

MEMO

To: Supervisor Norman Yee, District 7
CC: San Francisco Board of Supervisors
From: Chris Corgas, OEWD Senior Program Manager
RE: Ocean Avenue Community Benefit District
Date: February 1, 2017

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, 2015, and June 30, 2016.

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 2015-2016
2. CPA Financial Review Reports
 - a. FY 2015 - 2016
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 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).
- April 19, 2016: the Board of Supervisor approved the annual report for the Ocean Avenue Community Benefit District for FY 2014 – 2015 (Resolution # 141-16).

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 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. 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 2015-2016

Cleaning, Maintenance, and Safety

- 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, sidewalk gardens and sidewalks
- Watering newly planted trees and sidewalk gardens
- Painting city utility 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

Marketing, Streetscape Improvements, and Beautification

- Continued to work with SF Public Works and the Planning department on streetscape improvements.
- In the retail district from Manor/Victoria to Phelan/Geneva, the planned landscaping improvements on and close to Ocean Ave. were installed in June of 2016.
- For the area East of Geneva Avenue, the Ocean Avenue Corridor Design Plan, a multiagency effort led by the Planning Department, was released and aspects of the plan were implemented.
- Maintained the Ocean Avenue mobile parklet currently positioned outside the Ingleside Library.
- Worked with a core group of neighborhood based volunteers to hang holiday decorations on the Ocean Avenue palm trees and to accomplish landscaping maintenance along the corridor.
- Continued the Second Sundays district promotion and entertainment program where participating businesses have offered live music and other entertainment on a monthly basis.

Management & Operations

- Ensure functioning of CBD and compliance with City contract and management plan requirements.
- Work on organizational development issues including long term goals for the CBD.
- Apply for grants to bring additional resources to the CBD.
- 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.
- Continue our Second Sundays promotion and marketing program via print and internet communications.
- Apply for grants to continue and expand improvements to the CBD corridor.
- Increase and improve upon communication between CBD Board and property owners.
- Publish Annual Reports.

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 2015-2016

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 2015-2016 Budget	% of Budget	Variance Percentage Points
Cleaning, Maintenance, and Safety	\$125,000	51.65%	\$174,835.00	53.80%	2.14%
Marketing, Streetscape Improvements, and Beautification	\$43,658	18.0%	\$68,314.00	21.02%	2.98%
Management and Operations	\$63,000	26.0%	\$70,422.00	21.67%	-4.36%
Contingency and Reserves	\$10,340	4.3%	\$11,429.00	3.52%	-0.76%
TOTAL	\$241,998	100%	\$325,000.00	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 \$299,940.00 or 81.79% of actuals and non-assessment revenue was \$66,788.00 or 18.21% of actuals. See table below.*

Revenue Sources	FY 2015-2016 Actuals	% of Actuals
Special Benefit Assessments	\$299,940.00	
Total assessment revenue	\$299,940.00	81.79%
Grants	\$60,838	
Other	\$5,950	
Total non-assessment revenue	\$66,788.00	18.21
Total	\$366,728.00	100%

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

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

Service Category	FY 2015-2016 Budget	% of Budget	FY 2015 - 2016 Actuals	% of Actuals	Variance Percentage Points
Cleaning, Maintenance, and Safety	\$174,835.00	53.80%	\$175,580.43	57.50%	3.70%
Marketing, Streetscape Improvements, and Beautification	\$68,314.00	21.02%	\$49,721.99	16.28%	-4.74%
Management and Operations	\$70,422.00	21.67%	\$107,376.5	24.81%	3.14%
Contingency Reserve	\$11,429.00	3.52%	\$4,300.00	1.41%	-2.11%
TOTAL	\$325,000.00	100%	\$361,604.75	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 met this requirement. 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 2015-16 Carryover Disbursement	\$198,069.81
Designated Projects for 2015-2016	
Cleaning, Maintenance and Safety	\$106,957.70
Marketing, Streetscape Improvements and Beautification	\$41,594.66
Management and Operations	\$43,575.36
Contingency and Reserves	\$5,942.09
Total Designated Amount for Future Years	\$198,069.81

Findings and Recommendations

The Ocean Avenue CBD met all benchmarks as defined on pages 4 and 5 of this memo. For the year in review, the Ocean Avenue CBD has well exceeded its general benefit requirement of one percent (1%) by raising approximately 30% in general benefit dollars. The CBD has acquired a significant amount of funding in the form of grant dollars, in-kind services and volunteer services.

Ocean Avenue CBD has implemented all OEWD recommendations from the FY 14-15 annual report.

The CBD continues to attract visitors to Ocean Avenue via its Second Sunday events and has shown tremendous ingenuity in working to bring unique programming and events to Ocean Avenue – this can be seen through projects like the Ocean Avenue Banner Project.

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.