



San Francisco Tourism Improvement District & Moscone Expansion District FY 2019-2020 Annual Report



Legislative Overview

Community Benefit Districts (CBDs) / Property Business Improvement Districts (PBIDs) are governed by:

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



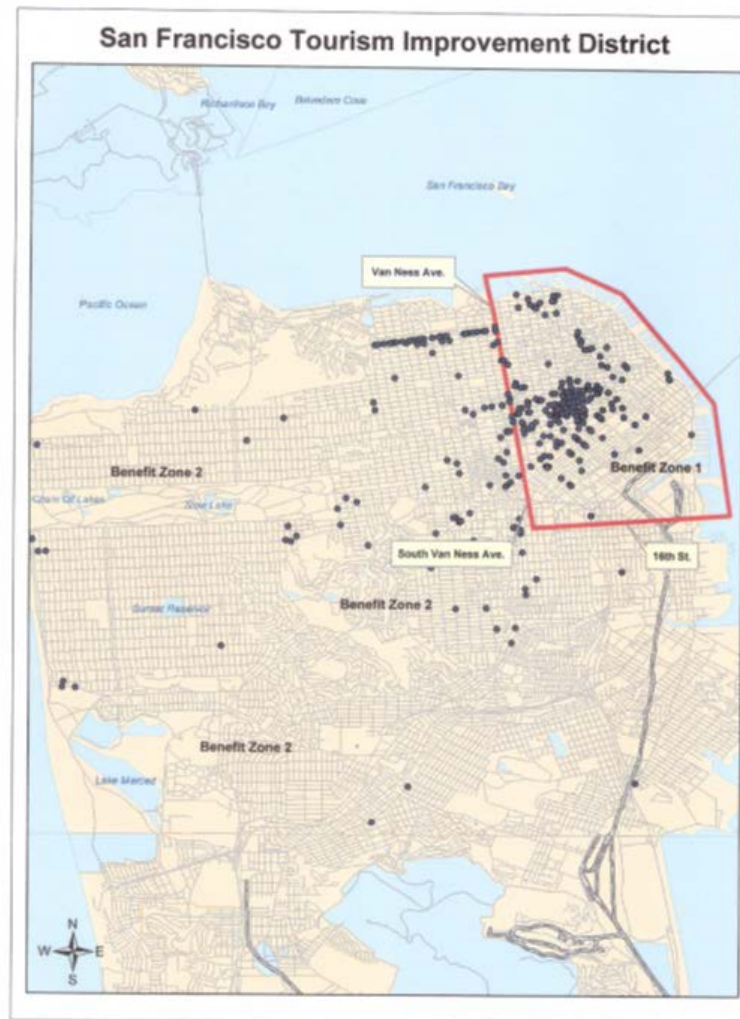
Review Process

This resolution covers the Annual Reports (TID & MED) for FY 2019-2020

- 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 of Supervisors with a summary memo.



Assessments & Zones



TID & MED Formation

| District | Type | Initial Assessment Budget* | FY 19-20 Assessment Budget | Year Formed | Expires |
|----------|----------------|----------------------------|----------------------------|------------------|-------------------|
| TID | Business-Based | \$27,000,000 | \$28,296,300 | January 1, 2009 | December 31, 2023 |
| MED | Business-Based | \$19,332,000 | \$4,548,950 | February 5, 2013 | June 20, 2045 |



TID & MED Benchmarks

OEWD's staff reviewed the following budget related benchmarks for TID & MED:

Benchmark 1 – The variance between the Management Plan Budget and Fiscal Year budget, by service category.

Benchmark 2 – The variance between the budget amount and actual expenses with a fiscal year.

Benchmark 3 – Whether TID & MED are indicating the amount of funds to be carried forward into the next fiscal year and designating projects to be spent in future fiscal years.



TID & MED Operations

Staff

- Executive Director – Paul Frentsos

TID Service Areas

- Marketing and Promotions
- Services and Improvements to Moscone Convention Center
- Contingency, Reserve, Administration Costs

MED Service Areas

- Expansion of the Moscone Convention Center (development, construction, financing)
- Moscone Convention Center Incentive Fund
- Moscone Convention Center Sales & Marketing Fund
- Future Capital Improvements and Renovations
- Administration and Reserves



TID Management Plan vs. Annual Budgets

| Service Category | FY 2016-17 Variance % Points | FY 2017-18 Variance % Points | FY 2018-19 Variance % Points | FY 2019-20 Variance % Points |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Marketing and Promotions | -0.3% | +29.0% | +29.1% | +28.8% |
| Administration and Personnel | +0.3% | -20.6% | -20.8% | -20.4% |
| Contingency/Reserves/ Administration and City Administration Costs of the TID | 0% | -8.3% | -8.3% | -8.3% |



MED Management Plan vs. Annual Budgets

| Service Category | FY 2016-17 Variance % Points | FY 2017-18 Variance % Points | FY 2018-19 Variance % Points | FY 2019-20 Variance % Points |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Expansion/Development Activities | 0% | 0.0% | -86.5% | -85.5% |
| Capital Reserve for Future Renovations and Improvements | 0% | 0.0% | 0.00% | +6.4% |
| Incentive Fund | 0% | 0.0% | 0.00% | +57.8% |
| Sales and Marketing Fund | 0% | 0.0% | 0.00% | +6.4% |
| Debt Sales and Stabilization Fund | 0% | 0.0% | +84.6% | 0.0% |
| Administration of MED and Operating Contingency Reserves | 0% | 0.0% | +1.9% | +15.9% |



TID Budget vs. Actuals

| Service Category | FY 2016-17 Variance % Points | FY 2017-18 Variance % Points | FY 2018-19 Variance % Points | FY 2019-20 Variance % Points |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Marketing and Promotions | -0.3% | -0.1% | -0.1% | -0.5% |
| Administration and Personnel | +0.3% | +0.1% | -0.1% | +0.5% |
| Contingency/Reserves/ Administration and City Administration Costs of the TID | 0% | 0.0% | 0.0% | 0.0% |



MED Budget vs Actuals

| Service Category | FY 2016-17 Variance % Points | FY 2017-18 Variance % Points | FY 2018-19 Variance % Points | FY 2019-20 Variance % Points |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Expansion/Development Activities | 0% | -17.5% | +42.2% | +5.9% |
| Capital Reserve for Future Renovations and Improvements | 0% | -0.4% | -1.0% | -7.4% |
| Incentive Fund | 0% | -3.0% | -3.2% | -51.2% |
| Sales and Marketing Fund | 0% | -0.4% | -0.4% | -6.3% |
| Debt Sales and Stabilization Fund | 0% | +22.9% | -35.0% | +74.1% |
| Administration of MED and Operating Contingency Reserves | 0% | -1.6% | -2.5% | -15.2% |



TID Carryover

| Carryover From FY 2019-20 | Projected Carryover - Annual Report* |
|-----------------------------------|--------------------------------------|
| SFTA Marketing & Operations | \$ 276,671 |
| Capital Fund | 175,325 |
| Incentive Fund | 694,890 |
| Convention Sales & Marketing Fund | - |
| Contingency/Reserve | 606,990 |
| TOTAL | \$ 1,753,876 |



MED Carryover

| Carryover From FY 2019-20 | Projected Carryover - Annual Report* |
|---------------------------|--------------------------------------|
| Development and Expansion | \$ (5,236,850) |
| Capital Fund | 245,173 |
| Incentive Fund | 435,061 |
| Contingency/Reserve | 1,059,335 |
| TOTAL | \$ (3,497,281) |



Findings & Recommendations for TID & MED

In completing the review of the TID and MED annual reports and financials, OEWD sets forth the following recommendations:

- The TID & MED, as business based districts, were severely impacted by the Covid-19 pandemic.
 - Drastic reduction in special assessment revenues as formula is based on percentage of revenue generated from hotel room purchases in San Francisco.
- Reduction in assessment revenue forced the MED to tap into its Debt Service and Stabilization fund
 - Fund was designed to be drawn upon in any year with lower than expected MED collections caused MED contributions toward debt service to be lower than the sum set forth in cash flow projections. Covid-19 pandemic caused such conditions.
- TID assessments were lower due to Covid-19 pandemic; variance here covered by the TID's contingency/reserve fund.
- MED took out a \$5,000,000 line of credit which comes to term in 2021. MED must identify ways of payment due to severe impacts of Covid-19 pandemic on MED's assessment revenue.
- TID is set to expire at the end of 2023 and the organization is seeking an early renewal, they have begun working on creating renewal process and have received technical support from OEWD regarding this.



Conclusion

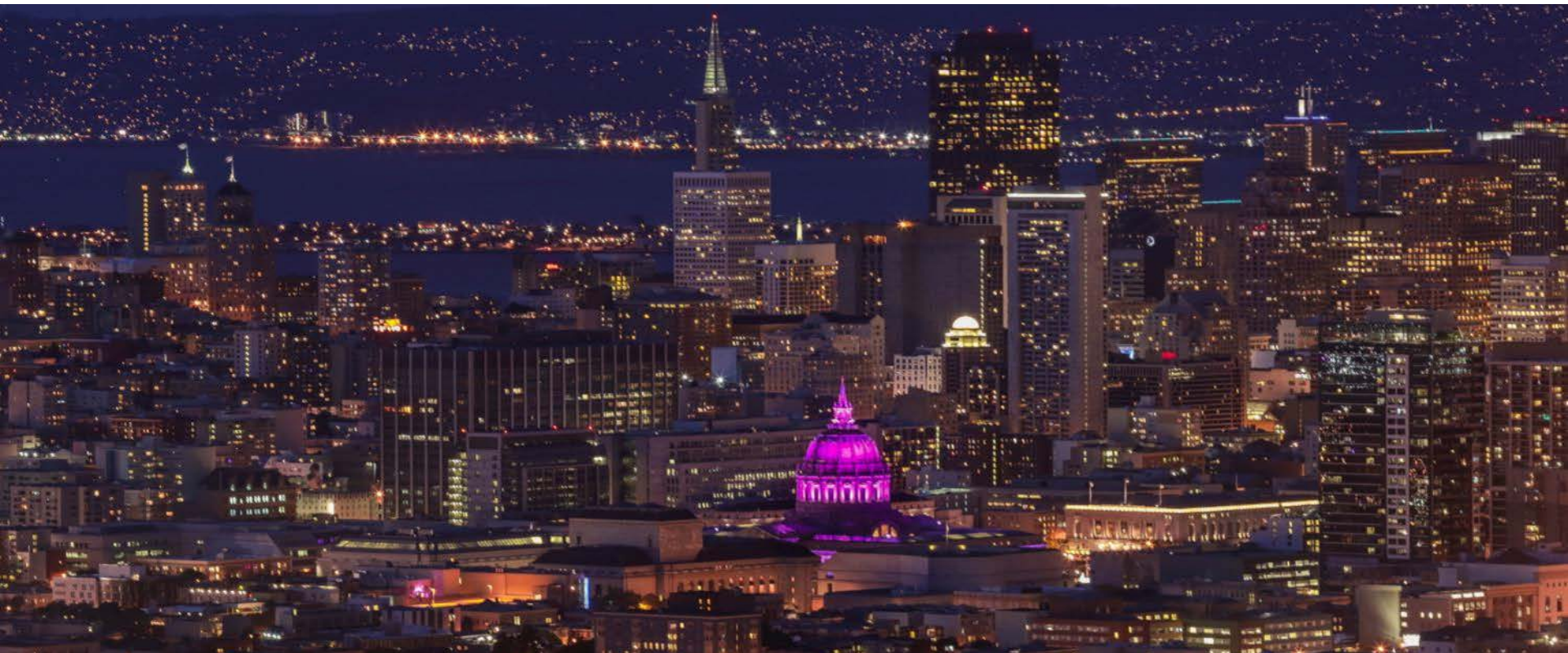
In conclusion:

- Both TID and MED met benchmarks.
- Covid-19 pandemic adversely impacted both districts special assessment revenues.
- Prior to the pandemic, both districts were successful in meeting their primary purpose of attracting tourism and conventions to San Francisco and overseeing the renovations and related debt servicing of the Moscone Center.
- Financial outlook for both TID and MED are dependent on the City and County of San Francisco's reopening and would greatly be aided by the return of conventions to the Moscone Center and an influx of tourists booking hotel rooms in San Francisco.



CITY & COUNTY OF SAN FRANCISCO GOVERNMENT AUDIT & OVERSIGHT COMMITTEE

NOVEMBER 4, 2021



TOURISM IMPROVEMENT DISTRICT 2019 – 2020

TOURISM IMPROVEMENT DISTRICT

Convention Sales

- Conventions generated over 355 meetings with \$275 million in direct spending
- Sales team booked over 485,000 rooms nights in 2020 for all future years
- Attended 20 virtual meetings and 12 in-person meetings

Marketing and Promotion

- Leisure visitors comprised 91% of all visitors
- The Visitor Information Center (VIC) saw 2,000 people.
- The VIC has staff that speak 12 languages.



TOURISM IMPROVEMENT DISTRICT

MARKETING EFFORTS

- 11.8 Million Visitors
- 8.7 billion media impressions which equates to more than \$394 million in value (2019)
- www.sftravel.com
 - 2.9 million unique visitors
 - \$82.6 million in economic impact
- Instagram @onlyinSF 285k followers
- Twitter @onlyinSF 201k followers
- Facebook @onlyinSF 610k followers



MOSCONE EXPANSION DISTRICT 2019 – 2020

MOSCONE EXPANSION DISTRICT

- \$551+ million-dollar expansion and renovation
- Final and total phase of the project completed January 2019
 - It was on-time and on-budget
- Moscone hosted PCMA 2020, which attracted over 4,800 meeting planners and attendees. This is a key industry event to promote meetings at both convention centers and within hotels.



SFTIDMC ANNUAL REPORT

MOSCONE EXPANSION DISTRICT

Moscone Expansion Incentive Fund | \$150,000

- Used to attract new clients
- Retain current clients during expansion and into the future

