

File No. 160287

Committee Item No. 1

Board Item No. 27

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Government Audit and Oversight

Date April 7, 2016

Board of Supervisors Meeting

Date APRIL 19, 2016

Cmte Board

<input type="checkbox"/>	<input type="checkbox"/>	Motion
<input checked="" type="checkbox"/>	<input checked="" 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 checked="" type="checkbox"/>	Introduction Form
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Department/Agency Cover Letter and/or Report
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	MOU
<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/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

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<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<u>OEWD Memo - 03/08/2016</u>
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Ocean Avenue Annual Report - 09/2015</u>
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Ocean Avenue Financial Statement - 06/30/2015</u>
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Ocean Avenue Association Memo - 02/12/2016</u>
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Referral FYI - 03/28/2016</u>
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>OEWD POWER POINT - 4/7/2016</u>
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Completed by: Erica Major

Date April 1, 2016

Completed by: *JM*

Date 4/11/2016

1 [Ocean Avenue Community Benefit District - Annual Report to the City - FY2014-2015]

2
3 **Resolution receiving and approving an annual report for the Ocean Avenue Community**
4 **Benefit District for FY2014-2015, submitted as required by the Property and Business**
5 **Improvement District Law of 1994 (California Streets and Highways Code, Sections**
6 **36600, *et seq.*, Section 36650, and the District's management agreement with the City,**
7 **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 FY2010-2011; 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 February 2, 2016, the Board of Supervisors approved the Ocean
2 Avenue CBD's annual reports for FYs 2011-2012, 2012-2013, and 2013-2014 in Resolution
3 No. 041-16; and

4 WHEREAS, The Ocean Avenue CBD has submitted for the Board's receipt and
5 approval the annual report for FY2014-2015 as required by Section 36650 of the Act and
6 Section 3.4 of the Management Contract; and

7 WHEREAS, The annual report for FY2014-2015 is on file with the Clerk of the Board of
8 Supervisors in File No. 160287, and is incorporated herein by reference as though fully set
9 forth; and

10 WHEREAS, Supporting documents, including, but not limited to, a transmittal letter and
11 memorandum report from the City's Office of Economic and Workforce Development, dated
12 March 8, 2016, and documentation from the Ocean Avenue CBD for the FY2014-2015 annual
13 report are on file with the Clerk of the Board of Supervisors in File No. 160287; now, therefore,
14 be it

15 RESOLVED, That the Board of Supervisors hereby receives and approves the annual
16 report for the Ocean Avenue Community Benefit District for FY2014-2015.
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MEMO

To: Supervisor Norman Yee, District 7
CC: San Francisco Board of Supervisors
From: Chris Corgas, OEWD Project Manager
RE: Ocean Avenue Community Benefit District
Date: March 8, 2016

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, 2014, and June 30, 2015.

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 2014-2015
2. CPA Financial Review Reports
 - a. FY 2014-2015
3. Memo regarding carryforward
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 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 full-time Executive Director who (1) performs the day-to-day management of the organization, (2) serves as 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. Currently, board composition is 50% property owners, 30% non-property owning businesses, and 20% residents. 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 2014-2015

Cleaning, Maintenance, and Safety

- Worked with City to abate nuisance and illegal businesses, including businesses on the 1600 and 1900 blocks of Ocean Avenue
- Worked with SF Shines to improve storefront appearance of small businesses on Ocean Avenue. Beep's Burgers and Lucky Ocean café received funding for façade and signage improvements
- Worked with RapidRenu to repair and abate glass graffiti at a number of Ocean Avenue businesses, using grant funding from OEWD's Invest In Neighborhood initiative

Marketing, Streetscape Improvements, and Beautification

- Continued work with SF Public Works and the Planning department on streetscape improvements
- In the retail district from Manor/Victoria to Phelan/Geneva, a plan was prepared to provide additional landscaping on and near Ocean Avenue

- Maintained the Ocean Avenue mobile parklet currently positioned outside the Ingleside Library

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 \$309,280 outside dollars, in-kind services and volunteer services. Included but not limited to:
 - \$145,000 from OEWD for SF Shines, Ocean Ave Design, and Community Development Block Grant.
 - \$25,000 from beautification from D7 participatory budgeting.
 - \$30,000 from Public Works labor grant.
 - In-kind donations from Lick-Wilmerding High School for meeting space
 - Three hours of volunteer service provided by 60 volunteers for public space cleanup
 - Six hours of volunteer service provided by 15 volunteers for holiday decorations.

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 2014-2015

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 2014-2015 Budget	% of Budget	Variance Percentage Points
Cleaning, Maintenance, and Safety	\$125,000	51.7%	\$168,336	58.0%	+6.4%

Marketing, Streetscape Improvements, and Beautification	\$43,658	18.0%	\$60,402	20.8%	+2.8%
Management and Operations	\$63,000	26.0%	\$63,392	21.2%	-4.9%
Contingency and Reserves	\$10,340	4.3%	\$0	0.0%	-4.3%
TOTAL	\$241,998	100%	\$290,130	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 \$266,998 or 87.6% of actuals and non-assessment revenue was \$37,913 or 12.4% of actuals. See table below.*

Revenue Sources	FY 2014-2015 Actuals	% of Actuals
Special Benefit Assessments	\$266,998.00	
Total assessment revenue	\$266,998.00	87.6%
Contributions	\$37,272.00	
Other	\$641	
Total non-assessment revenue	\$37,913.00	12.4%
Total	\$304,911	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 Marketing, Streetscape Improvements, and Beautification. This variance is explained due to project delays which prohibited money from being spent in FY 14-15. Please see table below.*

Service Category	FY 2014-2015 Budget	% of Budget	FY 2014-2015 Actuals	% of Actuals	Variance Percentage Points
Cleaning, Maintenance, and Safety	\$168,336.00	58.0%	\$157,017	66.1%	+8.1%
Marketing, Streetscape Improvements, and Beautification	\$60,402.00	20.8%	\$20,233	8.5%	-12.3

Management and Operations	\$61,392.00	21.2%	\$60,225	25.4%	+4.2
Contingency Reserve	\$0.00	0.0%	\$0.00	0.0%	0%
TOTAL	\$290,130.00	100%	\$237,475.00	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. 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 February 12, 2016. 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 2014-15 Carryover Disbursement	\$186,416.00
Designated Projects for 2015-2016	
Cleaning, Maintenance and Safety	\$96,936.52
Marketing, Streetscape Improvements and Beautification	\$33,554.88
Management and Operations	\$48,416.16
Contingency and Reserves	\$7,456.64
Total Designated Amount for 2015-16	\$186,416.00

Findings and Recommendations

The Ocean Avenue CBD has generally met the benchmarks as defined on page 4 of this memo, with the exception of Benchmark 3, for which numbers were skewed due to project delays, 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.

It is noted that in Benchmark 3, the Marketing, Streetscape Improvements, and Beautification category that the variance exceeded what is allowable because of the following items:

- Website work: funds were requested as backup in case of problems; additionally web hosting costs are variable and can change if additional features are requested
- Photography: OAA received grant funding for Second Sundays that included promotion and advertising; therefore the assessment budget allocation for photography was not used
- General beautification: Line items were supposed to support a Public Works project on the corridor. The project did not occur in FY 14-15 and is scheduled to be completed in FY 15-16
- Music – Second Sundays: OAA received grants to cover the cost of entertainment for Second Sundays events, and the Capitol Ave. outdoor space, the Ingleside Library garden space, Unity Plaza, and an interior OAA pop-up space were not available to the program in FY 14-15
- Parklet: needed repairs, but was covered by other funding sources
- Unity Plaza: The plaza was not completed in FY 14-15 so these funds were not expended
- Advertising: OAA received grants to include event promotion; this budget item was not fully expended in FY 14-15.

OEWD expects that as these projects reach completion carryover will be spent down and thus bring the CBD into compliance with Benchmark 3.

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 Sunday Streets events, large graffiti abatement efforts, and efforts to beautify the Ocean Avenue corridor. The CBD has done a great job in partnering with community stakeholders and numerous municipal agencies for small business technical assistance, business 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.



Ocean Avenue Association
1728 Ocean Ave PMB 154
San Francisco, CA 94112

September, 2015

Dear Ocean Avenue CBD Business and Property Owners,

The OAA 4th Annual Report is enclosed.

OAA is pleased to report that in the 2014-15 FY we brought to the organization and the community \$303,000 in grants to augment the \$259,286 in assessment income. In the past FY, Ocean Avenue from Phelan to Capitol was identified by the Controller's office as the cleanest commercial street in San Francisco.

The OAA's Annual Meeting and social event will be held on **Wednesday, September 16 at 5:30 p.m.** at The Fog Lifter Cafe, Ocean and Ashton. At the meeting, we will provide information about the ways OAA serves Ocean Avenue commercial corridor, and we will hear comments and suggestions from community members to provide feedback to our organization. OAA will also be recognizing Supervisor John Avalos for his work to establish the Ocean Avenue Community Benefits District in 2010.

Items of note which will be discussed during the meeting include:

- SF Shines small business facade improvement grants for Ocean Avenue
- OAA grant funding is available to cover half the cost of glass graffiti repairs
- ADA accessibility services for small businesses
- OAA, in conjunction with the Office of Economic and Workforce Development, connects businesses to **a variety of free assistance programs, detailed on the back side of this letter.**

We hope to see you at our annual meeting on the 16th!

Daniel Weaver

Daniel J Weaver, Executive Director
650.273.6223 info.oacbd@gmail.com
www.oceanavenueassociation.org

Does Your Business Need Assistance? Free Services Are Available!

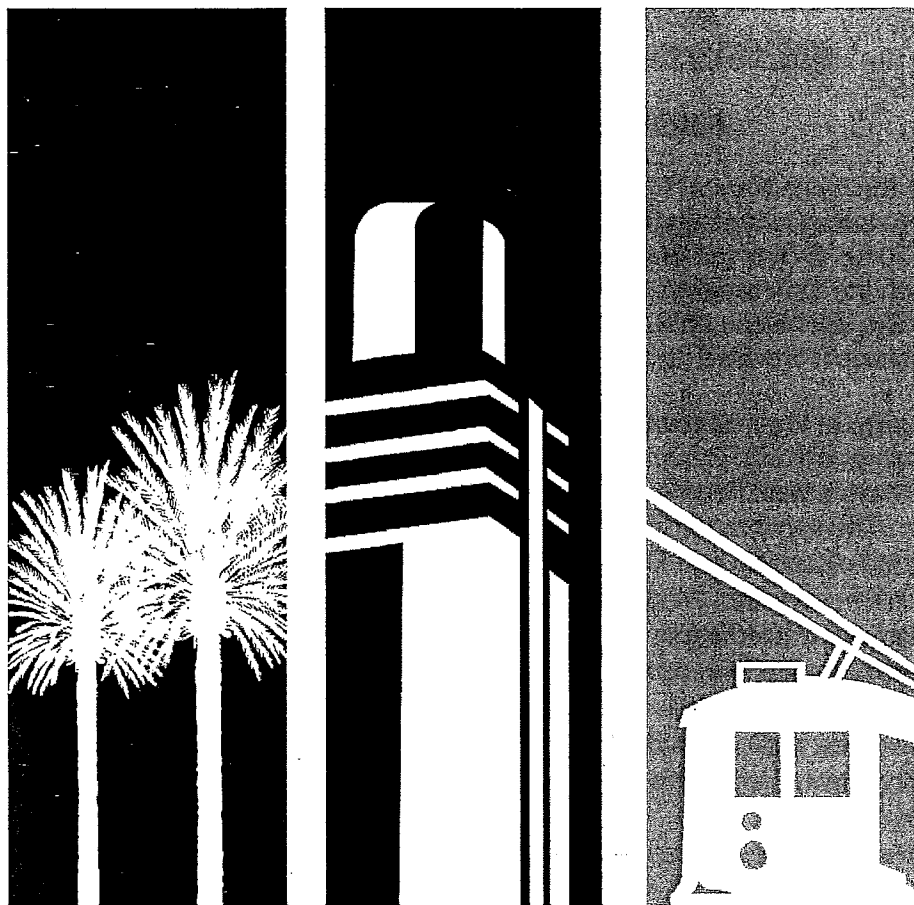
The OAA is proud to support the businesses of Ocean Avenue by offering free services to help your business grow and flourish in today's competitive market. Take a look at the list below to see if any of the services we offer are right for your business.

We offer FREE support in the following areas

- Interpretation and translation in languages including English, Spanish and Chinese.
- Classes on starting and growing your business- topics include finances, sales, legal issues, human resources, and more
- Personalized consulting to grow your business, including financial management, bookkeeping, marketing, sales, technology, web design,
- Access to investment funds
- Zero-fee, zero-interest loans to rebuild or establish credit
- Legal help
- Lease negotiations assistance
- ADA Compliance
- Zoning and land use information

Do not hesitate to contact us, as all services are available on a first-come-first-served basis. To get started, please contact:

Luis Licea
Small Business Program Manager
Ocean Avenue Association
415.691.5117
luis.oacbd@gmail.com



OCEAN AVENUE ASSOCIATION

**Fourth Annual Report
July 1, 2014 – June 30, 2015**

OCEAN AVENUE ASSOCIATION (OAA)
SERVICES PLAN WITH ANNUAL REPORT FY 2014-2015

Narrative of Work Performed FY 2014-15

This is the fourth Annual Report submitted by the Ocean Avenue Association, manager of the Ocean Avenue Community Benefits District. The community benefits district was formed in December 2010. Its first full fiscal year was for the period from July 1, 2010, through June 30, 2011. Although the OAA received assessment revenue for this first fiscal year, it did not commence active operations until July 2011, and did not submit an annual report for its first fiscal year because it provided no services.

Public Rights of Way, Sidewalk Operations and Public Safety

Cleaning and Public Realm Management services includes two CleanScapes staff members five days a week, one staff member on Saturdays and a bi-weekly walk through with the Supervisor. The services performed include:

- Sweeping sidewalks and Muni boarding islands
- Graffiti removal within 24 hours of notification
- Regularly scheduled steam cleaning of sidewalks and Muni boarding islands
- Spot pressure washing as needed
- Topping off city trash cans
- Weeding tree wells and sidewalks
- Watering newly planted trees and landscaping
- Painting city poles
- Removal of illegally posted notices on poles and other street furniture
- Wiping down street furniture
- Reporting to 311 and monitoring removal or removing items illegally deposited on the public right of way

Also, in the Fall of 2014, The Controller's office of the City announced that Ocean Avenue, from Phelan to Capitol, was ranked the cleanest commercial street in San Francisco, with a perfect score of 100%. Both CleanScapes and Arborist Now did outstanding work to achieve this status.

The OAA worked with city departments to abate nuisance and illegal businesses, including businesses on the 1600 and 1900 blocks.

The OAA worked with the SF Shines program to improve the storefront appearance of small businesses on Ocean Avenue. Beep's Burgers and Lucky Ocean cafe received funding for facade and signage improvements in the 2014-2015 Fiscal Year.

We also worked with RapidRenu to repair and abate glass graffiti at a number of Ocean Avenue businesses, using grant funding from the Office of Economic and Workforce Development's Invest In Neighborhoods program.

District Identity and Streetscape Improvements

- Continued to work with SF Public Works and the Planning department on streetscape improvements.
- In the retail district from Manor/Victoria to Phelan/Geneva, a plan was prepared to provide additional landscaping on and near Ocean Avenue.
- For the area East of Geneva Avenue, a variety of long-range planning and construction

options were developed to improve landscaping and pedestrian and bicycle safety for those travelling to and from Balboa Park BART station.

- Continued to maintain and update the OAA website.
- Maintained the Ocean Avenue mobile parklet currently positioned outside the Foglifter Cafe and scheduled to be moved to the Ingleside Library.
- Worked with a core group of neighborhood-based volunteers to hang holiday decorations on the Ocean Avenue palm trees.
- Implemented the Second Sundays district promotion and entertainment program in January 2015 whereby participating businesses have offered live music and other entertainment on a monthly basis.
- The Street Life Committee meets monthly to discuss and plan streetscape improvements and marketing events in the district, as well as planning Second Sundays events.
- The Business Committee was formed in 2015 to support small businesses and fill retail vacancies on the Ocean Avenue corridor.

Administrative and Corporate Operations

- Ensure functioning of CBD and compliance with City contract and management plan.
- Work on organizational development issues including long term goals for the CBD.
- Apply for grants to bring additional resources to the CBD.
- Ensure compliance with the California Brown Act in noticing and conducting our meetings.
- Continue to recruit a variety of board members representing Ocean Avenue property owners, businesses and community members.
- Communicate with residential and other community organizations to address issues in the community and raise awareness about Ocean Avenue.
- Monitor contracts and services. Assist contractors in problem solving as necessary.
- Continue our Second Sundays promotion and marketing program via print and internet communications.
- Increase and improve upon communication between CBD Board and property owners.
- Publish Mid Year and Annual Reports.
- Continue as active participants of the San Francisco CBD/BID Consortium.
- Support all committees of the Board of Directors including the Public Safety, Street Life and Business Committees.
- Work with the City on quality of life issues.
- Apply for grants to continue and expand improvements of the CBD corridor.

Fundraising

Total funds raised through outside dollars, inkind services and volunteer services since the last report:

- In kind donations include office, storage and meeting space from Lick Wilmerding High School at 31 Howth Street = \$2,500.
- Holiday decorations: total of 6 hrs of volunteer service provided by 15 volunteers in 2014 at a value of \$14/hr. = \$1,260.
- Ocean Avenue public space cleanup: total of 3 hrs of volunteer service provided by 60 volunteers in 2014 at a value of \$14/hr. = \$2,520.
- Grants and services to the CBD, including \$35,000 for Second Sundays and Art Banners

from Invest in Neighborhoods, \$15,000 for Ocean Avenue Design from Invest In Neighborhoods, \$60,000 for Ocean-Geneva beautification from the Mayor's Challenge Grant program, \$25,000 for Ocean-Geneva beautification from the District 7 Participatory Budgeting process, \$8,000 from the PUC for a water meter for the Ocean-Geneva beautification project, \$30,000 Public Works labor grant, \$100,000 in SF Shines funding for business facade improvements, and \$30,000 in Community Development Block Grant funding for small business support services = \$303,000 total grants.

Services Plan for FY 2015-16

Public Rights of Way and Sidewalk Operations

CleanScapesSF will continue to provide cleaning and graffiti removal services for the OAA. Services provided include two CleanScapes workers covering the district five days a week and one worker on Saturday. The services they perform include:

- Sweeping sidewalks and public plazas and maintaining an inviting environment in the district.
- Graffiti removal within 24 hours of notification.
- Regularly scheduled pressure washing of sidewalks and Muni boarding islands.
- Spot pressure washing.
- Topping off city trash cans.
- Weeding tree wells.
- Painting city poles and other street furniture.
- Reporting and monitoring pickup large items deposited on the sidewalk as trash.
- Watering and maintaining district sidewalk landscaped areas.

Public Safety Services

- The OAA will continue to organize Ocean Avenue Business Safe, working with SF SAFE and continue to work with the San Francisco Police Department.
- OAA will address other security/safety issues that may arise.

District Identity and Streetscape Improvements

- OAA Board will continue to develop its fifteen year improvement plan, working with DPW.
- Continue to work with DPW on the installation of pedestal news racks throughout the district to replace the existing news racks.
- Replace existing OAA banners on street light poles along Ocean Avenue.
- Encourage, help to fund and participate in marketing efforts to develop district identity such as Second Sundays, tree and garden volunteer planting events, and so forth.

Administrative and Corporate Operations

- Ensure functioning of CBD and compliance with City contracts and the Management Plan.
- Work on organizational development issues including long term goals for the CBD. Work on fundraising activities that bring additional outside resources to the CBD.
- Ensure compliance with the California Brown Act.
- Monitor contracts and services. Assist contractors in problem solving as is necessary.
- Continue to update website.
- Increase and improve upon communication between CBD Board and property owners.

- Publish CBD Annual Report.
- Continue as active member of CBD/BID Consortium.
- Support all working committees of the Board of Directors including: Street Life, Business, Public Safety committees, and Board Development.
- Work with the City on quality of life issues.

Description of Changes to the District Boundaries, Parcels or Assessment Calculations

- The assessment was raised 2.5% for FY 2015-16 to account for cost of living increases calculated by the City, and applied by OAA.
- The proposed annual budget, including a cost estimate of providing the improvements and activities for 2015/16 Fiscal Year, is shown on the following pages.
- There are no proposed changes in the boundaries of the improvement district or in any benefit zones or classification of property or businesses within the district.
- The method and basis of levying the assessment in sufficient detail 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 surplus or deficit revenues to be carried over from a previous fiscal year is \$122,448.54 from unpaid assessments for years I-V.
- The amount of any contributions made other than assessments are \$35,000 for Second Sundays planning from Invest in Neighborhoods, \$15,000 for Ocean Avenue Design from Invest In Neighborhoods, \$60,000 for Ocean-Geneva beautification from the Mayor's Challenge Grant program, \$25,000 for Ocean-Geneva beautification from the District 7 Participatory Budgeting process, \$8,000 from the PUC for water meters for the Ocean-Geneva beautification project, \$30,000 labor grant from Public Works for the 2 parcels on Ocean and Geneva, \$100,000 in SF Shines funding for business facade improvements, and \$30,000 in Community Development Block Grant funding for small business support services = \$303,000 total grants

Assessment Calculations

Zone 1 Fiscal Year 2015/16 Assessment Calculation Rates

Zone 1 – Assessment Category Description	2010/11 Original Rate	2015 Escalated Rate
Linear Street Foot for Commercial Property Use, Residential Property Use, Public Property Use, and Phelan Loop Parcel	\$26.28 per linear street foot	\$28.23 per linear street foot
Linear Street Foot for Non-Profit Service Organization Property Use, and Religious Institutional Property Use	\$21.00 per linear street foot	\$22.56 per linear street foot
Building Square Foot for Commercial Property Use	\$0.1110 per building square foot	\$0.1192 per building square foot
Lot Square Foot for Commercial Property Use	\$0.0276 per lot square foot	\$0.0295 per lot square foot
Lot Square Foot for Phelan Loop Corner Landscaped Parcel	\$1.31 per lot square foot	\$1.40 per lot square foot
Lot Square Foot for Phelan Parcels Fronting and Accessed off of the Phelan Plaza	\$0.0574 per lot square foot	\$0.0616 per lot square foot

Zone 1 Annual Assessment Calculation:

$$\text{Linear Street Frontage Assessment} = \text{Assigned Linear Street Frontage} \times \text{Linear Street Frontage Assessment Rate}$$

$$\text{Building Square Footage Assessment} = \text{Commercial Property Use Building Square Footage} \times \text{Building Square Footage Assessment Rate}$$

$$\text{Lot Square Foot Assessment} = \text{Commercial Property Use Lot Square Footage} \times \text{Lot Square Footage Assessment Rate}$$

Zone 1 Assessor's Parcel Annual Assessment:

$$\text{Assessor's Parcel Annual Assessment} = \text{Linear Street Frontage Assessment} + \text{Building Square Footage Assessment} + \text{Lot Square Footage Assessment}$$

Zone 1 Phelan Loop Parcel Annual Assessment:

$$\text{Phelan Loop Parcel Annual Assessment} = \text{Assigned Linear Street Frontage} \times \text{Linear Street Frontage Assessment Rate} + \text{Assigned Lot Square Footage} \times \text{Lot Square Footage Assessment Rate}$$

Zone 2 Fiscal Year 2015-2016 Assessment Calculation Rates

Zone 2- Assessment Category Description	2010/11 Original Rate	2015 Escalated Rate
Linear Street Foot for Educational Institutional Property Use and Public Property Use	\$13.90 per Linear Street Foot	\$14.93 per Linear Street Foot

Zone 2 Annual Assessment Calculation:

$$\text{Linear Street Frontage Assessment} = \text{Linear Street Frontage} \times \text{Linear Street Frontage Assessment Rate}$$

Zone 2 Assessor's Parcel Annual Assessment:

$$\text{Assessor's Parcel Annual Assessment} = \text{Linear Street Frontage Assessment}$$

Maximum Annual Assessments

The Zone 1 Fiscal Year 2015/16 maximum annual assessment rates are as follows:

- Per Linear Street Foot (Commercial Property Use, Residential Property Use, Public Property Use, and Phelan Loop Parcel): \$28.23
- Per Linear Street Foot for (NonProfit Service Organization Property Use, and Religious and Institutional Property Use): \$22.56

- Per Commercial Property Use Building Square Foot: \$0.1192
- Per Commercial Property Use Lot Square Foot: \$0.0295
- Per Phelan Loop Parcel Lot Square Foot: \$1.40

The Zone 2 Fiscal Year 2015/16 maximum annual assessment rate is as follows:

- Per Linear Street Foot (Educational Institutional Property Use and Public Property Use):
\$14.93

Ocean Avenue Association
Budget for FY July 1, 2015 - June 30, 2016
(Year 6)

Year VI Budget
Rev #1
7-1-15

INCOME		BUDGET	ACTUAL (as of 7/1/15)	VARIANCE
Assessment Revenue				
	Current Year Assessment	293,097.00	0.00	-293,097.00
	Prior Year(s) Assessment	122,448.54	0.00	-122,448.54
	Prior Year(s) Assessment Refund	0.00	0.00	0.00
	Prior Year(s) Assessment Bad Debt	0.00	0.00	0.00
	Subtotal Assessment Revenue	415,545.54	0.00	-415,545.54
Other Revenue				
	Donations	0.00	0.00	0.00
	Fees	0.00	0.00	0.00
	Fees- CDBG	4,000.00	0.00	-4,000.00
	Fees- IIN Ocean Avenue Design	750.00	0.00	-750.00
	Fundraisers	0.00	0.00	0.00
	Prior Year(s) Other Revenue (May/June 2014 CDBG)	5,959.00	0.00	-5,959.00
	Subtotal Other Revenue	10,709.00	0.00	-10,709.00
Grants				
	Grants-Prior Year (IIN- Ocean Avenue Design)	9,298.50	0.00	-9,298.50
	Grants-Prior Year (IIN- Second Sundays)	26,720.09	0.00	-26,720.09
	Grants (Community Challenge Grant)	60,000.00	0.00	-60,000.00
	Grants (Participatory Budget)	25,000.00	0.00	-25,000.00
	Community Development Block Grant	26,000.00	0.00	-26,000.00
	Grants- Government	0.00	0.00	0.00
	Grants-Corporate	0.00	0.00	0.00
	Grants-Foundations	0.00	0.00	0.00
	Subtotal Grants	147,018.59	0.00	-147,018.59
Operating Reserve				
	Carryover Net Income from FY 14-15	186,415.73	0.00	-186,415.73
	Carryover Other Income from FY 14-15	0.00	0.00	0.00
	Subtotal Operating Reserve	186,415.73	0.00	-186,415.73
	Total Income	759,688.86	0.00	-759,688.86

Ocean Avenue Association Budget for FY July 1, 2015 - June 30, 2016 (Year 6)				Year VI Budget Rev #1 7-1-15
EXPENSES	BUDGET	ACTUAL (as of 7/1/15)	VARIANCE	MDP BUDGET RATIO
Management & Operations (M&O)				
Executive Director Salary (37.2%)	27,339.00	0.00	27,339.00	
ED Payroll Taxes (7.65%)	5,588.00	0.00	5,588.00	
ED IRA OAA Contribution	3,150.00	0.00	3,150.00	
Staff (SBPM and AD) Wages (10%)	5,300.00	0.00	5,300.00	
SBPM and AD Payroll Taxes (7.65%)	4,055.00	0.00	4,055.00	
SBPM and AD IRA OAA Contribution	2,300.00	0.00	2,300.00	
Payroll Processing Fees	1,140.00	0.00	1,140.00	
Subtotal of M&O Payroll	48,872.00	0.00	48,872.00	
Accounting Fees	4,000.00	0.00	4,000.00	
Bookkeeping Fees	3,000.00	0.00	3,000.00	
Legal Fees (Gin)	1,000.00	0.00	1,000.00	
Banking Fees	100.00	0.00	100.00	
Office Supplies & Equipment	500.00	0.00	500.00	
Printing, Copying, Postage & Mailing Services	600.00	0.00	600.00	
Telephone, Telecom, Meeting Expense, Other	600.00	0.00	600.00	
Licenses, Permits, Filing Fees	125.00	0.00	125.00	
Insurance - Liability, D&O	5,500.00	0.00	5,500.00	
Workers Compensation Insurance	1,700.00	0.00	1,700.00	
Parklet Insurance	825.00	0.00	825.00	
Dues and Subscriptions	200.00	0.00	200.00	
Annual Report and Meeting Expenses	1,400.00	0.00	1,400.00	
Assessment Roll Updating	2,000.00	0.00	2,000.00	
Subtotal of M&O Non Payroll	21,550.00	0.00	21,550.00	
Subtotal M&O:	70,422.00	0.00	70,422.00	21.7%
Cleaning, Maintenance, & Safety				
Sanitation and Graffiti Removal	116,215.00	0.00	116,215.00	
Landscape and Maintenance	28,000.00	0.00	28,000.00	
Safety and Security	300.00	0.00	300.00	
Watering (plants and trees)	4,000.00	0.00	4,000.00	
Supplies and Materials	1,800.00	0.00	1,800.00	
Existing Garden Maintenance	550.00	0.00	550.00	
Staff (AD & SBPM) Wages (20%)	10,600.00	0.00	10,600.00	
Executive Director Salary (18.6%)	13,370.00	0.00	13,370.00	
Subtotal Cleaning & Maintenance:	174,835.00	0.00	174,835.00	53.8%
Marketing & Beautification				
Website Designer	0.00	0.00	0.00	
Webhosting	175.00	0.00	175.00	
Photography	1,000.00	0.00	1,000.00	
Beautification- Tree Planting and Landscaping	2,850.00	0.00	2,850.00	
Holiday Decorations	1,000.00	0.00	1,000.00	
Banners	2,500.00	0.00	2,500.00	
Second Sundays	5,000.00	0.00	5,000.00	
Advertising	5,000.00	0.00	5,000.00	
Marketing - Second Sundays	2,100.00	0.00	2,100.00	
Refreshments- Meetings and Volunteers	250.00	0.00	250.00	
Special Events - September Second Sundays	5,000.00	0.00	5,000.00	
Ocean-Geneva Bench and Sculpture Project	5,000.00	0.00	5,000.00	
Staff (AD & SBPM) Wages (21%)	11,100.00	0.00	11,100.00	
Executive Director Salary (37.2%)	27,339.00	0.00	27,339.00	
Subtotal Marketing & Beautification:	68,314.00	0.00	68,314.00	21.0%
Contingency & Reserves				
Contingency and Reserves	11,429.00	0.00	11,429.00	
Bank Deficit Analysis	0.00	0.00	0.00	
Subtotal Contingency & Reserves:	11,429.00	0.00	11,429.00	3.5%
Supplemental Non-OAA Expenses				
Staff Wages (SBPM & AD) (49%, Non-Assessment)	26,000.00	0.00	26,000.00	
Executive Director Salary (7%, Non-Assessment)	5,000.00	0.00	5,000.00	
Subtotal of Non-Assessment Payroll	31,000.00	0.00	31,000.00	
Staff IRA Contribution (CDBG)	2,000.00	0.00	2,000.00	
Accounting Fees (CDBG)	2,000.00	0.00	2,000.00	
IIN Grant (Second Sundays 14-15)	26,720.09	0.00	26,720.09	
IIN Grant (Design 13-14)	10,048.50	0.00	10,048.50	
Community Challenge Grant	60,000.00	0.00	60,000.00	
Participatory Budgeting	25,000.00	0.00	25,000.00	
Other Grants TBA	0.00	0.00	0.00	
Subtotal of Grant Expenses	121,768.59	0.00	121,768.59	
Fiscal Sponsorship Pass-Through Exp. (CDBG)	0.00	0.00	0.00	
Subtotal of Fiscal Sponsorship	0.00	0.00	0.00	
Subtotal Supplemental Non-OAA Expenses	152,768.59	0.00	152,768.59	
Total OAA Expenses	325,000.00	0.00	325,000.00	100.0%
Net OAA Income*	434,688.86	0.00	434,688.86	
Net Income/Cash Balance**	281,920.27	0.00	281,920.27	
* Total Income less Total OAA Expenses				
** Total Income less Total OAA Expenses plus Subtotal Supplemental Non-OAA Expenses. Bank balance on 6/30/15 is \$186,415.73				

OCEAN AVENUE ASSOCIATION

FINANCIAL STATEMENTS

June 30, 2015

(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2014)

CROSBY & KANEDA
Certified Public Accountants

OCEAN AVENUE ASSOCIATION

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CROSBY & KANEDA

Certified Public Accountants

Dedicated to Nonprofit Organizations

1970 Broadway, Suite 930
Oakland, CA 94612
Tel: 510 · 835 · CPAS (2727)
Fax: 510 · 835 · 5711
e-mail: admin@ckcpa.biz

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
Ocean Avenue Association
San Francisco, California

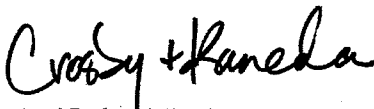
We have reviewed the accompanying statements of financial position of Ocean Avenue Association (a nonprofit organization) as of June 30, 2015, and the related statements of activities, cash flows, and functional expenses for the year then ended. A review includes primarily applying analytical procedures 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 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

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 conformity with accounting principles generally accepted in the United States of America.

We previously reviewed Ocean Avenue Association's 2014 financial statements and in our reported dated November 18, 2014, stated that based on our procedures, we were not aware of any material modifications that should be made to the 2014 financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended June 30, 2014, for it to be consistent with the reviewed financial statements from which it has been derived.



Certified Public Accountants
Oakland, California
February 4, 2016

OCEAN AVENUE ASSOCIATION

Statement of Financial Position
June 30, 2015
(With Comparative Totals as of June 30, 2014)

	<u>2015</u>	<u>2014</u>
Assets		
Current Assets		
Cash	\$ 186,416	\$ 207,308
Assessments receivable, net of allowance for doubtful accounts of \$37,073	45,651	47,612
Due from City	<u>45,469</u>	<u>21,347</u>
Total Assets	<u>\$ 277,536</u>	<u>\$ 276,267</u>
Liabilities and Net Assets		
Current Liabilities		
Accrued vacation	\$ -	\$ 1,346
Total Liabilities	<u>-</u>	<u>1,346</u>
Unrestricted net assets	<u>277,536</u>	<u>274,921</u>
Total Liabilities and Net Assets	<u>\$ 277,536</u>	<u>\$ 276,267</u>

OCEAN AVENUE ASSOCIATION

**Statement of Activities
For the Year Ended June 30, 2015
(With Comparative Totals for the Year Ended June 30, 2014)**

	2015	2014
Support and Revenue		
Government grants	\$ 37,272	\$ 30,000
Assessment revenue	266,998	257,891
Miscellaneous income	641	516
Total Support and Revenue	<u>304,911</u>	<u>288,407</u>
Expenses		
Program	229,452	212,873
General and administrative	72,844	46,624
Fundraising	-	1,750
Total Expenses	<u>302,296</u>	<u>261,247</u>
Change in net assets	2,615	27,160
Unrestricted Net Assets, beginning of year	<u>274,921</u>	<u>247,761</u>
Unrestricted Net Assets, end of year	<u>\$ 277,536</u>	<u>\$ 274,921</u>

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

OCEAN AVENUE ASSOCIATION

Statement of Cash Flows
For the Year Ended June 30, 2015
(With Comparative Totals for the Year Ended June 30, 2014)

	2015	2014
Cash flows from operating activities:		
Change in net assets	\$ 2,615	\$ 27,160
Adjustments to reconcile change in net assets to cash (used) provided by operating activities:		
Change in assets and liabilities:		
Assessments receivable, net	1,961	(15,566)
Due from City	(24,122)	(21,347)
Accrued vacation	(1,346)	(2,457)
Net cash provided (used) by operating activities	(20,892)	(12,210)
Net change in cash	(20,892)	(12,210)
Cash, beginning of year	207,308	219,518
Cash, end of year	\$ 186,416	\$ 207,308

OCEAN AVENUE ASSOCIATION

Statement of Functional Expenses For the Year Ended June 30, 2015 (With Comparative Totals for the Year Ended June 30, 2014)

	Program	General and Administrative	Total	
			2015	2014
Salaries	\$ 51,926	\$ 20,908	\$ 72,834	\$ 67,543
Employee benefits	2,384	1,021	3,405	1,050
Payroll taxes	4,276	1,833	6,109	5,810
Total personnel	<u>58,586</u>	<u>23,762</u>	<u>82,348</u>	<u>74,403</u>
Grants	5,000	-	5,000	5,000
Accounting	-	10,950	10,950	4,300
Fee for service	157,163	26,326	183,489	150,925
Advertising and promotion	1,305	2,383	3,688	5,476
Supplies	6,798	167	6,965	4,759
Printing and publication	-	631	631	753
Information technology	-	628	628	1,248
Conferences, conventions, meetings	-	1,094	1,094	2,053
Dues, licenses, other fees	600	109	709	185
Insurance	-	6,294	6,294	5,532
Miscellaneous	-	500	500	6,613
Total Expenses	<u>\$ 229,452</u>	<u>\$ 72,844</u>	<u>\$ 302,296</u>	<u>\$ 261,247</u>

OCEAN AVENUE ASSOCIATION

Notes to the Financial Statements For the Year Ended June 30, 2015 (With Comparative Totals for the Year Ended June 30, 2014)

NOTE 1: NATURE OF ACTIVITIES

The Ocean Avenue Association (the Organization) is a California nonprofit corporation that manages the Community Benefit District (CBD) established in December of 2010. Services began in July 2011 along the Ocean Avenue corridor in the Oceanview-Merced-Ingleside neighborhood. The Organization'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 Organization 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 Organization in numerous ways. The Organization advocates for local businesses by reaching out to elected officials and City agencies on topics such as zoning, urban design, and tax policy. The Organization also serves as an ombudsman, helping members to access public services.

The Organization 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 sidewalks and transit boarding islands.

The Organization 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 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 Presentation

The Organization presents information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The three classes are differentiated by donor restrictions.

Unrestricted net assets – consist of resources which have not been specifically restricted by a donor. Unrestricted net assets may be designated for specific purposes by the Organization or may be limited by contractual agreements with outside parties.

Temporarily restricted net assets – represent contributions whose use is limited by donor-imposed stipulations that expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. There were no temporarily restricted net assets at June 30, 2015.

Permanently restricted net assets – represent contributions whose use is limited by donor-imposed stipulations that require the gift to be invested in perpetuity. The income

OCEAN AVENUE ASSOCIATION

Notes to the Financial Statements For the Year Ended June 30, 2015 (With Comparative Totals for the Year Ended June 30, 2014)

from such invested assets, including realized and unrealized gains, is generally available to support the activities of the Organization. Donors may also restrict all or part of the income and/or appreciation from these investments to permanently restricted net assets, resulting in increases/decreases to these net assets. There were no permanently restricted net assets as of June 30, 2015.

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of contribution. Contributions to be received after one year are discounted at an appropriate rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Unrestricted contributions and grants are recorded as unrestricted revenue when received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Assessments Receivable

Assessments receivable primarily consists of delinquent tax assessments owed by property owners.

Although delinquent assessments are subject to penalties and fines, the Organization believes that these amounts will be offset by delays in collections. Accordingly, no receivable has been recognized for penalties and fines and the Organization has not calculated the present value of this receivable.

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 Internal Revenue Code Section 501 (c) (4) and the California Revenue and Taxation Code Section 23701(f). The Organization has evaluated its current tax positions as of June 30, 2015 and is not aware of any significant uncertain tax positions for which a reserve would be necessary. 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 financial statements at the fair value of the services received only if the services (a) create or enhance nonfinancial assets or (b)

OCEAN AVENUE ASSOCIATION

Notes to the Financial Statements For the Year Ended June 30, 2015 (With Comparative Totals for the Year Ended June 30, 2014)

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, 2015.

Estimates

The preparation of 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 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.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

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

Level 3 inputs are unobservable inputs for the assets or liability. Unobservable inputs reflect the Organization's own assumptions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the Organization's own data.

The Organization had no assets or liabilities recorded at fair value on June 30, 2015.

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, 2015.

OCEAN AVENUE ASSOCIATION

**Notes to the Financial Statements
For the Year Ended June 30, 2015
(With Comparative Totals for the Year Ended June 30, 2014)**

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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, 2014, 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 financial statements.

Subsequent Events

The Organization has evaluated subsequent events and has concluded that as of February 4, 2016 the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

NOTE 3: CONCENTRATIONS

Special benefit assessments are received under a contract with the City and County of San Francisco and represent approximately 88% 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 Organization is disestablished by a vote of more than 50% of the assessed owners.

To: Chris Corgas, OEWD Project Manager
From: Dan Weaver, Ocean Avenue Association Executive Director
Date: 2/12/2016
Re: Ocean Ave CBD FY 14-15 Carryforward

This memo is to supplement the FY 14-15 Annual Report and Financial Statement for the Ocean Avenue Community Benefit District. Ocean Avenue CBD did indicate that there were carryforward funds in documentation provided to OEWD. OEWD requested that the CBD indicate how carryforward money would be spent. The following chart indicates how Ocean Avenue CBD plans on spending down its carryforward amount:

FY 2014-15 Carryover Disbursement	\$186,416.00
Designated Projects for 2015-2016	
Cleaning, Maintenance and Safety	\$96,936.52
Marketing, Streetscape Improvements and Beautification	\$33,554.88
Management and Operations	\$48,416.16
Contingency and Reserves	\$7,456.64
Total Designated Amount for 2015-16	\$186,416.00

BOARD of SUPERVISORS



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

MEMORANDUM

TO: Ben Rosenfield, City Controller, Office of the Controller
Todd Rufo, Director, Office of Economic and Workforce Development

FROM: Erica Major, Assistant Committee Clerk, Government Audit and Oversight Committee, Board of Supervisors

DATE: March 28, 2016

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Government Audit and Oversight Committee has received the following proposed legislation, introduced by Supervisor Yee on March 22, 2016:

File No. 160287

Resolution receiving and approving an annual report for the Ocean Avenue Community Benefit District for FY2014-2015, 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.

C:
Todd Rydstrom, Office of the Controller
Ken Rich, Office of Economic and Workforce Development
Lisa Pagan, Office of Economic and Workforce Development



Ocean Avenue Community Benefit District

**SAN
FRANCISCO**
Office of Economic and Workforce Development

Legislative Overview

**Community Benefit Districts (CBDs) /
Business Improvement Districts (BIDs) are
governed by:**

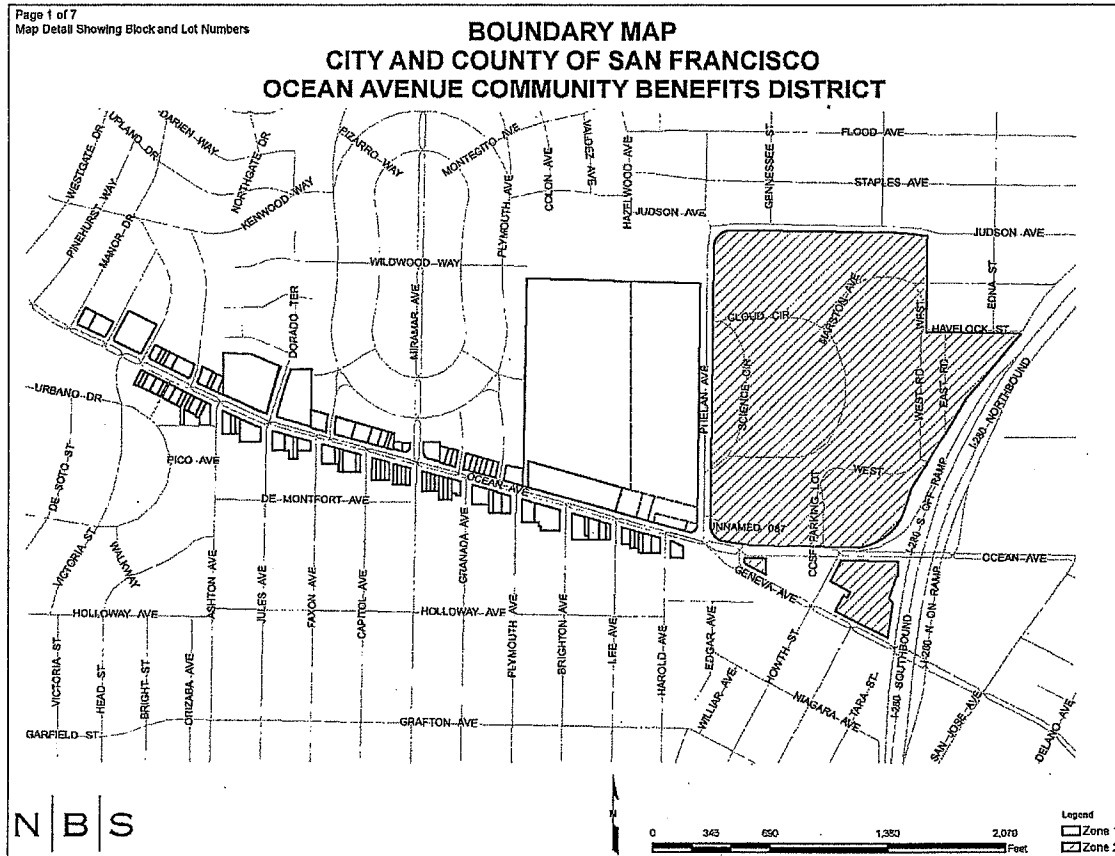
- **State law**
 - “1994 Act”
- **Local law**
 - “Article 15”

Review Process

This resolution covers Annual Report for FY 14-15

- OEWD ensures that all CBDs/BIDs are meeting their management plans.
- OEWD staff conducts an annual review of Annual Reports and CPA Financial Reviews.
- OEWD provides the Board Supervisors with a summary memo.

Parcel Map



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OAACBD Formation

OAACBD	Type	Assessment Budget*	Year Established	Expires
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	Property-Based	\$ 239,578	2010	June 30, 2025
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**budget identified in management plan*

Ocean Ave CBD Operations

- **Staff**

- Executive Director – Daniel Weaver

- **Service Areas**

- **Cleaning, Maintenance, and Safety**

- Includes sidewalk cleaning and pressure washing, graffiti removal, trash removal, reporting and monitoring of illegal dumping, removing weeds from tree wells and painting city poles.

- **Marketing, Streetscape Improvements, and Beautification**

- Includes promoting the district, sponsoring special events, and developing marketing activities.

- **Management and Operations**

- Includes oversight of service contract, implementation of major projects, staffing the Board of Directors and committees, and general day to day operations.

BENCHMARKS

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

Benchmark 1 – Whether the variance between the budget amounts for each service category was within 10 percentage points from the management plan.

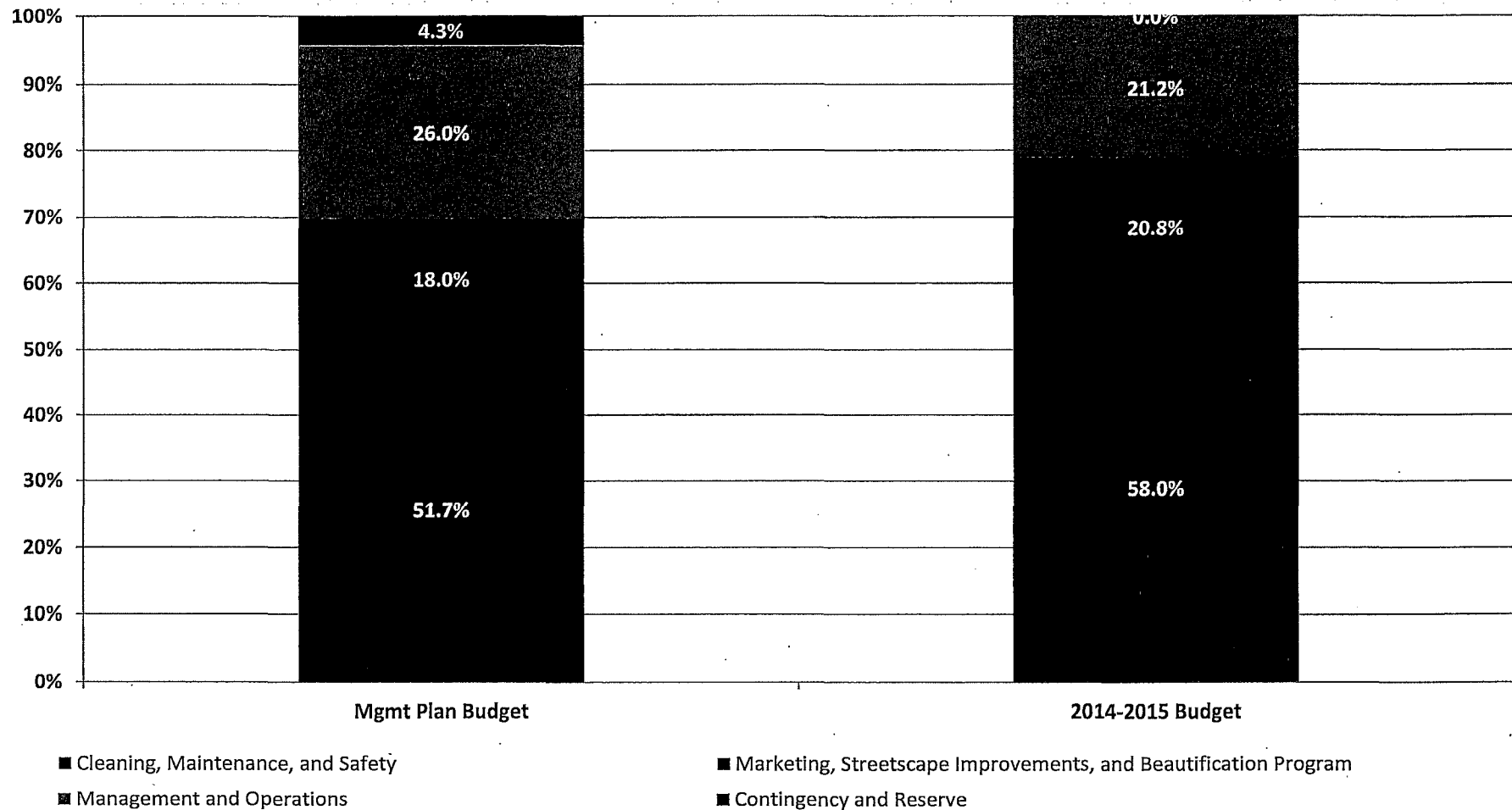
Benchmark 2 – Whether one percent (1%) of Ocean Ave CBD's actuals came from sources other than assessment revenue.

Benchmark 3 - Whether the variance between the budget amounts for each service category was within 10 percentage points from the actuals.

Benchmark 4 - Whether CBD is indicating the amount of funds carried over from the current fiscal year and designating projects to be spent in the upcoming fiscal year.

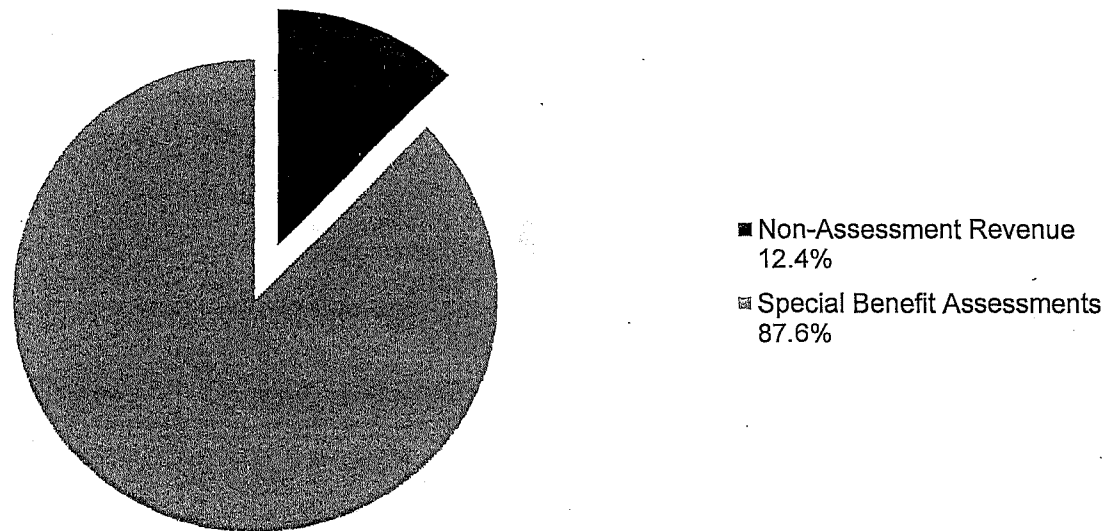
Management Plan vs. Annual Budgets

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Assessment Revenue & Other Income

FY 2014 - 2015



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Budget vs Actuals

Service Category	FY 2014-2015 Variance % Points
Cleaning, Maintenance, and Safety	+8.1%
Marketing, Streetscape Improvements, and Beautification	-12.3%
Management and Operations	+4.21%
Contingency/Reserve	16

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Carryover

FY 2014-15 Carryover Disbursement

Designated Projects for 2015-2016

Cleaning, Maintenance, and Safety	\$96,936.52
Marketing, Streetscape Improvements, and Beautification	\$33,554.88
Management and Operations	\$48,416.16
Contingency and Reserves	\$7,456.64

Total Designated Amount	\$186,416.00
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Recommendations for Ocean Avenue CBD

In completing the review of the Ocean Ave CBD's annual report and financial, OEWD sets forth the following recommendations:

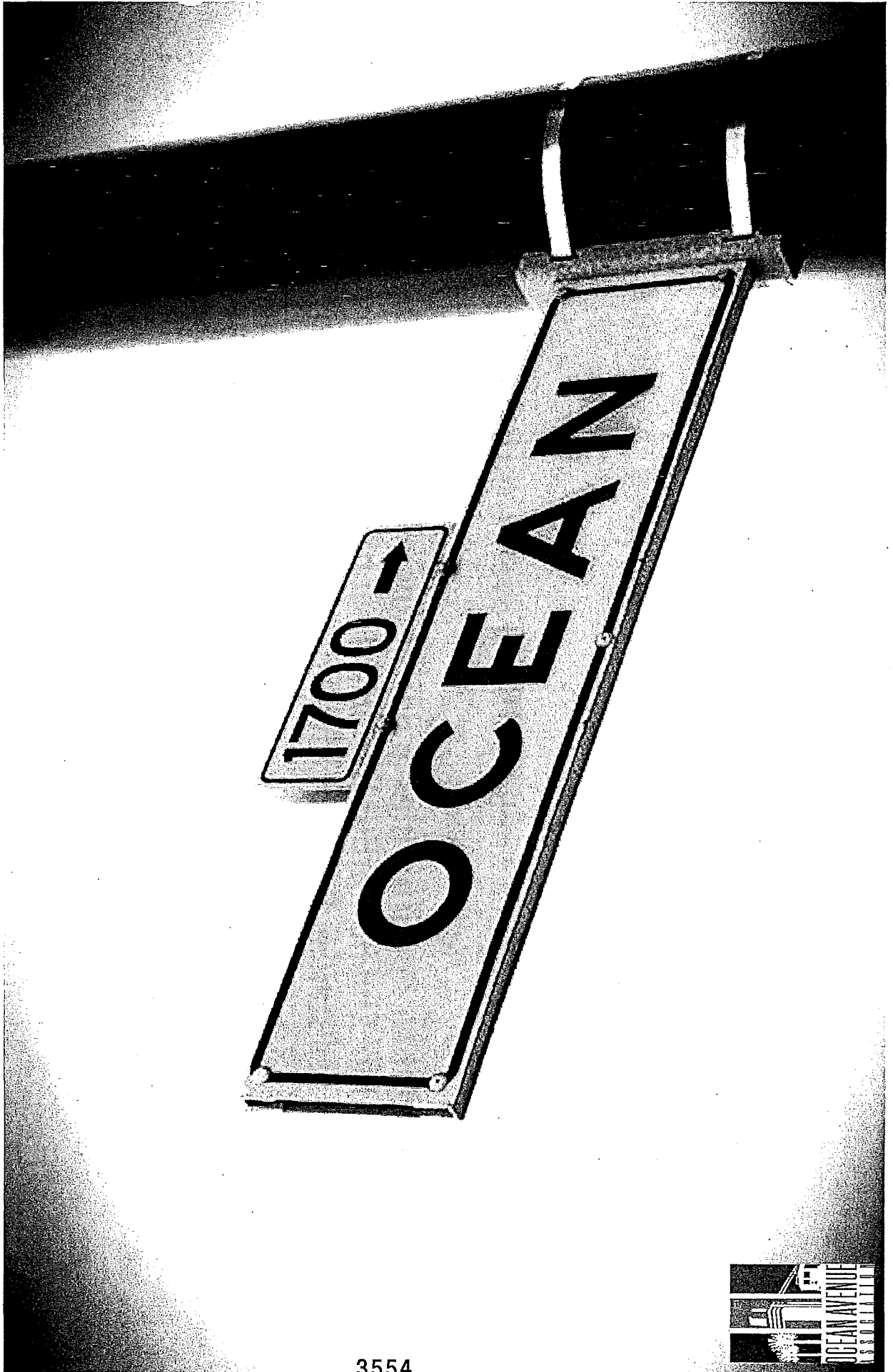
- Ocean Ave CBD should include carryover and spenddown plans in its annual report.
- The following items cause the CBD's Benchmark 3 variance to be more than 10%:
 - Website work
 - Photography
 - General beautification
 - Music – Second Sundays
 - Advertising
- **OEWD will work with Ocean Ave CBD on the following:**
 - Ensure that carryover and spenddown plans are within subsequent annual reports
 - Ensure that the CBD follows through on its spenddown plan and that Benchmark 3 variance difference falls back within 10 percentage points

Conclusion

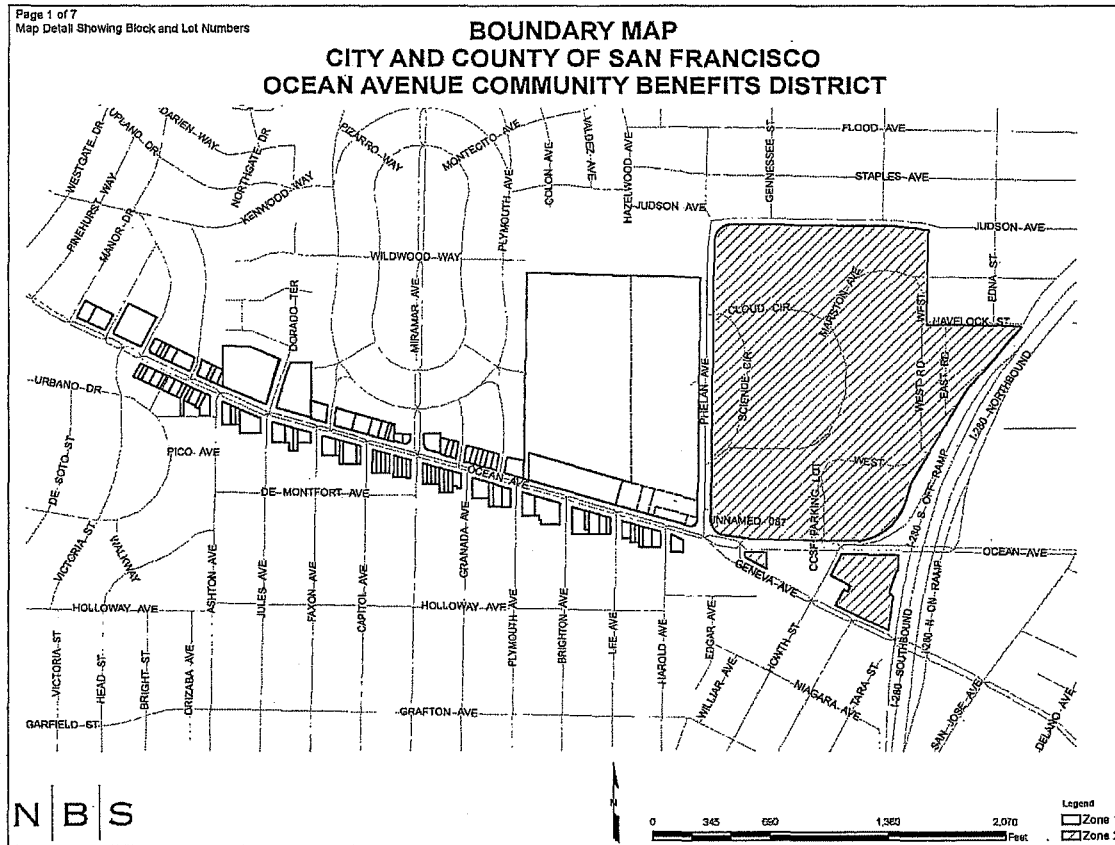
Ocean Ave CBD has performed well in implementing the service plan in the district:

- **Marketed and produced neighborhood events, including Sunday Streets**
- **Increased their opportunities in partnering with community stakeholders and numerous municipal agencies for small business technical assistance, business attraction, and façade improvement.**
- **Maintained an active board of directors and several sub committees**

Ocean Avenue Association



Area Map of the CBD



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Active Committees

- Street Life Committee: Focused on the activation of the CBD retail district through public art, entertainment and design. Chaired by Alexander Mullaney.
- Business Committee: Concerned with business growth and retention. Chaired by Janene Summerland.

Partner Organizations

- San Francisco Beautiful
- Friends of the Urban Forest
- OMI Cultural Participation Project
- OMI Neighbors in Action
- Westwood Park Association
- Ingleside Terraces Homes Association

Partner Organizations **(Government)**

- Office of Economic and Workforce Development
- San Francisco Public Works
- Department of City Planning
- Bay Area Rapid Transit District
- Ingleside Branch Library
- City College of San Francisco

Grants (2014-2015)

- In FY 2014-2015 we received \$303,000 in non-assessment grant funding from a variety of public agencies, \$135,000 of which is dedicated to beautifying and activating the DPW-owned triangles at Ocean-Geneva.
- In FY 2014-2015 we received a total SF Shines allocation of \$200,000 for Ocean Avenue small businesses.

Events + Highlights- Cleaning, Maintenance and Safety

- Cleanscapes provides daily street maintenance service including sidewalk and gutter trash pickup, pressure-washing and graffiti removal where needed
- Arborist Now maintains trees on and near Ocean Avenue, including 65 Washingtonia Palms
- CBD stretch of Ocean Avenue named cleanest commercial street in San Francisco in a November 2014 report from the City Controller's office with a score of 100
- OAA has set up a SAFE directory for corridor merchants

Events + Highlights- Beautification

- OAA works with FUF, DPW and others to plant sidewalk gardens along the corridor and on adjacent side streets. To date OAA has planted 20 trees and about 10 sidewalk gardens on side streets near Ocean. A second round of landscaping is upcoming.
- OAA's projects utilize neighborhood volunteers for planting and garden maintenance.
- Corridor Design Process with the Planning Department includes planning Ocean Avenue transportation and landscape improvements from Phelan-Geneva to San Jose Avenue.



Events + Highlights- Marketing

In January of 2015, the OAA launched Second Sundays, an ongoing monthly program of music, art and entertainment to enliven and market the Ocean Avenue corridor.

OAA plans to grow Second Sundays to become a successful program capable of activating the upcoming Unity Plaza and other open spaces along Ocean Avenue.



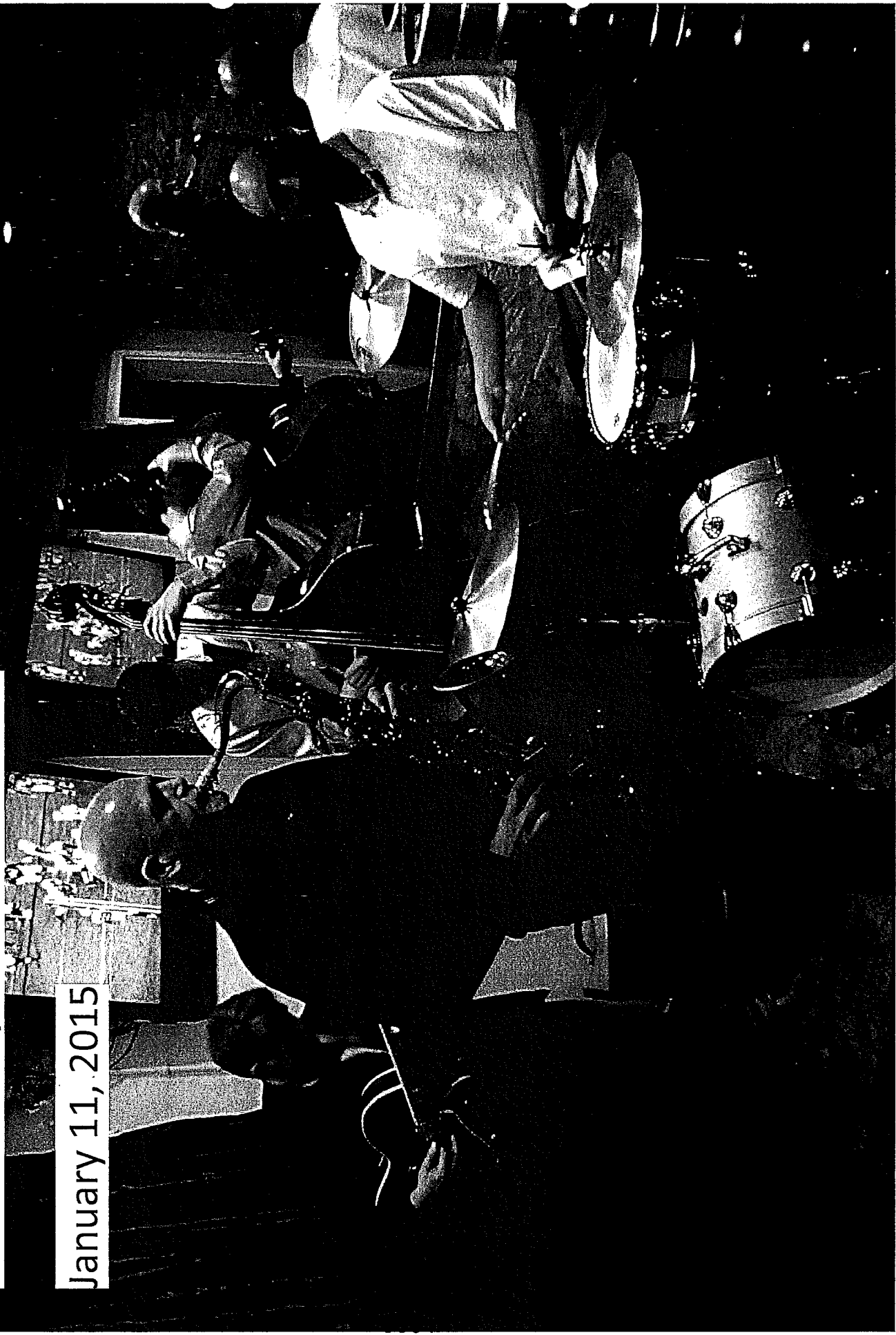
Ocean Avenue Festival

September 20, 2014



Second Sundays on Ocean Avenue

January 11, 2015



Challenges

- Expanding volunteer base and retaining volunteer interest
- Dealing with vacancies to provide desired services as opposed to saturation of business types
- Development pressure on existing small business and mid-century small retail buildings
- Under-investment in upkeep and maintenance of existing retail buildings

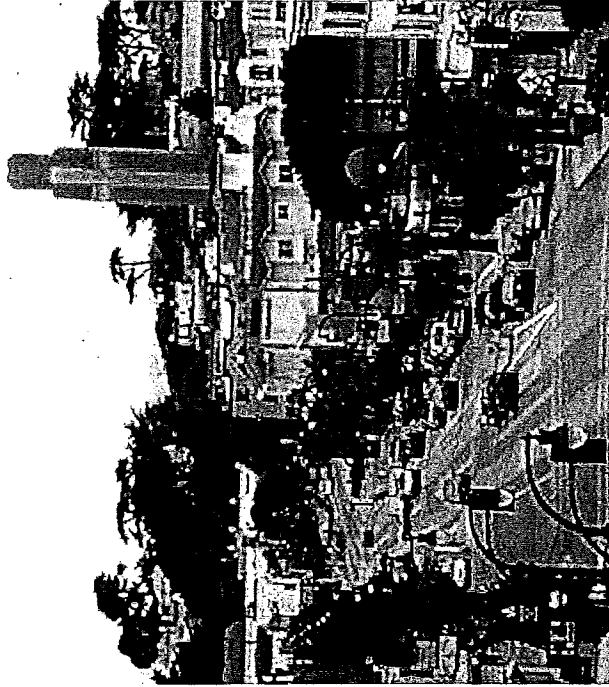
Opportunities

- Continued interest in a cleaner and greener corridor with more trees, sidewalk gardens, art and attractive pedestrian scale open spaces.
- Now that we have a grocery store, bank and hardware store, there is interest in managing the mix of businesses to better serve the needs of residents. This is an opportunity for the CBD.

Projects + Visions

- Grow Second Sundays corridor marketing.
- Program Ingleside Library Garden and Unity Plaza upon its 2016 opening.
- Establish a Farmers Market at Unity Plaza.
- Rezone two blocks of Ocean Avenue to extend retail services between the Balboa Park BART station's Ocean Avenue entrance and the Geneva-Ocean-Phelan intersection.
- Work with city staff and City College to implement the Ocean Avenue Corridor Development Plan.
- Develop and promote projects in the OAA's Fifteen Year Plan for the CBD corridor.

Thank You



Introduction Form

By a Member of the Board of Supervisors or the 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 [] inquires"
- ☐ 5. City Attorney request.
- ☐ 6. Call File No. [] from Committee.
- ☐ 7. Budget Analyst request (attach written motion).
- ☐ 8. Substitute Legislation File No. []
- ☐ 9. Reactivate File No. []
- ☐ 10. Question(s) 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 a Imperative Form.

Sponsor(s):

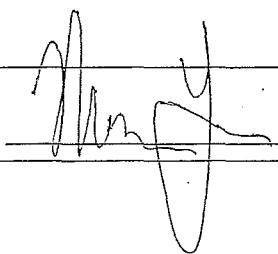
Supervisor Yee

Subject:

Ocean Avenue Community Benefit District - FY 2014-2015 Annual Report

The text is listed below or attached:

See attached.

Signature of Sponsoring Supervisor: 

For Clerk's Use Only:

