

File No. 220889

Committee Item No. 6

Board Item No. 18

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Government Audit and Oversight Date: November 17, 2022

Board of Supervisors Meeting: Date: November 29, 2022

Cmte Board

<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 – CBA FY2022-2024 - Clean
<input type="checkbox"/>	<input type="checkbox"/>	MOU – CBA FY2022-2024 - Redline
<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 checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<u>East Cut CBD Annual Rpt 2020-2021</u>
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Fin Statements 2020-2021</u>
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<u>OEWD Memo 072022</u>
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<u>TJPA Ltr 091521</u>
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<u>FYI Referral 072922</u>
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>OEWD PPT 111722</u>
<input type="checkbox"/>	<input type="checkbox"/>	<u> </u>

Prepared by: Stephanie Cabrera

Date: November 10, 2022

Prepared by: Stephanie Cabrera

Date: November 29, 2022

Prepared by:

Date:

1 [East Cut Community Benefit District - Annual Report - FY2020-2021]

2
3 **Resolution receiving and approving an annual report for The East Cut Community**
4 **Benefit District for Fiscal Year (FY) 2020-2021, submitted as required by the Property**
5 **and Business Improvement District Law of 1994 (California Streets and Highways**
6 **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 9, 2015, 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. 199-15, expressing the City's intention to
13 establish the Greater Rincon Hill Community Benefit District (the "Greater Rincon Hill CBD"),
14 and approving a Management Plan and Engineer's Report for said district, copies of which are
15 on file with the Clerk of the Board of Supervisors in File No. 150592; and

16 WHEREAS, On July 31, 2015, the Board of Supervisors adopted Resolution No. 299-
17 15 establishing the Greater Rincon Hill CBD for a period of 15 years, commencing FY 2015-
18 2016; and

19 WHEREAS, On December 8, 2015, the Board of Supervisors adopted Resolution No.
20 506-15, authorizing an agreement with the owners' association for the
21 administration/management of the Greater Rincon Hill CBD, and a management agreement
22 (the "Management Contract") with the owners' association, Greater Rincon Hill Association,
23 was executed accordingly; and

24 WHEREAS, A copy of the Management Contract is on file with the Clerk of the Board
25 of Supervisors in File No. 151192; and

1 WHEREAS, On November 19, 2019, the Board of Supervisors approved the Greater
2 Rincon Hill CBD's annual reports for Fiscal Year 2017-2018 and changed the name of the
3 Greater Rincon Hill Community Benefit District to The East Cut Community Benefit District
4 (The East Cut CBD) in Resolution No. 492-19; and

5 WHERE, On May 17, 2022, the Board of Supervisors approved the East Cut CBD's
6 annual reports for Fiscal Year 2019-2020 in Resolution No. 206-22; and,

7 WHEREAS, The East Cut CBD has submitted for the Board's receipt and approval The
8 East Cut CBD's annual report for Fiscal Year 2020-2021 as required by Section 36650 of the
9 Act and Section 3.4 of the Management Contract; and

10 WHEREAS, The annual report for Fiscal Year 2020-2021 is on file with the Clerk of the
11 Board of Supervisors in File No. 220889, and are incorporated herein by reference as though
12 fully set forth; and

13 WHEREAS, Supporting documents, including, but not limited to, a transmittal letter and
14 memorandum report from the City's Office of Economic and Workforce Development, dated
15 July 20, 2022, and documentation from The East Cut CBD for the annual report for Fiscal
16 Year 2020-2021 is on file with the Clerk of the Board of Supervisors in File No. 220889, now,
17 therefore, be it

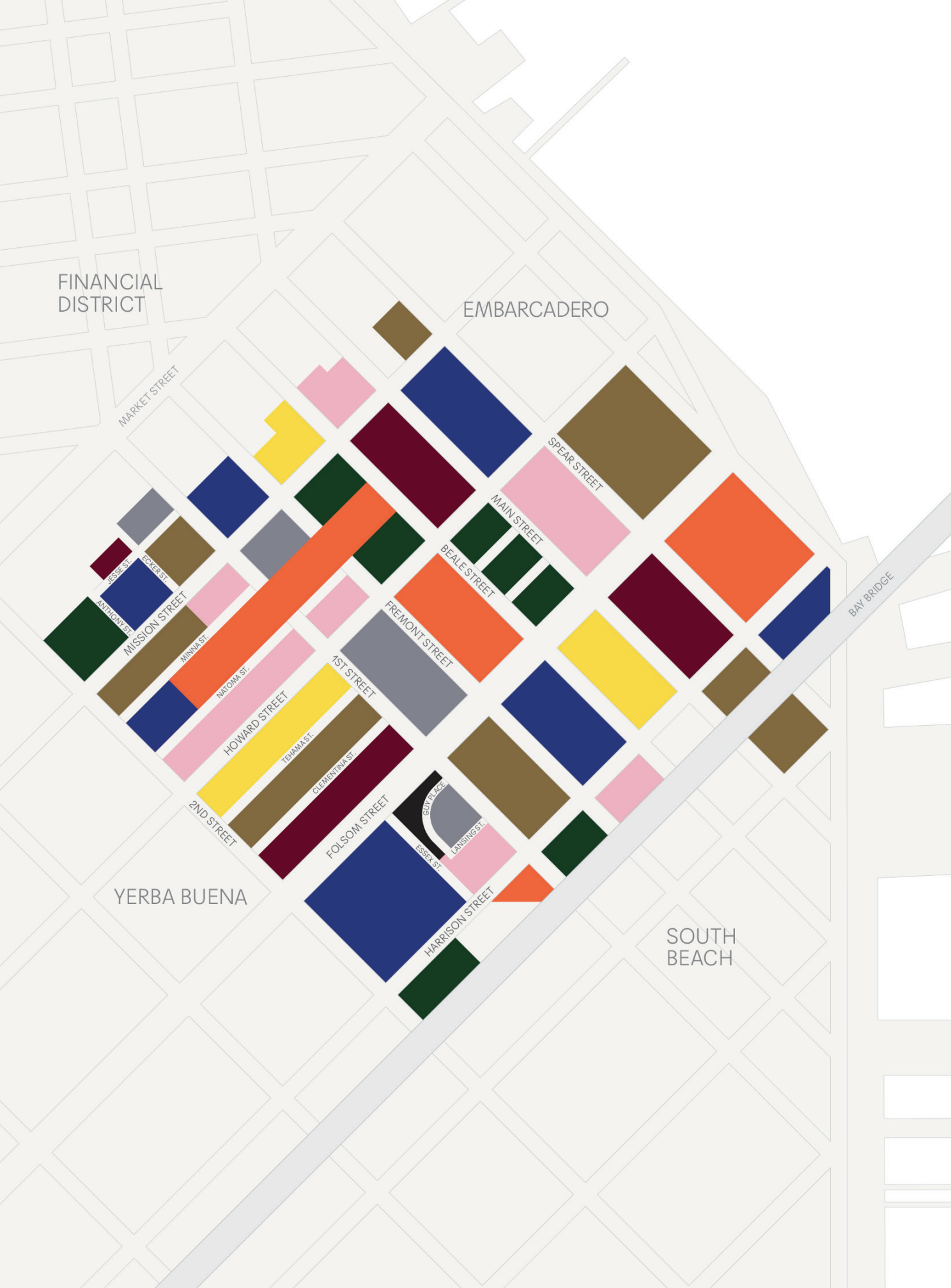
18 RESOLVED, That the Board of Supervisors hereby receives and approves the annual
19 report for The East Cut Community Benefit District for Fiscal Year 2020-2021.
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25

THE
EAST
CUT

Community Benefit District
Annual Report

Fiscal Year
2020 – 2021





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LETTER FROM THE PRESIDENT

04



yet assessment revenue for operating and managing this significant neighborhood resource is projected to fall short. A successful fundraising effort of \$3.5 million is needed to plug the gap and allow construction to begin.

I've lived in Rincon Hill for 12 years. In that time, the neighborhood and The East Cut CBD have grown in ways I never imagined. I'm proud of what The East Cut CBD has done and I'm excited about what's to come.

As the city stirs to life in 2022, our corner of it will come back to new supervisorial district boundaries, new neighbors, new East Cut CBD board members, new retail, more office workers returning to our signature towers, and more visitors passing through on their way to the waterfront and the ballpark.

With your help, we can work together to make San Francisco's most exciting downtown neighborhood greener, cleaner, and better than ever.

WITH GRATITUDE,

A handwritten signature in black ink that reads "Katina Johnson". The script is fluid and cursive.

Katina Johnson
President,
Board of Directors,
The East Cut CBD

05

DEAR NEIGHBOR,

Despite pandemic constraints, The East Cut Community Benefit District (The East Cut CBD) had a very successful 2021. In probably the most visible of our accomplishments, The CBD and its partners transformed the Temporary Transbay Terminal into The Crossing – a place where folks who live here, work here or are just passing through can play, relax, and party.

The slogan for The Crossing is *"It's time to come back together"*, and that's exactly what East Cut neighbors did.

The East Cut CBD continued to provide visible clean and safe street services 24 hours a day. We also kept our neighborhood's parks, including Salesforce Park and Guy Place Mini Park, clean and festive. And, with ventures like The Crossing, we saw some of the major initiatives that began during the first year of the pandemic come to fruition.

Executive Director Andrew Robinson took a lead role in forming the San Francisco Benefit District Alliance – a coalition of CBDs addressing common neighborhood quality-of-life issues. In 2021, the Alliance secured refuse service and pricing guarantees from Recology and worked with the City to incorporate more CBDs into the 311 reporting system. The City uses 311 calls to determine budget allocation for municipal services, so integrating The East Cut CBD's service data into the 311 system has been a top priority for several years.

New and long-time neighbors were the driving force behind one of The East Cut CBD's most successful ventures: the Rincon Sneak Tour. This volunteer-led tour covers the history of the neighborhood and visits its hidden gems off the main streets. In 2022, our growing cadre of volunteers will be adding tours to highlight the district's public art, local food spots, distinguishing landmarks, and more.

The East Cut Community Garden broke ground in 2021 and will open by summer 2022. The garden will give East Cut neighbors a unique opportunity to meet, share garden plots, and attend special events.

Supervisorial District 6, where The East Cut CBD is located, has the lowest amount of open and green space per capita than any other San Francisco district. The CBD's highest priority in 2022 will be ensuring that the neighborhood parks and green spaces the city committed to building decades ago actually move closer to reality.

Under Ramp Park is one of those missing green spaces. The site's 2.4 acres will include a large dog area, beer garden, basketball and sports courts, community meeting space, and more amenities.

The CBD will operate the park after the City constructs it,

MISSION



Above: Team members James and Norman walk the neighborhood and identify areas that need attention.

The East Cut Community Benefit District works to advance the district's quality of life for residents, workers, and visitors by providing a safer and more secure community, enhancing environmental quality and beauty, and reinforcing the viability of the neighborhood's economic base.

UNBUILT EAST CUT

The East Cut as a neighborhood is moving closer and closer to the vision City planners created for it upon the removal of the Embarcadero Freeway in 1991. With many of the neighborhood's parcels fully built out, some of the newest projects are moving forward, including the 800' office tower and hotel on Parcel F, the Renzo Piano-designed hotel at 555 Howard, and the building developments at Blocks 2 and 4, currently moving through the entitlement process with OCII.

Then there are developments in the neighborhood that have progressed through planning approvals and fizzled – like the residential development at 325 Fremont. Or projects that have actually started construction and stopped, leaving the future of the project unknown, as in the case of the Oceanwide development at 1st and Mission streets (photographed at right). And what about the projects that were envisioned for the neighborhood, only to fall prey to political gridlock or a society not yet ready to embrace change?

In an October 2013 article published by SPUR, titled Unbuilt San Francisco, projects across the entire City from different eras were profiled, with one such proposal squarely within The East Cut. A Renzo Piano proposal (not the aforementioned hotel at 555 Howard) was considered at one time for the same site where Oceanwide planned to build its two high-rise towers, one 600 feet and one 900 feet, and a Waldorf Astoria hotel. Piano's vision was for five slender towers ranging from 600 to 1,200 feet with terra cotta cladding, echoing the race to build the tallest, most outlandish skyscrapers in the world by many starchitects in the early 2000's. Alas, Piano's magnum opus never materialized due to the site owner selling the property to Oceanwide in 2008. The forces that drove that sale are

unknown, but there was talk of a multi-year entitlement process that could have delayed Piano's buildings beyond any profitable venture's appetite.

Beyond unbuilt building projects, the remaining underdeveloped parcels in The East Cut include parking lots under the bus ramps into Salesforce Transit Center, and the center parcel of the former Temporary Transbay Terminal. These spaces, a paradise to a used-car dealer, are instead destined to become two of the most exceptional park spaces in all of San Francisco. The spaces under the bus ramps, currently using the working name "Under Ramp Park" (a new name will be selected through a community process), will eventually be a 2.4-acre park space where workers interact with neighbors; where kids from the neighborhood and beyond meet to play; and where pet owners socialize before and after work. Under Ramp Park embodies the mixed-use nature of San Francisco's new Downtown and will stitch together the commercial and residential zones of the neighborhood. At the center of the Temporary Transbay Terminal site will be Transbay Block 3 – a 1-acre park with a large playground serving toddlers and elementary school-aged children, informal gathering spaces, landscape furnishings, trees, and native plants.

Possibly the most highly anticipated unbuilt project in The East Cut is the Downtown Rail Extension, or DTX, which will be the final piece of the Transit Center vision. DTX will allow California's High-Speed Rail to link southern California to the Central Valley and to the Bay - ultimately providing a sustainable way to get from Los Angeles to San Francisco and back in a matter of hours. DTX will also bring Caltrain's new electrified rail service from the Peninsula into downtown. The amount of energy and activity DTX will bring to the neighborhood shows that perhaps the most impactful unbuilt projects are the ones underground!

Right: Construction on the Oceanwide Development at 1st and Mission streets on hold.





UP & COMING

The future of The East Cut neighborhood continues to look bright, even amidst the ongoing challenges of COVID-19. In the last fiscal year, your East Cut CBD quickly pivoted to address the new realities the neighborhood faced – launching East Cut Eats to support local restaurants, adjusting our street cleaning and safety services to generate more visibility for the team, advocating for the neighborhood to see the former Temporary Transbay Terminal site become a community space, and more. In the year ahead, The East Cut CBD is aiming even higher, with plans to launch new projects and campaigns to support the neighborhood’s livability and vibrancy.

Ongoing, positive negotiations with the TJPA and OCII are advancing the long-awaited development of Under Ramp Park and set the stage for The East Cut CBD to officially launch its biggest fundraising campaign ever. The goal is to raise \$3.5 million. The vision is a true neighborhood park, with sports courts, a large dog park, gathering spaces, a beer garden, and more; and your CBD will manage, maintain, and program the park. The funds raised will cover a modest operating budget deficit and unlock over \$40 million in capital funding from OCII to finish the design and construct the park. The bar has never been higher, and the need never greater. As the neighborhood continues to grow, it needs true recreation and community space.

Even before Under Ramp Park breaks ground, The East Cut is partnering with other non-profit and for-profit stakeholders to activate the former Temporary Transbay Transit site. Last spring the East Cut team was selected by OCII to turn the space into a fitness, recreation, retail, and event space. The plan includes bringing two micro soccer fields, a beer garden, food vendors, a cinema, and more amenities to create an interim public open space at the site before it becomes developed into housing at both the north and south ends, and a park in the middle.

The East Cut CBD is also hard at work on transitioning a vacant parcel at Essex and Folsom into a community garden. The project is in response to significant community feedback about the need for gardens and green space. The site is small, and can only accommodate about 20 garden beds, but the transformation is proof that community ideas can become reality.

The goal of all our efforts is to create a neighborhood that is a place of pride for residents, employers, and employees – that welcomes visitors and actively supports the safe return to office. The years ahead will see this corner of the City become a beacon for how San Francisco can grow, making space for all, and building a community that is woven into the rich fabric of our City by the Bay.

HIGHLIGHTS & ACCOMPLISHMENTS

Community Garden!

WalkShops!

D6 Forums!

Programming!

Bigbellies!

Under Ramp Park Outreach!

GBD Innovation!

East Cut Eats!

City Projects!

Fiscal Year 2020-21 was the fifth full year of The East Cut CBD's operations, and despite COVID-19 restrictions, team members advanced many projects, fulfilling the organization's core program goals, which include:

- Advancing the District's Quality of Life For Residents, Visitors, & Workers
- Driving the Vitality of Our Neighborhood's Economic Base
- Improving and Inspiring Placemaking and Activation of Public Spaces
- Maintaining the Financial Stability and Fiscal Obligations of the Organization

Following are a few more highlights from across the CBD's program areas during the past year:

- Added five new Bigbelly trash cans with park-themed wraps to the neighborhood, bringing the total Bigbelly cans to 10
- Held two mask distribution events on Folsom Street, distributing masks to residents in order to prevent COVID transmission
- Held two "WalkShops" in the neighborhood, recruiting residents to volunteer as docents for future walking tours
- Participated in a District 6 Forum addressing challenges faced by small businesses
- Continued coordination with the Global Business Districts Innovation Club and hosted a webinar on Urban Agriculture
- Coordinated with the TJPA and Biederman Redevelopment Ventures (BRV) on the return of programming in Salesforce Park in April after the pandemic hiatus

12

- Raised \$1,200 in donations from the neighborhood for the Block by Block Street Services Team lunch fund
- Advocated for City welfare checks for the Main Street and Clementina Street homeless encampments, helping to get 90% of the residents humanely housed
- Spearheaded and developed a new MOU between Recology and all of the City's CBDs for refuse collection, with no additional cost to assessees
- Coordinated with the City on the completion of Folsom Streetscape Improvement and Howard Street Quick Build street renovation projects

Temp Terminal Activation!

City Outreach!

Problem Library MIRA Activation!

Park Advocacy!

Recology MOU!

Lunch Fund!

Mask Events!

The CBD continues to ensure that public rights-of-way in the district are clean, safe, and welcoming. With those services effectively dialed in, the CBD continues to expand community initiatives and programming in the neighborhood.

The following five highlights accomplished during the past year give a window into major initiatives The East Cut CBD will be advancing for years to come, focusing on Economic Development and Parks & Greenspace:

- Launched East Cut Eats - a neighborhood-based food delivery program intended to increase patronage at East Cut restaurants during the pandemic. Held 15 events throughout the summer of 2020
- Issued a neighborhood survey with Supervisor Haney and participated in a town hall for activation of the Temporary Transbay Terminal site. Submitted a proposal to OCII and was awarded the contract in June for The Crossing at East Cut Activation
- Advanced The East Cut Community Garden by finalizing the operations plan and gaining approval from the OCII Commission in February, completed construction documentation, bidding negotiations, and selection of a landscape contractor
- Worked with the Problem Library and Tishman-Speyer to secure vacant ground floor retail space in MIRA (120 Folsom) for a four-month activation titled *Ongoing Maintenance* by artist Vanha Lam
- Began outreach to District HOAs, and coordinated a draft term sheet agreement with the TJPA, for Under Ramp Park operations fundraising

13



- 1 Patrons enjoy outdoor seating at Bluestone Lane on Avery Lane.
- 2 Residents walking their dog on Folsom Street.
- 3 Children enjoying new benches installed as part of the Folsom Streetscape Improvement Project.
- 4 Children being escorted near the Philz Coffee at Folsom & Beale streets.

SERVICES & STATS



Team member Antonio waits to cross the street at Folsom & Beale streets.

16

The CBD Street Services and Safety Team works in The East Cut district 24-hours a day, seven days a week to ensure our neighborhood’s sidewalks and public open spaces are clean, safe, and inviting. The CBD also leverages assessment dollars by raising additional funds for cleaning, providing community programming, collaborating with City leaders to address district-wide challenges, and elevating the residential and business profile of The East Cut.

CLEANING AND MAINTENANCE. The CBD’s street services crew provides daily cleaning and beautification: sidewalk sweeping, power washing, graffiti abatement, topping off City trash cans, weeding tree basins and sidewalk cracks, and spot-cleaning health hazards. Cleaning services are provided every day from 5:30am to 10:00pm.

SECURITY. More than 100,000 residents, employees, and visitors move through The East Cut district every day. To ensure a safe environment, we were the first district in the City to offer 24/7 neighborhood security. Our patrol teams cover the entire CBD to deter crime and communicate with private building security personnel and SFPD for effective, coordinated action.

COMMUNITY GUIDES. Along with our Clean and Safe Teams, the CBD fields community guides who offer assistance and directions to locals and visitors. Operating as the “eyes and ears” of The East Cut from 5:30am to 10:00pm, our guides connect individuals with services, respond compassionately to calls for homeless outreach, and ensure that the district operates smoothly.

PARKS AND GREENSPACE. The CBD helps plan and maintain public parks, rain gardens, sidewalk landscaping, and street trees. In partnership with TJPA, the CBD also oversees maintenance and programming of Salesforce Park. And while awaiting construction of additional park spaces, the CBD works to highlight and activate privately-owned public open spaces (POPOS) for the enjoyment of district residents, workers, and visitors.

COMMUNITY PROGRAMMING. The East Cut CBD hosts a variety of arts and cultural events throughout the year to answer community requests for neighborhood activities. These events are open to everyone and provide social and business connections for all East Cut stakeholders.

MARKETING. We promote The East Cut CBD’s services and events through our district newsletters, social media, website, and district-wide street banner campaign.

Learn more at: www.theeastcut.org

17

730

Public calls for clean and safe service responded to.
1,369 in FY19-20

3,449

City trash cans topped.
7,821 in FY19-20

2,997

Instances of graffiti removed.
3,221 in FY19-20

145,460

Pounds of garbage removed. (Does not include bulky items.)
208,625 in FY19-20

1,101

Needles removed.
1,787 in FY19-20

3,187

Instances of outreach to homeless individuals.
6,605 in FY19-20



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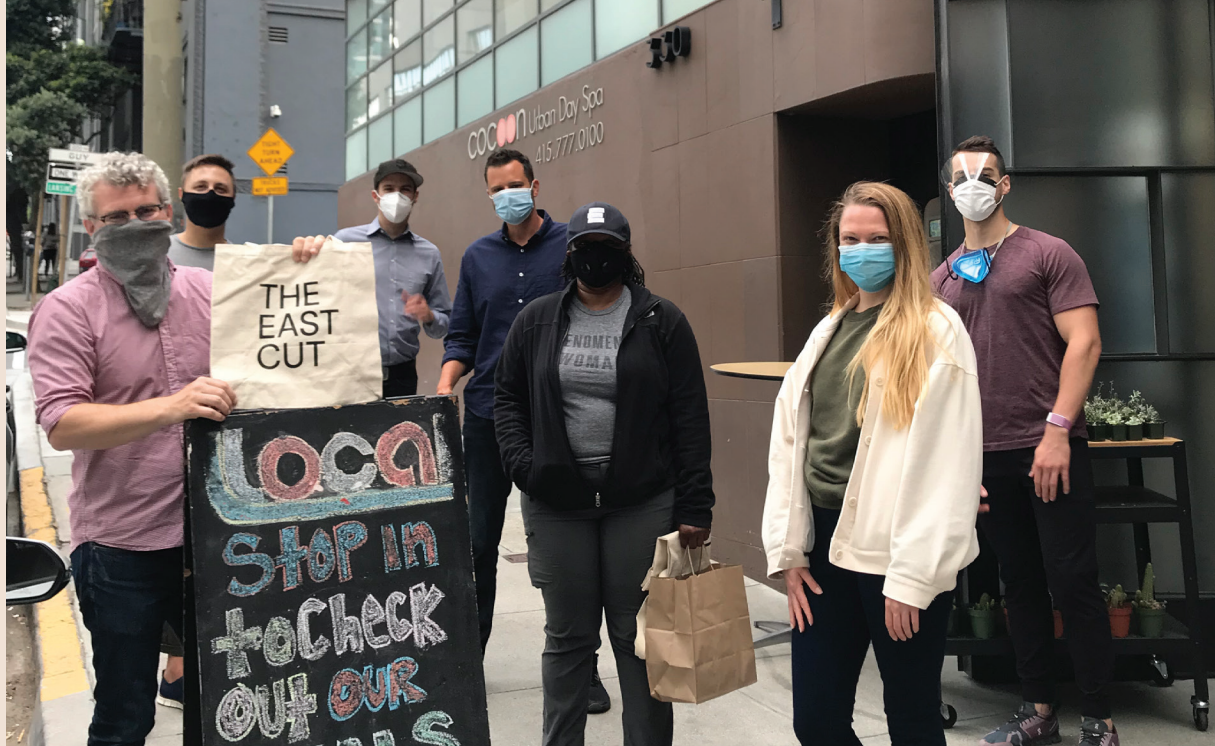
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- 1 Team Lead Jaleel waves in front of the CBD's new pressure washing cart.
- 2 Team Lead Moe blows leaves on Main Street.
- 3 Services Ambassadors Jerry and Paul coordinate tasks.
- 4 Service Ambassador Jerry sweeps the gutter on Main at Folsom.

A BUSINESS CASE FOR PLACE



Volunteers for East Cut Eats pose for a photo at Local Kitchen & Wine Merchant (330 1st Street).

Throughout the 20-21 Fiscal Year, The East Cut CBD, like all organizations and businesses, had a major shift in procedures and workplace dynamic. While The East Cut services team continued providing cleaning and safety services throughout the neighborhood, the CBD office staff transitioned to work-from-home along with almost all of the major companies in the district. This allowed for the safety of the community, however, the affects on neighborhood businesses were obvious.

The East Cut saw all of our local eateries and retail shops close in the early days of the pandemic due to local mandates. When restrictions were eased, some of our most well-known businesses were unable to weather the absence of tens of thousands of daily visitors to the area. Anchor & Hope, Specialty's Café, Salt House, and Form Boxing were just a few of the 18 documented permanent business closures from March 2020 – March 2021. It was immediately clear that additional help for our neighbors was needed, and the CBD was positioned to offer assistance.

Because there was a shelter-in-place order for much of the spring of 2020, the CBD began brainstorming a program to get restaurant orders to neighborhood residents. Utilizing our history of working with volunteers, we developed East Cut Eats – a program to deliver food from East Cut restaurants to East Cut residents. In the summer of 2020, from July to October, The East Cut CBD operated this volunteer program. Every week, East Cut Eats partnered with one or more restaurants, promoted menus and stories on social media, collected online orders, and coordinated volunteers to perform deliveries at no

20 charge to the customer nor to the business. East Cut Eats ran for 15 weeks, partnered with 13 restaurants, worked with 14 volunteers, and generated 259 orders totaling over \$15,000 in sales. While the participating businesses could not survive on those sales alone, the CBD



promoted our local shops, saved restaurants expensive delivery fees, and allowed neighbors an opportunity to shop local.

The CBD did not stop there. While the City of San Francisco and the Federal government began implementing their own measures to help businesses, the CBD canvassed the area and distributed information on available programs through our website and social media. Specifically, we promoted the Paycheck Protection Program, small business loans from the Office of Economic & Workforce Development (OEWD), and the Shared Spaces program, which enabled businesses to use parking spaces, open spaces, and POPOS to build parklets for outdoor seating. While a handful of East Cut businesses capitalized on the Shared Spaces program and built new parklets on their own, the CBD partnered with Natoma Cabana on Natoma Street and applied for its own Shared Spaces permit, allowing the bar to put out tables and chairs on the shared street just west of the Transit Center, while also providing opportunities for the CBD to host outdoor events.



As the Shared Spaces program continued throughout the first half of 2021 and the City embraced outdoor activity, the CBD's Neighborhood Parks & Greenspace Committee conceptualized additional ideas to increase neighborhood identity and community activation. From those discussions, East Cut Seats was born – a program where the CBD purchased outdoor table and chair sets and provided them to local businesses so that they may expand into the public realm. The first partner to utilize the tables and chairs was Sweetgreen at Second and Natoma streets. The program is still in its infancy, but all signs point to a greater use of public space by the community.



Last, but certainly not least of the economic interventions spearheaded by the CBD, was the temporary activation of the Temporary Transbay Terminal at Folsom and Beale streets. After Salesforce Transit Center reopened in August 2019, the 3.5-acre concrete parcel sat fenced off and empty, weeds growing with the threat of dereliction. The CBD successfully advocated at TJP&A and OCII to issue an RFP for activating the site, and in March 2021 the CBD, along with three organizations collectively known as the East Cut Landing Partners, was awarded the permit to activate the site for a two- to three-year period. Starting in September 2021, the site will feature food trucks and retail kiosks, a family-friendly beverage garden, art installations, an outdoor cinema, a community marketplace, Street Soccer fields, a dog park, a kids play area, and more. The CBD hopes to utilize the retail kiosks to highlight existing local businesses, but also allow for businesses from other parts of San Francisco to test the area, and potentially lease a neighborhood storefront in the future. With the potential for a weekend farmers' market, the CBD looks to deliver a long-requested amenity for the neighborhood in the form of affordable produce.

1 Tables and chairs are set out at Sweetgreen (171 2nd Street) as part of East Cut Seats.

2 Seating for Natoma Cabana (90 Natoma Street) is placed in the right-of-way as part of The East Cut CBD's Shared Spaces permit.

3 Neighborhood youth play soccer on Street Soccer USA fields installed in the former Temporary Transbay Terminal as part of The Crossing at East Cut.



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The East Cut is a neighborhood in development, experiencing fast growth as it reaches its peak. The pandemic created significant and unforeseen challenges to a small business community mostly reliant on an office crowd. Only half of the district’s businesses reopened, all adjusting to the major loss of traffic, new safety regulations implemented overnight and evolving over months, and the shift from office to residential audiences. Residents of the neighborhood remained, but the symbiosis that office workers normally enabled was, and still is, missing.

The retail fabric contributes to a neighborhood’s identity and defines its social and cultural character by creating unique experiences and vibrancy for those who work, live, and commute here. Luckily, The East Cut possesses a strong and modern real estate infrastructure that can adapt to major shifts in behaviors. It is a transit-rich neighborhood still growing, investing in open spaces and activities that support a neighborhood identity. With park spaces under development, more retail spaces in the pipeline along with thousands of housing units (including over 35% below market-rate) and millions of square feet of office space, The East Cut is a prosperous place for long-term investments, as signaled by dozens of lease deals still underway.

Looking ahead, The East Cut Community Benefit District is working to form a stronger coalition with its retail businesses and improve our collective connection to San Francisco’s economic development strategy. In March of 2021, the CBD conducted a first-of-its-kind merchant survey in the district to have a greater understanding of small businesses and create collaboration with merchants. With businesses that left the neighborhood not participating in the survey, the findings are very much reflective of the characteristics of those able to weather the global pandemic. The survey revealed that merchants are focused on the future and on potential investments to deepen their roots in this community. The problems to solve are manageable for a district and city like ours, and this year The East Cut CBD will continue its efforts to further connect people to places to create an environment that attracts people to live in, work in, and visit the neighborhood.

The East Cut CBD will continue to advance opportunities allowing businesses to leverage and benefit from the public realm and its large open spaces and sidewalks, it will continue to advocate for safe and modern solutions to emerging trends in transportation, and continue to promote the social value of vacant ground floor spaces that can be used for innovative, cultural, or incubation programs.

1 Meals are packaged for delivery from The Lightbox Cafe (211 Main Street) as part of East Cut Eats.

2 A volunteer for East Cut Eats carries delivery orders from Spice Kit (405 Howard Street).

3 Tables and chairs are set out at Sweetgreen (171 2nd Street) as part of East Cut Seats.

4 Volunteers for East Cut Eats pose for a photo at Town Hall Restaurant (342 Howard Street).

LEVERAGING YOUR DOLLARS

The East Cut Community Benefit District is mandated to raise funds for the portion of its services and programs that benefit the general public. In FY20-21, The CBD went above and beyond its fundraising requirement and raised \$0.055 cents for every assessment dollar received.

\$163,030

in corporate donations and City grants

- \$5,000 from Tishman Speyer to support vacant retail activations
- \$103,000 in PPP loan
- \$42,795 from OEWD for ten Bigbelly trash receptacles and pressure washing services
- \$10,600 from Google through their employee donation matching program
- \$1,665 from DocuSign through their employee donation matching program

\$38,000

value of individual donations

- \$31,000 in donations to The East Cut CBD general activities.
- \$7,000 for the Services Team Lunch Fund and Wish List.

\$12,000

value of in-kind donations

- One permanent parking space at Rincon Green for clean team staff.
- 6 annual Salesforce licenses to manage the property assessments database

662 hours

volunteered towards committees and CBD programs

- 542 hours volunteered by 27 board directors and committee members at meetings.
- 120 hours volunteered by participants of East Cut Eats.

Other donations

received from CBD supporters

- 12 Fitness SF gym memberships for The East Cut CBD staff and Services Team.

24

Right: The new 1 Steuart Lane residential tower by SOM at Steuart and Howard streets.



GET INVOLVED

There are many ways to get involved with The East Cut CBD, whether you are a resident, business owner, worker, or even if you have no connection to the neighborhood at all! The following are options, both big and small, to contribute your time, funds, or ideas to further the CBD's mission.



DONATE TO THE SERVICES
TEAM LUNCH FUND



VOLUNTEER FOR NEIGHBORHOOD
INITIATIVES



VOLUNTEER IN THE EAST CUT
COMMUNITY GARDEN



ATTEND EAST CUT CBD COMMITTEE
MEETINGS



DONATE TO SAVE THE UNDER RAMP
PARK PROJECT



BUDGET &

JULY 2020 – JUNE 2021 ACTUALS

INCOME	ACTUALS	BUDGET	OVER / (UNDER) BUDGET
Assessments	\$ 4,316,674	\$ 3,845,714	\$ 470,960
Fundraising/In-Kind	\$ 209,790	\$ 395,525	\$ (185,735)
Interest	\$ 12,560	\$ 10,000	\$ 2,560
Other Income	\$ 6,272	\$ 0	\$ 6,272
TOTAL INCOME	\$ 4,545,296	\$ 4,251,239	\$ 294,057

EXPENSES	ACTUALS	BUDGET	OVER / (UNDER) BUDGET
Public Safety	\$ 1,026,227	\$ 1,089,853	\$ (63,626)
Cleaning & Maintenance	\$ 1,037,549	\$ 1,022,492	\$ 15,057
Parks & Greenspace	\$ 487,776	\$ 499,232	\$ (11,456)
Salesforce Park	\$ 738,315	\$ 1,211,838	\$ (473,523)
Economic Development	\$ 201,837	\$ 155,585	\$ 46,252
Management & Operations	\$ 343,066	\$ 332,422	\$ 10,644
TOTAL EXPENSE	\$ 3,834,770	\$ 4,311,422	\$ (476,652)
Revenue Over Expenses	\$ 710,526	\$ 0	\$ 710,526
Prior Year Carryover	\$ 0	\$ 210,207	\$ (210,207)
TOTAL CARRYOVER	\$ 710,526	\$ 210,207	\$ 500,319

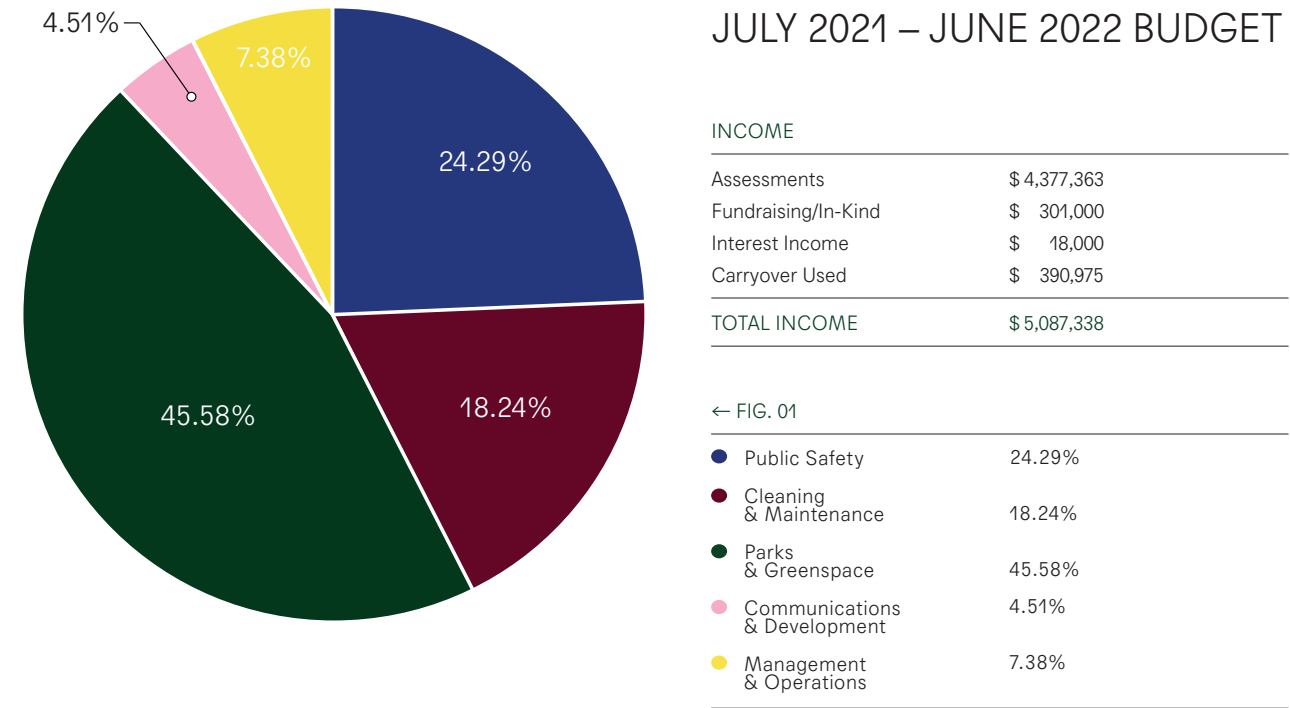
JULY 2020 – JUNE 2021 BALANCE SHEET

ASSETS	
Cash in Bank	\$ 2,562,300
Accounts Receivable, Net	\$ 106,177
Investments	\$ 3,212,101
Capital Assets	\$ 1,240
TOTAL ASSETS	\$ 5,881,818

LIABILITIES	
TOTAL LIABILITIES	\$ 582,707
TOTAL NET ASSETS (CARRYOVER)	\$ 5,299,111
TOTAL LIABILITIES & NET ASSETS	\$ 5,881,818

BALANCE SHEET

JULY 2021 – JUNE 2022 BUDGET



PROJECTED CARRYOVER DISBURSEMENT

CARRYOVER	AS OF 6.30.21	BUDGETED FOR FY21 – 22	BUDGETED FOR FUTURE YEARS
Public Safety	\$ 741,533	\$ 107,654	\$ 633,879
Cleaning & Maintenance	\$ 565,698	\$ 87,424	\$ 478,274
Parks & Greenspace	\$ 1,579,292	\$ 0	\$ 1,579,292
Salesforce Park	\$ 2,195,185	\$ 53,777	\$ 2,141,408
Communications & Development	\$ 125,697	\$ 108,632	\$ 17,065
Management & Operations	\$ 91,746	\$ 33,488	\$ 58,258
Non-Assessment	\$ 0	\$ 0	\$ 0
TOTAL	\$ 5,299,111	\$ 390,975	\$ 4,908,136

ASSESSMENT METHODOLOGY & CALCULATION

Each property within the CBD’s boundaries pays a special assessment proportional to its share of the cost of the district’s services. The assessment is based on a formula that determines the property’s special benefit.

- An individual parcel’s annual assessment can be calculated in three steps:
1. Determine the parcel’s land use and proximity to Salesforce Park to find out the assessment rate.
 2. Add parcel lot square footage plus building square footage.
 3. Multiply by the appropriate assessment rate.

$$(\text{PARCEL LOT SQUARE FOOTAGE} + \text{BUILDING SQUARE FOOTAGE}) \times \text{ASSESSMENT RATE} = \text{ANNUAL PARCEL ASSESSMENT}$$

EXAMPLES: For land uses more than 500 feet from Salesforce Park (excluding affordable housing and non-profit uses) with a 10,000 square foot lot and 100,000 square foot building, the calculation is:

FY2020/21
 $(10,000 + 100,000) \times \$0.08828 = \$9,711$
annual parcel assessment

FY2021/22
 $(10,000 + 100,000) \times \$0.08980 = \$9,878$
annual parcel assessment

All land uses within 500 feet of Salesforce Park, excluding commercial properties adjacent to the park:

FY2020/21
 $(10,000 + 100,000) \times \$0.13053 = \$14,358$
annual parcel assessment

FY2021/22
 $(10,000 + 100,000) \times \$0.13278 = \$14,606$
annual parcel assessment

Commercial buildings adjacent to Salesforce Park:

FY2020/21
 $(10,000 + 100,000) \times \$0.18573 = \$20,430$
annual parcel assessment

FY2021/22
 $(10,000 + 100,000) \times \$0.18893 = \$20,782$
annual parcel assessment

Commercial buildings adjacent to Salesforce Park and with a connecting bridge:

FY2020/21
 $(10,000 + 100,000) \times \$0.21333 = \$23,466$
annual parcel assessment

FY2021/22
 $(10,000 + 100,000) \times \$0.21700 = \$23,870$
annual parcel assessment

Affordable housing and non-profit uses more than 500 feet from Salesforce Park:

FY2020/21
 $(10,000 + 100,000) \times \$0.06621 = \$7,283$
annual parcel assessment

FY2021/22
 $(10,000 + 100,000) \times \$0.06735 = \$7,409$
annual parcel assessment

THE EAST CUT CBD STAFF SPOTLIGHT

PIERRE LAGARDE, FUNDRAISING & DEVELOPMENT MANAGER



Pierre has worked for The East Cut Community Benefit District since July 2018, however, he first joined the CBD as a neighborhood volunteer in July 2017, assisting with events and neighborhood outreach. Pierre originally hails from Paris, France, and has brought a perspective to our neighborhood organization that emphasizes economic innovation and community participation. He has been behind CBD efforts such as East Cut Eats, East Cut Tours, CBD grant writing, and much more! Pierre is also your CBD contact for neighborhood business inquiries, and provides updated information on social media and our website regarding business hours and new developments. Pierre’s thoughtful and positive energy always brings a lift to the office, and we are fortunate to have him on our team. Reach out to Pierre if you have any questions or want to talk about the future of the neighborhood!

THE EAST CUT CBD BOARD OF DIRECTORS 2020–2021

Katina Johnson, **President**, Resident
Dan Coming, **Vice President**, Resident
Tony Birdsey, **Secretary**, Tishman Speyer
Amy Arbuckle, **Treasurer**, The Clancy by Marriott
Matt Lituchy, **Past President**, Jay Paul Company

Larissa Acosta, Resident
Benjamin Brandin, OCII
John Cornwell, Resident
Katie Darling, Kilroy Realty
Tamsen Drew, Salesforce
Leah Edwards, Resident
Daniel Esdorn, Hines
Helen Han, Boston Properties
Chema Hernández Gil, Resident
Mike Koperski, Golden Gate University
Jessica Legault, Mercy Housing
Wendy Lieu, Socola Chocolatier
Nabiel Musleh, Harlot Lounge
Lauren Post, Resident
Erin Roseman, Transbay Joint Powers Authority
Jonathan Shum, Related Companies

THE EAST CUT CBD COMMITTEES

Audit, Bylaws, Economic Development, Executive, Finance & Development, Neighborhood Parks & Greenspace, Nominating, Personnel & Operations, Salesforce Park, Street Services & Safety

THE EAST CUT CBD STAFF

Andrew Robinson, Executive Director
Mike Rieger, Deputy Director
Garrick Mitchler, Public Realm Maintenance & Operations Manager
Pierre Lagarde, Fundraising & Development Manager
Emily Tzouanakis, Administration & Strategic Communications Manager
Heba Shanaa, Design & Planning Intern

The East Cut CBD would like to thank the individuals and organizations below for their financial contributions and in-kind support in 2020–2021. Their generosity allowed us to provide services and events that improved and enlivened the district.

Albert Bower & Jerome Shaw, Adrian Caratowsa, Dan Coming, City and County of San Francisco, District 6 Supervisor Matt Haney, DocuSign, Fitness SF, Paul Gallaher, Google, Judy Heyboer, Katina Johnson, Darrell Lee, Nancy & Christopher Meyer, Office of Community Investment and Infrastructure (OCII), Office of Economic and Workforce Development (OEWD), On Fleet, Bill Quinn, Renne Public Law Group, Rincon Green, Sienna Shankel, Tishman Speyer, Transbay Joint Powers Authority (TJPA), U.S. Digital Response, Andy Van Wart.

Photography by Hannah Welch and TECCBD, UON.

Get in touch

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THE EAST CUT

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

THE EAST CUT COMMUNITY BENEFIT DISTRICT

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The East Cut Community Benefit District

Report on the Financial Statements

We have audited the accompanying financial statements of The East Cut Community Benefit District, which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, and 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 from 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 auditors' 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 The East Cut Community Benefit District as of June 30, 2021 and 2020, 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.

Marcum LLP

San Francisco, California
April 19, 2022

THE EAST CUT COMMUNITY BENEFIT DISTRICT

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2021 AND 2020

	2021	2020
Assets		
Current Assets		
Cash and cash equivalents including cash held for others \$12,902 and \$12,317, respectively	\$ 2,562,300	\$ 2,018,713
Assessments receivable	90,253	49,738
Other receivables and prepayments	15,924	25,315
Investments	3,212,101	3,414,064
Capital assets, net	<u>1,240</u>	<u>3,220</u>
Total Assets	<u>\$ 5,881,818</u>	<u>\$ 5,511,050</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 582,707	\$ 819,365
PPP loan payable	<u>--</u>	<u>103,100</u>
Total Liabilities	<u>582,707</u>	<u>922,465</u>
Net Assets		
Without donor restrictions	5,268,950	4,553,303
With donor restrictions	<u>30,161</u>	<u>35,282</u>
Total Net Assets	<u>5,299,111</u>	<u>4,588,585</u>
Total Liabilities and Net Assets	<u>\$ 5,881,818</u>	<u>\$ 5,511,050</u>

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

THE EAST CUT COMMUNITY BENEFIT DISTRICT
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2021

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support			
Assessments revenue	\$ 4,316,674	\$ --	\$ 4,316,674
Contributions	39,788	11,089	50,877
In-kind contributions	15,886	--	15,886
Grants	--	39,927	39,927
Net realized and unrealized investment losses	(7,144)	--	(7,144)
Investment income	19,704	--	19,704
Other income	6,272	--	6,272
Net assets released from restrictions	<u>56,137</u>	<u>(56,137)</u>	<u>--</u>
Total Revenue, Gains, and Other Support	<u>4,447,317</u>	<u>(5,121)</u>	<u>4,442,196</u>
Expenses			
Program services:			
Public safety	1,026,227	--	1,026,227
Clean team and dispatch	1,037,549	--	1,037,549
Communication and development	201,837	--	201,837
Parks and greenspace	1,226,091	--	1,226,091
Supporting services:			
Management and general	<u>343,066</u>	<u>--</u>	<u>343,066</u>
Total Expenses	<u>3,834,770</u>	<u>--</u>	<u>3,834,770</u>
Income from Operations	612,547	(5,121)	607,426
Extinguishment of PPP Loan	<u>103,100</u>	<u>--</u>	<u>103,100</u>
Change in Net Assets	715,647	(5,121)	710,526
Net Assets - Beginning	<u>4,553,303</u>	<u>35,282</u>	<u>4,588,585</u>
Net Assets - Ending	<u>\$ 5,268,950</u>	<u>\$ 30,161</u>	<u>\$ 5,299,111</u>

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

THE EAST CUT COMMUNITY BENEFIT DISTRICT
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2020

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support			
Assessments revenue	\$ 4,148,559	\$ --	\$ 4,148,559
Contributions	15,616	37,079	52,695
In-kind contributions	33,082	--	33,082
Grants	--	14,000	14,000
Net realized and unrealized investment gains	14,318	--	14,318
Investment income	65,086	--	65,086
Other income	8,937	--	8,937
Net assets released from restrictions	<u>45,307</u>	<u>(45,307)</u>	<u>--</u>
Total Revenue, Gains, and Other Support	<u>4,330,905</u>	<u>5,772</u>	<u>4,336,677</u>
Expenses			
Program services:			
Public safety	776,141	--	776,141
Clean team and dispatch	1,008,769	--	1,008,769
Communication and development	192,248	--	192,248
Parks and greenspace	1,371,775	--	1,371,775
Supporting services:			
Management and general	<u>356,930</u>	<u>--</u>	<u>356,930</u>
Total Expenses	<u>3,705,863</u>	<u>--</u>	<u>3,705,863</u>
Change in Net Assets	625,042	5,772	630,814
Net Assets - Beginning	<u>3,928,261</u>	<u>29,510</u>	<u>3,957,771</u>
Net Assets - Ending	<u>\$ 4,553,303</u>	<u>\$ 35,282</u>	<u>\$ 4,588,585</u>

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

THE EAST CUT COMMUNITY BENEFIT DISTRICT

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2021

	Program Services					Support Services	
	Public Safety	Clean Team and Dispatch	Communication and Development	Parks and Greenspace	Total	Management and General	Total
Contract services	\$ 890,071	\$ 903,349	\$ --	\$ 911,148	\$ 2,704,568	\$ --	\$ 2,704,568
Management personnel expenses	107,681	107,681	140,049	187,885	543,296	184,684	727,980
Rent and utilities	24,883	15,873	2,018	68,043	110,817	6,509	117,326
Legal fees	76	472	2,166	54,657	57,371	24,259	81,630
Accounting and audit	--	--	--	--	--	77,564	77,564
Marketing and branding	521	405	37,643	1,125	39,694	316	40,010
Office expense and supplies	1,117	7,891	2,666	3,233	14,907	23,420	38,327
Depreciation	--	--	--	--	--	1,980	1,980
In-kind goods and services	1,878	1,878	2,100	--	5,856	10,030	15,886
Community events	--	--	15,195	--	15,195	--	15,195
General consulting	--	--	--	--	--	13,354	13,354
All other expenses	--	--	--	--	--	950	950
Total	<u>\$ 1,026,227</u>	<u>\$ 1,037,549</u>	<u>\$ 201,837</u>	<u>\$ 1,226,091</u>	<u>\$ 3,491,704</u>	<u>\$ 343,066</u>	<u>\$ 3,834,770</u>

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

THE EAST CUT COMMUNITY BENEFIT DISTRICT

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2020

	Program Services					Support Services	
	Public Safety	Clean Team and Dispatch	Communication and Development	Parks and Greenspace	Total	Management and General	Total
Contract services	\$ 631,504	\$ 841,431	\$ --	\$ 1,081,415	\$ 2,554,350	\$ --	\$ 2,554,350
Management personnel expenses	103,373	107,669	108,811	184,780	504,633	160,207	664,840
Rent and utilities	24,003	24,921	3,157	63,097	115,178	26,134	141,312
Legal fees	8,882	8,882	--	27,415	45,179	44,716	89,895
Marketing and branding	624	648	67,795	2,364	71,431	692	72,123
Accounting and audit	--	--	--	--	--	65,758	65,758
In-kind goods and services	1,044	17,150	5,012	--	23,206	9,877	33,083
All other expenses	3,773	3,196	362	10,256	17,587	10,947	28,534
General consulting	--	--	--	--	--	24,273	24,273
Office expense and supplies	2,299	3,580	7,047	266	13,192	2,362	15,554
Insurance - liability	--	(80)	--	--	(80)	9,391	9,311
Community events	639	1,372	64	2,182	4,257	94	4,351
Depreciation	--	--	--	--	--	2,479	2,479
Total	\$ 776,141	\$ 1,008,769	\$ 192,248	\$ 1,371,775	\$ 3,348,933	\$ 356,930	\$ 3,705,863

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

THE EAST CUT COMMUNITY BENEFIT DISTRICT

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Cash Flows From Operating Activities		
Change in net assets	\$ 710,526	\$ 630,814
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized and unrealized investment losses (gains)	7,144	(14,318)
Depreciation	1,980	2,479
Extinguishment of PPP loan	(103,100)	--
Changes in operating assets and liabilities:		
Assessments receivable	(40,515)	(11,072)
Other receivables and prepayments	9,391	(18,164)
Accounts payable and accrued expenses	<u>(236,658)</u>	<u>192,975</u>
Net Cash Provided by Operating Activities	<u>348,768</u>	<u>782,714</u>
Cash Flows From Investing Activities		
Purchase of investments	(5,154,981)	(8,006,719)
Redemption of investments	<u>5,349,800</u>	<u>8,425,000</u>
Net Cash Provided by Investing Activities	<u>194,819</u>	<u>418,281</u>
Cash Flows From Financing Activities		
Proceeds from PPP loan payable	<u>--</u>	<u>103,100</u>
Net Cash Provided by Financing Activities	<u>--</u>	<u>103,100</u>
Net Increase in Cash and Cash Equivalents	543,587	1,304,095
Cash and Cash Equivalents - Beginning	<u>2,018,713</u>	<u>714,618</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 2,562,300</u></u>	<u><u>\$ 2,018,713</u></u>
Supplemental Information		
Non cash financing		
Extinguishment of debt	<u><u>\$ 103,000</u></u>	<u><u>\$ --</u></u>

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

THE EAST CUT COMMUNITY BENEFIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PURPOSE AND ORGANIZATION

The East Cut Community Benefit District (“ECCBD” or the “District”) is a nonprofit 501(c)(3) community-based organization. ECCBD was formed in 2015 and began operations in 2016. The property owners of the catchment area formed ECCBD to improve the quality of life in the area by making the area cleaner, safer, and more vibrant. ECCBD has a contract with the City and County of San Francisco (the “City”) for a term of 15 years, expiring on June 30, 2030. ECCBD is generally 57 whole or partial blocks from approximately the east side of Second Street to the west side of the Embarcadero and from the north side of Mission Street to the north side of Harrison (the “District”).

ECCBD exists to implement programs to create a neighborhood that is safer, cleaner, greener, and a better place to conduct business and live. These programs and services are funded by district property owners in the Rincon Hill and Transbay neighborhoods.

ECCBD’s mission statement is as follows:

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

Program services provided by ECCBD include:

- **Public Safety** – The daytime security community guides monitor street conditions, provide crime deterrence, and evaluate quality of life issues. Community guides may patrol the District on foot or bicycle, depending on pedestrian traffic from 5:30am to 10:00pm, daily.

Nighttime security will be provided by private neighborhood security patrol working throughout the District as a deterrence to quality of life crimes, and connects to the San Francisco Police Department for more serious matters. They will be providing crime deterrence and enforcement from 4:00pm to 7:00am, daily.

- **Clean Team** – The Clean Team works to improve the appearance and cleanliness of the district daily from 5:30am to 10:00pm. The Clean Team steam cleans all sidewalks in the district once a month, work daily on sidewalk sweeping and trashcan topping, and also removes graffiti on an on-call basis, daily.

THE EAST CUT COMMUNITY BENEFIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PURPOSE AND ORGANIZATION (CONTINUED)

- **Dispatch** – ECCBD’s clean and safe services are accessed through a neighborhood dispatch system available twenty-four hours a day seven days a week.
- **Parks and Greenspace** – The Parks and Greenspace program includes irrigation systems management and repair; pest control; tree, shrub, and ground maintenance; gardening and weeding; arborist and horticultural consultation; seasonal fire fuel reduction; trash off-haul; pavement and pathway repairs and care; small capital improvements such as replacement of plant materials, fixtures, furniture, and equipment; emergency repair projects. Projects that the ECCBD is involved in the current year are: Emerald Park, Transbay Park, and Under-Ramp Park, as well as other Public Realm projects.
- **Communication and Development** – The Communication and Development program’s mission is to communicate the changes taking place in ECCBD and reinforce the public’s positive perception of the District’s parcels. This program will include newsletters, marketing materials, website development, property owner and merchant outreach programs, community liaison activities, special events, business retention and recruitment, media relations, advertising, property manager outreach, and property database development and update.

BASIS OF ACCOUNTING

ECCBD prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred, regardless of the timing of cash flows.

CLASSIFICATION OF NET ASSETS

U.S. GAAP requires that ECCBD report information regarding its financial position and activities into two classes of net assets: without donor restrictions and with donor restrictions.

THE EAST CUT COMMUNITY BENEFIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CLASSIFICATION OF NET ASSETS (CONTINUED)

Accordingly, the net assets are classified and reported as described below:

Without Donor Restrictions

Those net assets and activities which represent the portion of expendable funds that are available to support ECCBD's operations. A portion of these net assets may be designated by the Board of Directors for specific purposes.

With Donor Restrictions

Net assets representing funds that are specifically restricted by donors for use in various programs and/or for a specific period of time. These donor restrictions can be expendable in purpose in that they will be met by actions of ECCBD or by the passage of time. Other donor restrictions are permanent in purpose, whereby the donor has stipulated that the funds be maintained in perpetuity. At June 30, 2021, there were no net assets that were required to be held in perpetuity.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying amounts of cash and cash equivalents, receivables, and accounts payable approximate fair value because of the short maturity of these instruments.

ESTIMATES

The preparation of financial statements in conformity with U.S. GAAP requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

ECCBD considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

CASH HELD FOR OTHERS

ECCBD serves as a fiscal sponsor for another organization. ECCBD receives cash and other sources of income and makes payments on behalf of the organization. These transactions are not considered revenue or expenses of ECCBD. There is a corresponding liability that equals the residual cash within accounts payable and accrued expenses.

THE EAST CUT COMMUNITY BENEFIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ASSESSMENTS RECEIVABLE

Assessments receivable represent obligations of local property owners due to ECCBD. Unpaid assessments do not accrue interest.

ECCBD uses the allowance method to account for uncollectible assessments. The allowance for uncollectible assessments receivable reflects management's best estimate of the amounts that will not be collected based on an evaluation of the outstanding receivables. As of June 30, 2021 and 2020, management believes all assessments will be collected, and therefore, an allowance for uncollectible assessments was not needed.

INVESTMENTS

Investments in marketable securities and fixed income securities are carried at fair value based upon quoted market prices.

CAPITAL ASSETS

ECCBD capitalizes acquisitions of capital assets with a cost or value in excess of \$1,000 and with an estimated useful life beyond one year. Purchased assets are recorded at cost and donated assets are recorded at estimated fair value or appraised value at the date of donation. Depreciation of capital assets is calculated using the straight-line method based upon estimated useful lives ranging from 3 to 10 years. Maintenance and repairs are charged to expense as incurred and major renewals and betterments are capitalized. The cost and accumulated depreciation of assets sold or retired are removed from the respective accounts and any gain or loss is reflected in the statement of activities and changes in net assets.

ACCRUED ANNUAL LEAVE

Full-time employees may accrue up to 5 weeks per year depending on the number of years employed. Employees can accrue a maximum of 180 vacation hours.

REVENUE RECOGNITION

Assessments Revenue

ECCBD receives its revenue primarily from special assessments levied by the City on properties located within the District in accordance with City Ordinance. The assessments are recorded by ECCBD when earned. The City remits the assessments to ECCBD as the assessments are collected from the property owners. Interest is not charged on late assessments; however, late penalties are charged in accordance with the City's policy.

THE EAST CUT COMMUNITY BENEFIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION (CONTINUED)

Contributions

ECCBD recognizes all unconditional contributions when they are received or unconditionally promised. Contributions are recognized based on the existence or absence of donor-imposed restrictions.

The satisfaction of a donor-imposed restriction on a contribution is recognized when the corresponding expenditures are incurred or when the time restriction expires. This occurs by increasing one class of net assets and decreasing another in the statement of activities and changes in net assets. Such transactions are recorded as net assets released from restrictions and are reported separately from other transactions.

For the years ended June 30, 2021 and 2020, ECCBD received unconditional contributions of \$50,877 and \$52,695, respectively.

In-Kind Contributions

Donated material and equipment are recorded as contributions at their estimated fair value on the date of receipt. Such donations are reported as without donor-restrictions support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as with donor restrictions support. Absent donor stipulations regarding how long those donated assets must be maintained, ECCBD reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. ECCBD reclassifies with donor-restrictions net assets to without donor-restrictions net assets at that time.

ECCBD records in-kind contribution revenue for certain services received at the fair value of those services, if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would be purchased if not donated.

For the years ended June 30, 2021 and 2020, ECCBD received contributed goods and services in the amount of \$15,886 and \$33,082 respectively.

Grants

Unconditional grant awards are recognized when the award is received or unconditionally promised. Grants awarded with conditions that depend on specified future and uncertain events are not recognized until the conditions on which they depend are substantially met.

For the years ended June 30, 2021 and 2020, ECCBD recognized \$39,927 and \$14,000, respectively, of grant whose conditions have been met. Conditional grant awards are recognized when the conditions are substantially met.

THE EAST CUT COMMUNITY BENEFIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MARKETING AND BRANDING

The costs of marketing and branding are charged to expense as incurred. Marketing and branding expenses for the years ended June 30, 2021 and 2020, were \$40,010 and \$72,123, respectively.

INCOME TAXES

ECCBD is a qualified organization exempt from federal and state income taxes under §501(c)(3) of the Internal Revenue Code and §23701d of the California Revenue and Taxation Code, respectively.

U.S. GAAP requires management to evaluate the tax positions taken and recognize a tax liability (or asset) if ECCBD has taken an uncertain tax position that more-likely-than-not would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken and has concluded that as of June 30, 2021, there are no uncertain tax positions taken or expected to be taken that would require recognition of a tax liability (or asset) or disclosure in the financial statements. ECCBD is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods pending or in progress.

CONCENTRATIONS OF RISK

Financial Instruments

Financial instruments which potentially subject ECCBD to concentrations of credit risk consist principally of cash and cash equivalents. ECCBD maintains its cash in various bank accounts which, at times, may exceed federally insured limits. ECCBD has not experienced any losses in such accounts.

Service Provider

Approximately 59% and 67% of total expenses incurred were provided by two vendors during the years ended June 30, 2021 and 2020, respectively, and were attributed to safety and cleaning services, respectively. Management believes that ECCBD is not exposed to any significant credit risk related to this concentration.

Revenue

For the years ended June 30, 2021 and 2020, ECCBD received 97% and 96%, respectively, of its total income from the City in the form of assessments.

THE EAST CUT COMMUNITY BENEFIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONCENTRATIONS OF RISK (CONTINUED)

Contributions

For the years ended June 30, 2021 and 2020, three donors represented 47% and one donor represented 31%, respectively, of total contributions.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing program and other supporting activities have been summarized on a functional basis in the statements of activities and change in net assets and functional expenses. Certain expenses have been allocated between program and management and general based on direct identification when possible, and allocation if a single expense benefits more than one program or function. Management and personnel are allocated based on the estimated time and efforts of involvement in different activities. Other expenses that require allocation, including depreciation, facilities, and insurance are allocated to the respective function based on square footage, and headcount.

FUNDRAISING REQUIREMENTS

The City's contract requires that ECCBD annually raise 1.40% of its clean and safe services budget and 6.79% of its neighborhood parks and greenspaces services budget from sources other than the City's assessments.

For the years ended June 30, 2021 and 2020, ECCBD has satisfied these requirements.

ADOPTED ACCOUNTING PRONOUNCEMENT

The Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)*, to provide guidance concerning recognition and measurement of revenue. In addition, significant additional disclosures are required about the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers, and will replace virtually all existing revenue guidance, including most industry-specific guidance. On June 3, 2020, the FASB issued ASU 2020-05, which allows any organization who has not yet adopted Topic 606 and issued their financial statements to defer implementation of Topic 606 for one year in light of delays created by the novel coronavirus ("COVID-19") pandemic. ECCBD adopted ASC 606 as of July 1, 2019 using the modified retrospective transition method, and had minimal impact.

THE EAST CUT COMMUNITY BENEFIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ADOPTED ACCOUNTING PRONOUNCEMENT (CONTINUED)

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820) – Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. ASU 2018-13 eliminates, adds and modifies certain disclosure requirements for fair value measurements. ECCBD adopted ASU 2018-13 on April 1, 2020, and it did not have a material impact on ECCBD's financial statements.

RECENT ACCOUNTING PRONOUNCEMENTS

In February 2016, the FASB issued its lease accounting guidance in ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 will require lessees to recognize for all leases (with terms of more than 12 months) at the commencement date the following: a) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis, and b) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. The new lease guidance also simplified the accounting for sale and leaseback transactions primarily because lessees must recognize lease assets and lease liabilities. ASU 2020-05 also delayed the effective date of this ASU by another year. ASU 2016-02 will be effective for fiscal years beginning after December 15, 2021. Early application is permitted. Management is evaluating the impact of this guidance.

On September 17, 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 provides guidance concerning presentation and disclosure for contributed nonfinancial assets for nonprofit organizations, including additional presentation and disclosure rules for recognized contributed services. It does not change the recognition and measurement requirements for contributed nonfinancial assets.

This ASU requires the nonprofit organization to present donated nonfinancial assets separately in the statement of activities and changes in net assets from contributions of cash or other financial assets.

The additional disclosure rules require disclosure of nonfinancial assets by category and for each category; the disclosure is required to include the following:

- Qualitative information about whether contributed nonfinancial assets were either monetized or used during the reporting period. If used, a description of the programs or other activities in which those assets were used;
- The nonprofit organization's policy (if any) for monetizing rather than using contributed nonfinancial assets;

THE EAST CUT COMMUNITY BENEFIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

- A description of any associated donor-imposed restrictions;
- A description of the valuation techniques and inputs used to arrive at a fair value measure, in accordance with the requirements in Topic 820, *Fair Value Measurement*, at initial recognition.
- The principal market (or most advantageous market) used to arrive at a fair value measurement if it is a market in which the recipient nonprofit is prohibited by donor-imposed restrictions from selling or using the contributed nonfinancial asset.

The guidance should be applied on a retrospective basis, and is applicable for annual reporting periods beginning after June 15, 2021, and interim periods within annual reporting periods beginning after June 15, 2022. Early adoption is permitted. Management is evaluating the impact of this new guidance.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The standard's main goal is to improve financial reporting by requiring earlier recognition of credit losses on financing receivables and other financial assets in scope. The standard is effective for fiscal years beginning after December 31, 2022. Management is evaluating the impact of this new guidance.

NOTE 2 - FAIR VALUE MEASUREMENTS

ECCBD's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy that gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement. Level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3). The levels of the fair value hierarchy are as follows:

Level 1

Inputs are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.

THE EAST CUT COMMUNITY BENEFIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 2 - FAIR VALUE MEASUREMENTS (CONTINUED)

Level 2

Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads, and yield curves.

Level 3

Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect ECCBD's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

The following is a description of the valuation methodology used for assets measured at fair value.

Equity Securities

Equity securities listed on national markets are valued at the quoted price, or if there is no sale and the market is still considered active, at the mean of the last bid and asked prices on such exchange. Such securities are in active markets and are classified within Level 1 of the fair value hierarchy.

Fixed Income Securities

Valued at cost plus accrued interest which approximates fair value. These securities are classified within Level 2 of the fair value hierarchy.

The following tables provide information about ECCBD's financial assets measured at fair value on a recurring basis as of June 30, 2021 and 2020:

	June 30, 2021			
	Level 1	Level 2	Level 3	Total
Assets at Fair Value				
Fixed income securities	\$ --	3,184,531	\$ --	\$ 3,184,531
Equity securities	<u>27,570</u>	<u>--</u>	<u>--</u>	<u>27,570</u>
Total Assets				
at Fair Value	<u>\$ 27,570</u>	<u>\$ 3,184,531</u>	<u>\$ --</u>	<u>\$ 3,212,101</u>

THE EAST CUT COMMUNITY BENEFIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 2 - FAIR VALUE MEASUREMENTS (CONTINUED)

	June 30, 2020			
	Level 1	Level 2	Level 3	Total
Assets at Fair Value				
Fixed income securities	\$ --	3,406,996	\$ --	\$ 3,406,996
Equity securities	<u>7,068</u>	<u>--</u>	<u>--</u>	<u>7,068</u>
Total Assets				
at Fair Value	<u>\$ 7,068</u>	<u>\$ 3,406,996</u>	<u>\$ --</u>	<u>\$ 3,414,064</u>

ECCBD's policy is to recognize transfers in and transfers out as of the actual date of the event or change in circumstance that caused the transfer. ECCBD had no transfers into or out of levels of the fair value hierarchy during the years ended June 30, 2021 and 2020.

NOTE 3 - CAPITAL ASSETS

Capital assets at June 30, 2021 and 2020, consist of the following:

	2021	2020
Computers	\$ 11,055	\$ 11,055
Furniture and equipment	3,588	3,588
Leasehold improvements	<u>35,618</u>	<u>35,618</u>
	50,261	50,261
Less: accumulated depreciation	<u>(49,021)</u>	<u>(47,041)</u>
Total	<u>\$ 1,240</u>	<u>\$ 3,220</u>

Depreciation expense for the years ended June 30, 2021 and 2020 was \$1,980 and \$2,479, respectively.

THE EAST CUT COMMUNITY BENEFIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 4 - PPP LOAN PAYABLE

ECCBD entered into a promissory note in April 2020 with JP Morgan Chase Bank, N.A. as the lender (the “Lender”), pursuant to which the Lender agreed to make a loan to ECCBD under the Paycheck Protection Program (the “PPP Loan”) offered by the U.S. Small Business Administration (the “SBA”) in a principal amount of \$103,100 pursuant to Title 1 of the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”). The PPP Loan proceeds, which were fully forgiven during the year ended June 30, 2021, were available to be used to pay for payroll costs, including salaries, commissions, and similar compensation, group health care benefits, and paid leaves; rent; utilities; and interest on certain other outstanding debt.

NOTE 5 - NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions at June 30, 2021 and 2020, consist of the following:

	2021	2020
Undesignated	\$ 5,112,828	\$ 4,217,298
Board Designated - Strategic Investment	<u>156,122</u>	<u>336,005</u>
Total	<u><u>\$ 5,268,950</u></u>	<u><u>\$ 4,553,303</u></u>

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

As of June 30, 2021 and 2020, net assets with donor restrictions are as follows:

	2021	2020
Subject to Expenditure for Specific Purpose		
Guy Lansing Neighbors	\$ 29,510	\$ 29,510
Service Team Wish List	651	--
Big Belly Grant	--	5,452
Lunch Fund	<u>--</u>	<u>320</u>
Total Net Assets with Donor Restrictions	<u><u>\$ 30,161</u></u>	<u><u>\$ 35,282</u></u>

THE EAST CUT COMMUNITY BENEFIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 7 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors. During the years ended June 30, 2021 and 2020, net assets released were as follows:

	2021	2020
Big Belly Grant	\$ 45,380	\$ 8,548
Problem Library	5,000	--
Lunch Fund	4,966	2,801
Service Team Wish List	791	--
Resiliency Fund	--	33,958
	<u> </u>	<u> </u>
Total	<u>\$ 56,137</u>	<u>\$ 45,307</u>

NOTE 8 - RETIREMENT PLAN

ECCBD established a noncontributory defined contribution retirement plan (the “Plan”) for its employees. The Plan allows eligible employees to make voluntary contributions by salary reduction to the Plan, up to the limit allowed by law.

NOTE 9 - COMMITMENTS

ECCBD has a three-year office lease agreement, which expired on June 30, 2019 and was renewed through June 30, 2020 with a renewal option through June 30, 2024. ECCBD executed the renewal option during the year ended June 30, 2020. The lessor is the employer of an ECCBD’s board member.

The following is a schedule of minimum lease commitments:

For the Years Ending	
June 30,	Total
2022	\$ 79,333
2023	81,716
2024	<u>84,168</u>
Total	<u>\$ 245,217</u>

For the years ended June 30, 2021 and 2020, the rent expense was \$117,326 and \$124,519, respectively.

THE EAST CUT COMMUNITY BENEFIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 10 - LIQUIDITY AND AVAILABILITY

ECCBD's financial assets available within one year of the statement of financial position date for general expenditures at June 30, 2021 and 2020, were as follows:

	2021	2020
Financial Assets		
Cash and cash equivalents	\$ 2,562,300	\$ 2,018,713
Assessments receivable	90,253	49,738
Investments	<u>3,212,101</u>	<u>3,414,064</u>
Total Financial Assets	5,864,654	5,482,515
Cash held for others	(12,902)	(12,317)
Donor imposed restrictions	(30,161)	(35,282)
Board designated net assets	<u>(156,122)</u>	<u>(336,005)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 5,665,469</u>	<u>\$ 5,098,911</u>

ECCBD's goal is generally to maintain financial assets to meet 180 days of operating expenses (approximately \$2 million). As part of its liquidity and availability plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit.

NOTE 11 - CONDITIONAL GRANTS

During the years ended June 30, 2021 and 2020, ECCBD received conditional grants of \$65,000 and \$28,000 respectively that are directed to the Big Belly pilot and pressure washing projects. During the years ended June 30, 2021 and 2020, \$39,927 and \$14,000 was recognized, respectively as the conditions on which they depend have been satisfied. At June 30, 2021 and 2020, the remaining conditional grants balance is \$39,073 and \$14,000, respectively. Management anticipates that the conditions on the remaining balance will be met during the year ending June 30, 2022.

THE EAST CUT COMMUNITY BENEFIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 12 - RISK AND UNCERTAINTY

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses across the country for non-essential services. While the disruption is currently expected to be temporary, there is considerable uncertainty about the duration of closings. ECCBD has been able to continue most of its operations in a remote environment; however, at this point, the extent to which COVID-19 may impact ECCBD's financial condition or results of operations is uncertain.

NOTE 13 - SUBSEQUENT EVENTS

ECCBD has evaluated all subsequent events through April 19, 2022, the date the financial statements were available to be issued. No events requiring recognition or disclosure in the financial statements were identified.

MEMORANDUM

TO: Supervisor Matt Dorsey, District 6 Supervisor

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

FROM: Mimi Hiraki; Project Specialist, OEWD

DATE: July 20, 2022

SUBJECT: The East Cut Community Benefit District; FY 2020-2021 Annual Report

This is a memo summarizing the performance of the East Cut Community Benefit District (The East Cut CBD) and an analysis of its financial statements for the period between July 1, 2020 and June 30, 2021.

The East Cut CBD is required to submit a mid-year report, an annual report, and a CPA Financial Review or Audit. The East Cut CBD has submitted all necessary documents. OEWD staff reviewed The East Cut CBD's annual report to monitor and report on whether the CBD complied with applicable rules under 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 Greater Rincon Hill Community Benefit District management contract with the City; and the Greater Rincon Hill Community Benefit District Management Plan (Management Plan) as approved by the Board of Supervisors in 2015. Also attached to this memo are the following documents:

1. Annual Report
 - a. FY 2020-2021
2. CPA Financial Audit Report
 - a. FY 2020-2021
3. TIPA Letter to East Cut CBD
4. Draft resolution from the Office of Economic and Workforce Development



Background

The District includes approximately 4,300 property-based parcels.

- July 31, 2015: the Board of Supervisors approved the resolution that established the property-based district called the Greater Rincon Hill Community Benefit District for 15 years (Resolution # 299-15).
- December 8th, 2015: the Board approved the contract with non-profit corporation Greater Rincon Hill Association for the administration and management of the Greater Rincon Hill Community Benefit District (Resolution # 506-15).
- April 10, 2017: Greater Rincon Hill Association voted to rename both the nonprofit corporation and the District as The East Cut Community Benefit District.
- June 5, 2017: The Secretary of State accepted and filed the name change of the nonprofit corporation to The East Cut Community Benefit District.
- September 25, 2018: The Board of Supervisors approved the FY 2016–17 annual report and financial statements for The East Cut Community Benefit District (Resolution # 316-18)
- November 19, 2019: The Board of Supervisors approved a resolution changing the name of the Greater Rincon Hill Community Benefit District to The East Cut Community Benefit District and approved the FY 2017-18 annual report and financial statements (Resolution # 492-19)
- January 26, 2021: The Board of Supervisors approved the FY 2018-19 annual report and financial statement for The East Cut Community Benefit District (Resolution # 022-21).
- May 17, 2022: The Board of Supervisors approved the FY 2019-20 annual report and financial statements for The East Cut Community Benefit District (Resolution # 206-22).

The East Cut CBD Summary and Highlights

Year Established	July 2015
Assessment Collection Period	FY 2015-16 to FY 2029-30 (July 1, 2015 to June 30, 2030)
Services Start and End Date	January 1, 2015 – December 31, 2030
Initial Estimated Annual Budget	\$ 2,474,194
FY 2020-2021 Assessment Roll Submission	\$4,466,696.68
Fiscal Year	July 1 – June 30
Executive Director	Andrew Robinson
Name of Nonprofit Owners' Entity:	The East Cut Community Benefit District

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

Summary of The East Cut CBD Program Areas

The East Cut Community Benefit District (The East Cut CBD) has a unique management plan budget allocation compared to other districts. All other districts illustrate their management plan budget as a



fixed percentage of assessments toward a specific category which does not change over time. Understanding that The East Cut CBD would have ongoing development, which included parks and greenspace coming online, project proponents provided a new management plan budget for each service category for each FY through FY 18-19. Following FY 18-19, the CBD will follow FY 18-19 management plan budget through the rest of its legislative life. The main factors determining this method of management plan budgeting was the eventual opening of Salesforce Park (called City Park in the Management Plan) and various small parks and parklets within the CBD's jurisdiction.

Public Safety

Community Guides monitor street conditions, provide crime deterrence, and evaluate quality of life issues within the District. Community guides may patrol the District on foot or bicycle, depending on pedestrian traffic.

During night hours, crime deterrence is provided by a private security firm. They are in cars and on foot. The Management Plan calls for approximately 23.36% of District assessment funds to be spent in this service area.

Cleaning and Maintenance

Cleaning and Maintenance program area includes regular sidewalk sweeping, steam cleaning, trash can topping, graffiti abatement, weeding of tree basin, spot cleaning of street furniture, and maintenance of streetscape amenities. A dispatch service is available to CBD residents and property owners to address specific cleaning and safety issues. The Management Plan calls for approximately 14.90% of District assessment funds to be spent in this service area.

Parks and Greenspace

Maintenance services include: irrigation systems management and repair; pest control; tree, shrub, and ground maintenance; gardening/weeding; arborist and horticultural consultation; seasonal fire fuel reduction; trash off-haul; pavement and pathway repairs/care; small capital improvements such as replacement of plant materials, fixtures, furniture, and equipment; emergency repair projects.

Park operations include: management of maintenance and safety services; special events planning and oversight; community outreach. The Management Plan calls for approximately 53.64% of District assessment funds to be spent on this service area.

Communication and Development

To communicate the changes taking place in the District and reinforce the public's positive perception of the District's parcels, a professionally managed communication and development program will be created. This program may include:

- Newsletters
- Marketing materials
- Website development
- Property owner and merchant outreach programs
- Community liaison activities and special events
- Business retention and recruitment
- Media relations
- Advertising
- Property manager outreach
- Property database development and updating

The Management Plan calls for approximately 1.92% of District assessment funds to be spent in this service area.



Management

The Management Plan calls for approximately 3.54% of District assessment funds to be spent on management. The East Cut CBD is staffed by a full-time Executive Director who serves as the focal point person and advocate for the CBD. The East Cut CBD Board of Directors has twenty-three (23) board members who 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 CBD's website and at the SF Main Library. All Board of Directors meetings are open to the public, and public comment is welcome.

Operations

The East Cut CBD will incur the customary and usual expenses of running a business and office. Annual operational costs include rent, utilities, insurance, accounting, audit, and legal fees. In addition, \$12,000 per year has been budgeted for an annual Assessment Database to ensure that The East Cut CBD properly accounts for and levies assessments on new development as it is built, completed, and occupied. The Management Plan calls for approximately 2.64% of District assessment funds to be spent in this service area.

Summary of Accomplishments, Challenges, and Delivery of Service Areas

FY 2020-2021

Public Safety

- Provided public safety services 24/7 throughout the district, with Community guides working between 5:30 AM and 10:00 PM, daily and dedicated neighborhood security patrolling the district 24/7
- Responded to 730 public calls for service.
- Conducted outreach 3,187 times to unsheltered individuals to connect them to city services and ensure they are not in need of urgent medical care.

Cleaning and Maintenance

- The CBDs street services crew provides daily cleaning and beautification: sidewalk sweeping, power washing, graffiti abatement, topping off City trash cans, weeding tree basins and sidewalk cracks, and spot-cleaning health hazards. Cleaning services are provided every day from 5:30am to 10:00pm.
- Installed five new Big Belly trash receptacles, doubling the total number to 10
- Developed a new MOU between Recology and all the CBDs for refuse collection
- Removed 145,460 pounds of litter.
- Cleaned or removed 2,997 instances of graffiti.
- Topped off 3,449 overflowing trashcans.
- Removed 1,101 needles.

Parks and Greenspace

- Administered a survey in coordination with Supervisor Haney and participated in a town hall for activation of the Temporary Transbay Terminal Site



- Awarded the contract in June for The Crossing at East Cut Activation
- Finalized the operations plan and got approval from the OCII Commission, completed construction documentation, bidding negotiations and selected a landscape contractor for The East cut Community Garden
- Partnered with the Problem Library and Tishman-Speyer to activate the ground retail space in MIRA (120 Folsom) for four months
- Partnered with Natoma Cabana to apply for a Shared Spaces Permit
- Developed East Cut Seats program, purchasing outdoor table and chairs to provide to local businesses to promote public space activation

Salesforce Park

- Coordinated with TJPA and Biederman Redevelopment Ventures to resume programming for Salesforce Park in April
- Funded nearly 80% of the programming and maintenance of Salesforce Park.

Communication and Development

- Issued a neighborhood survey with Supervisor Haney and participated in a town hall for activation of the Transbay Terminal Site
- Promote The East Cut CBD's services and events through district newsletter, social media, website and district-wide street banner campaign.

Management

- Held two mask distribution events on Folsom Street for residents to prevent spread of COVID-19 transmission
- Participated in District 6 Forum to address small business challenges
- Advocated for City welfare checks for the Main Street and Clementina Street homeless encampments to get 90% of the residents humanely housed
- Responded to the Covid-19 pandemic by assisting the City and County of San Francisco with outreach to the neighborhood.
- Launched East Cut Eats – neighborhood-based food delivery program; held 15 events through the summer of 2020

Operations

- The East Cut CBD produced its fifth Annual Report

The East Cut CBD Annual Budget Analysis

OEWD's staff reviewed the following budget related benchmarks for The East Cut CBD:

- **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 “Greater Rincon Hill Community Benefit District”, Section 3.9 – Budget)

- **BENCHMARK 2:** Whether one and forty hundredths percent (1.40%) for Public Safety, one and forty hundredths percent (1.40%) for Cleaning and Maintenance, six and seventy-nine hundredths percent (6.79%) of actuals for Parks and Greenspace, came from sources other than assessment revenue (CA Streets & Highways Code, Section 36650(B)(6); Agreement for the Administration of the “Greater Rincon Hill 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 “Greater Rincon Hill Community Benefit District”, Section 3.9 – Budget)
- **BENCHMARK 4:** Whether The East Cut CBD is indicating the amount of funds to be carried forward into the next fiscal year and designating projects to be spent in current fiscal year (CA Streets & Highways Code, Section 36650(B)(5))

FY 2020-2021 Budget Analysis

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

ANALYSIS: East Cut CBD met this requirement. See table below.

Service Category	Management Plan Budget – Asst. (Percentage)	Management Plan Budget - Total (Percentage)	FY2020-2021 Budget – Asst. (Percentage)	FY2020-2021 Budget - Total (Percentage)	Variance Percentage Points – Asst.	Variance Percentage Points – Total
Public Safety	\$957,461.00 (23.36%)	\$971,056.00 (21.21%)	\$1,075,911.42 (26.53%)	\$1,089,852.91 (25.28%)	+3.17%	+4.07%
Cleaning and Maintenance	\$610,703.00 (14.90%)	\$619,374.00 (13.53%)	\$1,008,550.64 (24.87%)	\$1,022,491.64 (23.72%)	+9.97%	+10.19%
Parks and Greenspace	\$639,640.00 (15.60%)	\$686,235.00 (14.99%)	\$299,231.87 (7.38%)	\$499,231.87 (11.58%)	-8.23%	-3.41%
Salesforce Park	\$1,559,353.00 (38.04%)	\$1,969,378.00 (43.02%)	\$1,211,838.00 (29.88%)	\$1,211,838.00 (28.11%)	-8.16%	-14.91%
Communication and Development	\$78,831.00 (1.92%)	\$78,831.00 (1.72%)	\$140,585.25 (3.47%)	\$155,585.25 (3.61%)	+1.54%	+1.89%
Management	\$145,241.00 (3.54%)	\$145,241.00 (3.17%)	\$177,859.66 (4.39%)	\$190,477.66 (4.42%)	+0.84%	+1.25%
Operations	\$108,232.00 (2.64%)	\$108,232.00 (2.36%)	\$141,944.08 (3.50%)	\$141,944.08 (3.29%)	+0.86%	+0.93%
TOTAL	\$4,099,461.00 (100%)	\$4,578,347.00 (100%)	\$4,055,920.92 (100%)	\$4,311,421.41 (100%)		

BENCHMARK 2: Whether one and forty hundredths percent (1.40%) of actuals for Public Safety, one and forty hundredths percent (1.40%) for Cleaning and Maintenance, six and seventy-nine hundredths



percent (6.79%) for Parks and Greenspace, came from sources other than assessment revenue. The Transbay Joint Powers Authority (TJPA) is responsible for raising twenty and eighty-one hundredths percent (20.81%) for Salesforce Park from sources other than assessment revenue.

ANALYSIS: The East Cut CBD did meet its requirement. Assessment revenue was \$956,976.86 or 97.73% of actuals and non-assessment revenue was \$22,191.40 or 2.27% of actuals for the public safety service category. Assessment revenue was \$610,394.20 or 92.66% of actuals and non-assessment revenue was \$48,382.60 or 7.3% of actuals for the cleaning and maintenance service category. Assessment revenue was \$639,316.57 or 93.01% of actuals and non-assessment revenue was \$48,078.84 or 6.99% of actuals for the Parks and Greenspace service category. Assessment revenue was \$1,558,564.51, but The East Cut CBD only spent \$738,314.86 or 79.15% actuals and non-assessment revenue was \$194,460.75 or 20.85% of actuals. See table below.

Public Safety - 1.40% Needed

Revenue Sources	FY 2020-2021 Actuals	% of actuals
Assessment Revenue - FY20-21	\$956,976.86	
Total Assessment (Special Benefit) Revenue	\$956,976.86	97.73%
Grants	\$8,730.40	0.89%
Donations	\$6,893.00	0.70%
Interest Earned	\$6,568.00	0.67%
Total Non-Assessment (General Benefit) Revenue	\$22,191.40	2.27%
Total	\$ 979,168.26	100.00%

Cleaning and Maintenance- 1.40% Needed

Revenue Sources	FY 2020-2021 Actuals	% of actuals
Assessment Revenue - FY20-21	\$610,394.20	
Total Assessment (Special Benefit) Revenue	\$610,394.20	92.66%
Grants	\$34,921.60	5.30%
Donations	\$6,893.00	1.05%
Interest Earned	\$6,568.00	1.00%
Total Non-Assessment (General Benefit) Revenue	\$48,382.60	7.34%
Total	\$658,776.80	100.00%

Parks and Greenspace – 6.79% Needed

Revenue Sources	FY 2020-2021 Actuals	% of actuals
Assessment Revenue – FY20-21	\$639,316.57	
Total Assessment (Special Benefit) Revenue	\$639,316.57	93.01%
Contributions and Sponsorships	\$41,299.26	6.01%
Grants	\$211.58	0.03%
Interest Earned	\$6,568.00	0.96%
Total Non-Assessment (General Benefit) Revenue	\$48,078.84	6.99%
Total	\$687,395.41	100.00%



Salesforce Park – 20.82% Needed

Revenue Sources	FY 2020-2021 Actuals	% of actuals
Assessment Revenue – FY20-21	\$1,558,564.51	
Total Assessment (Special Benefit) Revenue	\$1,558,564.51	88.91%
Other (TJPA Contribution)	\$194,460.75	11.09%
Total Non-Assessment (General Benefit) Revenue	\$194,460.75	11.09%
Total	\$1,753,025.26	100.00%

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

ANALYSIS: The East Cut CBD met this requirement. *See table below.*

Service Category/Budget Line	FY2020-2021 Budget – Asst. (Percentage)	FY2020-2021 Budget - Total (Percentage)	FY20-21 Assessment Actual (Percentage)	FY20-21 Total Actual (Percentage)	Variance Percentage Point - Asst	Variance Percentage Point - Total
Public Safety	\$1,075,911.42 (26.53%)	\$1,089,852.91 (25.28%)	\$1,004,035.60 (27.12%)	\$1,026,227.00 (25.47%)	+0.60%	+0.19%
Cleaning and Maintenance	\$1,008,550.64 (24.87%)	\$1,022,491.64 (23.72%)	\$989,166.40 (26.72%)	\$1,037,549.00 (25.75%)	+1.85%	+2.03%
Parks and Greenspace	\$299,231.87 (7.38%)	\$499,231.87 (11.58%)	\$450,100.68 (12.16%)	\$487,776.00 (12.11%)	+4.78%	+0.53%
Salesforce Park	\$1,211,838.00 (29.88%)	\$1,211,838.00 (28.11%)	\$738,315.00 (19.94%)	\$932,776.00 (23.15%)	-9.93%	-4.96%
Communication and Development	\$140,585.25 (3.47%)	\$155,585.25 (3.61%)	\$183,419.00 (4.95%)	\$201,837.00 (5.01%)	+1.49%	+1.40%
Management	\$177,859.66 (4.39%)	\$190,477.66 (4.42%)	\$196,578.00 (5.31%)	\$196,578.00 (4.88%)	+0.93%	+0.46%
Operations	\$141,944.08 (3.50%)	\$141,944.08 (3.29%)	\$140,276.00 (3.79%)	\$146,488.00 (3.64%)	+0.29%	+0.35%
TOTAL	\$4,055,920.92 (100%)	\$4,311,421.41 (100%)	\$3,701,890.68 (100%)	\$4,029,231.00 (100%)		

BENCHMARK 4: Whether The East Cut CBD 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: The East Cut CBD 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 its annual budget. See table below.



Special Assessment Project	Amount As of 06.30.21	Budgeted for FY21-22	Remaining Carryover
Public Safety	\$741,533.00	\$107,654.00	\$633,879.00
Cleaning and Maintenance	\$565,698.00	\$87,424.00	\$478,274.00
Parks and Greenspace	\$1,579,292.00	\$0.00	\$1,579,292.00
Salesforce Park	\$2,195,145.00	\$53,777.00	\$2,141,368.00
Communication and Development	\$125,697.00	\$108,632.00	\$17,065.00
Management	\$23,123.00	\$13,395.00	\$9,728.00
Operations	\$68,623.00	\$20,093.00	\$48,530.00
Special Project Total	\$5,299,111.00		
Total	\$5,299,111.00	\$390,975.00	\$4,908,136.00

Findings and Recommendations

The East Cut CBD has met all benchmarks as defined on pages 5 and 6 of this memo. The East Cut CBD has a strong history of meeting each of these benchmarks since its inception. This particular CBD's management plan allocates general benefit in relation to special assessment dollars being used on a given service area. As a result, each service category has a different general benefit. This is because the CBD will maintain and service various parks within the District, including Salesforce Park. As parks and public realm have a large impact on general benefit, this was determined to be the most equitable way to accurately portray general benefit. The general benefit for Salesforce Park is calculated based on the actual expenses compared to the other categories are based on the assessment revenue raised for each fiscal year as stated by the Management Plan and further described in the Memorandum of Understanding between the East Cut CBD and TJPA.

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

The East Cut CBD worked throughout the early days of the pandemic to expand their contacts with local businesses and to support local restaurants that lost their daily lunchtime crowd. The East Cut CBD's Economic Development and Executive committees created the "East Cut Eats" programs which saw staff and volunteers deliver meals to residents from local restaurants free of charge. This program helped generate income to suffering local restaurants and helped promote existing eateries that exist in the neighborhood. East Cut Eats ran for 15 weeks, partnered with 13 restaurants from July to October 2020, generating over \$15,000 in sales. The CBD canvassed the area and distributed information on OEWD's Paycheck Protection Program and SFMTA's Shared Spaces program. The CBD launched East Cut Seats program to provide outdoor table and chair sets to local businesses to expand their public realm; the first partner to use the program was Sweetgreen at Second and Natoma street. In March 2021 the CBD administered its first merchant survey to build a better relationship with merchants and understand their needs.



The COVID-19 pandemic significantly impacted the CBD's ability to provide programming for its parks resulting in large carryover amounts, especially for Salesforce Park category at \$2,141,368 and for the Parks and Greenspace category at \$1,579,292. The CBD is already doing outstanding work in conducting surveys with their constituents to better understand how they can use funds to meet the needs of the neighborhood. OEWD recommends the CBD create a plan based off the feedback they are hearing from their constituents.

Conclusion

The CBD performed well in implementing its service plan. The CBD is in its sixth year of operations, and has increased its opportunities in partnering with community stakeholders and numerous municipal agencies for various projects within the District. The CBD is an extremely well-run organization with an active Board of Directors and committee members. OEWD believes The East Cut CBD will continue to successfully carryout its mission and service plans.





TRANSBAY JOINT POWERS AUTHORITY

Nila Gonzales • Interim Executive Director

September 15, 2021

Andrew Robinson
Executive Director
East Cut CBD
160 Spear Street, Suite 230
San Francisco, CA 94105

RE: Funding Letter for FY2020-2021

Dear Mr. Robinson:

Per the Memorandum of Understanding (MOU) executed between the Transbay Joint Powers Authority (TJPA) and the East Cut Community Benefit District (East Cut CBD), we are providing the annual funding letter confirming that TJPA has met its obligation to raise the 20.82% general benefit portion of the Park's operation and maintenance costs for the fiscal year of FY20-21.

As indicated in the TJPA's financial records, for Fiscal Year Ended June 30, 2021, the total park expenses were \$932,775.61. To date, the East Cut CBD has paid \$582,092.49 or 62.40% of the expenses, with a remaining \$156,222.37 or 16.75% invoiced by the TJPA. In total, the amount paid by or invoiced to the East Cut CBD is \$738,314.86, or 79.15% of the total park expenses. TJPA provided \$194,460.75 or 20.85% of the park expenses. The summary of the costs and East Cut CBD funding shares is attached to this letter.

The TJPA portion was paid for using various sources of funding. Once finalized, the TJPA's Audited Financial Statements can be made available to the East Cut CBD if requested.

Sincerely,

A handwritten signature in blue ink, appearing to read "F. Wong", is written over a faint circular stamp.

Franklin Wong,
Chief Financial Officer

**East Cut CBD Summary Report
FY20-21**

Chart ID	Chart Account Name	TJPA account	Vendor	Expense Reported	Expense Eligible for CBD allocation		Expense funded by CBD (79.18%)
				7/1/2020 - 6/30/2021	%	Amount	
51012	Utility-Electric	975	SF-Water, Power, Sewer	234,138.05	Watts PSF4	234,138.05	185,390.50
51034	Utility-Water	975	SF-Water, Power, Sewer	111,889.42	100%	111,889.42	88,337.24
51049.2	Utilities-Other	975		-	100%	-	-
51101 51110 51149	Fire sprinkler-Contract Life Safety systems Fire/Life safety-other	962	Sabah International	93,264.12	17%	15,854.90	12,553.91
51251	Janitorial Contract	974	ABM Industry	163,589.95	100%	163,589.95	129,530.52
51256	Trash Removal	974	Recology	68,650.81	17%	11,670.64	9,240.79
51258	Janitorial Uniforms	974		-	17%	-	-
51298	Cleaning-Miscellaneous	974	Waxie Sanitary Supply	1,793.19	100%	1,793.19	1,419.85
51301	Landscaping-Contract	973	Baseline, Inc.	597.00	100%	597.00	472.70
51301	Landscaping - Contract	973	Peter Walker and Partners Architecture	7,291.56	100%	7,291.56	5,773.46
51301	Landscaping-Contract	973	Gachina Landscape Maintenance	197,583.62	100%	197,583.62	156,446.70
51306	Landscape Fountains	971	Chemaqua	-	100%	-	-
51451	Engineering contract	973	Enovity	7,426.08	100%	7,426.08	5,879.97
51533	Fuel Oil	975		-	17%	-	-
51903	Exterminating	973	Crane Pest Control	60,672.00	17%	10,314.24	8,166.80
51913	Signs & Directories	973	Grainger, Uline, Financial District Hardware, Imagink	106.38	100%	106.38	84.23
57099	Admin Exp-Other (BRV)	971		-	100%	-	-
57330	Marketing	971		-	100%	-	-
57470	Promotion/Special Events	971	The Wright Gardner	31,440.00	100%	31,440.00	24,894.19
57470	Promotion/Special Events	971	BRV (park related)	7,580.58	100%	7,580.58	6,002.30
58110	Management Fee-Operating expenses Unrecoverable	970	BRV	131,500.00	100%	131,500.00	104,121.70
Total				1,117,522.76		932,775.61	738,314.86

Community Benefit District Annual Reports

FY 2020-2021

- Tourism Improvement District
- Moscone Expansion District
- Yerba Buena
- The East Cut
- Castro/Upper Market
- Ocean Avenue
- Discover Polk
- Lower Polk

Legislative Overview

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

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

Review Process

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

Basic Information

CBD Name	Type	Management Plan Assessment Budget	FY20-21 Assessment Roll Submission	Year(s) Formed and Renewed	Expires
Tourism Improvement District	Business-based	\$27,000,000.00	-	2008	2023
Moscone Expansion District	Business-based	\$19,332,000.00	-	2013	2045
Yerba Buena	Property-based	\$2,991,722.82	\$3,151,269.00	2008, 2015	2030
The East Cut	Property-based	\$2,474,194.00	\$4,466,696.68	2015	2030
Castro/Upper Market	Property-based	\$866,991.62	\$818,991.62	2005, 2020	2035
Ocean Avenue	Property-based	\$239,578.00	\$339,580.72	2010	2025
Discover Polk	Property-based	\$622,784.00	\$635,238.70	2018	2029
Lower Polk	Property-based	\$799,093.00	\$903,012.06	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 fiscal 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.

Tourism Improvement District (TID) & Moscone Expansion District (MED) - Benchmarks

Benchmark	Question	TID: Was This Met in FY2021?	MED: Was This Met in FY2021?
Benchmark 1	Variance between management plan budget and fiscal year budget is $X < 10\%$?	Yes	Yes
Benchmark 2	Variance between fiscal year budget and fiscal year actuals is $X < 10\%$	Yes	Yes
Benchmark 3	Were carryforward fund indicated from current fiscal year to the next fiscal and were projects designated to be spent on?	Yes	Yes

Tourism Improvement District & Moscone Expanding District - Findings and Recommendations

- Both districts special assessment revenues were significantly impacted by the Covid-19 pandemic. The formula for both districts is based on a percentage of revenue generated from hotel room purchases in the City and County of San Francisco.
 - The lack of assessment revenue forced the Moscone Expansion District to tap its Debt Service and Stabilization fund. The fund was designed to be drawn upon in any year when lower than expected MED collections caused MED contributions toward debt service to be lower than the sum set forth in cash flow projections.
 - Due to the pandemic's impact on assessment revenue TID assessment fees were less than anticipated resulting in the district expending approximately \$890,000 more than what it collected in the FY. This amount was covered through the TID's Contingency/Reserve fund.
- The TID is set to expire in 2023 and the renewal and expansion process will be completed in Fall 2022.
 - The San Francisco Tourism Improvement District Management Corporation (SFTIDMC) and SF Travel followed OEWD's recommendation to begin the renewal process in FY 2019-20.
 - A Management District Plan was submitted to the City in spring 2020 but the TID and OEWD mutually agreed to pause the renewal process due to the Covid-19 pandemic and expansion proponents.
 - OEWD and project proponents resumed the renewal and expansion Management District Plan from winter 2020 through summer 2021. Project proponents have hosted and continue to host informational meetings for rate payers.
- In May 2020, SFTIDMC took out a line of credit of \$5,000,000 which was supposed to come to term in 2021. In August 2021, SFTIDMC worked with the lending agency to extend the term to December 2022 and is in process of finalizing the agreement.

Yerba Buena - Benchmarks

Benchmark	Question	Was This Met in FY2021?
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 fund indicated from current fiscal year to the next fiscal and were projects designated to be spent on?	Yes

Yerba Buena - Findings and Recommendations

- Recommendation: The CBD should quantify the dollar value of in-kind donations and volunteer hours and include the amount in their non-assessment revenue.
- Pivoted programs and services well in response to the economic and health impacts of the pandemic. Select highlights:
 - Provided total of \$130,000 to small businesses and non-profits through Yerba Buena Community Benefit Fund
 - Adjusted focus for Community Guides to check in with neighborhood merchants and businesses during the incremental reopening of the economy as well as assist the Clean Team
 - Funded the Yerba Buena Gardens Lawn Art project to create space for safe, art filled social distancing
 - Hosted Yerba Buena Day in summer 2021 to highlight and promote the district's businesses as people started coming back to the district
- No reported violations of Brown Act within reporting period
- Complied with OEWD's memo regarding surveillance technology reporting requirements
- Active board and committee members
- Well positioned to carry on its mission

The East Cut CBD - Benchmarks

Benchmark	Question	Was This Met in FY2021?
Benchmark 1	Variance between management plan budget and fiscal year budget is $X < 10\%$?	Yes
Benchmark 2	Non-assessment revenue for each service category: Public Safety is $X \geq 1.4\%$, Cleaning and Maintenance is $X \geq 1.4\%$, Parks and Greenspace is $X \geq 6.79\%$, and Salesforce Park is $X \geq 20.8\%$.	Yes
Benchmark 3	Variance between fiscal year budget and fiscal year actuals is $X < 10\%$	Yes
Benchmark 4	Were carryforward fund indicated from current fiscal year to the next fiscal and were projects designated to be spent on?	Yes

The East Cut CBD - Findings and Recommendations

- Pandemic significantly impacted the CBD's ability to provide programming for its parks resulting in large carryover amounts
- Partnered with 13 restaurants for the East Cut Eats program where staff and volunteers delivered meals from local restaurants to residents free of charge
- Launched the East Cut Seats program to provide outdoor table and chair sets to local businesses to expand their public realm
- Administered its first merchant survey in March 2021 to build a better relationship with merchants and understand their needs
 - Recommendation: incorporate merchant survey feedback where possible as the CBD plans spending down their carryover amounts
- No reported violations of Brown Act within reporting period
- Complied with OEWD's memo regarding surveillance technology reporting requirements
- Active board and committee members
- Well positioned to carry on its mission



Castro/Upper Market - Benchmarks

Benchmark	Question	Was this met in July – December 2020?	Was this met in January – June 2021?
Benchmark 1	Variance between management plan budget and fiscal year budget is $X < 10\%$?	No	Yes
Benchmark 2	July-December 2020: Non-assessment revenue is $X \geq 5.00\%$ January-June 2021: Non-assessment revenue is $X \geq 5.41\%$	Yes	Yes
Benchmark 3	Variance between fiscal year budget and fiscal year actuals is $X < 10\%$	Yes	Yes
Benchmark 4	Were carryforward fund indicated from current fiscal year to the next fiscal and were projects designated to be spent on?	Yes	Yes

Castro/Upper Market - Findings and Recommendations

- Successfully renewed on May 19, 2020 and began operating under a new management plan mid-year.
- Adjusted services to respond to the pandemic:
 - Received and responded to 60% increased hot spot/scrub requests compared to last year
- Continued to partner with the City and County of San Francisco to implement the Castro Cares Grant and Jane Warner Plaza Grant
- No reported violations of Brown Act within reporting period
- Complied with OEWD's memo regarding surveillance technology reporting requirements
- Active board and committee members
- Well positioned to carry on its mission

Ocean Avenue - Benchmarks

Benchmark	Question	Was This Met in FY2021?
Benchmark 1	Variance between management plan budget and fiscal year budget is $X < 10\%$?	Yes
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 fund indicated from current fiscal year to the next fiscal and were projects designated to be spent on?	No

Ocean Avenue - Findings and Recommendations (Pt 1 of 3)

- OAA did not provide carryforward amount and spenddown plan in their annual report; provided the information in supplemental documentation
 - Recommendation: Utilize the OEWD provided annual reporting template to ensure they include all required reporting fields
- Partnered with city agencies to help provide some business technical assistance and facade improvement to some of the businesses along the corridor
 - Recommendation: Perform weekly merchant walks and host weekly office hours to listen to concerns of all the district's businesses as the organization does not have a physical office to interact with stakeholders
 - Recommendation: Ensure outreach materials are culturally competent when translated into Chinese and Spanish as the corridor is comprised of a large number of monolingual business owners
- Continued to perform core cleaning services well
 - Recommendation: Collect quantifiable metrics for its cleaning services so as to demonstrate to the community and city stakeholders the CBD's impact as well as ensure accountability
- Recommendation: Prioritize the implementation of the Ocean Avenue Association Strategic Plan developed in September 2020.

Ocean Avenue - Findings and Recommendations (Pt 2 of 3)

- **Select findings from the Ocean Avenue Association Strategic Plan:**
 - The Board is undereducated on its legal and moral responsibilities to the assessment payers and the City. There is a lack of a Board Handbook or document that defines the Board role, its legal responsibility and the organization's expectations of Board Members
 - The Board is not adequately meeting fiduciary responsibilities either organizational or financial. There is a lack of participation by Board members with 2-3 members controlling the meetings and strongly influencing board decisions. There is a lack of understanding and questioning of programs, finances and the Executive Director's Performance
 - There are communications challenges between the Board and the Executive Director. The Board is not clearly informed or kept up to date on the operations and programs of the CBD
 - There is a lack of a consistent distribution of timely financial reports to the Board: The Board does not receive an operation report or balance sheet or a cash flow projection on a consistent monthly basis. Contracts for services, grant funding and grant funds receivable are not consistently reviewed and approved by the Board. The fiscal year 2020-2021 budget which began July 1, 2020 was not reviewed and approved by the Board until January 2021

Ocean Avenue - Findings and Recommendations (Pt 3 of 3)

- **Continued select findings from the Strategic Plan:**
 - There is no clear focus or Board unity on the organization's purpose, vision and its relationship with other community organizations
 - The CBD has limited relationships with the property owners that pay the assessments to the district. There is inconsistent communication to the property owners, businesses and residents of the district
 - There is neither a consistent communication strategy nor marketing strategy to attract customers and investors to the district
 - There is a lack of staff capacity to execute projects and programs beyond the CBD's core cleaning program
- The Strategic Plan includes a list of recommendations (page 7-13 of the plan) to address these findings.
- OEWD requested the Office of the Controller to perform an audit of the organization in FY22-23 to gauge the progress the organization is making at implementing the strategic plan's recommendation, ensure the organization is spending funding properly and the overall effectiveness and efficiency of the organization.
- Complied with OEWD's memo regarding surveillance technology reporting requirements

Discover Polk - Benchmarks

Benchmark	Question	Was This Met in FY2021?
Benchmark 1	Variance between management plan budget and fiscal year budget is $X < 10\%$?	Yes
Benchmark 2	Non-assessment revenue is $X \geq 3.36\%$	No
Benchmark 3	Variance between fiscal year budget and fiscal year actuals is $X < 10\%$	Yes
Benchmark 4	Were carryforward fund indicated from current fiscal year to the next fiscal and were projects designated to be spent on?	Yes

Discover Polk - Findings and Recommendations

- District saw an increase in trash and waste littered during this review period. Despite the cleaning staff shortage, the overall cleanliness of the streets did not decline due to increased staff efforts and the installment of new Big Belly trash cans.
- Launched Discover Polks Delivers program where volunteers delivered food and beverages from local businesses to customers
- Installed lights on Polk Street and projected holiday images to activate the public realm during the holidays
- No reported violations of Brown Act within reporting period
- Complied with OEWD's memo regarding surveillance technology reporting requirements
- Active board and committee members
- Well positioned to carry on its mission

Lower Polk - Benchmarks

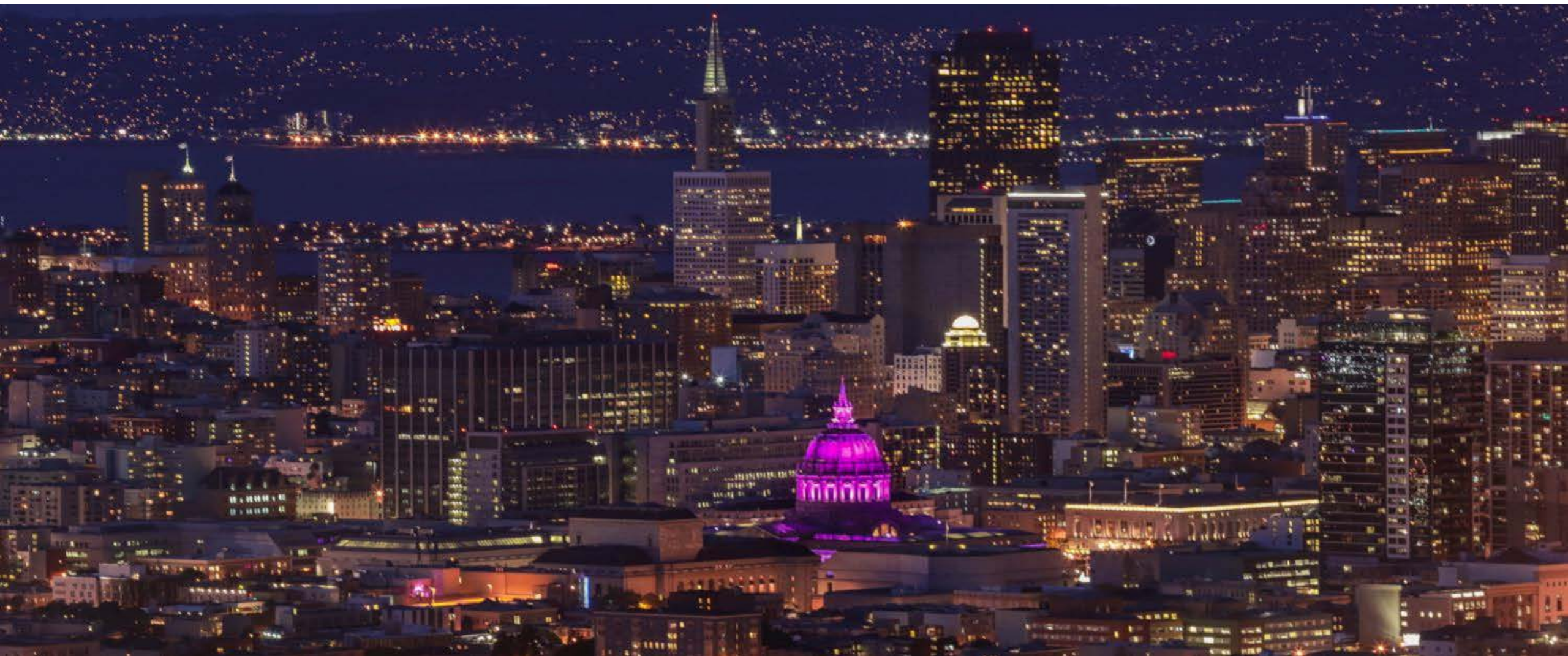
Benchmark	Question	Was This Met in FY2021?
Benchmark 1	Variance between management plan budget and fiscal year budget is $X < 10\%$?	Yes
Benchmark 2	Non-assessment revenue is $X \geq 5.55\%$	Yes
Benchmark 3	Variance between fiscal year budget and fiscal year actuals is $X < 10\%$	Yes
Benchmark 4	Were carryforward fund indicated from current fiscal year to the next fiscal and were projects designated to be spent on?	Yes

Lower Polk - Findings and Recommendations

- Performed well in delivering core cleaning services to the community
- Supported district businesses disproportionately impacted by the pandemic with their Tenant Landlord Clinic
- Recommendation: strengthen administrative capacity
 - Increase Board engagement with fixed board meetings to ensure stakeholders are kept abreast of the latest developments and to help ensure the board is complying with its governance role
 - Prioritize the submission of annual reports and necessary financial documents to maintain in full compliance with state law as this is the third consecutive year the CBD struggles to submit the required documents to OEWD in a timely manner
- CBD reported they will be working with a consultant to improve Board engagement.
 - OEWD will continue to monitor the situation
- No reported violations of Brown Act within reporting period
- Complied with OEWD's memo regarding surveillance technology reporting requirements
- Well positioned to carry on its mission

CITY & COUNTY OF SAN FRANCISCO GOVERNMENT AUDIT & OVERSIGHT COMMITTEE

NOVEMBER 17, 2022



TOURISM IMPROVEMENT DISTRICT 2020 – 2021

TOURISM IMPROVEMENT DISTRICT

Convention Sales

- Meetings and Conventions generated over 850 meetings (7 Moscone Events) with \$222.2 million in direct spending
- Sales team booked over 641,700 rooms nights in 2021 for all future years
- Attended 72 virtual meetings and 18 in-person meetings

Marketing and Promotion

- Leisure visitors compromised 81% of all visitors
- The Visitor Information Center is closed due to lack of funding.



TOURISM IMPROVEMENT DISTRICT

MARKETING EFFORTS

- 17.0 Million Visitors
- 1.2 billion media impressions which equates to more than \$96+ million in value
- www.sftravel.com
 - 3.1 million unique visitors
 - \$106.9 million in economic impact
- Instagram @onlyinSF 295,000 followers
- Twitter @onlyinSF 201,000 followers
- Facebook @onlyinSF 698,000 followers



MOSCONE EXPANSION DISTRICT 2019 – 2020

MOSCONE EXPANSION DISTRICT

- \$551+ million-dollar expansion and renovation continues to be front and center for attracting new and repeat business to San Francisco. The center is much more competitive in total space and meeting planner accommodations related to set-up and configuration
- Moscone Center preparing for the upcoming MPI (Meeting Professionals International) Western Conference in June 2022. 1,500 to 2,000 planner and suppliers are expected to attend this prestigious event.



MOSCONE EXPANSION DISTRICT

Moscone Expansion Incentive Fund Balance as of June 30, 2021 | \$597,141

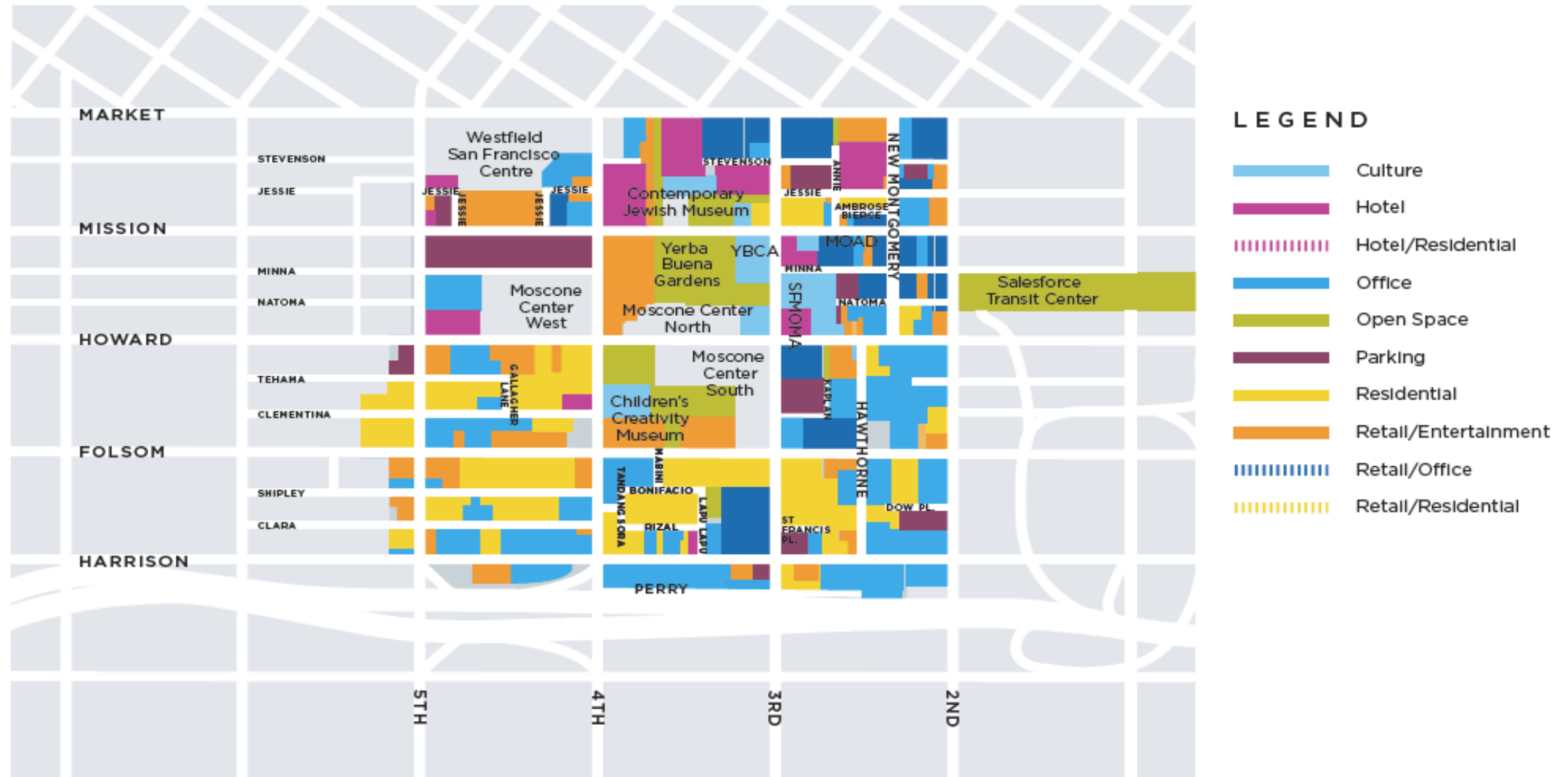
- Used to attract new clients
- Retain current clients during Moscone shut-down due to Covid-19 and into the future





Presentation to the San Francisco Board of Supervisors
Government Audit and Oversight Committee
November 17, 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



2. Safety

Community Guides
SFPD Bike Patrol
Social Services Specialist



3. Streetscape

Public Art
Open Space Enhancement
Streetscape Projects



4. Marketing

Events & Activations
Marketing Campaigns
Social Media



5. Community Benefit Grants

Public Art
Pedestrian Safety
Community Spaces & Events



MoAD is temporarily closed. All on-site visits, tours, and events are postponed or canceled until further notice. [See our online programs here.](#)

Community Support: Grants

Non-Profit Grants

American Bookbinder's Museum
California Historical Society
Children's Creativity Museum
Museum of African Diaspora
Renaissance Entrepreneurship Center
Yerba Buena Arts & Events



Small Business Grants

Thirsty Bear
Zero Zero
Pazzia
111 Minna Gallery
Kaisen Sushi
Wine Down
Eden Plaza Café
Thi Spa & Nails
Executive Order Bar

Pink Elephant
Nora Nail Spa
City's Choice Deli & Market
Moscone Cleaners
Les Gourmands
Novela
The Rafael's Boutique
Hotel Zetta
Copy Central

SoMa Eats
SoMa Restaurant
VSC Sports
Sunrise Deli
Flytrap Restaurant
Carlos Shoe Repair
City Wine & Spirits
Samovar
Luke's Lobster



Community Support: Safety

YERBA BUENA
COMMUNITY
BENEFIT
DISTRICT

YBCBD



District 6 Supervisor
Matt Haney



SFPD Southern Station
Police Captain, Tim Falvey

YBCBD RESIDENTIAL TOWN HALL

February 18th, 5pm

The YBCBD will be hosting a virtual meeting for neighborhood residents with District 6 Supervisor Matt Haney and SFPD Southern Station Captain Tim Falvey. The Supervisor and Police Captain will be sharing timely information as it relates to our neighborhood and answering questions from our community.

Please send any questions you have for Supervisor Haney or Captain Falvey to info@ybcbd.org by Monday, February 15.

To register go to:
YBCBD.org/news/townhall

Recent News & Events

TAKE THE
SURVEY

[EventsNews](#)

January 19, 2021

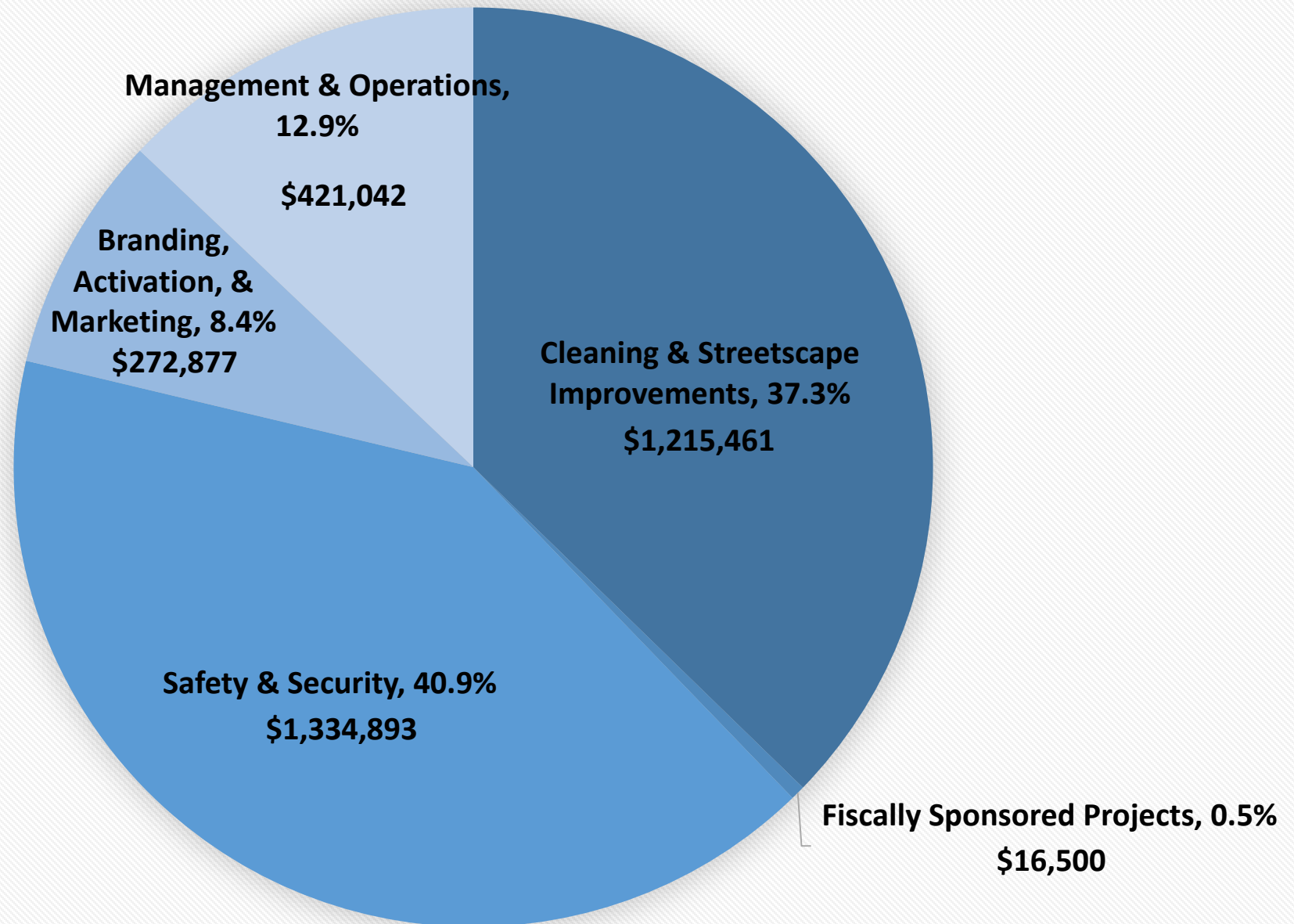
YBCBD Safety and Security Survey 2021

The YBCBD Services Committee is seeking your feedback regarding safety and security in the neighborhood! Community members are invited to share their thoughts and experiences by taking a brief survey at the link below. The survey is completely anonymous and should take around 5-10 minutes to complete. Please share the survey link with anyone you...

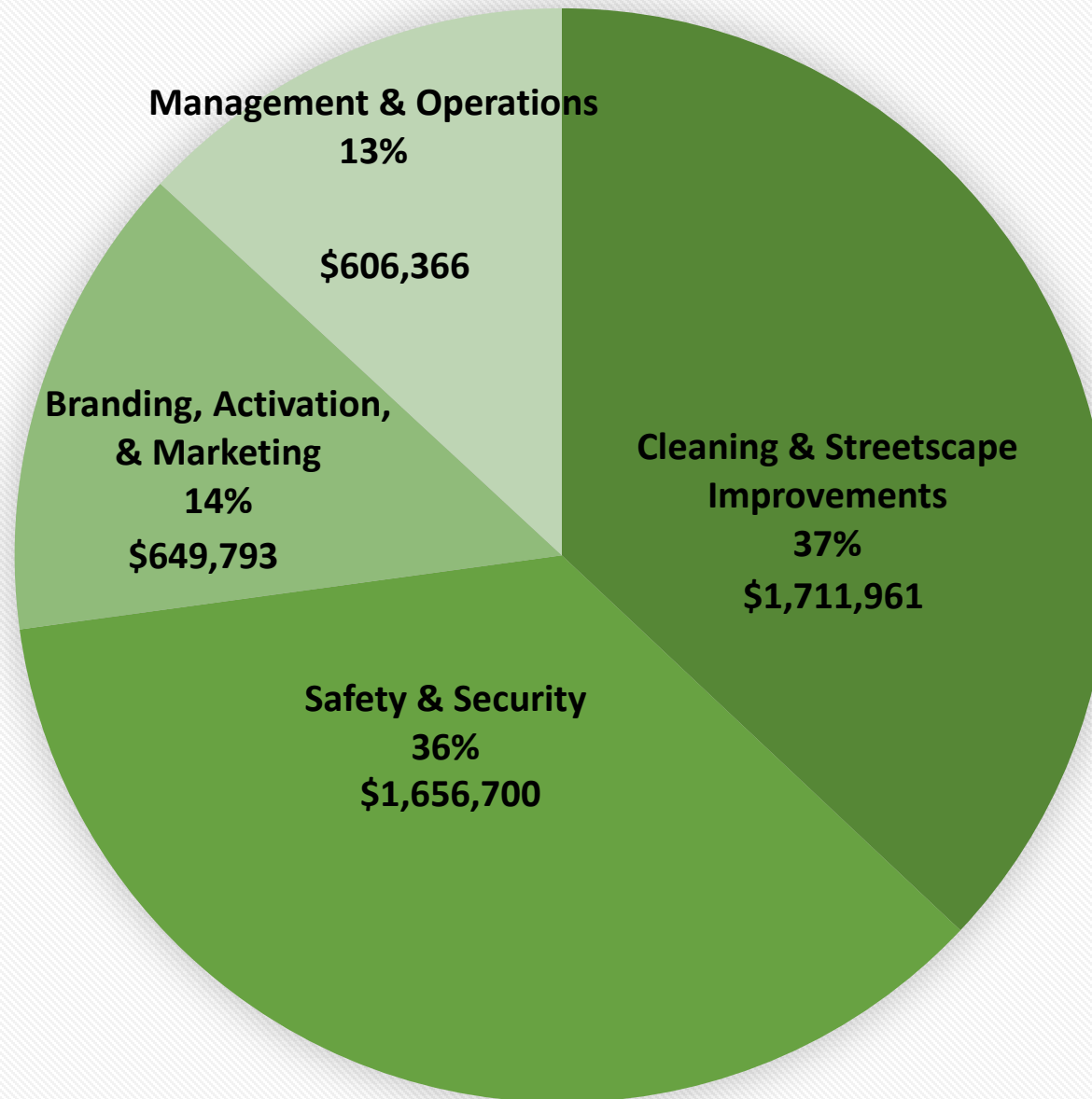
Community Support: Art & Joy



FY20-21 Actuals



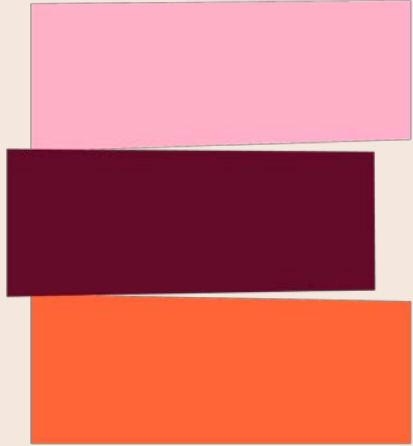
FY21-22 Budget





ybcbd.org
visityerbabuenana.org





THE EAST CUT

Annual Report
Fiscal Year 20-21

Andrew Robinson
Executive Director



The East Cut CBD spans from the east side of Second Street to Steuart Street and from north of Mission to Bryant.

In FY20-21 there were 4,511 properties

Public Space Stewardship



24 HOURS SERVICES

Cleaning & Maintenance

5:30am - 10:00pm

Community Guides

5:30am - 10:00pm

Security

24 Hours

Dispatch Service

24 Hours

Telephone: 415-543-8223 Email:
dispatch@theeastcut.org

THE EAST CUT
COMMUNITY
BENEFIT
DISTRICT

dispatch@
theeastcut.org

415 543 8223



theeastcut.org

FY20-21 SERVICES STATS

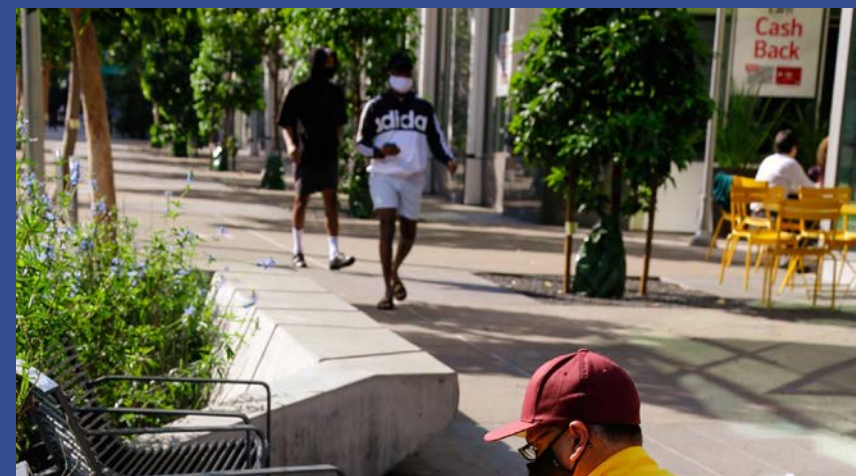
2,997 graffiti tags removed

1,101 needles collected

145,460 pounds of garbage removed

3,449 city trash cans topped off

3,187 instances of homeless outreach



Before

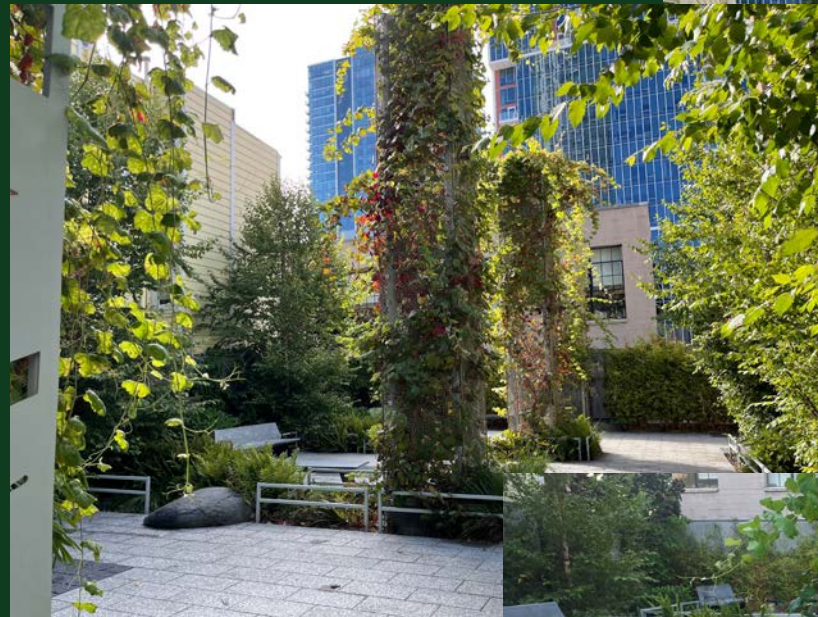
After

Neighborhood Parks & Open Spaces

The East Cut CBD will maintain 5 parks and open spaces (current and upcoming)

Guy Place Mini Park

Emerald Park



Salesforce Park



Future Parks:

Block 3 Park

CURRENT SITE PLAN

LEGEND

- A Flexible Tables & Chairs
- B Benches/Seating
- C Seatwalls
- D Boulders
- E Permeable Paving
- F Paving
- G Planting Areas



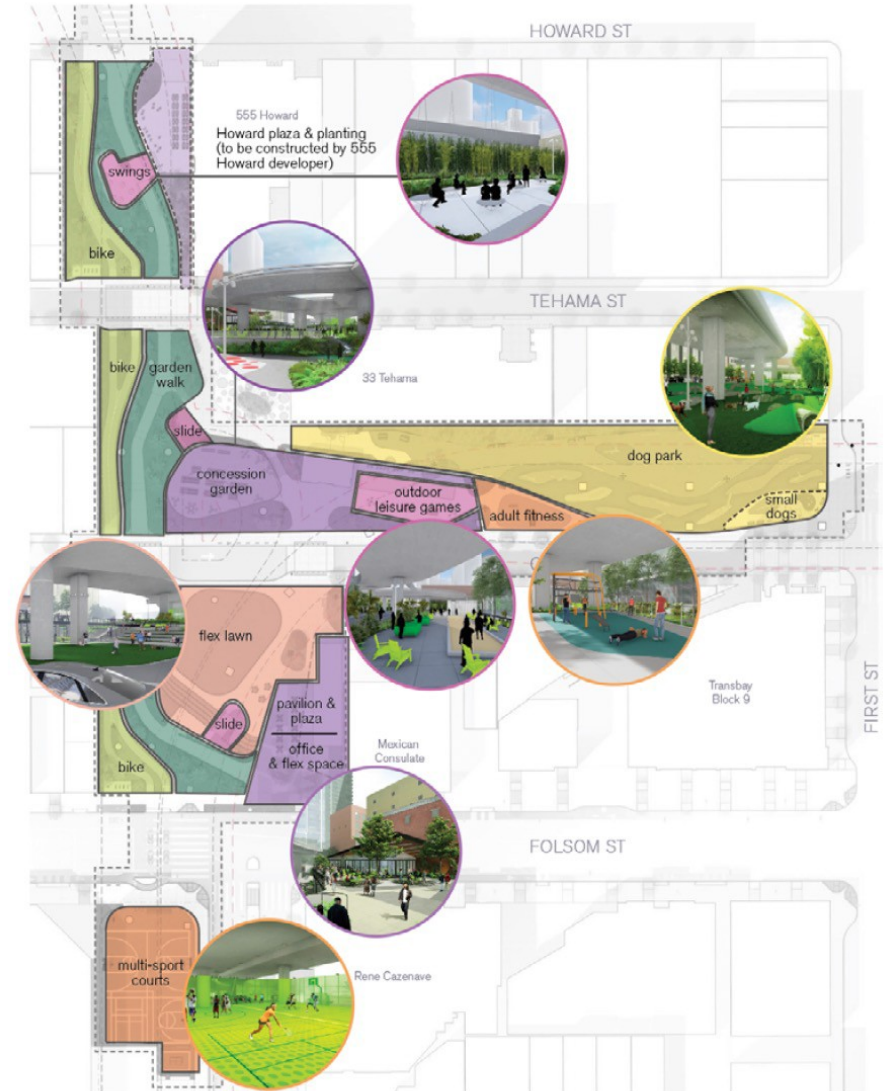
SITE DESIGN

-9-

BLOCK 3 PARK

CDR PHASE II | OCTOBER 2022

East Cut Sports & Dog Park



Community Building & Communications

The Crossing – an interim activation

Fitness & Recreation

- Outdoor gym
- Soccer

Food & Beverage

- Food Kiosks
- Beer Garden

Entertainment


- Outdoor cinema
- Events




Light Pole Banners



Newsletters

**THE
EAST
CUT**


LOCAL BUSINESS
HIGHLIGHTS & UPDATES



**Proper Food Now Delivers 3 Days a Week in
The East Cut**

Get prepared meals, groceries, and other essential items delivered every Tuesday, Wednesday, and Friday (11am—12pm)! Orders must be placed by Monday 6pm.

[Order Now!](#)



La Fromagerie is Back!


Exciting news! La Fromagerie, your neighborhood cheese shop located at 100 1st St. has reopened yesterday!

Open Monday to Friday, 7am — 4pm.
[Order online](#)

Support Neighborhood Businesses

Neighborhood small businesses need your patronage now more than ever. Please take a moment to browse the list of businesses operating during the shelter-in-place order.

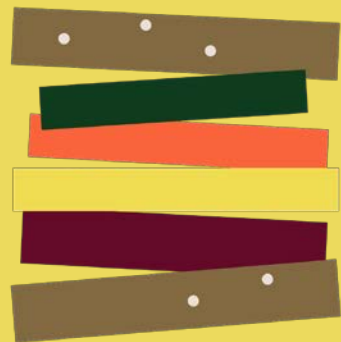
[Food & Groceries](#)

**PURCHASE
GIFT CARDS
& SUPPORT**

Neighborhood Info

MASKS FOR THE EAST CUT

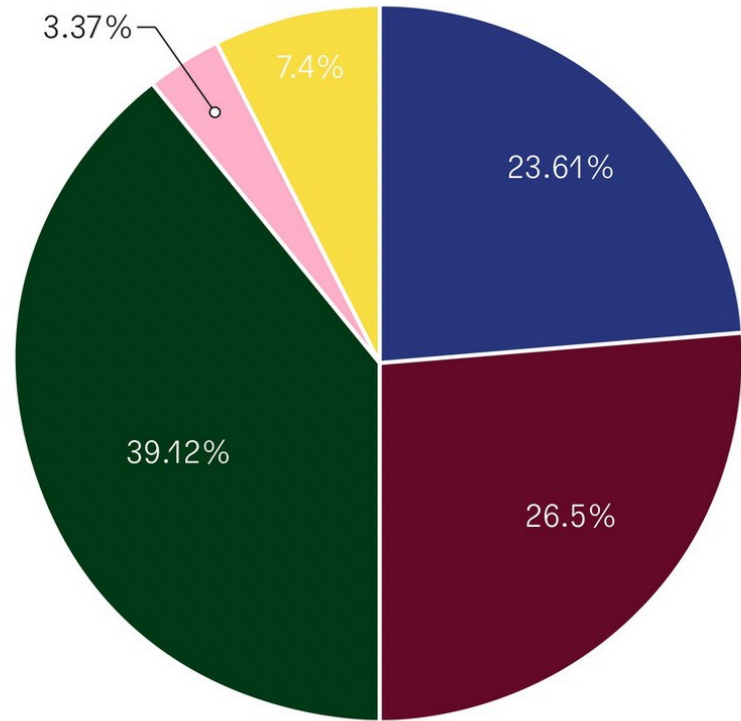




EAST
CUT
EATS



FY2020-2021 Budget



← FIG. 01

Public Safety	23.61%
Cleaning & Maintenance	26.5%
Parks & Greenspace	39.12%
Communications & Development	3.37%
Management & Operations	7.4%

Thank You!

Castro Community Benefit District July 2020 – June 2021

San Francisco Board of Supervisors Government & Oversight
Committee



DISTRICT MAP



CBD Renewal July 2020

- Approved on July 14, 2020 with 72% of weighted assessments.
- 15 year life; services stop December 2035 if not renewed
- Focus of renewed CBD - CLEANING; added power washing and cleaning ambassador capacity with assessment dollars.
- Established zones to better align special benefit need with special assessment.
- Renewed CBD rolled out services January 1, 2021.

Priorities During the Pandemic

- Hub for distributing PPE to merchants across the district
- Litter, trash, graffiti, hazardous waste removal
- Wiping down high use street furniture
- Learning how to clean and power wash with businesses on sidewalk and then parklets
- Power washing
- Working with those living on the sidewalk

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 2020-21

- TRASH 91,435 pounds of trash removed
- GRAFFITI 10,224 incidences of graffiti abated - 31% 
- NEEDLES 4,652 dirty/hazardous needles collected
- CARDBOARD 25,676 yards of flattened cardboard
- HUMAN FECES 10,970 incidences human feces removed - 57% 

PUBLIC SAFETY – Patrol Special Police

- 5 Nights, 2 Days/Week (July 2020-December 2020)
 - Foot patrol and vehicle patrol
 - Assist merchants with public safety concerns
 - Refer unhoused to services, assist when in need
 - Call Ambulance for emergencies (generally quality of life related)
 - Respond to calls for service
 - Extra set of eyes and ears on the street

PUBLIC SAFETY/OUTREACH – Community Ambassadors

- Unarmed Foot Patrols 7 Days/Week
 - Assist with Farmer's Market
 - Check on those in need, offer support
 - Provide water, socks to those in need
 - Work closely with HSOC
 - Work with merchants, help merchants open up in morning
 - Respond to calls for service from merchants
 - Stand by for Cleaning Ambassadors when needed
 - Administer Narcan
 - Extra set of eyes and ears on the street

COMMUNITY AMBASSADORS AT WORK



THANK YOU!

ANNUAL REPORT

Fiscal Year 2021-2022

OCEAN AVENUE ASSOCIATION

The Ocean Avenue Community Benefit District consists of a 12-block retail business corridor in the southern part of San Francisco.

It is at the center of a quiet residential area easily accessible by BART, MUNI, 280 Freeway, Junipero Serra or 19th Avenue, and is a place of unity for businesses serving people of all backgrounds.



Intro

FY 2021-2022 was a time of great progress for OAA, for example:

- ★ We reviewed and updated our contracts.
- ★ We worked with Cleanscapes to make sure Ocean Avenue was clean and graffiti free.
- ★ We worked with DPW to add five trash cans at critical locations.
- ★ Our "*Respect New 20 MPH on Ocean Avenue*" prints were posted on windows of businesses, and our posters appeared on social media with politicians and law enforcement officers.
- ★ We developed and participated in a series of events to bring neighbors to Ocean Avenue.



Cleaning-Graffiti Data:

- ★ Trash Collected: 25,000 lbs.
- ★ Graffiti cleaned-up: 1,300 occurrences
- ★ Blocks power washed: 200
- ★ #311 Calls (big items removal): 340
- ★ Palm Trees Cleaned: 50
- ★ Other Trees Thinning: +/- 40
- ★ Feces cleaning: 600

By The Numbers

Spreading The Word

Marketing:

- ★ OAA developed a database of all businesses, and produced the Ocean Avenue Business Directory that can be found at multiple locations on Ocean Avenue,
- ★ OAA has increased its email list by 38% during the FY 21/22. Emails with Community Updates are sent out 2 to 3 times monthly.
- ★ OAA is active on Facebook, Twitter, and Instagram.
- ★ Posting happened 2 to 3 times weekly.
- ★ In FY 21/22, we showed a 300% increase in Instagram followers telling us that a young audience is very involved on Ocean Avenue.
- ★ We saw an average increase of 40% in Email / Facebook / Twitter / Instagram for FY 21/22.



San Francisco adopted a speed reduction of 5 MPH along Ocean Avenue, and:

- ★ OAA promptly started a public campaign to promote the new 20 MPH speed limit by passing window signs to businesses, stickers to kids, and posing at events with posters promoting the new speed limit of 20 MPH.
- ★ All intersections on the Ocean Avenue business corridor have a traffic light signal except at Granada.
- ★ OAA collected about 400 signatures asking our district supervisor to install a STOP sign on Ocean at Granada Avenue.

Street Safety

Examples:

- ★ Thanks to a grant from Paint the Void, a free temporary artwork was painted by artist Andrea Perreira on the front of the NEMS building (1441 Ocean) in January 2022.
- ★ Bows were installed on all palm trees of the district at the end of November 2021 giving a cheerful Holiday welcome to the visitors.
- ★ OAA worked with the property owner SFMTA to regularly steam clean the plaza. OAA also worked with their team to keep up the landscape around the plaza.

Beautification





Helping Merchants:

- ★ OAA has diligently encouraged businesses to apply for the Vandalism Relief Grant. An instruction pamphlet was designed in English/Chinese to help affected businesses.
- ★ OAA is working with the Office of Small Business to resolve ADA issues with retail stores who need to update their entrances to qualify for grants.
- ★ We worked with merchants that qualified for the OEWD Rent Relief Pilot Program.
- ★ In March 2022, our vacancy report showed a 25% vacancy. By June, this report showed vacancies had fallen to about 12%.

Business Assistance

Events and Activations

Examples:

- ★ "National Night Out": a community-building that promotes police-community partnerships.
- ★ "Ocean After Hour": a business owners & neighbors gathering (Jul, Aug & Sept 21); past Executive Director Dan Weaver was presented with a Mayor's Proclamation.
- ★ "Open The Gate": Ingleside Library Gateway Grand Opening in September 2021.
- ★ "MuSix September": featured musicians on Ocean Avenue between Miramar and Faxon. Sponsors included Whole Foods Market (4 Gift Certificates), Ocean Paws/The Plant Lady.
- ★ "Gotta Love Ocean Avenue" Art Show: organized by community member Kate Favetti, OAA sponsored this well attended event in October 2021.



- ★ Community Cleanup of Unity Plaza on National Public Lands Day – with community volunteers, Whole Foods Market employees, OAA Board Directors & staff (Sept 2021). 25 bags of weeds and trash were collected.
- ★ 20 dedicated students from Lick-Wilmerding volunteered to clean-up the walkway known as 699 Ocean Avenue and collected 40 bags of trash and weeds.
- ★ A group of 15 students from Lick-Wilmerding volunteered to make noise on Ocean & Granada Avenues to make drivers aware of the new 20 MPH speed limit.
- ★ OAA sponsored the SF Turkey Drive who collects turkeys to feed the poor and homeless coming to St. Anthony's Dining Room to get fed.

Events and Activations



From the FY 20/21 Strategic Plan, the following accomplishments were made:

- ★ Board Member Handbook
- ★ Personnel Policies and Procedures
- ★ Financial Policies

Looking Forward

2022 and Beyond:

- ★ The process for the renewal of OAA started with the signing of the contract with the consulting firm NBS in July 2021.
- ★ The Renewal & Expansion working group met with new stakeholders including a Lakeside Village group, Mayor's Office of Housing and Community Development, Municipal Transportation Authority, Parks & Rec, and BART.

Looking Forward



Budget

o Comparing Totals FY 21/22 Budget

Service Category	Assessment \$	% of Budget from Assessment	Non-Assessment \$	% of Budget from Non-Assessment	Total Amount \$	% of Total Budget
Cleaning, Maintenance & Safety Program	\$192,155	45.03%	-	-	\$192,155	30.57%
Marketing, Streetscape Improvements & Beautification Program	\$88,945	20.85%	\$11,988	5.94%	\$100,933	16.05%
Management & Operations	\$130,560	30.60%	\$190,000	94.06%	\$320,560	50.99%
Contingency & Reserves	\$15,000	3.52%	-	-	\$15,000	2.39%
Total Budget	\$426,660	100%	\$201,988	100%	\$628,648	100%

o Comparing Totals FY 21/22 Actual

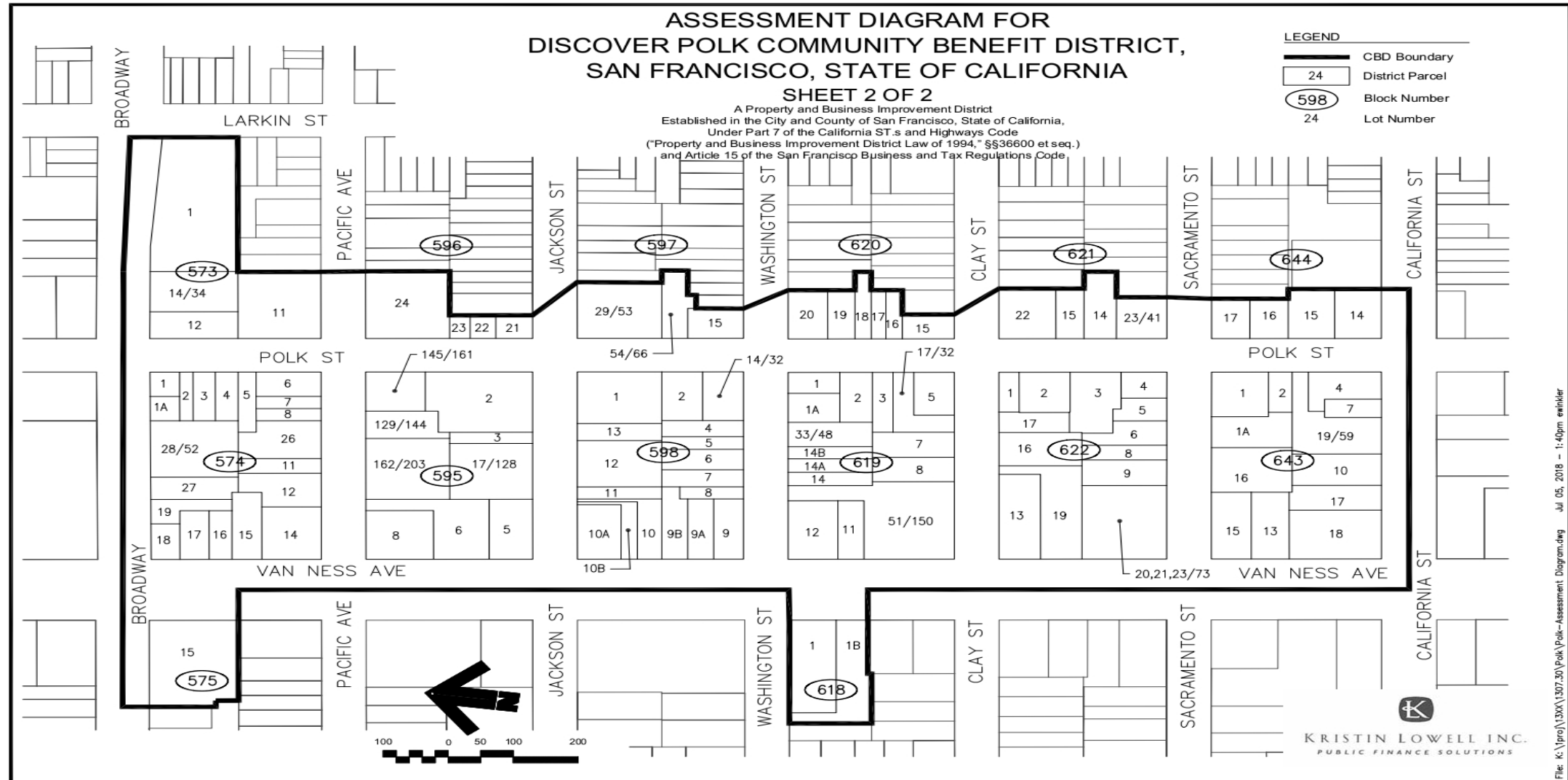
Service Category	Assessment \$	% of Budget from Assessment	Non-Assessment \$	% of Budget from Non-Assessment	Total Amount \$	% of Total Budget
Cleaning, Maintenance & Safety Program	\$190,882	55.56%	-	-	\$190,882	40.68%
Marketing, Streetscape Improvements & Beautification Program	\$41,380	12.05%	\$11,968	9.52%	\$53,348	11.37%
Management & Operations	\$111,255	32.39%	\$113,749	90.48%	\$225,004	47.95%
Contingency & Reserves	-	-	-	-	-	-
Total Budget	\$343,517	100%	\$125,717	100%	\$469,234	100%



Annual Report Highlights – FY 20/21



District Map - 535 total parcels



Executive Summary

- Due to COVID-19, DPCBD dedicated much of its time and resources toward helping the district weather the pandemic's impacts, and FY 20/21 very much fits that description. Mainly this entailed supporting our StreetPlus cleaning crews, addressing the myriad needs and questions from the merchant community, and continuing to respond to the concerns of residents and property owners.
- Overall, FY 20/21 was an opportunity for the value of DPCBD to be shown in full effect to local stakeholders, and we believe that we emerged from this FY stronger, better organized, and ready to take on the challenges of the next year.

- **Neighborhood Cleanliness**
- The COVID-19 pandemic caused an increase in homelessness activity as well as a decrease in the presence of the public on the streets which both led to moderately larger amounts of trash and waste littered throughout the district.
- Simultaneously, StreetPlus was forced to manage pandemic-related staffing shortages, which meant a smaller core group of workers were forced to complete more cleaning in less time with fewer numbers.
- Despite these circumstances, the StreetPlus team managed to accomplish their cleaning, graffiti abatement, and steam cleaning/power washing goals consistently as is evidenced by the report below.
- The brand-new Big Belly trash cans (installed in June '20) were in full effect throughout FY 20/21 and helped to stem the issues caused previously by overflowing public waste receptacles.

Month	Animal Feces	Graffiti removed	Needles (# needles removed)	Sidewalk Sweeping	Pressure Washing-block faces cleaned
20-Jul	77	49	10	826	0
20-Aug	13	18	14	135	0
20-Sep	94	57	35	1906	28
20-Oct	27	31	14	574	86
20-Nov	77	77	11	722	64
20-Dec	110	24	17	1117	69
21-Jan	139	247	13	1404	47
21-Feb	157	13	7	969	38
21-Mar	106	10	2	687	50
21-Apr	142	27	14	1051	27
21-May	43	46	0	329	46
21-Jun	100	42	7	936	42
Total	1085	641	144	10656	497

Budget

FY 2020-21

REVENUE AND SUPPORT

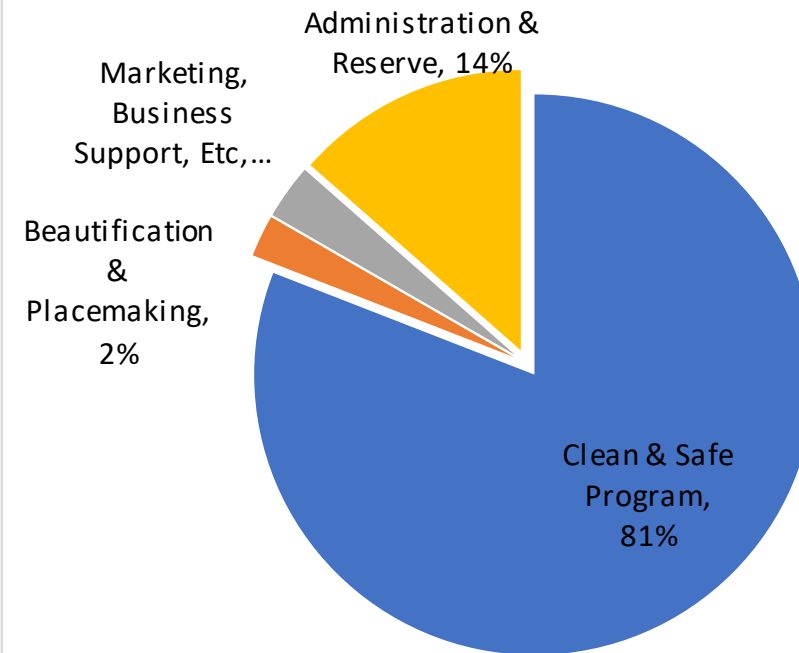
Assessments	654,820
Fundraising/In-Kind	37,000
Interest Income	0
TOTAL REVENUE AND SUPPORT	691,820

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



Statement of Operations (Actual vs. Budget)

for the fiscal year ended June 30, 2021

	Actual	Budget	Variance Positive/(Negative)
REVENUE AND SUPPORT			
Assessments	636,322	654,820	(18,498)
Fundraising/In-Kind	18,745	37,000	(18,255)
Interest Income	0	0	0
TOTAL REVENUE AND SUPPORT	655,067	691,820	(36,753)
EXPENSES			
Clean & Safe Program	341,853	416,713	74,860
Beautification & Placemaking	44,564	12,882	(31,682)
Marketing, Business Support, Etc	27,260	16,950	(10,310)
Administration & Reserve	88,812	72,235	(16,577)
TOTAL EXPENSES	502,488	518,779	16,291
Change in Net Assets	152,579	173,041	(20,462)
Prior Year Net Assets (Carryover)	653,788	653,788	0
TOTAL NET ASSETS	806,367	826,830	(20,462)

Statement of Financial Position	
As of 06/30/2021	
ASSETS	
Cash and Cash Equivalents	815,733
Assessment and Other Receivables	16,907
Prepaid Expenses	3,000
Equipment, net	8,467
TOTAL ASSETS	844,107
LIABILITIES & NET ASSETS	
LIABILITIES	
Accounts Payable	37,740
TOTAL LIABILITIES	37,740
NET ASSETS	
Without Donor Restrictions	794,704
With Donor Restrictions	11,663
TOTAL NET ASSETS (CARRYOVER)	806,367
TOTAL LIABILITIES & NET ASSETS	844,107

Financial Notes

Benchmark 1 – Budget Vs Management Variance

- Revenues and expenses followed very closely to plan for the fiscal year. Assessment revenues were lower than expected due to the COVID-19 crisis but were offset partially by lower-than-expected expenses.

Expense

- Overall expenses for the fiscal year are under budget by \$16,285.

Clean & Safe

- Clean & Safe expenses are significantly under the budget by \$74,860 due to understaffing issues at StreetPlus mostly related to the COVID-19 crisis.

Beautification & Placemaking

- Beautification & Placemaking expenses are \$31,682 higher than budgeted. This is a result of paying the lighting company to install tree lights throughout the district. A large portion of this expense will be offset by a grant which was awarded to DPCBD by SF OEWD, but will not be reimbursed until FY 2021-2022.

Marketing & Business Support

- Marketing & Business Support expenses are \$10,310 over the budgeted plan due to hiring a social media manager.

Admin & Reserve

- Admin & Reserve expenses are \$16,577 over the budgeted plan due to a renegotiation of the Executive Management contract to include additional funds to cover healthcare for Executive Management Team.

Carryover Status

- DPCBD has a carryover of \$806,367

Other Notable Items

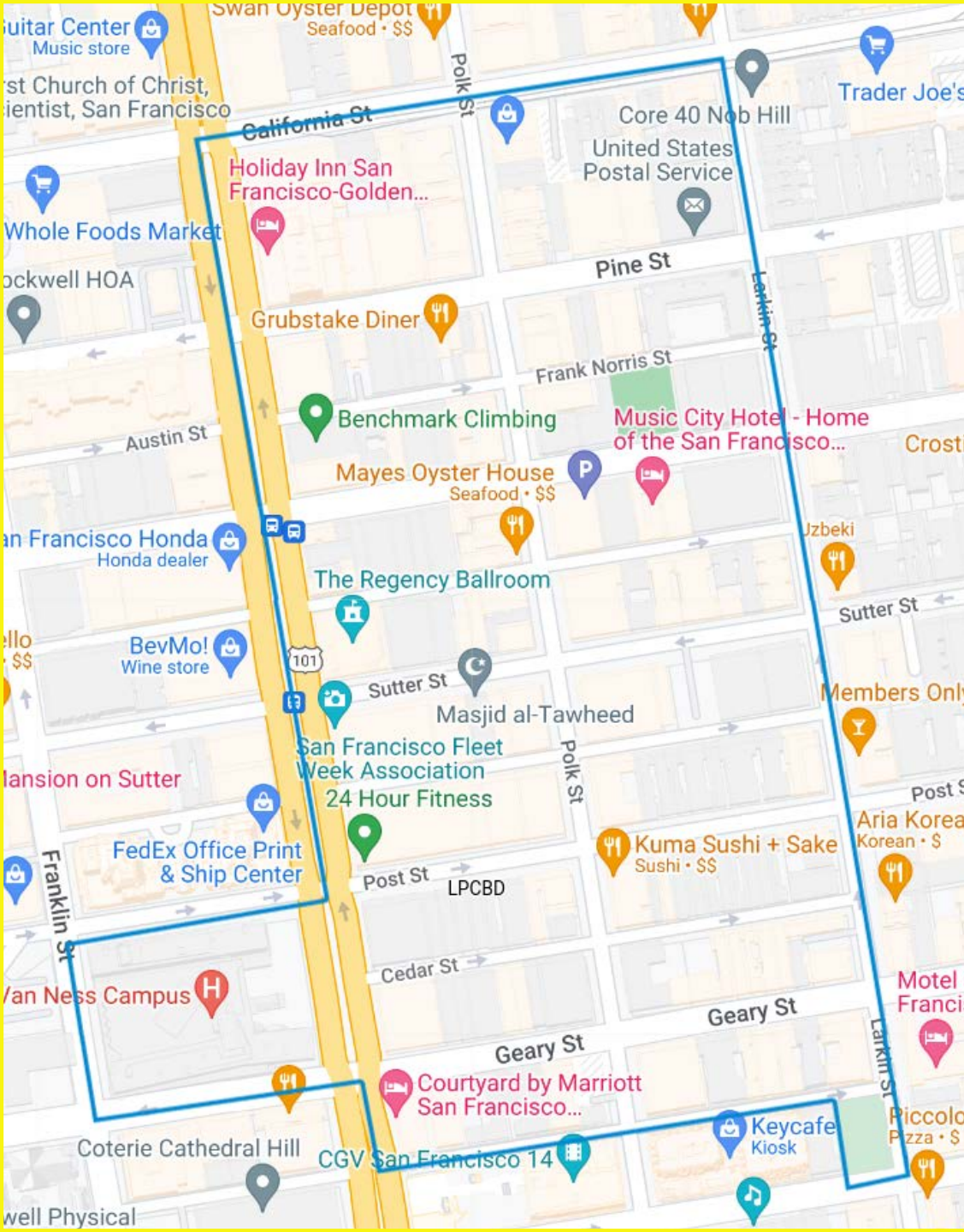
- DPCBD proceeded with fiscal caution throughout the COVID-19 crisis due to uncertainty on the impact of the pandemic on assessment revenues. Thankfully, the crisis did not impact assessment revenues significantly. The Board of Directors and Executive Management team plan to allocate more of the reserve funds toward meeting the district's objectives in FY2021-2022.

Conclusion

2020/2021 was the FY where Discover Polk fully came into its own. We were extremely fortunate that our assessments came in at (or very near to) budget. We managed to stay within budget while still keeping ample reserves due to COVID related risks.



2020-2021 Annual Report



The Lower Polk CBD encompasses 22 whole or partial blocks on lower Polk street. It is a diverse and challenging District, due to its proximity to the Tenderloin, and to the high traffic Van Ness corridor.

Yet, even during a continued period 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.



In 2020-2021:

We lessened the effects of COVID-19 on our District and constituents by continuing to increase District cleaning and sanitizing public fixtures.

We maintained the health and safety of our team by training people to use personal protective equipment and seeing to it that they use it.

We helped merchants hurt by the pandemic through additional business support services and our award-winning Lower Polk Tenant Landlord Clinic.

We helped renters affected by the pandemic through our Lower Polk Tenant Landlord Clinic.



We elected new board members, new officers and community chairs, and renewed the terms of current board members.

We kept up with new developments in the Lower Polk District and their effect on vitality, community, and other issues.

We stayed involved in leadership positions with many community and City organizations, including Lower Polk Neighbors

With respect to finance and fund development:

We completed our organizational annual audit and received an unmodified opinion, which shows approval.

We received a PPP Loan to assist in operations.

We reviewed organizational investments.

We reviewed organizational insurance.

We prepared budget projections.

We continued to:

Sweep and steam clean District sidewalks. Address graffiti.

Clean and weed tree wells.

Monitor public trash receptacles and report large items to the City for removal.

Add more members of the LPCBD Clean Team and conduct training sessions.

Carry out performance measures and goals for neighborhood cleanliness.

Analyze service trends over time to better understand the geographic distribution

We continued to:

Work with the San Francisco Police Dept. to address issues around safety.

Work with the Department of Homelessness and Supportive Housing.

Use ambassador staff to report areas that need to be cleaned, provide directions and information about the neighborhood and serve as an additional set of eyes to report safety issues.

Participate in multiple neighborhood safety and security groups to discuss and take action on issues and trends, with a special focus on our Lower Polk alleyways.

Work with the City on potential policies concerning empty storefronts.

And we continued to:

Collaborate with the Dept. of Public Health to address the unhoused and the neighborhood street population.

Attend numerous neighborhood association meetings and coordinate additional constituent meetings to discuss LPCBD outreach services, address specific concerns and create action plans.

Operate the award-winning Lower Polk Tenant Landlord Clinic.



The Lower Polk Tenant Landlord Clinic (TLC) is a unique interdisciplinary program designed to keep residential tenants and small businesses stably sited. It works with people who live in the Lower Polk or surrounding areas, or operate a small business in the Lower Polk or surrounding areas.

Its coalition members include the Bar Association of San Francisco and UC Hastings.


The screenshot shows the website for the Lower Polk Tenant Landlord Clinic. The header features the organization's logo, which consists of a yellow square followed by the text "Lower Polk" and "Tenant Landlord Clinic" below it. To the right of the logo is a hamburger menu icon. Below the header, a yellow banner contains the text "Welcome to the TLC". Underneath the banner is a dark grey button with the text "CONTACT US NOW". The main content area has a background image of a person in a blue shirt and dark pants, possibly a dancer, with a yellow scales of justice icon overlaid. The text "About the TLC" is centered below the icon. The main body text describes the clinic as a unique interdisciplinary program designed to help prevent homelessness by keeping people housed in their current places of abode. It encourages people living in the Lower Polk or surrounding areas who are experiencing housing problems to contact the TLC at contact@lptlc.org.

Lower Polk
Tenant Landlord Clinic

The Lower Polk Tenant Landlord Clinic

Welcome to the TLC

CONTACT US NOW



About the TLC

The Lower Polk Tenant Landlord Clinic (TLC) is a unique interdisciplinary program designed to help prevent homelessness by keeping people housed in their current places of abode. If you live in the Lower Polk or surrounding areas, and are experiencing problems with your current housing, you are urged to contact the TLC now at contact@lptlc.org.

Budget

FY 2021-22

REVENUE AND SUPPORT

Assessments	982,784
Grants	173,102
Contributions	57,199
Interest	0
TOTAL REVENUE AND SUPPORT	1,213,085

EXPENSES

Cleaning, Maintenance, and Safety	666,154
Marketing, Streetscape, and Beautification	290,782
Management and Operations	217,527
TOTAL EXPENSES	1,174,463

DEFICIT	38,622
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Statement of Financial Position

As of 06/30/2021

ASSETS

Cash and Cash Equivalents	971,211
Grants Receivables	156,497
Assessment and Other Receivables	26,519
Prepaid Expenses	34,269
Equipment, net	128,090
TOTAL ASSETS	1,316,586

LIABILITIES & NET ASSETS

LIABILITIES

Accounts Payable	141,197
Accrued Liabilities	56,810
Unearned Revenue	18,750
CARES Act PPP Loan	366,834
TOTAL LIABILITIES	583,591

NET ASSETS

Without Donor Restrictions	706,226
With Donor Restrictions	26,769
TOTAL NET ASSETS (CARRYOVER)	732,995
TOTAL LIABILITIES & NET ASSETS	1,316,586



BOARD of SUPERVISORS



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San Francisco, CA 94102-4689
Tel. No. (415) 554-5184
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TDD/TTY No. (415) 554-5227

MEMORANDUM

TO: Kate Sofis, Director, Office of Economic and Workforce Development

FROM: Alisa Somera, Assistant Clerk, Government Audit and Oversight Committee, Board of Supervisors

DATE: July 29, 2022

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Government Audit and Oversight Committee has received the following proposed legislation, introduced by Supervisor Matt Dorsey on July 26, 2022:

File No. 220889

Resolution receiving and approving an annual report for The East Cut Community Benefit District for Fiscal Year (FY) 2020-2021, submitted as required by the Property and Business Improvement District Law of 1994 (California Streets and Highways Code, Sections 36600, et seq.), Section 36650, and the District's management agreement with the City, Section 3.4.

If you have any additional comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102 or by email at: Alisa.Somera@sfgov.org.

cc: Anne Taupier, Office of Economic and Workforce Development
Lisa Pagan, 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):

Subject:

The text is listed:

Resolution receiving and approving annual report for The East Cut Community Benefit District for fiscal year 2020-2021, 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