



Discover Polk

Discover Polk Community Benefit District – Mid Year Report

February through December 2019

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Executive Summary

Discover Polk is a unique Community Benefit District in that seventy-eight percent (78%) of the parcels in the six-block long district are condominiums, and that there are 37 mixed-use buildings with residential rental units above the street level and two single-room occupancy hotels. There are four houses of worship and an eclectic mix of businesses, many of which have been on Polk Street for decades. Incorporated as a 501 (c)(3) in September 2018, Discover Polk CBD (“DPCBD”) was sanctioned by a City agreement on 20 November 2018, and we received our first assessments in early January 2019.

Most of our Board of Directors were active in the feasibility and formation phase of DPCBD; they represent large and small property owners, business owners and other community stakeholders. Currently our Board meets monthly, and working groups focusing on cleanliness & safety and business retention & recruitment meet from time to time. In addition to community outreach, the Board exercises oversight on budget and services, and, recently, has felt forced to do much of the work expected of an Executive Director.

DPCBD contracted with Lower Polk CBD (“LPCBD”) for Clean & Safe and Executive Director/District Coordinator services in February of 2019. Over the next several months, services were not delivered satisfactorily. Staffing was incomplete; Clean & Safe services delivery was unreliable; communications were poor; and repeated efforts to remediate were unsuccessful. A single community event, “Only on Polk,” was hastily organized in 2019 and yielded little evidence of concrete benefit to businesses or the community at large. Finally, after the Executive Director and District Coordinator informed DPCBD they were leaving LPCBD, we issued a notice of breach, and we terminated the contract with LPCBD on 30 November, 2019.

We have since contracted with StreetPlus for Clean & Safe services as of 1 December, 2019 and have signed an agreement with a highly qualified management company on 20 January, 2020 for the Executive Director position. For these reasons, year-to-date performance metrics are incomplete and are not representative of our goals or expectations.

Status and Progress of District Programs

Management and Operations

- Board & Staff
 - We began the year with thirteen (13) Board members, appointed by our incorporator, Jesse Mainardi, at our first official Board meeting in September 2018. One member relocated out of state during 2019 and another resigned because of professional responsibilities. We elected one new member at our January 2019 meeting and have a current Board of twelve (12) members.
 - A District Coordinator was selected in February 2019, who reported to the Executive Director of Lower Polk CBD (LPCBD). According to the contract with LPCBD, the District Coordinator was expected to spend 80% FTE on DPCBD work and 20% for LPCBD. The agreement stipulated that the LPCBD Executive Director would at all times spend 20% FTE for DPCBD; in addition, he spent an extra percentage of his time on DPCBD for the first 6 months of the contract, for a total from 50% the first month down to 25% the 6th month. This appeared to have the advantage of a local mentor to acclimate the District Coordinator to the area. However, it actually blurred the lines between the two Districts and worked to the disadvantage of DPCBD. Repeated performance review meetings yielded no improvement, and the LPCBD Executive Director offered to adjust staff responsibilities to better meet DPCBD needs. Both the LPCBD Executive Director and DPCBD District Coordinator resigned before this could be implemented. We finished 2019 operating two months without the support of an Executive Director or District Coordinator, leaving the Board to pick up the work.
 - In November 2019, the Board approved a job description for Executive Director and a search was launched. A working group interviewed four (4) qualified candidates in December 2019 and January 2020, and unanimously approved the application of a local hospitality and community affairs management company; the Board ratified the choice at a special meeting on 10 January 2020 and the new Executive Management team accepted the offer on 20 January 2020.
- Operations
 - The management agreement for Clean & Safe services from LPCBD stipulated that DPCBD would have dedicated staff of two individuals, seven days a week, eight hours each day, from 07:00 to 15:30. However, hiring challenges and lack of contingency plans for coverage when staff were ill or did not show, led to dissatisfaction and, in fact, breach of contract, as there was not a full complement of staff until May 2019.
 - Graffiti abatement was satisfactory. Sidewalk cleaning initially made a noticeable difference, but was unreliable because of understaffing. Limited pressure washing was performed only six (6) times. LPCBD provided initial estimates for pressure washing which ranged from initial \$20K to \$80K and efforts to finalize a plan for regular pressure washing of our District were fruitless.

- Given the unsatisfactory cleaning services, and with the departure of the Executive and District Coordinator, DPCBD issued a notice of breach which LPCBD was unable to cure, and the two districts agreed to terminate the management contract as of 30 November 2019.
- In the interim, DPCBD had performed due diligence, soliciting proposals from three experienced providers who deliver services elsewhere in the city. At the 13 November 2019 Board meeting, the ten (10) Board members present unanimously approved the selection of StreetPlus, who began services on 2 December 2019. StreetPlus is a national service provider for urban CBDs and BIDs, with a strong presence in the Bay Area, including a Regional Vice President based in Union Square. They come highly recommended by other San Francisco CBDs and were open to favorable contract negotiations with DPCBD.
- StreetPlus will provide 192 hours of service per week as follows:
 - Operations Supervisor: 40 hours
 - Team Leader (weekend coverage for Ops Supervisor): 16 hours
 - Cleaning Ambassadors: 96 hours
 - Special Projects: 40 hours

The StreetPlus contract with DPCBD includes, among other provisions, appropriate training and regional supervision of staff, quarterly performance audits, and regular meetings with the DPCBD Board and Executive Management.
- Until we can find permanent parking, storage and employee break space, a commercial condo owner has graciously provided storage space and a Board member has provided temporary complimentary parking. Not having a space for lunch and breaks creates a stressful work environment and a flight risk for valued staff. One of the first deliverables of the new Executive management is to procure permanent space for the StreetPlus team.

Neighborhood Cleanliness

- We installed five (5) dog waste stations in the District and have received positive feedback. They require close monitoring, as passersby tend to use them for trash in general and some dog owners still leave dog waste bags on the sidewalk or gutter (sometimes within a few feet of the waste station!)
- In April we successfully gathered the required resident signatures to formally request mechanical street sweeping of the 1700 block of Clay Street. The program has made a huge difference in street cleanliness.
- At the beginning of 2019 Discover Polk was part of a DPW pilot program where smart bins replaced existing city rubbish bins. The bins were a huge benefit (scavengers did not have access to their contents) but the program lasted only about six (6) months and the smart bins were replaced with new city cans.
- We were notified in December 2019 that we have received a grant from OEWD for five (5) Big Belly trash bins and are looking forward to working with DPW to place them strategically. Plans for artwork for the cans are pending.

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

Branding, Activation & Marketing

- Communications were managed almost entirely by the Board, via the website and letters to HOAs.
- Events
 - The District Coordinator planned four summer Saturday sales events “Only on Polk” along the length of Polk Street from Filbert through Lower Polk. There was little advance notice or publicity for the events.
 - The District Coordinator also organized a poetry event along Polk Street between Broadway and Geary.

Statistical Summary of Services Provided by LPCBD February 2019 to November 2019*

Bags of trash removed	2,207
Pounds of trash removed	55,163
Hazardous waste (needles) disposed	1,182
Graffiti abated	123

*- Statistics only through November 2019 due to the termination of the management contract with LPCBD on 30 November 2019.

Commercial vacancies as of 31 January 2020: 21 (see attached as Exhibit A)

- Eight (8) of these have been vacant for between one and six years. Five (5) of these eight (8) units are owned by two (2) property owners, neither of whom appears to be motivated to lease their properties.
- Five (5) storefronts became vacant in 2019; three (3) of these were restaurants, one a gym and one a retail store in a building scheduled for seismic retrofit.
- Two (2) of the twenty-one (21) vacancies have submitted applications to planning and are awaiting initial hearings.

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Financial Summary Data

	Actuals thru 12.31.19	Year-To-Date Budget
REVENUE		
Assessments	\$ 314,206	\$ 314,166
Contributions	3,500	10,500
Grants	-	-
TOTAL REVENUE	\$ 317,706	\$ 324,666
EXPENSE		
Clean & Safe	\$ 128,130	\$ 127,263
Beautification & Placemaking	19,366	16,511
Economic Enhancements	21,706	21,701
Admin & Reserve	45,138	49,382
TOTAL EXPENSE	\$ 214,339	\$ 214,857
NET GAIN/(LOSS)	\$ 103,366	\$ 109,809

Financial Notes

Revenue

- Assessment revenues have followed very closely to plan for the first half of the year. The District's non-assessment revenue is below plan as of 12.31.2019 by \$7,000 but as of December the District has received a grant for Big Belly trash cans that should bring the numbers in line with the \$21,000 budgeted for this year.

Expense

- Overall expenses through 12.31.2019 are slightly below plan and the District expects to stay within the budget for the balance of the year.

Clean & Safe

- Clean & Safe expenses are slightly above plan for the year due to additional ramp up costs under the LPCBD contract. Since that contract was terminated on 30 November 2019 Clean & Safe should ultimately come in below plan at year end due to the cost savings recognized under the StreetPlus contract.

Beautification & Placemaking

- The 12.31.2019 variance of 17% over plan is mostly attributed to the "Only on Polk" program that was not originally contemplated in the budget.

Economic Enhancements

- Economic Enhancements are in line with budget as of 12.31.2019 and are forecast to stay within budget for through the remainder of the year.

Admin & Reserve

- Admin & Reserve expenses are less than plan due to lower than expected dues & subscriptions, meals, postage & printing costs, repairs & maintenance costs and software/SaaS subscriptions. This expense category is expected to remain at or below plan for the balance of the year.

Carryover Status

- This is Discover Polk Community Benefit District's first year in operations and therefore does not have any carryover from the prior fiscal year.

Other Notable Items

- The Discover Polk Community Benefit District elected to change its fiscal year end to go from calendar year end of 12.31 to a fiscal year end of 6.30 to match that of the City and County of San Francisco's year end convention.

Description and Status of Each Contract to Provide Programs/Services

StreetPlus

DPCBD entered into a three (3) year Maintenance and Hospitality Services agreement on 1 December 2019 with StreetPlus. StreetPlus will handle all of the Clean & Safe activities for DPCBD which include but is not limited to trash pick-up, graffiti abatement, needle pick-up, feces clean-up, power washing, gum removal, weed abatement, hospitality services, etc. Services are provided from 07:00 to 15:30, seven (7) days a week except for six (6) Federally recognized holidays. DPCBD meets monthly with the StreetPlus team to discuss the previous months operations and talk about how to optimize service to DPCBD.

Preview of 2020

While the abrupt change in contractors was initially disruptive and very worrisome, we have come to see the challenge as an opportunity to excel as a Community Benefit District. We are confident that the new Executive Management and the StreetPlus Clean and Safe team will provide quality services for our community.

Of concern to the business community is the risk of displacement faced by half a dozen businesses by pending seismic retrofit plans. Mitigation of that risk will be a focus of the new Executive Management team.

Management & Operations

- Board
 - Activate working groups (Clean & Safe; Beautification, Placemaking & Marketing; Business Recruitment & Retention)
 - Review and update DPCBD policies as required
- Executive Management
 - Schedule and host DPCBD Board Retreat
 - Implement the Big Belly trash can program, including tasteful local art for decoration of the Big Bellies
 - Develop and implement a communications plan, including a monthly newsletter posted to the website and sent to subscribers
 - Meet with residents, property and business owners, and city agencies to elicit and share concerns specific to the District
 - Promote and support local business through marketing programs and city liaison role
- Finance and Fund Development (Budget for next fiscal year)

Cleaning & Streetscape Improvements

- Install and monitor branded Big Bellies
- Collect additional statistics on cleaning activities for Small Business Commission
- Increase the number of graffiti abatement authorizations for private properties

Safety & Security

- Work with Northern Station to increase police presence in the District
- Engage StreetPlus staff trained to work with street population

Branding, Activation & Marketing

- Circulate monthly newsletters to residents and merchants
- Hold at least two community events
- Create an advertising campaign to increase tourism on Polk Street
- Investigate opportunities for walking tours in the District

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Exhibit A – Summary of Commercial Vacancies

APN	Address	Use	Vacant Sq. / Ft.**	Former Use	Owner
0573-012	2044 Polk Street	Residential Hotel (Mixed use)	950	Molte Cose (retail)	Raymond G & Lorraine Choy
0574-011	1648 Pacific Avenue	Office Building	3,000	Batch (retail)	1648 Pacific LLC
0574-018	1595 Broadway	Residential (Mixed use)	2,500	SignoGraphics	David J Lipschultz
0595-005	2000 Van Ness Avenue	Office Building	1,965	Unknown (retail)	H E I R Property Holdings LLC
0595-008	2050 Van Ness Avenue	Commercial	12,242	Restaurant	2050 Van Ness LLC
0597-015	1800 Polk Street	Residential (Mixed use)	1,900	It's a Grind (coffee shop)	Raymond Li Tom
0597-015	1804 Polk Street	Residential (Mixed use)	800	Fregosi Paints	Raymond Li Tom
0597-029	1850 Polk Street	Commercial Condominium	2,000	Town School Closet	1850 Polk Street Properties
0598-010A	1946 Van Ness Avenue	Industrial	7,405	Ahrens Bakery	1946 Van Ness Avenue LLC
0598-010B	1940 Van Ness Avenue	Commercial-gym	3,130	Crossfit Golden Gate	Stephen Honnert
0598-014/015	1801 Polk Street	Commercial Condominium	2,100	Dry Cleaners	Polk/Washington Association LLC
0619-002	1735 Polk Street*	Mix Flat & Store	5,227	Buffalo Theory (restaurant)	Nguyen Venture LLC
0619-003	1725 Polk Street	Commercial-restaurant	1,500	Millers Delicatessen	2230 Lakeshore Apts
0619-005	1701 Polk Street	Residential (Mixed use)	650	Smith (retail)	Wai-Man Lee
0619-005	1713 Polk Street	Residential (Mixed use)	1,103	Polk Street Florist	Wai-Man Lee
0619-012	1860 Van Ness Avenue	Residential (Mixed use)	1,179	N/A	WVN Association
0619-150	1810 Van Ness Avenue	Commercial Condominium-gym	2,583	Roark Gyms	Channers Inc
0620-019	1742 Polk Street	Residential (Mixed use)	1,680	Terrasol (retail)	Devpac LLC
0620-019	1742B Polk Street	Residential (Mixed use)	1,680	Douglas Brett Designs	Devpac LLC
0621-013	1608 Polk Street	Residential (Mixed use)	7,178	Ella's American Kitchen	1688 Sacramento Street LLC
0621-022	1640 Polk Street*	Commercial-grocery	8,330	Big Apple Grocery	Joe & Annie Eng
0644-016	1538 Polk Street	Residential Hotel-Mixed use	900	Anytime Cleaners	Wai-Man Lee

*CU application submitted

**Ground floor only