

File No. 160072 Committee Item No. 6  
 Board Item No. 18

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Government Audit and Oversight Date February 11, 2016

Board of Supervisors Meeting  
 Cmte Board

Date February 23, 2016

- |                                     |                                     |  |
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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 checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Introduction Form                            |
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| <input type="checkbox"/>            | <input type="checkbox"/>            | Grant Information Form                       |
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| <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                        |

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- |                                     |                                     |                                      |
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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>OEWD Memo -01/20/16</u>           |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>CBD Annual Report FY2014-2015</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Referral FYI - 01/29/16</u>       |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <u>OEWD YPT - 2/11/2016</u>          |
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Completed by: Erica Major Date February 5, 2016  
 Completed by: JM Date 2/17/2016

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.



# Lower Polk Community Benefit District



16077- 2/11/2016  
SUBMITTED + PRESENTED

# Legislative Overview

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

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

# Review Process

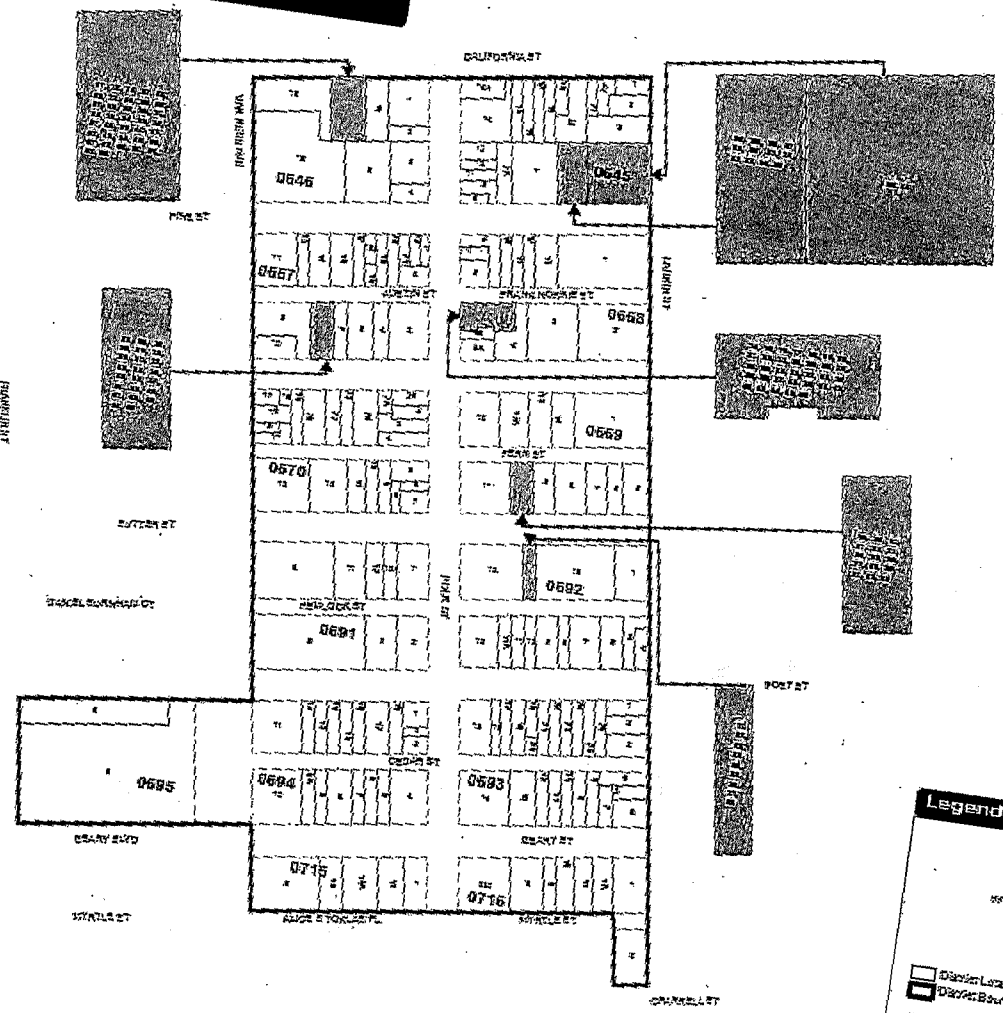
## This resolution covers the Annual Report for FY 2014-2015

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

# Parcel Map

LOWER POLK COMMUNITY BENEFIT DISTRICT

1505



Legend

- District Line
- District Boundary

Prepared by

NBS

# ToBCBD Formation

ToBCBD	Type	Assessment Budget*	Year Established	Expires
	Property-Based	\$ 846,049.54	2014	June 30, 2029

1506

*\*budget identified in management plan*



# ToB Operations

- **Staff**

- Executive Director – Christian Martin\*

- **Service Areas**

- **Cleaning, Maintenance, and Safety Program**

- This program includes regular sidewalk sweeping, alley cleaning, refuse removal, steam cleaning, pressure washing, graffiti removal, greenspace maintenance, and a variety of safety efforts.

- **Marketing, Streetscape Improvements, and Beautification Program**

- This service area includes marketing the district, recruitment of new businesses, business retention, public space programming, and to create an overall neighborhood identity,

- **Management and Operations**

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

*\*Christian Martin did not function as Executive Director in FY 14-15, the position was vacant until 11/2016. Chris Schulman, Board President, worked on behalf of the CBD for FY 14-15*

# BENCHMARKS

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

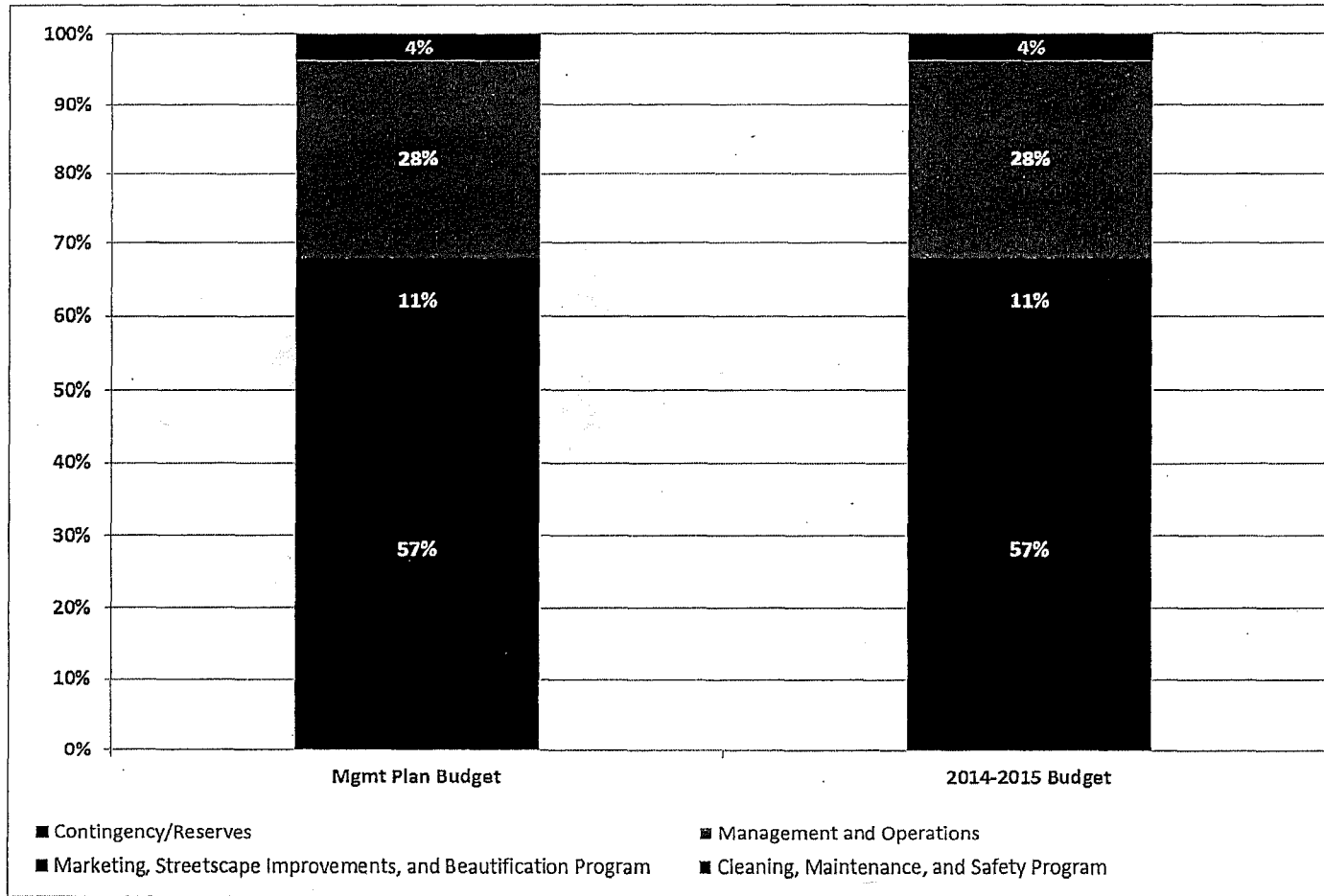
**Benchmark 1 – Whether the variance between the budget amounts for each service category was within 10 percentage points from the management plan.**

**Benchmark 2 – Whether one percent (1%) of LPCBD'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.**

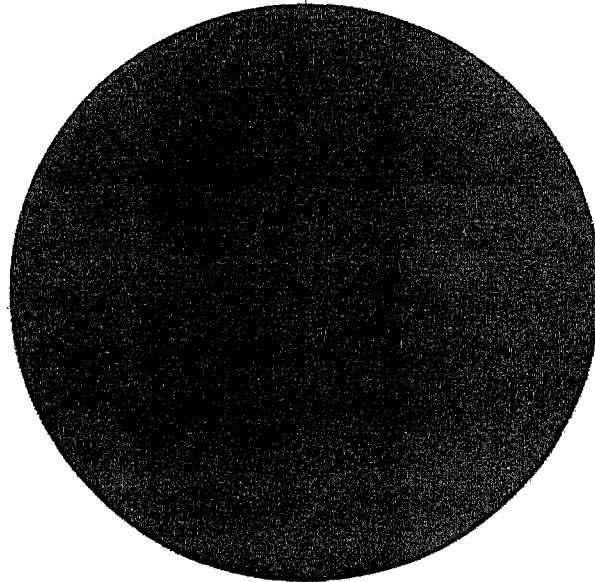
# Management Plan vs. Annual Budgets



1509

# Assessment Revenue & Other Income

FY 2014 - 2015



Since LPCBD did not receive assessment revenue in FY 14-15 they met this benchmark.

1510

# Budget vs Actuals

<b>Service Category</b>	<b>FY 2014-2015 Variance % Points</b>
<b>Cleaning, Maintenance, and Safety Program</b>	-57%
<b>Marketing, Streetscape Improvements, and Beautification Program</b>	-11%
<b>Management and Operations</b>	+72%
<b>Contingency/Reserves</b>	-4%

1511

# Carryover

## Designated Projects

FY 2015-2016

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

Total Designated Amount

\$766,683.26

1512

# Recommendations for LPCBD

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

- LPCBD did not begin services in FY 14-15 due to not entering into a management contract with the City
- As a result, the CBD was not able to meet Benchmark 3.
- The CBD met 3 out of 4 benchmarks despite not receiving assessment dollars
- OEWD will work with Lower Polk CBD to ensure that it spends down FY 14-15 assessments in a timely manner in FY 15-16 and according to its management plan

1513

# Conclusion

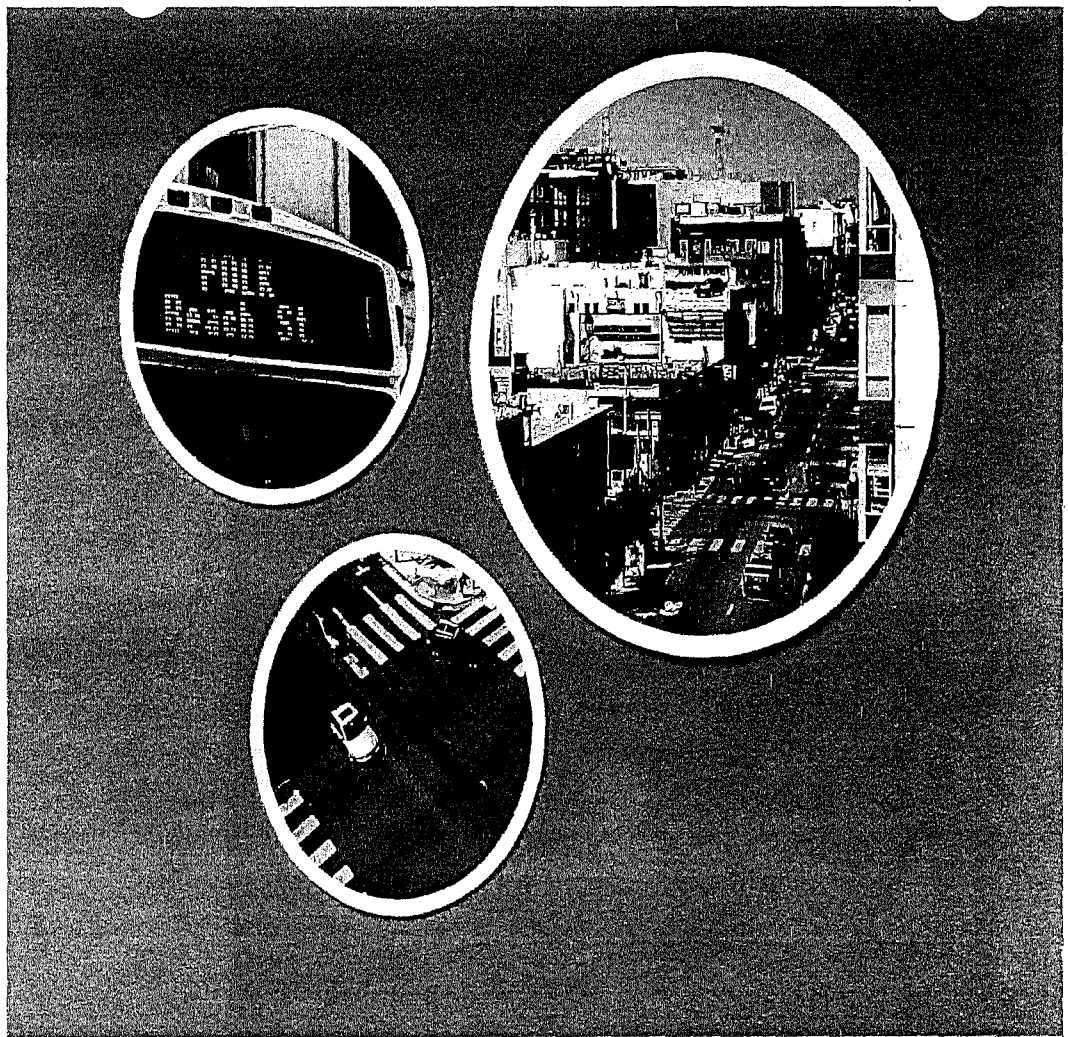
**LP CBD has performed well in meeting benchmarks, but not in providing services:**

- **OEWD has worked with LPCBD to bring them in compliance**
  - LPCBD has executed a management agreement with the City
  - LPCBD has hired an executive director
  - LPCBD has begun providing services in their district
  - LPCBD maintain an active board of directors and committee members
- **Maintained an active board of directors and committee members.**



**Lower** ↑  
**Polk**  
**Community Benefit District**

1515



**Fiscal Year 2014 -2015**

# Lower Polk Community Benefit District Formation FY 2014-2015

- Articles of Incorporation (filed with the California Secretary of State)
- Statement of Information (filed with the California Secretary of State)
- 501c3 status application completed
- Formed an Inclusive Board
- Established Bylaws
- City Vendor number applied for and received
- Business registration certificate
- Certificate of Insurance, with proper endorsements
- Completed Ethics Form 126 (completed by OEWD)
- Completed Management Agreement with OEWD
- Conducted open meetings
- Secured non-assessment funding

1516



# Fiscal Year 2014-2015 Summary

- LPCBD did not receive assessment funds to commence operations in FY 2014-2015.
- LPCBD did receive \$10,039 in contributions
- All FY 2014-2015 assessment funds were disbursed to the CBD in September of FY 2015-2016
- As a result the LPCBD proposes the following carryover disbursement: \$766,683
  - Cleaning, Maintenance, and Safety Program (\$437,009)
  - Marketing, Streetscape Improvements, and Beautification Program (\$84,335)
  - Management and Operations (\$214,671)
  - Contingency and Reserves (\$30,667)

**Lower Polk CBD Board of Directors**

**Chris Schulman**  
Residential Property  
Rep.

**Bhavana Manchanda**  
Property Owner/Rep

**Al Casciato**  
Property  
Owner/Rep

**Lori Martens**  
Hi-Lo  
Business Owner

**Vahram Massenian**  
CPMC  
Community Non-  
Profit

**Lindsey Fisher**  
Property Owner/Rep

**Kenny Mead**  
Vertigo - Business  
Owner  
Property Owner Rep.

**Raul Avila**  
Redding Elementary  
Public School

# Lower Polk CBD: Vision



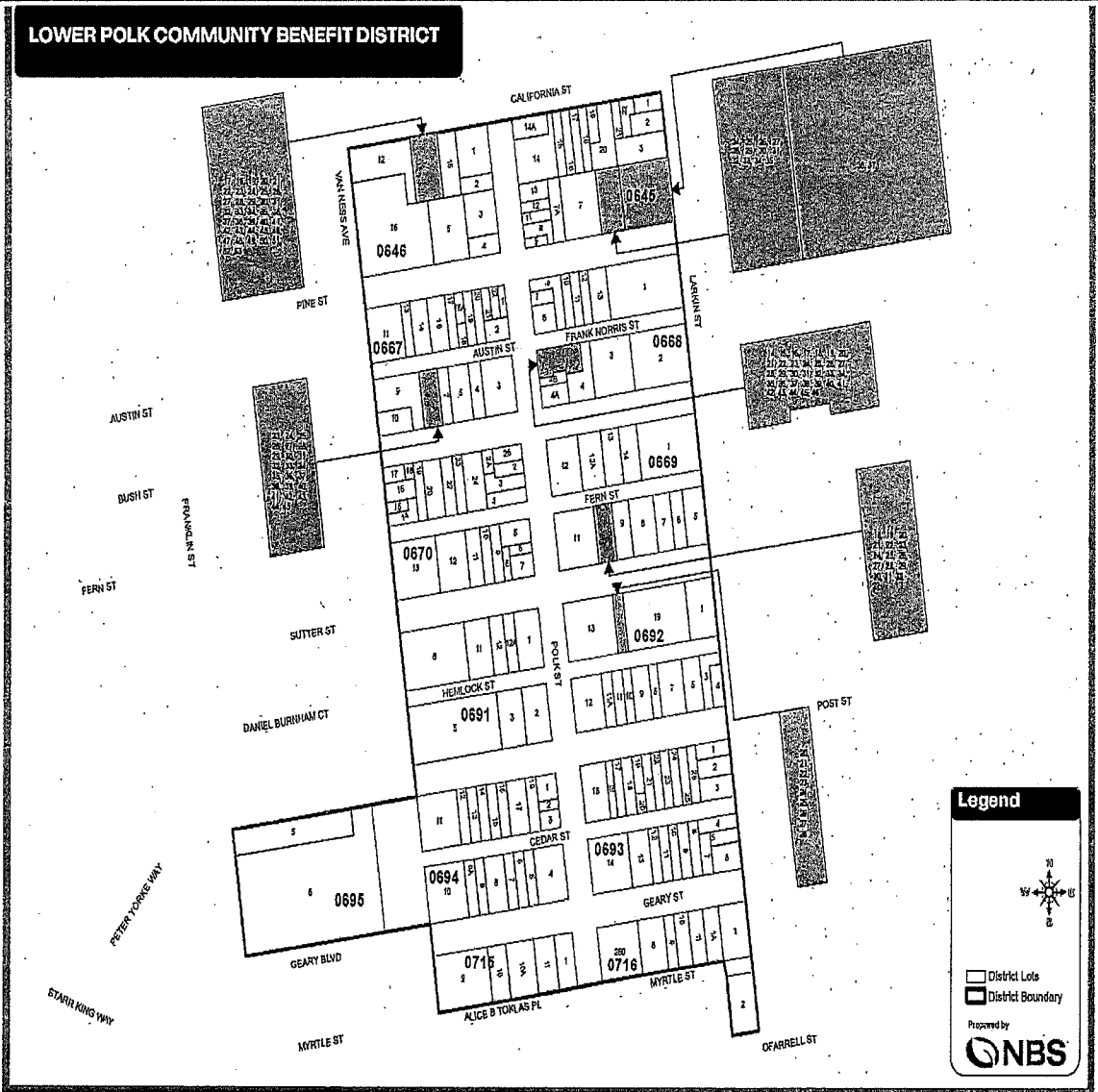
1519

- Clean and safe with places to gather and congregate including public or open space;
- Welcoming to diverse populations and reflects a mix of businesses that offer goods and services that meet the needs of the residents of the neighborhood;
- Promotes art and culture;
- Vibrant and viable neighborhood commercial district with flourishing small businesses and a community-friendly atmosphere;
- The neighborhood appearance reflects the local history and culture;
- Community-based partnerships address issues and serve as stewards for change.
- Capitalize on distinct architectural and street design to promote interesting experiences and qualities.
- Utilize funding from CPMC for capital projects focusing on neighborhood and community safety, health, and cleanliness issues and events (such as farmer's markets and block parties), and for streets and alleys improvements within the neighborhood

# Lower Polk CBD: Boundaries

## LOWER POLK COMMUNITY BENEFIT DISTRICT

1520



Approximately 22 whole or partial blocks, the boundaries of the proposed LPCBD are:

- California St. from Larkin St. to Van Ness Ave. (South side only)
- Van Ness Ave. from California St. to Post St. (East side only)
- Post Street from Van Ness Ave. to Franklin Street (South Side only)
- Franklin St. from Post St. to Geary Blvd. (East side only)
- Geary Blvd. from Franklin St. to Van Ness Ave. (North side only)
- Van Ness Ave. from Geary Blvd. to Alice B. Toklas Pl. (East side only)
- Alice B. Toklas Pl. from Van Ness Ave. to Polk St. (North side only)
- Myrtle St. from Polk St. to Larkin St. (North side only)
- Larkin St. from Myrtle St. to California St. (West Side Only)

In addition to the above boundary description, the District boundaries also include

Assessor's Parcel No. 0716 -002, with the following boundaries:

- Myrtle Street from Larkin Street to Northwest corner of Assessor's Parcel No. 0716-002 (North side of Assessor's Parcel No. 0716 -002 only)
- Larkin Street from Myrtle Street to O'Farrell Street (West side of Assessor's Parcel No. 0716 -002 only)

# Lower Polk CBD Priorities

- Community Ambassador Program
- Clean Streets Program
- Streetscape Improvements & Beautification
- Marketing and Community Outreach
- Community Events & Public Space Activation
- Business Attraction Support
- Advocacy
- Project Planning & Support

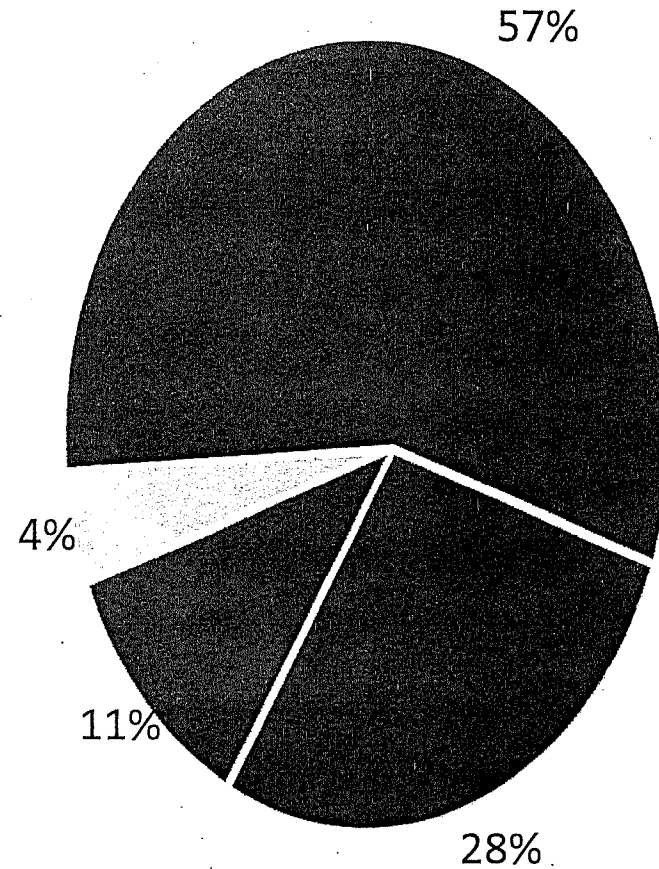


# Lower Polk CBD Annual Budget

- 15 year-term
- Supplemental Community Services
- Baseline City Services Continue

• Budget: \$799,093.54

■	Cleaning Safety & Maintenance	\$478,675.00	(57%)
■	Operations & Management	\$240,900.00	(28%)
■	District Identity, Marketing & Events	\$95,700.00	(11%)
	Contingency & Reserves	\$30,774.54	(4%)





# Lower Polk CBD: Services

1523

## Cleaning, Maintenance

Removal of litter, debris and cigarette butts on sidewalks from the building line to 18" into the street gutter	Daily
Damp wiping and straightening of public fixtures (such as trash can lids and news racks)	Daily
Power Washing of sidewalks and alleys (spot cleaning of most heavily trafficked areas/spills/stains)	Regular as needed
Removal of graffiti on private property with property owner consent	Within 48 hours
Removal of graffiti from public infrastructure	As required
Removal of isolated weeds (larger concentrations of weeds removed by cutting)	As needed
Special Projects. Defined as painting of public infrastructure, cleaning of tree wells, or other similar projects	As requested

## Corridor Safety

### Safety Ambassadors

Foot patrol - all areas to serve as a reassuring presence and a visible deterrent	Daily
Continually engage members of the public to provide directions, recommendations and other information as necessary	Daily
Interact with merchants to share safety related information or learn about merchants concern's related to street level activity	Daily
Report any observed illegal behaviors to the police and document behavior	Daily

## Marketing, Streetscape Improvements, and Beautification

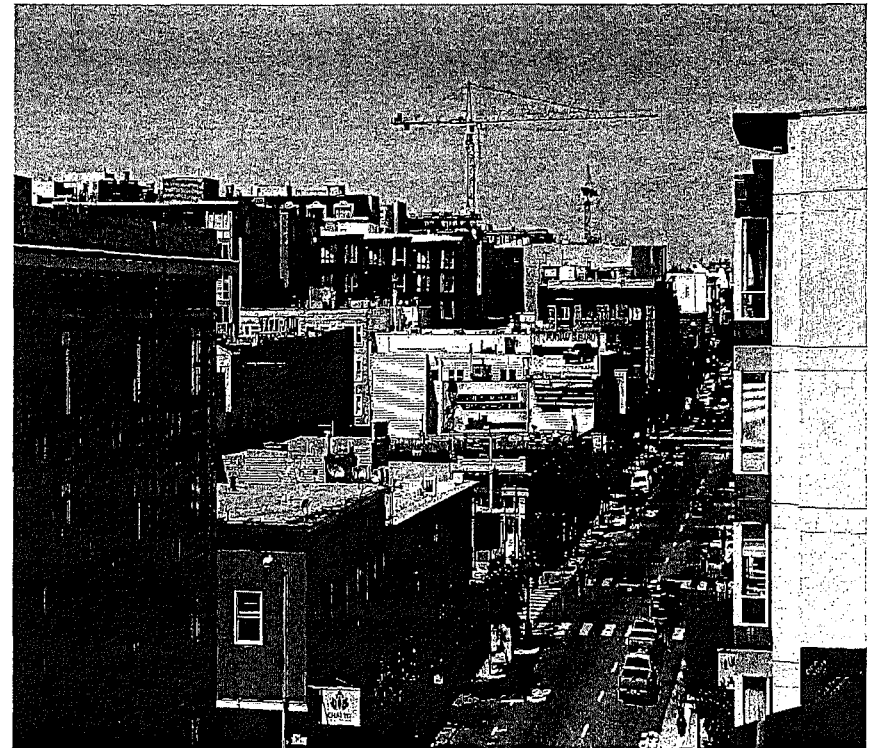
Advocacy	As needed
Beautification	On going
Capital improvements	To be determined
Business retention activities	As needed
Business Attraction	As needed
Newsletters	Quarterly
Advertisements, brochures and website	As needed
Festivals, Art Walks, and other special events	To be determined
Banners and Holiday decorations	Annually

### Social Service Outreach Ambassador

Engage visibly homeless individuals to identify possible needs that could put them on a path to housing. Individuals would be connected to available services offered by existing service providers	Daily
Analyze engagements with persons in need of social services	Daily
Work with San Francisco Police and service organizations to identify strategies to help individuals in need	Daily

# Lower Polk CBD: Cleaning/ Services

- Sweeping sidewalks and plazas
- Graffiti abatement (public/private property)
- Removing trash/debris
- Removing feces, urine, and needles
- Power washing and spot cleaning
- Steam cleaning sidewalk
- Reporting of bulky items for DPW removal
- Weeding tree basins/sidewalk cracks and



# Proposed Lower Polk CBD: Public Safety

## Ambassador Services:

- Pedestrian safety
- Social service outreach
- Merchant outreach
- Way finding/Greetings/Visitor information

## Dispatch Services

- LPCBD Service Request Phone Line for Lower Polk Community



# Proposed Lower Polk CBD: Economic Development

- Business attraction
- Business retention
- Technical support for merchants
- Leasing assistance
- Identify and fill vacancies



# Lower Polk CBD: Management Services

- Day-to-day operations
- Advocacy
- Grant Writing
- Fundraising
- Fiscal Agent
- Administration



# Proposed Lower Polk CBD: Marketing & Identity

- District Marketing/Branding
- Marketing Campaigns/Advertisements
- Outdoor Neighborhood Banners
- Community Events
- Public Space Activation
- Streetscape Improvements

**LOWER** ↑  
**POIK**  
**Community Benefit District**

**Lower** ↑  
**POIK**

**Community Benefit District**

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

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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)

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**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)

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*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

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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

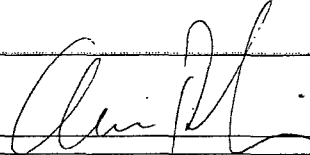
**Subject:**

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:**

