

**MEMO**

To: Supervisor Aaron Peskin, District 3

CC: San Francisco Board of Supervisors

From: Chris Corgas; OEWD Senior Program Manager

RE: Discover Polk Community Benefit District; FY 2019-2020 Annual Report

Date: July 22, 2021

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This is a memo summarizing the accomplishments of the Discover Polk Community Benefit District and an analysis of its financial statements for the period between July 1, 2019 and June 30, 2020.

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

Also attached to this memo are the following documents:

1. Annual Report
  - a. FY 2019-2020
2. Financial Statements
  - a. FY 2019-2020
3. Draft resolution from the Office of Economic and Workforce Development



## Background

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

- July 24, 2018: the Board of Supervisors approved the resolution that established the property-based district called the Discover Polk Community Benefit District for 11 years commencing with FY 2018-2019 (Resolution # 238-18).
- July 28, 2015: the Board of Supervisors approved the resolution approving an agreement with the nonprofit Owners' Association for administration/management of the established property-based Community Benefit District known as the "Discover Polk Community Benefit District" (Resolution #402-18)).

## Basic Info about Discover Polk CBD

Year Established	July 2018
Assessment Collection Period	FY 2018-19 to FY 2028-29 (July 1, 2014 to June 30, 2029)
Services Start and End Date	January 1, 2019 – December 31, 2029
Initial Estimated Annual Budget	\$622,784
FY 19-20 Assessment Submission	\$629,414.98
Fiscal Year	July 1 – June 30
Executive Director(s)	Christian Martin (former) Duncan Talento Ley; co-Executive Director (current) Ben Bleiman; co-Executive Director (current)
Name of Nonprofit Owners' Association	Discover Polk Community Benefit District

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

## Summary of Service Area Goals

### **Environmental Enhancements**

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

### **Economic Enhancements**

Economic enhancements are designed to strengthen the district's business corridor. This includes business support which includes time spent to attract new tenants, new investments, and to promote continued mixed-use development. Additionally, this service areas funds a marketing and communications program. This program is focused on creating awareness of the environmental

enhancements performed by the CBD and of the district's business offerings. It also supports property owners in efforts to attract unique tenants and explores ways to connect district residents to local stores and restaurants, such as "buy local" campaigns and the development of a district directory, district website, and supporting social media.

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

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

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

#### **FY 2019-2020**

##### **Environmental Enhancements**

- Conducted a rubbish audit with rubbish.love which determined that the bulk of sidewalk stains consisted of gum stains (64%) and cigarette butts (19%).
- Received a grant from Office of Economic and Workforce Development (OEWD) for five (5) Big Belly trash receptacles which were installed in June 2020.
- 73,163 lbs of trash removed
- 1,182 needles properly disposed of
- Abated 373 instances of graffiti
- 115,000 linear feet steam cleaned
- Responded to 7 spot requests for cleaning services

##### **Economic Enhancements**

- Executive Management Team commenced regular meetings of the Marketing & Communications Working Group with the board.
- Created an email database of local residents, businesses, and other stakeholders to include for regular mailings.
- Began sending out bi-monthly newsletters with district updates.
- Provided information on vacant storefronts within the CBD area.

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

- FY 2019-20 saw the DPCBD end its relationship with the Lower Polk CBD and seek out its own executive management team and service provider. This resulted in the hiring of Duncan Talento Ley and Ben Bleiman as co-Executive Directors of the CBD and of StreetsPlus as the CBD's service provider.

### **DPCBD Annual Budget Analysis**

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

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

**FY 2019-2020**

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

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

Service Category	Management Plan Budget (Percentage)	FY 2019-20 Budget (Percentage)	Variance Percentage Points
Environmental Enhancements	\$399,000.00 (66.30%)	\$349,181.00 (73.31%)	+7.01%
Economic Enhancements	\$75,000.00 (12.46%)	\$50,632.00 (10.63%)	-1.83%
District Coordinator, Administration, & Reserve	\$127,784.00 (21.23%)	\$76,521.00 (16.06%)	-5.17%
<b>TOTAL</b>	<b>\$601,784.00 (100%)</b>	<b>\$476,334.00 (100%)</b>	

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

**ANALYSIS:** *DPCBD met this requirement. Assessment revenue was \$630,940.00 or 96.54% of actuals and non-assessment revenue was \$22,605.00 or 3.46% of actuals. See table below.*

Revenue Sources	FY 2019-2020	% of Actuals

	Actuals	
Special Benefit Assessments	\$630,940.00	
<b>Total assessment revenue</b>	<b>\$630,940.00</b>	<b>96.54%</b>
Contributions	\$4,250.00	0.65%
Grants	\$18,335.00	2.81%
<b>Total non-assessment revenue</b>	<b>\$22,605.00</b>	<b>3.46%</b>
<b>Total</b>	<b>\$653,545.00</b>	<b>100%</b>

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

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

Service Category	FY 2019-20 Budget (Percentage)	FY 2019-20 Actuals	Variance Percentage Points
Environmental Enhancements	\$349,181.00 (73.31%)	\$280,668.00 (66.20%)	-7.11%
Economic Enhancements	\$50,632.00 (10.63%)	\$50,170.00 (11.83%)	+1.2%
District Coordinator, Administration, & Reserve	\$76,521.00 (16.06%)	\$93,115.00 (21.96%)	+5.9%
<b>TOTAL</b>	<b>\$476,334.00 (100%)</b>	<b>\$423,953.00 (100%)</b>	

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

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

FY 2019-20 Carryover Disbursement	
Designated Projects	
Environmental Enhancements	\$ 216,403.72

Economic Enhancements	\$ 38,573.49
District Coordinator, Administration, & Reserve	\$ 71,589.79
<b>Total Designated amount for FY 20-21</b>	<b>\$326,567.00</b>
<b>Total Designated amount for Future Years</b>	<b>\$327,221.00</b>

### Findings and Recommendations

This is the DPCBD's first annual report required under State law and the district's management agreement with the City and County of San Francisco. DPCBD has met all of the benchmarks as defined on page 4 of this memo.

FY 2019-20 was one of change and challenge for the CBD. In the early part of FY 19-20 the CBD ended its association and service contract with the Lower Polk CBD. This contract had Lower Polk CBD staff implementing services within the Discover Polk CBD footprint. The arrangement ended to better ensure that both DPCBD and LPCBD could respond to the unique needs of each district more effectively. The DPCBD governing board oversaw a robust process to hire an executive director and a service provider. In the end they hired Duncan Talento Ley and Ben Bleiman as co-executive directors of the CBD; additionally, they hired StreetsPlus to provide day to day environmental enhancements within the district footprint.

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

This order was particularly confusing to the Community Benefit District/Business Improvement District community in San Francisco as, by definition, they provide supplemental service and no direction was provided as to whether or not they were to cease operations. The Discover Polk CBD did not suspend operations and continued to perform essential services in the early days of the pandemic ensuring that the public rights of way in the area maintained were clean. OEWD worked with the Covid Command Center to ensure that these essential workers were not forgotten during the Covid response and was able to acquire personal protective equipment and hygiene supplies to keep workers and the community safe. CBD/BIDs played an important role in facilitating communication between the City and their stakeholders throughout the pandemic.

The CBD was effective at adapting its services due to the Covid-19 pandemic. This included, but was not limited to working with their service contractor to modify their cleaning processes to utilize PPE and social distancing protocols, partnering with local businesses to help build their outdoor

“parklets” through the City’s Shared Spaces program, and addressing other concerns and questions from residents, businesses, and stakeholders to ensure the safety and wellbeing of everyone in the district during the pandemic. DPCBD has been in an instrumental partner in ensuring timely pandemic related information is distributed to stakeholders within the district.

### **Conclusion**

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