

# MEMORANDUM

**TO:** Supervisor Aaron Peskin, District 3 Supervisor and President of the Board of Supervisors

**CC:** San Francisco Board of Supervisors  
Chris Corgas; Deputy Director, Community Economic Development, OEWD

**FROM:** Jackie Hazelwood, Program Director, Community Economic Development, OEWD

**DATE:** 12/10/2023

**SUBJECT:** Discover Polk Community Benefit District; FY 2021-2022 Annual Report

---

This is a memo summarizing the accomplishments of the Discover Polk Community Benefit District and an analysis of its financial statements for the period between July 1, 2021 and June 30, 2022.

Each year the CBD is required to submit a mid-year report, an annual report, and a CPA Financial Review or Audit. Discover Polk CBD has complied with the submission of all these requirements. OEWD staff reviewed these financial documents to monitor and report on whether they have complied with the rules per the Property and Business Improvement District Law of 1994, California Streets and Highways Code Sections 36600 Et Seq.; San Francisco's Business and Tax Regulations Code Article 15; the Discover Polk CBD management contract with the City; and their Management Plan approved by the Board of Supervisors in 2018.

Also attached to this memo are the following documents:

1. Annual Report
  - a. FY 2021-2022
2. Financial Statements
  - a. FY 2021-2022
3. Draft resolution from the Office of Economic and Workforce Development



## Background

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

- July 24, 2018: the Board of Supervisors approved the resolution that established the property-based district called the Discover Polk Community Benefit District for 11 years commencing with FY 2018-2019 (Resolution # 238-18).
- November 13, 2018: the Board of Supervisors approved the resolution approving an agreement with the nonprofit Owners' Association for administration/management of the established property-based Community Benefit District known as the “Discover Polk Community Benefit District” (Resolution #402-18).
- January 25, 2022: the Board of Supervisors approved the annual report for Fiscal Year 2019-2020. (Resolution # 23-22).
- November 29, 2022: the Board of Supervisors approved the annual report for Fiscal year 2020-2021. (Resolution # 504-22)

### Basic Info about Discover Polk CBD

Year Established	July 2018
Assessment Collection Period	FY 2018-19 to FY 2028-29 (July 1, 2014 to June 30, 2029)
Services Start and End Date	January 1, 2019 – December 31, 2029
Initial Estimated Annual Budget	\$622,784.00
FY 21-22 Assessment Submission	\$635,983.00
Fiscal Year	July 1 – June 30
Executive Director(s)	Duncan Talento Ley; co-Executive Director Ben Bleiman; co-Executive Director
Name of Nonprofit Owners’ Entity	Discover Polk Community Benefit District

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

### Summary of Service Area Goals

#### **Environmental Enhancements**

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



## **Economic Enhancements**

Economic enhancements are designed to strengthen the district’s business corridor. This is also referred to as marketing, business support, etc. program. This includes business support which includes time spent to attract new tenants, new investments, and to promote continued mixed-use development. Additionally, this service areas funds a marketing and communications program. This program is focused on creating awareness of the environmental enhancements performed by the CBD and of the district’s business offerings. It also supports property owners in efforts to attract unique tenants and explores ways to connect district residents to local stores and restaurants, such as “buy local” campaigns and the development of a district directory, district website, and supporting social media.

## **District Coordinator, Administration, and Reserve**

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

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

### **FY 2021-2022**

#### **Environmental Enhancements**

- Removed 17,675 pounds of trash
- Responded to 1,425 311 requests
- Cleaned 890 animal feces incidents
- Abated 552 instances of graffiti
- Properly disposed 200 needles
- Swept sidewalks 12,660 times
- Pressure washed 861 block faces
- Topped 20 overflowing trash cans
- Replaced three of the five Big Belly trash cans destroyed by an arsonist
- Continued to augment tree lights in partnership with SF Holiday Lighting Pros
- Funded and facilitated installation of two large scale murals in partnership with ‘Painting the Void’

#### **Economic Enhancements**

- Executive Management Team commenced regular meetings of the Marketing & Communications Working Group with the board.
- Utilized their “Master Comms List,” an email database of local residents, businesses, and other stakeholders, to disseminate monthly newsletters and build growth on the CBD’s social media platforms
- Hosted family friendly event in partnership with the City of SF’s Fleet Week Celebration attracting over 200 families to the event



- Hosted family friendly holiday event with over 200 families and children in attendance
- Produced and executed first annual “Pickin’ on the Polk” music festival on the Friday and Saturday of Easter Weekend 2022
- Renewed contract for banners on Polk Street advertising the district’s various businesses

**District Coordinator, Administration, and Reserve**

- Nominated and elected two new board members

**DPCBD Annual Budget Analysis**

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

- **BENCHMARK 1:** Whether the variance between the budget amounts for each service category was within 10 percentage points from the budget identified in the Management Plan (*Agreement for the Administration of the “Discover Polk Community Benefit District”, Section 3.9 – Budget*)
- **BENCHMARK 2:** Whether three and thirty-six hundredths percent (3.36%) of actuals came from sources other than assessment revenue (*CA Streets & Highways Code, Section 36650(B)(6); Agreement for the Administration of the “Discover Polk Community Benefit District”, Section 3.4 - Annual Reports*)
- **BENCHMARK 3:** Whether the variance between the budget amount and actual expenses within a fiscal year was within 10 percent (*Agreement for the Administration of the “Discover Polk Community Benefit District”, Section 3.9 – Budget*)
- **BENCHMARK 4:** Whether DPCBD is indicating the amount of funds to be carried forward into the next fiscal year and designating projects to be spent in current fiscal year (*CA Streets & Highways Code, Section 36650(B)(5)*)

**FY 2021-2022 Budget Analysis**

**BENCHMARK 1:** Whether the variance between the budget amounts for each service category was within 10 percentage points from the budget identified in the Management Plan

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

Service Category	Management Plan Budget		FY2021-2022 Budget		Variance	
	Assessment (%)	Total (%)	Assessment (%)	Total (%)	Assessment	Total
<b>Environmental Enhancements</b>	\$460,677.00 (67.44%)	\$486,208.68 (67.44%)	\$461,893.00 (66.30%)	\$495,188.00 (67.84%)	-1.14%	+0.40%
<b>Economic Enhancements</b>	\$86,822.00 (12.04%)	\$86,802.38 (12.04%)	\$86,822.00 (12.46%)	\$86,822.00 (11.89%)	+0.42%	-0.15%
<b>District Coordinator, Administration &amp; Reserve</b>	\$147,926.00 (20.52%)	\$147,936.94 (20.52%)	\$147,926.00 (21.23%)	\$147,926.00 (20.27%)	+0.71%	-0.25%



<b>TOTAL</b>	<b>\$695,425.00</b>	<b>\$720,950.00</b>	<b>\$696,641.00</b>	<b>\$729,936.00</b>		
--------------	---------------------	---------------------	---------------------	---------------------	--	--

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

**ANALYSIS:** *DPCBD met this requirement. Assessment revenue was \$635,983.00 or 90.17% of actuals and non-assessment revenue was \$69,355.00 or 9.83% of actuals. See table below.*

Revenue Sources	FY2022 Actuals	% of Actuals
<b>Total Assessment (Special Benefit) Revenue</b>	<b>\$635,983.00</b>	<b>90.17%</b>
Grants	\$69,355.00	
<b>Total Non-Assessment (General Benefit) Revenue</b>	<b>\$69,355.00</b>	<b>9.83%</b>
<b>Grand Total (Assessment and Non-Assessment) Revenue</b>	<b>\$705,338.00</b>	

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

**ANALYSIS:** *DPCBD did not meet this requirement. See table below.*

Service Category	FY2021-2022 Budget		FY2021-2022 Actuals		Variance	
	Assessment (%)	Total (%)	Assessment (%)	Total (%)	Assessment	Total
Environmental Enhancements	\$461,893.00 (66.30%)	\$495,188.00 (67.84%)	\$482,667.00 (71.55%)	\$552,022.00 (73.70%)	+5.25%	+5.86%
Economic Enhancements	\$86,822.00 (12.46%)	\$86,822.00 (11.89%)	\$137,526.00 (20.39%)	\$137,526.00 (18.36%)	+7.92%	+6.47%
District Coordinator, Administration & Reserve	\$147,926.00 (21.23%)	\$147,926.00 (20.27%)	\$54,372.00 (8.06%)	\$59,472.00 (7.94%)	-13.17%	-12.33%
<b>TOTAL</b>	<b>\$696,641.00</b>	<b>\$729,936.00</b>	<b>\$674,565.00</b>	<b>\$749,020.00</b>		



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

**ANALYSIS:** DPCBD met this requirement. *Please note: There is a period between when the City collects assessment payment and when the City disburses the funds to the CBD. As a result, a CBD typically has a fund balance at the end of the fiscal year that is equal to about 6 months of their annual budget. See table below.*

<b>FY 2021-2022 Carryover Disbursement</b>	<b>As of 6/30/22</b>	<b>FY23</b>	<b>Thereafter</b>
<b>Special Assessment Project</b>	\$762,685.00		
Clean & Safe Program		\$302,138.00	
Beautification & Placemaking		\$50,356.00	
Marketing, Business Support, Etc		\$62,945.00	
Administration & Reserve		\$107,246.00	
Commitment for last 6 months			\$240,000.00
<b>Total Carry Forward</b>	<b>\$762,685.00</b>	<b>\$522,685.00</b>	<b>\$240,000.00</b>

**Findings and Recommendations**

DPCBD has met three of four benchmarks as defined on page 4 and 5 of this memo as set by California Streets and Highways Code Section 36650-36651; and the Agreement for the Administration of the “Discover Polk Community Benefit District.” DPCBD missed Benchmark 3 which compares the organization’s fiscal year budget to the fiscal year actuals. Per Section 3.9 of the *Agreement for the Administration of “Discover Polk Community Benefit District,”* each CBD is allotted a ten (10) percent deviation from their management plan. 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, Discover Polk CBD missed Benchmark 3 by overbudgeting by 3.17% above the allowable 10 percentage points for the District Coordinator, Administration & Reserve operations. 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 on August 2, 2018 (File #180621). According to the Management Plan, District Coordinator and Administration services are apportioned to all by lot size and the parcels, so the parcels continued to receive special benefit. It is in OEWD’s opinion that these actions did not adversely impact special benefits conferred on parcels within the CBD.



During this review period, the DPCBD continued to focus on recovery efforts for the district following the Covid-19 pandemic. In addition to the organization’s core cleaning and safety related services - which are vital for ratepayers and businesses alike at all times but were particularly so during the pandemic - the DPCBD focused efforts on supporting the community as it continued to respond to impacts caused by the pandemic. The CBD devoted their time and resources toward streetscape improvements and small-scale outdoor community events, as well as supporting property owners, merchants, and residents to address the impacts of lockdown.

Toward the latter half of the fiscal year, DPCBD saw a return of visitors to their streets with customers and in-person gatherings subsequently increasing. Accordingly, they launched a new event – a district-wide music festival “Pickin’ on the Polk” that was free to the public and took place on the Friday and Saturday of Easter Weekend inside several local businesses and along a small street closure in the district. The CBD plans to make this an annual event moving forward within the district and continue to find ways to activate the corridor.

The DPCBD proceeded with fiscal caution throughout the pandemic due to the uncertainty on the impact on assessment revenues. Given that this impact was not significant and to meet potential expenses that were deferred in FY21-22, OEWD is supportive of DPCBD and Executive Management Team and its plans to allocate more reserve funding to meet the district’s objectives in FY22-23.

There were no reported violations to OEWD of the Brown Act or California Public Records Act for this organization during this reporting period.

### **Conclusion**

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

