

**MEMO**

To: Supervisor Aaron Peskin, District 3

CC: San Francisco Board of Supervisors

From: Chris Corgas, Senior Program Manager

RE: Lower Polk Community Benefit District

Date: October 5, 2018

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This is a memo summarizing the performance of the Lower Polk Community Benefit District (LPCBD) and an analysis of their financial statements (based on their audit) for the period between July 1, 2016 and June 30, 2017.

Each year the CBD is required to submit a mid-year report, an annual report, and a CPA Financial Review or Audit. Lower Polk CBD has complied with the submission of all these requirements. OEWD staff reviewed these financial documents to monitor and report on whether they have complied with the rules per the Property and Business Improvement District Law of 1994, California Streets and Highways Code Sections 36600 Et Seq.; San Francisco's Business and Tax Regulations Code Article 15; the Civic Center's Community Benefit District management contract with the City; and their Management Plan as approved by the Board of Supervisors in 2008.

Also attached to this memo are the following documents:

1. LPCBD Annual Report
  - a. FY 2016-2017
2. LPCBD Financial Statements
3. Draft resolution from the Office of Economic and Workforce Development



## Background

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

- July 29, 2014: the Board of Supervisors approved the resolution that established the property-based district called the Lower Polk Community Benefit District for 8 years (Resolution # 314-15).
- November 26, 2014: Organization formed and incorporated
- January 14, 2015: First meeting of the Board of Directors
- July 28, 2015: the Board approved the contract for the administration and management of the Lower Polk Community Benefit District (Resolution # 297-15).
- August 17, 2015: CBD received first assessment payment.
- October 24, 2017: the Board approved the FY 2015-2016 Annual Report (Resolution # 392-17).

## Basic Info about Lower Polk CBD

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

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

## Summary of Service Area Goals

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

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

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

Street Operations, Beautification and Order service area includes street maintenance and beautification. This service area calls for increased district marketing in order to create neighborhood identity and contribute to the economic vitality of the area. Additionally, this service area will support the district with



events meant to draw visitors to the Lower Polk neighborhood throughout the year. The LPCBD Management Plan calls for 11% of the budget to be spent on this service area.

### **Management and Operations**

The LPCBD Management Plan calls for 28% of the budget to be spent on management and operations. LPCBD is staffed by a full-time Executive Director who serves as the focal point person and advocate for Lower Polk CBD. LPCBD board has eleven (9) board members that represent the diverse property owners and businesses in the district. Notice of meetings of the CBD's Board of Directors and CBD Advisory Committees are posted to the website calendar and at the SF Main Library. All Board of Directors meetings are open to the public, and public comment is welcome. LPCBD will be forming advisory committees in FY 16-17.

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

### **FY 2016-2017**

#### **District Identity**

- Provided information to merchants, pedestrians and visitors 63 times
- Lower Polk Wine Walk
- First Thursday Art Walk
- Built Macaulay Park website
- Construction mitigation marketing team
- Planter boxes in Austin, Hemlock, Cedar, and Alice B. Toklas Alleys
- Fern and Austin Alley redesign projects

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

- 1,287 instances of graffiti removed
- Over 368,000 lbs of trash removed from public rights of way
- Pressure washed 306 block faces
- Responded to 71 counts of illegal encampments and aggressive panhandling
- Abated weeds 52 times
- Conducts daily outreach sessions to homeless within District
- Made service referrals to other CBOs, like Lava Mar, Glide, St. Anthony's, and St. Martin de Porres
- Provided access to clean and monitored restroom services 24 hours per day

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

- Secured and began renovating a long-term office space at 1170 Sutter Street
- Ensured day-to-day success of programs
- Worked with City officials to address public right of way issues
- Applied for and received grant funding for the Lower Polk/Tenderloin Art Walk, Hemlock Mural



Project, restroom services, and a tenant landlord clinic to help prevent homelessness

**LPCBD Annual Budget Analysis**

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

- **BENCHMARK 1:** Whether the variance between the budget amounts for each service category was within 10 percentage points from the budget identified in the Management Plan (*Agreement for the Administration of the “Lower Polk Community Benefit District”, Section 3.9 – Budget*)
- **BENCHMARK 2:** Whether five and fifty-five hundredths percent (5.55%) of actuals came from sources other than assessment revenue (*CA Streets & Highways Code, Section 36650(B)(6); Agreement for the Administration of the “Lower Polk Community Benefit District”, Section 3.4 - Annual Reports*)
- **BENCHMARK 3:** Whether the variance between the budget amount and actual expenses within a fiscal year was within 10 percent (*Agreement for the Administration of the “Lower Polk Community Benefit District”, Section 3.9 – Budget*)
- **BENCHMARK 4:** Whether LPCBD is indicating the amount of funds to be carried forward into the next fiscal year and designating projects to be spent in current fiscal year (*CA Streets & Highways Code, Section 36650(B)(5)*)

**FY 2016-2017**

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

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

Service Category	Management Plan Budget	% of Budget	FY 2016-2017 Budget	% of Budget	Variance Percentage Points
Cleaning, Maintenance, and Safety Program	\$478,675.00	56.58%	\$830,158.00	57.76%	+1.18%
Marketing, Streetscape Improvements, and Beautification Program	\$95,700.00	11.31%	\$145,414.67	10.12%	-1.19%
Management and Operations	\$240,900.00	28.47%	\$429,561.18	29.89%	+1.41%
Contingency/Reserves	\$30,774.54	3.64%	\$32,100.00	2.23%	-1.40%
<b>TOTAL</b>	<b>\$846,049.54</b>	<b>100.0%</b>	<b>\$1,437,233.85</b>	<b>100.0%</b>	



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

**ANALYSIS:** LPCBD met this requirement. Assessment revenue was \$803,205.48 or 79.50% of actuals and non-assessment revenue was \$207,117.81 or 20.50% of actuals. See table below.

Revenue Sources	FY 2016-2017 Actuals	% of Actuals
Special Benefit Assessments	\$ 803,205.48	
<b>Total assessment revenue</b>	<b>\$ 803,205.48</b>	<b>79.50%</b>
Contributions/Sponsorships	\$62,900.00	6.23%
Grants	\$139,954.75	13.85%
Interest Earned	\$673.96	0.07%
Other	\$3,589.10	0.36%
<b>Total non-assessment revenue</b>	<b>\$207,117.81</b>	<b>20.50%</b>
Total	\$1,010,323.29	100%

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

**ANALYSIS:** LPCBD met this requirement. See table below.

Service Category	FY 2016-2017 Budget	% of Budget	FY 2016-2017 Actuals	% of Budget	Variance Percentage Points
Cleaning, Maintenance, and Safety Program	\$830,158.00	57.76%	\$457,800.00	59.37%	+1.61%
Marketing, Streetscape Improvements, and Beautification Program	\$145,414.67	10.12%	\$88,400.00	11.46%	+1.35%
Management and Operations	\$429,561.18	29.89%	\$224,900.00	29.17%	-0.72%
Contingency/Reserves	\$32,100.00	2.23%	\$-	0.00%	-2.23%
<b>TOTAL</b>	<b>\$1,437,233.85</b>	<b>100.0%</b>	<b>\$771,100.00</b>	<b>100%</b>	



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

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

<b>FY 2016-2017 Carryover Disbursement</b>	<b>\$336,613.00</b>
<b>Special Assessment Project</b>	
Marketing, Streetscape Improvements, and Beautification	\$176,100.00
Management and Operations	\$66,200.00
Contingency and Reserve	\$94,313.00
<b>Total Designated amount for Future Years</b>	<b>\$336,613.00</b>

### **Findings and Recommendations**

LPCBD has met all of the benchmarks as defined on page 4 of this memo.

Christian Martin came on as executive director of the CBD in late 2015. Mr. Martin and the governing board were able to quickly and effectively begin services in January 2016. Additionally, the CBD agreed to assist Middle Polk in the neighborhood's efforts to form a neighboring CBD by acting as a fiscal sponsor and by providing technical advice.

LPCBD secured and began renovating a long-term office space at 1170 Sutter Street using CPMC mitigation funds received in the previous fiscal year. The CBD also made significant progress in raising new funds beyond their general benefit requirement. LPCBD also secured grant funding to execute the Lower Polk/Tenderloin Art Walk series, Hemlock Mural Project, restroom services and an innovative tenant landlord clinic to help prevent homelessness. The CBD also procured, on an as needed basis, professional services such as arts program consulting, website development and technical support, homeless outreach consulting, accounting, grant writing assistance and legal services.



## Conclusion

LPCBD has performed well in implementing its service plan. LPCBD has continued to successfully sponsor and help implement events and programs in the district. LPCBD is a well-run organization with active board and committee members and will continue to successfully carryout its mission as a community benefit district.

