

MEMORANDUM

TO: Supervisor Aaron Peskin, District 3 Supervisor

CC: San Francisco Board of Supervisors
Chris Corgas; Program Director, OEWD

FROM: Mimi Tam Hiraki; Project Specialist, OEWD

DATE: July 20, 2022

SUBJECT: Discover Polk Community Benefit District; FY 2020-2021 Annual Report

This is a memo summarizing the accomplishments of the Discover Polk Community Benefit District and an analysis of its financial statements for the period between July 1, 2020 and June 30, 2021.

Each year the CBD is required to submit a mid-year report, an annual report, and a CPA Financial Review or Audit. Discover Polk CBD has complied with the submission of all these requirements. OEWD staff 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 Discover Polk CBD management contract with the City; and their Management Plan approved by the Board of Supervisors in 2018.

Also attached to this memo are the following documents:

1. Annual Report
 - a. FY 2020-2021
2. Financial Statements
 - a. FY 2020-2021
3. Draft resolution from the Office of Economic and Workforce Development



Background

The Discover Polk Community Benefit District includes 570 property-based parcels.

- July 24, 2018: the Board of Supervisors approved the resolution that established the property-based district called the Discover Polk Community Benefit District for 11 years commencing with FY 2018-2019 (Resolution # 238-18).
- November 13, 2018: the Board of Supervisors approved the resolution approving an agreement with the nonprofit Owners' Association for administration/management of the established property-based Community Benefit District known as the “Discover Polk Community Benefit District” (Resolution #402-18).
- January 25, 2022 the Board of Supervisors approved the annual report for Fiscal Year 2019-2020. (Resolution # 23-22).

Basic Info about Discover Polk CBD

Year Established	July 2018
Assessment Collection Period	FY 2018-19 to FY 2028-29 (July 1, 2014 to June 30, 2029)
Services Start and End Date	January 1, 2019 – December 31, 2029
Initial Estimated Annual Budget	\$622,784.00
FY 20-21 Assessment Submission	\$ 635,238.70
Fiscal Year	July 1 – June 30
Executive Director(s)	Duncan Talento Ley; co-Executive Director Ben Bleiman; co-Executive Director
Name of Nonprofit Owners’ Entity	Discover Polk Community Benefit District

The current CBD website, <https://discoverpolk.org/>, includes all the pertinent information about the organization and their programs, meeting agendas, and their Management Plan.

Summary of Service Area Goals

Environmental Enhancements

Environmental enhancements are designed to make the neighborhood a more welcoming, clean, and beautiful place for all live, work, play, and visit the area. The CBD’s Management Plan provides for the weekly deployment of 250 hours of uniformed Cleaning and Hospitality Ambassadors throughout the district whose duties include: litter removal, detail cleaning of public amenities, graffiti removal, weed removal, pressure washing of sidewalks, and requested spot cleanings. Additionally, this service area includes funding for beautification and placemaking which is designed to invest in highly visible improvements to add to the attractiveness of public spaces throughout the district, including: landscaping, seasonal decorations, wayfinding, and temporary or permanent public art installations.

Economic Enhancements

Economic enhancements are designed to strengthen the district’s business corridor. This includes business support which includes time spent to attract new tenants, new investments, and to promote continued mixed-



use development. Additionally, this service areas funds a marketing and communications program. This program is focused on creating awareness of the environmental enhancements performed by the CBD and of the district’s business offerings. It also supports property owners in efforts to attract unique tenants and explores ways to connect district residents to local stores and restaurants, such as “buy local” campaigns and the development of a district directory, district website, and supporting social media.

District Coordinator, Administration, and Reserve

To maximize the benefits to rate payers, the CBD requires a professional staff to properly manage programs, communicate with stakeholders, and provide leadership. Additional administrative costs may include: accounting and financial review or audits, insurance, program support costs, and other administrative costs associate with the overhead and administrative support of programming. Additionally, a reserve is budgeted to provide a contingency for unforeseen program needs and to provide a cushion for delinquent assessments. Reserve funds may also be used for costs associated with strategic planning and renewal.

Summary of Accomplishments, Challenges, and Delivery of Service Areas

FY 2020-2021

Environmental Enhancements

- Cleaned 1,085 animal feces incidents
- Abated 641 instances of graffiti
- Properly disposed 144 needles
- Swept sidewalks 10,656 times
- Pressure washed 497 block faces
- Received an OEWD grant to install tree lights throughout the district

Economic Enhancements

- Executive Management Team commenced regular meetings of the Marketing & Communications Working Group with the board.
- Created an email database of local residents, businesses, and other stakeholders to include for regular mailings.
- Provided information on vacant storefronts within the CBD area.
- Increased social media following by 807 accounts
- Cultivated an engagement rate of 7.8% average per post compared to the average 3-5% engagement rate of nonprofit social media accounts

District Coordinator, Administration, and Reserve

- Elected a new Board President, Jake Levinson and recruited 4 new board members

DPCBD Annual Budget Analysis

OEWD’s staff reviewed the following budget related benchmarks for DPCBD:

- **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 “Discover Polk Community Benefit District”, Section 3.9 – Budget*)



- **BENCHMARK 2:** Whether three and thirty-six hundredths percent (3.36%) of actuals came from sources other than assessment revenue (*CA Streets & Highways Code, Section 36650(B)(6); Agreement for the Administration of the “Discover Polk Community Benefit District”, Section 3.4 - Annual Reports*)
- **BENCHMARK 3:** Whether the variance between the budget amount and actual expenses within a fiscal year was within 10 percent (*Agreement for the Administration of the “Discover Polk Community Benefit District”, Section 3.9 – Budget*)
- **BENCHMARK 4:** Whether DPCBD is indicating the amount of funds to be carried forward into the next fiscal year and designating projects to be spent in current fiscal year (*CA Streets & Highways Code, Section 36650(B)(5)*)

FY 2020-2021 Budget Analysis

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: *DPCBD met this requirement. See tables below.*

Service Category	Management Plan Assessment Budget (Percentage)	FY2020-2021 Budget - Asst. (Percentage)	FY2020-2021 Budget - Total (Percentage)	Variance Percentage Points – Asst.	Variance Points - Total
Environmental Enhancements	\$445,595.00 (83.32%)	\$399,671.00 (82.96%)	\$429,595.00 (82.96%)	-0.37%	-0.37%
Economic Enhancements	\$16,950.00 (3.17%)	\$14,332.00 (2.97%)	\$16,950.00 (2.97%)	-0.19%	-0.19%
District Coordinator, Administration & Reserve	\$72,235.00 (13.51%)	\$67,775.00 (14.07%)	\$72,235.00 (14.07%)	+0.56%	+0.56%
TOTAL	\$534,780.00	\$481,778.00	\$518,780.00		

BENCHMARK 2: Whether three and thirty-six hundredths percent (3.36%) of actuals came from sources other than assessment revenue

ANALYSIS: *DPCBD did not meet this requirement. Assessment revenue was \$636,222.00 or 97.14% of actuals and non-assessment revenue was \$18,745.00 or 2.86% of actuals. See table below.*

Revenue Sources	FY2021 Actuals	% of Actuals
Total Assessment (Special Benefit) Revenue	\$636,322.00	97.14%
Total Non-Assessment (General Benefit) Revenue	\$18,745.00	2.86%



Total (Assessment and Non-Assessment) Revenue	\$655,067.00	100.00%
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BENCHMARK 3: Whether the variance between the budget amount and actual expenses within a fiscal year was within 10 percentage points

ANALYSIS: *DPCBD met this requirement. See table below.*

Service Category	FY2020-2021 Budget - Asst. (Percentage)	FY2020-2021 Budget - Total (Percentage)	FY20-21 Actuals – Asst. (Percentage)	FY20-21 Actuals - Total (Percentage)	Variance Percentage Points – Asst.	Variance Percentage Points - Total
Environmental Enhancements	\$399,671.00 (82.96%)	\$429,595.00 (82.96%)	\$372,772.00 (77.06%)	\$386,417.00 (76.90%)	-5.90%	-6.06%
Economic Enhancements	\$14,332.00 (2.97%)	\$16,950.00 (2.97%)	\$27,260.00 (5.64%)	\$27,260.00 (5.42%)	+2.66%	+2.45%
District Coordinator, Administration & Reserve	\$67,775.00 (14.07%)	\$72,235.00 (14.07%)	\$83,712.00 (17.31%)	\$88,812.00 (17.67%)	+3.24%	+3.60%
TOTAL	\$481,778.00	\$518,780.00	\$483,744.00	\$502,489.00		

BENCHMARK 4: Whether DPCBD is indicating the amount of funds to be carried forward into the next fiscal year and designating projects to be spent in current fiscal year

ANALYSIS: *DPCBD 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 2020-2021 Carryover Disbursement	Amount
Without Donor Restrictions	\$794,704.00
With Donor Restrictions	\$11,663.00
Total Carry Forward	\$806,367.00

Findings and Recommendations

DPCBD has met three of the four the benchmarks as defined on page 4 and 5 of this memo. DPCBD missed Benchmark 2 whether three and thirty-six hundredths percent (3.36%) of actuals came from sources other than assessment revenue per the CA Streets & Highways Code, Section 36650(B)(6); Agreement for the



Administration of the “Discover Polk Community Benefit District”, Section 3.4 - Annual Reports. In FY2021, 2.86% (\$18,745.00) of the actuals came from other sources; DPCBD falls 0.5% (\$2,635.42) short. To determine if these actions adversely impacts the special benefits conferred on parcels within the CBD, OEWD reviewed the CBD’s management plan and engineers report approved by the Board of Supervisors on November 13, 2018 (File No. 181035).

Per the Management Plan, Agreement for the Administration of the “Discover Polk Community Benefit District”, “an allowance is made for general benefits that the district may provide to parcels outside the district boundary and to the public at large. These general benefits cannot be paid for with assessment revenue.’ Section E of the Engineer’s Report details general benefit, “will be funded from sources other than special assessments.” In this situation, DPCBD is not in compliance with categories related to the special benefit vs. general benefit. These actions adversely impact the special benefits conferred on parcels. It is important to acknowledge that the review period, FY2021, fell in the middle of the economic crisis caused by the Covid-19 pandemic and a difficult time period to find funding from other sources.

OEWD recommends DPCBD to apply to more grants and conduct more fundraising to ensure they reach their non-assessment revenue requirements. In DPCBD’s Annual Report FY2021, they commit to increasing their Executive Management Team’s fundraising to \$25,000 from \$20,000 for the next fiscal year. If successful in achieving this goal, the CBD will meet the benchmark in the future. It is in OEWD’s opinion that the Discover Polk CBD will be able to meet the benchmark in the future. Additionally, OEWD will work with the CBD’s financial professional and co-executive directors to ensure standardized financial definitions are used between OEWD and the CBD.

During this review period, the CBD has performed well pivoting to the emerging health and economic impacts of the COVID-19 global pandemic that started in March 2020 and continued through this review period. The CBD adjusted to the continuous updates in health orders issued by the San Francisco Health Officer, including the renewed shelter-in-place health order in December 2021.

DPCBD closely worked with their StreetPlus cleaning crews, helped address businesses’ questions and needs, and responded to residents’ and property owners’ concerns. While the district saw an increase in larger amounts of trash and waste littered during this review period, the cleaning crews also faced staffing shortages. Due to the increased staff efforts and Big Belly trash cans installed in June 2020, the the overall cleanliness of the streets did not decline.

DPCBD worked closely to support local businesses and promote individuals to visit the district during this review period. The CBD launched a program, Discover Polk Delivers, to promote “to go” food and drink from local business and had Discover Polk CBD volunteers to deliver food and beverages to customers living in the neighborhood. This program launched in September and started with Bell Tower. The first event earned over \$2,000 in revenue for the business. Additionally, the CBD partnered with local merchant, Studio Gallery to organize a district wide art show called Delicious to Go and raised over \$5,000 for the San Francisco-Marin Food Bank. During the holiday season, the CBD hired Christmas Tree Lighting Pros to install lights on all the trees throughout the Polk Street corridor and project holiday images. The tree lights were well received by the community and remain year-round.

Conclusion



The Discover Polk CBD has performed well in implementing the services outline in their management plan and addressing new realities caused by the Covid-19 global pandemic. DPCBD has done an outstanding job in partnering with community stakeholders and numerous municipal agencies for the activation and improvement of public spaces. DPCBD is a well-run organization with an active Board, committee members and will continue to successfully carry out its mission as a community benefit district.

