



To: Mayor Wheeler, Commissioners Gonzales, Mapps, Rubio, and Ryan, Auditor Simone Rede

From: Mark Wells, Executive Director - Downtown Portland Clean & Safe
Vanessa Sturgeon, Board Chair - Downtown Portland Clean & Safe

Regarding: Downtown Portland Clean & Safe Annual Report (contract dates: 10/01/22 – 09/30/23)

Date: May 2024

Dear Mayor and Commissioners,

It is our pleasure to present for your review our annual report for the Downtown Portland Clean & Safe (DPCS) Enhanced Service District (ESD) for services and programs delivered during our contract dates from October 2022 through September 2023.

Now in our second year presenting this report to the council, our ratepayers, and the general public, we are proud to present the outstanding work and accomplishments of our team and the dozens of amazing and dedicated vendor staff. This report and update is one of optimism and reflects where our ESD and downtown community have come from and looks toward a future.

Over the last year, we have gained even greater efficiency, accountability, and professional service regarding our Public Safety Program. Downtown Portland Clean & Safe answered the call of many event organizers to support enhanced safety for dozens of successful events throughout our district. These events brought back thousands of Portlanders and new visitors to enjoy the heart of our city. Our Public Safety Coordinators also saved more than 100 lives through the fast delivery of Narcan and CPR during some of our darkest days of the fentanyl crisis. This is not a service we anticipated providing but understand that due to the present crisis in our region it is our duty to play our part in saving lives with the absence of health services for the unsheltered.

Our Janitorial Program continues to go above and beyond, while working in stronger collaboration with the City of Portland. New coordination with the Portland Bureau of Transportation and Portland Environment Management Office has maximized limited resources, creating real and tangible improvements to our downtown streets and neighborhoods.

This report also provides the opportunity to share the work and accomplishments of our newly formed Street Outreach Program. While DPCS's primary mission is to keep our streets clean and safe, we are proud to have added this new program and service to provide greater access to resources for the most vulnerable Portlanders and a way for our teams to help those on our streets every day.

We believe in the power of collaboration. From our successful partnership and placemaking events at Director Park to a dramatically improved area known as the Ankeny Triangle, DPCS is excited to continue partnering with the city and our community so that everyone can enjoy downtown Portland. This strong private and public partnership model is the key to our downtown revitalization, and we look forward to more projects and success next year.

This report also highlights the continued and on-going challenges and realities our organization and the downtown business community face. While this contract year finds DPCS in full compliance with our ESD contract with the City of Portland, many basic and essential city services are simply not meeting the reasonable expectations of our business community and downtown residents. Specifically, the city is committed to providing defined basic services in the scope of work, and many of the items that the city is responsible for are not being upheld by city bureaus.

As Portland's oldest ESD, our organization was formed, designed, and funded to provide "enhanced services" to complement, not replace, basic municipal services such as cleaning active public roadways, removing graffiti off street signs and parking meters, and adequate public safety presence on our streets and in our parks. If this is a partnership, we are asking for the city to uphold its commitments.

Additionally, concerning the 2020 audit of the city's enhanced service district program, we appreciate the city's recognition that the audit was deeply flawed. With that in mind, DPCS has been an active and energetic participant in the city's recent ESD audit process. We share and support many of the conclusions and wish to highlight that this report found our organization spent a disproportionate amount of resources and staff time on cleaning and public safety services.

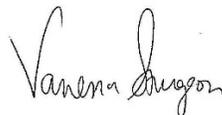
We are eager to work closely with city bureaus and staff to ensure the City of Portland is in full compliance with our ESD contract, by prioritizing and elevating an acceptable level of basic city services for all downtown businesses, residents, and visitors. Only then can Downtown Portland Clean & Safe fully achieve our core mission to enhance safety and livability and continue to develop even stronger place management, activation, retail, and event programming to continue the positive momentum toward revitalizing and rebuilding our downtown community.

Our sincere thanks to this council for your continued partnership. We also wish to thank and highlight the work of the many City of Portland staff working tirelessly with us on our streets every day.

Sincerely,



Mark Wells
Executive Director
Downtown Portland Clean & Safe



Vanessa Sturgeon
Board Chair
Downtown Portland Clean & Safe

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www.downtownportland.org

I. Financial and Budget Information

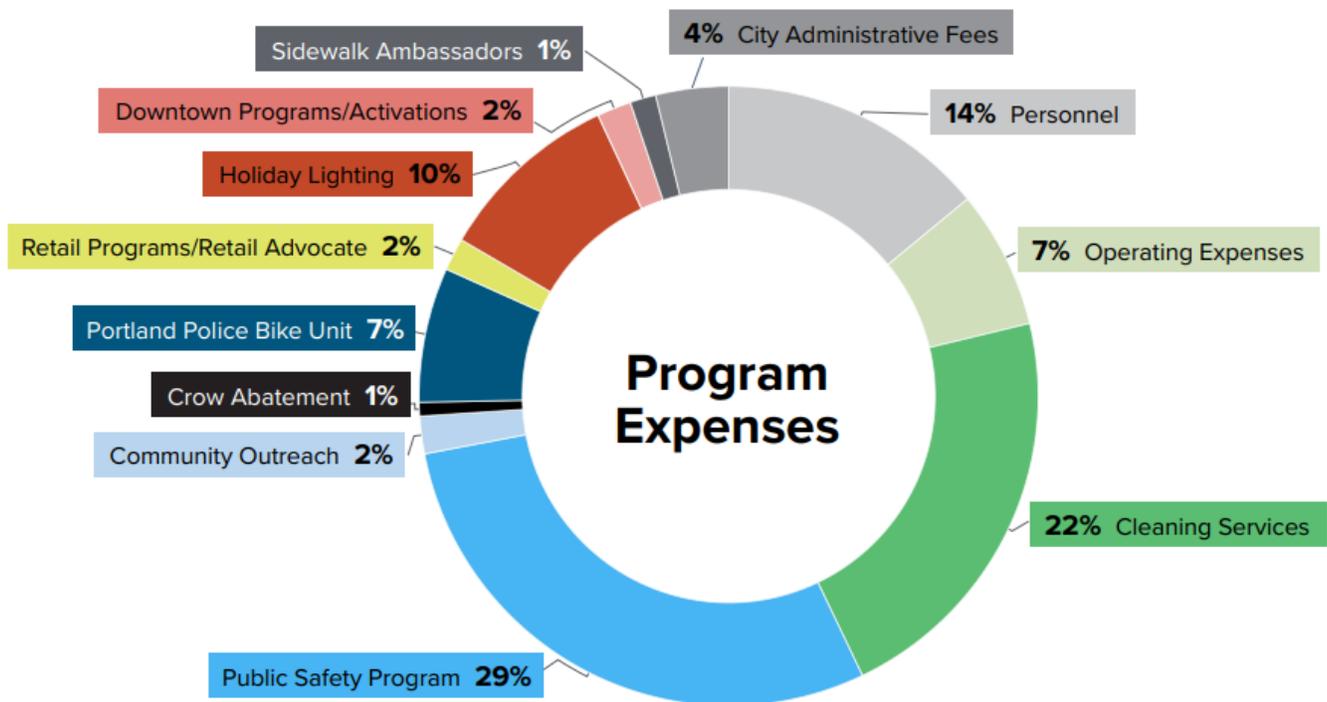
DPCS Annual Report- Financials Fiscal year 22-23

Downtown Portland Clean & Safe is unique among the city’s three current enhanced service districts by the nature of its funding, coming solely from fees collected by the City of Portland from more than 400 property owners or “ratepayers”. Each property owner in our 213-block district pays an annual ESD fee based on a variety of building types and usage criteria. We view and treat this funding as a donation to the City of Portland to provide “enhanced” services for janitorial cleaning on the public rights-of-way, extra professional community safety presence, reporting and response, and a wide variety of retail programming and economic development services. DPCS also manages a variety of dedicated holiday lighting and beautification programs throughout the year. Clean & Safe looks forward to collaborating with the City of Portland on implementation of a new ESD fee rate, that aligns with national best practices, and follows the audit recommendations provided by BDS Consulting in early 2024.

We take pride in the efficiency of our operations and continue to seek ways to improve our customer service to all members of our downtown community. We undergo an annual, independent financial audit through the audit services of McDonald Jacobs. Our most recent independent financial audit report for the fiscal 2022-2023 year is attached at the end of this report for transparency and details on our financial operations.

Fiscal 2022-2023 Final, Audited Expenses

Total Revenues \$7.4M



Financial and Budget Information (cont.)

Fiscal 2022-2023 Final, Audited Expenses

Total Revenues	\$ 7,445,049
<u>Program Expenses</u>	
Personnel	\$ 1,084,923
Operating/Administration	\$ 556,928
Janitorial Program	\$ 1,675,285
Public Safety Program	\$ 2,252,027
Crow Abatement	\$ 55,111
Sidewalk Ambassadors	\$ 104,708
Retail Programs/Retail Advocate	\$ 131,414
Community Outreach Program	\$ 151,203
Holiday Lighting/Amenities	\$ 745,856
Downtown Programming/Activations	\$ 138,628
City Administrative Fees	<u>\$ 293,262</u>
Total Expenses	\$ 7,733,465

II. Programs and Services



Janitorial Program

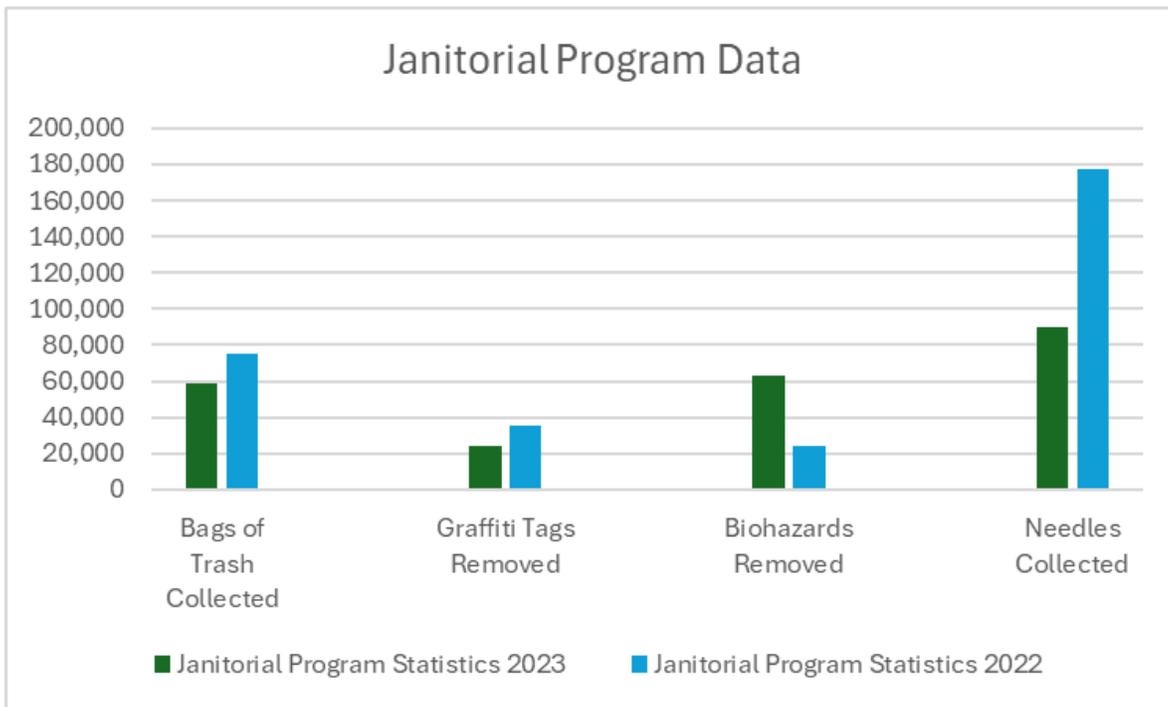


Downtown Portland Clean & Safe continues to enjoy a strong and highly beneficial partnership and janitorial services contract with Central City Concern. We employ more than 20 individuals from a wide variety of backgrounds and lived experiences who work as either trainees in the Clean Start Program or as Central City Concern’s full-time dedicated staff to our contract.

It is important to highlight and publicly recognize our janitorial vendors have been continually working above and well beyond our scope-of-work due to the continued proliferation of illegal, street tent camping and cleaning up after individuals suffering severe and acute mental health conditions and drug dependency.

Janitorial Program statistics for contract year 2022-2023, compared to '21-22:

Category	'22-23	'21-22
Bags of trash collected	58,837	75,441
Graffiti tags removed	24,191	35,647
Biohazards cleaned	63,312	24,084
Needles collected	89,815	176,962



Public Safety Program

GARDAWORLD

This year, our Public Safety Program vendor, GardaWorld, grew and developed a high-quality private security in the public right-of-way program for our district. From new uniforms to a new 24/7 dispatch number and service, DPCS operations staff have created a strong and highly effective partnership with this vendor, its local leadership, and the hard-working Public Safety Coordinators who provide enhanced safety services and a host of additional support to all Portlanders every day, in all weather, and around the clock.

Following a contract requirement of “quality over quantity,” GardaWorld has successfully hired and retained a cadre of highly professional, DPSST state certified security professionals who thread an often challenging and sometimes dangerous needle of providing enhanced safety services to support our downtown community while always maintaining a “safety first, customer service, and problem-solving” mindset and attitude to every person they encounter.

As the City of Portland and the Portland Police Bureau work diligently to rebuild a tremendously understaffed and resourced police bureau, Downtown Portland Clean & Safe and GardaWorld continue to fill vital safety holes and gaps. A key program we continue to grow is our “Event Support Program”. Event organizers have partnered with us to provide advanced planning for pre and post event logistics, support for visitor parking and walking routes to venues, and provide a professional and welcoming presence to sometimes hesitant visitors returning back to downtown for the first time in years.

A key highlight to share for this contract year is GardaWorld’s outstanding data on the number of lives saved through the quick administration of Narcan and/or CPR during overdose incidents throughout the Fentanyl crisis.

Since October 1, 2022, Clean & Safe Public Safety Coordinators (PSC) have **saved 139 lives** by administering Narcan and CPR at overdose incidents. Often our PSC’s are the first responders to medical emergencies and wait many minutes or sometimes hours for city first responders to arrive. These incidents include a host of challenging calls for acute mental health crisis, suicide attempts, and physical injuries related to violent crimes. Our public safety team has easily exceeded our service expectations.

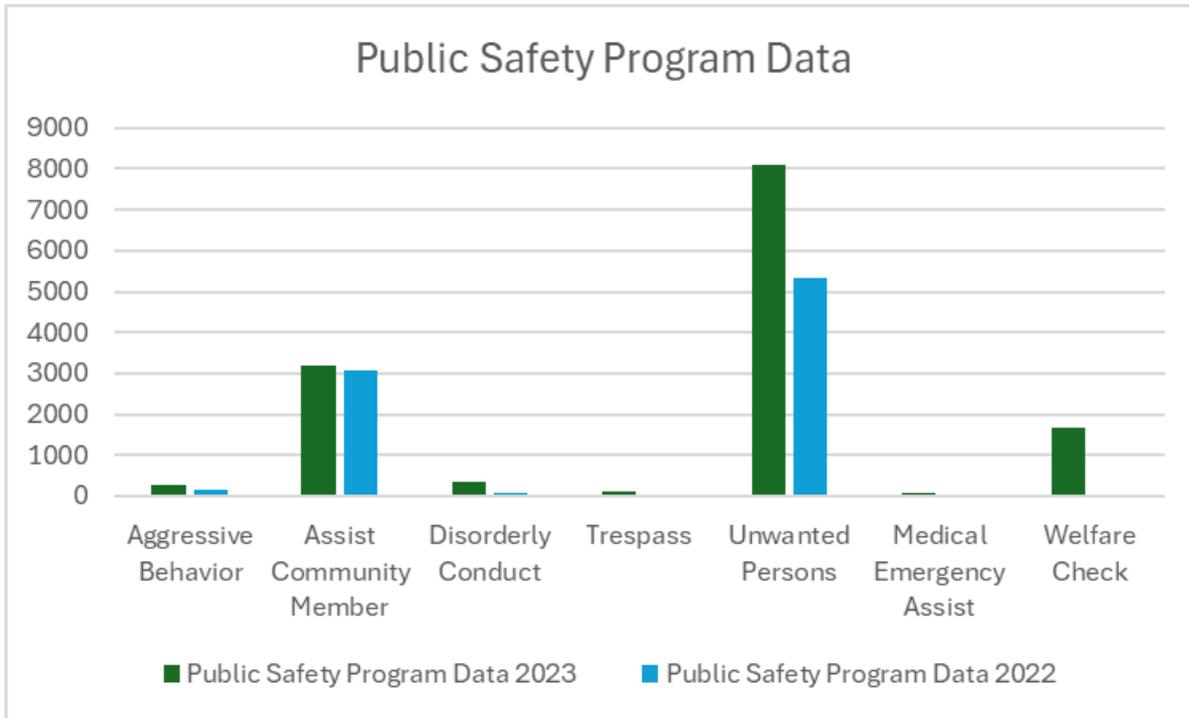
DPCS will continue to provide our Public Safety Coordinators with advanced de-escalation training, trauma fatigue and personal health support programs. These safety program best practices will also be shared with the other security firms and operations working in our district.

Public Safety Program statistics for contract year 2022-2023 compared to 2021-2022:

* Call types mirror as closely as possible to PPB call types per City request

<u>Call Type</u>	<u>'22-23</u>	<u>'21-22</u>
Aggressive Behavior	288	142
Assist Community Member	3,197	3,081
Disorderly Conduct	362	91
Trespass	119	48
Unwanted Persons	8,091	5,335
Business Outreach	9,343	17,792

Medical Emergency Assist	84	42
Welfare Check	1,687	*comparable data not available



Community Outreach Program



This contract year encompasses our first several months since deploying a fulltime “Community Outreach Team” with one of our newest vendors, Helping Hands Reentry Outreach Centers located at Bybee Lakes Hope Center. With the generosity of our Board of Directors and ratepayers, Clean & Safe purchased and donated a larger utility van to support this program and provide our two outreach workers with vital transportation and a host of supplies for immediate care ranging from general first-aid, assistance finding emergency and long-term shelter and housing options and much more.

Key to the success of this new program is the collaboration of our outreach staff with our strong vendor partnerships from Central City Concern to GardaWorld and city and county agencies. A goal of this new program was to work with existing social service providers in the district and not build yet another silo in our fractured mental health and housing system. While there is still work and efficiencies to increase and improve, we have found initial metrics and efforts of this program to be successful with great

potential for continued service to individuals experiencing houselessness, mental health challenges and/or addiction to those on our downtown streets.

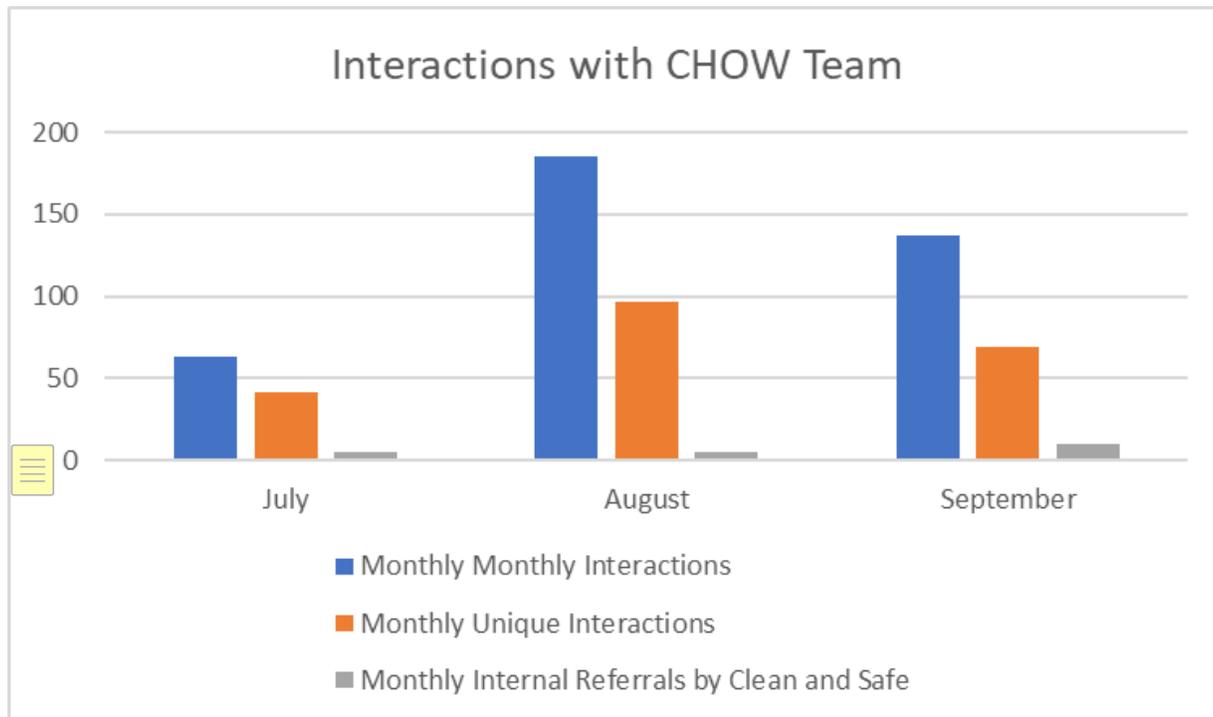
Community Health Outreach Worker Statistics for Contract Year 2022-2023

* This program began in early 2023 but was not operational and available to the public until July 2023 producing three months of contract date metrics.

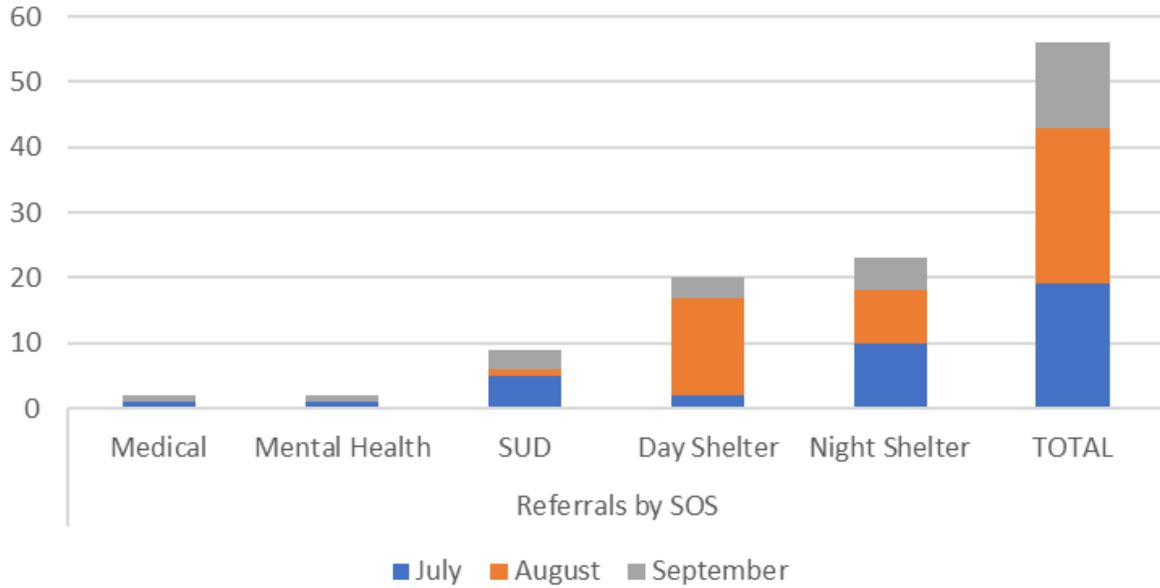
Year to date statistics for first 8 months (7/23-3/23) of operations:

Total Interactions	978
Total “Unique” Interactions	411
Total Team Referrals	123
Total Team Transports	72

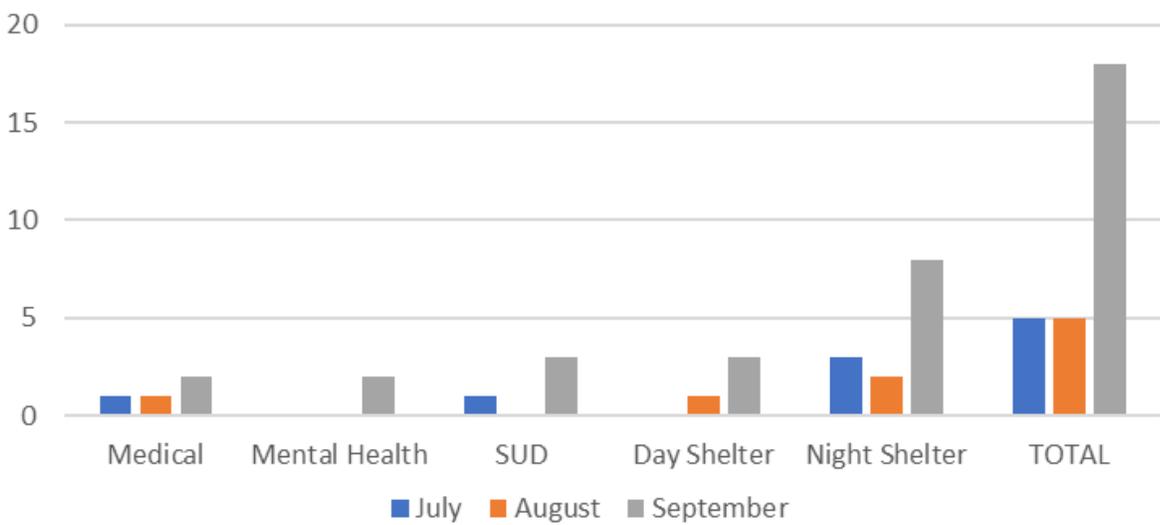
% of Contacts using Transports	18%
% of Contracts Accepting Referrals	30%
% of Contracts Referred by GardaWorld	9%



Referrals by CHOW Team



Transporation Services



Retail Programming and Economic Development

Downtown Portland Clean & Safe manages a series of marketing and activation programs to support existing and recruit new retailers and businesses to our district. With many street-level retailers and businesses greatly impacted by crime, public drug use, and mental health incidents, our traditional retail program continues with an added emphasis of coordination and collaboration with our Public Safety Program.

Our retail programming also includes unique and successful programs such as:

- **Retail Grants to Support Small Business**

For the first time ever, the DPCS board approved a \$75,000 allocation for grants to new retail businesses signing new leases in the district. We offered four grants to be used on tenant improvements and marketing for businesses that signed a one-year lease or longer and who were filling a vacancy in the district. We awarded all four this fiscal year and welcomed the following businesses to downtown:

- Tea & Tea
- Pleasure Burger
- Portland Gear
- Akizawa Sushi

- **PDX Pop-Ups Program**

During the holiday season this program activated 9 vacant locations and focused on placing minority and women owned small businesses and retailers. This program gave participating entrepreneurs the opportunity to experience a brick-and-mortar store downtown. Our program has been successful in graduating retailers into their own physical stores and multi-year leases.

- **Reports and Research**

Detailed and comprehensive reports such as Retail Vacancy Listings, Downtown Pedestrian Count reports, and our annual Downtown Business Survey (details on page 14).

- **Downtown Retail Council (DRC)**

DPCS serves as the organizer and facilitator of this group of diverse retail businesses and organizations within our district. The DRC meets monthly to network, share vital economic data and trends, provide timely outreach and communication of retail events and activation activity along with providing individualized support for retailers.

- **Downtown Retail Advocate**

Employing a full-time downtown retail advocate to assist in the retention and recruitment of new retailers and businesses to the downtown core. This retail advocate position is a partnership between the City of Portland, Prosper Portland and Downtown Portland Clean & Safe and runs out of grant funding at the end of this fiscal year.

- **Visitor Assistance**

Full-time and summer seasonal Sidewalk Ambassadors providing traditional wayfinding services and information to downtown visitors. They also work closely with our janitorial and public safety teams.

- **Visit Downtown Portland Campaign**

Downtown Portland Clean & Safe manages the Visit Downtown Portland social media channels, which is funded by the Downtown Marketing Initiative, to market the downtown area to local visitors. This program provides enhanced marketing and promotion for everything happening downtown to local audiences. This is the program that launched the “Here for Portland” campaign and has more than 78,000 followers on Instagram and 120,000 followers on Facebook. We run multiple seasonal campaigns to support our other retail programming efforts like Bloom Tour, Pride Ride, and our holiday campaign “Downtown, for the Holidays” to name a few. Along with leveraging our online audience we also supplement our marketing campaigns with paid ads, promoted social media posts, influencer campaigns as well as earn media to provide positive messaging about coming Downtown and to Old Town.



- **Holiday Lighting Program**

An extensive holiday lighting program illuminates more than 800 trees in our prime retail corridors, along with specific lighting installations. In partnership with the City of Portland, we expanded our traditional winter lighting program into the spring season to continue providing lighting enhancements to Downtown and Old Town.

- **Crow Abatement Program**

Every fall and winter season, we work with Integrated Avian Solutions to utilize urban falconry as a humane tactic to reduce the presence of roosting crows in the downtown core. The goal of the program is to move the crows to parks and green spaces to limit the need to clean sidewalks and other surfaces of crow excrement.

Downtown Vibrancy Tracker

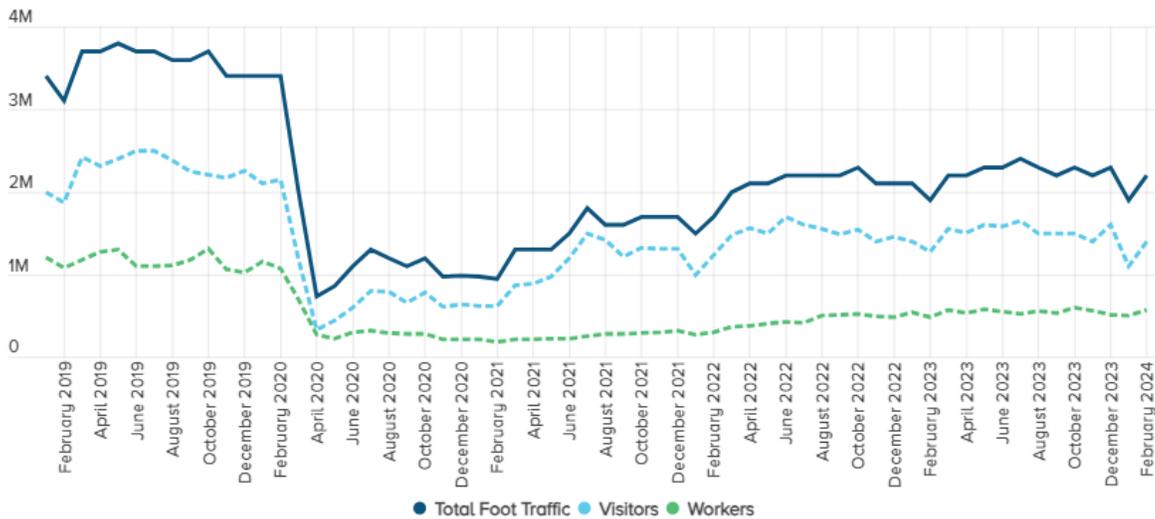
Downtown Portland Clean & Safe is tracking visitor counts within our district monthly. We use [Placer.ai](#) data that is geofenced around the 213-blocks that make up the Clean & Safe Enhanced Service District. Through the use of this data, we are able to distinguish between an ‘employee’ and a ‘visitor’. Think of these two categories as someone working downtown versus coming to shop downtown. Together, we call these two data points ‘Foot Traffic’ and are updated monthly.

Along with tracking foot traffic, we also track quarterly vacancy data for both office and retail spaces in the Central Business District as defined by CoStar. Additionally, we monitor hotel rooms sold in the Central City and this data comes from our partners at [Travel Portland](#).

View the [Downtown Vibrancy Tracker](#) online.

FOOT TRAFFIC BY MONTH

Monthly visitors and workers within 213-block enhanced service district



Source: Placer.ai.

Note: Total foot traffic includes residents, but residents within the Downtown Portland Clean & Safe district are too few to accurately measure separately.

Annual Downtown Business Survey

Each year, DPCS’ retail program staff conduct an annual survey of our downtown businesses. We received 425 responses in 2023 and we are proud to share the following results:

Somewhat or very much satisfied with DPCS services	72%
Satisfaction with Janitorial Service Program	58%
Satisfaction with Public Safety Program	86%
Satisfaction with Holiday Light Program	91%

For the full report, please see our website at: www.downtownportland.org/research-reports

III. Stakeholder Outreach and Engagement

Downtown Retail and Business Operations

DPCS staff manage and work in partnership with a variety of local and regional business groups and organizations. A key program is the Downtown Retail Council (DRC) that provides a wide variety of small to large retail and related businesses with the opportunity to meet and network monthly. DRC members receive vital public safety information directly for DPCS's partnership with the Portland Police Bureau's Criminal Intelligence Unit and resources and training related to crime and public safety. The DRC's prime mission is providing our downtown retailers with a centralized networking voice to support and improve their business models for long-term financial success and stability.

Neighborhood Associations

Multiple DPCS staff have existing and long-term relationships with the three formal neighborhood associations within our district area: the Pearl Neighborhood Association, the Old Town Community Association, and the Downtown Neighborhood Association. DPCS staff regularly attend and present at association meetings as well as work to ensure accurate and important public safety information and resources are shared efficiently with each other. We take great pride in maintaining these strong and vital community partnerships.

District Residents

During this contract year, DPCS staff have engaged with a number of district HOA groups, educating their residents on the programs and services provided to them by Downtown Portland Clean & Safe. We recently welcomed a new resident to our Board of Directors and look forward to greater engagement and outreach to all of those that live within our district over the next year.

Social Service Providers

DPCS staff regularly participate in the weekly "provider's call" and provide updates and information on our services and programming. This group meets to allow sharing of best practices and networking with both government and social service providers both in and out of our district.

Pioneer Square

This past year DPCS staff and vendors worked in close partnership with Pioneer Square to support their programming and events in Portland's Living Room. Acquiring reliable and professional private security has been a continual challenge for Pioneer Square and our staff stepped up for event support and direct vendor referrals to assist in meeting required security staffing and services to overcome event organizer's concerns for event safety and success. DPCS' retail programs work in close connection and alignment with Pioneer Square, and we work together to promote their community events and programs.

District Hotels and Restaurants

DPCS works closely with the Oregon Restaurant and Lodging Association (ORLA) and presents periodically at their meetings and functions. This sector of our downtown economy has been especially impacted by the pandemic and increased crime rates. DPCS staff works collaboratively with the city's SSCC program and staff of multiple City Commissioner's Offices to assist with reporting crime and illegal

camping and providing a variety of public safety resources through our existing safety trainings and resource agency partners.

Travel Portland

We partner closely with Travel Portland in several ways. Travel Portland’s marketing and promotion of the Downtown area is focused on overnight hotel stays and marketing outside the region while we manage the “Visit Downtown” social channels and promote to residents and the local community. Together, we leverage and support sharing of content that achieves both those objectives. Additionally, we worked closely with Travel Portland and the hospitality industry to host a series of Hotel Safety Summit events, bringing together city and county staff, law enforcement, and service providers to address low hotel occupancy levels and safety concerns of hotel staff and patrons.

Behavior Health Resource Center Task Force

DPCS staff have been an active partner throughout the creation and evolution of this community led group of downtown residents and businesses. While Multnomah County has been challenging to communicate and work with, DPCS has remained highly engaged in addressing public safety and livability challenges brought on by the opening and operation of this facility in the district. DPCS staff have also conducted multiple site visits and operational reviews of nearby businesses, hotels and organizations to provide extra safety and livability support for their continued operational success.

Robust Private and Public Partnerships

DPCS partnered with both the private sector and the City of Portland to dramatically improve the overall condition, safety, and livability across our district. For example, our team worked with Unico Properties and multiple city staff at PEMO, PPB, PBOT, and the mayor’s office to create the “Ankeny Triangle Improvement Project”. This area was once a broken down and defaced city plaza, with public spaces filled with tents and drug use and dealing. A little over a year later, it is now a clean and safe area for the entire community to enjoy.



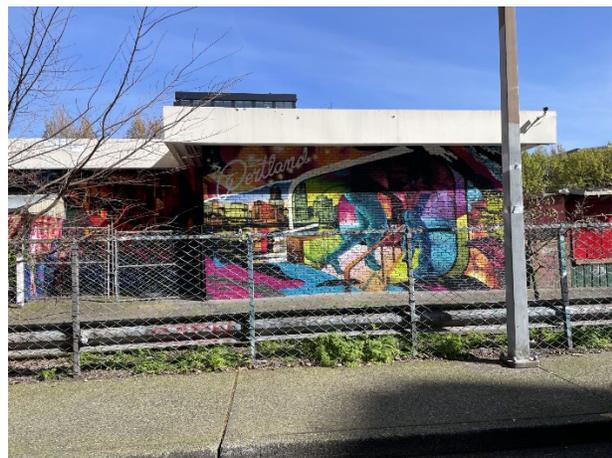
Through identifying service gaps and leveraging the generosity and “can do” spirit of Unico Properties and other adjacent property and business owners, we provided staffing to support the complete overhaul of Car Wash Fountain located just on the corner of Big Pink at 5th and Burnside. PEMO staff worked tirelessly with nearby building owners, struggling with chronic graffiti, to install murals and painted designs in the streets to deter future tagging but instill an aesthetic highly conducive to business retention and attraction.



Car Wash Fountain before & after.



New mural on US Bank parking garage.



Old graffiti removed and replaced with murals on all sides of a key gas station.

Director Park Pilot Placemaking Project

DPCS partnered with the Portland Parks Bureau for a one-year pilot project to dramatically clean and activate a city park consumed by daily drug use and dealing. A key hallmark of a successful ESD is its ability to provide efficient and well-attended placemaking events, destinations and activities. The glass kiosk was restored and now serves as an incubator for small businesses to have a “brick and mortar” in downtown Portland, often for their first time, while allowing residents and shoppers a wide variety of items and local art.

DPCS is currently working with the City of Portland and the Parks Bureau to renew this partnership for a longer term and continue to keep this jewel of a downtown park safe, clean and activated for all to enjoy.



The transformation at Director Park, from drug dealing and chaos to swing dancing, music, art competitions and other family friendly activities.

IV. Contracted Firms and Organizations

DPCS is proud to share and review the work of the many firms and organizations we contracted with throughout the last year. We have taken great care and due diligence to carefully and fully comply with our contract and the City of Portland’s Sustainable Procurement and Labor Peace policies to ensure highly qualified, professional, and competent vendors are delivering the highest services possible to our ratepayers and community in our service area. This work is being supplemented by our internal equity committee’s work to ensure diversity in procurement and support for local Portland business.

<u>Contracted firms and organizations</u>	<u>Services provided to DPCS</u>
Central City Concern	Janitorial Program
GardaWorld Security Services	Public Safety Program
Bybee Lakes Hope Center/ Helping Hands Outreach Reentry Center	Community Health Outreach Worker Program
Integrated Avian Solutions	Crow Abatement Program
Tross	Holiday Lighting Program
Eponic	Safety and Janitorial Program data collection and technology
Day Wireless	Radio system for public safety and PPB bike unit
Relay Resources	Tree well landscaping services
Portland Business Alliance	Management and financial services for DPCS

V. Independent Financial Audit Report / Fiscal Year 2022-2023

CLEAN & SAFE, INC.

Audited Financial Statements

For the Years Ended June 30, 2023 and 2022



MCDONALD JACOBS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Clean & Safe, Inc.

Opinion

We have audited the accompanying financial statements of Clean & Safe, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Clean & Safe, Inc. as of June 30, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Clean & Safe, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Clean & Safe, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Clean & Safe, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Clean & Safe, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

McDonald Jacobson, P.C.

Portland, Oregon
November 28, 2023

CLEAN & SAFE, INC.
 STATEMENTS OF FINANCIAL POSITION
 June 30, 2023 and 2022

	2023	2022
ASSETS		
Cash and cash equivalents	\$ 3,070,887	\$ 2,586,435
Cash - Holiday lighting and district amenities	712,640	1,409,839
Accounts receivable, net	457,300	506,808
Property and equipment, net	-	5,212
 TOTAL ASSETS	 \$ 4,240,827	 \$ 4,508,294
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 511,023	\$ 569,921
Deferred revenue	1,433,188	1,353,340
Total liabilities	1,944,211	1,923,261
 Net assets without donor restrictions	 2,296,616	 2,585,033
 TOTAL LIABILITIES AND NET ASSETS	 \$ 4,240,827	 \$ 4,508,294

See notes to financial statements.

CLEAN & SAFE, INC.
 STATEMENTS OF ACTIVITIES
 For the years ended June 30, 2023 and 2022

	2023	2022
Change in net assets without donor restrictions:		
Revenue:		
Enhanced Services District fees	\$ 6,625,957	\$ 6,239,576
Contributions	578,865	30,000
Interest and other income	240,227	31,494
Total revenue	7,445,049	6,301,070
Expenses:		
Program:		
Public policy and business development	206,827	187,588
Public relations and marketing	558,201	289,989
Public space maintenance	2,328,815	2,054,431
Public space security	2,808,604	2,648,565
Outreach	151,203	-
Holiday lighting and district amenities	797,267	488,667
Shared operating and overhead costs	284,261	262,871
Contributions	15,650	3,800
Total program expenses	7,150,828	5,935,911
Supporting services:		
Administration	582,638	465,160
Total expenses	7,733,466	6,401,071
Change in net assets	(288,417)	(100,001)
Net assets:		
Beginning of year	2,585,033	2,685,034
End of year	\$ 2,296,616	\$ 2,585,033

See notes to financial statements.

CLEAN & SAFE, INC.
 STATEMENTS OF FUNCTIONAL EXPENSES
 For the years ended June 30, 2023 and 2022

	2023			2022		
	Total Program	Admin- istration	Total	Total Program	Admin- istration	Total
Salaries and related expenses	\$ 1,071,987	\$ 197,722	\$ 1,269,709	\$ 934,670	\$ 96,548	\$ 1,031,218
Contracts - Security	2,774,605	-	2,774,605	2,506,781	-	2,506,781
Contracts - Maintenance	1,730,395	-	1,730,395	1,525,249	-	1,525,249
Contracts - Holiday lighting and district amenities	745,855	14,656	760,511	447,146	13,707	460,853
Contract renewal costs	-	-	-	-	119,989	119,989
Operating expenses	812,336	228,044	1,040,380	518,265	99,176	617,441
Depreciation	-	5,212	5,212	-	15,458	15,458
Other	15,650	137,004	152,654	3,800	120,282	124,082
Total expenses	\$ 7,150,828	\$ 582,638	\$ 7,733,466	\$ 5,935,911	\$ 465,160	\$ 6,401,071
Percent of total expenses	92.5%	7.5%	100.0%	92.7%	7.3%	100.0%

See notes to financial statements.

CLEAN & SAFE, INC.
STATEMENTS OF CASH FLOWS
For the years ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ (288,417)	\$ (100,001)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	5,212	15,458
(Increase) decrease in:		
Accounts receivable	49,508	495,396
Increase (decrease) in:		
Accounts payable and accrued expenses	(58,898)	166,701
Deferred revenue	79,848	22,598
Net cash flows from operating activities	(212,747)	600,152
Net change in cash and cash equivalents	(212,747)	600,152
Cash and cash equivalents - beginning of year	3,996,274	3,396,122
Cash and cash equivalents - end of year	\$ 3,783,527	\$ 3,996,274
Cash and cash equivalents	\$ 3,070,887	\$ 2,586,435
Cash - Holiday lighting and district amenities	712,640	1,409,839
Total cash	\$ 3,783,527	\$ 3,996,274

See notes to financial statements.

CLEAN & SAFE, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

I. THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Organization

Clean & Safe, Inc. (CSI or the Organization) was incorporated as a nonprofit Oregon corporation in June 1988, originally as an affiliate of the Portland Business Alliance (the Alliance); however, the organizations are no longer under common control. CSI's principal source of revenue is generated from Enhanced Services District (ESD) fees on downtown businesses within the Clean & Safe District established by the City of Portland (the City). Total ESD fees approximated \$6,626,000 and \$6,240,000 for the years ended June 30, 2023 and 2022, respectively. Expenditures of fee revenue are restricted to Clean & Safe services, which include security, business development, public relations and marketing, cleaning of sidewalks, graffiti removal, and administration. Clean & Safe services also provide employment opportunities to socially and economically disadvantaged persons. CSI contracts with the Alliance to provide these services and processes all transactions for the Organization. A portion of overhead expenses and shared administrative personnel costs incurred by the Alliance are charged to the Organization based on a percentage direct salaries.

The City has authorized the contract with CSI through September 30, 2026.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* - Net assets subject to donor- (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

CLEAN & SAFE, INC.
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2023 and 2022

I. THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with maturities of three months or less at the time of purchase to be cash equivalents.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to bad debt expense and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Collections are the responsibility of the City of Portland. Balances that are still outstanding after reasonable collection efforts have been made by the City are written off through a charge to the valuation allowance and a credit to accounts receivable at the time the City notifies the Organization of the amount to write off. There are no amounts due from the City that are more than 90 days past due. The City manages collections from rate payers and any overdue from rate payers are collectable upon sale of the related property.

Property and Equipment

CSI capitalizes property and equipment purchases over \$750. Property and equipment are stated at cost or at appraised value when acquired by gift. Depreciation is provided on a straight-line basis over the estimated useful lives (generally three to five years) of the related assets.

Enhanced Service District Fees and Deferred Revenue

The Organization has a contract the City of Portland to provide security, business development, public relations and marketing, cleaning of sidewalks, graffiti removal and holiday lighting. Amounts received are recognized as revenue when the Organization has provided services as outlined in the contract. Advances on the contract are included in deferred revenue.

Contributions

Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period the Organization is notified of the commitment. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Other Income

Other income of approximately \$186,600 for the year ended June 30, 2023 represents CSI's share of pandemic relief funding received from forgiven Paycheck Protection Program loans received by the Alliance.

CLEAN & SAFE, INC.
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2023 and 2022

I. THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Income Taxes

CSI is a nonprofit corporation exempt from federal and state income tax under section 501(c)(3) of the Internal Revenue Code and applicable state law. No provision for income taxes is made in the accompanying financial statements, as the Organization has no activities subject to unrelated business income tax. CSI is not a private foundation.

The Organization follows the provisions of FASB ASC Topic 740 *Accounting for Uncertainty in Income Taxes*. Management has evaluated the Organization's tax positions and concluded that there are no uncertain tax positions that require adjustment to the financial statements to comply with provisions of this Topic.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses allocated include salaries and related expenses, and operating expenses, which are allocated on the basis of estimates of time and effort.

Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities, 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.

Subsequent Events

The Organization has evaluated all subsequent events through November 28, 2023, the date the financial statements were available to be issued.

CLEAN & SAFE, INC.
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2023 and 2022

2. AVAILABLE RESOURCES AND LIQUIDITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its primary operations to be general expenditures. It excludes financial assets with donor or other restrictions limiting their use.

Financial assets available for general expenditure consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 3,070,887	\$ 2,586,435
Cash - Holiday lighting and district amenities	712,640	1,409,839
Accounts receivable, net	<u>457,300</u>	<u>506,808</u>
	4,240,827	4,503,082
Less amounts unavailable for general expenditure:		
Holiday lighting and district amenities	<u>712,640</u>	<u>1,409,839</u>
Financial assets available for general expenditure	<u>\$ 3,528,187</u>	<u>\$ 3,093,243</u>

See Note 6 for information about cash held for holiday lighting and district amenities.

3. ACCOUNTS RECEIVABLE

Accounts receivable are unsecured and consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Due from City of Portland - ESD and other fees	\$ 462,630	\$ 512,138
Less allowance for uncollectible accounts	<u>5,330</u>	<u>5,330</u>
Accounts receivable, net	<u>\$ 457,300</u>	<u>\$ 506,808</u>

4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	<u>2023</u>	<u>2022</u>
Equipment	\$ -	\$ 77,292
Less accumulated depreciation	<u>-</u>	<u>72,080</u>
Property and equipment, net	<u>\$ -</u>	<u>\$ 5,212</u>

CLEAN & SAFE, INC.
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2023 and 2022

5. REVENUE FROM CONTRACTS WITH CUSTOMERS

For revenue from contracts with customers, the timing of revenue recognition, billings, and cash collections may result in billed accounts receivable (contract asset) and customer advances and deposits and deferred revenue (contract liabilities) on the statements of financial position. There are no significant judgments affecting the determination of amount and timing of revenue.

- Enhanced service district revenue is recognized over the service period (October-September), at rates set by ratepayers in conjunction with City of Portland Code.
- Holiday lighting revenue is recognized over the service period (October-March), at rates set by ratepayers in conjunction with City of Portland Code.

Total revenue recognized over time by contract type is as follows:

	<u>2023</u>	<u>2022</u>
Enhanced Service District Revenue	\$ 5,893,158	\$ 5,554,230
Holiday Lighting	<u>732,799</u>	<u>685,346</u>
Total revenue from contracts with customers	<u>\$ 6,625,957</u>	<u>\$ 6,239,576</u>

The beginning and ending contract balances are as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Accounts receivable (contract asset):			
Enhanced Service District revenue, net	\$ 392,067	\$ 420,267	\$ 970,596
Holiday Lighting fees, net	<u>65,233</u>	<u>86,541</u>	<u>31,608</u>
Total accounts receivable	<u>\$ 457,300</u>	<u>\$ 506,808</u>	<u>\$ 1,002,204</u>
Deferred revenue (contract liability):			
Enhanced Service District Revenue	<u>\$ 1,433,188</u>	<u>\$ 1,353,340</u>	<u>\$ 1,330,742</u>

Revenue recognized for the years ended June 30, 2023 and 2022 that was included in the contract liability balance at the beginning of each year was \$1,353,340 and \$1,330,742, respectively.

CLEAN & SAFE, INC.
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2023 and 2022

6. HOLIDAY LIGHTING AND DISTRICT AMENITIES

During the year ended June 30, 2003, City of Portland ordinances stipulated a percentage of license fees collected to be used for the Holiday Lighting project. Additional stipulations were added during the year ended June 30, 2014 which allows funds in excess of amounts necessary to fund the Holiday Lighting project to be used for other district amenities. In September 2020, the ordinance was amended such that if excess revenues will not be needed to fund a prudent reserve for the costs and expenses of the lighting program and district amenities program in future license years, the funds may be used for cleaning, security, crime prevention and other services that benefit properties within the district.

During the years ended June 30, 2023 and 2022, CSI incurred expenses totaling approximately \$797,300 and \$488,700, respectively, for the Holiday Lighting and District Amenities project. Cash includes remaining funds restricted for approved projects of approximately \$712,600 and \$1,409,800 at June 30, 2023 and 2022, respectively.

7. RELATED PARTY TRANSACTIONS

CSI carries out several transactions with companies where certain board members are employed in key management positions. All transactions were within the normal course of business and had an insignificant impact on the Organization.

CSI contracts with the Alliance to provide substantially all Clean & Safe services. Two to three members of the Board of Directors of CSI also serve on the board of the Alliance.

Expenses totaling \$30,000 were paid to an organization where a board member is employed as a member of management.

8. CONTINGENCIES

Amounts received or receivable from various contracting agencies are subject to potential adjustment by the contracting agencies. Any disallowed claims, including amounts already collected, would become a liability of CSI if so determined in the future. It is management's belief that no significant amounts received or receivable will be required to be returned in the future.

CLEAN & SAFE, INC.
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2023 and 2022

9. PURCHASE COMMITMENTS

As of the date of the report, CSI committed to pay approximately \$605,000 to companies contingent upon terms of the agreements in place. Accordingly, the amount is expected to be paid and recorded during the year ending June 30, 2024.

As of the date of the report, CSI also has an agreement for Holiday Lighting services in the Clean & Safe District through June 30, 2023. Commitments under the agreement total approximately \$353,400 through June 30, 2024.

10. CONCENTRATIONS OF CASH BALANCES ARISING FROM DEPOSITS IN EXCESS OF INSURED LIMITS

CSI maintains its cash balances in several financial institutions. Balances in each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The balances, at times, may exceed the federally insured limit. Balances in excess of insured limits were approximately \$2.8 million and \$2.9 million as of June 30, 2023 and 2022, respectively.