

MEMO

To: Supervisor Norman Yee, District 7
CC: San Francisco Board of Supervisors
From: Richard Kurylo, OEWD Project Manager
RE: Ocean Avenue Community Benefit District
Date: December 4, 2015



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, 2011, and June 30, 2014.

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 Reports
 - a. FY 2011-2012
 - b. FY 2012-2013
 - c. FY 2013-2014
2. CPA Financial Review Reports
 - a. FY 2010-2012 (two-year financial report)
 - b. FY 2012-2013
 - c. FY 2013-2014
3. 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 8 blocks and includes approximately 211 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).

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
Fiscal Year	July 1 – June 30
Executive Director	Daniel Weaver
Name of Nonprofit Owners' Entity	Ocean Avenue Association ("OAA")

The current CBD website www.oceanavenueassociation.org includes all the 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 part-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 eleven (11) 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. This structure complies with Article 15 of the San Francisco Business and Tax Regulations Code. The full board meets monthly. The committees are detailed below:

- **Executive Committee** – oversees central operations of the organization and ensures the functioning of key areas: staff and contracts; corporate finances; insurance; grants; development of budget; board agendas and meetings; correspondence; outreach; bylaws and policies; public relations; and newsletters.
- **Street Life Committee** – composed of corridor business representatives.
- **Business Committee** – composed of corridor business representatives.
- **Public Safety Committee** – works with San Francisco Safe to address safety issues impacting businesses within the district and continued the formation work for an Ocean Avenue Business Watch.

Summary of Accomplishments, Challenges, and Delivery of Services

FY 2011-2012

Cleaning, Maintenance, and Safety

- Began working with San Francisco Safe to address safety issues impacting businesses within the district
- Formed Business Watch.
- Formed the Public Safety Committee.

Marketing, Streetscape Improvements, and Beautification

- Partnered with the OMI Community Collaborative and the Ocean View Library on a community wide banner initiative to brand the neighborhood and district as a whole.
- Hired a consulting firm, lowercase productions, to develop a logo, branding campaign, website and online newsletter.
- Partnered with OEWD to attract Champa Garden to Ocean Avenue.
- Provided additional small business resources to existing businesses, many of whom are planning to make significant changes to business model.
- Assisted in completing two façade improvement projects.

Management & Operations

- Applied for the Office of Economic and Workforce Development (OEWD) Community Development Block Grant. Awarded \$30,000 for business technical assistance, attraction and retention.
- Raised a total of \$34,200 outside dollars, in-kind services and volunteer services. Included but not limited to:
 - \$30,000 from OEWD for general operating support and small business assistance.
 - \$3,000 from general fundraising events.
 - \$1,000 from Fiscal Sponsorship for Movies in McCoppin Park.
 - In-kind donations from Lick-Wilmerding High School for office space, electricity, and internet.
 - Six hours of volunteer service provided by 20 volunteers.

FY 2012-2013

Cleaning, Maintenance, and Safety

- OAA worked with the Ingleside police district to deal with the district's pedestrian bridge public safety issues and with the Taraval police district to deal with a spate of glass window and door breakages in the retail area of the district.

Marketing, Streetscape Improvements, and Beautification

- Partnered with Friends of the Urban Forest to plant 26 trees on or near Ocean Avenue.
- Applied for a city grant with Friends of the Urban Forest and won \$10,000 for sidewalk gardens along the corridor. Installation is scheduled for October.
- Applied for an OEWD Community Development Block Grant for FY 2013-2014. Awarded \$30,000 for business technical assistance, focusing on small business façade improvements.
- Won an SF Shines grant award of \$100,000 to provide up to 10 small businesses on the corridor with façade improvements. OAA staff time will be covered by the Block Grant.

Management & Operations

- Developed an outline to prepare a Fifteen Year Plan for Improvements of the Ocean Avenue corridor and sought support for this community planning effort through the Streets Repaving Bond Issue allocation for Ocean Avenue.
- Raised a total of \$140,000 outside dollars, in-kind services and volunteer services including, but not limited to, the following:
 - \$15,000 to assist 8 small businesses impacted by the August 2012 Ocean Avenue fire.
 - In-kind donations from Lick-Wilmerding High School for office space, electricity and internet.
 - Volunteer services provided by 50 volunteers at the Friends of the Urban Forest March tree planting.

FY 2013-2014

Cleaning, Maintenance, and Safety

- OAA continued working with San Francisco SAFE to address public safety issues impacting businesses within the district and continued to develop and maintain the contact information for the Ocean Avenue Business Watch.
- Received a grant of \$15,000 for a graffiti abatement program in partnership with RapidRenu to repair and prevent etched or scratched graffiti on glass.

District Identity and Streetscape Improvements

- Hosted three streetscape corridor community planning workshops and one walking survey of the Ocean Avenue commercial corridor for the corridor planning program.
- Partnered with Youth Art Exchange to develop a mobile parklet for Ocean Avenue, designed and built by high school students.
- Worked with San Francisco State University students to develop a historic preservation plan evaluating the historic value of all commercial buildings in the CBD.
- Installed 1,200 square feet of sidewalk gardens in the corridor with Friends of the Urban Forest in October using a \$10,000 grant from the City's Invest in Neighborhoods program.

Management & Operations

- OAA received a \$100,000 SF Shines allocation for façade improvements to Ocean Avenue small businesses in FY 2013-14, and a \$30,000 CDBG allocation to cover part of the salary of the Executive Director. Working with Friends of the Urban Forest, OAA received a \$10,000 grant to create 1,200 square feet of sidewalk gardens in the CBD corridor.
- Raised a total of \$155,000 outside dollars, in-kind services and volunteer services including, but not limited to, the following:
 - In-kind donations from Lick-Wilmerding High School for office space, electricity and internet.
 - Grants and services for façade improvements.
 - Six hours of volunteer service provided by 20 volunteers.

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 2011-2012

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	% of Budget	FY 2011-2012 Budget	% of Budget	Variance Percentage Points
Cleaning, Maintenance, and Safety	\$125,000	51.7%	\$125,000	51.7%	0.0
Marketing, Streetscape Improvements, and Beautification	\$43,658	18.0%	\$43,658	18.0%	0.0
Management and Operations	\$63,000	26.0%	\$63,000	26.0%	0.0
Contingency and Reserves	\$10,340	4.3%	\$10,340	4.3%	0.0
TOTAL	\$241,998	100%	\$241,998	100%	

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 \$479,156 or 90.1% of actuals and non-assessment revenue was \$52,628 or 9.9% of actuals. See table below.*

Revenue Sources	FY 2010-2012 Actuals*	% of Actuals
Special Benefit Assessments	\$325,536**	
Total assessment revenue	\$325,536	86.0%
Contributions	\$15,000	
Government Grants	\$37,628	
Miscellaneous Income	\$200	
Total non-assessment revenue	\$52,828	14.0%
Total	\$378,364	100%

*Financial statements are for a two-year period from July 1, 2010, through June 30, 2012. Assessment collection began in fiscal year July 1, 2010, through June 30, 2011. The Ocean Avenue Association was formed in December 2010 and did not commence active operations until July 1, 2011.

**Anticipated assessments for FY 2010-12 were \$479,156 as reported in the financial statements. Actual assessments received for FY 2010-12 were \$325,536 as indicated in the table above. A general journal entry adjusted accounts receivable by the difference of \$153,620.

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 did not meet this requirement. The Ocean Avenue CBD exceeded their allowable variance percentage points for Management and Operations. This variance is explained by a CDBG grant which was allocated towards Management and Operations. See table below.*

Service Category	FY 2011-2012 Budget	% of Budget	FY 2011-2012 Actuals	% of Actuals	Variance Percentage Points
Cleaning, Maintenance, and Safety	\$125,000	51.7%	\$102,674	47.2%	-4.5
Marketing, Streetscape Improvements, and Beautification	\$43,658	18.0%	\$36,153	16.6%	-1.4
Management and Operations	\$63,000	26.0%	\$78,822	36.2%	+10.2
Contingency Reserve	\$10,340	4.3%	-	-	
TOTAL	\$241,998	100%	\$217,649	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. The Ocean Avenue CBD did indicate carryforward funds but did not allocate these funds in their Annual Report. OEWD requested that the Ocean Avenue Association provide a letter stating the carryover disbursement along with the designated projects. See attached memorandum dated November 6, 2015. 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 2011-12 Carryover Disbursement	\$135,695
Designated Projects for 2012-13	
Cleaning, Maintenance and Safety	\$70,561
Marketing, Streetscape Improvements and Beautification	\$24,425
Management and Operations	\$35,281
Contingency and Reserves	\$5,428
Total Designated Amount for 2012-13	\$135,695

FY 2012-2013

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	% of Budget	FY 2012-2013 Budget	% of Budget	Variance Percentage Points
Cleaning, Maintenance, and Safety	\$125,000	51.7%	\$132,000	49.2%	-2.5
Marketing, Streetscape Improvements, and Beautification	\$43,658	18.0%	\$58,004	21.6%	+3.6
Management and Operations	\$63,000	26.0%	\$68,100	25.4%	-0.6
Contingency and Reserves	\$10,340	4.3%	\$10,340	3.9%	-0.4
TOTAL	\$241,998	100%	\$268,444	100%	

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 \$236,153 or 87.0% of actuals and non-assessment revenue was \$35,367 or 13.0% of actuals. See table below.*

Revenue Sources	FY 2012-2013 Actuals	% of Actuals
Special Benefit Assessments	\$236,153	
Total assessment revenue	\$236,153	87.0%
Contributions	\$12,200	
Government Grants	\$22,149	
Miscellaneous Income	\$1,018	
Total non-assessment revenue	\$35,367	13.0%
TOTAL	\$271,520	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 did not meet this requirement. The Ocean Avenue CBD exceeded their allowable variance percentage points for Management and Operations. This variance is explained by a CDBG grant which was allocated towards Management and Operations. See table below.*

Service Category	FY 2012-2013 Budget	% of Budget	FY 2012-2013 Actuals	% of Actuals	Variance Percentage Points
Cleaning, Maintenance and Safety	\$132,000	49.2%	\$133,824	46.5%	-2.7
Marketing, Streetscape Improvements and Beautification	\$58,004	21.6%	\$48,649	16.9%	-4.7
Management and Operations	\$68,100	25.4%	\$105,066	36.5%	+11.1
Contingency Reserve	\$10,340	3.9%	-	-	
TOTAL	\$268,444	100%	\$287,539	100.0%	

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. The Ocean Avenue CBD did indicate carryforward funds but did not allocate these funds in their Annual Report. OEWD requested that the Ocean Avenue Association provide a letter stating the carryover disbursement along with the designated projects. See attached memorandum dated November 6, 2015. 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 2012-13 Carryover Disbursement	\$219,518
Designated Projects for 2013-14	
Cleaning, Maintenance and Safety	\$114,149
Marketing, Streetscape Improvements and Beautification	\$39,513
Management and Operations	\$57,075
Contingency and Reserves	\$8,781
Total Designated Amount for 2013-14	\$219,518

FY 2013-2014

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	% of Budget	FY 2013-2014 Budget	% of Budget	Variance Percentage Points
Cleaning, Maintenance, and Safety	\$125,000	51.7%	\$146,000	50.6%	-1.1
Marketing, Streetscape Improvements, and Beautification	\$43,658	18.0%	\$55,570	19.3%	+1.3
Management and Operations	\$63,000	26.0%	\$72,870	25.3%	-0.7
Contingency and Reserves	\$10,340	4.3%	\$14,000	4.9%	+0.6
TOTAL	\$241,998	100%	\$288,440	100%	

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 \$257,891 or 89.4% of actuals and non-assessment revenue was \$30,516 or 10.6% of actuals. See table below.*

Revenue Sources	FY 2013-2014 Actuals	% of Actuals
Special Benefit Assessments	\$257,891	
Total assessment revenue	\$257,891	89.4%
Contributions	-	
Government Grants	\$30,000	
Miscellaneous Income	\$516	
Total non-assessment revenue	\$30,516	10.6%
TOTAL	\$288,407	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 did not meet this requirement. The Ocean Avenue CBD exceeded their allowable variance percentage points for Management and Operations. This variance is explained by a CDBG grant which was allocated towards Management and Operations. See table below.*

Service Category	FY 2013-2014 Budget	% of Budget	FY 2013-2014 Actuals	% of Actuals	Variance Percentage Points
Cleaning, Maintenance and Safety	\$146,000	50.6%	\$143,194	54.3%	+3.7
Marketing, Streetscape Improvements and Beautification	\$55,570	19.3%	\$19,934	7.6%	-11.7
Management and Operations	\$72,870	25.3%	\$100,576	38.1%	+12.8
Contingency Reserve	\$14,000	4.9%	-	-	
TOTAL	\$288,440	100%	\$263,704	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. The Ocean Avenue CBD did indicate carryforward funds but did not allocate these funds in their Annual Report. OEWD requested that the Ocean Avenue Association provide a letter stating the carryover disbursement along with the designated projects. See attached memorandum dated November 6, 2015. 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 2013-14 Carryover Disbursement	\$207,308
Designated Projects for 2014-15	
Cleaning, Maintenance and Safety	\$107,800
Marketing, Streetscape Improvements and Beautification	\$37,316
Management and Operations	\$53,900
Contingency and Reserves	\$8,292
Total Designated Amount for 2014-15	\$207,308

Findings and Recommendations

The Ocean Avenue CBD has generally met the benchmarks as defined on pages 5 and 6 of this memo, with the exception of Benchmark 3, for which numbers were skewed by a CDBG grant, and Benchmark 4, for which the CBD did not specify in their annual report how surplus carryover funds would be allocated the following year.

For all of the years in review, the Ocean Avenue CBD has well exceeded its general benefit requirement of one percent (1%). The CBD has acquired a significant amount of funding in the form of grant dollars, in-kind services and volunteer services.

For all of the years in review, the Ocean Avenue CBD has exceeded its allowable variance percentage points in the Management and Operations program area by allocating additional funds to its Executive Director. These variances are due to CDBG funds designated for staffing.

It is noted that the Ocean Avenue CBD received assessment dollars in FY 2010-11 and began delivering services FY 2011-12. This has resulted in excess funds that have been carried forward to FY 2011-12 through FY 2013-14. OEWD worked with the Ocean Avenue Association to ensure these funds will be utilized for (1) Cleaning, Maintenance and Safety at 52% of expenditures; (2) Marketing, Streetscape Improvements and Beautification at 18% of expenditures; (3) Management and Operations at 26% of expenditures; and (4) Contingency and Reserves at 4% of expenditures.

Conclusion

The Ocean Avenue CBD has performed well in implementing its service plan. The CBD has continued to successfully sponsor and help implement events and programs in Ocean Avenue, including the community-wide banner initiative, the historic preservation plan, Movies in McCoppin Park, the large graffiti abatement efforts and Sunday Streets. The CBD has done an outstanding job in partnering with the community stakeholders and numerous municipal agencies for small business technical assistance, attraction, and façade improvement along the commercial corridor. The Ocean Avenue Association is a well-run organization with active board and committee members that will continue to successfully carry out its mission in managing the Community Benefit District.

MEMORANDUM

TO: Richard Kurylo, Project Manager, OEWD
FROM: Dan Weaver, Executive Director, Castro/Upper Market CBD
DATE: November 6, 2015
RE: CBD Annual Report to the Board of Supervisors for FY 2011-14

Please note the following clarifications regarding the CBD annual report to the Board of Supervisors for fiscal years 2011-14.

Benchmark 4

The following tables indicate carryforward amounts in our budget by fiscal year, including how they were proposed to be disbursed.

FY 2011-12 Carryover Disbursement	\$135,695
Designated Projects for 2012-13	
Cleaning, Maintenance and Safety	\$ 70,561
Marketing, Streetscape Improvements and Beautification	\$ 24,425
Management and Operations	\$ 35,281
Contingency and reserves	\$ 5,428
Total Designated Amount for 2012-13	\$135,695

FY 2012-13 Carryover Disbursement	\$219,518
Designated Projects for 2013-14	
Cleaning, Maintenance and Safety	\$114,149
Marketing, Streetscape Improvements and Beautification	\$ 39,513
Management and Operations	\$ 57,075
Contingency and reserves	\$ 8,781
Total Designated Amount for 2013-14	\$219,518

FY 2013-14 Carryover Disbursement	\$207,308
Designated Projects for 2014-15	
Cleaning, Maintenance and Safety	\$107,800
Marketing, Streetscape Improvements and Beautification	\$ 37,316
Management and Operations	\$ 53,900
Contingency and reserves	\$ 8,292
Total Designated Amount for 2014-15	\$207,308

Funds will be utilized for (1) Cleaning, Maintenance and Safety as 52% of expenditures; (2) Marketing, Streetscape Improvements and Beautification at 18% of expenditures; (3) Management and Operations at 26% of expenditures; and (4) Contingency and Reserves at 4% of expenditures.

Note that CBDs typically should have a fund balance at the end of the fiscal year that is equal to about 6 months of their annual budget. Ocean Avenue CBD is continually working towards that goal.

Please let me know if you have any questions or need further clarification.

Thank you.