

**COMMUNITY BENEFIT AGREEMENT 2014**

**MEMORANDUM OF UNDERSTANDING**

*(CCSF Business & Tax Regulations Code §906.3(c)(5))*

between

**CITY AND COUNTY OF SAN FRANCISCO CITY ADMINISTRATOR,**

And

**SPOTIFY USA, Inc**

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**THIS COMMUNITY BENEFIT AGREEMENT 2014 MEMORANDUM OF UNDERSTANDING** is made as of January 1, 2014 in the City and County of San Francisco, State of California, by and between **SPOTIFY USA Inc**, (“**Spotify**”) 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  
Filing of timely tax returns and other forms with the 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**, Spotify 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 by January 31, 2014 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 Spotify for this purpose; and,

**WHEREAS**, Spotify and the City Administrator have mutually agreed to the terms of this Spotify Community Benefit Agreement 2014 that is attached and incorporated herein by reference as Appendix A; and,

**WHEREAS**, As set forth in this Community Benefit Agreement 2014, Spotify 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 a community liaison, and accountability reporting

**WHEREAS, Spotify will expend good faith efforts to fulfill its responsibilities under this Community Benefit Agreement 2014; and,**

**WHEREAS**, The Parties each acknowledge and understand that this Community Benefit Agreement is entered into and binding upon Spotify for calendar year 2014 pursuant to San Francisco Business and Tax Regulations Code §906.3, provided that OEWD (as verified by the Treasurer-Tax Collector) finally determines that Spotify is eligible for the exclusion; and,

**WHEREAS**, The Parties each acknowledge and understand that, pursuant to Section 906.3(c)(5), Spotify may request that the City Administrator enter into other Community Benefit Agreements with Spotify 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 Spotify Community Benefit Agreement 2014 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 2014 Memorandum of Understanding and hereby adopt the Spotify Community Benefit Agreement 2014 that is attached and incorporated herein by reference as Appendix A, as Spotify calendar year 2014 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 Spotify Community Benefit Agreement 2014 Memorandum of Understanding to be duly executed as of the date first specified herein.

**CITY ADMINISTRATOR**

**SPOTIFY USA, Inc**

By:

By:

\_\_\_\_\_  
**NAOMI M. KELLY**  
**CITY ADMINISTRATOR**

\_\_\_\_\_  
**AUTHORIZED SIGNER**  
**TITLE**

-- Appendix A --

**SPOTIFY USA, Inc COMMUNITY BENEFIT AGREEMENT 2014**

SPOTIFY ("Spotify") 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 neighborhood and the Tenderloin.

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)."

SPOTIFY USA, Inc. (“Spotify”) moved a small satellite office into the Central Market Street and Tenderloin Area August 2013 and is entering its first Community Benefit Agreement with the City and County of San Francisco.

Spotify seeks to engage with the Central Market Street and Tenderloin Area in the key areas of arts and culture, educational opportunities for youth, public safety, local commerce, and volunteerism. As a digital music service, Spotify is particularly poised to support nonprofit organizations and local, independently owned, and community-serving small businesses aligned with the arts and cultural communities based in and serving the Mid-Market neighborhood. Spotify believes support for the arts combined with meaningful opportunities for youth, public safety initiatives, and good citizenship through patronizing local businesses and engaging with the community are key ways Spotify can help build the community’s capacity to sustain healthy and happy lives.

In creating this Community Benefit Agreement with the City and County of San Francisco, an agreement included in the application process for the payroll expense tax exclusion in Central Market Street and Tenderloin area, Spotify would like to emphasize that its intention is to grow the Community Benefit Agreement each consecutive year that it takes advantage of the payroll tax exclusion. Therefore we have created a Community Benefit Agreement that is scalable, and as it grows, will not exhaust Spotify’s resources so that it can continue to deliver an increasingly robust CBA. Spotify believes it can fulfill its commitment to the community and honor the required Community Benefit Agreement in the following ways:

Key Area: Support community-based arts and culture initiatives

Spotify will support and participate in arts and culture initiatives around Central Market that are community-based and driven by artists who are residents of the community which embrace and respect the diversity that exists in the neighborhood. Through grassroots collaboration with local artists, Spotify hopes to help abate displacement of the local artist community and contribute to the renaissance of the Mid-Market arts area.

1. Spotify will continue to support local artists and art galleries by commissioning and purchasing art for our offices, attending receptions and participating in local events, including performances.
2. Encourage employees to attend local arts and cultural programming on a quarterly basis, by organizing and paying for tickets to local performances including concerts, theater, dance, and performance art shows. Information on local arts and cultural programming will be made available to employees.
3. Support public concerts, murals, performances, and street-level community arts events, provoking conversation and exchange and encouraging foot traffic in the neighborhood. Encourage employees to attend “Sunday Streets” and other similar block-party events, and explore partnering with sponsors and organizers to volunteer and/or assist with public musical offering and performances.

4. Explore ways to enhance music and arts offerings to the at-risk resident community, leveraging Spotify's online music service and platform. Technical assistance and capacity building efforts could include training and recommendations on how to utilize online music to enrich environments as well as integrate community efforts with the worldwide online music community.
5. Projects with the Center for New Music and other local institutions, such as supporting the Center for New Music's membership program, which provides affordable space for local musicians and offers professional development, as well as providing technical assistance such as consulting or finding sponsors for local arts organizations.

Key Area: Provide educational and experiential opportunities for neighborhood youth  
Spotify is committed to helping break the cycle of poverty for local families by providing neighborhood youth and transitional-aged youth (18-24) with the tools to succeed in school, access higher education, and find job opportunities.

1. In partnership with local nonprofits, Spotify will explore mentorships that challenge and inspire growth for neighborhood youth. Spotify will encourage employees to volunteer at local schools and after-school programs and dedicate volunteer hours to mentoring and tutoring programs.
2. Collaborate with the Music Mural and Arts Program to bring the 2014 History through Hip Hop (HHH) program to Mid-Market. HHH targets school retention and literacy by employing high-risk students to write, record, and produce original music. HHH uses Hip Hop art and culture to inspire students to become active participants in their community, teaching them to write, produce, and perform original songs, and further increases interest in technology by teaching music production.
3. Sponsor a pilot series of young artist (ages 16-25) workshops with the Center for New Music, culminating in a performance that includes new music written by young composers, performed by the young artists. This program will also provide employment opportunities for local musicians as teachers and mentors.

Key Area: Strengthen neighborhood infrastructure and community-driven solutions to public safety

Spotify is committed to strengthening neighborhood infrastructure, community organizations and community safety in the surrounding areas through activating both our "storefront" and surrounding public spaces.

1. Spotify will continue to provide conference/meeting rooms to community groups in addition to committing to hosting at least four community events onsite, such as opening up our "Town Hall" area for small fundraisers, community meetings, exhibits, performances, talks, lectures, or film screenings.

2. Help activate surrounding public spaces by working with the Luggage Store Gallery, the Center for New Music, and other local arts groups to support public art and co-host public performances.
3. Spotify will provide support for the Tenderloin Safe Passage program, a safe route to walk after school for children. Spotify will collaborate with Tenderloin Safe Passage to host ongoing safety and self-defense training for community volunteers and other local stakeholders and will volunteer as Corner Captains as part of the Tenderloin Safe Passage program.
4. Spotify would like to organize and host a hackathon, collaborating with other tech companies and local businesses and organizations, to help develop a tool that can help with safety and/or street cleanliness as determined in collaboration with community stakeholders.

Key Area: Support local, independently owned, and community-serving small businesses in the immediately surrounding communities

Spotify aims to help stabilize and preserve the resident community and important institutions the community relies upon by supporting local, independently owned, and community-serving small businesses in the immediately surrounding communities.

1. Spotify commits to using commercially reasonable efforts to use local suppliers.
2. Encourage employees and guests to visit local restaurants, bars, and other entertainment venues for both business and informal networking meetings.
3. Maintain listings for visitors to the Spotify offices of local, independently owned, and community-serving area resources through both internal tools and social media tools.

Key Area: Ongoing engagement with the community

[Will add standard language as per City Administrator to this Area upon receipt such as updates to “Reporting”]

To fully implement this agreement and a full partnership with the surrounding community, Spotify looks forward to establishing meaningful relationships with community organizations, residents, businesses, and other stakeholders in the neighborhood. Spotify also hopes to work in collaboration with other Community Benefit Agreement companies to leverage our collective resources and expertise to further impact the community in a meaningful way.

1. Spotify will continue to host representatives from local organizations to introduce employees to organizations looking to partner for volunteer opportunities and the exchange of ideas in benefit of the Tenderloin and Central Market community.
2. Coordinate at least two events to introduce Spotify employees to the local neighborhood and its historical and contemporary context such as a walking tour and hosting a lecture in our offices.
3. Spotify will encourage employees to volunteer in the Central Market and Tenderloin neighborhoods by sponsoring at least two volunteer days in 2014 for

Spotify's San Francisco-based team. Employees will be compensated for these community volunteer activities as if they were usual workdays.

4. Spotify will encourage employees to join Board of Directors of local nonprofits and to lend their expertise to governance of local community based organizations.
5. Spotify establishes a Community Liaison who will oversee an ongoing community engagement process, including coordinating donation drives, financial contribution, and/or employee volunteer programs aimed at connecting employees with community-based programs and initiatives listed in the CBA. The Community Liaison will also attend community meetings and utilize community resources for outreach on behalf of Spotify in addition to communicating with corporate senior management regarding community engagement efforts. Spotify's Community Liaison is Maureen (Mo) Tracey, and can be reached at [motracey@spotify.com](mailto:motracey@spotify.com) and [sfcommunity@spotify.com](mailto:sfcommunity@spotify.com)
6. 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. The Citizens' Advisory Committee is required to report to the Board of Supervisors on a regular basis. To meet these reporting requirements, Spotify will report 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.