

COMMUNITY BENEFIT AGREEMENT 2017
MEMORANDUM OF UNDERSTANDING
(CCSF Business & Tax Regulations Code §906.3(c)(5))

between

CITY AND COUNTY OF SAN FRANCISCO CITY ADMINISTRATOR,

And

FITNESS SF MID MARKET, Inc.

This **COMMUNITY BENEFIT AGREEMENT 2016 MEMORANDUM OF UNDERSTANDING** (this "**Community Benefit Agreement**") is made as of January 1, 2017 in the City and County of San Francisco, State of California, by and between **FITNESS SF Mid Market, Inc.**, and the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation ("**City**") acting by and through the City Administrator,

WITNESSETH:

WHEREAS, San Francisco Business and Tax Regulations Code Article 12-A ("**Payroll Expense Tax Ordinance**") establishes a Payroll Expense Tax within the City and County of San Francisco; and,

WHEREAS, Section 906.3 "Central Market Street and Tenderloin Area Payroll Expense Tax Exclusion" ("**Section 906.3**") of the Payroll Expense Tax Ordinance provides an exclusion from the Payroll Expense Tax for defined persons and businesses within the Central Market Street and Tenderloin Area, for certain periods of time; and,

WHEREAS, Pursuant to Payroll Expense Tax Ordinance §902, a "person" or "business" is defined for this purpose by San Francisco Business and Tax Regulations Code Article 6, §6.2-15; and,

WHEREAS, In order for a person or business to qualify for the Central Market Street and Tenderloin Area Payroll Expense Tax Exclusion, Section 906.3 requires: Filing of a timely application with the City's Office of Economic and Workforce Development ("**OEWD**") on a form that has been approved by OEWD and the City's Treasurer-Tax Collector; and

WHEREAS, Section 906.3(c)(5) further provides that, as part of the application, a person or business with an annual payroll expense that exceeds one million dollars

as defined, "shall enter into a binding Community Benefit Agreement with the City Administrator in order to be eligible for the payroll expense tax exclusion under this Section;" and,

WHEREAS, FITNESS SF Mid Market submitted an initial application for Central Market Street and Tenderloin Area Payroll Expense Tax Exclusion to OEWD utilizing an application form approved by OEWD and must enter into a binding Community Benefit Agreement with the City Administrator to be granted its payroll tax exclusion; and,

WHEREAS, On behalf of the City, the City Administrator wishes to enter into the Community Benefit Agreement with FITNESS SF Mid Market for this purpose; and,

WHEREAS, FITNESS SF Mid Market and the City Administrator have mutually agreed to the terms of this Community Benefit Agreement 2017 that is attached and incorporated herein by reference as Appendix A; and,

WHEREAS, as set forth in this Community Benefit Agreement 2017, FITNESS SF Mid Market will:

1. Support community-based arts and culture initiatives
2. Provide educational and experiential opportunities for neighborhood youth
3. Strengthen neighborhood infrastructure and encourage community-driven solutions to public safety
4. Patronize local, independently owned, and community-serving small businesses in the immediately surrounding areas
5. Engage continuously with the neighborhood via volunteerism, appointing community liaisons, and accountability reporting

WHEREAS, FITNESS SF Mid Market will expend good faith efforts to fulfill its responsibilities under this Community Benefit Agreement 2017; and,

WHEREAS, The Parties each acknowledge and understand that this Community Benefit Agreement is entered into and binding upon FITNESS SF Mid Market for calendar year 2015 pursuant to San Francisco Business and Tax Regulations Code §906.3, provided that OEWD (as verified by the Treasurer-Tax Collector) finally determines that FITNESS SF Mid Market is eligible for the exclusion; and,

WHEREAS, The Parties each acknowledge and understand that, pursuant to Section 906.3(c)(5), FITNESS SF Mid Market may request that the City Administrator enter into other Community Benefit Agreements with FITNESS SF Mid Market in future years and that the City Administrator may require different or additional provisions in such future Agreements; and,

WHEREAS, The Parties wish to memorialize their agreement to the FITNESS SF Mid Market Community Benefit Agreement 2017 that is attached and incorporated herein by reference as Appendix A, by a Memorandum of Understanding:

NOW, THEREFORE, The Parties voluntarily enter into this Community Benefit Agreement 2017 Memorandum of Understanding and hereby adopt the FITNESS SF Mid Market Community Benefit Agreement 2017 that is attached and incorporated herein by reference as Appendix A, as FITNESS SF Mid Market calendar year 2015 binding Community Benefit Agreement with the City Administrator under San Francisco Business and Tax Regulations Code §906.3(c)(5).

IN WITNESS WHEREOF, The parties hereto have caused FITNESS SF Mid Market Community Benefit Agreement 2017 Memorandum of Understanding to be duly executed as of the date first specified herein.

CITY ADMINIDTRATOR

FITNESS SF MIN MARKET

By: _____
NAOMI M. KELLY
CITY ADMINISTRATOR

By: _____
ZSOLT JACKOVICS,
PRESIDENT, FITNESS SF Mid Market, INC.

-- Appendix A --

FITNESS SF Mid Market COMMUNITY BENEFIT AGREEMENT 2014

FITNESS SF Mid Market, Inc. will focus its efforts in establishing, as set forth in this Community Benefit Agreement, those issues deemed the highest priority by the Central Market Street and Tenderloin Area Citizens Advisory Committee ("CAC," San Francisco Business and Tax Regulations Code §906.3-1), and the residents, small businesses, and the various community organizations advocating for the Central Market Street and the Tenderloin area neighborhood. As defined in City Business Tax & Regulations Code section 906.3(b)(1): "The "Central Market Street and Tenderloin Area" means the area located in downtown San Francisco, generally including: parcels fronting the south side of Market Street from Eleventh Street to Sixth Street; a portion of parcels fronting the south side of Market Street from Sixth Street to Fifth Street (odd numbered addresses from 999 to 933 Market Street); parcels fronting the north side of Market Street from Van Ness Avenue to Eighth Street; 875 Stevenson Street; and parcels in the area bordered by: Ellis Street from Polk Street to Mason Street (south side only); Mason Street, from Ellis Street to Market Street (west side only); Market Street, from Mason Street to Charles J. Brenham Place (north side only); Charles J. Brenham Place, from Market Street to McAllister Street (east side only); McAllister Street, from Charles J. Brenham Place to Larkin Street (north side only); Larkin Street, from McAllister Street to Eddy Street (east side only); Eddy Street, from Larkin Street to Polk Street (north side only); and Polk Street from Eddy Street to Ellis Street (east side only)."

FITNESS SF Mid Market has most recently been closely working with the Salvation Army in the Tenderloin. They have 2 facilities: the KROC center and Railton Place. Both are located at 240 Turk Street. The Salvation Army provides a community center that provides facilities, programs and services that encourage positive life-changing experiences for children and adults, strengthening for families, and life enrichment for seniors. Additionally, Fitness SF is involved with Lighthouse, a school for the blind, as well as Sunflower Wellness, a nonprofit that assists people with cancer and survivors of cancer. Furthermore, Fitness SF has been involved with various nonprofit organizations in the Central Market and Tenderloin community including the Tenderloin Development Corporation (TNDC), St. Anthony's Dining Room, St. Boniface Church, KIPP Charter Schools, Mercy Housing, and the Academy of Friends, which has benefitted groups including Project Open Hand, Huckleberry Youth Programs, and Positive Resource Center. For the upcoming year, Fitness SF will be increasing its presence in the community by working with the DeMarillac Academy, the Gubbio Project, and Central City Hospitality House.

KEY FEATURE #1: Create meaningful and sustained engagement with the community

- Fitness SF will join the Kroc Advisory Council by identifying a Fitness SF Manager to serve on Council.
- Fitness SF will provide complimentary gym memberships for Salvation Army & Kroc Center officers (approx. 3) and staff (approx. 69).

- Similar to this past year, Fitness SF will sponsor our employees with their outreach & volunteerism by compensating Fitness SF employees at their regular work rate while contributing their time to the many various aforementioned Central Market & Tenderloin communities.

KEY FEATURE #2: Improve health educational outcomes for youth and seniors and foster wellness and wellbeing through fitness programs

- Fitness SF plans to assist and revamp the Kroc Center membership and programming structure.
- Fitness SF will utilize and leverage Fitness SF vendor relationships to assist the Kroc Center and other local businesses.
- Fitness SF will offer significantly discounted membership rates for eligible seniors in neighboring low-income housing.

KEY FEATURE #3: Provide financial grants to nonprofits serving residents of the Central Market and Tenderloin neighborhoods

- Fitness SF will provide a \$5,000 grant to the Salvation Army and will provide food for the homeless at Civic Center on December 13th, as well as provide Fitness SF staff volunteers to serve the food.
- Fitness SF has regularly provided a \$2,000 grant to the TNDC.
- Fitness SF provides a \$1,250 quarterly cash grant to the Academy of Friends which divides the donation amongst several not for profit AIDS organizations in the Tenderloin.
- Fitness SF the Kroc Center Health and Fitness Classes. These classes include nutrition, yoga, and 1:1 personal fitness training. These are Fitness SF staff volunteer positions which we will encourage participation in.
- Fitness SF has donated \$,6500+ in company and personal donations to Harbor Lights. As well as provided free gym membership to graduates.
- Fitness SF has provided free gym membership to full time employees of Hospitality House.

KEY FEATURE #4: Support workforce development

- Fitness SF provides employment opportunities at various Fitness SF locations for qualified Railton Place residents. After 90 days of employment by Fitness SF, education is 100% paid for in full.

- Fitness SF can provide job training and certification for qualified Railton Place residents who are interested in certification/licensing as personal trainers.
- Fitness SF will provide facility training for Kroc maintenance staff.

KEY FEATURE #5: Support local arts and cultural groups

- Fitness SF has commissioned Tenderloin resident and photographer Dean Ignacio for his works, which are currently displayed at Fitness SF Mid Market.
- Fitness SF offers discounted memberships to the cast and crew of various Shorenstein Productions at the Orpheum and Golden Gate Theaters.
- General Manager Donald Emmerich has been a volunteer with the St. Boniface Church choir for over a decade and has closely worked with the Musical Director Gwynn Villegas (also a Fitness SF employee) in various multicultural liturgical celebrations (English-speaking, Latino, Filipino, & Vietnamese).
- Fitness SF has worked with Frameline and CAAM (Center for Asian American Media), both organizations dedicated to film & the arts and provided free membership to full time employees.

KEY FEATURE #6: Support physical neighborhood improvements

- Fitness SF has helped both Kroc Community Center and Railton Place in renovations with a \$5,000 donation to the Salvation Army.
- Fitness SF will provide maintenance and repair of the Kroc Basketball Gym floor.
- Fitness SF will be open to assist with the Kroc Pool improvements, but first needs to assess its current condition.

KEY FEATURE #7: Preserve affordable housing & tackle homelessness

- Fitness SF offers significantly discounted memberships to the tenants at Mercy Housing.
- Fitness SF also plans to offer significantly discounted memberships to neighboring low-income housing developments.
- Similar to 2015, Fitness SF will work and volunteer with TNDC and St. Anthony's Dining Room, which provides affordable housing & provides meals to the homeless population, respectively.

KEY FEATURE #8: Commit to local purchasing

Keeping dollars in the local community is an important part of CBAs. In making purchasing decisions, it is critical that Fitness SF source from local caterers, suppliers and restaurants where feasible.

- Similar to 2015, Fitness SF will commit to purchasing \$250,000 worth of goods and services from small businesses, suppliers, caterers, and restaurants in the local San Francisco community in 2017.

KEY FEATURE #9: Community liaisons

It is imperative that community members have points of contact to submit requests, concerns, or compliments to Fitness SF. Our two community liaisons will ensure that community voices are heard and that employees know which internal person to contact when they are interested in getting involved in the community.

- Fitness SF's community liaisons Troy MacFarland and Donald Emmerich can be reached at troy@fitnesssf.com and demmerich@fitnesssf.com respectively.
- Fitness SF's community liaisons will attend Citizen's Advisory Committee meetings.
- Fitness SF's community liaisons will also attend meetings of community-based organizations each quarter to learn about the needs of the local community and to share information about Fitness SF's community outreach.

Evaluation & Reporting

The legislation authorizing the Central Market and Tenderloin Payroll Tax Exclusion requires the City Administrator to report on an annual basis on the program's success. In addition, the Citizen's Advisory Committee is required to report to the Board of Supervisors on a regular basis. To meet these reporting requirements, it is necessary for Fitness SF to report on its progress in meeting the Community Benefit Agreement's goals and objectives.

- Fitness SF will report on its progress meeting goals and objectives in this CBA by reporting to the City Administrator on an ongoing basis.
- Completion of at least 80% of items in the CBA will be deemed as successful, provided that a good faith effort was made to achieve all items.

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