

File No. 220893

Committee Item No. 8

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

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

Board of Supervisors Meeting: _____ Date: _____

Cmte Board

- | | | |
|-------------------------------------|--------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Resolution |
| <input type="checkbox"/> | <input type="checkbox"/> | Ordinance |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input type="checkbox"/> | <input type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Introduction Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU - FY2022-2024 - Clean |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU - FY2022-2024 - Redline |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Subcontract Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Contract / DRAFT Mills Act Agreement |
| <input type="checkbox"/> | <input type="checkbox"/> | Form 126 – Ethics Commission |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
| <input type="checkbox"/> | <input type="checkbox"/> | Application |
| <input type="checkbox"/> | <input type="checkbox"/> | Public Correspondence |

OTHER

- | | | |
|-------------------------------------|--------------------------|--|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Ocean Ave CBD Annual Rpt FY2020-2021</u> |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Financial Rpt 063021</u> |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>FY2021 Annual Report Ocean Ave Review</u> |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Ocean Avenue CBD Budget</u> |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Ocean Avenue CBD Strategic Plan 2021</u> |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>OEWD Memo 070622</u> |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>FYI Referral 072922</u> |

Prepared by: Stephanie Cabrera

Date: November 10, 2022

Prepared by: _____

Date: _____

Prepared by: _____

Date: _____

1 [Ocean Avenue Community Benefit District - Annual Report - FY2020-2021]

2

3 **Resolution receiving and approving an annual report for the Ocean Avenue Community**
4 **Benefit District for Fiscal Year (FY) 2020-2021, submitted as required by the Property**
5 **and Business Improvement District Law of 1994 (California Streets and Highways**
6 **Code, Sections 36600, et seq.), Section 36650, and the District’s management**
7 **agreement with the City, Section 3.4.**

8

9 WHEREAS, On September 28, 2010, pursuant to the Property and Business
10 Improvement District Law of 1994 (the “Act”), California Streets and Highways Code Sections
11 36600 *et seq.*, as augmented by Article 15 of the San Francisco Business and Tax
12 Regulations Code, the Board of Supervisors adopted Resolution No. 437-10, expressing the
13 City’s intention to establish the Ocean Avenue Community Benefit District (the “Ocean
14 Avenue CBD”); and

15 WHEREAS, On December 14, 2010, the Board of Supervisors adopted Resolution
16 No. 587-10 establishing the Ocean Avenue CBD ("Resolution to Establish") for a period of 15
17 years, commencing Fiscal Year (FY) 2010-2011; and

18 WHEREAS, On May 24, 2011, the Board of Supervisors adopted Resolution
19 No. 221-11, authorizing an agreement with the owners' association for the
20 administration/management of the Ocean Avenue CBD, and a management agreement (the
21 “Management Contract”) with the owners' association, the Ocean Avenue Association, was
22 executed accordingly; and

23 WHEREAS, A copy of the Management Contract is on file with the Clerk of the Board
24 of Supervisors in File No. 110438 and

25

1 WHEREAS, On January 25, 2022, the Board of Supervisors approved the Ocean
2 Avenue CBD's annual reports for Fiscal Year 2019-2020 in Resolution No. 020-22; and

3 WHEREAS, The Ocean Avenue CBD has submitted for the Board's receipt and
4 approval the annual report for Fiscal Year 2020-2021 as required by Section 36650 of the Act
5 and Section 3.4 of the Management Contract; and

6 WHEREAS, The annual report for Fiscal Year 2020-2021 is on file with the Clerk of the
7 Board of Supervisors in File No. 220893, and is incorporated herein by reference as though
8 fully set forth; and

9 WHEREAS, Supporting documents, including, but not limited to, a transmittal letter and
10 memorandum report from the City's Office of Economic and Workforce Development, dated
11 July 6, 2022, and documentation from the Ocean Avenue CBD for the Fiscal Year 2020-2021
12 annual report are on file with the Clerk of the Board of Supervisors in File No. 220893; now,
13 therefore, be it

14 RESOLVED, That the Board of Supervisors hereby receives and approves the annual
15 report for the Ocean Avenue Community Benefit District for Fiscal Year 2020-2021.



Ocean Avenue Community Benefits District

Annual Report Fiscal Year 2020-2021

of the

OCEAN AVENUE ASSOCIATION (OAA)



A Year of Transitions

Part 1. The Year in Review

a. A Year in Transition

This fiscal year started in the middle of the COVID-19 pandemic. Times are changing dramatically following the safety rules established by Mayor Breed and Governor Newsom. Neighbors mostly stopped travelling downtown for work. The MUNI Metro K-line light rail trains were not running through Ocean Avenue from the beginning of shelter-in-place until May 15, 2021. We are living in a world where most employees now work from home, schools are closed, and many retailers cannot open for business. What is being done on Ocean Avenue?

b. Where OAA Was - Where It's Going

It might just have been a time for reflection ... for a grander future. After the first 11 years of operating the CBD (formed on Dec 10, 2010), what is this status of this organization and where should it be? What has been done right and what can be improved? A transition is getting started with a strategic vision. The OAA is now focused on renewing and expanding the CBD.

Since the pandemic started, the conditions have resulted in changes of all OAA meetings now going virtual. A Zoom account was set, and by June 2020, communication was going in a new direction and we could notice a striking improvement in board and in community members attendance ... a good sign!

Talks about renewal of the CBD started earlier in the year. The initial term of the CBD was set for a period of 15 years. By the end of FY 2024/2025, property owners will have the ability to renew the CBD. So, it's good to start now the renewal process. The decision was made to not only get started with the renewal process, but also to expand the district area. The present zone consists basically of the Ocean Avenue corridor from FWY280 to Manor Drive. The targeted expansion zone will start at the Geneva Car Barn & Balboa BART Station all the way to 19th Avenue.

But, before starting the renewal & expansion program, there was a need to review the OAA's strengths and areas of improvement as a whole. Urban Place Consulting (UPC) was hired and their reporting study took a few months under a grant from OEWD. The work started in September 2020 with UPC President Steve Gibson in charge. With the pandemic going strong, this study was done with some degree of difficulties, but the completed Strategic Plan was finalized in the first quarter of 2021. The recommendations include internal, external, and financial organizational steps. These will become the new directions for the OAA from now on.

The transition didn't end there. A series of situations generated serious movement in the governance of the OAA. The part-time Small Business Manager resigned. The Executive Director, Daniel Weaver, made the hard decision of retiring by the end of FY20-21 after 10 years at the helm of OAA. The Board was also being challenged with some members leaving.

All this showed that changes were in the air in FY 20/21, a year of reflection and of transitions.



Dan Weaver (left), Pierre Smit (right)

c. New Staff

The outgoing Executive Director, Dan Weaver, and the Board of Directors, assisted by Urban Place Consulting developed a comprehensive job description and uploaded it on different employee search engines. At the same time, a new FT position of Small Business & Marketing Manager was being created with the help of a SFMOHCD Grant. Resumes were received and screened by an OAA Search Committee; interviews were conducted, and two candidates were hired.

Fresh out of San Francisco State University, Community Organizer Jordan Mar was hired as the Small Business & Marketing Manager and started working on April 15, 2021.



Jordan Mar

Pierre Smit, an active community member and creator of the SF Turkey Drive at St. Emydius will become the new Executive Director to start July 1st, 2021.

d. New Board Members

Dan Casias, Team Leader at Whole Foods Markets, joined the Board in November 2020.

Alberto Vasquez, Office of Facilities & Capital Planning at City College, joined the Board in 2020.

Shahin Saneinejad, community member joined the Board in January 2021.

Michael Sorrels, co-owner of Ocean Paws, joined the Board as a business owner in June 2021.

The new directions are coming together little by little and 2021-2022 is promising!

Part 2. Budget - Description and Goals

a. Assessment Methodology

The FY 20/21 assessment budget was \$339,581. There are no proposed changes in the boundaries of the benefit district or in any benefit zones or classification of property or businesses within the district. The method and basis of levying the assessment to allow each real property or business owner to estimate the amount of the assessment to be levied against his or her property for that fiscal year is presented below. The amount of the grants received for FY 20/21 is \$253,607.

Zone 1	FY 2020-21 \$ / Unit	Unit
Commercial, Residential, Public Uses, and Phelan Loop Parcel	32.71	Linear Street Foot
Non-Profit Service Organization & Religious Institutional Uses	26.14	Linear Street Foot
Commercial Property Use	0.1382	Building Sq. Foot
Commercial Property Use	0.0344	Lot Square Foot
Phelan Loop Corner Landscaped Parcel	1.63	Lot Square Foot
Phelan Parcels Fronting and Accessed off of Unity Plaza	0.0714	Lot Square Foot
Zone 2		
Educational Institutional Property Use and Public Property Use	17.30	Linear Street Foot

NOTES: i. The current assessment methodology for commercial property consists of three components:
 1. Linear Street Frontage X Rate per Linear Street Foot; plus,
 2. Lot Square Footage X Rate per Lot Square Foot; plus,
 3. Building Square Footage X Rate per Building Square Foot
 ii. The rates for FY 21/22 will increase by 1.6%

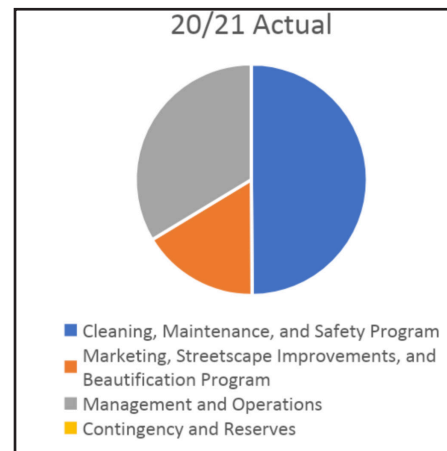
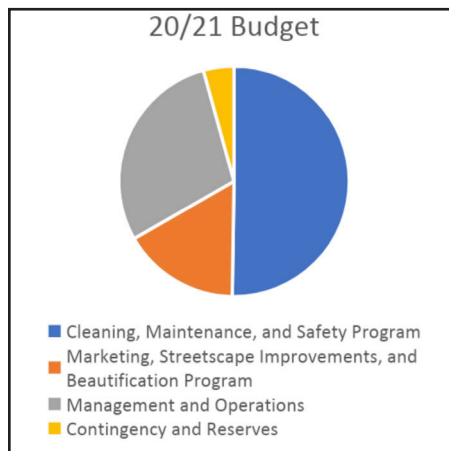
b. Budget Analysis

- **Original Management Plan September 2010 - Budget**

Service Category	\$ Amount	Percentage
Cleaning, Maintenance, and Safety Program	\$125,000	51.65%
Marketing, Streetscape Improvements, and Beautification Program	\$43,658	18.04%
Management and Operations	\$63,000	26.03%
Contingency and Reserves	\$10,340	4.28%
Total Budget	\$241,998	100%

• **Fiscal Year 20/21 Budget**

Budget Description (Management Plan) From Assessment Sources	Goal % of Total Budget	2020/21 Budget	2020/21 % of Budget	2020/21 Actuals	2020/21 Actual % of total
Cleaning, Maintenance, and Safety Program	52%	\$175,369	50.2%	\$143,400	49.9%
Marketing, Streetscape Improvements, and Beautification Program	18%	\$57,546	16.5%	\$47,259	16.4%
Management and Operations	26%	\$101,098	29.0%	\$96,766	33.7%
Contingency and Reserves	4%	\$15,000	4.3%	-	-
Total Budget	100%	\$349,013	100%	\$287,426	100%



Annual Revenue	% of Total Annual Rev. (Mgmt. Plan)	20/21 Rev. Budget	% of Budget	20/21 Rev. Actual	% of Actual
Assessment Revenue	99%	\$365,700	63%	\$202,950	68%
Other Revenue (grants, donations, and fees for service contracts and in-kind donations)	1%	\$214,500	37%	\$94,996	32%
Total 2020/21 Annual Revenue	100%	\$580,200	100%	\$297,946	100%

Other Revenue Non-Assessments	2020/21 Budget	2020/21 Funded
Grant CDBG	\$40,000	\$33,333
Historic Preservation Grant 20-21	\$5,600	-
IIN Public Life Study & Activation Grant 18-19	\$13,500	-
IIN Strategic Planning Grant 20-21	\$65,000	\$45,000
SFAC Ocean Avenue Mural Fund	\$15,400	\$15,163
SF Shines Grant 20-21	\$75,000	\$1,500
Total non-Assessment	\$214,500	\$94,996

(section continues on next page)

- **Comparing Totals FY 20/21 Budget**

Service Category	Assessment \$	% of Budget from Assessment	Non-Assessment \$	% of Budget from Non-Assessment	Total Amount \$	% of Total Budget
Cleaning, Maintenance & Safety Program	\$175,369	50.3%	-	-	\$175,369	30.5%
Marketing, Streetscape Improvements & Beautification Program	\$57,546	16.4%	\$121,000	53.5%	\$178,546	31.1%
Management & Operations	\$101,098	29.0%	\$105,000	46.5%	\$206,098	35.8%
Contingency & Reserves	\$15,000	4.3%	-	-	\$15,000	2.6%
Total Budget	\$349,013	100%	\$226,000	100%	\$575,013	100%

- **Comparing Totals FY 20/21 Actual**

Service Category	Assessment \$	% of Budget from Assessment	Non-Assessment \$	% of Budget from Non-Assessment	Total Amount \$	% of Total Budget
Cleaning, Maintenance & Safety Program	\$143,400	49.9%	-	-	\$143,400	37.08%
Marketing, Streetscape Improvements & Beautification Program	\$47,259	16.4%	\$54,329	54.7%	\$101,588	26.26%
Management & Operations	\$96,766	33.7%	\$45,000	45.3%	\$141,766	36.66%
Contingency & Reserves	-	-	-	-	-	-
Total Budget	\$287,426	100%	\$99,329	100%	\$386,755	100%

NOTE: One of the finds of the Strategic Report is that OACBD was underfunded to be able to bring the level of results needed for the area. With an expansion of the district, the increase of available funds will help improve services and allow the district to hire additional staffing & contractors.

Part 3. Fulfilling Our Mission

a. Cleaning, Maintenance and Safety

Ocean Avenue may be a quiet area of San Francisco. But with the presence of folks working from home, OAA contractor Cleanscapes boosted their team to work 5-1/2 days per week.

Cleaning:

Sidewalks are swept daily and hot power washed twice yearly. Graffiti are covered up or cleaned usually within 24 hours. The necessary cleaning is amplified by the presence of additional pedestrian traffic on the corridor due to schools closing. These services remained contracted with Cleanscapes, a division of Recology.

Maintenance:

Our contractor is keeping planters well maintained and watered. The trees are being pruned once a year.

Safety:

One of the daily concerns is the presence of hypodermic needles and sharp objects left on the sidewalk or in planting areas. Cleanscapes' team is particularly alert on the precautions to take when locating these items and moving it in specific trash bags for proper disposal.

Police presence on Ocean Avenue can be spotty. However, OAA is always present to organize a meeting with the SFPD and learn different ways to handle difficult situations caused by vandals or mentally challenged individuals.



b. Marketing, Streetscape Improvements and Beautification

Marketing:

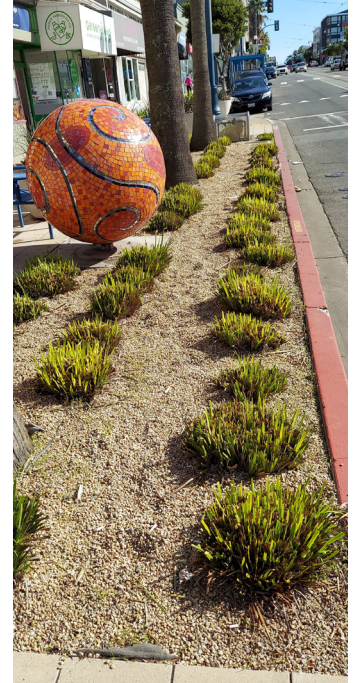
Bringing neighbors in shops was a challenge at the beginning of the pandemic. The Streetscape Committee worked on different types of promotions including assisting restaurants for take-out services. This was done in collaboration between OAA and the IngleSide Merchants Association.

Streetscape Improvements:

The Street Life Committee worked with different restaurants to build parklets for their business. In addition, a group of local artists was hired to paint murals to improve these parklets appeal and reduce the graffiti vandalism.

Beautification:

- **Planting areas:** A concrete pedestrian curbside can be dull until we start seeing some vegetation. Some wide curbside areas were selected for reducing the concrete and replacing with some planting areas. Trees were planted on some adjacent streets with the assistance of DPW. OAA staff maintains these areas clean of trash and weeds, while watering it weekly. These changes made Ocean Avenue pleasant and enjoyable for walkers.



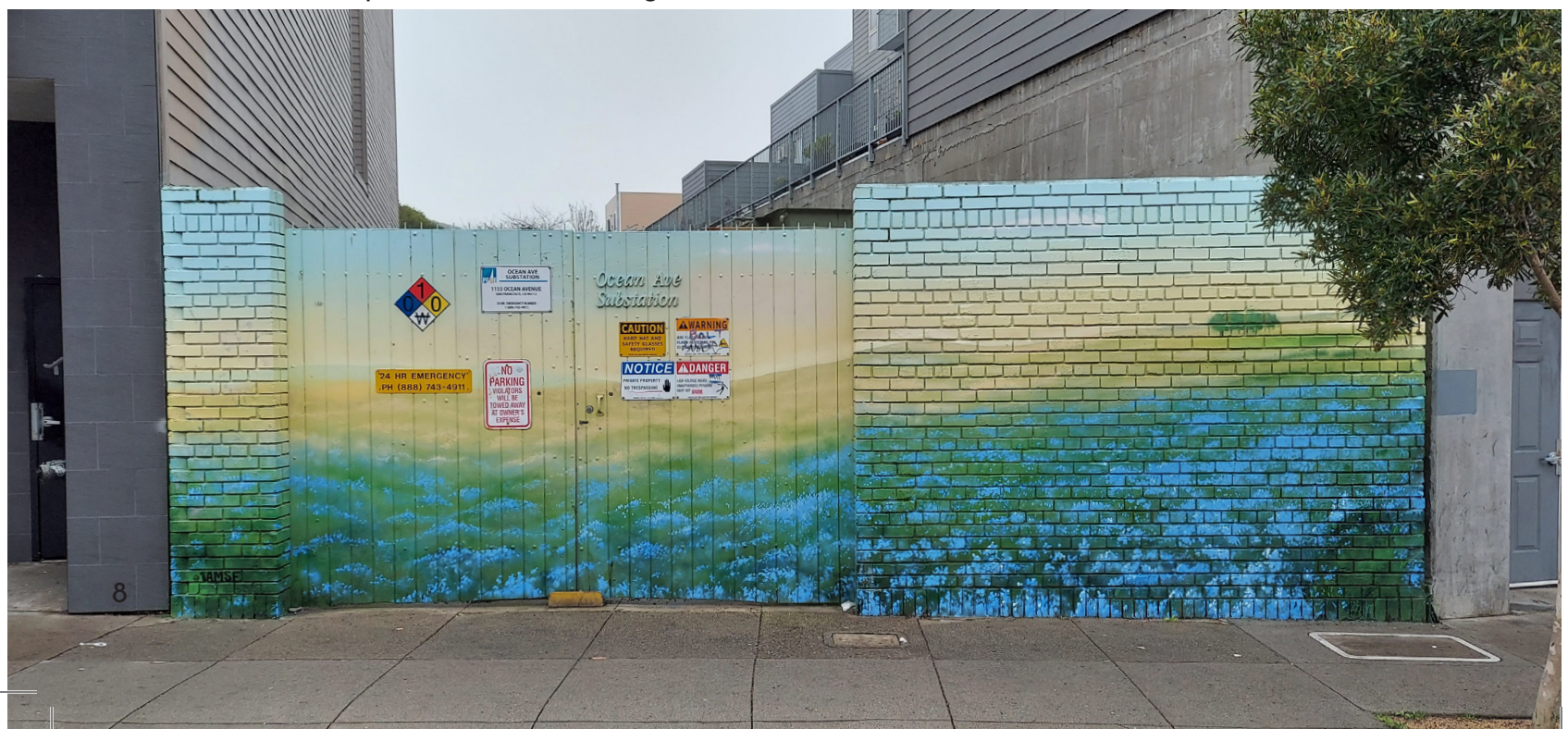
- **Murals:**

PG&E Substation:

With a District 7 participatory budgeting grant, OAA received an Arts Commission award to paint a mural on the PG&E substation gate that illustrates the natural landscape of Ocean Ave circa 1895.

This brick wall kept being tagged by graffiti until the decision was to make it a wonderful mural. The decision was to go with a landscape of the area. This SFAC grant allowed a group of artists from First Amendment to make this area spectacular and refreshing.

From a graffiti covered brick wall to an original landscape bright wall, this mural showed a serious improvement of the neighborhood.





Faxon Garage:

Thanks to a SFAC grant, a grand mural representing an 1850 landscape was able to be erected on the Faxon Garage by Neil Ballard and Eli Lippert.

Utility Box:

An added touch of the native plants of California was painted on a utility box on Capitol Avenue by artist Neil Ballard.



c. Business Assistance and Resources

Pandemic assistance:

OAA staff made themselves available to all businesses for input during the pandemic and once businesses started reopening.

Window breaking:

During the pandemic slowdown, some individual/s decided on breaking windows of many retailers on Ocean Avenue, mostly but not strictly Asian owned. Some businesses experienced not only the breaking of multiple windows but also multiple instances and had to be boarded. This resulted in loss revenue and expensive repairs. OAA worked with City officials to assist these businesses.

The OAA continued to work with the OMI Cultural Participation Project to maintain the Unity Plaza area. The OAA assisted in the promotion of the SF Turkey Drive, and the Ave Bar Ethnic Toy Drive in spite of pandemic conditions and virtual meetings.

The OAA has an increased CDBG grant to provide assistance to small businesses. In accordance with the grant's requirements, a staff person serves numerous small business owners and performs data collection.

New businesses:

- *Ocean Paws* - 1637 Ocean Ave.: very much a neighborhood store dedicated to working with the community and their pets. Besides being a pet supplies store, Ocean Paws offers pet grooming, pet playground and pet training. This business funded 6 Dog Pet Stations, including one sponsored by OAA.
- *That's Amore Pizzeria* - 1901 Ocean Ave.: a wood-fire pizzeria using the best quality flour. Pizzas are cooked at 900 F, making this a fast cooking for a high-end quality product.



d. Activities to Market Ocean Avenue

Bringing neighbors in shops was a challenge at the beginning of the pandemic. The OAA's outgoing efforts to improve image, appeal and visibility to contribute to the economic vitality of the business corridor did help somehow.

- OAA in collaboration with Ingleside Merchants Association assisted restaurants for take-out services and in installing parklets.
- Marketing the neighborhood with:
 - A social media approach to promoting the neighborhood
 - Monthly Community Updates via email to the OAA list
 - The Ingleside Art Show described below was organized as an outdoor event to get back to business as "previously known". A large direct mail campaign was undertaken to bring the neighbors to Unity Plaza to restart usual shopping.
- Holiday decoration: bright red bows were installed on all palm trees on the Ocean Avenue during the Holidays Season to brighten up the corridor.
- The always well attended Lunar New Year celebration was cancelled due to COVID-19.

e. Promoting Art at Ingleside Art Show

This first "post-pandemic" event on Unity Plaza was to promote local artists in a safe environment. This event was marketed via social media and with a large direct mail campaign. The turn-out was exceptional with 250 - 500 people enjoying the art and the getting back together in the neighborhood.

The artists included different types of painters, zine makers (independent writers, artists and creators), a vinyl record vendor, a plant vendor, etc. One of our restaurants provided tacos and burritos while a jazz band was keeping a nice atmosphere. For 2 hours on a Saturday, visitors wandered on the plaza before moving toward the Avenue for more entertainment. This was one of the most successful and exciting events on Unity Plaza for a welcome back to "normal"!



f. Working with the Community

The OAA continued to assist and cooperate in the work and the promotion of:

- OMI CPP events
- Ingleside Merchant Association
- SF Turkey Drive at St Emydius Church (virtual)
- The Ave Bar Ethnic Toy Drive

Due to issues with pedestrian and bicycle safety on Ocean Avenue between Fwy280 and Frida Kahlo Way, OAA decided to be part of changes that are coming up in the following 2 projects:

- SF County Transportation Authority Capital Projects include the Fwy280 Exit at Ocean & Geneva Avenues.
- The new construction of City College at the corner of Frida Kahlo Way and Ocean Avenue.

In addition, a major project will be started in Fall 2022 that will change drastically the neighborhood: the construction of the Balboa Reservoir housing complex. Ocean Avenue Association has been and will remain involved during the process of construction and after completion to make sure this impacts positively the entire Ocean Avenue business corridor.



g. Communication with Stakeholders

On these pandemic times, the communication with stakeholders and the community evolved to a virtual platform for Board meetings. This allowed additional people to join in and to provide their point of view during public comment timing.

Standard email updates were sent to all emails on OAA database and the FY 19/20 Annual Reports were mailed.

Some Board Directors from large stakeholders who were present at the beginning of FY 20/21 departed and were replaced by new Directors from the same organizations. These were from City College of San Francisco and Whole Foods Market. OAA also communicated via neighborhood periodicals such as the Ingleside Light and on social media platform such as Twitter and Instagram.

Part 4. Growth Through Grants

a. Strategic Plan

In September 2020, and with the vision of expanding the District, OAA contracted with Urban Place Consulting Group to assist the OAA to assess its effectiveness, and to craft a strategic plan for short-term, mid-term, and long-term goals.

The following tasks were completed:

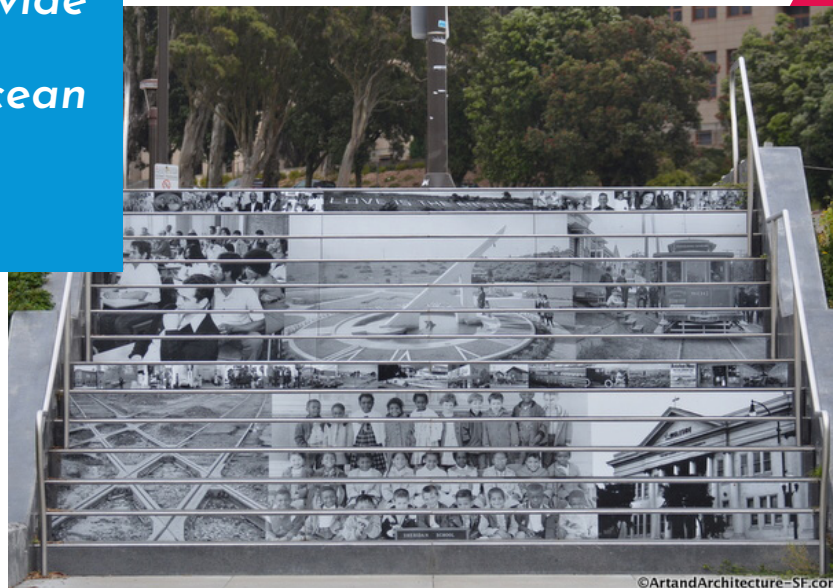
Program Effectiveness/Operational Audit: The consultant conducted an operational audit to assess management structure, staffing needs, work programs, contracts, financial stability, and funding sources.

Stakeholder Outreach: Urban Place engaged stakeholders to determine the direction of the organization. A survey of stakeholders was conducted to gauge the community's needs and awareness of the CBD and its programs. Individual meetings were held with City staff, Board members, and key District stakeholders. A Board retreat was conducted to create and reinforce the organization's core purpose, vision, and goals. During the virtual retreat, the Consultant worked with the Board to develop implementation strategies.

Strategic Plan: This final Strategic Plan includes organizational, operational, financial steps to:

- Achieve financial stability and resource growth
- Improve program effectiveness
- Improve the organization's lobbying effectiveness and respect in the community
- Develop an effective management structure and appropriate Board/Staff relationships

These steps offer the foundation that will enable OAA to provide strong leadership to the Ocean Avenue community.



b. Ocean Avenue CBD Organizational Support and Public Life Study

This Grant from OEWD was started in year 2018 to understand Ocean Avenue activity and neighborhood to fund additional promotion and marketing to ensure continued success in events along the Ocean Avenue corridor. It was delivered at the end of June 2021 after a series of delays.

This study will help Ocean Avenue in many ways:

- To improve walking and cycling
- To improve transit service
- To enhance public open spaces
- To enhance many buildings frontage
- To expand business attraction and retention
- To enhance corridor image and identity
- Some East and West end improvements
- Recommendations for big developments.

Part 5. Surveillance Technology

Ocean Avenue Association does not have any surveillance technology in place at this time.

Part 6. Ingleside Community Fund

OAA established Ingleside Community Fund as a 501(c)(3) public charity to allow donors a tax deduction for contributions and to be able to apply for grants that require public charity status. Effective July 17, 2019, the Internal Revenue Service granted the Ocean Avenue Association a 501(c)(3) public charity status. OAA will eventually absorb Ingleside Community Fund.

It is under the Ingleside Community Fund umbrella that the Ingleside Library Gateway has been constructed and will be installed in August 2021.



Part 7. Board of Directors Moving Forward

Chair: Michael Sorrels, Business Owner, Ocean Paws

Vice-Chair: Jennifer Chu, Business Owner, Soil and Stars Co.

Treasurer: Henry Kevane, Community Member

Secretary: Shirley Lima, Property Owner

Alberto Vasquez, Property Owner

Christy Godinez-Jackson, Property Owner

Dan Casias, Property Owner

Howard Chung, Property Owner

Walee Gon, Property Owner

Tacha Santana, Business Owner, Sunshine Dance Company

Richard Hendry, Community Member

Maurice Rivers, Community Member

Table of Contents

Part 1. The Year in Review

- a. A Year in Transition..... 2
- b. Where OAA Was - Where It's Going..... 2
- c. New Staff..... 3
- d. New Board Members..... 3

Part 2. Budget - Description and Goals

- a. Assessment Methodology..... 4
- b. Budget Analysis..... 4

Part 3. Fulfilling Our Mission

- a. Cleaning, Maintenance and Safety..... 7
- b. Marketing, Streetscape Improvement and Beautification..... 8
- c. Business Assistance and Resources..... 9
- d. Activities to Market Ocean Avenue..... 10
- e. Promoting Art at Ingleside Art Show..... 10
- f. Working with the Community..... 11
- g. Communication with Stakeholders..... 11

Part 4. Growth Through Grants

- a. Strategic Plan..... 12
- b. Ocean Avenue CBD Organizational Support & Public Life Study..... 13

Part 5. Surveillance Technology..... 13

Part 6. Ingleside Community Fund..... 14

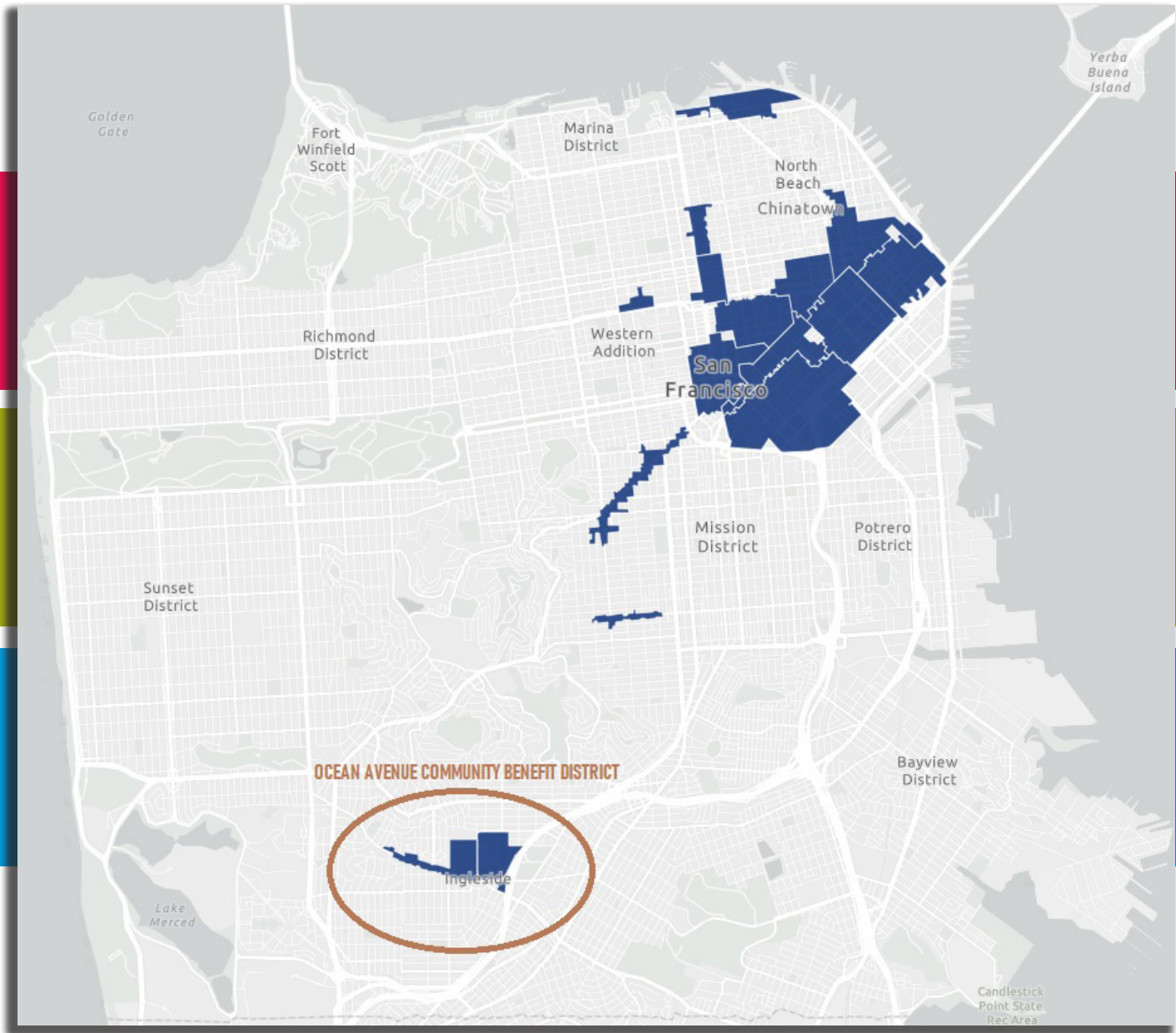
Part 7. Board of Directors Moving Forward..... 14

- San Francisco map of the Community Benefits Districts..... 16

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

Ocean Avenue is the center of a quiet residential area easily accessible by BART, MUNI, 280 Freeway, Junipero Serra or 19th Avenue. It is an alley to educational institutions such as San Francisco City College, San Francisco State University, many High Schools, Middle Schools and Elementary Schools.

Ocean Avenue is located steps away from many very different neighborhoods, and it is a place of unity for businesses serving folks of all backgrounds.



OCEAN AVENUE ASSOCIATION

FINANCIAL STATEMENTS

June 30, 2021

(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2020)

CROSBY & KANEDA

Certified Public Accountants
for Nonprofit Organizations

OCEAN AVENUE ASSOCIATION

Independent Accountants' Review Report	1
Consolidated Financial Statements:	
Consolidated Statement of Financial Position	2
Consolidated Statement of Activities	3
Consolidated Statement of Cash Flows	4
Consolidated Statement of Functional Expenses	5
Notes to the Consolidated Financial Statements	6-11

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
Ocean Avenue Association
San Francisco, California

We have reviewed the accompanying financial statements of Ocean Avenue Association (the Organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility


Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

The accompanying summarized comparative information as of and for the year ended June 30, 2020 is derived from financials that were previously reviewed by us and we stated that we were not aware of any material modifications that should be made to those financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America in our report dated March 22, 2021. We have not performed procedures in connection with that review engagement since that date.


Oakland, California
January 26, 2022

OCEAN AVENUE ASSOCIATION
Consolidated Statement of Financial Position
June 30, 2021
(With Comparative Totals as of June 30, 2020)

	2021	2020
Assets		
Assets		
Cash	202,939	\$ 198,847
Assessments receivable	30,254	13,098
Grants receivable	7,567	40,276
Total Assets	240,760	\$ 252,221
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	2,863	\$ 45,304
Deferred revenue	-	23,228
Total Liabilities	2,863	68,532
Net assets without donor restrictions	237,897	183,689
Total Liabilities and Net Assets	240,760	\$ 252,221

See Independent Accountants' Review Report
and Notes to the Financial Statements

OCEAN AVENUE ASSOCIATION

**Consolidated Statement of Activities
For the Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)**

	<u>2021</u>	<u>2020</u>
Support and Revenue		
Assessment revenue	339,581	\$ 330,554
Government grants	132,178	142,369
Penalties, interest and late assessments	2,523	309
Donations	-	18,904
Other income	-	2,195
Total Support and Revenue	<u>474,282</u>	<u>494,331</u>
Expenses		
Program	319,774	324,278
Management and general	80,275	97,377
Fundraising	20,025	26,454
Total Expenses	<u>420,074</u>	<u>448,109</u>
Change in net assets	54,208	46,222
Net Assets without donor restrictions, beginning of year	<u>183,689</u>	<u>137,467</u>
Net Assets without donor restrictions, end of year	<u>237,897</u>	<u>\$ 183,689</u>

See Independent Accountants' Review Report
and Notes to the Financial Statements

OCEAN AVENUE ASSOCIATION

**Consolidated Statement of Cash Flows
For the Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)**

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 54,208	\$ 46,222
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Change in assets and liabilities:		
Assessments receivable	(17,156)	8,338
Grants receivable	32,709	(34,853)
Accounts payable and accrued expenses	(42,441)	40,018
Deferred revenue	(23,228)	11,678
Net cash provided (used) by operating activities	<u>4,092</u>	<u>71,403</u>
Net change in cash	4,092	71,403
Cash, beginning of year	<u>198,847</u>	<u>127,444</u>
Cash, end of year	<u><u>\$ 202,939</u></u>	<u><u>\$ 198,847</u></u>

See Independent Accountants' Review Report
and Notes to the Financial Statements

OCEAN AVENUE ASSOCIATION

**Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)**

	Program	Management and General	Fundraising	Total	
				2021	2020
Salaries	\$ 62,312	\$ 17,646	\$ 17,646	\$ 97,604	\$ 138,697
Employee benefits	1,874	527	527	2,928	4,322
Payroll taxes	4,984	1,402	1,402	7,788	9,942
Total Personnel	<u>69,170</u>	<u>19,575</u>	<u>19,575</u>	<u>108,320</u>	<u>152,961</u>
Fee for service	246,064	44,942	-	291,006	242,957
Advertising and promotion	105	-	-	105	3,635
Supplies and office expenses	4,192	3,779	450	8,421	2,832
Travel and meals	243	-	-	243	1,400
Conferences and meetings	-	112	-	112	1,323
Insurance, service fees and other	-	11,867	-	11,867	10,016
Event expenses	-	-	-	-	32,985
Total Expenses	<u>\$ 319,774</u>	<u>\$ 80,275</u>	<u>\$ 20,025</u>	<u>\$ 420,074</u>	<u>\$ 448,109</u>

See Independent Accountants' Review Report
and Notes to the Financial Statements

OCEAN AVENUE ASSOCIATION

Notes to the Consolidated Financial Statements For the Year Ended June 30, 2021 (With Comparative Totals for the Year Ended June 30, 2020)

NOTE 1: NATURE OF ACTIVITIES

The Ocean Avenue Association (the Organization or OAA) is a California nonprofit Public Benefit Corporation, which was established in December of 2010. Services began in July 2011 along the Ocean Avenue corridor in the Ocean-Merced-Ingleside (OMI) neighborhood. OAA's mission is to revitalize the Ocean Avenue corridor from Interstate 280 to Manor Drive through sanitation, safety programs, marketing, promotion and advocacy for property and business owners.

The OAA is committed to making the Ocean Avenue corridor a vibrant and safe place by providing programs and services that improve the quality of life for those who live and work in the community. Entrepreneurs, merchants and neighborhood stakeholders benefit from the CBD in numerous ways. The OAA advocates for local businesses by reaching out to elected officials and City agencies on topics such as zoning, urban design, and tax policy. The CBD also serves as an ombudsman, helping members' access public services.

The OAA provides supplemental sanitation services 6 days a week, inclusive of sidewalk sweeping, reporting incidents to 311, graffiti removal from private and public property and power washing of sidewalks and transit boarding islands.

The OAA also promotes the district through publications, programs, and advertising by supporting a range of community events, from holiday decorations to summer events.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis of Consolidation

The Organization has the ability to appoint a majority of the board of the Ingleside Community Fund (the Fund), a California nonprofit corporation. The board of the Fund includes one community designee. All other board members of the Fund are OAA board members.

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net assets without donor restrictions – are resources available to support operations. The only limits on the use of the net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

OCEAN AVENUE ASSOCIATION

Notes to the Consolidated Financial Statements For the Year Ended June 30, 2021 (With Comparative Totals for the Year Ended June 30, 2020)

Net assets with donor restrictions – are resources that are restricted by a donor for use for a particular purpose or in a particular period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor’s instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; there were no restrictions of this nature as of June 30, 2021.

When a donor’s restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of building or equipment (or less commonly, the contribution of those net assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use.

Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses are reported as decreases in net assets without donor restrictions.

Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless the contributed assets are specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Accounting for Assessment Revenue

The Organization recognizes assessment revenue when assessed. Assessment revenue is secured through property tax assessments managed by the City and County of San Francisco. Collection of assessment revenue depends on the City and County of San Francisco, which may assess fines, penalties and interest on delinquent assessments. The Organization recognizes revenue related to fines or penalties when payment is received and such fines or penalties are known.

Assessments Receivable

Assessments receivable primarily consists of tax assessments owed by property owners. Such assessments are subject to City and County of San Francisco enforcement procedures, and are secured by property located in the City and County of San Francisco. The

OCEAN AVENUE ASSOCIATION

Notes to the Consolidated Financial Statements For the Year Ended June 30, 2021 (With Comparative Totals for the Year Ended June 30, 2020)

Organization considers all assessments to be fully collectible at June 30, 2021, though the timing of collection is not under the Organization's control and may be delayed.

Grants Receivable

Grants receivable are primarily unsecured non-interest bearing amounts due from grantors on a cost reimbursement or performance grants. The Organization considers all accounts receivable to be fully collectible at June 30, 2021. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

Income Taxes

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under IRC 501(c)(3) (formerly 501(c)(4)) and California RTC 23701.

The Internal Revenue Service has determined that the Ingleside Community Fund is exempt from federal taxes under IRC 501(c)(3).

The Organization has evaluated its current tax positions as of June 30, 2021 and is not aware of any significant uncertain tax positions for which a reserve would be necessary beyond an application that is pending with the California Franchise Tax board for the Ingleside Community Fund exemption. The Organization's tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively, after they are filed.

Contributed Services

Contributed services are reflected in the consolidated financial statements at the fair value of the services received only if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. There were no contributed services that met the criteria for recognition for the year ended June 30, 2021.

Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Organization determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value.

OCEAN AVENUE ASSOCIATION

**Notes to the Consolidated Financial Statements
For the Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)**

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 - Inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs for the assets or liability.

The Organization had no assets or liabilities recorded at fair value on June 30, 2021.

Concentration of Credit Risk

At times, the Organization may have deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions.

Property and Equipment

All acquisitions of property and equipment in excess of \$2,500 and all expenditures for repairs and maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment. The Organization had no property and equipment that met this capitalization policy at June 30, 2021.

Expense Recognition and Allocation

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions using a reasonable allocation method that is consistently applied as follows:

Salaries and wages, benefits, and payroll taxes are allocated based on an estimate of staff time allocation calculated on an individual level for each employee.

Office expenses and supplies and other expenses that cannot be directly identified are allocated on the basis of employee headcount for each program and supporting activity.

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct fundraising activities in conjunction with its other activities. Additionally, advertising costs are expensed as incurred.

Certain employees have transited to consultants, and they are paid for both salaries and fee for services. The Organization classified such contractor expenses with salaries for consistency with existing classification for such staff time.

OCEAN AVENUE ASSOCIATION

**Notes to the Consolidated Financial Statements
For the Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)**

Prior Year Summarized Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

Reclassifications

Certain accounts in the prior year's summarized information have been reclassified for comparative purposes to conform with the presentation in the current-year consolidated financial statements.

NOTE 3: CONCENTRATIONS

Assessment Revenue

Special benefit assessments are received under a contract with the City and County of San Francisco and represent approximately 71% of the Organization's total revenue. Under the terms of the contract, the City and County can suspend distributions and ultimately terminate the contract if the Organization fails to provide adequate services to the district or fails to perform other responsibilities. The contract expires on June 30, 2025 and could be terminated at an earlier date if the related community benefit district is disestablished.

Geographic

A majority of the Organization's revenue comes from a group of property owners located in one geographic area. Natural disasters, economic or other local impacts on this area may affect the timing of assessment payments by such property owners.

NOTE 4: CONTINGENCIES

State Taxes

The Fund is not currently listed as exempt from state taxes with the Franchise Tax Board. The Fund is in the process of applying for such exemption based in part on the determination by the IRS of its exempt status at the federal level. In the event that exemption is not approved or delayed, additional taxes may be owed. The Organization has not accrued for any such amounts as of June 30, 2021.

Government Funding

The Organization receives government funding, which includes numerous terms and conditions both directly and by reference and is subject to subsequent audit which may result in disallowed costs or other required adjustments. The Organization believes it has complied with the terms of all such awards.

OCEAN AVENUE ASSOCIATION

Notes to the Consolidated Financial Statements
For the Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

NOTE 5: RETIREMENT PLAN

The Organization sponsors a Simple IRA retirement plan for employees. The Organization contributes 3% of gross salary for each eligible employee. The Organization contributed \$2,928 and \$3,733 to the plan during the years ended June 30, 2021 and 2020, respectively.

NOTE 6: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2021 are:

Cash and cash equivalents	\$ 202,939
Assessments receivable	30,254
Grants receivable	<u>7,567</u>
Total	<u>\$ 240,760</u>

As part of the Organization's liquidity management plan, the Organization monitors cash to confirm it is sufficient for immediate requirements.

NOTE 7: INGLESIDE COMMUNITY FUND

Activity of the Ingleside Community Fund (the Fund), reported on a consolidated basis in these financials, consisted of approximately \$ 34,128 in revenue and \$ 33,319 in expenses during the year ended June 30, 2021. The fund held \$ 7,359 in cash as of June 30, 2021.

NOTE 8: SUBSEQUENT EVENTS

The Organization has evaluated subsequent events and has concluded that as of January 26, 2022, the date that the financial statements were available to be issued, there were no significant subsequent events to disclose beyond the following:

Public Health Order - Coronavirus

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus (the "COVID-19 outbreak"). In March 2020, the WHO classified the COVID-19 outbreak as a pandemic which affected activities of the Organization. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude of the effect that the pandemic will have on the Organization's financial condition, liquidity, and future results of operations. Management is actively monitoring the impact on its financial condition, liquidity, operations and workforce.

Financial Reporting

You fill/pull numbers Leave alone; formula

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

SA 73 - Ocean Ave Service Category/Budget Line	Management Plan					FY 2020-2021					Variance Calculation	
	Management Plan Total Budget	Management Plan General Benefit (Non Assessment) Dollars	Management Plan Assessment Budget	% of Total Budget	% of Assessment Budget	FY 2020-2021 Total Budget	General Benefit Dollars	FY 2020-2021 Assessment Budget	% Budget - Assessment	% of Total Budget	Variance - Assessment Budget	Variance - Total Budget
SA 73 - Ocean Ave CBD - Cleaning, Maintenance, and Safety Program	\$ 125,000.00	\$ 1,250.00	\$ 123,750.00	51.65%	51.65%	\$ 175,369.00	\$ -	\$ 175,369.00	50.25%	30.50%	-1.41%	-21.16%
SA 73 - Ocean Ave CBD - Marketing, Streetscape Improvements, and Beautification Program	\$ 43,658.00	\$ 436.58	\$ 43,221.42	18.04%	18.04%	\$ 178,546.00	\$ 121,000.00	\$ 57,546.00	16.49%	31.05%	-1.55%	13.01%
SA 73 - Ocean Ave CBD - Management and Operations	\$ 63,000.00	\$ 630.00	\$ 62,370.00	26.03%	26.03%	\$ 206,098.00	\$ 105,000.00	\$ 101,098.00	28.97%	35.84%	2.93%	9.81%
Contingency and Reserve	\$ 10,340.00	\$ 103.40	\$ 10,236.60	4.27%	4.27%	\$ 15,000.00	\$ -	\$ 15,000.00	4.30%	2.61%	0.03%	-1.66%
TOTAL	\$ 241,998.00	\$ 2,419.98	\$ 239,578.02	100.00%	100.00%	\$ 575,013.00	\$ 226,000.00	\$ 349,013.00	100.00%	100.00%		

CHART TO PUT IN MEMO FOR BENCHMARK 1

Service Category	Management Plan Budget	% of Budget	FY2020-2021 Budget	% of Budget	Variance Percentage Points
Cleaning, Maintenance and Safety Program	\$123,750.00	51.65%	\$175,369.00	50.25%	-1.41%
Marketing, Streetscape Improvements, and Beautification Program	\$43,221.42	18.04%	\$57,546.00	16.49%	-1.55%
Management and Operations	\$62,370.00	26.03%	\$101,098.00	28.97%	2.93%
Contingency and Reserve	\$10,236.60	4.27%	\$15,000.00	4.30%	0.03%
TOTAL	\$239,578.02	0.00%	\$349,013.00	100.00%	

BENCHMARK 2: General Benefit Requirement

1.00%

Revenue Sources	FY2021 Actuals	% of Actuals
Assessment Revenue	\$ 202,950.00	
Penalties and Interest (Late Payments)		
Total Assessment (Special Benefit) Revenue	\$ 202,950.00	68.12%
Contributions and Sponsorships	\$ -	0.00%
Grants	\$ 94,996.00	31.88%
Donations		0.00%
Miscellaneous		0.00%
Total Non-Assessment (General Benefit) Revenue	\$ 94,996.00	31.88%
Total	\$ 297,946.00	100.00%

CHART TO PUT IN MEMO FOR BENCHMARK 2

Revenue Sources	FY2021 Actuals	% of Actuals
Total Assessment	\$202,950.00	68.12%
Total Non-Asses	\$94,996.00	31.88%
Total	\$297,946.00	100.00%

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

SA 73 - Ocean Ave Service Category/Budget Line	Budget					FY 2020-2021					Variance Calculation	
	FY 2020-2021 Total Budget	Amount from Assessment	Amount from General Benefit	% of Budget (Assessment)	% Budget (Total Budget)	Total Actuals	Actual Amount from Assessment	Amount from General Benefit	% of Actuals (Assessment)	% of Actuals (Total Budget)	Variance (Assessment)	Variance (Total Budget)
SA 73 - Ocean Ave CBD - Cleaning, Maintenance, and Safety Program	\$ 175,369.00	\$ 175,369.00	\$ -	50.25%	30.50%	\$ 143,400.00	\$ 143,400.00	\$ -	49.89%	37.08%	-0.36%	6.58%
SA 73 - Ocean Ave CBD - Marketing, Streetscape Improvements, and Beautification Program	\$ 178,546.00	\$ 57,546.00	\$ 121,000.00	16.49%	31.05%	\$ 101,588.00	\$ 47,259.00	\$ 54,329.00	16.44%	26.27%	-0.05%	-4.78%
SA 73 - Ocean Ave CBD - Management and Operations	\$ 206,098.00	\$ 101,098.00	\$ 105,000.00	28.97%	35.84%	\$ 141,766.00	\$ 96,766.00	\$ 45,000.00	33.67%	36.66%	4.70%	0.81%
Contingency and Reserve	\$ 15,000.00	\$ 15,000.00	\$ -	4.30%	2.61%	\$ -	\$ -	\$ -	0.00%	0.00%	-4.30%	-2.61%
TOTAL	\$ 575,013.00	\$ 349,013.00	\$ 226,000.00	100.00%	100.00%	\$ 386,754.00	\$ 287,425.00	\$ 99,329.00	100.00%	100.00%		

CHART TO PUT IN MEMO FOR BENCHMARK 3

Service Category	FY2020-2021 Budget	% of Budget	FY2020-2021 Actuals	% of Actuals	Variance Percentage Points
Cleaning, Maintenance and Safety Program	\$175,369.00	50.25%	\$143,400.00	49.89%	-0.36%
Marketing, Streetscape Improvements, and Beautification Program	\$57,546.00	16.49%	\$47,259.00	16.44%	-0.05%
Management and Operations	\$101,098.00	28.97%	\$96,766.00	33.67%	4.70%
Contingency and Reserve	\$15,000.00	4.30%	\$0.00	0.00%	-4.30%
TOTAL	\$349,013.00	100.00%	\$287,425.00	100.00%	

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

Special Assessment Project	
Cleaning, Maintenance and Safety Program	\$ -
Marketing, Streetscape Improvements, and Beautification Program	\$ -
Management and Operations	\$ -
Contingency and Reserve	\$ -
Special Project Total	\$ -
Total Designated Amount for FY 2017-18	

OAA YrXI, FY20-21 Budget, Rev#12 June 2021				
Item	Amount Budgeted	Accrued as of 6/30/21	Variance	
INCOME				
Assessment Revenue				
Assessment Revenue (current year)	\$ 339,581	\$ 324,816	\$ 14,765	
-Penalties/Interest (current year)	\$ -	\$ 132	\$ (132)	get detail
Assessment Revenue (prior year[s])	\$ 26,119		\$ 26,119	
-Penalties/Interest (prior year[s])	\$ -		\$ -	
Prior Year(s) Assessment Refund	\$ -		\$ -	
Prior Year(s) Assessment Bad Debt	\$ -		\$ -	
Subtotal Assessment Revenue	\$ 365,700	\$ 324,948	\$ 40,752	
Grants*				
CDBG Small Business Grant 20-21	\$ 40,000	\$ 33,333	\$ 6,667	
Historic Preservation Grant 20-21	\$ 5,600		\$ 5,600	
IIN Public Life Study & Activation Grant 18-19)	\$ 13,500		\$ 13,500	
IIN Strategic Planning Grant 20-21	\$ 65,000	\$ 45,000	\$ 20,000	
SFAC Ocean Avenue Mural Fund	\$ 3,850		\$ 3,850	
SF Shines Grant 20-21	\$ 75,000	\$ 1,500	\$ 73,500	
Subtotal Grants	\$ 202,950	\$ 79,833	\$ 123,117	
Other Revenue				
Lunar New Year Donations TBD			\$ -	
Subtotal Other Revenue	\$ -	\$ -	\$ -	
Subtotal Revenue Received	\$ 568,650	\$ 404,781	\$ 163,869	
Operating Reserve				
Carryover Net Income from FY 19-20	\$ 176,491	\$ 176,491	\$ -	edit new FY
Subtotal Operating Reserve	\$ 176,491	\$ 176,491	\$ -	
Total Income	\$ 745,141	\$ 581,272	\$ 163,869	
Item	Amount Budgeted	Accrued as of 6/30/21	Variance	
EXPENSES				
Personnel:				
<i>Full Time</i>				
Salary (Executive Director)	\$ 84,370	\$ 85,104	\$ (734)	
Payroll Tax (Executive Director)	\$ 6,454	\$ 6,833	\$ (379)	
IRA Contribution (Executive Director)	\$ 2,535	\$ 2,553	\$ (18)	
Salary (Small Business Manager/CDBG)	\$ 13,334	\$ 12,500	\$ 834	
Payroll Tax (Small Business Manager)	\$ 956	\$ 956	\$ -	
IRA Contribution (Small Business Manager)	\$ 375	\$ 375	\$ -	
<i>Consultants</i>				
Consultants (Assessment)	\$ -		\$ -	
Consultants (CDBG Small Business Grant)	\$ 26,666	\$ 26,666	\$ -	
Subtotal Personnel (Assessment)	\$ 94,690	\$ 95,821	\$ (1,131)	
Subtotal Personnel (Non-Assessment/CDBG)	\$ 40,000	\$ 39,166	\$ 834	
TOTAL PERSONNEL	\$ 134,690	\$ 134,987	\$ (297)	
Management and Operations				
Accounting Fees	\$ 6,300	\$ 7,750	\$ (1,450)	
Annual Report and Meeting Expenses	\$ 1,000	\$ 112	\$ 888	
Assessment Roll Updating	\$ 2,000	\$ 2,000	\$ -	
Bookkeeping Fees	\$ 9,000	\$ 10,525	\$ (1,525)	

Dues, Subscriptions, Workshops	\$ 2,000	\$ 971	\$ 1,029	
Insurance - Liability, D&O	\$ 5,700	\$ 5,003	\$ 697	
Legal Fees	\$ 5,000		\$ 5,000	
Licenses, Permits, Filing Fees	\$ 350	\$ 763	\$ (413)	
Office Supplies, Equipment & Expenses	\$ 2,000	\$ 281	\$ 1,719	
Payroll Processing Fees	\$ 2,100	\$ 2,351	\$ (251)	
Printing, Copying, Postage & Mailing Services	\$ 1,000	\$ 887	\$ 113	
Telephone, Telecom, Meeting Expense, Other	\$ 2,500	\$ 3,061	\$ (561)	
Workers Compensation Insurance	\$ 600	\$ 779	\$ (179)	
Subtotal Management and Operations	\$ 39,550	\$ 34,483	\$ 5,067	
Cleaning, Maintenance and Safety				
Graffiti Removal-Other	\$ 1,000		\$ 1,000	
Landscape & Maintenance (Arborist Now)	\$ 15,000		\$ 15,000	
Safety and Security	\$ 1,000		\$ 1,000	
Sanitation and Graffiti Removal (Cleanscapes)	\$ 123,900	\$ 113,481	\$ 10,419	
Supplies and Materials	\$ 2,500	\$ 1,478	\$ 1,022	
Watering & Maintenance (plants & trees)	\$ 22,500	\$ 18,859	\$ 3,641	
Subtotal Cleaning, Maintenance & Safety	\$ 165,900	\$ 133,818	\$ 32,082	
Marketing and Beautification				
Advertising	\$ 5,000	\$ 105	\$ 4,895	
Beautification- Sidewalk Garden & Tree Planting	\$ 15,823	\$ 15,823	\$ -	
Holiday Decorations	\$ 2,500	\$ 1,552	\$ 948	
Lunar New Year Donation TBD	\$ -		\$ -	
Public Art	\$ 5,000	\$ 1,320	\$ 3,680	
Professional Services	\$ 5,000	\$ 4,010	\$ 990	
Refreshments- Meetings and Volunteers	\$ 250	\$ 243	\$ 7	
Webhosting	\$ 300	\$ 251	\$ 49	
Subtotal Marketing & Beautification	\$ 33,873	\$ 23,304	\$ 10,569	
Contingency & Reserves				
Contingency & Reserves - General	\$ 12,500	\$ -	\$ 12,500	
Contingency & Reserves - Ocean Avenue Mural	\$ 2,500	\$ -	\$ 2,500	
Subtotal Contingency & Reserves	\$ 15,000	\$ -	\$ 15,000	
Subtotal Non-Personnel Assessment Expenses	\$ 254,323	\$ 191,605	\$ 62,718	
Supplemental Non-Assessment Expenses*				
Historic Preservation Grant 20-21	\$ 5,600		\$ 5,600	
IIN Public Life Study & Activation Grant 18-19	\$ 25,000		\$ 25,000	
IIN Strategic Planning Grant 20-21	\$ 65,000	\$ 45,000	\$ 20,000	
SFAC Ocean Avenue Mural Fund	\$ 15,400	\$ 15,163	\$ 237	
SF Shines Grant 20-21	\$ 75,000		\$ 75,000	Alex \$1500?
Subtotal Supplemental Non-Assessment Expenses	\$ 186,000	\$ 60,163	\$ 125,837	
Total Non-Assessment Expenses (Including CDBG)	\$ 226,000	\$ 99,329	\$ 126,671	
Total Assessment Expenses	\$ 349,013	\$ 287,426	\$ 61,587	
Total OAA Income**	\$ 396,128	\$ 293,846	\$ 102,282	
Net Income/Cash Balance***	\$ 170,128	\$ 194,517	\$ (24,389)	
* See Grant Schedule for fiscal year flow of Income and Expenses for active and expired grants.				
** Total Income less Total OAA Expenses.				
*** Total Income less Total OAA Expenses plus Subtotal Supplemental Non-OAA Expenses.				

Bank Balance on 6/30/21	\$196,187.53			
+Accounts Receivable (ICF to reimburse)	\$900.00			
+Grants Receivable				
-Accounts Payable				
-Checks outstanding	\$608.00			
-Credit Card charges	\$1,963.00			
-IRA to be deducted				
Net Income/Cash Balance:	\$194,516.53			

OCEAN AVENUE COMMUNITY BENEFIT DISTRICT
Strategic Plan 2021

*“Where Everybody Knows Your Name
And They Are Always Glad You Came.”*

January, 2021
Prepared by Urban Place Consulting Group, Inc.

INTRODUCTION & BACKGROUND

The Ocean Avenue Community Benefit District was established by property owners in 2010. The District was legally established in November of 2010 with services beginning in January 2011. The District has a 15-year term ending June 30, 2025.

Two important conditions were created with the establishment of the CBD that have had a material effect on the operations of the District. The first condition was the underfunding of the District. The management plan and the process to establish the District created an expectation of a high level of program and service delivery. The budget and assessment level were not established at a level that would provide for the level of programs and services expected by the community.

The second condition was created by the District not beginning programs and services in January 2011 as envisioned. The District did receive assessment income beginning in January 2011. By not starting services at the time of receiving the assessments a large surplus or reserve was created that has been carried forward each year. As of 7/1/2020 the reserve was \$176,491.

The District Management Plan defines the management of the CBD. *“The Ocean Avenue CBD will be managed by a new nonprofit 501c3 organization (the “CBD Management Corporation”) to be formed following the approval of the establishment of the Ocean Avenue CBD. The CBD Management Corporation serves as a private, nonprofit entity that is under contract with the City to administer or implement the improvements, services, and activities specified in the Management District Plan. The Board of Directors of the CBD Management Corporation must be comprised of at least 20% non-property owning businesses per the Business Improvement Districts Procedure Code. The CBD Management Corporation must comply with the Ralph M. Brown Act, commencing with Section 54950 of the Government Code, at all times when matters of the Ocean Avenue CBD are heard, discussed, or deliberated. The CBD Management Corporation will also comply with the California Public Records Act, commencing with Section 6250 of the Government Code, for all documents relating to the activities of the Ocean Avenue CBD.*

The powers and responsibilities for the CBD Management Corporation are as follows:

- Review improvements, services, and activities provided and establish priorities for the upcoming Fiscal Year*
- Implement the improvements, services, and activities specified in the Management District Plan by determining levels of improvements, services, and activities*
- Submit an annual report to Board of Supervisors*
- Coordinate with City staff regarding operational issues of the Ocean Avenue CBD*
- Hold meetings no less frequently than once per year”*

The Ocean Avenue Association (OAA) was established, as a non-profit 501 c-4, to be the CBD Management Corporation. In 2020 the OAA received non-profit 501 c-3 status, as a charitable non-profit.

OAA has been researching the possibility of conducting an early District Renewal Process prior to their mandatory termination date in 2025. As part of this process OAA received a grant from the Mayor’s Office of Economic and Work Force Development (OEWD) to prepare for an early District Renewal. As part of the grant:

“Grantee is tasked with exploring a renewal and expansion of the current Ocean Avenue CBD. In order to ensure that the Ocean Avenue CBD is in the best possible situation to succeed in its current and potential future iteration, Grantee shall complete a series of tasks designed to build their capacity and efficiency in managing the CBD.

Grant Task 3: Capacity Building

Grantee shall retain a professional services firm or consultant with expertise related to CBDs to provide operating support and prepare recommendations on alternative approaches to increase the organizational effectiveness of the CBD by:

- *conducting an operations audit*
- *conducting stakeholder outreach to determine the direction of the organization*
- *Preparing a final document which shall synthesize information learned in the previous tasks into a focused and actionable strategic plan.”*

In September, 2020, OAA contracted with Urban Place Consulting Group to fulfill Task 3 and produce a Strategic Plan for OAA.

METHODOLOGY

The contract between OAA and Urban Place Consulting defined the scope of work.

“Urban Place Consulting proposes to assist the Ocean Avenue Community Benefit District in a process to assess financial and organizational effectiveness and to craft a strategic plan for short-term, mid-term, and long-term goals. The following tasks will be completed. They are not serial in nature, but will be part of a process that addresses several tasks simultaneously.

Task One: Program Effectiveness/Operational Audit

As part of this task, the Consultant will conduct an operational audit to assess management structure, staffing needs, work programs, contracts, financial stability, and funding sources.

Task Two: Stakeholder Outreach

Task Two engages stakeholders to determine the direction of the organization. A survey of stakeholders will be conducted to gauge the community’s needs and awareness of the CBD and their programs. Individual meetings will be held with City staff, Board members, and key District stakeholders. A Board retreat will be conducted to create and/or reinforce the organization’s core purpose, vision, and goals. During the retreat, the Consultant will work with the Board to develop implementation strategies.

Task Three: Strategic Plan

Task Three synthesizes the information learned in the previous two tasks into a focused, actionable Strategic Plan.

Final Deliverables

A Strategic Plan, including the organization's goals and implementation steps to fulfill the goals. The strategic plan will look at short term, mid-term, and long term needs and will focus on the following areas:

- *Achieving financial stability and resource growth*
- *Improving program effectiveness*
- *Improving the organization's lobbying effectiveness and respect in the community*
- *Developing an effective management structure and appropriate Board/Staff relationships"*

During September, October, November and December Urban Place worked with OAA staff to:

- Research and develop an understanding of current programs
- Understand previous and current staffing levels. Conducted interviews with previous staff members.
- Obtain data on budget, work plan, grants, financial controls, annual reports, CPA review documents.
- Research Board operation
 - Researched board agendas and minutes for 2019 and 2020.
 - Attended board meetings in October, November, December 2020 and January 2021.
 - Conducted on-line survey of board members
 - Conducted phone interview of each board member.
- A 2-part Board Retreat was facilitated on December 1 and 8.

KEY FINDINGS

The findings in this section are organized into four broad categories: organizational, operational, financial and District renewal.

Organizational Findings

Organizational findings are divided here between findings internal and external to the organization.

Internal Findings

- The Board is undereducated on its legal and moral responsibility to the assessment payers and the City. There is a lack of a Board Handbook or document that defines the Board role, its legal responsibility and the organization's expectations of Board Members.
- The key issue is that the Board is not adequately meeting its fiduciary responsibilities either organizational or financial.

- There is a lack of participation by Board members at Board meetings. 2-3 Board members control the meetings and strongly influence board decisions. There is a lack of understanding and questioning of programs, finances and the Executive Director’s performance.
- There are communication challenges between the Board and the Executive Director. The Board is not clearly informed or kept up to date on the operations and programs of the CBD. (A good example of this is the contract with Urban Place to produce a strategic plan for the organization. The Executive Director consistently characterizes this as a program for CBD expansion and renewal, which it is not.)
- There is no Board/Staff developed annual work plan or agreed to annual goals for the organization.
- The Board does not hold the Executive Director accountable for meeting any annual organization goals.
- There is a lack of a thoughtful, professional transition/succession plan to replace the Executive Director who is scheduled to retire in June 2021.
- There is a lack of staff capacity to execute projects and programs beyond the CBD's core cleaning program. Only 22% of Board members rated the current staff structure as very effective.
- Only 33% of Board members rated the Board and Committee structure of the organization as having an effective structure. 33% rated it as “Somewhat Effective”, while 33% rated it as “Not So Effective”.
- At the November 2020 Board meeting: *“it was proposed to create a timeline for Dan Weaver’s succession plan to present at next Board Meeting. Propose having a new Executive Director by March 15 and have Dan can stay on as Chief Renewal Officer.”* There was further discussion of this issue at the January 2021 Board meeting, but no presentation of succession plan or job description for a new Executive Director.
- There is an inconsistency in the process to set Board agendas. Who sets the agenda? What is the role of the Executive Director, what is the role of the Board Chair? Why is the Secretary sometimes setting the agenda?

External Findings

- There is no clear focus or Board unity on the organization's purpose, vision and its relationship with other community organizations.
- Only 33% of the Board rated the organization as providing a strong leadership role in the Ocean Avenue community. 44% of the Board rated the leadership as “Sometimes” while 22% rated the leadership provided as “Weak or Rare”.
- There is a lack of consistent communication to the property owners, businesses and residents of the district.
- The Board was asked to set priorities by choosing from a list of activities. The two activities with the highest priority were:
 - Play a proactive role in changes that are coming to the Ocean Ave. community

- Play a significant role in district collaborations with other public and private partners.
- The organization has limited relationships with the property owners that pay the assessments to the District.

Operational Findings

- Only 22% of Board members rated the current staff structure of a full time Executive Director and two part-time contract staff as very effective. 67% rated it as “Somewhat Effective” and 11% rated it as not at all effective.
- Only 33% of Board members thought the organization has sufficient staff to manage its programs and fulfill its mission. 22% that there were “Somewhat Sufficient Staff” and 45% that there were “Not Very or Not Sufficient Staff”.
- On a scale of 1 to 10 with 10 as best, the Board rated the cleaning program as 7.4
- On a scale of 1 to 10 with 10 as best, the Board rated the landscape/beautification programs as 7.4
- There is not a consistent communication strategy to tell a positive story of the District and its programs.
- There is not a consistent marketing strategy to attract customers and investors to the District.
- There is a part-time consultant, funded solely from grant income, providing support to District businesses. When the board was asked what the core purpose of the organization was the most frequent answer was “To Support Business”
- The organization does not have a physical office to interact with stakeholders.
- The District is under-funded to achieve the programs and services envisioned in the District management plan. For a District of this size to provide the services and programs needed to make Ocean Avenue competitive with other neighborhood commercial districts a minimum budget would be in the \$500,000 to \$600,000 range.

Financial Findings

- The fiscal year 2020/21 budget which began July 1, 2020 was not reviewed and approved by the Board until January of 2021.
- There is a lack of a consistent distribution of timely financial reports to the Board. The Board does not receive an operation (budget to actual) report or a balance sheet or a cash flow projection on a consistent monthly basis.
- Contracts for services are not consistently reviewed and approved by the Board. An example is the current contract with Urban Place Consulting which according to the Board meeting minutes, was never presented for approval.
- There is a lack of consistent board review of grant funding and grant funds receivable. At the January 11, 2021 Board meeting an active grant report through 11/30/20 was distributed. Grant funding is 26% of the total 20/21 budget before reserves.
- There is a lack of consistent invoicing grantors for payment even though grant work has been completed and funds paid under the grants. As of 11/30/20 there is a grant receivable balance of \$127,950. There have been no grant funds received in the fiscal

year 20/21. An example of this issue is, as of January 11, 2021 the OAA has not submitted an invoice under the \$65,000 Reauthorizations Support grant which was initiated in July 2020. As of January 11, the OAA has paid out \$23,250, from reserves, for work in October, November and December under this grant.

- Lack of a Board approved financial policy document that defines the financial operations of the organization.
- There is an operating reserve (carry forward) of \$176,491 at 7/1/2020.

District Renewal Findings

- The District has a 15-year term ending June 30, 2025
- At the June 2019 Board meeting a “District Expansion Plan” was presented. A subcommittee of the board was established to oversee renewal and expansion. Minutes of Board meetings after June 2019 do not indicate any report from a renewal steering committee.
- January 2020 Board meeting Executive Director stated the OAA will work with NBS Consultants to prepare a draft management plan for renewal. Minutes don’t state a cost or source of funds for the NBS work. No contract was approved with NBS.
- August 2019 Board meeting: Weaver said that OAA staff has prepared surveys that will be sent out to existing and prospective property owners of the District to gauge interest in its early reauthorization and expansion. Weaver said that the prospective property owner survey will go out in the next ten days. The minutes of the Board meetings after August 2019 do not indicate that any results of the survey were shared with the Board.
- There is a verbal commitment from BART and MTA to support District expansion to include their stations. Unclear if there is a commitment at a financial level or a defined scope of work.
- Other than annual reports there is no consistent communication with property owner assessment payers about District services, programs or results.
- The District is underfunded. To provide the level of service needed to achieve the change needed, will take an increase of 50% to 60% in assessment revenue.

RECOMMENDATIONS

The recommendations in this section are organized into the same four broad categories as the findings above: organizational, operational, financial and District renewal. The above findings illustrate a number of issues that need to be addressed by the organization.

We believe that the following recommendations, if followed, will allow the Ocean Avenue Association to become a professional, efficient and effective organization. This will provide the organizational foundation that will enable the OAA to provide strong leadership to the Ocean Avenue community.

Implementation of the recommendations will be critical in order to:

- Lead a successful renewal and expansion of the Community Benefit District.

- Expand and improve on District programs and services
- Continue to benefit from City grant programs.

Organizational Recommendations

Internal Recommendations

1. Each Board member has a responsibility to provide leadership. The participation of each Board member in driving the vision for the District and providing guidance and oversight of operations of the OAA is critical. It is not acceptable as a Board member to just attend meetings and listen. Asking questions and expecting answers is part of the fiduciary responsibility of each Board member.
2. Create a Board Handbook/Document that clearly defines the Board's role, its legal responsibilities and the role and expectations of each individual board member. The document should include expectations of Board member participation and attendance. A draft of this document may be prepared by staff or consultants, but the Board must be heavily invested in and approve the final document. The document does not need to be lengthy and complex, but should be clear and concise.
3. The Board Handbook/Document must be a part of each new Board member's orientation along with the Financial Policy Document.
4. In April/May of each year develop an annual work plan for the coming fiscal year. The plan should have a defined set of programs with operational expectations and goals. This plan is an integral part of the annual budget development process. A draft of this document may be prepared by staff, but the Board must be heavily invested in and approve the final document. (see Exhibit C)
5. At each Board meeting the Executive Director should be required to give an update on progress executing the work plan. It is the Board's responsibility to provide resources to and guidance on the work plan. It is also the Boards responsibility to hold staff accountable for achieving the work plan.
6. As identified in the findings, board survey and interviews, the current staff structure is not sufficient or effective in executing projects and programs. Following on the Board discussions at their November 2020 and January 2021 Board meetings it is recommended that the Board establish an ad-hoc committee to oversee the Executive Director transition. An ad-hoc committee is not subject to the Brown Act requirements.
7. The ad-hoc Executive Director Transition Committee should be charged with creating a detailed transition plan and timeline and reporting back to the Board within 30 days. The transition plan should contain, at a minimum, the following elements:
 - a. Executive Director job description
 - b. Minimum requirements of education, experience
 - c. Wage and benefit package

- d. Recruitment plan. (where, how will we recruit, budget for recruitment)
 - e. Timeline of process
 - f. Selection criteria and process
8. As part of the Executive Director transition the Board must define:
- a. Current Executive Director role during transition period, options are:
 - i. Maintain current level of responsibility and income.
 - ii. Reduced, part-time, level of responsibility and income.
 - iii. Consult to the OAA with specific defined responsibilities and payment.
 - b. Who will be responsible for managing the transition process.
 - i. Current Executive Director will manage the process
 - ii. New, part-time staff will manage the process
 - iii. Consultant will manage the process
9. Agenda setting: The normal process for setting the Board agenda in a CBD organization starts with the Executive Director/staff creating a draft agenda. The draft agenda is reviewed by the Chair of the Board to provide input and approval. No changes can be made to the agenda without the approval of both the Chair and the Executive Director.
10. Currently there are two standing committees, the Street Life Committee and the Small Business Committee. It is recommended that the Board analyze the purpose, need and goal of each committee. Part of the analysis is understanding staff resource allocation to support the committee. This strategic plan is recommending two temporary ad-hoc committees. The District Renewal Steering Committee and the Executive Director Transition Committee. Our experience with CBDs has shown us that a small number of standing committees is much more efficient. We would not recommend creating a third standing committee for the OAA and maybe eliminating one of the current committees. We do believe in forming Task Forces, ad-hoc committees, with a limited life and narrow focus around specific issues.

External Recommendations

1. At the Board retreat the board was asked “As you think about the Vision for Ocean Ave what three words stand out?” The word that was most often mentioned was **Destination**. Community, Progress and Art were also mentioned by many Board members. As part of this discussion Urban Place provided the following “Draft Framework” as a way for the Board to develop unity and focus on vision and purpose. Also this tool can be used to demonstrate OAA vision, purpose and programs to the community.



Where everybody knows your name and they're always glad you came.

The above framework is a draft and needs additional board input and refinement. The purpose is to illustrate, in a clear way, why the organization is in business, *“To create a unique, sustainable, destination”*.

The framework defines the three major areas of work, *“Business, Neighborhood and Community”*. It also further defines the type of programs/services that are needed in each work area. This, in an illustrative way, is the elevator speech of what the Ocean Avenue Association and Ocean Avenue Community Benefit District are and do.

2. The issue of providing strong leadership in the community is not changed by words, but by actions. As the OAA works through the Executive Director transition and implements the recommendations in this plan the perception and reality of the OAA’s leadership will strengthen. The OAA will be able to play a more proactive role in the changes that are coming to the community.
3. It is strongly recommended that OAA develop a consistent communication strategy that targets the property owners, business owners and community. It is the Board’s responsibility to provide resources to and guidance on the communication strategy. It is also the Boards responsibility to hold staff accountable for implementing the strategy.

Operational Recommendations

It is clear from the board survey and the board interviews and our observations that the current staff structure isn't as sufficient or as effective as it needs to be in order to address Ocean Avenue issues and implement programs. Many Board members commented on how much better the operation was when Neil and Alex were staff members. It is difficult with the Executive Director position in transition to make permanent, long-term changes to staffing. The following are distinct work areas that need to be adequately staffed:

- Communication and Marketing
- Business Development and Support
- Renewal Process
- Executive Director Transition
- Administration
- Advocacy

It is recommended that:

1. The Board create either one full time new interim position or two-part time new interim positions. The new interim position/positions would be responsible for Communication/Marketing and Business Development/Support. This position/s could also provide support in the areas of administration, renewal process and Executive Director transition. The new Executive Director will make the decision whether this position/s remain interim or become permanent.
2. The Board create a job description/scope of work for each position/s that includes outcome expectations.
3. The Board create a wage and benefit package for each position/s. The new position/s should be funded by a combination of CDBG grant funding and Carry Over reserves.
4. The Board include in the 2021/2022 budget funding for an office. Having a place that business owners, property owners and the community can interface with OAA staff will be very valuable in the renewal process. An office is also valuable in developing the communication/marketing program and business support program.
5. The clean and beautification programs received a rating of 7.4 out of 10. Although there are good reasons to rebid the cleaning program, we recommend not rebidding the clean program until after a successful renewal. In the next 6 months to a year you will be transitioning to a new Executive Director, renewing the CBD, implementing strategic plan recommendations and expanding the Communication/Marketing and Small Business Support programs. We don't recommend adding another major project to that list.

Financial Recommendations

The Board is responsible for the financial integrity of the Ocean Avenue Association. The Board has a fiduciary responsibility to see that the organization has a set of financial policies that provide transparency and accountability. A set of policies that clearly define the staff and board roles, limitations and expectations in all financial matters. It is recommended:

1. The Board adopt an organization financial policy. Elements of the policy at a minimum shall be:

- a. A detailed fiscal year budget must be approved and adopted prior to the start of the fiscal year.
- b. At each board meeting the board members will receive a current financial report (see Exhibit A). Current is defined as of the close of the previous month. The report will have three parts:
 - i. Operating report showing actual to budget for the previous month and year to date.
 - ii. Balance sheet showing all assets and liabilities including grants receivable.
 - iii. Cash flow forecast, updated on a monthly basis, for the fiscal year.
- c. Check signing policy to define who can sign checks. Checks over a set limit should require two signatures.
- d. Contract policy defining who approves contracts. It is recommended that the board must approve all contracts above a set limit. Allow the Executive Director to approve small administration contracts. As part of the approval process the Board shall define who may execute contracts.
- e. Define Board and staff's responsibility in annual financial review and State and Federal tax filings.
- f. Procedure for bank statements and account reconciliation
- g. Grant policy, defining:
 - i. Internal grant submission approval.
 - ii. Internal grant award and contract approval process
 - iii. Grant accounting and administration
- h. Credit card, travel and expense policy
- i. Purchasing policy
- j. Payroll policy

District Renewal Recommendations

It is recommended that the Board approve starting the process to renew the Ocean Avenue Community Benefit District with the goal to renew the District prior to its sunset in 2025. The recommended goal is to complete the renewal process no later than June of 2022. The renewed District budget, programs and boundaries would take effect in January 2023. The recommendation for early renewal is based upon:

- The current District is underfunded and does not have the resources to address the issues and meet the needs of the Ocean Avenue commercial corridor.
- District expansion to the east would provide a better corridor experience and bring the BART and Muni stations into the District.
- The District Management Plan needs to be updated to reflect the current program and service needs of the District.

It is recommended that the Board:

1. Empower the District Renewal Steering Committee, established by the Board, to provide oversight and guidance to the renewal process and make recommendations to the Board on renewal issues. (See Exhibit D)

2. The Board instruct the Renewal Steering Committee to return to the Board within 30 days with a renewal strategy and implementation plan. The plan at a minimum should contain:
 - a. Defined Steps and Timeline to achieve the goal of completing the process in June 2022. (See Exhibit B)
 - b. A definition of staff allocation needed to lead and manage the process.
 - c. A budget and recommended source of funds for the costs of renewal.
3. The Board approve the Steering Committee plan and provide resources to and guidance on the renewal of the District. It is also the Boards responsibility to hold staff accountable for implementing the renewal plan.

Next Steps

Short Term 30 to 60 days

1. Board formally accept the strategic plan recommendations.
2. Board acknowledge that they will need help to implement the recommendations and seek advice from OEWD, Chris Corgas, on possible funding and consultant recommendations.
3. Board make decisions on Executive Director transition. (See recommendations 7 & 8 Internal Organization Recommendations.)
4. Board make decision on additional staffing. (recommendation 1, 2, & 3 Operations Recommendations)
5. Board agree to the development of a marketing and communication plan (recommendation 3, External Organization Recommendations)
6. Board agree to use the current budget allocation of \$5000 in advertising and the \$5000 in public art, plus \$15,000 from operating reserve to create a \$25,000 communication and Marketing budget.
7. Board agree to use up to \$30,000 from operating reserve plus the CBDG small business grant to fund additional staffing in current fiscal year.
8. Board adopt a financial policy
9. Board begin implementation of District Renewal recommendations

Mid Term 60 days to 120 days.

1. Develop a work plan for 2021/22 fiscal year.
2. Develop a budget for 2021/22 fiscal year
3. Contract with consulting firm to lead renewal process.

Summary

The findings and recommendations of this strategic plan may seem negative and overly burdensome. The reality is the recommendations represent the minimum best practices that have been adopted by organizations, similar to the OAA, to successfully management Community Benefit Districts. Implementation of the recommendations will insure that the Board of Directors fulfills its organization and financial fiduciary responsibility. It also insures that the requirements of the OAA contract with the City/County of San Francisco are fulfilled.

Exhibit A

North of Market - Tenderloin Community Benefit Dis

Budget vs. Actuals: FY 2018/2019 - FY19 P&L

July - September, 2018

	Sep 2018			Total			Budget 2018/19
	Actual	Budget	Variance	Actual	Budget	Variance	
Income							
4010 Assessments							
4011 Current Year Assessments	94,094.75	94,094.76	(0.01)	282,284.25	282,284.28	(0.03)	\$ 1,158,775.32
4012 Assessment Interest and Penalties	0.00	0.00	0.00	3,697.64	5,000.00	(1,302.36)	\$ 20,000.00
Total 4010 Assessments	\$ 94,094.75	\$ 94,094.76	\$ (0.01)	\$ 285,981.89	\$ 287,284.28	\$ (1,302.39)	\$ 1,178,775.32
4030 Corporate Donations							
4030 Corporate Donations	171.93	150.00	21.93	1,560.72	450.00	1,110.72	\$ 2,000.00
4040 Foundation Grants	2,500.00	2,500.00	0.00	2,500.00	5,500.00	(3,000.00)	\$ 20,000.00
4042 St. Francis Foundation	0.00	0.00	0.00	0.00	0.00	0.00	\$ 0.00
Total 4040 Foundation Grants	\$ -	\$ -	\$ -	\$ 30,000.00	\$ 30,000.00	\$ 0.00	\$ 30,000.00
4050 Other Government Contracts							
4052 OEWD Safe Passage Grant	6,920.42	25,000.00	(18,079.58)	3,631.86	0.00	3,631.86	\$ 52,000.00
4055 Vision Zero Grant	2,000.00	2,000.00	(2,000.00)	12,938.41	2,000.00	10,938.41	\$ 100,000.00
4056 Safe Routes to School	7,267.00	7,267.00	(7,267.00)	14,534.32	21,801.00	(7,266.68)	\$ 20,000.00
4057 MTA Safer Taylor	5,000.00	5,000.00	(5,000.00)	2,900.00	5,000.00	(2,100.00)	\$ 87,206.00
4058 Larkin Street Association Grant	12,784.30	12,784.30	(12,784.30)	0.00	12,784.30	(12,784.30)	\$ 5,000.00
4059 OEWD Transition Grant	2,500.00	5,000.00	(2,500.00)	2,500.00	5,000.00	(2,500.00)	\$ 202,843.00
4061 OEWD Camera Grant	30,000.00	0.00	30,000.00	30,000.00	30,000.00	0.00	\$ 20,000.00
4062 DCYF Grant	0.00	0.00	0.00	0.00	0.00	0.00	\$ 60,000.00
Total 4050 Other Government Contracts	\$ 39,420.42	\$ 57,051.30	\$ (17,630.88)	\$ 30,000.00	\$ 30,000.00	\$ 0.00	\$ 4,600.00
4070 Interest and Other Income							
4070 Interest and Other Income	29.75	41.66	(11.91)	104.56	124.98	(20.42)	\$ 499,649.00
Total Income	\$ 136,216.85	\$ 153,837.72	\$ (17,620.87)	\$ 393,572.18	\$ 424,944.56	\$ (31,372.38)	\$ 1,730,924.32
Expenses							
5000 Personnel							
5014 Management Personnel	40,566.93	37,708.33	2,858.60	121,988.74	113,124.99	8,863.75	\$ 452,500.00
5015 Payroll Taxes	5,217.23	5,833.33	(616.10)	15,317.97	17,499.99	(2,182.02)	\$ 70,000.00

Sep 2018

Total

	Actual	Budget	Variance	Actual	Budget	Variance	Budget 2018/19
7014 Renewal Expense	238.70		238.70	238.70	0.00	238.70	\$ 500.00
7015 Renewal Consultant	5,000.00	5,000.00	0.00	15,000.00	15,000.00	0.00	\$ 60,000.00
Total 7013 CBD Renewal	\$ 5,238.70	\$ 5,000.00	\$ 238.70	\$ 15,238.70	\$ 15,000.00	\$ 238.70	\$ 107,500.00
7025 Other Professional Fees	0.00	0.00	0.00	0.00	0.00	0.00	
Total 7000 Professional Fees	\$ 9,405.36	\$ 14,166.66	\$ (4,761.30)	\$ 29,447.93	\$ 32,499.98	\$ (3,052.05)	
8000 Operations							
8005 Rent	3,708.00	3,754.25	(46.25)	11,124.00	11,262.75	(138.75)	\$ 45,051.00
8006 Office Cleaning & Maintenance		500.00	(500.00)	0.00	1,500.00	(1,500.00)	\$ 6,000.00
8010 Utilities		250.00	(250.00)	283.80	750.00	(466.20)	\$ 3,000.00
8015 Office Supplies	450.19	333.33	116.86	1,153.98	1,000.03	153.95	\$ 4,000.00
8020 Printing and Copying	563.80	500.00	63.80	1,223.21	1,500.00	(276.79)	\$ 6,000.00
8025 Telecommunications	96.06	166.66	(70.60)	272.28	499.98	(227.70)	\$ 2,000.00
8030 Insurance	1,016.88	650.00	366.88	2,574.98	1,950.00	624.98	\$ 7,800.00
8035 Meeting Expenses		83.33	(83.33)	0.00	250.03	(250.03)	\$ 1,000.00
8040 Postage and Shipping		83.33	(83.33)	0.00	250.03	(250.03)	\$ 1,000.00
8050 Dues and Memberships		0.00	0.00	3,530.00	1,000.00	2,530.00	\$ 1,000.00
8055 Equipment and Furniture	350.00	0.00	350.00	700.00	500.00	200.00	\$ 1,500.00
8065 Taxes, Fees, and Permits	31.01	0.00	31.01	31.01	150.00	(118.99)	\$ 150.00
8067 Marketing/Communication	5,939.63	5,000.00	939.63	13,589.90	15,000.00	(1,410.10)	\$ 60,000.00
8070 Bank Service Charges		6.66	(6.66)	0.00	20.06	(20.06)	\$ 80.00
8075 Board Expenses		83.33	(83.33)	0.00	250.03	(250.03)	\$ 1,000.00
8085 Miscellaneous	910.50	83.33	827.17	2,619.00	250.03	2,368.97	\$ 1,000.00
Total 8000 Operations	\$ 13,066.07	\$ 11,494.22	\$ 1,571.85	\$ 37,102.16	\$ 36,132.94	\$ 969.22	\$ 140,581.00
Total Expenses	\$ 167,172.10	\$ 184,554.61	\$ (17,382.51)	\$ 491,591.08	\$ 527,314.11	\$ (35,723.03)	\$ 2,131,305.72
Net Operating Income	\$ (30,955.25)	\$ (30,716.89)	\$ (238.36)	\$ (98,018.90)	\$ (102,369.55)	\$ 4,350.65	\$ (400,381.40)
Net Income	\$ (30,955.25)	\$ (30,716.89)	\$ (238.36)	\$ (98,018.90)	\$ (102,369.55)	\$ 4,350.65	

Tuesday, Oct 09, 2018 05:08:26 PM GMT-7 - Accrual Basis

**North of Market - Tenderloin Community Benefit District
Balance Sheet
As of September 30, 2018**

	September	August
ASSETS		
Current Assets		
Bank Accounts		
0001 Value Bus 001 Payroll	22,228.97	42,294.18
1005 Bank of San Francisco	190,780.63	220,642.36
1020 Bank of SF Money Market	135,402.63	135,391.51
Total Bank Accounts	\$ 348,412.23	\$ 398,328.05
1200 Accounts Receivable	0.00	0.00
1250 Assessments Receivable Current Year	1,129,137.16	1,129,137.16
Total 1200 Accounts Receivable	\$ 1,129,137.16	\$ 1,129,137.16
Total Accounts Receivable	\$ 1,129,137.16	\$ 1,129,137.16
Other Current Assets		
1400 Prepaid Expenses	32,340.32	32,340.32
1550 Delinquent Taxes Receivable	126,145.26	126,145.26
Total Other Current Assets	\$ 158,485.58	\$ 158,485.58
Total Current Assets	\$ 1,636,034.97	\$ 1,685,950.79
Fixed Assets		
Total Fixed Assets	\$ 0.00	\$ 0.00
Other Assets		
1700 Security Deposits	10,500.00	10,500.00
Total Other Assets	\$ 10,500.00	\$ 10,500.00
TOTAL ASSETS	\$ 1,646,534.97	\$ 1,696,450.79
LIABILITIES AND EQUITY		
Current Liabilities		
2000 Accounts Payable	216,263.75	139,299.57
Total Accounts Payable	\$ 216,263.75	\$ 139,299.57
Other Current Liabilities		
2400 Accrued Vacation Liability	0.00	0.00
2600 Other Current Liabilities	0.00	0.00
2601 Deferred Income	846,853.91	940,948.66
Total 2600 Other Current Liabilities	\$ 846,853.91	\$ 940,948.66
Total Other Current Liabilities	\$ 846,853.91	\$ 940,948.66
Total Current Liabilities	\$ 1,063,117.66	\$ 1,080,248.23
Total Liabilities	\$ 1,063,117.66	\$ 1,080,248.23
Equity		
3001 Opening Net Assets	793,311.21	793,311.21
3100 Unrestricted Net Assets	-111,875.00	-111,875.00
Net Income	-98,018.90	-65,233.65
Total Equity	\$ 583,417.31	\$ 616,202.56
TOTAL LIABILITIES AND EQUITY	\$ 1,646,534.97	\$ 1,696,450.79

Cash Flow Forecast TLCBD FY 18/19

	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
Net Cash (cash+A/R-A/P)	\$ 535,116.81	\$ 466,023.80	\$ 416,271.80	\$ 384,345.85	\$ 272,678.85	\$ 151,011.85
Assessment Income	\$ 38,642.00	\$ -	\$ -	\$ -	\$ -	\$ 660,000.00
Safe Passage Vision Zero Grant	\$ -	\$ 12,938.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00
Safe Passage Safe Routes to School	\$ 7,267.61	\$ 7,267.00	\$ 8,000.00	\$ 8,000.00	\$ 8,000.00	\$ 8,000.00
OEWD Safe Passage Grant	\$ -	\$ -	\$ 6,920.42	\$ 8,333.00	\$ 8,333.00	\$ 8,333.00
Safe Passage MTA/Walk SF	\$ 900.00	\$ 2,000.00	\$ -	\$ -	\$ -	\$ -
Safe Passage Safe Routes II	\$ -	\$ 3,632.00	\$ -	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00
Sub Total Safe Passage Income	\$ 8,167.61	\$ 25,837.00	\$ 16,920.42	\$ 20,333.00	\$ 20,333.00	\$ 20,333.00
OEWD Transition Grant	\$ -	\$ -	\$ 2,500.00	\$ 5,000.00	\$ -	\$ 5,000.00
OEWD Camera Grant	\$ -	\$ -	\$ 30,000.00	\$ -	\$ -	\$ -
OEWD Micro, staff, safety	\$ -	\$ -	\$ -	\$ 15,000.00	\$ 10,000.00	\$ 10,000.00
Sub Total OEWD	\$ -	\$ -	\$ 32,500.00	\$ 20,000.00	\$ 10,000.00	\$ 15,000.00
St. Francis Foundation	\$ 30,000.00	\$ -	\$ -	\$ -	\$ -	\$ -
Sutter Health	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Grant Income	\$ 1,239.00	\$ 150.00	\$ 2,671.63	\$ 10,000.00	\$ 10,000.00	\$ -
Sub Total Non-Gov Grants	\$ 31,239.00	\$ 150.00	\$ 2,671.63	\$ 10,000.00	\$ 10,000.00	\$ -
Change in A/P (Decrease)	\$ 12,045.00	\$ 76,465.00	\$ 76,964.00	\$ -	\$ -	\$ -
Earned Income (admin fees, interest)	\$ 3,738.38	\$ 7,459.00	\$ 6,190.00	\$ -	\$ -	\$ 10,000.00
Total Cash Available	\$ 628,948.80	\$ 575,934.80	\$ 551,517.85	\$ 434,678.85	\$ 313,011.85	\$ 856,344.85
Operating Expense	\$ 162,925.00	\$ 159,663.00	\$ 167,172.00	\$ 162,000.00	\$ 162,000.00	\$ 162,000.00
Non Operation expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash End of Month	\$ 466,023.80	\$ 416,271.80	\$ 384,345.85	\$ 272,678.85	\$ 151,011.85	\$ 694,344.85

Cash Flow Forecast TLCBD FY 18/19

	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19
Net Cash (cash+A/R-A/P)	\$ 694,344.85	\$ 572,677.85	\$ 451,010.85	\$ 329,343.85	\$ 207,676.85	\$ 536,009.85
Assessment Income	\$ -	\$ -	\$ -	\$ -	\$ 460,000.00	\$ -
Safe Passage Vision Zero Grant	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00
Safe Passage Safe Routes to School	\$ 8,000.00	\$ 8,000.00	\$ 8,000.00	\$ 8,000.00	\$ 8,000.00	\$ 8,000.00
OEWD Safe Passage Grant	\$ 8,333.00	\$ 8,333.00	\$ 8,333.00	\$ 8,333.00	\$ 8,333.00	\$ 8,333.00
Safe Passage Safe Routes II	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00
Sub Total Safe Passage Income	\$ 20,333.00	\$ 20,333.00	\$ 20,333.00	\$ 20,333.00	\$ 20,333.00	\$ 20,333.00
OEWD Transition Grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
OEWD Camera Grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
OEWD Micro, staff, safety	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00
Sub Total OEWD	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00
St. Francis Foundation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sutter Health	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Grant Income	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ -	\$ 10,000.00
Sub Total Non-Gov Grants	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ -	\$ 10,000.00
Change in A/P (Decrease)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Earned Income (admin fees, interest)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Cash Available	\$ 734,677.85	\$ 613,010.85	\$ 491,343.85	\$ 369,676.85	\$ 698,009.85	\$ 576,342.85
Operating Expense	\$ 162,000.00	\$ 162,000.00	\$ 162,000.00	\$ 162,000.00	\$ 162,000.00	\$ 162,000.00
Non Operation expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash End of Month	\$ 572,677.85	\$ 451,010.85	\$ 329,343.85	\$ 207,676.85	\$ 536,009.85	\$ 414,342.85

Cash Flow Forecast TLCBD FY 18/19

	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
Net Cash (cash+A/R-A/P)	\$ 414,342.85	\$ 282,675.85	\$ 161,008.85	\$ 164,341.85	\$ 42,674.85	\$ (78,992.15)
Assessment Income	\$ -	\$ -	\$ 120,000.00	\$ -	\$ -	\$ 800,000.00
Safe Passage Vision Zero Grant	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00
Safe Passage Safe Routes to School	\$ 8,000.00	\$ 8,000.00	\$ 8,000.00	\$ 8,000.00	\$ 8,000.00	\$ 8,000.00
OEWD Safe Passage Grant	\$ 8,333.00	\$ 8,333.00	\$ 8,333.00	\$ 8,333.00	\$ 8,333.00	\$ 8,333.00
Safe Passage Safe Routes II	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00
Sub Total Safe Passage Income	\$ 20,333.00	\$ 20,333.00	\$ 20,333.00	\$ 20,333.00	\$ 20,333.00	\$ 20,333.00
OEWD Transition Grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
OEWD Camera Grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
OEWD Micro, staff, safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub Total OEWD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
St. Francis Foundation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sutter Health	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Grant Income	\$ -	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00
Sub Total Non-Gov Grants	\$ -	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ -
Change in A/P (Decrease)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Earned Income (admin fees, interest)	\$ -	\$ -	\$ 5,000.00	\$ -	\$ -	\$ 10,000.00
Total Cash Available	\$ 434,675.85	\$ 313,008.85	\$ 316,341.85	\$ 194,674.85	\$ 73,007.85	\$ 751,340.85
Operating Expense	\$ 152,000.00	\$ 152,000.00	\$ 152,000.00	\$ 152,000.00	\$ 152,000.00	\$ 152,000.00
Non Operation expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash End of Month	\$ 282,675.85	\$ 161,008.85	\$ 164,341.85	\$ 42,674.85	\$ (78,992.15)	\$ 599,340.85

Exhibit B

The goal is to renew the CBD by July of 2022 the following timeline will need to be met.

February, March 2021	Board approve renewal plan, engage consultant team
April, May, June 2021	Steering committee meetings with consultant team. Outreach to district property owners to get input.
July 2021	All decisions on elements of the management plan must be made. <ol style="list-style-type: none">1. Boundaries2. Programs3. Budget4. Assessment Methodology
August 2021	Consultant team produces management plan and engineer's report.
September 2021	Management plan and engineer's report submitted to City for approval.
October 2021	Petition Drive begins
February 2022	Petition Drive ends 30% achieved
March 2022	City Council Meeting, accept petition results, set public hearing date and start ballot process.
May 2022	Public Hearing, tabulate ballot, pass establishment ordinance.
June 2022	Submit assessment roll to County Assessor
January 2023	Renewed Services Begin

**Exhibit C
Work Plan**

**Committee for Downtown Yakima
Downtown Yakima Foundation
2007 Draft Work Plan**

Operation Downtown Renaissance

***“To lead and implement the renaissance of
downtown; making it the premiere gathering place
of central Washington.”***

Core purpose of the Committee for Downtown Yakima

January 31, 2007

Creating the Environment for Investment in Downtown

The proposed work plan for 2007 builds on the 2006 work plan and continues the work in the three crucial elements, economic development, communication and improving the downtown user experience. Each of these elements is crucial to achieving the goal of making Yakima the *Premier Gathering Place of Central Washington*. The work plan defines specific programs to be implemented within each of the elements.

The main difference between the 2007 work plan and 2006 is the shift of emphasis and priority from communication and improving the user experience to economic development. Also a new area of work was added focusing on developing long term funding sources.

2007 WORK PLAN IN SUMMARY

I. Economic Development

A. Strategic Development Implementation Plan: Develop consensus and support among public and private stakeholders to implement the plan.

B. Retail: Develop programs to support existing Downtown retail. Develop strategic retail implementation plan to attract new retail to Downtown.

C. Office: Develop programs to support existing office tenants and attract new office tenants to Downtown. Retain public uses City/County/State in Downtown.

D. Residential Core: Facilitate the rehabilitation of upper floors in existing buildings to residential use. Facilitate new dense residential development on existing vacant downtown sites. Work to remove barriers and attract financial resources.

F. Residential Neighborhood: Work with City and property owners to focus available resources on improving the downtown neighborhoods. Create a demonstration block and if necessary Downtown Yakima Foundation to act as a non-profit developer.

II. Communication: Develop consistent communication on many levels to overcome the negative perception of Downtown and to communicate the positive change, the Renaissance that is occurring in Downtown.

III. Improving the User Experience

A. Maintenance: Implement a downtown maintenance and beautification program throughout the core of downtown.

B. Safety: Develop programs and resources to focus on downtown safety issues. Create a safe environment that will overcome the negative perception and will attract users and businesses back to downtown.

C. Parking: Assume responsibility for parking in the downtown core, including management, maintenance and improvements. Establish Downtown Parking Authority and Downtown Parking Enterprise Fund.

D. Physical Environment: Create a pedestrian friendly experience that attracts users to gather in downtown and connects the convention center to all the downtown attractions.

C. Access: Improve automobile circulation to and within downtown. Increase on street parking options.

D. Community Gathering: Facilitate and encourage more community events in Downtown.

IV. Developing Long Term Funding

A. PBIA Renewal and Expansion: Work with the downtown property owners and businesses to develop consensus for renewing and expanding the current Parking and Business Improvement Area.

B. State B&O Tax Program: Achieve certification of the Committee for Downtown Yakima and Downtown Yakima as qualified participants in the State Main Street Program B&O tax rebate.

C. Grant and Foundation Funding: Explore the possibilities of accessing grants and foundation funding to finance programs.

2007 WORK PLAN IN DETAIL

I. Economic Development

A. Retail Development Programs

1. Retain and strengthen existing retail
 - a. Form Downtown Retail Subcommittee, of the Committee for Downtown Yakima, to encourage retail business participation in creating and implementing retail support programs.
 - b. Create downtown business directory (see communication plan)
 - c. Improve and update retail page on web site. (see communication plan)
 - d. Support the creation of more downtown events. Improve the linkage between events and downtown businesses.
 - e. Create co-op marketing opportunities for downtown businesses.
 - f. Identify existing barriers or issues facing retail businesses and develop programs to address the issues.
2. Develop new retail in downtown.
 - a. Develop strategic retail implementation plan to attract new retail to downtown.
 - b. Update database of properties that provide retail space, track occupancy rates.
 - c. Proactively recruit new retail businesses to downtown.

B. Office Development Programs

1. Develop programs to address the needs of tenants and office workers based upon a survey and inventory of office tenants currently in downtown.
2. Work with the County to:
 - a. Retain existing County uses in downtown
 - b. Create a development plan for County property in downtown.
3. Update the database of properties that provide office space, track occupancy rates.
4. Develop program to proactively recruit new office tenants to downtown.

C. Core Residential Development Programs

1. Develop upper floor residential
 - a. Sponsor a residential development seminar bringing outside experts and local property owners and developers together.
 - b. Work with the City to define issues and barriers to rehab construction and develop programs to address the issues.
 - c. Create a demonstration project.
 - d. Identify funding sources

2. Facilitate the development of a residential master plan for downtown.
 - a. Identify potential development sites.
 - b. Create development guidelines for new development

D. Residential Neighborhood Development

1. Develop a partnership with the City to focus resources on the downtown neighborhoods.
2. Identify public and private sources of funds to invest in the neighborhoods.
3. Create a property improvement program for owners.
 - a. Low interest/grant loan program
 - b. Architecture/construction consulting program

Proactively seek developers and owners to work in downtown neighborhood.

II. Communication

Communication Programs

1. Media Relations
 - a. Press releases
 - b. Media kit
 - c. Write and place stories
2. Monthly Update
 - a. One page
 - b. E-mailed
 - c. Board and close friends
3. Quarterly Newsletter
 - a. Two pages, probably grow to four pages, grow to by-monthly
 - b. Continue partnership with Yakima Herald & hand delivered
 - c. Board, City/County employees, elected officials, downtown businesses, downtown property owners.
4. Speaking Circuit – on going
 - a. Service Clubs
 - b. Non-profit boards
 - c. Business meetings
5. Web Site – Continue improving and updating
 - a. Home page
 - b. What's happening downtown page
 - c. Directory of businesses and services page
 - d. Economic development page
 - e. Links to other downtown organizations
6. Business/Services Directory
7. Downtown Annual Meeting
8. Market/Opinion Research
9. Market/Facilitate Special Events

III. Improving the Downtown User Experience

A. Maintenance Programs

1. Develop and manage year round downtown maintenance program
2. Develop and implement downtown landscape and beautification program

B. Safe Programs

1. Seasonal Ambassador Program
2. Encourage and support the police department in its efforts to expand its force.
3. Encourage community policing/walking patrol downtown.

C. Pedestrian Experience Physical Improvements

1. Support the Downtown Futures Initiative and its expansion to the Westside.
2. Work to improve all aspects of the pedestrian experience.
 - a. Inventory existing conditions
 - b. Create a data base with those conditions and begin reporting to appropriate city departments for repair.
3. Improve the pedestrian lighting in Downtown
 - a. Inventory lighting on the sidewalks, alleys and parking lots.
 - b. Work to Increase lighting where necessary.
 - c. Encourage up-lighting of historic buildings and lighting inside businesses.
 - d. Investigate granting and other funding sources with local utility company.
4. Increase the number of sidewalk dining venues.
5. Façade Improvement Program
 - a. Work with City agencies and historic preservation and downtown property owners to encourage more façade improvements.

D. Community Gathering Programs

1. Work with other organizations to facilitate the creation of new events in downtown.
2. Work with existing event producers to grow and expand the current line up of events.
3. Act as a liaison between event producers and public agencies to streamline event production.

D. Parking/Access Programs

1. Assume responsibility for daily management of parking in downtown.
2. Transition YDA to a Downtown Parking Commission
3. Establish Downtown Parking Enterprise Fund in City budget, retain parking revenue for parking improvements.
4. Work with City agencies to reduce the number of one way streets in downtown.

IV. Developing Long Term Funding

- D. PBIA Renewal and Expansion:** Work with the downtown property owners and businesses to develop consensus for renewing and expanding the current Parking and Business Improvement Area.
- E. State B&O Tax Program:** Achieve certification of the Committee for Downtown Yakima and Downtown Yakima as qualified participants in the State Main Street Program B&O tax rebate.
- F. Grant and Foundation Funding:** Explore the possibilities of accessing grants and foundation funding to finance programs.

Staffing

In order to implement the above programs the following professional staff will be in place.

Interim Executive Director, Steve Gibson & Rena Leddy

Urban Place Consulting will continue to fulfill the role of executive director although at a reducing rate over the next 12 to 18 months. Urban Place will continue to guide the implementation of the downtown vision as well as lead staff development and funding development. It is the goal of Urban Place to develop the staff and funding to a level that will allow the Committee and its programs to continue to grow without the on going involvement of Urban Place.

Deputy Executive Director, Sean Hawkins

The Deputy Executive Director has experience in working with property owners, developers and real estate professionals. The Deputy Executive Director will take the lead in further developing City and County partnerships. The Deputy Executive Director will be responsible for leading all elements of the Economic Development work plan including:

- Retail Development
- Office Development
- Residential Core Development
- Neighborhood Development

In addition the Deputy Director will work closely with the Director of User Experience and the Urban Place staff to implement elements of the Improving the User Experience work plan and Communication work plan. It is expected that the Deputy Director will become the Executive Director within 9 to 18 months. Full time, on site.

Director of User Experience, Mandi Ellison

The Director of User Experience has experience in communications, marketing and promotions including the development of professional-quality promotional materials and securing relationships with media personnel. The Director has excellent public speaking, computer, writing, and communication skills. The Director will be responsible for the following elements of the work plan:

- Developing the User Experience, Maintenance, Safety, Pedestrian Use
- Communication – All aspects, across all elements of the work plan.
- Community Gathering
- Retail Subcommittee, retail support programs

In addition the Director of User Experience will work closely with the Development Director and the Urban Place staff to implement elements of the Economic Development work plan. Full time, on site.

Exhibit D

Steering Committee Role CBD Renewal

1. Make recommendation to the Board on:
 - a. Boundaries/expansion
 - b. Benefit Zones, if any
 - c. Term of district
 - d. Annual assessment increase rules
 - e. Budget, programs, services
 - f. Assessment methodology
 - g. Assessment rates
2. Approve draft Management Plan and Engineers Report, make recommendation to Board
3. Lead the sells effort on the petition campaign and ballot campaign
4. Participate at Board of Supervisors Hearings, if needed.

MEMORANDUM

TO: Supervisor Myrna Melgar, District 7 Supervisor

CC: San Francisco Board of Supervisors

FROM: Chris Corgas, Program Director, OEWD
Mimi Tam Hiraki, Project Specialist, OEWD

DATE: July 6, 2022

SUBJECT: Ocean Avenue Community Benefit District; FY 2020-2021 Annual Report

This is a memo summarizing the accomplishments of the Ocean Avenue Community Benefit District (“Ocean Avenue CBD” or “CBD”) and an analysis of its financial statements (based on their audit) for the period between July 1, 2020, and June 30, 2021.

Each year, the CBD is required to submit a mid-year report, an annual report and a CPA financial review or audit. Ocean Avenue CBD has complied with the submission of all these requirements. OEWD staff, with assistance from the Controller’s Office, 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 Ocean Avenue CBD management contract with the City; and their Management Plan approved by the Board of Supervisors in 2010.

Also attached to this memo are the following documents:

1. Annual Report
 - a. FY 2020-2021
2. CPA Financial Review Report
 - a. FY 2020-2021
3. Ocean Avenue Strategic Plan (adopted spring 2021)
4. Draft resolution from the Office of Economic and Workforce Development



Background

The Ocean Avenue CBD includes both privately- and publicly-owned properties. The district covers 12 blocks and includes approximately 151 parcels.

- December 14, 2010: the Board of Supervisors approved the resolution that established the Ocean Avenue Community Benefit District for 15 years (Resolution # 587-10).
- May 24, 2011: the Board of Supervisors approved the contract for the administration and management of the Ocean Avenue Community Benefit District (Resolution #221-11).
- April 19, 2016: the Board of Supervisors approved the annual report for the Ocean Avenue Community Benefit District for FY 2014-2015 (Resolution # 141-16).
- March 21, 2017: the Board of Supervisors approved the annual report for the Ocean Avenue Community Benefit District for FY 2015-2016 (Resolution # 097-17).
- September 25, 2018: the Board of Supervisors approved the annual report for the Ocean Avenue Community Benefit District for FY 2016-2017 (Resolution # 314-18).
- September 17, 2019: the Board of Supervisors approved the annual report for the Ocean Avenue Community Benefit District for FY 2017-2018 (Resolution # 401-19).
- September 29, 2020: the Board of Supervisors approved the annual report for the Ocean Avenue Community Benefit District for FY 2018-2019 (Resolution #435-20).
- January 25, 2022: the Board of Supervisors approved the annual report for the Ocean Avenue Community Benefit District for FY 2019-2020 (Resolution # 20-22).

Basic Information about the Ocean Avenue Community Benefit District:

Year Established	December 2010
Assessment Collection Period	FY 2010-2011 to FY 2024-2025 (July 1, 2010 to June 30, 2025)
Services Start and End Date	July 1, 2011 – December 31, 2025
Initial Estimated Annual Budget	\$239,578
FY 2020-21 Assessment Submission	\$339,580.72
Fiscal Year	July 1 – June 30
Executive Director	Daniel Weaver (through June 30, 2021) Pierre Smit (current)
Name of Nonprofit Owners' Entity	Ocean Avenue Association (“OAA”)

The current CBD website www.oceanavenueassociation.org includes pertinent information about the organization and their programs, a calendar of events, their Management Plan, Mid-Year Report, Annual Report and meeting schedules.

Summary of Program Areas

Cleaning, Maintenance, and Safety

The Ocean Avenue Management Plan calls for approximately 52% of the budget to be spent on Cleaning, Safety, and Maintenance. OAA contracts with CleanScapes to provide cleaning and maintenance. Two workers are employed who clean and maintain the public realm six days a week. These services include sweeping and steam cleaning sidewalks and Muni boarding islands; removing graffiti within 24 hours;



topping off city trash cans; spot pressure washing; reporting and monitoring of illegal dumping of small and large items in the public right-of-way; wiping down furniture; removing weeds from tree wells; removing posted notices on city poles and other street furniture; and painting city poles.

Marketing, Streetscape Improvements, and Beautification

Approximately 18% of the annual budget is allocated for public space development and streetscape improvements. This program area includes but is not limited to promoting the district through a website that includes information about their purpose and accomplishments, sponsoring special events such as holiday events and monthly concerts, and developing marketing activities that support efforts to recruit and retain businesses.

Management & Operations

The Ocean Avenue CBD is staffed by a full-time Executive Director who (1) performs the day-to-day management of the organization, (2) serves at the focal point person for the district, (3) advocates for city funds and services and (4) ensures that the organization is in compliance with their Management Plan and City contract. The CBD Management Plan calls for approximately 26% of the budget to be spent on management and operations.

The Ocean Avenue CBD board has ten (10) members represented by residents, property owners, community organizations, non-profit arts organizations, government and educational institutions and businesses. The Board shall include no less than five and no more than eleven members, and be composed of at least 50% of property owners, or property owners' designated representatives, who are paying the CBD assessment. In addition to the property owners, at least 20 percent of the Board shall be representatives of non-property-owning businesses within the CBD boundaries. The Board also includes representatives from neighborhood organizations. Currently, the board structure complies with Article 15 of the San Francisco Business and Tax Regulations Code. The full board meets monthly.

Summary of Accomplishments, Challenges, and Delivery of Services

FY 2020-2021

Cleaning, Maintenance, and Safety

- Sidewalks swept daily
- Power washing twice a year
- Graffiti removal within 24 hours
- Water planters
- Needle removal
- Pruning trees once a year

Marketing, Streetscape Improvements, and Beautification

- Continued to partner with the OMI Cultural Participation Project, to maintain and program the Unity Plaza area, including hosting the Ingleside Art Show where 250-500 people attended to enjoy



food from one of the District's restaurants, work by painters, independent writers, creators, and other local artists, and live music

- Worked with the Ingleside Merchants Association on different types of promotions including assisting restaurants for take-out services
- Worked with different restaurants to build parklets for their business and hired local artists to paint murals on the parklets
- Through a CDBG grant, provided technical assistance to small businesses
- Replaced concrete areas with planting areas
- Assisted by SF Public Works, the CBD planted trees and maintains the tree wells and planting areas
- Helped promote the SF Turkey Drive, the Ave Bar Ethnic Toy Drive, OMI CPP events and the Ingleside Merchant Association
- Sponsored one of Ocean Paws' Dog Pet Stations
- Installed holiday decorations including red bows on all palm trees on Ocean Avenue
- Painted murals on the PG&E substation gate through a District 7 participatory budgeting grant, Faxon Garage through a San Francisco Arts Commission grant and a utility box on Capital Avenue
- Involved in the SF County Transportation Authority Capital Projects, new construction of City College at the corner of Friday Kahlo Way and Ocean Avenue, and the construction of the Balboa Reservoir housing complex

Management & Operations

- Contracted with Urban Place Consulting to evaluate the OAA's effectiveness and short-, mid-, and long-term goals for the CBD in preparation for upcoming renewal process.
- Hired a new Small Business & Marketing Manager and Executive Director.
- Recruited 4 new board representing Ocean Avenue property owners, business and community members. business owners, people who work on Ocean Ave, the City College and community.
- Applied for grants to bring additional resources to the CBD.

Ocean Avenue CBD Annual Budget Analysis

OEWD's staff reviewed the following budget related benchmarks for the Ocean Avenue CBD:

- **BENCHMARK 1:** Whether the variance between the budget amounts for each service category was within 10 percentage points from the budget identified in the Management Plan (*Agreement for the Administration of the "Ocean Avenue Community Benefit District", Section 3.9 – Budget*)
- **BENCHMARK 2:** Whether one percent (1%) of actuals came from sources other than assessment revenue (*CA Streets & Highways Code, Section 36650(B)(6); Agreement for the Administration of the "Ocean Avenue Community Benefit District", Section A - 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 "Ocean Avenue Community Benefit District", Section 3.9 – Budget*).



- **BENCHMARK 4:** Whether the Ocean Avenue CBD is indicating the amount of any surplus or deficit revenues to be carried forward into the next fiscal year and designating the projects to be funded by any surplus revenues (*CA Streets & Highways Code, Section 36650(B)(5)*).

FY 2020-2021 Budget Analysis

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

ANALYSIS: *The Ocean Avenue CBD met this requirement. See table below.*

Service Category	Management Plan Budget (Percentage)	FY 2020-2021 Budget – Asst. (Percentage)	FY 2020-2021 Budget – Total (Percentage)	Variance Percentage Points – Asst.	Variance Percentage Points – Asst.
Cleaning, Maintenance and Safety Program	\$123,750.00 (51.65%)	\$175,369.00 (50.25%)	\$175,369.00 (30.50%)	-1.41%	-21.16%
Marketing, Streetscape Improvements, and Beautification Program	\$43,221.42 (18.04%)	\$57,546.00 (16.49%)	\$178,546.00 (31.05%)	-1.55%	+13.01%
Management and Operations	\$62,370.00 (26.03%)	\$101,098.00 (28.97%)	\$206,098.00 (35.84%)	+2.93%	+9.81%
Contingency and Reserve	\$10,236.60 (4.27%)	\$15,000.00 (4.30%)	\$15,000 (2.61%)	+0.03%	-1.66%
TOTAL	\$239,578.02 (100%)	\$349,013.00 (100%)	\$575,013.00 100.00%		

BENCHMARK 2: Whether one percent (1%) of actuals came from sources other than assessment revenue

ANALYSIS: *The Ocean Avenue CBD met this requirement. Assessment revenue was \$202,950.00 or 68% of actuals and non-assessment revenue was \$94,996.00 or 32.88% of actuals. See table below.*

Revenue Sources	FY2021 Actuals	% of Actuals
Total Assessment (Special Benefit) Revenue	\$202,950.00	68.12%



Total Non-Assessment (General Benefit) Revenue	\$94,996.00	32.88%
Total	\$297,946.00	100%

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

ANALYSIS: *The Ocean Avenue CBD met this requirement. See Table below.*

Service Category	FY 2020-2021 Budget (Percentage)	FY 2020-2021 Asst. Budget (Percentage)	FY 2020-2021 Actuals – Total (Percentage)	FY 2020-2021 Actuals – Asst (Percentage)	Variance % Points - Total	Variance % Points – Asst.
Cleaning, Maintenance, and Safety	\$175,369.00 (30.50%)	\$175,369.00 (50.25%)	\$143,400.00 (37.08%)	\$143,400.00 (49.89%)	+6.58%	-0.36%
Marketing, Streetscape Improvements, and Beautification	\$178,546.00 (31.05%)	\$57,546.00 (16.49%)	\$101,588.00 (26.27%)	\$47,259.00 (16.44%)	-4.78%	-0.05%
Management and Operations	\$206,098.00 (35.84%)	\$101,098.00 (28.97%)	\$141,766.00 (36.66%)	\$96,766.00 (33.67%)	+0.81%	+4.70%
Contingency Reserve	\$15,000 (2.61%)	\$15,000.00 (4.30%)	\$0.00 (0.00%)	\$0.00 (0.00%)	-2.61%	-2.61%
TOTAL	\$575,013.00 (100%)	\$349,013.00 (100%)	\$386,754.00 (100%)	\$287,425.00 (100%)		

BENCHMARK 4: Whether the Ocean Avenue CBD is indicating the amount of any surplus or deficit revenues to be carried forward into the next fiscal year and designating the projects to be funded by any surplus revenues

ANALYSIS: *The Ocean Avenue CBD did not meet this requirement. Per California Streets and Highways code 36650 (b) (5) CBDs are required to indicate the amount of surplus or deficit revenues to be carried over from the previous fiscal year into the next. The Ocean Avenue CBD did not include this information in their annual report delivered to the Office of Economic and Workforce Development, but did provide it in supplemental documentation provided to OEWD. In the supplemental information, they did not indicate how this would be broken down by service category for expenditures in future years.*



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 2020-2021 Carryover Disbursement	\$194,516.53
Cleaning, Maintenance and Safety	
Marketing, Streetscape Improvements and Beautification	
Management and Operations	
Contingency and Reserves	
Total Designated Amount for Future Years	\$194,516.53

Findings and Recommendations

The Ocean Avenue CBD met 3 of the 4 benchmarks as defined on pages 4 and 5 of this memo. For the year in review, the Ocean Avenue CBD exceeded its general benefit requirement of one percent (1%) by raising approximately 33% in general benefit dollars and the CBD kept its variances in line for Benchmark 1 and 3. Although the organization did meet its benchmark variances and exceeded general benefit fundraising, a discussion should be had to ensure that some general benefit funding, at least 1%, is allocated to the Cleaning, Maintenance, and Safety program area. This could be from grant/donation dollars or in-kind donations such as volunteer time.

The Ocean Avenue CBD did not meet Benchmark 4 indicate the amount of surplus or deficits revenues to be carried forward because it did not include this information in the annual report. Over the years many CBDs have failed to provide this information because it is provided in their financial statements or supplemental documentation provided to OEWD, but state law specifies it must be included in the annual report. OEWD created a reporting template in 2015 for CBDs to address this issue, but the Ocean Avenue CBD did not use it. OEWD has revised the template for FY 20-21 reporting and, in a summary memo, is requiring all CBDs to include all chart fields from that template in the annual report to property owners. If the Ocean Avenue CBD does this for future annual reports they will comply with the law.

The review period was a particularly challenging time for the Ocean Avenue CBD as it was a year of transition internally with new staff hiring and new board member recruitments. The CBD continued to face challenges and impacts from the COVID-19 pandemic, including canceling its annual Lunar New Year Celebration. The CBD continues to adjust and provide support to its district with the continuous changes of health orders issued by the San Francisco Health Officer, including the renewed shelter-in-place health order in December 2021.

The Ocean Avenue CBD did not provide any quantifiable metrics for its cleaning service in FY 2020-21. These metrics are important to show stakeholders the impact of the CBD, but also to demonstrate to the City and County of San Francisco what is going on within the district within a given fiscal year.



Responsibility for providing metrics to the CBD executive director should fall to the work contractor which is Cleanscapes, a subsidiary of Recology. However, it is the responsibility of the CBD executive director to ensure such metrics are collected by the contractor and provided to the CBD. This is the first time OEWD has not seen any quantifiable metrics for cleaning and maintenance in any CBD's annual report. One of the items mentioned in the strategic plan, which is in detail below and attached to this memo, is that the CBD has not put out an RFP for services since Cleanscapes was awarded the contract. The strategic plan agrees there may be good reasons to rebid the cleaning program, which will better ensure accountability and that ratepayers are getting the best value, but cautions this is not the right time as the CBD must focus on implementing the recommendations of the strategic plan and expanding the Communication/Marketing and Small Business Support programs as they bring on a new executive director. This would be best accomplished after a renewal and expansion of the district. In the meantime, the executive director should work with their contractor to ensure monthly reports from their contractor on what they accomplished within a previous month. This information should be shared with the board at every meeting, as is standard practice at every other CBD operating in San Francisco.

To promote residents and visitors to the businesses, the CBD partnered with the Ingleside Merchants Association to assist restaurants in take-out services, helping restaurants build parklets with murals, hiring local artists to paint murals on the PG&E substation, Faxon Garage and utility box on Capitol Avenue, installing planting areas and trees to improve people's experience on the corridor, and working with the OMI Cultural Participation Project to maintain the Unity Plaza area. Additionally, Ocean Avenue CBD staff worked with city officials to assist storefronts where their windows were broken and, in some cases, repeatedly. OAA installed holiday decorations on Ocean Avenue during the holiday season.

Despite the impacts of the pandemic on the economy, the district welcomed two new businesses, Ocean Paws and That's Amore Pizzeria. Ocean Avenue CBD sponsored one of the six dog pet stations Ocean Paws for the district. Ocean Avenue CBD also successfully sponsored the Ingleside Art Show in June 2021 with 250-500 people visiting Unity Plaza to safely enjoy live music, local artists and the district's businesses.

Based on OEWD's recommendation recorded in the CBD's FY 2019-2020 annual reporting memo, the CBD hired the consultant Urban Place Consulting in September 2020 to develop a strategic plan that will look at short term, mid-term, and long term needs of the district. Finalized in the first quarter of 2021, the strategic plan outlines the explicit goals for the CBD to focus on achieving financial stability and resource growth, improve program effectiveness, improve organization's effectiveness and respect in the community, and develop an effective management structure and appropriate Board/Staff relationships.

The plan was completed in spring 2021. Some individuals associated with the organization did not agree with the findings of the report. The plan is meant to be a guide on how the CBD could improve itself organizationally before it fully immersed itself in the renewal and expansion process. OEWD believes that without fixing structural weaknesses of the organization that the CBD would be, at best, ill prepared to implement a management plan for a renewed and expanded district and, at worst, set itself up for failure during the renewal process. The Ocean Avenue Association Strategic Plan is attached to this file for record. As alluded to in the previous annual report memo, the plan had the following findings:

- 1) Organization findings (page 4 of Strategic Plan)
 - a. Internal Findings



- i. The Board is undereducated on its legal and moral responsibility to the assessment payers and the City. There is a lack of a Board Handbook or document that defines the Board role, its legal responsibility and the organization’s expectations of Board Members.
 - ii. The key issue is that the Board is not adequately meetings its fiduciary responsibilities either organizational or financial.
 - 1. Lack of participation by Board members at Board meetings. 2-3 Board members control the meetings and strongly influence board decisions. There is a lack of understanding and questioning of programs, finances, and the Executive Director’s Performance.
 - 2. There are communications challenges between the Board and the Executive Director. The Board is not clearly informed or kept up to date on the operations and programs of the CBD.
 - iii. There is no Board/Staff developed annual work plan or agreed to annual goals for the organization.
 - iv. The Board does not hold the Executive Director accountable for meeting any annual organizational goals.
 - v. There is a lack of a thoughtful, professional transition/succession plan to replace the Executive Director who was scheduled to retire in June 2021.
 - vi. There is a lack of staff capacity to execute projects and programs beyond the CBD’s core cleaning program. Only 22% of Board members rated the current staff structure as very effective.
 - vii. There is an inconsistency in the process to set Board agendas. Who sets the agenda? What is the role of the Executive Director, what is the role of the Board Chair? Why is the Secretary sometimes setting the agenda?
- b. External Findings
- i. There is no clear focus or Board unity on the organization’s purpose, vision, and its relationship with other community organizations.
 - ii. Only 33% of the Board rated the organization as providing a strong leadership role in the Ocean Avenue community. 44% of the Board rated the leadership as “Sometimes” while 22% rated the leadership provided as “Weak or Rare”.
 - iii. There is a lack of consistent communication to the property owners, businesses, and residents of the district.
 - iv. The Board was asked to set priorities by choosing from a list of activities. The activities with the highest priority were:
 - 1. Play a proactive role in changes that are coming to the Ocean Avenue community.
 - 2. Plays a significant role in district collaborations with other public and private partners.
 - v. The organization has limited relationships with the property owners that pay the assessments to the District.
 - 1. This would make a renewal difficult.

2) Operational Findings (page 6 of Strategic Plan)



- a. Only 22% of Board members rated the current staff structure of a full time Executive Director and two part-time contract staff as very effective. 67% rated it as “Somewhat Effective” and 11% rated it as not at all effective.
 - b. Only 33% of Board members thought the organization has sufficient staff to manage its programs and fulfill its mission. 22% that there were “Somewhat Sufficient Staff” and 45% that there were “Not Very or Not Sufficient Staff”.
 - c. On a scale of 1 to 10 with 10 as best, the Board rated the cleaning program as 7.4
 - d. On a scale of 1 to 10 with 10 as best, the Board rated the landscape/beautification programs as 7.4
 - e. There is not a consistent communication strategy to tell a positive story of the District and its programs.
 - f. There is not a consistent marketing strategy to attract customers and investors to the District.
 - g. There is a part-time consultant, funded solely from grant income, providing support to District businesses. When the board was asked what the core purpose of the organization was the most frequent answer was “To Support Business”
 - h. The organization does not have a physical office to interact with stakeholders.
 - i. The District is under-funded to achieve the programs and services envisioned in the District management plan. For a District of this size to provide the services and programs needed to make Ocean Avenue competitive with other neighborhood commercial districts a minimum budget would be in the \$500,000 to \$600,000 range.
- 3) Financial Findings (page 6 of Strategic Plan)
- a. The fiscal year 2020-21 budget which began July 1, 2020 was not reviewed and approved by the Board until January of 2021.
 - b. There is a lack of a consistent distribution of timely financial reports to the Board. The Board does not receive an operation (budget to actual) report or a balance sheet or a cash flow projection on a consistent monthly basis.
 - c. Contracts for services are not consistently reviewed and approved by the Board.
 - d. There is a lack of consistent invoicing board review of grant funding and grant funds receivable.
 - e. There is a lack of consistent invoicing grantors for payment even though grant work has been completed and funds paid under the grants.
 - f. Lack of a Board approved financial policy document that defines the financial operations of the organization.

OEWD agrees with these findings based on observing and working with the organization throughout fiscal year 2020-2021. Urban Place Consulting, which has significant experience in CBD management and formation, provided a series of recommended solutions to help the organization in this area. The list of recommendations from page 7 – 13 of the Ocean Avenue Association Strategic Plan.

Initially, some individuals within the CBD were unreceptive to the findings and recommendations of the report. However, once new board members and a new executive director started to serve the organization in July 2021 (FY 2021-22), they began to work to implement the recommendations of the strategic plan. OEWD will observe this process throughout FY 2021-2022 and provide the Board of Supervisors an update on the organization’s process through the FY 2021-2022 annual report memo. Should the organization not



prioritize the implementation of the recommendations of the report then OEWD will consider suspending the organization's work on its renewal and expansion until OEWD sees substantial progress has been made in these areas.

OEWD recommended in the FY2019-2020 annual reporting memo that the CBD market the organization better to the Ocean Avenue community and to the public at large with specific actions such as having clearly identifiable uniforms and logos for the cleaning and safety staff to let people know they are funded by the Ocean Avenue CBD. Currently, Ocean Avenue contracts cleaning and safety services to a subsidiary of Recology, Cleanscapes, which likely causes people to assume these employees are funded by general fund dollars rather than the CBD special assessments. There was some progress in this area in FY 2020-2021, but it was inconsistent. OEWD again recommends the CBD continue to pursue opportunities to market themselves and work with their contractor and organizations or events they fiscal sponsor to ensure the OAA is marketed. Additionally, the OAA should market itself by marketing the corridor either by doing the work directly, working with neighborhood partner organizations, or contracting work to outside entities.

OEWD also recommended in the FY2019-2020 annual reporting memo that the CBD staff increase engagement with property owners and the district's businesses. CBD staff could perform weekly merchant walks to listen to concerns of all of the businesses on the district and refer them to CBD and city services that could help address issues, directly emailing, calling these key stakeholders and ensuring outreach materials are culturally competent when translated into Chinese and Spanish as the corridor is comprised of a large number of immigrant-owned and BIPOC-owned businesses. Although, the CBD has somewhat increased outreach to businesses, especially monolingual ones, OEWD believes the CBD can do more especially when promoting cultural events such as the Lunar New Year. The Covid-19 pandemic also made this challenging, but the organization's executive director should make themselves available to businesses, property owners, and stakeholders by regular merchant walks and by hosting weekly office hours.

In June 2021 a constituent raised a question whether or not the CBD was violating its management plan by not having community ambassadors on the corridor. OEWD brought this question to the Office of the City Attorney and determined that the management plan is a "plan" for how the district will function, but there is some flexibility on how the governing board implements it. The management plan has this item grouped under the category "Cleaning, Maintenance, and Public Safety" and nowhere in the document a specific dollar amount is stated for that area so the OAA board did have discretion. Upon further investigation it was determined that the reason this was included in the management plan was in case this was a service the CBD board wanted to do in the future should it avail itself to new funding sources based on district growth or grant dollars.

As the CBD prepares for an early renewal and expansion campaign OEWD recommends the CBD market itself better and connect more with all the property owners and merchants within the district. The Ocean Avenue corridor is incredibly diverse, including a significant number of Cantonese speaking businesses. The CBD should continue and expand efforts to provide outreach to monolingual communities and it should continue to build on this especially in respect to a renewal and expansion campaign. With that said, the renewal and expansion of the District needs to be a secondary focus of the organization until the strategic plan recommendations are implemented.

OEWD is carefully tracking the progress of the Ocean Avenue Association on implementing the recommendations from its strategic plan. Most of this work should take place in FY 21-22 and will be



highlighted in that report memo. OEWD will be request that the Office of the Controller perform an audit of the organization in FY 22-23 to gauge the progress the organization is making at implementing the strategic plan's recommendations, to ensure the organization is spending funding properly and there are proper fiscal controls, and the overall effectiveness and efficiency of the organization.

Conclusion

The Ocean Avenue CBD continues to perform its core cleaning services well and began the process to improve itself organizationally. The CBD continues to partner with numerous municipal agencies for small business technical assistance, business attraction, and façade improvement along the commercial corridor, but could improve on synergistically working with other community organizations. The CBD should increase efforts to market itself, its services, and to interact with the merchant community.



BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689
Tel. No. (415) 554-5184
Fax No. (415) 554-5163
TDD/TTY No. (415) 554-5227

MEMORANDUM

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

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

DATE: July 29, 2022

SUBJECT: LEGISLATION INTRODUCED

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

File No. 220893

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

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

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

Introduction Form

By a Member of the Board of Supervisors or Mayor

Time stamp
or meeting date

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee. (An Ordinance, Resolution, Motion or Charter Amendment).
- 2. Request for next printed agenda Without Reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning : "Supervisor inquiries"
- 5. City Attorney Request.
- 6. Call File No. from Committee.
- 7. Budget Analyst request (attached written motion).
- 8. Substitute Legislation File No.
- 9. Reactivate File No.
- 10. Topic submitted for Mayoral Appearance before the BOS on

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission
- Youth Commission
- Ethics Commission
- Planning Commission
- Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use the Imperative Form.

Sponsor(s):

Subject:

The text is listed:

Signature of Sponsoring Supervisor:

For Clerk's Use Only