

File No. 160072 Committee Item No. 6  
 Board Item No. \_\_\_\_\_

**COMMITTEE/BOARD OF SUPERVISORS**  
 AGENDA PACKET CONTENTS LIST

Committee: Government Audit and Oversight Date February 11, 2016

Board of Supervisors Meeting Date \_\_\_\_\_  
 Cmte Board

- |                                     |                          |  |
|-------------------------------------|--------------------------|--|
| <input type="checkbox"/>            | <input type="checkbox"/> | Motion                                       |
| <input checked="" type="checkbox"/> | <input 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 checked="" type="checkbox"/> | <input type="checkbox"/> | Introduction Form                            |
| <input checked="" 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 (Use back side if additional space is needed)**

- |                                     |                          |                                      |
|-------------------------------------|--------------------------|--------------------------------------|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>OEWD Memo -01/20/16</u>           |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>CBD Annual Report FY2014-2015</u> |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Referral FYI - 01/29/16</u>       |
| <input type="checkbox"/>            | <input type="checkbox"/> | _____                                |
| <input type="checkbox"/>            | <input type="checkbox"/> | _____                                |
| <input type="checkbox"/>            | <input type="checkbox"/> | _____                                |
| <input type="checkbox"/>            | <input type="checkbox"/> | _____                                |
| <input type="checkbox"/>            | <input type="checkbox"/> | _____                                |
| <input type="checkbox"/>            | <input type="checkbox"/> | _____                                |
| <input type="checkbox"/>            | <input type="checkbox"/> | _____                                |
| <input type="checkbox"/>            | <input type="checkbox"/> | _____                                |
| <input type="checkbox"/>            | <input type="checkbox"/> | _____                                |
| <input type="checkbox"/>            | <input type="checkbox"/> | _____                                |
| <input type="checkbox"/>            | <input type="checkbox"/> | _____                                |
| <input type="checkbox"/>            | <input type="checkbox"/> | _____                                |
| <input type="checkbox"/>            | <input type="checkbox"/> | _____                                |

Completed by: Erica Major Date February 5, 2016  
 Completed by: \_\_\_\_\_ Date \_\_\_\_\_

1 [Lower Polk Community Benefit District - Annual Report to the City - FY2014-2015]

2  
3 **Resolution receiving and approving an annual report for the Lower Polk Community**  
4 **Benefit District for FY2014-2015, submitted as required by the Property and Business**  
5 **Improvement District Law of 1994 (California Streets and Highways Code, Sections**  
6 **36600, et seq.), Section 36650, and the District's management agreement with the City,**  
7 **Section 3.4.**

8  
9 WHEREAS, On June 3, 2014, 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. 177-14, expressing the City's intention to  
13 establish the Lower Polk Community Benefit District (the "Lower Polk CBD"); and

14 WHEREAS, On July 29, 2014, the Board of Supervisors adopted Resolution  
15 No. 314-14 establishing the Lower Polk CBD ("Resolution to Establish") for a period of 15  
16 years, commencing FY2014-2015; and

17 WHEREAS, On July 28, 2015, the Board of Supervisors adopted Resolution  
18 No. 297-15, authorizing an agreement with the owners' association for the  
19 administration/management of the Lower Polk CBD, and a management agreement (the  
20 "Management Contract") with the owners' association, the Lower Polk Community Benefit  
21 District, Inc., 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. 150735; and

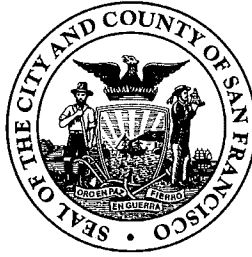
1           WHEREAS, The Lower Polk CBD has submitted for the Board's receipt and approval  
2 the Lower Polk annual report for FY2014-2015 as required by Section 36650 of the Act and  
3 Section 3.4 of the Management Contract; and

4           WHEREAS, The Annual Report is on file with the Clerk of the Board of Supervisors in  
5 File No. 160072 and is incorporated herein by reference as though fully set forth; and

6           WHEREAS, Supporting documents, including, but not limited to, a transmittal letter and  
7 memorandum report from the City's Office of Economic and Workforce Development, dated  
8 January 20, 2016, and documentation from the Lower Polk CBD for the Annual Report is on  
9 file with the Clerk of the Board of Supervisors in File No. 160072; now, therefore, be it

10          RESOLVED, That the Board of Supervisors hereby receives and approves the annual  
11 report for the Lower Polk Community Benefit District for FY2014-2015.

BOARD of SUPERVISORS



City Hall  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. 554-5184  
Fax No. 554-5163  
TDD/TTY No. 554-5227

## MEMORANDUM

TO: Ben Rosenfield, City Controller, Office of the Controller  
Todd Rufo, Director, Office of Economic and Workforce Development

FROM: Erica Major, Assistant Committee Clerk, Government Audit and Oversight  
Committee, Board of Supervisors

DATE: January 29, 2016

SUBJECT: LEGISLATION INTRODUCED

---

The Board of Supervisors' Government Audit and Oversight Committee has received the following proposed legislation, introduced by Supervisor Peskin on January 26, 2016:

**File No. 160072**

**Resolution receiving and approving an annual report for the Lower Polk Community Benefit District for FY2014-2015, 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 additional 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  
Ken Rich, Office of Economic and Workforce Development  
Lisa Pagan, Office of Economic and Workforce Development

## Major, Erica (BOS)

---

**From:** Major, Erica (BOS)  
**Sent:** Friday, January 29, 2016 10:26 AM  
**To:** Rosenfield, Ben (CON); Rufo, Todd (ECN)  
**Cc:** Rydstrom, Todd (CON); Rich, Ken (ECN); Pagan, Lisa (ECN)  
**Subject:** REFERRAL FYI (160072) Lower Polk Community Benefit District - Annual Report to the City - FY2014-2015  
**Attachments:** 160072 FYI.pdf

Greetings:

This matter is being forwarded to your department for informational purposes. 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.

Thank you for your attention.

Best,

**Erica Major**

**Assistant Committee Clerk**


Board of Supervisors

1 Dr. Carlton B. Goodlett Place, City Hall, Room 244

San Francisco, CA 94102

Phone: (415) 554-4441 | Fax: (415) 554-5163

[Erica.Major@sfgov.org](mailto:Erica.Major@sfgov.org) | [www.sfbos.org](http://www.sfbos.org)

 Click [here](#) to complete a Board of Supervisors Customer Service Satisfaction form.

The [Legislative Research Center](#) provides 24-hour access to Board of Supervisors legislation, and archived matters since August 1998.

*Disclosures: Personal information that is provided in communications to the Board of Supervisors is subject to disclosure under the California Public Records Act and the San Francisco Sunshine Ordinance. Personal information provided will not be redacted. Members of the public are not required to provide personal identifying information when they communicate with the Board of Supervisors and its committees. All written or oral communications that members of the public submit to the Clerk's Office regarding pending legislation or hearings will be made available to all members of the public for inspection and copying. The Clerk's Office does not redact any information from these submissions. This means that personal information—including names, phone numbers, addresses and similar information that a member of the public elects to submit to the Board and its committees—may appear on the Board of Supervisors website or in other public documents that members of the public may inspect or copy.*

**MEMO**

To: Supervisor Aaron Peskin, District 3  
CC: San Francisco Board of Supervisors  
From: Chris Corgas, Project Manager  
RE: Lower Polk Community Benefit District  
Date: January 20, 2016

---

This is a memo summarizing the performance of the Lower Polk Community Benefit District (LPCBD) and an analysis of their annual report for the period between July 1, 2014, and June 30, 2015. As LPCBD did not receive assessment dollars with their first fiscal year of operation, no financial statement has been included

In the first year of operation, the CBD is required to submit a mid-year report, an annual report, and a CPA Financial Review or Audit. Lower Polk CBD has not complied with the submission of mid-year report and the CPA Financial Review. OEWD staff reviewed LPCBD's annual report 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 Lower Polk Community Benefit District management contract with the City; and their Management Plan as approved by the Board of Supervisors in 2014.

Also attached to this memo are the following documents:

1. Annual Report
  - a. FY 2014-2015
2. Draft resolution from the Office of Economic and Workforce Development

**Background**



The Lower Polk Community Benefit District includes 307 property-based parcels.

- July 29, 2014: the Board of Supervisors approved the resolution that established the property-based district called the Lower Polk Community Benefit District for 8 years (Resolution # 314-15).
- November 26, 2014: Organization formed and incorporated
- January 14, 2015: First meeting of the Board of Directors
- July 28, 2015: the Board approved the contract for the administration and management of the Lower Polk Community Benefit District (Resolution # 297-15).
- August 17, 2015: CBD received first assessment payment.
- November 16, 2015: Executive Director first day with CBD.

### **Basic Info about Lower Polk CBD**

Year Established	July 2014
Assessment Collection Period	FY 2014-15 to FY 2028-29 (July 1, 2014 to June 30, 2029)
Services Start and End Date	January 1, 2014 – December 31, 2029
Initial Estimated Annual Budget	\$799,093
Fiscal Year	July 1 – June 30
Executive Director	Christian Martin
Name of Nonprofit Owners' Association	Lower Polk Community Benefit District

The current CBD website, [www.lowerpolkcbd.com](http://www.lowerpolkcbd.com), includes all the pertinent information about the organization and their programs, meeting agendas, and their Management Plan.

### **Summary of Service Area Goals**

#### **Cleaning, Maintenance, and Safety**

Cleaning, Maintenance, and Safety program area includes regular sidewalk sweeping, alley cleaning, refuse removal, regularly scheduled steam cleaning, pressure washing, graffiti removal, tree maintenance, and weeding. LPCBD Management Plan calls for 57% of the budget to be spent in this service area.

#### **Marketing, Streetscape Improvement, and Beautification**

Street Operations, Beautification and Order service area includes street maintenance and beautification. This service area calls for increased district marketing in order to create neighborhood identity and contribute to the economic vitality of the area.. Additionally, this service area will support the district with events meant to draw visitors to the Lower Polk neighborhood throughout the year. The LPCBD Management Plan calls for 11% of the budget to be spent on this service area.

### **Management and Operations**

The LPCBD Management Plan calls for 28% of the budget to be spent on management and operations. LPCBD is staffed by a full-time Executive Director who serves as the focal point person and advocate for Lower Polk CBD. LPCBD board has eleven (11) board members that represent the diverse property owners and businesses in the district. Notice of meetings of the CBD's Board of Directors and CBD Advisory Committees will be posted to the website calendar and at the SF Main Library. All Board of Directors meetings are open to the public, and public comment is welcome. LPCBD will be forming advisory committees in FY 15-16.

### **Summary of Accomplishments, Challenges, and Delivery of Service Areas**

#### **FY 2014-2015**

##### **District Identity**

- No work was done in this area

##### **Street Operations, Beautification and Order (SOBO)**

- No work was done in this area

##### **Administration, Organization and Corporate Operations**

- Organization formed through public process and incorporated in 2015 and received 501C3 status.
- Completed the Management Contract process with the City in July, 2015 allowing the City to disperse collected assessment funds to the organization.
- Hired a full-time executive director.

### **LPCBD Annual Budget Analysis**

#### **OEWD's staff reviewed the following budget related benchmarks for LPCBD:**

- **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 "Lower Polk Community Benefit District", Section 3.9 – Budget*)
- **BENCHMARK 2:** Whether five and fifty-five hundredths percent (5.55%) of actuals came from sources other than assessment revenue (*CA Streets & Highways Code, Section 36650(B)(6); Agreement for the Administration of the "Lower 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 "Lower Polk Community Benefit District", Section 3.9 – Budget*)
- **BENCHMARK 4:** Whether LPCBD 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 2014-2015**

**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:** *LPCBD met this requirement. The CBD's initial budget was consistent with that in the LPCBD Management Plan. See tables below.*

Service Category	Management Plan Budget	% of Budget	FY 2014-2015 Budget	% of Budget	Variance Percentage Points
Cleaning, Maintenance, and Safety Program	\$478,675	57%	\$478,675	57%	0%
Marketing, Streetscape Improvements, and Beautification Program	\$95,700	11%	\$95,700	11%	0%
Management and Operations	\$240,900	28%	\$240,900	28%	0%
Contingency/Reserves	\$30,774.54	4%	\$30,774.54	4%	0%
<b>TOTAL</b>	<b>\$846,049.54</b>	<b>100.0%</b>	<b>\$846,049.54</b>	<b>100.0%</b>	

**BENCHMARK 2:** Whether five and fifty-five hundredths percent (5.55%) of actuals came from sources other than assessment revenue

**ANALYSIS:** *LPCBD met this requirement. Assessment revenue was \$0 or 0% of actuals and non-assessment revenue was \$10,039.47 or 100% of actuals. See table below.*

Revenue Sources	FY 2014-2015 Actuals	% of Actuals
Special Benefit Assessments	\$ 0	
<b>Total assessment revenue</b>	<b>\$0</b>	<b>0%</b>
Contributions	\$10,039.47	
In-kind rent and facility use	\$00	
In-kind services	\$0	
<b>Total non-assessment revenue</b>	<b>\$10,039.47</b>	<b>100%</b>
<b>Total</b>	<b>\$10,039.47</b>	<b>100%</b>

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

**ANALYSIS:** *LPCBD did not meet this requirement. LPCBD failed across three out of four service areas in this benchmark. This is due to LPCBD not completing the Management Contract process until early FY 15-16. Without an executed Management Contract, the City cannot transfer assessment funds to the District. As a result, the CBD had no income across all service areas. The only reason all four service areas are not out of compliance with this benchmark is because Contingency/Reserves falls under the 10% threshold.*

Service Category	FY 2014-2015 Budget	% of Budget	FY 2014-2015 Actuals	% of Budget	Variance Percentage Points
Cleaning, Maintenance, and Safety Program	\$478,675	57%	\$0	0%	-57%
Marketing, Streetscape Improvements, and Beautification Program	\$95,700	11%	\$0	0%	-11%
Management and Operations	\$240,900	28%	\$10,039.47	100%	+71.53%
Contingency/Reserves	\$30,774.54	4%	\$0	0%	-4%
<b>TOTAL</b>	<b>\$846,049.54</b>	<b>100.0%</b>	<b>\$0</b>	<b>0%</b>	

**BENCHMARK 4:** Whether LPCBD 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:** *LPCBD 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.*

<b>FY 2014-15 Carryover Disbursement</b>	<b>\$766,683.26</b>
Designated Projects for FY 2015-16	
Cleaning, Maintenance, and Safety Program	\$ 437,009.46
Marketing, Streetscape Improvements, and Beautification Program	\$ 84,335.16
Management and Operations	\$ 214,671.31

Contingency/Reserves	\$ 30,667.33
<b>Total Designated amount for FY 2014-15</b>	<b>\$766,683.26</b>

**Findings and Recommendations**

LPCBD has generally met all of the benchmarks as defined on page 3 of this memo, with the exception of benchmark three.

While the percentage points exceed the allowable variance, further research shows that this variance is related to the CBD not receiving assessment revenue with FY 14-15. LPCBD did not receive their FY 14-15 assessment until FY 15-16 due to delays in providing Management Contract deliverables to OEWD for review. The contingency/reserve category was not out of compliance because the 4% allocation was under the 10% barometer. Once all deliverables were received and reviewed by OEWD, LPCBD was allowed to move forward with the Management Contract process. As a result, no assessment money was dispersed to or spent by the CBD in FY 14-15. The Management Contract was executed in August 2015 (FY 15-16) and OEWD will work with LPCBD to ensure that spending is in compliance with the District Management Plan.

LPCBD has been instructed spend down their FY 14-15 in an appropriate amount of time. The CBD will be doing this in accordance with state law and according to Management Plan percentage allocations.

In the course of OEWD review it was determined that the CBD has not posted announcements of board meetings at the main library. LPCBD has posted announcements on its website in compliance with the Brown Act. Moving forward LPCBD will also post announcements at the main library to be fully in compliance with Brown Act and Management Contract requirements.

LPCBD has responded well to OEWD requests and have made necessary corrections and alterations as requested.

Moving forward OEWD will work with Lower Polk CBD to ensure that Benchmark 3 will be in compliance and that all meeting announcement requirements are met.

**Conclusion**

The Lower Polk CBD was formed through an open, community-based process. They developed governance policies and procedures, hired an executive director, and expect to start services in January, 2016. Due to unforeseen circumstances, including the passing of Shell Thomas and delays in completing the management contract, the service start date was postponed until January 2016. Lower Polk CBD has been responsive to community stakeholders concerns regarding the delay of services.

OEWD has worked with the CBD to ensure they received their FY 14-15 assessment revenue and will deliver on their Management Plan in FY 15-16. Lower Polk CBD has successfully developed their general

benefit sources and has kept budgets in line with the Management Plan. Lower Polk CBD has an active board of directors and an experienced executive director. OEWD believes that Lower Polk CBD will successfully carryout its mission and service plans in FY 15-16.

To: Chris Corgas, OEWD Project Manager  
 From: Christian Martin, Lower Polk Community Benefit District Executive Director  
 Re: Lower Polk Community Benefit District FY 14-15 Annual Report  
 Date: 12/28/2015

This is a report summarizing the performance of the Lower Polk Community Benefit District in Fiscal Year 2014-2015.

On July 29<sup>th</sup>, 2014 the Board of Supervisors approved the resolution to establish the Lower Polk Community Benefit District for eight years. In order to receive assessment funds collected by the City and County of San Francisco, the CBD needed to enter into a management agreement with the City. The City requires a series of 10 requirements before proceeding with the process to enter into a management agreement with the CBD. The requirements are reviewed and verified by OEWD before a draft management contract is presented; the requirements are:

- 1) Articles of Incorporation (filed with the California Secretary of State)
- 2) Statement of Information (filed with the California Secretary of State)
- 3) 501c3 status or a completed 501c3 application
- 4) Bylaws
- 5) List of board members, which must be compliant with the District Management Plan
- 6) City Vendor number
- 7) Business registration certificate
- 8) Certificate of Insurance, with proper endorsements
- 9) Completed Ethics Form 126 (completed by OEWD)
- 10) Current Photos of the District

Due to various delays, including the unexpected passing of CBD leader Shell Thomas, the CBD was not able to complete this process until June 2015. In July, OEWD initiated the process for a City to enter into a Management Agreement with the Lower Polk CBD; this process was completed on July 31, 2015. Assessment funds were distributed to the CBD in September of 2015.

Fiscal year 2014-2015 ended on June 30, 2015; as such, the CBD did not receive assessment funds to commence operations.

In the first fiscal year, the CBD planned on budgeting money as stated within the organization's management plan. Additionally, the CBD received \$10,039.47 in contributions in FY 2014-2015.

As all FY 14-15 assessment revenue was dispersed to the CBD in September of FY 15-16, the CBD proposed the following carryover disbursement.

<b>FY 2014-2015 Carryover Disbursement</b>	\$766,683.26
<b>Designated FY 15-16 Projects</b>	
Cleaning, Maintenance, and Safety Program	\$437,009.46
Marketing, Streetscape Improvements, and	\$84,335.16

Beautification Program	
Management and Operations	\$214,671.31
Contingency and Reserves	\$30,667.33
<b>Total Designated Amount for FY 14-15 to be carried forward to FY 15-16</b>	<b>\$766,682.26</b>

Throughout FY 14-15 Lower Polk CBD made extensive progress at forming an inclusive governing board, conducting open meetings, working with community partners, and securing non-assessment funding. Additionally, the CBD board members have engaged and have been responsive to concerned community members about delays in CBD services beginning.

In the first half of FY 15-16, Lower Polk CBD received its FY 14-15 assessment revenue, hired an executive director, and solicited service provider bids. Lower Polk CBD will be fully operational in January 2016.

# Introduction Form

By a Member of the Board of Supervisors or the 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 [ ] inquires"
- 5. City Attorney request.
- 6. Call File No. [ ] from Committee.
- 7. Budget Analyst request (attach written motion).
- 8. Substitute Legislation File No. [ ]
- 9. Reactivate File No. [ ]
- 10. Question(s) 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 a Imperative Form.**

**Sponsor(s):**

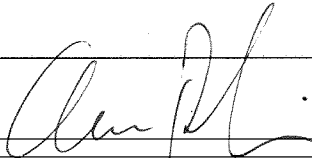
Aaron Peskin

**Subject:**

Lower Polk Community Benefit District -- Annual Report for FY 2014-2015

**The text is listed below or attached:**

See Attached

Signature of Sponsoring Supervisor: 

**For Clerk's Use Only:**