

File No. 211183

Committee Item No. 6

Board Item No. 18

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Government Audit and Oversight
Board of Supervisors Meeting:

Date: January 6, 2022

Date: January 25, 2022

Cmte Board

- | | | |
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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 |
| <input 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

- | | | |
|-------------------------------------|-------------------------------------|--|
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <u>OEWD Presentation – January 6, 2022</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>CBD Annual Report – FYs 2018-2019 and 2019-2020</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>CBD CPA Reports – June 30, 2019 and 2020</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Lower Polk CBD Memo – September 20, 2021</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>OEWD Memo – November 3, 2021</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>FYI Referral – November 17, 2021</u> |

Prepared by: John Carroll

Date: Dec. 17, 2021

Prepared by: John Carroll

Date: January 10, 2022

Prepared by: John Carroll

Date: _____

1 [Lower Polk Community Benefit District - Annual Reports - FYs 2018-2019 and 2019-2020]

2

3 **Resolution receiving and approving annual reports for the Lower Polk Community**
4 **Benefit District for Fiscal Years (FYs) 2018-2019 and 2019-2020, submitted as required**
5 **by the Property and Business Improvement District Law of 1994 (California Streets and**
6 **Highways Code, Sections 36600, et seq.), Section 36650, and the District’s management**
7 **agreement with the City, 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 Fiscal Year (FY) 2014-2015; 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, 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

24 WHEREAS, On November 19, 2019, the Board of Supervisors approved the Lower
25 Polk CBD’s annual report for FY2017-2018 in Resolution No. 401-18; and

1 WHEREAS, The Lower Polk CBD has submitted for the Board’s receipt and approval
2 the Lower Polk annual report for Fiscal Years (FYs) 2018-2019 and 2019-2020 as required by
3 Section 36650 of the Act and Section 3.4 of the Management Contract; and

4 WHEREAS, The Annual Reports are on file with the Clerk of the Board of Supervisors
5 in File No. 211183, 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 November 3, 2020, and documentation from the Lower Polk CBD for the FYs 2018-2019
9 and 2019-2020 Annual Reports are on file with the Clerk of the Board of Supervisors in File
10 No. 211183; now, therefore, be it

11 RESOLVED, That the Board of Supervisors hereby receives and approves the annual
12 report for the Lower Polk Community Benefit District for FYs 2018-2019 and 2019-2020.



Community Benefit District Annual Report

- 1) Yerba Buena CBD - FY 19-20
- 2) Ocean Ave CBD - FY 19-20
- 3) Castro CBD – FY 19-20
- 4) Noe Valley CBD – FY 19-20
- 5) Discover Polk CBD – FY 19-20
- 6) Lower Polk CBD – FY 18-19 & FY 19-20



Chris Corgas
CBD/BID Program Director
January 6, 2022



Legislative Overview

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

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



OEWD Review Process

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



Basic Information

CBD Name	Type	Assessment Budget*	FY 19-20 Assessment Submission	Year(s) Formed & Renewed	Expires
Yerba Buena	Property-Based	\$2,991,722.82	\$3,151,269.00	2008, 2014	2030
Ocean Ave	Property-Based	\$239,578.00	\$330,010.32	2010	2025
Castro	Property-Based	\$384,011.00	\$534,128.08	2005, 2020	2035
Noe Valley	Property-Based	\$218,622.00	\$269,328.30	2005, 2020	2035
Discover Polk	Property-Based	\$601,784.00	\$629,414.98	2018	2029
Lower Polk	Property-Based	\$799,093.54	\$876,709.64	2014	2029



BENCHMARKS

OEWD's staff reviewed the following budget related benchmarks for each CBD/BID:

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 the CBD met its non-assessment revenue source requirement.

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.



Yerba Buena CBD – Benchmarks

Benchmark	Question	Was This Met?
Benchmark 1	Variance between management plan budget and Fiscal Year budget is $X < 10\%$?	Yes
Benchmark 2	Non-assessment revenue is $X \geq 5.08\%$	No
Benchmark 3	Variance between Fiscal Year budget and Fiscal Year Actuals is $X < 10\%$?	Yes
Benchmark 4	Were carryforward funds indicated from one FY to the next FY and were projects designated to be spent on?	Yes



Yerba Buena CBD – Findings & Recommendations

- Awarded funds from Community Benefit Fund for an outdoor art installation at Yerba Buena Center for the Arts, business acceleration services with Renaissance Entrepreneurship Center, Women’s Suffrage Exhibit at American Bookbinders Museum, Halloween Hoopla, and the Yerba Buena Gardens Festival
- Worked with Planning Department, Public Works, and community stakeholders to discuss long-term project to connect Yerba Buena with the Salesforce Transit Center along Natoma and Minna Streets
- Initially stopped service in early days of Covid-19 pandemic, but quickly reinstated services upon City Attorney and OEWD advice
- Reconfigured community grants to nonprofits and small businesses to defray operating costs due to Covid-19 pandemic
- Adjusted the focus of community guides to check in on neighborhood businesses and merchants to assist them during incremental reopening of the economy
- Increased disinfecting of high-touch public surfaces and continued to report and address cleaning and safety issues
- Has a strong board and robust committees
- The Yerba Buena CBD is an extremely well run organization



Ocean Ave CBD – Benchmarks

Benchmark	Question	Was This Met?
Benchmark 1	Variance between management plan budget and Fiscal Year budget is $X < 10\%$?	No
Benchmark 2	Non-assessment revenue is $X \geq 1.00\%$	Yes
Benchmark 3	Variance between Fiscal Year budget and Fiscal Year Actuals is $X < 10\%$?	Yes
Benchmark 4	Were carryforward funds indicated from one FY to the next FY and were projects designated to be spent on?	No



Ocean Ave CBD – Findings & Recommendations

- Should develop a strategic plan to look at short, mid, and long term needs of the District
- Likely that the CBD violated Brown Act
 - Executive Director did not guide board chair through meetings which allowed individual board members to go off agenda, change subject, and not adhere to standard board behavior
- OEWD perceives an unhealthy relationship between the governing board and executive director at the time
- Recommendations:
 - In recruiting new board members, the organization and nominating committee should make efforts to have applicants represent the vibrant diversity of the Ocean Avenue corridor.
 - Board seats should not be held in perpetuity and reinstatement a forgone conclusion, instead members who have expiring terms should reapply to the board and go through the formal nomination and election process.
 - The Board should create ladders to elevate new board members to leadership positions.
 - The governing board and the executive director need to complete the strategic plan process and follow all recommendations issued.
 - The governing board should have an annual retreat where they identify annual objectives and growth opportunities for the organizations.
 - The organization should hire outside legal counsel familiar with CBD/BID laws to advise them rather than rely on board members and the City for legal advice.
 - The governing board should set a maximum term limit for board members at which point they take at least a 2 year break away from the board, but may reapply to join after that period expires.
 - The board needs to clearly spell out expectations for board members.
 - The board needs to create an onboarding process for new board members.
 - Each board member needs to participate fully at board meetings and not allow individuals to control the meetings.
 - The board needs to establish a performance evaluation and metrics for the executive director.
 - The board needs to ensure rules are in place pertaining to the awarding of subcontracts and proper fiduciary management.
 - The board needs to provide overall direction to the executive director and ensure that the director is meeting all tasks and responsibilities



Castro CBD – Benchmarks

Benchmark	Question	Was This Met?
Benchmark 1	Variance between management plan budget and Fiscal Year budget is $X < 10\%$?	No
Benchmark 2	Non-assessment revenue is $X \geq 5.00\%$	Yes
Benchmark 3	Variance between Fiscal Year budget and Fiscal Year Actuals is $X < 10\%$?	Yes
Benchmark 4	Were carryforward funds indicated from one FY to the next FY and were projects designated to be spent on?	Yes



Castro CBD – Findings & Recommendations

- Met 3 out of 4 benchmarks
- Did incredibly well on Benchmark 2 (over 45% of budget was from non-assessment sources)
- Facilitated communication between the Covid Command Center and Castro/Upper Market community.
- Successfully completed a renewal and expansion of the district with 75% of the weighted ballots cast voting to renew and expand for another 15 year term,
- Initially stopped service when Covid-19 stay at home issued, but returned to work once OEWD and the City Attorney's Office provided guidance.
- Partners with the City and County of San Francisco to implement numerous grants such as Castro Cares and Jane Warner Plaza Activation.
- The CBD improved coordination and relationships with neighborhood stakeholders.
- Well positioned to carry out its mission.



Noe Valley CBD – Benchmarks

Benchmark	Question	Was This Met?
Benchmark 1	Variance between management plan budget and Fiscal Year budget is $X < 10\%$?	No
Benchmark 2	Non-assessment revenue is $X \geq 5.00\%$	Yes
Benchmark 3	Variance between Fiscal Year budget and Fiscal Year Actuals is $X < 10\%$?	Yes
Benchmark 4	Were carryforward funds indicated from one FY to the next FY and were projects designated to be spent on?	Yes



Noe Valley CBD – Findings & Recommendations

- Met 3 out of 4 benchmarks
- Did incredibly well on Benchmark 2 (over 30% of budget was from non-assessment sources)
- Facilitated communication between the Covid Command Center Noe Valley community.
- Successfully completed a renewal of the district with approximately 75% of the weighted ballots cast voting to renew for another 15 year term,.
- Partners with the City and County of San Francisco to implement activation of the Noe Valley Town Square.
- Programming at the Noe Valley Town Square was suspended or canceled due to the Covid-19 pandemic.
- The CBD improved coordination and relationships with neighborhood stakeholders.
- Well positioned to carry out its mission.



Discover Polk CBD – Benchmarks

Benchmark	Question	Was This Met?
Benchmark 1	Variance between management plan budget and Fiscal Year budget is $X < 10\%$?	Yes
Benchmark 2	Non-assessment revenue is $X \geq 3.37\%$	Yes
Benchmark 3	Variance between Fiscal Year budget and Fiscal Year Actuals is $X < 10\%$?	Yes
Benchmark 4	Were carryforward funds indicated from one FY to the next FY and were projects designated to be spent on?	Yes



Discover Polk CBD – Findings & Recommendations

- Met all benchmarks
- Ended service contract with the Lower Polk CBD
 - Contract has Lower Polk CBD provide the services within DPCBD
 - Ended so districts could better respond to unique needs of both districts
- Led hiring process to hire new executive leadership
 - Hired Duncan Talento Ley and Ben Bleiman as co-executive directors
- Had process to hire a service contractor – StreetsPlus selected
- Facilitated communication between district stakeholders and the Covid Command Center
- Continued operations once shelter in place was declared
- Modified services to better address unique concerns at beginning of the Covid-19 pandemic
- Implemented BigBellies within the CBD area.
- The CBD improved coordination and relationships with neighborhood stakeholders.
- Well positioned to carry out its mission.



Lower Polk CBD – Benchmarks

Benchmark	Question	Was This Met in FY 18-19?	Was this met in FY 19-20?
Benchmark 1	Variance between management plan budget and Fiscal Year budget is $X < 10\%$?	Yes	No
Benchmark 2	Non-assessment revenue is $X \geq 5.55\%$	Yes	Yes
Benchmark 3	Variance between Fiscal Year budget and Fiscal Year Actuals is $X < 10\%$?	Yes	Yes
Benchmark 4	Were carryforward funds indicated from one FY to the next FY and were projects designated to be spent on?	Yes	Yes



Lower Polk CBD – Findings & Recommendations

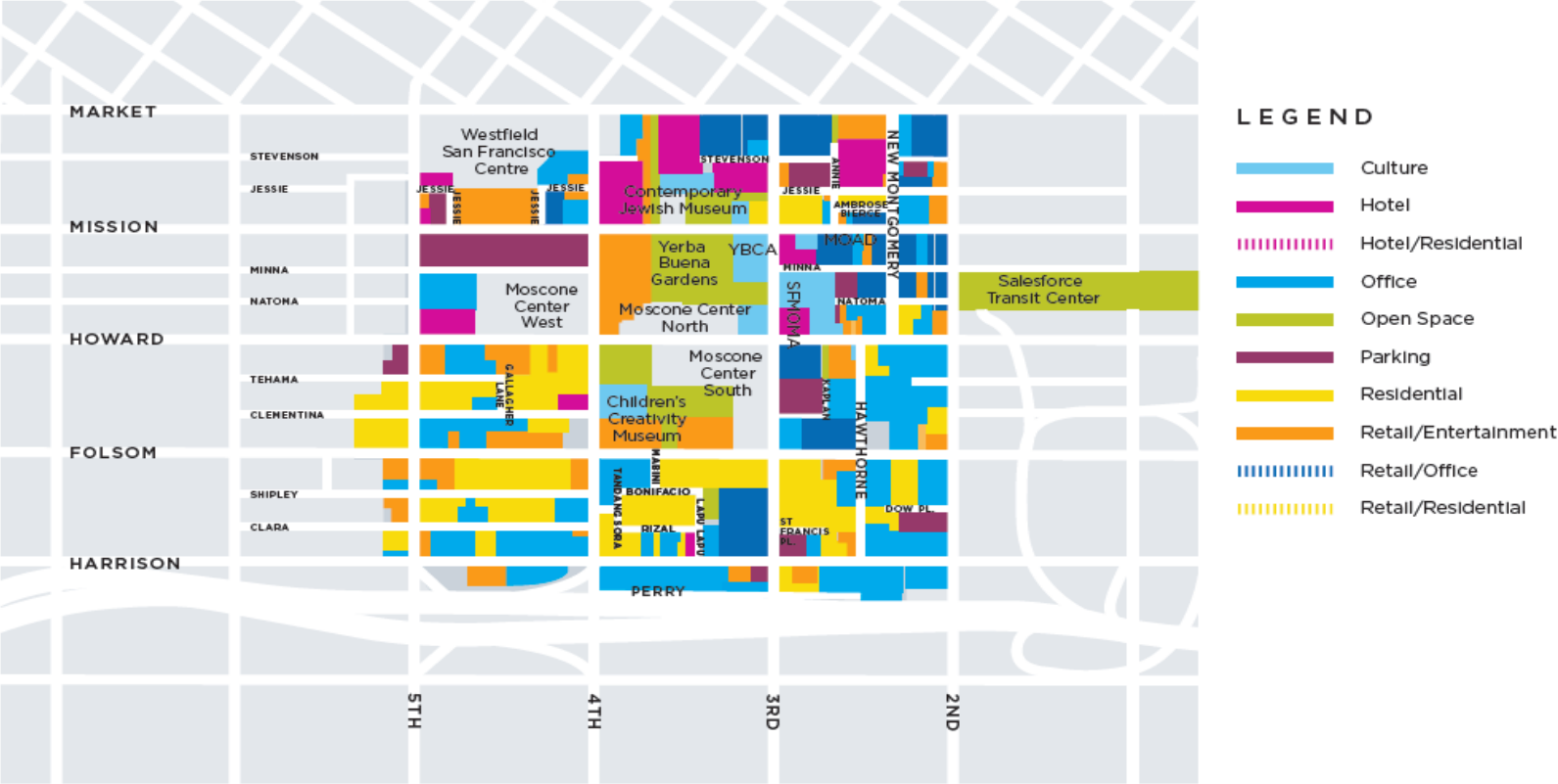
- Did not turn in annual reports and financial statements for either FY 2018-2019 or 2019-2020 in a timely manner.
 - Provided summary memo explaining the delays, part of board packet.
 - Delay initially caused by staff turnover and exacerbated by change in financial professional.
 - Reports are difficult to access online
 - OEWD recommends making them more easily accessible on CBD's website
- Initially suspended services at the beginning of the Covid-19 pandemic, but reinstated upon advice from OEWD and the City Attorney.
- Partnered with Covid Command Center to disseminate information to Lower Polk stakeholders.
- Supported local businesses and continued efforts of Lower Polk Tenant Landlord Clinic throughout the pandemic.
- Continues to be an asset to Lower Polk community.
- Generally performed well in implementing its service plan, but must improve on timely reporting,





Presentation to the San Francisco Board of Supervisors
Government Audit and Oversight Committee
January 6, 2022

What is the Yerba Buena District?



What does the YBCBD do?

YBCBD Mission Statement:

Advance the **quality of life** for residents and visitors in the Yerba Buena Neighborhood and San Francisco on an ongoing basis by fostering a **safer and more secure community**, enhancing **environmental quality and beauty**, and reinforcing the **viability of our economic base**.

1. Cleaning

Clean Team
Steam Cleaning
Bigbelly Program



3. Streetscape

Public Art
Pedestrian Safety
Community Spaces



5. Community Benefit Grants

Public Art
Community Building
Streetscape Improvements
Safety Enhancements

2. Safety

Community Guides
SFPD Bike Patrol
Social Services Specialist



4. Marketing

Events
Marketing Campaigns
Social Media



Pre Pandemic Highlights

- 9th Annual Yerba Buena Night
- Bigbelly Art
- 2nd SOMA Sunday Streets
- Yerba Buena Walking Tours
- Yerba Buena Gardens Conservancy formation
- Community Benefit Fund Grants
 - Yerba Buena Center for the Arts
 - Renaissance Entrepreneurship Center
 - American Bookbinders Museum
 - Children's Creativity Museum
 - Contemporary Jewish Museum
 - SPUR
 - Yerba Buena Gardens Festival



Yerba Buena Night 2019

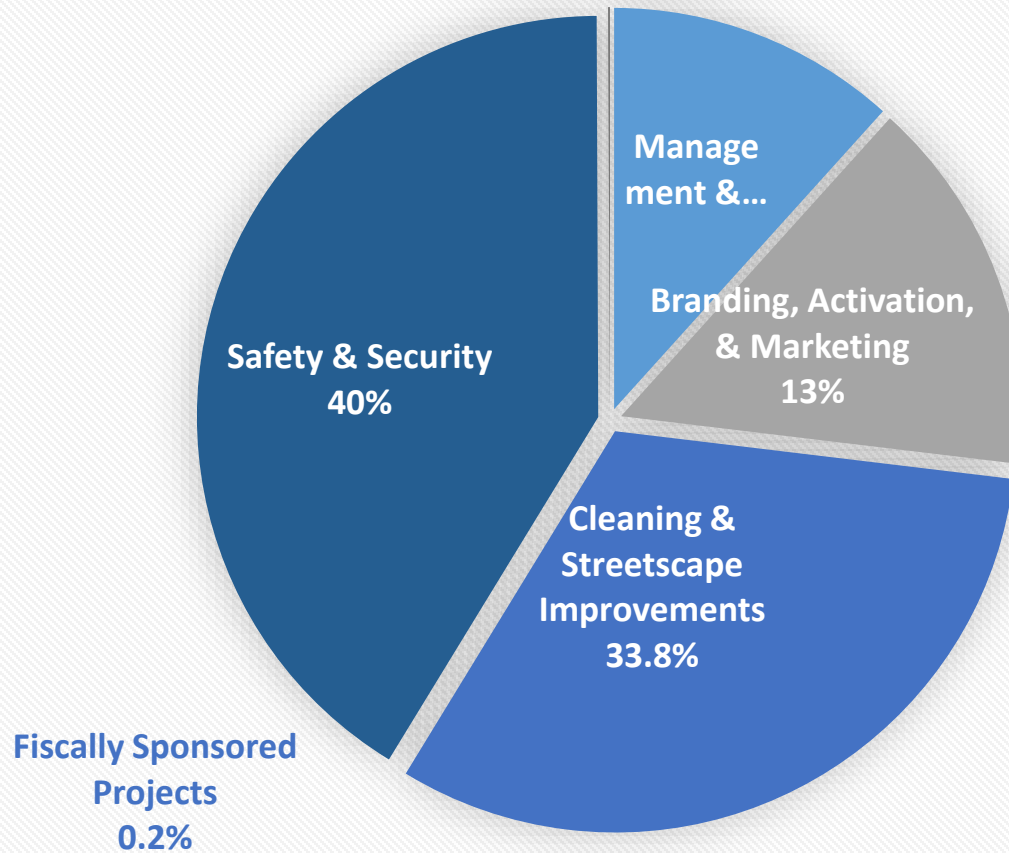
After March 2020

- Continued Clean and Services with adjusted focus
- Created “resource center” to share general pandemic-related information and resources
- Acquired PPE and distributed to businesses and non-profits in need
- Distributed masks to anyone in need in collaboration with Supervisor Haney
- Marketing focus on open businesses with short videos
- Adjusted structure for FY20-21 Community Benefit Fund Grants
- Developed structure for Small Business Grants

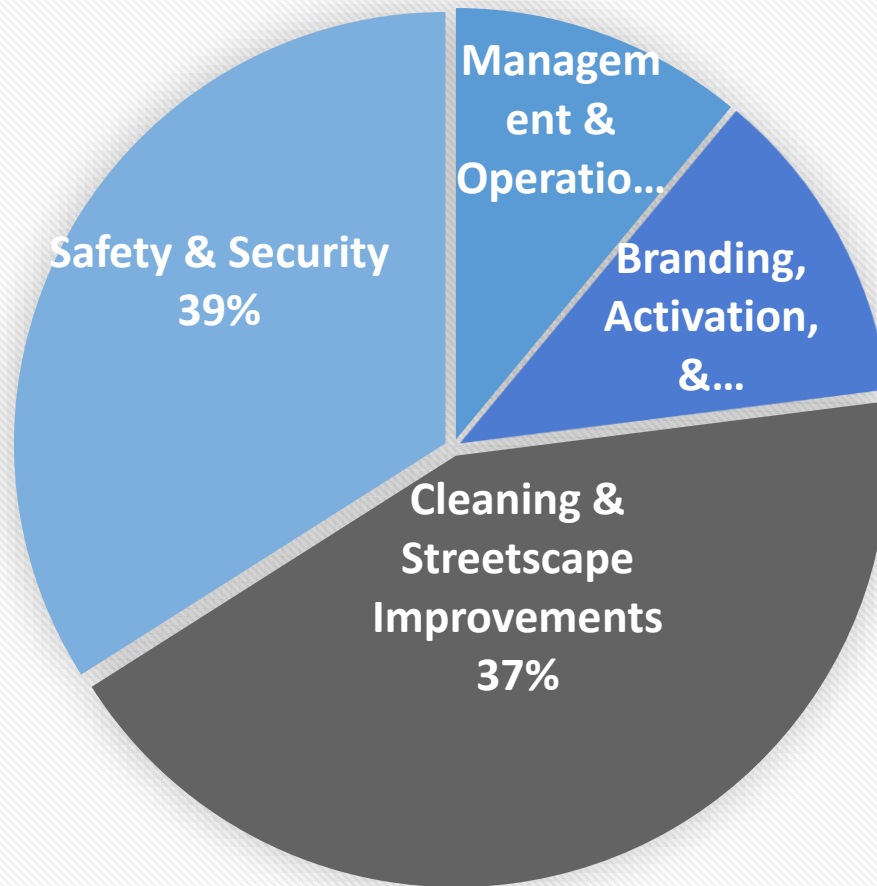


YBCBD Community Guide disinfecting high-touch surfaces

FY19-20 ACTUALS



FY20-21 BUDGET



Bigbelly Art Ribbon Cutting

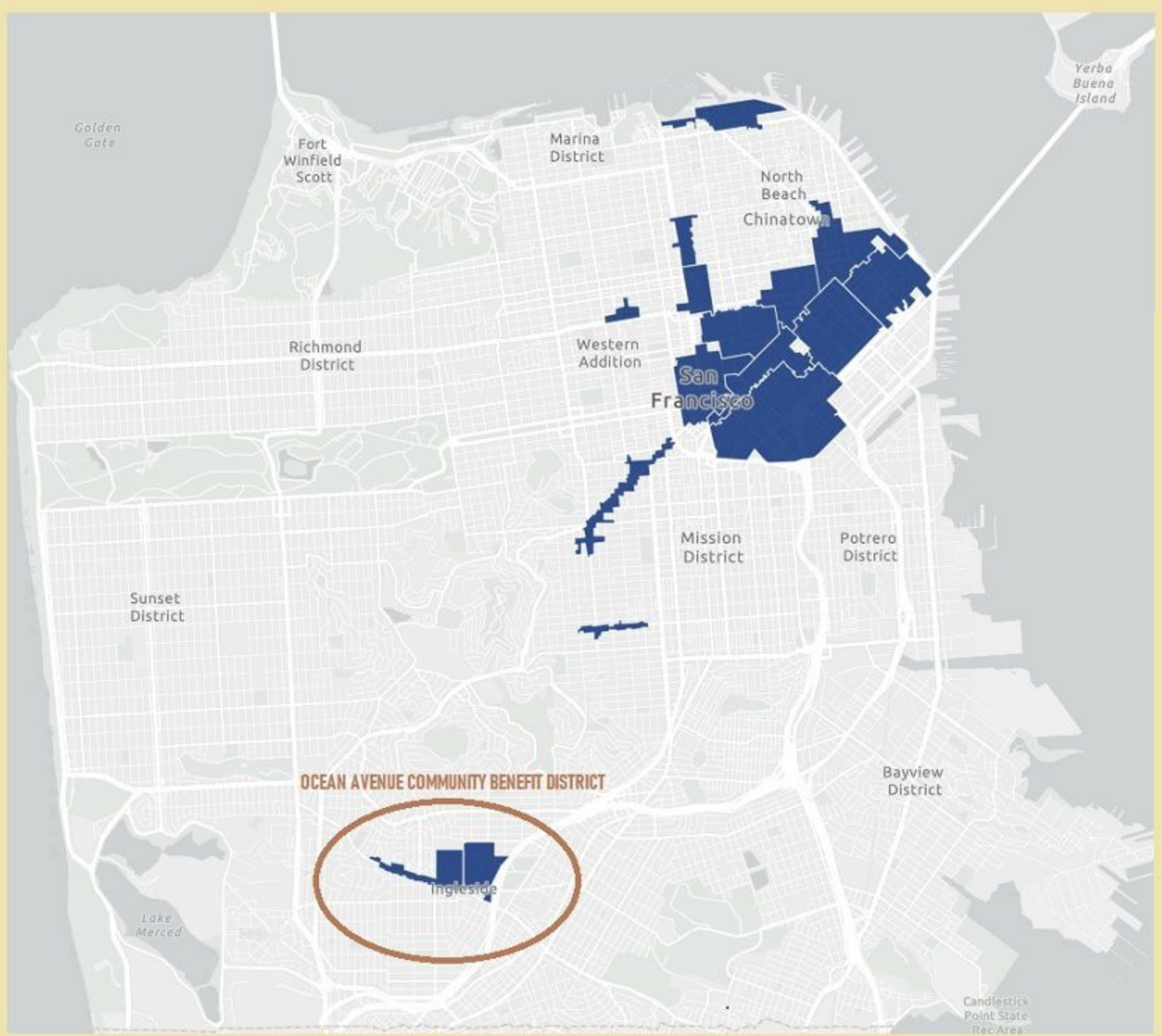




Annual Report
2019-2020

Pierre Smit,
Executive Director

Jordan Mar,
Small Business &
Marketing Manager





Accessibility | Literacy | Proximity | Unity

- Easy Access by BART, MUNI, FWY280, Junipero Serra
- A Corridor to Literacy with CCSF, SFSU, HS, MS, ES
- Steps Away from Many Distinct Neighborhoods
- A Place of Unity for Businesses Serving Folks of All Backgrounds

AR 19/20





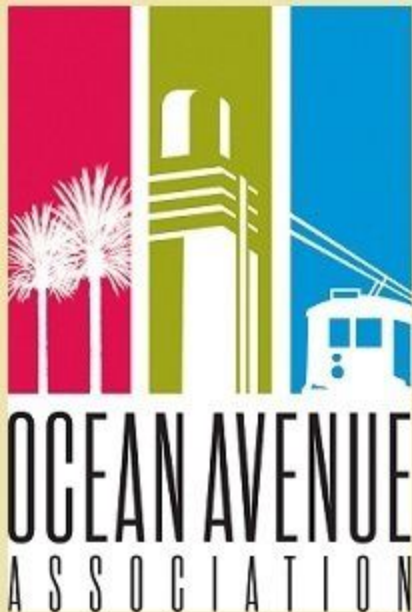
The OAA Clean Team

- Sweeping twice daily in most area of the CBD
- Pressure washing sidewalk a block per week
- Graffiti removal/covering within 24 hours
- Community clean-up of some neighboring areas

x Trash & Cardboard removed in FY19-20.....	66,000 lbs
x Animal & Human Waste Pick ups.....	1,450
x Graffiti Removal.....	780
x Instances of Steam Cleaning.....	1,075
x Illegal Dumping - 311 Calls.....	220

AR 19/20





Beautification & Maintenance

- Planting areas
- On wide sidewalks
 - Watered weekly
 - Maintained as needed

Trees planted with the assistance of DPW on different side streets

AR 19/20

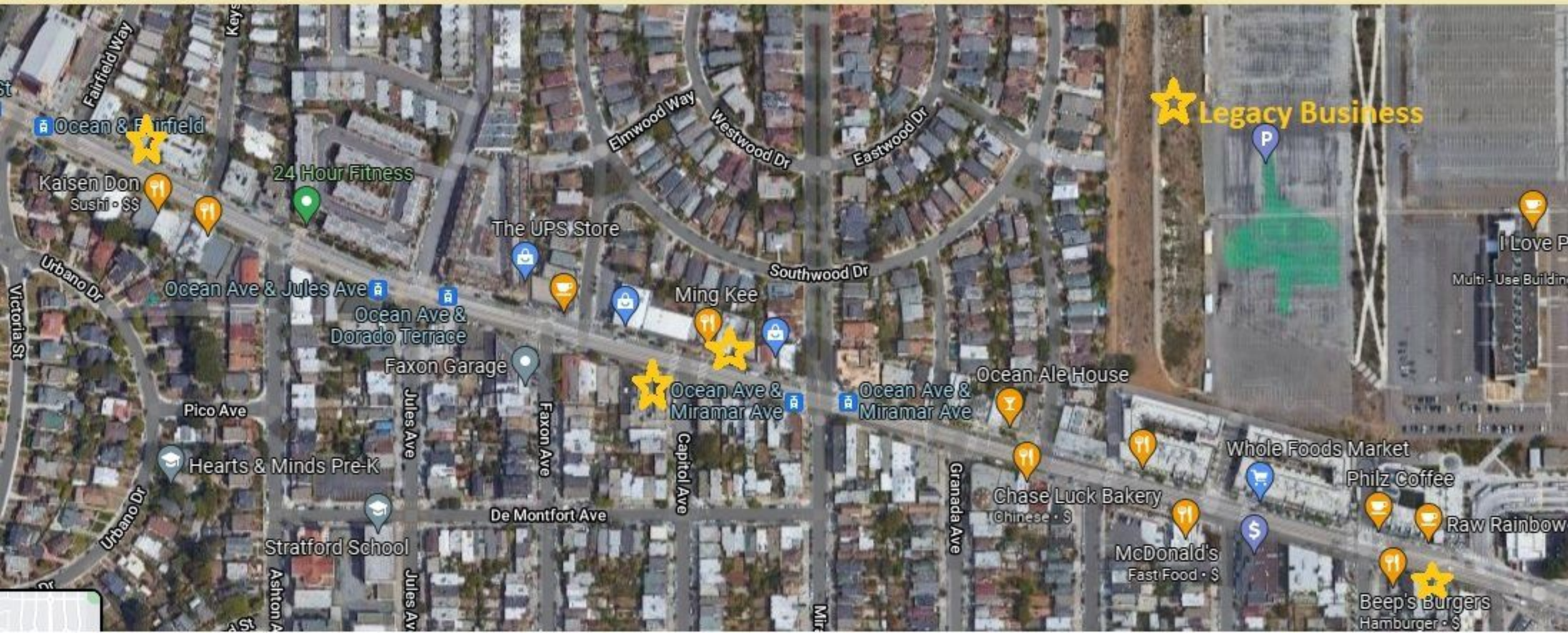




Small Business Program

- Pandemic Response to Small Businesses
- Free Legal Services
- Legacy Businesses Filing
- Commercial Space Inventory
- Assisting Prospective Businesses

AR 19/20

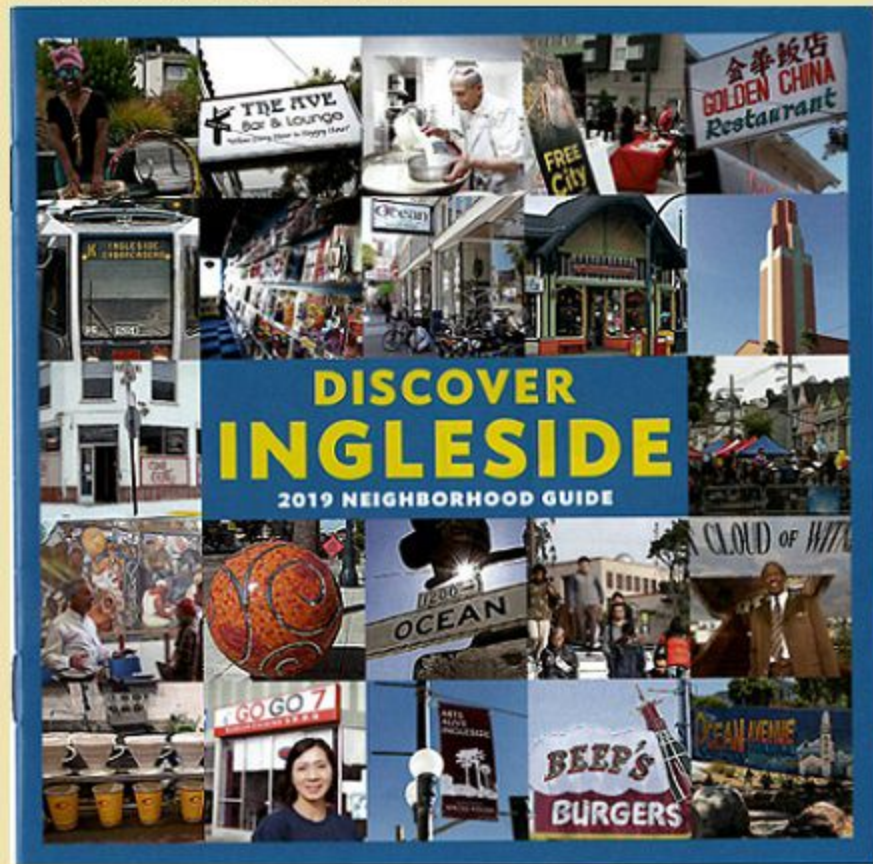




Discover
Ingleside
2019
Neighborhood
Guide

Renewal
and
Expansion
Including
- Balboa Upper Yard
- Balboa Reservoir

AR 19/20





Events, Promotions & Projects

- Lunar New Year
- Promotion of OMI-CPP and SF Turkey Drive
- Public Live Survey
- Public Art
 - Ingleside Library Gateway
 - Murals

AR 19/20

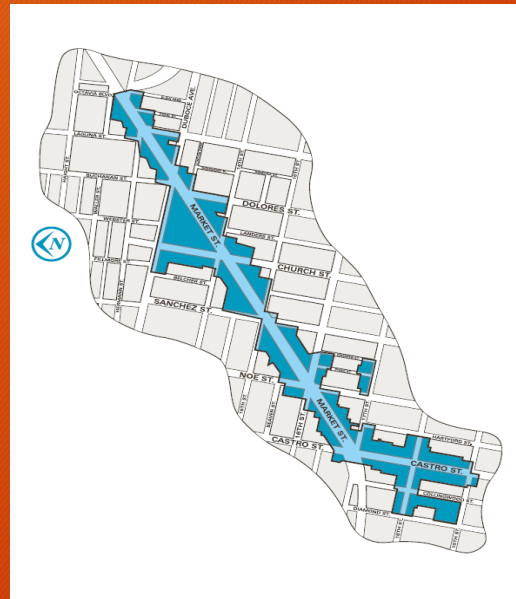


Castro/Upper Market Community Benefit District

San Francisco Board of Supervisors Government & Oversight
Committee



DISTRICT MAP



ACTIVE COMMITTEES

- ◆ Executive Committee
- ◆ Finance Committee
- ◆ District Identity & Streetscape Committee
- ◆ Services Committee
- ◆ Land Use Committee
- ◆ Retail Strategy Committee
- ◆ Castro Cares Leadership Team
- ◆ Renewal Committee

GRANTS

- ◆ OEWD Castro Cares
- ◆ OEWD Jane Warner Plaza Improvement
- ◆ OEWD Castro Corridor Manager

Cleaning Services



CLEANING UP IN FY 2019-20

- Daily Sweeping
- Monthly + steam cleaning
- TRASH! 87,420 pounds of trash removed
- GRAFFITI! 7,048 incidences of graffiti abated
- NEEDLES! 2,823 dirty/hazardous needles collected
- CARDBOARD! 16,728 yards of flattened cardboard
- HAZARDOUS WASTE! 4,674 incidences of human feces removed

PUBLIC SAFETY

- SF Patrol Special Police 7 Nights/Week
- Evening Foot Patrols:
 - Jane Warner Plaza, Harvey Milk Plaza
 - Castro Street
- Vehicle Patrols:
 - Market Street
 - Church Street
 - Bikeway behind Safeway

(collaboration between late night businesses and Castro CBD)

Public Space Management & Activation

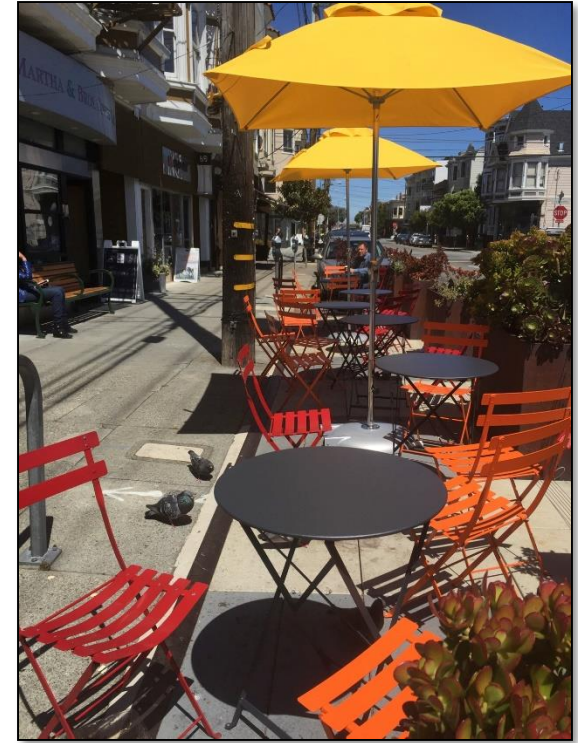
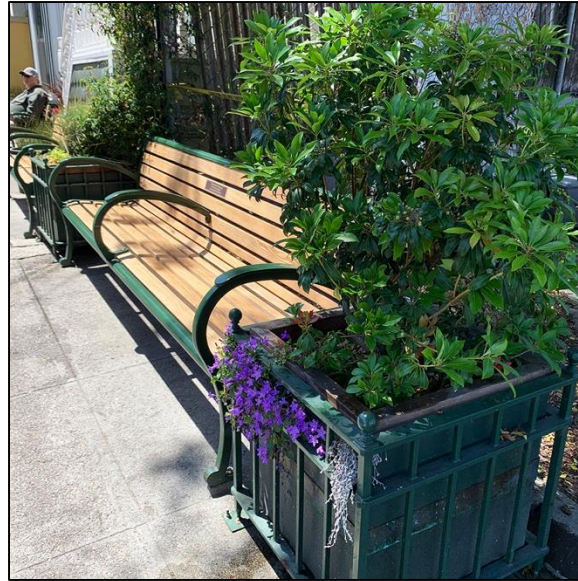


THANK YOU!



Noe Valley Association
A Community Benefit District
noevalleyassociation.org

FY 19-20 Annual Report
Government Audit & Oversight Committee
January 6, 2022



NVA Street porters worked full time through COVID-19, not missing a day of work in the district.

Public seating was well-used during the pandemic lock down.



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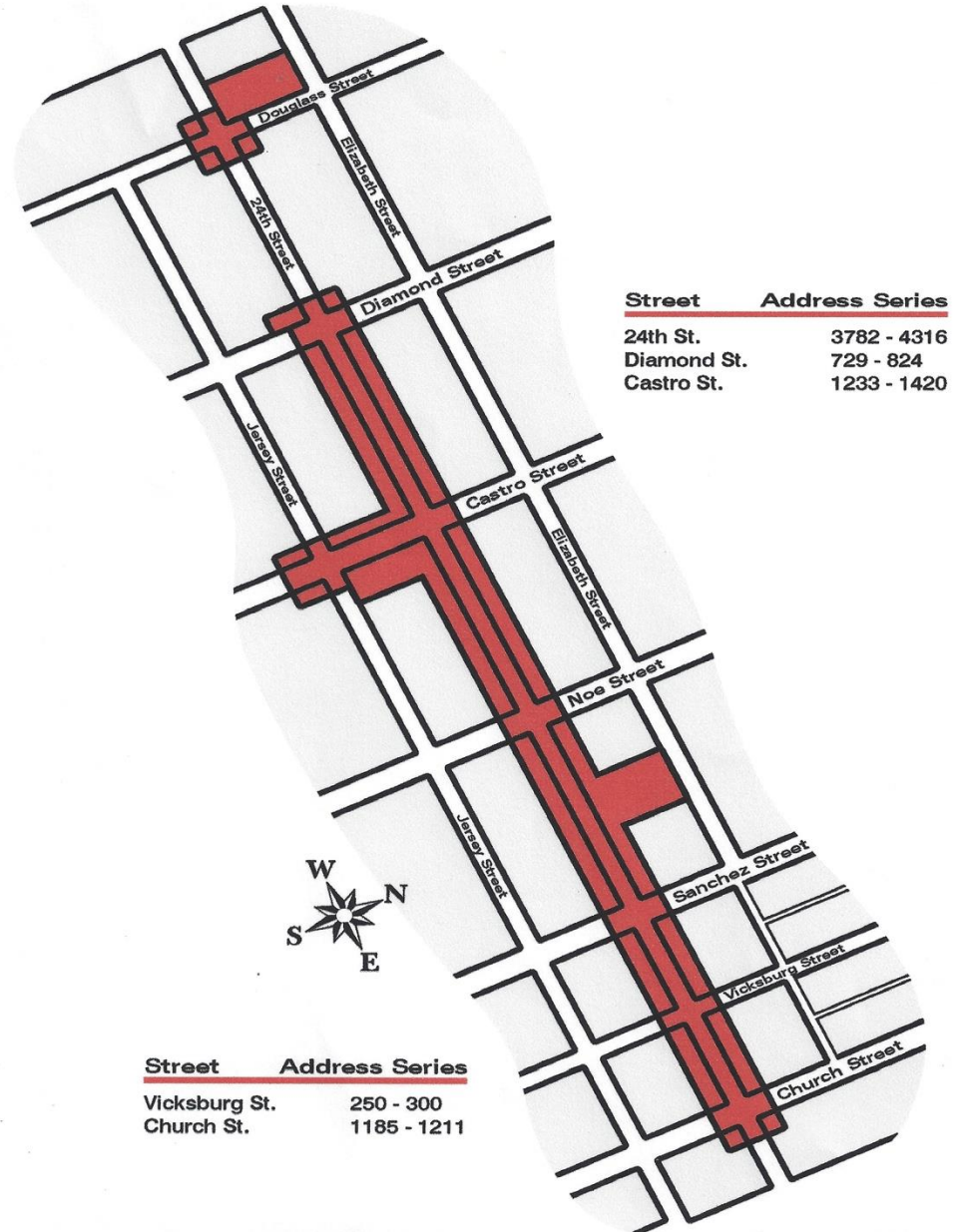
The NVA Renewed in 2020!

- Property Owners renewed the district for another 15 years with a favorable vote of 76% to 24%.
- This is a 19% increase in “yes” votes compared to the original vote to create the CBD in 2005.
- The new Management Plan changes include the elimination of four property corners.



**Noe Valley Association- A Community Benefits District
Address Range Map**

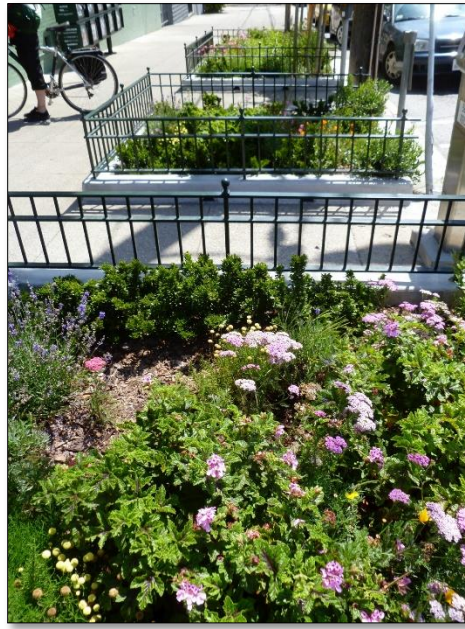
Noe Valley CBD Area Map



Noe Valley Association
A Community Benefit District
noevalleyassociation.org

NVA Active Committees

Green Committee - Streetscape Improvements



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A Community Benefit District
noevalleyassociation.org

Community Event Marketing

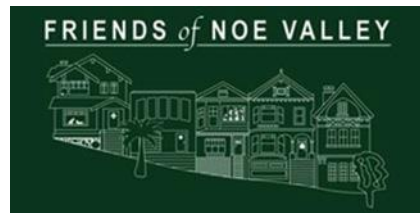


NVA Partner Organizations



Noe Valley Merchants & Professionals Association

<http://www.noevalleymerchants.com>

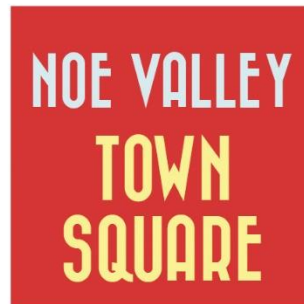


Friends of Noe Valley

<http://friendsofnoevalley.com>



Noe Valley Association
A Community Benefit District
noevalleyassociation.org



Noe Valley Town Square

<http://noevalleytownsquare.com>

Grants

NVA as Fiscal Agent for the Noe Valley Town Square



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Day to Day Operations

- Annual removal of **258** bulky trash items
- Annual removal of **262** graffiti marks, stickers
- **9** annual power washings of sidewalks
- **223** calls to 311 for removal of bulky items
- **201** tree wells weeded and watered
- **24** flower baskets hung every six months
- **27** Planter boxes replanted every six months
- **7** large sidewalk garden areas maintained monthly
- **1** public park & **2** parklets maintained year-round
- **Two** full-time street porters and a part-time gardener.



Opportunities

Continue to support activation of the Noe Valley Town Square – a widely used and valued public space in the heart of Noe Valley



Thank You.

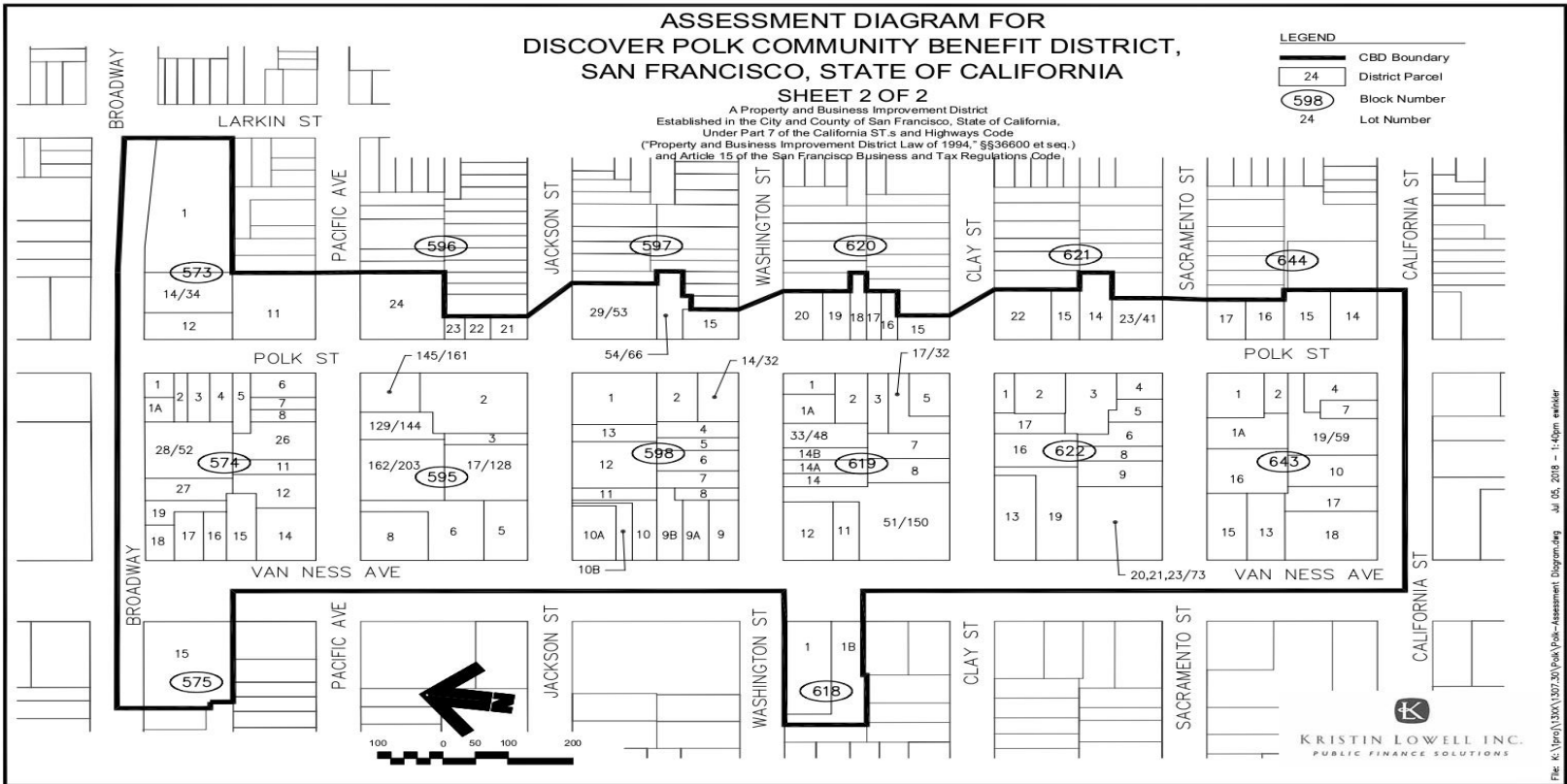


Noe Valley Association
A Community Benefit District
noevalleyassociation.org

Annual Report Highlights – FY 19/20



District Map - 535 total parcels



Board & Staffing Changes

- DPCBD maintained the same twelve (12) Board members throughout the period of the 2019/2020 Annual Report.
- The previous executive management – contracted through LPCBD - resigned two months before the end of 2019. DPCBD finished 2019 operating two (2) months without the support of an Executive Director or District Coordinator.
- In November 2019, the Board approved a job description for Executive Director and a search was launched. A working group interviewed four (4) qualified candidates in December 2019 and January 2020, and unanimously approved the application of a local hospitality and community affairs management company, Tonic Nightlife Group; the Board ratified the choice at a special meeting on January 10, 2020 and the new Executive Management Team accepted the offer on January 20, 2020.

- **Neighborhood Cleanliness**

- In December 2019, DPCBD conducted a rubbish audit with rubbish.love and the results were surprising. The bulk of sidewalk soil is gum stains (64%) and cigarette butts (19%). The data from this audit has helped DPCBD prioritize cleaning efforts.

- StreetPlus ramped up to near full levels by Q1 2020 (COVID19 challenges notwithstanding), including regular power washing and steam cleaning of every sidewalk in the district at a minimum of once per every two (2) weeks.

- DPCBD was notified in December 2019 that it had received a grant from OEWD for five (5) Big Belly trash bins. DPCBD worked with OEWD to identify ideal locations for the cans and contracted with a designer for the artwork that would “wrap” the cans in order to provide additional branding for the DPCBD.

- The Big Belly trash cans were installed and operational by June 2020; including a socially distanced press conference with D3 Supervisor Peskin as the main speaker.

- **Statistical Summary of Services Provided by LPCBD February 2019 to November 2019 and StreetPlus December 2019 to July 2020***

Pounds of trash removed	73,163
Hazardous waste (needles) disposed	1,182
Graffiti abated (number of instances)	373
Linear frontage steam cleaned (sq ft)	115,000
Calls addressed for cleaning (direct calls are rare)	7
Call addressed for public safety	3

Budget

FY 2020-21

REVENUE AND SUPPORT

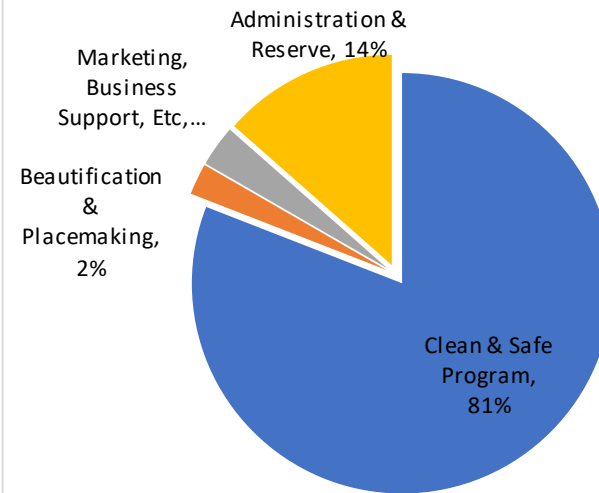
Assessments	654,820
Fundraising/In-Kind	37,000
Interest Income	0
TOTAL REVENUE AND SUPPORT	691,820

EXPENSES

Clean & Safe Program	432,713
Beautification & Placemaking	12,882
Marketing, Business Support, Etc	16,950
Administration & Reserve	72,235
TOTAL EXPENSES	534,779

* Financial data from the audited financial statements.

FY 2020-2021 budget



Financial Data*

Statement of Operations (Actual vs. Budget)

for the fiscal year ended June 30, 2020

	Actual	Budget	Variance Positive/(Negative)
REVENUE AND SUPPORT			
Assessments	630,940	628,327	2,614
Fundraising/In-Kind	22,605	37,000	(14,395)
Interest Income	0	0	0
TOTAL REVENUE AND SUPPORT	653,546	665,327	(11,781)
EXPENSES			
Clean & Safe Program	280,668	349,181	68,512
Beautification & Placemaking	13,998	21,864	7,866
Marketing, Business Support, Etc	36,172	28,768	(7,404)
Administration & Reserve	93,115	76,521	(16,594)
TOTAL EXPENSES	423,953	476,334	52,381
Change in Net Assets	229,592	188,992	64,162
Prior Year Net Assets (Carryover)	424,195	424,195	0
TOTAL NET ASSETS	653,787	613,187	64,162

Statement of Financial Position

As of 06/30/2020

ASSETS

Cash and Cash Equivalents	654,681
Assessment and Other Receivables	7,320
Prepaid Expenses	308
Equipment, net	1,679
TOTAL ASSETS	663,988

LIABILITIES & NET ASSETS

LIABILITIES

Accounts Payable	10,200
TOTAL LIABILITIES	10,200

NET ASSETS

Without Donor Restrictions	646,468
With Donor Restrictions	7,320
TOTAL NET ASSETS (CARRYOVER)	653,788
TOTAL LIABILITIES & NET ASSETS	663,988

Financial Notes

Revenue

- Assessment revenues followed very closely to plan for the fiscal year. The District's non-assessment revenues (General Benefit) is below plan by \$14,395 but above the mandatory \$20,000 requirement.

Expense

- Overall expenses for the fiscal year are under budget by \$52,381 relative to plan.

Clean & Safe

- Clean & Safe expenses are significantly under the budget due to understaffing issues at StreetPlus mostly related to the COVID19 crisis.

Beautification & Placemaking

- Beautification & Placemaking expenses are \$7,866 under the budget due to the COVID19 crisis.

Marketing & Business Support

- Marketing & Business Support expenses are \$7,404 over the budgeted plan due to the transition phase between Executive Management teams, additional spend related to communication campaigns and funds utilized for DPCBD branding on the BigBelly Trash cans.

Admin & Reserve

- Admin & Reserve expenses are \$16,594 over the budgeted plan due to rent expense for StreetPlus equipment along with additional professional service expenses.

Conclusion

For much of the latter portion of FY2019/2020, DPCBD was consumed with helping the district adapt to and manage the challenges of the COVID19 pandemic. This included but was not limited to working with StreetPlus to modify their cleaning processes to utilize PPE and social distancing protocols, partnering with local businesses to help build their outdoor “parklets” through the City’s Shared Spaces program and addressing myriad concerns and questions from residents to ensure the safety and wellbeing of everyone in the district during the pandemic.

We were extremely fortunate that our assessments came in at (or very near to) budget.



Lower Polk Community Benefit District
Annual Reports
FY 18-19 and FY 19-20

Chris Schulman
Executive Director

• LOWER POLK •

COMMUNITY BENEFIT DISTRICT



District Map

★

• LOWER POLK •

COMMUNITY BENEFIT DISTRICT

LOWER POLK COMMUNITY BENEFIT DISTRICT



22 whole or partial blocks

480 Parcels

Generally Alice B. Toklas Pl/Myrtle Alley to the South to California Street to the North

Generally Van Ness Avenue to the West and Larkin to the East

Includes CPMC Medical Center and Sgt. John MacAulay Park parcels

Legend

□ District Lots
 ■ District Boundary

Prepared by



Services and Programs

Cleaning and Maintenance

- Pan and broom sweeping
- Pressure washing
- Graffiti Abatement
- Other maintenance including tree wells, trash receptacles, etc.
- Staff restroom adjacent to Sgt. Macaulay Park (through March 2020)

Safety

- Work with neighborhood and City stakeholders to improve safety in the community
- Deploy an ambassador focused on community/social service outreach at Sgt. Macaulay Park
- (2022) Deploying roving team of community ambassadors throughout district

Neighborhood Beautification/Streetscape Improvements/Activations

- Fern Alley Streetscape Improvements/Polk Street Beautification Project
- Partner with Lower Polk Neighbors on activations
- Lower Polk/Tenderloin Art Walk and Wine Walks





Lower Polk Tenant Landlord Clinic

With support and funding from the City of San Francisco, LPCBD continued to operate the award-winning Lower Polk Tenant Landlord Clinic, which helps landlords, small merchants, and tenants resolve issues that may lead to tenant or merchant displacement.

- The TLC is a unique interdisciplinary program that works to keep residential tenants and small “mom and pop” merchants stably sited in their current places of residence or business
- The TLC accomplishes this via education, outreach, referrals, and when needed, alternative dispute resolution. When alternative dispute resolution is required, we work on a rapid response model.
- Primary Partner is the Bar Association of San Francisco
- Hundreds of residential and small business clients served annually



Lower Polk Tenant Landlord Clinic

Client Demographics:

- Ages Range from Teens to 80's with most clients middle aged or senior citizens
- Clients are split identifying as Male and Female with 4% of clients being trans or gender non-conforming.
- Only about 48 percent of our clients identify as straight, with the remainder either choosing not to identify, or identifying as gay or bisexual or "not listed."
- The vast majority of our clients earn under \$18,000 per year, and people who identify as white make up less than 30 percent of our clients.



Financial Data*

Statement of Operations

for the fiscal year ended June 30, 2019

	Actual
REVENUE AND SUPPORT	
Assessments	879,223
Fundraising/In-Kind	596,094
Interest Income	94
Loss on Assets Disposal	(639)
Other	281
TOTAL REVENUE AND SUPPORT	1,475,053
EXPENSES	
Cleaning, Maintenance, and Safety	889,560
Marketing, Streetscape, and Beautification	585,581
Management and Operations	303,429
TOTAL EXPENSES	1,778,570
Change in Net Assets	(303,517)
Prior Year Net Assets (Carryover)	1,014,722
TOTAL NET ASSETS	711,205



Statement of Financial Position

As of 06/30/2019

ASSETS

Cash and Cash Equivalents	500,560
Assessment and Other Receivables	103,954
Prepaid Expenses	73,350
Equipment, net	382,517
TOTAL ASSETS	1,060,381

LIABILITIES & NET ASSETS

LIABILITIES

Accounts Payable	21,397
Accrued Liabilities	226,894
Advances and Unearned Revenue	100,885
TOTAL LIABILITIES	349,176

NET ASSETS

Without Donor Restrictions	696,828
With Donor Restrictions	14,377
TOTAL NET ASSETS (CARRYOVER)	711,205
TOTAL LIABILITIES & NET ASSETS	1,060,381



Financial Data*

Statement of Operations (Actual vs. Budget)

for the fiscal year ended June 30, 2020

	Actual	Budget	Variance Positive/(Negative)
REVENUE AND SUPPORT			
Assessments	903,505	876,710	26,795
Fundraising/In-Kind	599,573	750,295	(150,722)
Interest Income	81	-	81
Loss on Assets Disposal	-	-	-
Other	-	-	-
TOTAL REVENUE AND SUPPORT	1,503,159	1,627,005	(123,846)
EXPENSES			
Cleaning, Maintenance, and Safety	836,515	1,109,932	273,417
Marketing, Streetscape, and Beautification	485,491	424,631	(60,860)
Management and Operations	228,953	285,447	56,494
TOTAL EXPENSES	1,550,959	1,820,010	269,051
Change in Net Assets	(47,800)	(193,005)	(145,205)
Prior Year Net Assets (Carryover)	711,205	711,205	-
TOTAL NET ASSETS	663,405	518,200	(145,205)



Statement of Financial Position

As of 06/30/2020

ASSETS

Cash and Cash Equivalents	548,456
Assessment and Other Receivables	140,226
Prepaid Expenses	33,871
Equipment, net	256,289
TOTAL ASSETS	978,842

LIABILITIES & NET ASSETS

LIABILITIES

Accounts Payable	37,080
Accrued Liabilities	94,940
CARES Act PPP Loan	183,417
TOTAL LIABILITIES	315,437

NET ASSETS

Without Donor Restrictions	636,865
With Donor Restrictions	26,540
TOTAL NET ASSETS (CARRYOVER)	663,405
TOTAL LIABILITIES & NET ASSETS	978,842

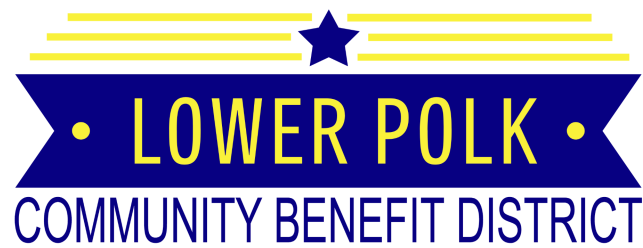


Chris Schulman
Executive Director
cschulman@lowerpolkcbd.org
415-775-1185



LOWER POLK COMMUNITY BENEFIT DISTRICT

2018-2019 Annual Report



Executive Summary

We are pleased to submit this annual report regarding our organizational accomplishments and financial status for the 2018-2019 Fiscal Year. The members of our local, diverse, and active Board of Directors continue to collectively demonstrate outstanding leadership and commitment to our unique and vibrant District. As a new CBD, our organization has been extremely busy. Some of our initiatives have included, but are not limited to:

❖ **Launching:**

- the award-winning Lower Polk Tenant Landlord Clinic;
- the reimagined and open Fern Alley;

❖ **Serving:**

- on the City's Graffiti Advisory Board;
- on Lower Polk Neighbors;

❖ **Moving**

- our operation off Microsoft Office and to Google Workspace for additional internet security;
- our web properties from GoDaddy to Amazon Web Services for additional internet security;

❖ **Creating:**

- a new Lowerpolkcbd.org web presence;
- a web presence for the Lower Polk Tenant Landlord Clinic;

❖ **Continuing:**

- on the improvement of the Bonayo.org mapping app to help our workers respond to citizen concerns;
- to help in the formation of San Francisco CBD Consortium;
- to secure additional Big Belly trash cans and to have them wrapped with designs from local artists;
- to advocate for 24 hour Pit Stop funding;

❖ **Working:**

- with Redding Elementary School to assist in fundraising for a language specialist;
- with Discover Polk CBD for part of the year to assist them in their startup and provide initial



- cleaning and safety services under contract;
- with Supervisor Haney on 311 issues which affected portions of our own District;
- with Civic Edge to create local business map and brochures;
- with Civic Edge to implement street banners in Lower Polk Street;
- to continue improving and documenting internal policies and procedures;

While much has been accomplished over these first few years of our existence – including the above – much remains to be done. We look forward to working in partnership with the City of San Francisco and our constituents to improve the quality of life for all of those who live, work, and visit the Lower Polk.

Status and Progress of Programs

Some additional highlights of our accomplishments for the 2018-2019 fiscal year are outlined below.

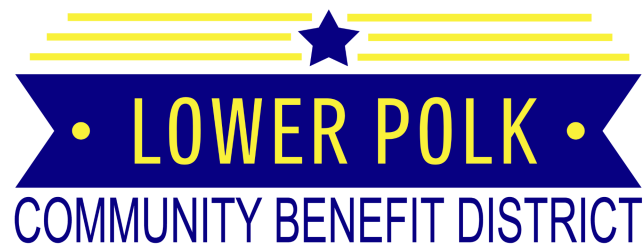
Management & Operations

Board & Staff

- ❖ Elected new board members and renewed the terms of current board members, and elected new officers and committee chairs.
- ❖ Continued to stay abreast of new developments in the Lower Polk District and their overall impact on quality of life, and other issues.
- ❖ Continued to be involved in leadership positions with many community and City organizations, including Lower Polk Neighbors and the Mayor's Graffiti Advisory Board, just to name a few.

Finance and Fund Development

- ❖ Completed our organizational annual audit and received an unmodified opinion.
- ❖ Conducted a review of organizational investments.
- ❖ Conducted a review of organizational insurance.
- ❖ Prepared five-year budget projections.



Cleaning and Maintenance

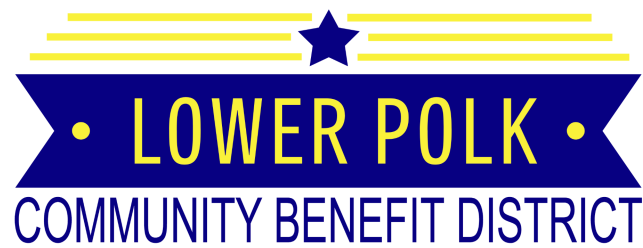
- ❖ The LPCBD Ambassador Clean Team continued to work 365 days a year to address and remediate District cleanliness issues. Therefore we:
 - continued to sweep and steam clean District sidewalks;
 - continued to clean and weed tree wells;
 - continued to monitor public trash receptacles and continued reporting large items to the City for removal;
 - continued adding and training additional members to the LPCBD Clean Team;
 - continued to implement performance measures and goals for neighborhood cleanliness;
 - continued to analyze service trends over time to better understand the geographic distribution of neighborhood issues and design solutions to improve neighborhood safety and cleanliness; and
 - continued to track live community service requests through our mobile app, Bonayo.org so as to focus extra attention on areas that require extra attention.

Corridor Safety

Neighborhood Safety

Neighborhood safety is a key priority of the LPCBD. Our residents, merchants, visitors, property owners, and other constituents should always feel safe to enjoy our District. Therefore we:

- ❖ worked with our SFPD to address quality of life issues;
- ❖ utilized our highly trained Social Service Outreach Ambassador to help connect people experiencing homelessness with the appropriate service providers;
- ❖ continued to work with the Department of Homelessness and Supportive Housing to align their efforts with those of our Social Service Outreach Ambassador;
- ❖ Utilized ambassador staff to report areas that need to be cleaned, provide directions and information about the neighborhood, and to generally serve as an additional set of eyes for the community to report safety issues; and
- ❖ participated in multiple neighborhood safety and security groups to discuss and take action on issues, trends, etc., with a special focus on our Lower Polk alleyways.



Neighborhood Support

Closely related to neighborhood safety is neighborhood support. Not only do we address homelessness on an “as needed” outreach basis, we also work proactively with the City to address policy issues which may impact those who are unhoused or at risk of becoming unhoused. Therefore, we:

- ❖ collaborated with the Department of Public Health and Department of Homelessness to address homelessness and the street population in the neighborhood;
- ❖ attended numerous neighborhood association meetings and coordinated additional constituent meetings to discuss LPCBD outreach services, address specific concerns, and create action plans; and
- ❖ with support and funding from the City of San Francisco, continued to operate the award-winning Lower Polk Tenant Landlord Clinic, which helps landlords, small merchants, and tenants resolve issues that may lead to tenant or merchant displacement.

Marketing, Streetscape Improvements, and Beautification

Marketing / Advocacy / Newsletters

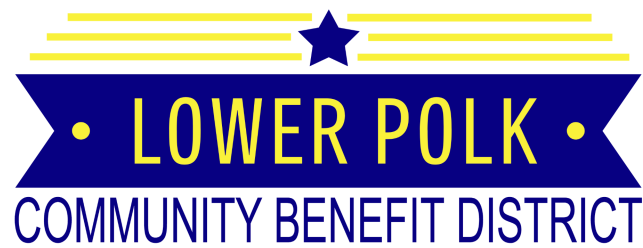
- ❖ Continued to update and market the District website at www.lowerpolkcbd.org.
- ❖ Continued to send out email newsletters to over 500 subscribers.
- ❖ Continued to use Facebook and Twitter to keep constituents informed of special events in the Lower Polk and to seek feedback on our service delivery models.

Festivals, Art Walks, and other special events

- ❖ Sponsored and organized the Annual Lower Polk Wine Walk.
- ❖ Continued to sponsor the popular Lower Polk Art Walk.
- ❖ Continued to activate the newly revamped Fern Alley with Sidewalk Cinema and other events, including Halloween featuring Juanita More.
- ❖ Built the new website for all Lower Polk alleys. This website includes information about upcoming events and activations.
- ❖ Assisted Redwood Elementary with Groundplay activation in Frank Norris Alley.

Streetscape Improvements

- ❖ Continued to maintain 9 Bigbelly SMART waste receptacles and finalized a plan to add



additional Bigbelly SMART waste receptacles to the neighborhood by the end of the fiscal year.

- ❖ Wrapped those Big Bellys with designs from multiple local artists.
- ❖ Completed the streetscape improvement of Fern Alley in conjunction with the City.
- ❖ Continued on streetscape improvement plans for Austin Alley.

Banners and Other Accomplishments

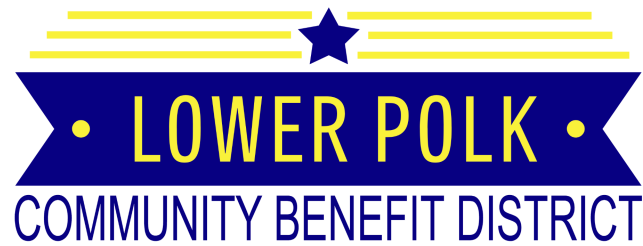
- ❖ Worked with Civic Edge to place multiple Lower Polk construction mitigation (“Lower Polk is Open”) banners on Polk street and nearby high traffic intersections.
- ❖ Worked with Civic Edge to create neighborhood business maps and directory that was given to neighborhood visitors and merchants.
- ❖ Maintained leadership positions with Lower Polk Neighbors.
- ❖ Maintained leadership position with the Graffiti Advisory Board.
- ❖ Maintained leadership position with the San Francisco CBD Consortium .
- ❖ Participated with Vision Zero Coalition.

Metrics

We are proud to present metrics that help illustrate the impact of our Cleaning and Maintenance services.

- ❖ “Bags picked up” is the number of large, filled trash bags that we pick up.
- ❖ “Weight of trash picked up” is the weight of that trash, in pounds.
- ❖ “Other paper picked up” is the number of large cardboard boxes we recovered.
- ❖ “Needles picked up” refers to the number of hypodermic needles we have picked up.
- ❖ “Graffiti remediations” is the number of instances of graffiti that has been removed or painted over.

Item	Average Per Month	Total
Bags Picked Up (count)	528.75	6345
Weight of Trash Picked Up	12043	165419
Other Paper Picked Up (count)	240	2880



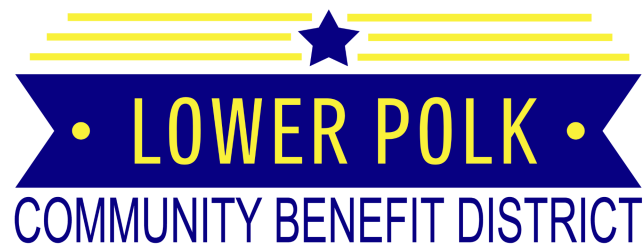
Needles Picked Up (count)	1239.6	14875.2
Graffiti Remediations (count)	155	1860

Summary Financial Data

Our Management Plan (<https://bit.ly/3kH5a4O>) generally calls for the following budget breakdown:

1. Cleaning, Maintenance, and Safety Program - 57%
2. Marketing, Streetscape Improvements, and Beautification Program - 11%
3. Management and Operations - 28%
4. Contingency and Reserves - 4%

Our FY18-19 budget expenditures deviated from the above in that we were able to leverage aggressive fundraising and fiscal discipline to decrease our effective internal management costs by more than 50 percent, as a percentage of budget. Yet we were able to simultaneously increase our rendered District services by nearly one-half million dollars. This powerful combination allowed us to render a substantially higher level of services to our District, while at the same time staying well within our assessment budget.

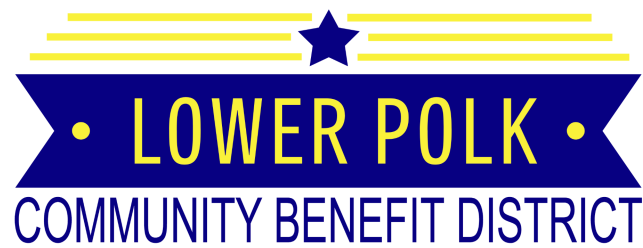


Financial Data*

Statement of Operations

for the fiscal year ended June 30, 2019

	Actual
REVENUE AND SUPPORT	
Assessments	879,223
Fundraising/In-Kind	596,094
Interest Income	94
Loss on Assets Disposal	(639)
Other	281
TOTAL REVENUE AND SUPPORT	1,475,053
EXPENSES	
Cleaning, Maintenance, and Safety	889,560
Marketing, Streetscape, and Beautification	585,581
Management and Operations	303,429
TOTAL EXPENSES	1,778,570
Change in Net Assets	(303,517)
Prior Year Net Assets (Carryover)	1,014,722
TOTAL NET ASSETS	711,205



Statement of Financial Position

As of 06/30/2019

ASSETS

Cash and Cash Equivalents	500,560
Assessment and Other Receivables	103,954
Prepaid Expenses	73,350
Equipment, net	382,517
TOTAL ASSETS	1,060,381

LIABILITIES & NET ASSETS

LIABILITIES

Accounts Payable	21,397
Accrued Liabilities	226,894
Advances and Unearned Revenue	100,885
TOTAL LIABILITIES	349,176

NET ASSETS

Without Donor Restrictions	696,828
With Donor Restrictions	14,377
TOTAL NET ASSETS (CARRYOVER)	711,205
TOTAL LIABILITIES & NET ASSETS	1,060,381



Budget

FY2019-20

REVENUE AND SUPPORT

Assessments	876,710
Fundraising/In-Kind	750,295
Interest Income	0
TOTAL REVENUE AND SUPPORT	1,627,005

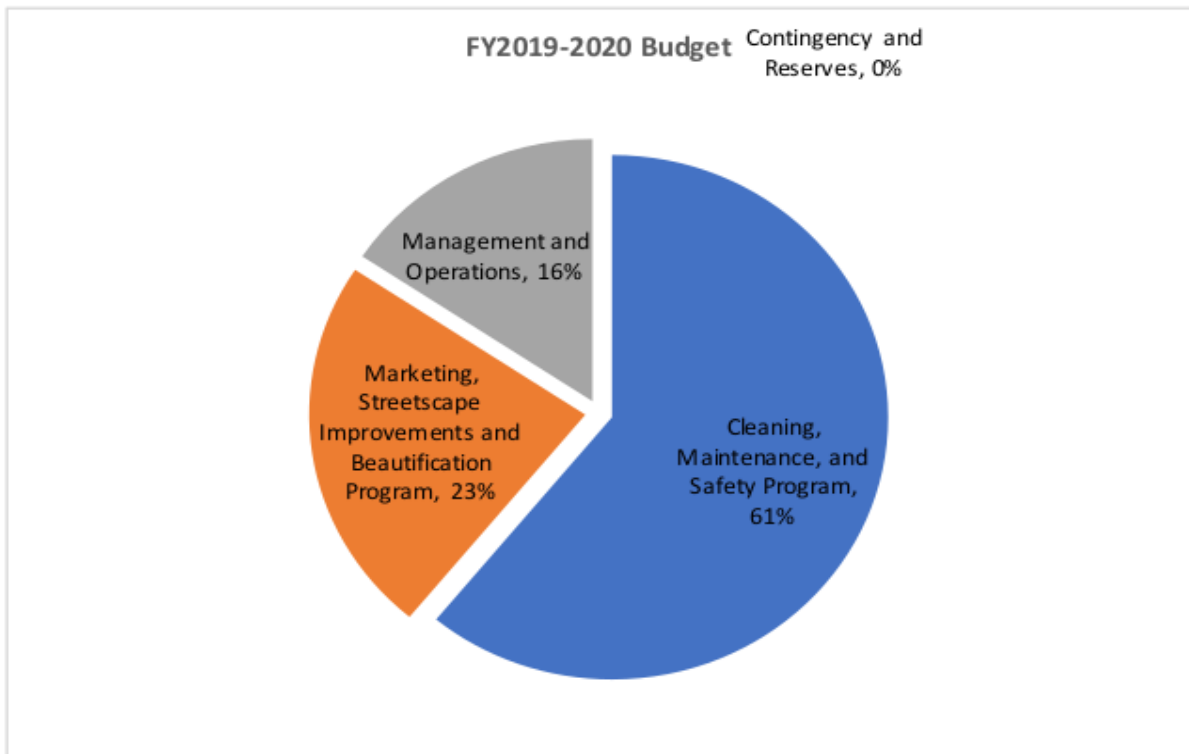
EXPENSES

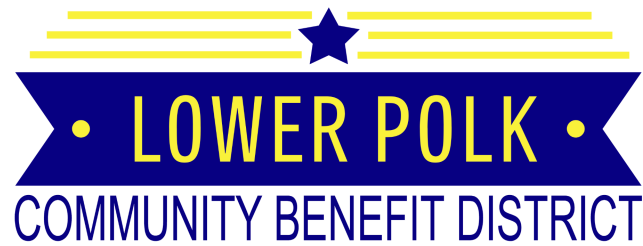
Cleaning, Maintenance, and Safety Program	1,109,932
Marketing, Streetscape Improvements and Beautification Proj	424,630
Management and Operations	285,447
Contingency and Reserves	0
TOTAL EXPENSES	1,820,009

DEFICIT	(193,004)
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*Financial data from the audited financial statements is available upon request.

• LOWER POLK •
COMMUNITY BENEFIT DISTRICT





Manner of Calculating Assessments

Each property owner pays a share of the cost of the LPCBD, based on a simple formula.

That formula is explained in detail in Section 6-1 of our Engineer's Report, which is located at: <https://bit.ly/2VOEiSw>

That formula is also summarized on pages 20 to 23 of our Management Plan, which is located at: <https://bit.ly/3kH5a4O>

In general, each parcel within the District is:

1. Assigned a **linear factor** that is equal to the parcel's linear street frontage that receives ongoing District cleaning and public safety improvements.
2. Assigned a **lot factor** is calculated for each parcel based upon the assigned lot square footage for the parcel divided by 2,500.
3. Assigned a **building factor** that is calculated for each parcel based upon the assigned building square footage for the parcel divided by 2,500.

Each parcel is also assigned **benefit points**, based on the use of the building:

1. Non-Residential Property = 18 points
2. Residential Property = 2.25 points
3. Non-Profit / Public Property = 2.65 points

Each parcel's assessment is then calculated using this formula:

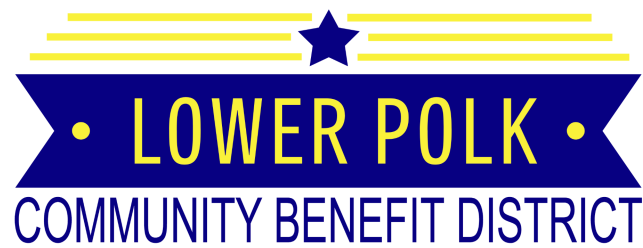
(Linear Factor + Lot Factor + Building Factor) x Benefit Points

The payment for this assessment is collected twice yearly, through the property tax bill. The CBD assessment, including the collection and enforcement of any delinquent assessment and imposition of interest and penalties per City and County of San Francisco Business and Tax Regulations Code Article 6, and related law as it may be amended from time to time, is collected and enforced by the Treasurer and Tax Collector of the City. The Treasurer and Tax Collector then transfers the assessment payments to the CBD for the improvements, services, and activities as described both in this Annual Report, and in our Management Plan, which is linked above.



LOWER POLK COMMUNITY BENEFIT DISTRICT

2019-2020 Annual Report



Executive Summary

We are pleased to submit this annual report regarding our organizational accomplishments and financial status for the 2019-2020 Fiscal Year. Even during a time of great challenge and change, the members of our local, diverse, and active Board of Directors continued to collectively demonstrate outstanding leadership and commitment to our unique and vibrant District. As a new CBD, our organization has been extremely busy. Some of our initiatives have included, but are not limited to:

❖ Working:

- To mitigate the effects of COVID-19 on our District and constituents via increased cleaning, and increased sanitation of public fixtures.
- To maintain the health and safety of our own team via the increased use of PPE, and the associated training thereof.
- To assist merchants impacted by the pandemic via our award-winning Lower Polk Tenant Landlord Clinic, business support services, and placemaking initiatives.
- To assist residential tenants impacted by the pandemic via the Lower Polk Tenant Landlord Clinic.
- Transition placemaking/arts manager from events/arts focus to business support/activation focus in latter half of fiscal year to support businesses facing COVID-19 losses and affects.

❖ Launching:

- A newly designed LPCBD website with increased information regarding COVID-19.
- A newly designed Lower Polk Tenant Landlord Clinic with COVID-19 information that was human-translated into multiple languages.

❖ Serving:

- On the Lower Polk Neighbors.
- On the Graffiti Advisory Board.
- On the San Francisco CBD Consortium.

While much has been accomplished over these first few years of our existence – including the above – much remains to be done. We did not let COVID-19 slow us down, and we look forward to working in partnership with the City of San Francisco and our constituents to improve the quality of life for all of those who live, work, and visit the Lower Polk.



Status and Progress of Programs

Some additional highlights of our accomplishments for the 2019-2020 fiscal year are outlined below.

Management & Operations

Board & Staff

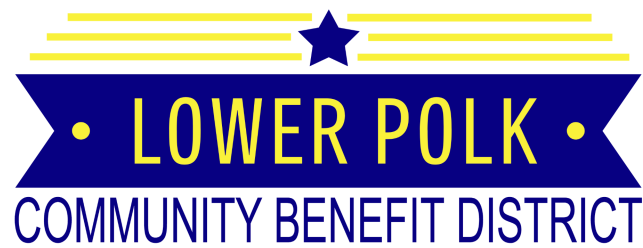
- ❖ Brought on as the new Executive Director, a local resident with more than 18 years of experience with the neighborhood, extensive contacts within the local merchant community and at City Hall.
- ❖ Elected new board members and renewed the terms of current board members, and elected new officers and committee chairs.
- ❖ Continued to stay abreast of new developments in the Lower Polk District and their overall impact on quality of life, and other issues.
- ❖ Continued to be involved in leadership positions with many community and City organizations, including Lower Polk Neighbors and the Mayor's Graffiti Advisory Board, just to name a few.

Finance and Fund Development

- ❖ Completed our organizational annual audit and received an unmodified opinion.
- ❖ Conducted a review of organizational investments.
- ❖ Conducted a review of organizational insurance.
- ❖ Prepared budget projections.

Cleaning and Maintenance

- ❖ COVID-19 has made it even more important that the LPCBD Ambassador Clean Team continue to work 365 days a year (Suspended services for 1 month at initial onset of lockdown due to unavailability of PPE supplies) to address and remediate District cleanliness issues. Therefore we:
 - continued to sweep and steam clean District sidewalks;
 - continued to clean and weed tree wells;
 - continued to monitor public trash receptacles and continued reporting large items to



- the City for removal;
- continued adding and training additional members to the LPCBD Clean Team;
 - continued to implement performance measures and goals for neighborhood cleanliness;
 - continued to analyze service trends over time to better understand the geographic distribution of neighborhood issues and design solutions to improve neighborhood safety and cleanliness; and
 - continued to track live community service requests through our mobile app, Bonayo.org so as to focus extra attention on areas that require extra attention.

Corridor Safety

Neighborhood Safety

During COVID-19, neighborhood safety became an even higher priority of the LPCBD. Our residents, merchants, visitors, property owners, and other constituents should always feel safe to enjoy our District. Therefore we:

- ❖ worked with our SFPD to address quality of life issues and safety issues;
- ❖ successfully advocated for the inclusion of Lower Polk Alleyways into the Tenderloin Safety Plan;
- ❖ continued to work with the Department of Homelessness and Supportive Housing;
- ❖ utilized ambassador staff to report areas that need to be cleaned, provide directions and information about the neighborhood, and to generally serve as an additional set of eyes for the community to report safety issues; and
- ❖ participated in multiple neighborhood safety and security groups to discuss and take action on issues, trends, etc., with a special focus on our Lower Polk alleyways.
- ❖ worked with the City on potential policies with respect to empty storefronts.

Neighborhood Support

Closely related to neighborhood safety is neighborhood support. Not only do we address homelessness on an “as needed” outreach basis, we also work proactively with the City to address policy issues which may impact those who are unhoused or at risk of becoming unhoused. Therefore, we:

- ❖ collaborated with the Department of Public Health and Department of Homelessness to address homelessness and the street population in the neighborhood. Supported the TAY



Navigation Center planning;

- ❖ attended numerous neighborhood association meetings and coordinated additional constituent meetings to discuss LPCBD outreach services, address specific concerns, and create action plans; and
- ❖ with support and funding from the City of San Francisco, continued to operate the award-winning Lower Polk Tenant Landlord Clinic, which helps landlords, small merchants, and tenants resolve issues that may lead to tenant or merchant displacement.

Marketing, Streetscape Improvements, and Beautification

Marketing / Advocacy / Newsletters

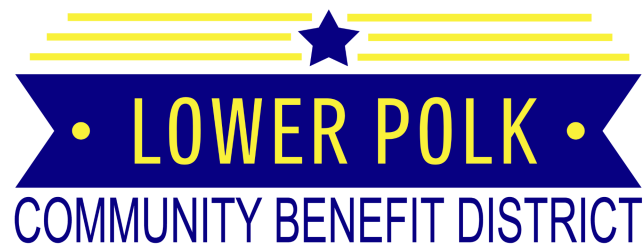
- ❖ Continued to update and market the District website at www.lowerpolkcbd.org.
- ❖ Continued to send out email newsletters to over 500 subscribers.
- ❖ Before the pandemic, we continued to use Facebook and Twitter to keep constituents informed of special events in the Lower Polk and to seek feedback on our service delivery models.
- ❖ After the start of the pandemic, we used social media to share COVID-19 resources to our District community.
- ❖ In addition to the above, and after the start of the pandemic, the Tenant Landlord Clinic mailed out over 30,000 multilingual flyers to people in the District. These flyers were targeted at people who are not users of technology. This demographic was disproportionately affected by the pandemic, and the TLC wanted to reach them to explain its service offerings.

Festivals, Art Walks, and other special events

- ❖ Continued to sponsor the popular Lower Polk Art Walk, and after the pandemic, assisted in turning it into a virtual event.
- ❖ Before the pandemic, continued to activate the newly revamped Fern Alley with Sidewalk Cinema, Halloween on Fern, and other events. After the pandemic, worked with the City to help establish business activation and a Farmers Market in Austin Alley.

Streetscape Improvements

- ❖ Continued to maintain 9 Bigbelly SMART waste receptacles and finalized a plan to add additional Bigbelly SMART waste receptacles to the neighborhood by the end of the fiscal



year.

- ❖ Continued on streetscape improvements of Fern Alley West in conjunction with the City.
- ❖ Continued on streetscape improvement plans for Austin Alley.

Banners and Other Accomplishments

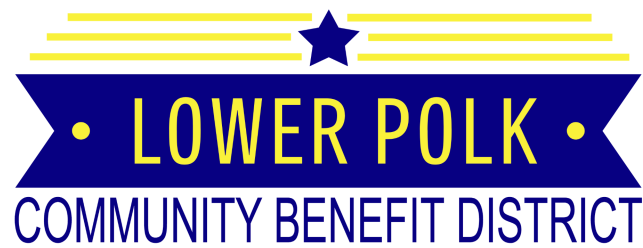
- ❖ Maintained leadership positions with Lower Polk Neighbors.
- ❖ Maintained leadership position with the San Francisco CBD Consortium .
- ❖ Participated with Vision Zero Coalition.

Metrics

Even with the impact of COVID-19, our metrics have not changed substantially compared to the previous fiscal year. And based on weekly sampling and daily visual counts, we are proud to present the below estimated metrics that help illustrate the continued impact of our Cleaning and Maintenance services.

- ❖ “Bags picked up” is the number of large, filled trash bags that we pick up.
- ❖ “Weight of trash picked up” is the weight of that trash, in pounds.
- ❖ “Other paper picked up” is the number of large cardboard boxes we recovered.
- ❖ “Needles picked up” refers to the number of hypodermic needles we have picked up.
- ❖ “Graffiti remediations” is the number of instances of graffiti that has been removed or painted over.

Item	Average Per Month	Total (11 months due to 1 month COVID-19 suspension)
Bags Picked Up (count)	520	6240
Weight of Trash Picked Up	12050	132550
Other Paper Picked Up (count)	260	2860
Needles Picked Up (count)	669	7359
Graffiti Remediations (count)	176	1936



Summary Financial Data

Our Management Plan (<https://bit.ly/3kH5a4O>) generally calls for the following budget breakdown:

1. Cleaning, Maintenance, and Safety Program - 57%
2. Marketing, Streetscape Improvements, and Beautification Program - 11%
3. Management and Operations - 28%
4. Contingency and Reserves - 4%

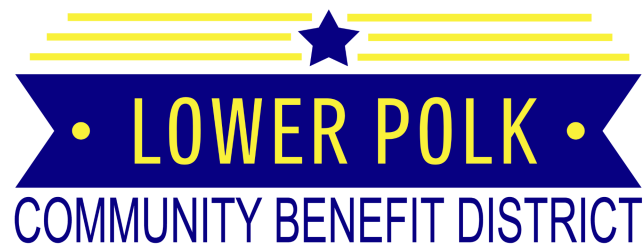
Our FY19-20 budget expenditures deviated from the above in that we were able to leverage aggressive fundraising and fiscal discipline to decrease our effective internal management costs, as a percentage of budget. Yet we were able to simultaneously increase our rendered District. This powerful combination allowed us to render a substantially higher level of services to our District, while at the same time staying well within our assessment budget during a time of economic uncertainty.

Financial Data*

Statement of Operations (Actual vs. Budget)

for the fiscal year ended June 30, 2020

	Actual	Budget	Variance Positive/(Negative)
REVENUE AND SUPPORT			
Assessments	903,505	876,710	26,795
Fundraising/In-Kind	599,573	750,295	(150,722)
Interest Income	81	-	81
Loss on Assets Disposal	-	-	-
Other	-	-	-
TOTAL REVENUE AND SUPPORT	1,503,159	1,627,005	(123,846)
EXPENSES			
Cleaning, Maintenance, and Safety	836,515	1,109,932	273,417
Marketing, Streetscape, and Beautification	485,491	424,631	(60,860)
Management and Operations	228,953	285,447	56,494
TOTAL EXPENSES	1,550,959	1,820,010	269,051
Change in Net Assets	(47,800)	(193,005)	(145,205)
Prior Year Net Assets (Carryover)	711,205	711,205	-
TOTAL NET ASSETS	663,405	518,200	(145,205)



Statement of Financial Position

As of 06/30/2020

ASSETS

Cash and Cash Equivalents	548,456
Assessment and Other Receivables	140,226
Prepaid Expenses	33,871
Equipment, net	256,289
TOTAL ASSETS	978,842

LIABILITIES & NET ASSETS

LIABILITIES

Accounts Payable	37,080
Accrued Liabilities	94,940
CARES Act PPP Loan	183,417
TOTAL LIABILITIES	315,437

NET ASSETS

Without Donor Restrictions	636,865
With Donor Restrictions	26,540
TOTAL NET ASSETS (CARRYOVER)	663,405
TOTAL LIABILITIES & NET ASSETS	978,842



Budget

FY 2020-21

REVENUE AND SUPPORT

Assessments	901,681
Fundraising/In-Kind	38,138
Interest Income	0
TOTAL REVENUE AND SUPPORT	939,819

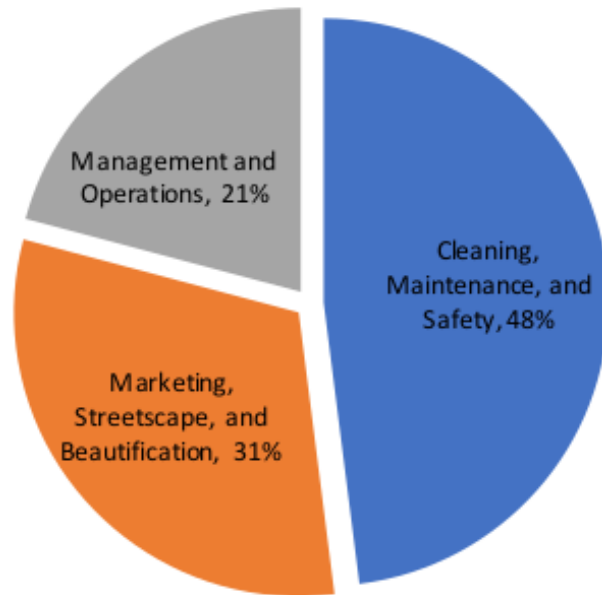
EXPENSES

Cleaning, Maintenance, and Safety	489,549
Marketing, Streetscape, and Beautification	317,730
Management and Operations	212,734
TOTAL EXPENSES	1,020,013

DEFICIT	(80,194)
----------------	-----------------

• LOWER POLK •
COMMUNITY BENEFIT DISTRICT

FY2020-2021 Budget



*Financial data from the audited financial statements is available upon request.



Manner of Calculating Assessments

Each property owner pays a share of the cost of the LPCBD, based on a simple formula.

That formula is explained in detail in Section 6-1 of our Engineer's Report, which is located at: <https://bit.ly/2VOEiSw>

That formula is also summarized on pages 20 to 23 of our Management Plan, which is located at: <https://bit.ly/3kH5a4O>

In general, each parcel within the District is:

1. Assigned a **linear factor** that is equal to the parcel's linear street frontage that receives ongoing District cleaning and public safety improvements.
2. Assigned a **lot factor** is calculated for each parcel based upon the assigned lot square footage for the parcel divided by 2,500.
3. Assigned a **building factor** that is calculated for each parcel based upon the assigned building square footage for the parcel divided by 2,500.

Each parcel is also assigned **benefit points**, based on the use of the building:

1. Non-Residential Property = 18 points
2. Residential Property = 2.25 points
3. Non-Profit / Public Property = 2.65 points

Each parcel's assessment is then calculated using this formula:

(Linear Factor + Lot Factor + Building Factor) x Benefit Points

The payment for this assessment is collected twice yearly, through the property tax bill. The CBD assessment, including the collection and enforcement of any delinquent assessment and imposition of interest and penalties per City and County of San Francisco Business and Tax Regulations Code Article 6, and related law as it may be amended from time to time, is collected and enforced by the Treasurer and Tax Collector of the City. The Treasurer and Tax Collector then transfers the assessment payments to the CBD for the improvements, services, and activities as described both in this Annual Report, and in our Management Plan, which is linked above.

LOWER POLK COMMUNITY BENEFIT DISTRICT
(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENTS

For the Year Ended
June 30, 2019

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To the Board of Directors
Lower Polk Community Benefit District
San Francisco, California

We have audited the accompanying financial statements of Lower Polk Community Benefit District (LPCBD) (a California nonprofit public benefit corporation) which comprise the statement of financial position as of June 30, 2019, and the related statement of activities, statement of functional expenses and statement of cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lower Polk Community Benefit District, Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

April 27, 2020

Bunker & Company LLP

LOWER POLK COMMUNITY BENEFIT DISTRICT
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF FINANCIAL POSITION
June 30, 2019

	2019
ASSETS	
Current assets	
Cash and cash equivalents (Note 2)	\$ 500,560
Grants receivables	89,577
Assesment and other receivables	14,377
Prepaid expenses	73,350
Total current assets	677,864
Equipment, net of accumulated depreciation of \$199,115 in 2019 (Notes 2 and 4)	382,517
Total assets	\$ 1,060,381
LIABILITIES AND NET ASSETS	
Current liabilities	
Accounts payable	\$ 21,397
Accrued liabilities	226,894
Advances received	24,795
Unearned revenue	76,090
Total current liabilities	349,176
Net assets:	
Net assets without restrictions (Note 4)	696,828
Net assets with restrictions (Note 5)	14,377
Total net assets	711,205
Total liabilities and net assets	\$ 1,060,381

The accompanying notes are an integral part of these financial statements.

LOWER POLK COMMUNITY BENEFIT DISTRICT
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF ACTIVITIES
For the year ended June 30, 2019

	Net Assets without Donor Restrictions	Net Assets with Temporary Donor Restrictions	Total
REVENUE AND SUPPORT			
Assessment revenue	\$ 281,352	\$ 597,871	\$ 879,223
Grant revenue	-	596,014	596,014
Contributions	80	-	80
Fiscal agent fee	281	-	281
Interest	94	-	94
Loss on assets disposal	(639)	-	(639)
Total Revenue, gains and other support	<u>281,168</u>	<u>1,193,885</u>	<u>1,475,053</u>
Net assets released from restrictions	<u>1,179,508</u>	<u>(1,179,508)</u>	<u>-</u>
	<u>1,460,676</u>	<u>14,377</u>	<u>1,475,053</u>
EXPENSES			
Program			
Cleaning, maintenance, and safety	889,560	-	889,560
Marketing, streetscape and beautification	585,581	-	585,581
Total program services	<u>1,475,141</u>	<u>-</u>	<u>1,475,141</u>
Supporting services			
Management and general	233,678	-	233,678
Fundraising	69,751	-	69,751
Total supporting services	<u>303,429</u>	<u>-</u>	<u>303,429</u>
Total expenses	<u>1,778,570</u>	<u>-</u>	<u>1,778,570</u>
Change in net assets	(317,894)	14,377	(303,517)
Net assets, beginning of year	<u>1,014,722</u>	<u>-</u>	<u>1,014,722</u>
Net assets, end of year	<u>\$ 696,828</u>	<u>\$ 14,377</u>	<u>\$ 711,205</u>

The accompanying notes are an integral part of these financial statements.

LOWER POLK COMMUNITY BENEFIT DISTRICT
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2019

	Program Services			Support Services		Total
	Cleaning, Maintenance, Safety	Marketing, Streetscape Improvements, Beautification	Total Programs	Management and General	Fundraising	
Grant Expenses	\$ -	\$ 114,037	\$ 114,037	\$ 500	\$ -	\$ 114,537
Salaries and wages	446,532	192,945	639,477	87,239	51,152	777,868
Payroll taxes	36,383	15,303	51,686	8,337	4,070	64,093
Employee benefits	48,750	18,020	66,770	10,924	3,368	81,062
Contract services	25,557	2,497	28,054	1,110	278	29,442
Professional services	36,157	106,564	142,721	25,575	4,877	173,173
Rent and other occupancy	61,987	23,074	85,061	25,828	-	110,889
Insurance	71,523	31,535	103,058	17,185	4,022	124,265
Marketing and advertising	-	12,754	12,754	-	-	12,754
Postage and printing	2,404	1,518	3,922	99	25	4,046
Repairs and maintenance	4,746	2,965	7,711	1,608	-	9,319
Software, subscriptions, license, and fees	2,330	9,516	11,846	17,413	348	29,607
Supplies and equipment	55,867	9,667	65,534	2,263	145	67,942
Travel, training, conference, meals and entertainment	5,076	16,955	22,031	3,852	723	26,606
Utilities	9,708	2,579	12,287	3,427	209	15,923
Vehicle Operations	12,357	-	12,357	-	-	12,357
Depreciation amortization	70,183	25,652	95,835	28,318	534	124,687
Total Expenses	<u>\$ 889,560</u>	<u>\$ 585,581</u>	<u>\$ 1,475,141</u>	<u>\$ 233,678</u>	<u>\$ 69,751</u>	<u>\$ 1,778,570</u>
Percent of Total	50%	33%	83%	13%	4%	100%

The accompanying notes are an integral part of these financial statements.

LOWER POLK COMMUNITY BENEFIT DISTRICT
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF CASH FLOWS
For the year ended June 30, 2019

	2019
CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	<u>\$ (303,517)</u>
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	124,688
Loss on asset disposal	639
Changes in assets and liabilities:	
Assessments and other receivables	7,690
Grants receivable	150,628
Prepaid expenses	(811)
Deferred revenue	76,090
Accounts payable	(97,929)
Accrued expenses	132,031
Advances received	24,795
Total adjustments	<u>417,821</u>
Net cash (used) provided by operating activities	<u>114,304</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of capital assets	(33,049)
Disposal of capital assets	2,066
Purchase of intangible assets	(28,200)
Net cash used for investing activities	<u>(59,183)</u>
Net change in cash and cash equivalents	55,121
Cash and cash equivalents, beginning of year	<u>445,439</u>
Cash and cash equivalents, end of year	<u>\$ 500,560</u>

The accompanying notes are an integral part of these financial statements.

LOWER POLK COMMUNITY BENEFIT DISTRICT, INC.
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2019

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – Lower Polk Community Benefit District (LPCBD) is a not-for-profit community-based organization. LPCBD was formed in 2014 and began operations in 2016. The property owners of the business district formed the LPCBD to improve the quality of life in the area by making the area cleaner, safer, and well maintained. The LPCBD has a contract with the City and County of San Francisco for a term of 15 years, expiring on June 30, 2029. LPCBD is generally 22 whole or partial blocks from approximately the south side of California Street to the east side of Van Ness Avenue and from the north side of Myrtle street to the west side of Larkin Street.

LPCBD exists to implement programs to create a neighborhood that is safer, cleaner and a better place to conduct business and live. These programs and services are funded by district property owners in the Lower Polk Neighborhood, contributions from donors, and grants from the City and County of San Francisco.

Lower Polk Community Benefit District will advance the quality of life for residents, workers and visitors by fostering a safer and more secure community, enhancing environmental quality and beauty, and reinforcing the viability of the area’s economic base.

Programs and services provided by the LPCBD include:

Cleaning and Maintenance – Includes regular sidewalk sweeping, alley cleaning, refuse removal, regularly scheduled steam cleanings, pressure washing, graffiti removal, tree pruning and watering, tree well weeding with crushed granite replenishment. On April 30, 2018 LPCBD terminated its contract with an outside vendor to provide the majority of these services and hired a work force to bring these services in-house.

Safety Ambassadors – The program works with residents, merchant and youth on a variety of safety programs and strategies. Safety Ambassadors on Foot Patrol provide a reassuring presence, whom continually engage members of the public, interact with merchants to share safety related information, and report any observed illegal behaviors to the police.

Marketing, Streetscape and Beautification Program – This program is designed to augment existing city services to ensure new marketing initiatives designed to promote both the stability and growth within the area.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting – The financial statements of the LPCBD are prepared using the accrual basis of accounting in accordance with U.S. generally accepted accounting principles, which reflects revenue when earned and expenses as incurred.

LOWER POLK COMMUNITY BENEFIT DISTRICT, INC.
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2019

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents - Cash is defined as cash in demand deposit accounts as well as cash on hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and investments so near their maturity that the risk of changes in value due to changes in interest rates is negligible. These are generally investments with maturity dates within three months of the acquisition date.

Basis of Presentation – The LPCBD is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Net assets without donor restrictions - Net assets that are not subject to any donor-imposed restrictions.

Net assets with temporary donor restrictions - Net assets resulting (a) from contributions and other inflows of assets whose use by the LPCBD is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the LPCBD pursuant to those stipulations, (b) from other asset enhancements and diminishments that are subject to the same kind of stipulations, and (c) from reclassification from (or to) other classes of net assets.

Net assets with permanent donor restrictions - Net assets resulting (a) from contributions and other inflows of assets whose use by the LPCBD is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the LPCBD, (b) from other asset enhancements and diminishments that are subject to the same kinds of stipulations, and (c) from reclassification from (or to) other classes of net assets as a consequence of donor-imposed stipulations.

Fair Value Measurements – The LPCBD carries certain assets and liabilities at fair value. Fair value is defined as the price that would be received if selling an asset or paid if transferring a liability in an orderly transaction between market participants at the measurement date. Fair value measurement standards also require the LPCBD to classify these financial instruments into a three-level hierarchy. The LPCBD classifies its financial assets and liabilities according to the below three levels, and maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value.

Level 1 – Quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities, without adjustment.

Level 2 – Quoted prices in markets that are not considered to be active for identical or similar assets or liabilities, quoted prices in active markets of similar assets or liabilities, and inputs other than quoted prices that are observable or can be corroborated by observable market data.

LOWER POLK COMMUNITY BENEFIT DISTRICT, INC.
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2019

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 – Inputs that are both significant to the fair value measurement and unobservable, including inputs that are not derived from market data or cannot be corroborated by market data.

The LPCBD's carrying amounts of its assets and liabilities, approximate fair value under Level 1 for the year ended June 30, 2019.

As of June 30, 2019, there were no permanently restricted net assets.

Property, Equipment, and Leasehold Improvements - The LPCBD records property, equipment, and leasehold improvements at cost of acquisition, or, if donated, the fair market value at the date of donation. Depreciation is recognized using the straight-line method over the useful lives of the assets, which range from three to five years. The LPCBD capitalizes all property, equipment, and improvements with a cost in excess of \$1,000.

Contributions, Revenue Recognition, and Accounts Receivable – Assessments and other receivables represent amounts due from the City and County of San Francisco (CCSF) for obligations of local property owners collected on the behalf of LPCBD, and other amounts due to LPCBD for city hiring programs. Unpaid receivables do not accrue interest.

LPCBD receives its support primarily from a special assessment levied by CCSF on properties located within the business district in accordance with CCSF Ordinance. The assessment is recorded by LPCBD when earned. The CCSF remits the assessments to LPCBD as they are collected from the property owners. Interest is not charged on late assessments; however, late penalties are charged in accordance with the CCSF's policy.

Contributions consist of cash contributions as well as in-kind goods and services provided to the LPCBD. Contributed services are recognized at their fair value if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Multi-year pledges are recorded at present value. Contributions receivable are reviewed for collectibility, and reserves for uncollectible amounts are established as needed. It is the practice of LPCBD to expense uncollectibles only after exhausting all efforts to collect the amounts due. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to net assets without donor restrictions.

Advertising Costs – It is the policy of the LPCBD to expense advertising costs as incurred.

LOWER POLK COMMUNITY BENEFIT DISTRICT, INC.
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2019

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses - The costs of providing the various programs, supporting services and other activities have been summarized on a functional basis in the Statement of Activities and Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management's estimates and analysis of personnel time spent on each program and activity.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual future results could differ from those estimates.

Income Taxes - The LPCBD is exempt from federal and state taxes under Section 501(c) (3) of the Internal Revenue Code (IRC) and Section 23701d of the California Revenue and Taxation Code, and is considered by the IRS to be a Corporation other than a private Foundation. In the opinion of management, there is no unrelated business income.

Recent Accounting Pronouncements –

In August 2016, the Financial Accounting Standards Board issued ASU 2016-14 *Presentation of Financial Statements of Not-for-Profit Entities*, amending the ASC 958. This update changes the presentation of certain information in the financial statements and footnote disclosures of not-for-profit entities. The update also changes the way that not-for-profit entities classify net assets. The new guidance is effective for the LPCBD for the year beginning July 1, 2019.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). These amendments clarify and improve the scope and accounting guidance around contributions of cash and other assets received and made by not-for-profit organizations. The ASU clarifies and improves current guidance about whether a transfer of assets, or the reduction, settlement, or cancellation of liabilities, is a contribution or an exchange transaction. It also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. ASU 2018-08 is effective for the Corporation's year beginning July 1, 2019, with early adoption permitted.

Lower Polk Community Benefit District, Inc. is in full compliance with both of the above pronouncements.

LOWER POLK COMMUNITY BENEFIT DISTRICT, INC.
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2019

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2019</u>
Furniture, equipment and vehicles	\$ 145,336
Leasehold improvements	370,436
Website and mobile app	<u>65,860</u>
Total property and equipment	581,632
Accumulated depreciation and amortization	<u>(199,115)</u>
Property and equipment, net	<u>\$ 382,517</u>

Depreciation and amortization expense was \$124,688 for the year ended June 30, 2019.

NOTE 4 NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions as of June 30, 2019, consisted of the following:

	<u>2019</u>
Capital assets, net	\$ 382,517
Undesignated	<u>351,306</u>
Total net assets without donor restrictions	<u>\$ 733,823</u>

NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2019, consisted of the following:

	<u>2019</u>
Assessment receivable	<u>\$ 14,377</u>

NOTE 6 RETIREMENT PLAN

Effective January 1, 2016, LPCBD established a defined contribution retirement plan (the "Plan") for employees over 18 years of age. All employees employed on or after April 27, 2016 are considered eligible. The Plan allows eligible employees to make voluntary contributions by salary reduction up to 92% of compensation but not to exceed the limits allowed by the IRC.

Any eligible employee who does not make voluntary contribution election or elects out of the Plan, will be automatically enrolled in the Plan with a salary reduction of 3% for the first year, 1% increases annually up to 6% of compensation. LPCBD will match employee's contributions 100% up to 1% of compensation and 50% from 2% up to 6% of compensation. LPCBD may also make discretionary profit sharing contributions.

LOWER POLK COMMUNITY BENEFIT DISTRICT, INC.
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2019

NOTE 6 RETIREMENT PLAN (continued)

During the year ended June 30, 2019, LPCBD made \$19,312 in matching contributions, which are included in employee benefits expense on the statement of functional expenses.

NOTE 7 COMMITMENTS

Funding

LPCBD's revenue, which is derived from government grants and contracts, is subject to audit by the government agencies. In accordance with the terms of the CCSF's contracts, an audit may be performed by an authorized CCSF representative. Should such an audit disclose any unallowable costs, LPCBD may be liable to the CCSF for reimbursement of such costs.

In the opinion of LPCBD's management the effect of any disallowed costs would be immaterial to the financial statements as of June 30, 2019.

Lease

LPCBD leases office space in San Francisco, California under an operating lease that commenced on November 1, 2016 and expires October 31, 2021. The lease calls for monthly payments at \$4,200 that escalate to \$8,439 during the fifth year.

Fiscal year ended, <u>June, 30</u>	
2020	\$ 97,376
2021	100,288
2022	<u>42,195</u>
Total	<u>\$ 239,859</u>

During the year ended June 30, 2019, LPCBD paid rent in the amount of \$102,156.

NOTE 8 RELATED PARTY TRANSACTIONS

A Board member of LPCBD is married to the office manager of LPCBD.

NOTE 9 FUNDRAISING REQUIREMENTS

The CCSF's contract requires LPCBD to annually raise not less than 5.5% of its annual budget from sources other than CCSF's assessments. For the year ended June 30, 2019, LPCBD satisfied this requirement.

LOWER POLK COMMUNITY BENEFIT DISTRICT, INC.
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2019

NOTE 10 CONCENTRATION OF CREDIT RISK

Revenue concentration of risk – During the year ended June 30, 2019, LPCBD received 99.9% of its total income from the City and County of San Francisco in the form of assessments and revenue from other programs.

As of June 30, 2019, LPCBD had cash balances with financial institutions which exceeded the Federal Deposit Insurance Corporation insured limit of \$250,000 by approximately \$305,000.

NOTE 10 CORONA VIRUS SUBSEQUENT EVENT

Subsequent to the Statement of Financial Position date, the United States and global markets experienced significant volatility resulting from uncertainty caused by the world-wide coronavirus pandemic. LPCBD is closely monitoring its liquidity, and is actively working to minimize the impact of the economic disruption and other factors effecting its cash-flows.

NOTE 11 SUBSEQUENT EVENTS

Management has evaluated all material subsequent events through the Auditor's Report date, the date the financial statements were available to be issued, and are asserting there are none.

LOWER POLK COMMUNITY BENEFIT DISTRICT
(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENTS

**For the Years Ended
June 30, 2020 and 2019**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Lower Polk Community Benefit District
San Francisco, California

We have audited the accompanying financial statements of Lower Polk Community Benefit District (LPCBD) (a California nonprofit public benefit corporation) which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, statements of functional expenses and statements of cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lower Polk Community Benefit District as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

December 30, 2020

Bunker & Company LLP

LOWER POLK COMMUNITY BENEFIT DISTRICT
(A California Nonprofit Public Benefit Corporation)

STATEMENTS OF FINANCIAL POSITION
June 30, 2020 and 2019

	2020	2019
ASSETS		
Current assets		
Cash and cash equivalents (Note 2)	\$ 548,456	\$ 500,560
Grants receivables	-	89,577
Assesment and other receivables	140,226	14,377
Prepaid expenses	33,871	73,350
Total current assets	722,553	677,864
Equipment, net of accumulated depreciation of \$329,364 in 2020 and \$199,115 in 2019 (Notes 2 and 3)	256,289	382,517
Total assets	\$ 978,842	\$ 1,060,381
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 37,080	\$ 21,397
Accrued liabilities	94,940	226,894
Advances received	-	24,795
Unearned revenue	-	76,090
Total current liabilities	132,020	349,176
Long-term liabilities		
CARES Act PPP Loan (Note 10)	183,417	-
Total liabilities	315,437	-
Net assets		
Net assets without restrictions (Note 4)	636,865	696,828
Net assets with restrictions (Note 5)	26,540	14,377
Total net assets	663,405	711,205
Total liabilities and net assets	\$ 978,842	\$ 1,060,381

The accompanying notes are an integral part of these financial statements.

LOWER POLK COMMUNITY BENEFIT DISTRICT
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF ACTIVITIES
For the year ended June 30, 2020

	Net Assets without Donor Restrictions	Net Assets with Temporary Donor Restrictions	Total
REVENUE AND SUPPORT			
Assessment revenue	\$ 202,137	\$ 701,368	\$ 903,505
Grant revenue	10,150	564,874	575,024
Contributions	1,000	12,620	13,620
In-kind contributions	-	10,929	10,929
Interest	81	-	81
Total revenue, gains and other support	<u>213,368</u>	<u>1,289,791</u>	<u>1,503,159</u>
Net assets released from restrictions	<u>1,277,628</u>	<u>(1,277,628)</u>	<u>-</u>
	<u>1,490,996</u>	<u>12,163</u>	<u>1,503,159</u>
EXPENSES			
Program			
Cleaning, maintenance and safety	836,515	-	836,515
Marketing, streetscape and beautification	485,491	-	485,491
Total program services	<u>1,322,006</u>	<u>-</u>	<u>1,322,006</u>
Supporting services			
Management and general	174,030	-	174,030
Fundraising	54,923	-	54,923
Total supporting services	<u>228,953</u>	<u>-</u>	<u>228,953</u>
Total expenses	<u>1,550,959</u>	<u>-</u>	<u>1,550,959</u>
Change in net assets	(59,963)	12,163	(47,800)
Net assets, beginning of year	<u>696,828</u>	<u>14,377</u>	<u>711,205</u>
Net assets, end of year	<u>\$ 636,865</u>	<u>\$ 26,540</u>	<u>\$ 663,405</u>

The accompanying notes are an integral part of these financial statements.

LOWER POLK COMMUNITY BENEFIT DISTRICT
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF ACTIVITIES
For the year ended June 30, 2019

	Net Assets without Donor Restrictions	Net Assets with Temporary Donor Restrictions	Total
REVENUE AND SUPPORT			
Assessment revenue	\$ 281,352	\$ 597,871	\$ 879,223
Grant revenue	-	596,014	596,014
Contributions	80	-	80
Fiscal agent fee	281	-	281
Interest	94	-	94
Loss on assets disposal	(639)	-	(639)
Total revenue, gains and other support	281,168	1,193,885	1,475,053
Net assets released from restrictions	1,179,508	(1,179,508)	-
	1,460,676	14,377	1,475,053
EXPENSES			
Program			
Cleaning, maintenance, and safety	889,560	-	889,560
Marketing, streetscape and beautification	585,581	-	585,581
Total program services	1,475,141	-	1,475,141
Supporting services			
Management and general	233,678	-	233,678
Fundraising	69,751	-	69,751
Total supporting services	303,429	-	303,429
Total expenses	1,778,570	-	1,778,570
Change in net assets	(317,894)	14,377	(303,517)
Net assets, beginning of year	1,014,722	-	1,014,722
Net assets, end of year	\$ 696,828	\$ 14,377	\$ 711,205

The accompanying notes are an integral part of these financial statements.

LOWER POLK COMMUNITY BENEFIT DISTRICT
(A California Nonprofit Public Benefit Corporation)

STATEMENTS OF CASH FLOWS
For the years ended June 30, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (47,800)	\$ (303,517)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	130,249	124,688
Loss on asset disposal	-	639
Changes in assets and liabilities:		
Assessments and other receivables	(125,849)	7,690
Grants receivable	89,577	150,628
Prepaid expenses	39,479	(811)
Deferred revenue	(76,090)	76,090
Accounts payable	15,683	(97,929)
Accrued expenses	(131,954)	132,031
Advances received	(24,795)	24,795
Total adjustments	<u>(83,700)</u>	<u>417,821</u>
Net cash (used) provided by operating activities	<u>(131,500)</u>	<u>114,304</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	(4,021)	(33,049)
Disposal of capital assets	-	2,066
Purchase of intangible assets	-	(28,200)
Net cash used for investing activities	<u>(4,021)</u>	<u>(59,183)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
CARES Act PPP Loan	183,417	-
Net cash provided by financing activities	<u>183,417</u>	<u>-</u>
Net change in cash and cash equivalents	47,896	55,121
Cash and cash equivalents, beginning of year	<u>500,560</u>	<u>445,439</u>
Cash and cash equivalents, end of year	<u>\$ 548,456</u>	<u>\$ 500,560</u>
Supplemental disclosures		
Cash paid for interest and fees	<u>\$ 1,008</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

LOWER POLK COMMUNITY BENEFIT DISTRICT
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2020

	Program Services			Support Services		Total
	Cleaning, Maintenance, Safety	Marketing, Streetscape Improvements, Beautification	Total Programs	Management and General	Fundraising	
Grant expenses	\$ -	\$ 43,690	\$ 43,690	\$ -	\$ -	\$ 43,690
Salaries and wages	436,503	187,297	623,800	53,059	39,293	716,152
Payroll taxes	38,260	15,303	53,563	4,417	3,079	61,059
Employee benefits	61,309	21,330	82,639	11,779	3,267	97,685
Contract services	576	14,361	14,937	594	-	15,531
Professional services	40,657	97,504	138,161	27,187	4,008	169,356
Rent and other occupancy	58,077	14,519	72,596	25,338	-	97,934
Insurance	32,612	12,526	45,138	9,373	2,155	56,666
Marketing and advertising	-	100	100	-	-	100
Postage and printing	2,472	14,910	17,382	476	22	17,880
Repairs and maintenance	2,130	355	2,485	20	-	2,505
Software, subscriptions, license and fees	6,422	17,629	24,051	4,948	1,784	30,783
Supplies and equipment	39,031	5,078	44,109	1,374	73	45,556
Travel, training, conference, meals and entertainment	7,074	10,732	17,806	1,848	596	20,250
Utilities	23,416	2,099	25,515	4,310	116	29,941
Vehicle operations	14,614	-	14,614	-	-	14,614
Interest expense	-	-	-	1,008	-	1,008
Depreciation amortization	73,362	28,058	101,420	28,299	530	130,249
Total Expenses	<u>\$ 836,515</u>	<u>\$ 485,491</u>	<u>\$ 1,322,006</u>	<u>\$ 174,030</u>	<u>\$ 54,923</u>	<u>\$ 1,550,959</u>
Percent of Total	54%	31%	85%	11%	4%	100%

The accompanying notes are an integral part of these financial statements.

LOWER POLK COMMUNITY BENEFIT DISTRICT
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2019

	Program Services			Support Services		Total
	Cleaning, Maintenance, Safety	Marketing, Streetscape Improvements, Beautification	Total Programs	Management and General	Fundraising	
Grant expenses	\$ -	\$ 114,037	\$ 114,037	\$ 500	\$ -	\$ 114,537
Salaries and wages	446,532	192,945	639,477	87,239	51,152	777,868
Payroll taxes	36,383	15,303	51,686	8,337	4,070	64,093
Employee benefits	48,750	18,020	66,770	10,924	3,368	81,062
Contract services	25,557	2,497	28,054	1,110	278	29,442
Professional services	36,157	106,564	142,721	25,575	4,877	173,173
Rent and other occupancy	61,987	23,074	85,061	25,828	-	110,889
Insurance	71,523	31,535	103,058	17,185	4,022	124,265
Marketing and advertising	-	12,754	12,754	-	-	12,754
Postage and printing	2,404	1,518	3,922	99	25	4,046
Repairs and maintenance	4,746	2,965	7,711	1,608	-	9,319
Software, subscriptions, license and fees	2,330	9,516	11,846	17,413	348	29,607
Supplies and equipment	55,867	9,667	65,534	2,263	145	67,942
Travel, training, conference, meals and entertainment	5,076	16,955	22,031	3,852	723	26,606
Utilities	9,708	2,579	12,287	3,427	209	15,923
Vehicle operations	12,357	-	12,357	-	-	12,357
Depreciation amortization	70,183	25,652	95,835	28,318	534	124,687
Total Expenses	\$ 889,560	\$ 585,581	\$ 1,475,141	\$ 233,678	\$ 69,751	\$ 1,778,570
Percent of Total	50%	33%	83%	13%	4%	100%

The accompanying notes are an integral part of these financial statements.

LOWER POLK COMMUNITY BENEFIT DISTRICT
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2020 and 2019

NOTE 1 ORGANIZATION

Organization - Lower Polk Community Benefit District (“LPCBD”) is a not-for-profit community-based organization. LPCBD was formed in 2014 and began operations in 2016. Property owners of the business district formed LPCBD to improve the quality of life in the area by making the area cleaner, safer, and well maintained. The LPCBD has a contract with the City and County of San Francisco for a term of 15 years, expiring on June 30, 2029. LPCBD is generally 22 whole or partial blocks from approximately the south side of California Street to the east side of Van Ness Avenue and from the north side of Myrtle Street to the west side of Larkin Street.

LPCBD exists to implement programs to create a neighborhood that is safer, cleaner and a better place to conduct business and live. These programs and services are funded by district property owners in the Lower Polk Neighborhood, contributions from donors, and grants from the City and County of San Francisco.

Lower Polk Community Benefit District will advance the quality of life for residents, workers and visitors by fostering a safer and more secure community, enhancing environmental quality and beauty, and reinforcing the viability of the area’s economic base.

Programs and services provided by the LPCBD include:

Cleaning and Maintenance – Includes regular sidewalk sweeping, alley cleaning, refuse removal, regularly scheduled steam cleanings, pressure washing, graffiti removal, tree pruning and watering, tree well weeding with crushed granite replenishment. On April 30, 2018 LPCBD terminated its contract with an outside vendor to provide the majority of these services and hired a work force to bring these services in-house.

Safety Ambassadors – The program works with residents, merchants and youth on a variety of safety programs and strategies. Safety Ambassadors on Foot Patrol provide a reassuring presence, who continually engage members of the public, interact with merchants to share safety related information, and report any observed illegal behaviors to the police.

Marketing, Streetscape and Beautification Program – This program is designed to augment existing city services to ensure new marketing initiatives designed to promote both stability and growth within the area.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting – The financial statements of the LPCBD are prepared using the accrual basis of accounting in accordance with U.S. generally accepted accounting principles, which reflects revenue when earned and expenses as incurred.

LOWER POLK COMMUNITY BENEFIT DISTRICT
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2020 and 2019

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents - Cash is defined as cash in demand deposit accounts as well as cash on hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and investments so near their maturity that the risk of changes in value due to changes in interest rates is negligible. These are generally investments with maturity dates within three months of the acquisition date.

Basis of Presentation – The LPCBD is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Net assets without donor restrictions - Net assets that are not subject to any donor-imposed restrictions.

Net assets with temporary donor restrictions - Net assets resulting (a) from contributions and other inflows of assets whose use by the LPCBD is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the LPCBD pursuant to those stipulations, (b) from other asset enhancements and diminishment that are subject to the same kind of stipulations, and (c) from reclassification from (or to) other classes of net assets.

Net assets with permanent donor restrictions - Net assets resulting (a) from contributions and other inflows of assets whose use by the LPCBD is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the LPCBD, (b) from other asset enhancements and diminishment that are subject to the same kinds of stipulations, and (c) from reclassification from (or to) other classes of net assets as a consequence of donor-imposed stipulations.

Fair Value Measurements – The LPCBD carries certain assets and liabilities at fair value. Fair value is defined as the price that would be received if selling an asset or paid if transferring a liability in an orderly transaction between market participants at the measurement date. Fair value measurement standards also require the LPCBD to classify these financial instruments into a three-level hierarchy. The LPCBD classifies its financial assets and liabilities according to the below three levels, and maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value.

Level 1 – Quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities, without adjustment.

Level 2 – Quoted prices in markets that are not considered to be active for identical or similar assets or liabilities, quoted prices in active markets of similar assets or liabilities, and inputs other than quoted prices that are observable or can be corroborated by observable market data.

LOWER POLK COMMUNITY BENEFIT DISTRICT
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2020 and 2019

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 – Inputs that are both significant to the fair value measurement and unobservable, including inputs that are not derived from market data or cannot be corroborated by market data.

The LPCBD's carrying amounts of its assets and liabilities, approximate fair value under Level 1 for the years ended June 30, 2020 and 2019.

As of June 30, 2020 and 2019, there were no net assets with permanent donor restrictions.

Property, Equipment, and Leasehold Improvements - The LPCBD records property, equipment, and leasehold improvements at cost of acquisition, or, if donated, the fair market value at the date of donation. Depreciation is recognized using the straight-line method over the useful lives of the assets, which range from three to fifteen years. The LPCBD capitalizes all property, equipment, and improvements with a cost in excess of \$1,000.

Contributions and Revenue Recognition – LPCBD receives its support primarily from a special assessment levied by the City and County of San Francisco ("CCSF") on properties located within the business district in accordance with CCSF Ordinance. The assessment is recorded by LPCBD when earned. CCSF remits the assessments to LPCBD as they are collected from the property owners. Interest is not charged on late assessments; however, late penalties are charged in accordance with the CCSF's policy.

Assessments and other receivables represent amounts due from the City and County of San Francisco ("CCSF") for obligations of local property owners collected on the behalf of LPCBD, and other amounts due to LPCBD for city hiring programs. Unpaid receivables do not accrue interest.

Contributions consist of cash contributions as well as in-kind goods and services provided to the Corporation. Contributed services are recognized at their fair value if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Contributions are recognized when the donor makes a promise to give to the Corporation that is, in substance, unconditional. Multi-year pledges are recorded at present value. Donated securities are recorded at their fair value at the date of donation.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are released to net assets without donor restrictions.

LOWER POLK COMMUNITY BENEFIT DISTRICT
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2020 and 2019

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Receivable - It is the practice of LPCBD to expense uncollectibles only after exhausting all efforts to collect the amounts due. There is no allowance for doubtful accounts and management believes all amounts will be collected in full.

Advertising Costs – It is the policy of the LPCBD to expense advertising costs as incurred.

Functional Allocation of Expenses - The costs of providing the various programs, supporting services and other activities have been summarized on a functional basis in the Statements of Activities and Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management’s estimates and analysis of personnel time spent on each program and activity.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual future results could differ from those estimates.

Income Taxes - The LPCBD is exempt from federal and state taxes under Section 501(c) (3) of the Internal Revenue Code (IRC) and Section 23701d of the California Revenue and Taxation Code, and is considered by the IRS to be a Corporation other than a Private Foundation. In the opinion of management, there is no unrelated business income.

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2020	2019
Furniture, equipment and vehicles	\$ 149,357	\$ 145,336
Leasehold improvements	370,436	370,436
Website and mobile app	65,860	65,860
Total property and equipment	585,653	581,632
Accumulated depreciation and amortization	(329,364)	(199,115)
Property and equipment, net	\$ 256,289	\$ 382,517

Depreciation and amortization expense was \$130,249 and \$124,688 for the years ended June 30, 2020 and 2019, respectively.

LOWER POLK COMMUNITY BENEFIT DISTRICT
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2020 and 2019

NOTE 4 NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions as of June 30, 2020 and 2019, consisted of the following:

	<u>2020</u>	<u>2019</u>
Capital assets, net	\$ 256,289	\$ 382,517
Undesignated	<u>380,576</u>	<u>314,311</u>
Total net assets without donor restrictions	<u>\$ 636,865</u>	<u>\$ 696,828</u>

NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2020 and 2019, consisted of the following:

	<u>2020</u>	<u>2019</u>
Assessment receivable	<u>\$ 26,540</u>	<u>\$ 14,377</u>

NOTE 6 RETIREMENT PLAN

Effective January 1, 2016, LPCBD established a defined contribution retirement plan (the "Plan") for employees over 18 years of age. All employees employed on or after April 27, 2016 are considered eligible. The Plan allows eligible employees to make voluntary contributions by salary reduction up to 92% of compensation but not to exceed the limits allowed by the IRC.

Any eligible employee who does not make voluntary contribution election or elects out of the Plan, will be automatically enrolled in the Plan with a salary reduction of 3% for the first year, 1% increases annually up to 6% of compensation. LPCBD will match employee's contributions 100% up to 1% of compensation and 50% from 2% up to 6% of compensation. LPCBD may also make discretionary profit sharing contributions.

During the years ended June 30, 2020 and 2019, LPCBD made \$18,338 and \$19,312, respectively, in matching contributions, which are included in employee benefits expense on the statements of functional expenses.

NOTE 7 COMMITMENTS

Funding - LPCBD's revenue, which is derived from government grants and contracts, is subject to audit by the government agencies. In accordance with the terms of the CCSF's contracts, an audit may be performed by an authorized CCSF representative. Should such an audit disclose any unallowable costs, LPCBD may be liable to the CCSF for reimbursement of such costs.

LOWER POLK COMMUNITY BENEFIT DISTRICT
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2020 and 2019

NOTE 7 COMMITMENTS (continued)

In the opinion of LPCBD’s management the effect of any disallowed costs would be immaterial to the financial statements as of June 30, 2020.

Lease - LPCBD leases space in San Francisco, California under an operating lease that commenced on November 1, 2016 and expires October 31, 2021. The lease calls for monthly payments at \$4,200 that escalate to \$8,439 during the fifth year.

Fiscal year ended, <u>June, 30</u>	
2021	\$ 99,798
2022	<u>33,756</u>
Total	<u>\$ 133,554</u>

During the years ended June 30, 2020 and 2019, LPCBD paid rent in the amount of \$92,605 and \$102,156, respectively.

NOTE 8 FUNDRAISING REQUIREMENTS

The CCSF’s contract requires LPCBD to annually raise not less than 5.5% of its annual budget from sources other than CCSF’s assessments. For the years ended June 30, 2020 and 2019, LPCBD satisfied this requirement.

NOTE 9 LIQUIDITY MANAGEMENT

As part of LPCBD’s liquidity management strategy, LPCBD structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. LPCBD’s working capital and cash flows have cyclical variations during the year attributable to the cash receipts of contributions, grants, and assessments. LPCBD has sufficient cash and cash equivalents to meet its current needs and investments which can be converted to cash for periods when cash is not available.

NOTE 10 CARES ACT AND PPP LOAN

During the year ended June 30, 2020, LPCBD participated in the Payroll Protection Plan under the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”) due to the Coronavirus Pandemic and received \$183,417 from the federal government. As of the report date, it is unclear whether the loan will be converted to a grant and the obligation will be extinguished. Repayment, if federal authorities determine the loan is not convertible to a grant, is deferred until May 7, 2021, when monthly payments will be due in 24 monthly installments at 1% per annum.

LOWER POLK COMMUNITY BENEFIT DISTRICT
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2020 and 2019

NOTE 11 CONCENTRATIONS OF RISK

Revenue concentration of risk – During the years ended June 30, 2020 and 2019, LPCBD received 98.4% and 99.9%, respectively, of its total income from the City and County of San Francisco in the form of assessments and revenue from other programs.

Deposit balance risk - As of June 30, 2020, LPCBD had cash balances with financial institutions which exceeded the Federal Deposit Insurance Corporation insured limit of \$250,000 by approximately \$305,000.

NOTE 12 SUBSEQUENT EVENTS

Management has evaluated all material subsequent events through the Auditor's Report date, the date the financial statements were available to be issued, and are asserting there are none.



MEMORANDUM

To: Christopher Corgas – Office of Economic and Workforce Development
From: Chris Schulman
CC:
Date: 9/20/2021
Re: Lower Polk Community Benefit District Delay in Submitting Annual Reports

Comments: This memo is to briefly outline why the Lower Polk Community Benefit District's Annual Report 2018-2019 and 2019-2020 were delayed.

New leadership and management was implemented at the Lower Polk CBD in January of 2020. Shortly after, the Covid-19 pandemic interrupted and then forced both a change in scope in our operations and strategy as well as a significant increase in needs at our Tenant Landlord Clinic (TLC,) which the program manager who assisted in completing the reports is director of. The program manager increased time commitments at the TLC to nearly 100% during this time and I regretfully did not prioritize the completion of the reports. Once the commitments to the TLC were reduced by June of 2021 we completed the reports and submitted to OEWD.

MEMO

To: Supervisor Aaron Peskin, District 3 Supervisor

CC: San Francisco Board of Supervisors

From: Chris Corgas, Program Director, OEWD

RE: Lower Polk Community Benefit District; FY 2018-19 and 2019-20 Annual Report

Date: November 3, 2021

This is a memo summarizing the performance of the Lower Polk Community Benefit District (LPCBD) and an analysis of their financial statements (based on their audit) for the period between July 1, 2018 and June 30, 2019 and between July 1, 2019 and June 30, 2020.

Each year the CBD is required to submit a mid-year report, an annual report, and a CPA Financial Review or Audit. Lower Polk CBD did not comply with the submission of all these requirements in a timely manner. The FY 18-19 annual report was submitted to OEWD two years late and the FY 19-20 annual report was submitted six months later than anticipated. 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 Lower Polk Community Benefit District's 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. LPCBD Annual Report
 - a. FY 2018-2019
 - b. FY 2019-2020
2. LPCBD Financial Statements
 - a. FY 2018-2019
 - b. FY 2019-2020
3. LPCBD Summary Memo – Late Reporting
4. Draft resolution from the Office of Economic and Workforce Development



Background

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

- On 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).
- On July 28, 2015, the Board of Supervisors approved the contract for the administration and management of the Lower Polk Community Benefit District (Resolution #297-15).
- On August 17, 2015, CBD received first assessment payment.
- On October 24, 2017, the Board of Supervisors approved the Annual Report for FY 2015-2016 (Resolution #392-17).
- On November 13, 2018, the Board of Supervisors approved the Annual Report for FY 2016-2017 (Resolution #401-18).
- On November 19, 2019, the Board of Supervisors approved the Annual Report for FY 2017-2018 (Resolution #510-19).

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
FY 2018-19 Assessment Submission:	\$854,911
FY 2019-20 Assessment Submission:	\$876,709.64
Fiscal Year	July 1 – June 30
Executive Director	Christian Martin (FY 2018-19) Chris Schulman (Beginning FY 2019-20)
Name of Nonprofit Owners'	Lower Polk Community Benefit District Association

The current CBD website, 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 seven (7) 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 are 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.

Summary of Accomplishments, Challenges, and Delivery of Service Areas

FY 2018-2019

Cleaning, Maintenance, and Safety Program

- Continued to sweep and steam clean District sidewalks.
- Continued to clean and weed tree wells.
- Continued to monitor public trash receptacles and continued reporting large items to the City for removal.
- Continued adding and training additional members to the LPCBD Clean Team.
- Continued to implement performance measures and goals for neighborhood cleanliness;
- Continued to analyze service trends over time to better understand the geographic.
- Distribution of neighborhood issues and design solutions to improve neighborhood safety and cleanliness.
- Continued to track live community service requests through our mobile app, Bonayo.org so as to focus extra attention on areas that require extra attention.
- Over 165,419 lbs. of trash removed from public rights of way.
- Removed 14,875 needles.
- 1,860 instances of graffiti removed.
- Utilized highly trained Social Service Outreach Ambassador to connect people experiencing homelessness with appropriate service providers.
- Participated in multiple neighborhood safety and security groups to discuss and take actions on issues, trends, etc. with a special focus on Lower Polk alleyways.

Marketing, Streetscape Improvements, and Beautification Program

- Continued to send out email newsletters to over 500 subscribers.
- Sponsored and organized the annual Lower Polk Wine Walk
- Activated the newly revamped Fern Alley with Sidewalk Cinema and other events, including Halloween featuring Juanita Moore.
- Completed streetscape improvement of Fern Alley in conjunction with the City.
- Continued streetscape improvement plans for Austin Alley.

Management and Operations

- Elected new board members and renewed the terms of current board members and elected new officers and committee chairs
- Continued to stay abreast of new developments in the Lower Polk District and their overall impact on quality of life, and other issues.
- Continued to be involved in leadership positions with many community and City organizations, including Lower Polk Neighbors and the Mayor's Graffiti Advisory Board.
- Completed organizational annual audit and received an unmodified opinion.
- Conducted a review of organizational investments.
- Prepared five-year budget projections.

FY 2019-2020

Cleaning, Maintenance, and Safety Program

- Continued to sweep and steam clean District sidewalks.
- Continued to clean and weed tree wells.
- Continued to monitor public trash receptacles and continued reporting large items to the City for removal.
- Continued adding and training additional members to the LPCBD Clean Team.
- Continued to implement performance measures and goals for neighborhood cleanliness;
- Continued to analyze service trends over time to better understand the geographic.
- Continued to track live community service requests through our mobile app, Bonayo.org so as to focus extra attention on areas that require extra attention.
- Over 132,550 lbs. of trash removed from public rights of way.
- Removed 7,359 needles.
- Removed 1,936 instances of graffiti.
- Participated in multiple neighborhood safety and security groups to discuss and take actions on issues, trends, etc. with a special focus on Lower Polk alleyways.
- With support and funding from the City of San Francisco, continued to operate the award-winning Lower Polk Tenant Landlord Clinic, which helps landlords, small merchants, and tenants resolve issues that may lead to tenant or merchant displacement.

Marketing, Streetscape Improvements, and Beautification Program

- Continued to send out email newsletters to over 500 subscribers.
- Before Covid-19 pandemic: used social media to keep constituents informed of special events in Lower Polk and to solicit feedback on service delivery models.
- During/After Covid-19 pandemic: used social media to share pandemic related resources with the community.
- The Tenant Landlord Clinic mailed over 30,000 multilingual flyers to people in the District to explain service offerings and targeted folks with limited to no access to the Internet and/or phones.
- Sponsored Lower Polk Art Walk prior to the beginning of the Covid-19 pandemic.
- Provided business activation and farmer’s market in Austin Alley during the Covid-19 pandemic.

Management and Operations

- Brought on new Executive Director, a local resident with more than 18 years of experience with the neighborhood.
- Elected new board members, renewed the terms of current board members and elected new officers and committee chairs
- Continued to stay abreast of new developments in the Lower Polk District and their overall impact on quality of life, and other issues.
- Continued to be involved in leadership positions with many community and City organizations, including Lower Polk Neighbors and the Mayor’s Graffiti Advisory Board.

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 2018-2019

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. See tables below. Note: The FY budget includes both general benefit and special assessment dollars. When separating the two the CBD's variance percentage points did not change.*

Service Category	Management Plan Budget	% of Budget	FY 2018-2019 Budget	% of Budget	Variance Percentage Points
Cleaning, Maintenance, and Safety Program	\$478,675.00	56.58%	\$515,660.00	57.00%	+0.42%
Marketing, Streetscape Improvements, and Beautification Program	\$95,700.00	11.31%	\$99,513.00	11.00%	-0.31%
Management and Operations	\$240,900.00	28.47%	\$253,307.00	28.00%	-0.47%
Contingency/Reserves	\$30,774.54	3.64%	\$36,186.00	4.00%	+0.36%
TOTAL	\$846,049.54	100.00%	\$904,666.00	100.00%	

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 \$879,223.00 or 59.61% of actuals and non-assessment revenue was \$595,830.00 or 40.39% of actuals. See table below.*

Revenue Sources	FY 2018-2019 Actuals	% of Actuals
Special Benefit Assessments	\$ 879,223.00	
Total assessment revenue	\$ 879,223.00	59.61%
Contributions/Sponsorships	\$80.00	0.01%
Grants	\$596,014.00	40.41%
Fiscal Agent Fee	\$281.00	0.02%
Interest Earned	\$94.00	0.01%
Other	-\$639.00	-0.04%
Total non-assessment revenue	\$595,830.00	40.39%

Total	\$1,475,053.00	100%
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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: LPCBD met this requirement. *When separating Special Assessment Dollars (SA) from General Benefit dollars the Lower Polk CBD did meet this requirement. Restricted dollars such as grant dollars often throw off CBD actual spending as they supplement what the CBD is providing to their community. OEWD was able to determine that special assessment dollars were spent with the required variance percentage points and thus did meet this benchmark. See table below.*

Service Category	FY 2018-2019 Budget (Percentage)	FY 18-19 Actuals – Asst. (Percentage)	FY 2018-19 Actuals – Total (Percentage)	Variance % Points – Asst.	Variance % Points - Total
Cleaning, Maintenance, and Safety Program	\$515,660.00 (57.00%)	\$501,157.00 (59.38%)	\$889,560.00 (50.02%)	+2.38%	-6.98%
Marketing, Streetscape Improvements, and Beautification Program	\$99,513.00 (11.00%)	\$96,714.00 (11.46%)	\$585,581.00 (32.92%)	+0.46%	+21.92%
Management and Operations	\$253,307.00 (28.00%)	\$246,182.00 (29.17%)	\$303,429.00 (17.06%)	+1.17%	-10.94%
Contingency/ Reserves	\$36,186.00 (4.00%)	\$0.00 (0.00%)	\$0.00 (0.00%)	-4.00%	-4.00%
TOTAL	\$904,666.00 (100.00%)	\$844,503.00 (100.00%)	\$1,778,570.00 (100%)		

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 did meet 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 2018-2019 Carryover Disbursement		Spenddown Timeline
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Special Assessment Project		
Cleaning, Maintenance, and Safety Program	\$405,387.00	3-6 months
Marketing, Streetscape Improvements, and Beautification	\$78,233.00	3-6 months
Management and Operations	\$199,137.00	3-6 months
Contingency and Reserve	\$28,488.00	3-6 months
Total Designated amount for Future Years	\$711,245.00	

FY 2019-2020

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 did not meet this requirement. See tables below. When separating the two the CBD's variance percentage points are likely in line with the allowable variances.*

Service Category	Management Plan Budget (Percentage)	FY 2019-2020 Budget – Total (Percentage)	FY 2019-2020 Budget – Asst. (Percentage)	Variance Percentage Points - Total	Variance Percentage – Total - Asst.
Cleaning, Maintenance, and Safety Program	\$478,675.00 (56.58%)	\$1,099,010 (67.55%)	\$487,090 (55.56%)	+10.97%	-1.02%
Marketing, Streetscape Improvements, and Beautification Program	\$95,700.00 (11.31%)	\$357,667 (21.98%)	\$232,886 (26.56%)	+10.67%	+15.25%
Management and Operations	\$240,900.00 (28.47%)	\$170,328 (10.47%)	\$156,734 (17.88%)	-18.00%	-10.60%
Contingency/Reserves	\$30,774.54 (3.64%)	\$0.00 (0.00%)	\$0.00 (0.00%)	-3.64%	-3.64%
TOTAL	\$846,049.54 (100%)	\$1,627,005.00 (100%)	\$876,710.00 (100.00%)		

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 \$903,505.00 or 60.11% of actuals and non-assessment revenue was \$599,654.00 or 39.89% of actuals. See table below.

Revenue Sources	FY 2019-2020 Actuals	% of Actuals
Special Benefit Assessments	\$ 903,505.00	
Total assessment revenue	\$ 903,505.00	60.11%
Contributions/Sponsorships	\$24,550.00	1.63%
Grants	\$575,024.00	38.25%
Interest Earned	\$81.00	0.01%
Total non-assessment revenue	\$599,654	39.89%
Total	\$1,503,160.00	100%

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

ANALYSIS: LPCBD met this requirement. See table below.

Service Category	FY 2019-2020 Budget – Total (Percentage)	FY 2019-2020 Budget – Asst. (Percentage)	FY 2019-20 Actuals – Total (Percentage)	FY 2019-20 Actuals – Asst (Percentage)	Variance % Points - Total	Variance % Points – Asst.
Cleaning, Maintenance, and Safety Program	\$1,099,010 (67.55%)	\$487,090 (55.56%)	\$836,515.00 (53.94%)	\$499,725 (55.31%)	-13.61%	-0.25%
Marketing, Streetscape Improvements, and Beautification Program	\$357,667 (21.98%)	\$232,886 (26.56%)	\$485,491.00 (31.30%)	\$201,643.00 (22.32%)	+9.32%	-4.25%
Management and Operations	\$170,328 (10.47%)	\$156,734 (17.88%)	\$228,953.00 (14.76%)	\$202,137.00 (22.37%)	+4.29%	+4.50%
Contingency/Reserves	\$0.00	\$0.00	\$0.00	0.00%		
TOTAL	\$1,627,005.00 (100%)	\$876,710.00 (100.00%)	\$1,598,758.00 (100%)	\$999,105.00 (100%)		

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.

FY 2019-2020 Carryover Disbursement	\$663,405.00
Special Assessment Project	
Cleaning, Maintenance, and Safety Program	\$378,141.00
Marketing, Streetscape Improvements, and Beautification	\$72,975.00
Management and Operations	\$185,753.00
Contingency and Reserve	\$26,536
Total Designated amount for Future Years	\$663,405.00

Findings and Recommendations

LPCBD has met all benchmarks as defined on page 5 of this memo for FY 2018-19 and missed Benchmark 1 for FY 2019-20. The CBD met benchmarks 2,3, and 4 for FY 19-20. Per Section 3.9 of each CBD management agreement, a CBD is allotted a ten (10) percent deviation from their management plan budget. If they do not meet this, OEWD must determine if this deviation adversely impacts the special benefits conferred on parcels within the CBD.

In this particular situation, the CBD budgeted over the allowable deviation for the Marketing, Streetscape Improvements, and Beautification Program service category while budgeting .60% under the allowable variance for the Management and Operations category. In order to determine if these actions adversely impacted special benefits conferred on parcels within the CBD, OEWD reviewed the CBD’s management plan and engineer’s report approved by the Board of Supervisors on July 29, 2014 (File #: 140820).

Section 5 of the CBD’s engineer’s report articulates the assessment engineer’s analysis of special and general benefits. The assessment apportioning benefit does not add special emphasis to any specific service category. By budgeting more in FY 19-20 for Cleaning, Maintenance, and Safety and the Marketing,

Streetscape Improvements, and Beautification service areas and underspending on Management and Operations, the CBD likely did not adversely impact special benefits as this likely led to increased services for parcel owners.

OEWD has two recommendations for the Lower Polk CBD to meet this benchmark in the future. First, the CBD should be aware of the budget allocation and ensure that the budget adopted at the beginning of each fiscal year is compliant with provisions of its management agreement with the City and County of San Francisco. Secondly, the CBD should break down any job duties that may fall under management and operations that are currently categorized under other service areas which may fix this issue. Oftentimes, this can be corrected by utilizing timekeeping software to know what time and resources are being used on a given service area.

The Lower Polk CBD did not turn in the annual reports and necessary financial documents for either FY 2018-2019 and 2019-2020 in a timely manner. Annual reporting is required under both state law and the CBD's management agreement with the City and County of San Francisco. This delay was initially caused by a change in staff as well as a change in the CBD's financial professional. OEWD consistently reminded the CBD of its obligations to turn in the late annual report and financial statements. The annual reports were turned over to OEWD throughout June and early July 2021. Additionally, reports are difficult to access online. OEWD recommends the CBD put systems in place to ensure that annual reporting is done in accordance with City policy and are easily accessible on the District's website. The annual reports are important tools to educate policymaker, OEWD, and CBD stakeholders on the actions, financial health, and achievements of the organization over the reporting period; additionally, it is required by state law. The Lower Polk CBD has provided a summary memo, attached to this memo, explaining why they were delayed on both reports. OEWD strongly recommends that the Lower Polk CBD prioritize the submission of annual reports in the future to maintain full compliance with state law and the organization's management agreement with the City and County of San Francisco.

The second half of FY 2019-2020 was particularly challenging for the Lower Polk CBD as well as property owners and businesses in the area. In February 2020 visitor traffic to the area began to decline due to the emergence of the Covid-19 pandemic. On March 16, 2020 City and County of San Francisco Health Officer issued a Public Health Order requiring residents to remain at home, with the exception of essential needs. Additionally, all businesses other than Essential Businesses and Essential Government Functions were required to cease all operations. All public and private gatherings of any number of people occurring outside a single family or living unit were also prohibited.

This order was particularly confusing to the Community Benefit District/Business Improvement District community in San Francisco as, by definition, they provide supplemental service and no direction was provided as to whether or not they were to cease operations. The Lower Polk CBD did suspend operations in the early days of the pandemic out of an abundance of caution.

OEWD and the Office of the City Attorney worked to determine if CBD/BIDs must continue their supplemental service despite what decisions each district made in reaction to the pandemic. On March 23, 2020, OEWD issued a memo to all CBD/BIDs stating that, based on the advice of Deputy City Attorney Manu Pradhan, Articles 13 C and D of the California Constitution supersede both gubernatorial and mayoral executive orders. These Constitutional provisions deal with how special benefits are conveyed and each CBD/BID's specific assessment formula. The ramifications of this meant that all CBD/BIDs had to return to full service immediately. OEWD also provided a list of resources to the CBD/BIDs to provide to their employees or contractors. The Lower Polk CBD reinstated services immediately once this determination was made.

During the pandemic OEWD worked with the Covid Command Center to ensure that CBD/BID essential workers were not forgotten during the Covid response and able to acquire personal protective equipment and hygiene supplies to keep workers and the community safe. CBD/BIDs played an important role in facilitating communication between the City and their stakeholders throughout the pandemic. The Lower Polk CBD worked with the Covid Command Center, through OEWD, to disseminate Covid-19 related information to its stakeholders and provided safety kits to the unhoused community and commuters within the District. Additionally, the Lower Polk CBD provided needed logistical support to OEWD in delivering PPE to other CBDs throughout San Francisco. Finally, the CBD focused on supporting local businesses and continued efforts of the Lower Polk Tenant Landlord Clinic throughout the pandemic.

The Lower Polk CBD continues to be an asset to the Lower Polk community and is firmly engaged with the broader CBD/BID community in San Francisco. Its main area of improvement needs to be centered on timely reporting. To assist them in this OEWD created a template for FY 20-21 annual reporting which, if followed correctly, will address all current issues.

Conclusion

LPCBD has generally performed well in implementing its service plan, but must improve on timely submission of annual reporting materials and ensure that reports are easily found on its website. LPCBD continues to successfully sponsor and implement events and programs in the district. LPCBD is a well-run organization with active board and committee members and will continue to successfully carry out its mission as a community benefit district.

BOARD of SUPERVISORS



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MEMORANDUM

TO: Kate Sofis, Director, Office of Economic and Workforce Development
Ben Rosenfield, City Controller

FROM: John Carroll, Assistant Clerk, Government Audit and Oversight Committee, Board of Supervisors

DATE: November 17, 2021

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Government Audit and Oversight Committee has received the following proposed legislation, introduced by Supervisor Peskin on November 9, 2021:

File No. 211183

Resolution receiving and approving annual reports for the Lower Polk Community Benefit District for Fiscal Years (FYs) 2018-2019 and 2019-2020, 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 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: Offices of Chair Preston and Supervisor Peskin
Todd Rydstrom, Office of the Controller
Anne Taupier, Office of Economic and Workforce Development
Lisa Pagan, Office of Economic and Workforce Development
Chris Corgas, Office of Economic and Workforce Development

Introduction Form

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

Sponsor(s):

Supervisor Peskin

Subject:

[Lower Polk Community Benefit District – Annual Report for FY 2018-2019 and 2019-2020]

The text is listed:

Resolution receiving and approving annual reports for the Lower Polk Community Benefit District for fiscal years 2018-2019 and 2019-2020, 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.

Signature of Sponsoring Supervisor: []

For Clerk's Use Only