners or in certain other circumstances.

Grant Awards

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the

**NOE VALLEY ASSOCIATION,
A COMMUNITY BENEFIT DISTRICT**

**Notes to the Financial Statements
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)**

grants. The Organization's management is of the opinion that the Organization has complied with the terms of all grants.

NOTE 5: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions for fiscal projects consisted of \$27,722 and \$15,441 as of June 30, 2019 and 2018, respectively.

NOTE 6: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure that is, without donor or other restrictions limiting their use, within one year of June 30, 2019 are:

Financial assets:	
Cash and cash equivalents	\$ 312,050
Due from City	<u>4,309</u>
Total financial assets	316,359
Less financial assets held to meet donor-imposed restrictions:	
Purpose-restricted net assets	<u>(27,722)</u>
Amount available for general expenditures within one year	<u>\$ 288,637</u>

As part of the Organization's liquidity management plan, the Organization maintains funds in excess of daily requirements in cash and cash equivalent accounts.

MEMO

To: Supervisor Rafael Mandelman, District 8

CC: San Francisco Board of Supervisors;

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

RE: Noe Valley Community Benefit District; FY 2018-2019 Annual Report

Date: June 9, 2020

This is a memo summarizing the accomplishments of the Noe Valley Community Benefit District and an analysis of its 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. Noe Valley 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 Noe Valley 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 2018-2019
2. CPA Financial Review Reports
 - a. FY 2018-2019
3. Draft resolution from the Office of Economic and Workforce Development



Background

The Noe Valley Community Benefit District (Noe Valley CBD) was formed to clean, beautify, and improve public space within the district. Noe Valley CBD includes both privately and publicly owned properties. The district is 8 square blocks and includes 211 parcels. The main commercial street that services Noe Valley is 24th Street between Church and Douglass Streets.

- August 2, 2005: the Board of Supervisors approved the resolution that established the Noe Valley Community Benefit District for 15 years (Resolution # 583-05).
- January 10, 2006: the Board approved the contract for the administration and management of the Noe Valley Community Benefit District (Resolution # 13-06).
- March 3, 2015: the Board of Supervisors approved the Annual Reports for FYs 2009-2010, 2010-2011, 2011-2012, 2012-2013, and 2013-2014 (Resolution # 062-15).
- March 22, 2016: the Board of Supervisors approved the Annual Report for FY 2014-2015 (Resolution # 111-16).
- March 21, 2017: the Board of Supervisors approved the Annual Report for FY 2015-2016 (Resolution # 093-17).
- May 22, 2018: the Board of Supervisors approved the Annual Report for FY 2016-2017 (Resolution # 154-18).
- September 17, 2019: the Board of Supervisors approved the Annual Report for FY 2017-2018 (Resolution # 399-19).

Basic Info about Noe Valley Community Benefit District:

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	\$230,138
FY 2018-19 Assessment Submission	\$269,328
Fiscal Year	July 1 – June 30
Executive Director	Debra Niemann
Name of Nonprofit Owners' Entity	Noe Valley Association

The current CBD website www.noevalleyassociation.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 Rights of Way and Sidewalk Operations

The Noe Valley Management Plan calls for 70% of the budget to be spent on Public Rights of Way and Sidewalk Operations. This program area includes maintenance of trees, planters and flower baskets; and systematic sidewalk cleaning. Noe Valley CBD contracts with Curb Appeal to provide daily sidewalk and gutter sweeping as well as removal of excess trash, leaves and debris, graffiti removal within 24 hours, ten monthly hot steam cleanings and as needed spot cleaning are services that are covered by this

program area. Curb Appeal is also responsible for watering 24 hanging flower baskets, 148 neighborhood trees, and 22 open ground or planter boxes.

District Identity and Streetscape Improvements

Approximately 9% of the annual budget is allocated for public space development and streetscape improvements. This program area includes but is not limited to promoting the district through a website that includes information about their purpose and accomplishments, sponsoring special events such as street festivals, and developing plans that outline the long term goals of the district.

Management & Operations

Noe Valley CBD is staffed by a part-time Executive Director who 1) performs the day-to-day management of the organization, 2) works with various city departments, 3) advocates for city funds and services, and 4) ensures that the organization is in compliance with their Management Plan and City contract. The Noe Valley CBD Management Plan calls for approximately 14% of the budget to be spent on management and operations.

The remaining 7% of annual budget is to be allocated to a contingency fund.

The Noe Valley CBD board has eight (8) members, represented by residents, property owners, merchants, and community organizations. Board member seats are determined using the following guidelines: property owners (63%), two seats (25%) are set aside for non-property owning merchants with a preference for existing small businesses operating retail, restaurant and service, and one seat (12%) is reserved for Community Based Organizations and residents. This structure complies with Article 15 of the San Francisco Business and Tax Regulations Code. The full board meets quarterly. The committees are detailed below:

- **Executive Committee** – The 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 on an as needed basis.
- **Streetscape Committee** – The Streetscape Committee is in charge of overseeing the greening and creation of public space and ensuring the success and efficiency of these services. The Streetscape Committee meets as needed.

Summary of Accomplishments, Challenges, and Delivery of Services

FY 2018-2019

Public Right of Way and Sidewalk Operations

- Removed 176 graffiti marks, stickers, and improper signage
- Removed 258 pieces of bulky and illegal trash (boxes, furniture, yard debris, bags of garbage, etc.)
- 212 calls to 311 for large item pick-ups
- Watered 229 trees
- Removal of partially used or empty news racks and boxes to reduce clutter and increase sidewalk accessibility for pedestrians

District Identity and Streetscape Improvements

- Provided directions to 148 visitors
- Maintained 7 gardens and 2 parklets
- Maintained 28 community benches, 36 bike racks, 10 news racks, 24 trash cans, and 7 umbrellas
- Replanted planter boxes every 4 months, watered and maintained
- Created and maintained 8 NVA identity banners
- Maintained 72 chairs and 12 tables in both public parklets along 24th Street

Management & Operations

- Fiscal agent for \$100,000 grant through OEWD to activate and maintain the Noe Valley Town Square
- Oversaw the Noe Valley CBD renewal campaign which was completed in FY 2019-2020

NVCBD Annual Budget Analysis

OEWD's staff reviewed the following budget related benchmarks for Noe Valley 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 "Noe Valley 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 "Noe Valley 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 "Noe Valley Community Benefit District," Section 3.9 – Budget*).
- **BENCHMARK 4:** Whether Noe Valley CBD is indicating the amount of any surplus or deficit revenues to be carried forward into the next fiscal year and designating the 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: *Noe Valley CBD did not meet this requirement. Noe Valley instituted OEWD recommendations from the FY 2017-18 annual report which swathe variance percentage points become much more in alignment to what is permitted. The CBD continues to not meet this due to unforeseen changes since the CBD's initial formation in 2005, specifically requirements surrounding financial statements. This change causes the CBD to budget more in Administrative/Corporate Operations than initially anticipated. OEWD expects this systemic issue to be addressed and rectified via the Noe Valley CBD renewal in FY 2019-20. Additionally, the CBD could budget \$8,000 from the Administrative and Corporate Operations Service Area to the Public Rights of Way and Sidewalk Operations service area and meet this benchmark. OEWD believes*

this change would allow the CBD to continue operations as normal while maintaining compliance with Benchmark 1. See Table Below.

Service Category	Management Plan Budget	% of Management Plan	FY 2018-2019 Budget	% of Budget	Variance Percentage Points
Public Rights of Way and Sidewalk Operations	\$160,000	69.53%	\$175,000	57.66%	-11.87%
District Identity and Streetscape Improvements	\$22,000	9.56%	\$20,500	6.75%	-2.81%
Administrative/Corporate Operations	\$32,000	13.91%	\$78,000	25.70%	+11.79%
Contingency Reserve	\$16,128	7.01%	\$30,000	9.88%	+2.88%
TOTAL	\$230,128	100%	\$303,500	100%	0.0%

BENCHMARK 2: Whether five percent (5%) of Noe Valley CBD’s actuals came from sources other than assessment revenue

ANALYSIS: *Noe Valley CBD met this requirement. Assessment revenue was \$265,656.00 or 64.37% of actuals and non-assessment revenue was \$147,045 or 35.63% of actuals. See table below.*

Revenue Sources	FY 2018-2019 Actuals	% of Actuals
Special Benefit Assessments	\$265,656	
Total assessment revenue	\$265,656	64.37%
Fiscal Projects	\$112,242	27.20%
Donations	\$32,920	7.98%
Interest Earned	\$883	0.21%
Other	\$1,000	0.24%
Total non-assessment revenue	\$147,045	35.63%
TOTAL	\$412,701	100%

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

ANALYSIS: *Noe Valley CBD met this requirement. See table below.*

Service Category	FY 2018-2019	% of Budget	FY 2018-2019	% of Actuals	Variance
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	Budget		Actuals		Percentage Points
Public Rights of Way and Sidewalk Operations	\$175,000	57.66%	\$185,397	58.48%	+0.82%
District Identity and Streetscape Improvements	\$20,500	6.75%	\$20,699	6.53%	-0.23%
Administrative/Corporate Operations	\$78,000	25.70%	\$78,606	24.79%	-0.91%
Contingency Reserve	\$30,000	9.88%	\$32,347	10.20%	+0.32%
TOTAL	\$303,500	100%	\$317,049	100%	

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

ANALYSIS: *Noe Valley CBD met this requirement. Please note: There is a period between when the City collects assessment payment and when the City disburses the funds to the CBD. As a result, a CBD typically has a fund balance at the end of the fiscal year that is equal to about 6 months of their annual budget. See table below.*

FY 2018-2019 Carryover Disbursement	\$165,000.00
Designated Projects for FY 2019-20	
Public Rights of Way and Sidewalk Operations	\$ 114,724.50
District Identity and Streetscape Improvements	\$ 15,774.00
Administrative/Corporate Operations	\$ 22,951.50
Contingency Reserve	\$ 11,550.00
Total Designated amount for Future Years	\$162,500.00

Findings and Recommendations

Within the review period of FY 2018-2019, the Noe Valley CBD did not meet Benchmark 1 of the expectations and requirements as set by the California Street and Highways Code Section 36650-36651; and the Agreement for the Administration of the Noe Valley Community Benefit District. In order to correct this the CBD needs to decrease the percentage budgeted for Administrative and Corporate Operations by at least 1.80% and increase the percentage budgeted for Contingency by the amount deducted from the Administrative and Corporate Operations service area. Noe Valley CBD has historically not met this benchmark. As mentioned within the report, the CBD's failure to meet this benchmark stems from structural weakness in the original CBD management plan and changes in City requirements that were not accounted for in the document. OEWD has worked with the CBD on its

renewal campaign and documents and believes this will be rectified with a new management plan, which will begin to be implemented in FY 2020-21.

OEWD met with the Noe Valley CBD and reviewed both its FY budget and FY actuals to see if there was a fix to this missed benchmark. OEWD determined that the CBD could meet Benchmark 1 in the future through anticipatory budgeting without having negative impact on the District's financial well-being. Going forward, OEWD expects the CBD to meet this benchmark.

OEWD finds that Noe Valley CBD improved on their non-special assessment requirement found in Benchmark 2. For the second consecutive year, the District raised more non-assessment revenue than it did in the previous FY compared to the CBD's overall budget. In FY 17-18 the Noe Valley CBD raised approximately 27.33% in non-assessment revenue, but in FY 18-19 that has risen to 35.63%. A large portion of this increase can be attributed to the CBD overseeing the activation of the Noe Valley Town Square through City grant funding.

OEWD has worked with and provided technical assistance to the Noe Valley CBD through its renewal campaign. The CBD has constantly been a head of schedule. The CBD successfully completed its renewal in the early second quarter of FY 19-20.

Conclusion

Noe Valley CBD has performed well in implementing the service plan. The CBD has continued to successfully sponsor and help promote events in Noe Valley, including activation of the Noe Valley Town Square, driving hundreds of visitors to the district. Noe Valley CBD has done an outstanding job in partnering with the community stakeholders and numerous municipal agencies for the activation and improvement 24th at Noe and at Church streets. Noe Valley CBD is a well-run organization with active board and committee members and will continue to successfully carry out its mission as a community benefit district.

BOARD of SUPERVISORS



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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

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. 200821

Resolution receiving and approving an annual report for the Noe Valley 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

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):

Mandelman

Subject:

Noe Valley Community Benefit District – FY 2018-2019 Annual Report

The text is listed:

Resolution receiving and approving annual report for the Noe Valley Community Benefit District for fiscal year 2018-2019, 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: [/S/]

For Clerk's Use Only