

MEMO

To: Supervisor Aaron Peskin, District 3

CC: San Francisco Board of Supervisors;
Chris Corgas, OEWD Senior Program Manager

From: Helen Mar, OEWD Project Manager

RE: Greater Union Square Business Improvement District

Date: 3/22/2019

This is a memo summarizing the performance of the Greater Union Square Business Improvement District (USBID) and an analysis of its financial statements (based on their audits) for the period between July 1, 2017 and June 30, 2018. For the record, the Greater Union Square Business Improvement is known as the Union Square Business Improvement District and will be referred to as such throughout this document. Initially the word “Greater” was used to distinguish from the original and smaller BID that was initially formed.

Each year the USBID is required to submit a mid-year report, an annual report, and a CPA Financial Review or Audit. The Union Square BID has complied with the submission of all these requirements. OEWD staff 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 USBID management contract with the City; and their Management Plan approved by the Board of Supervisors in 2009.

Also attached to this memo are the following documents:

1. Annual Report
 - a. FY 2017-2018
2. CPA Financial Audit Report
 - a. FY 2017-2018
3. Draft resolution from the Office of Economic and Workforce Development



Background

The USBID includes both privately and publicly owned properties. The district covers 27 blocks and includes approximately 597 parcels.

- July 28, 2009: the Board of Supervisors approved the resolution to renew and expand the Union Square Business Improvement District to cover 27 blocks for 10 years. Resolution # 320-09).
- January 26, 2010: the Board approved the contract for the administration and management of the Greater Union Square Business Improvement District (Resolution # 19-10).
- February 23, 2016: the Board of Supervisors approved the FY 2014 - 2015 annual report and audit report (Resolution # 068-16).
- March 14, 2017: Board of Supervisors approved the FY 2015 – 2016 annual report and audit report (Resolution # 078-17)
- April 10, 2018: Board of Supervisors approved the FY 2016 – 2017 annual report and audit report (Resolution # 096-18)

USBID Summary and Highlights

Year Renewed	July 2009
Assessment Collection Period	FY 2009-10 to FY 2018-19 (July 1, 2009 to June 30, 2019)
Services Start and End Date	January 1, 2010 – December 31, 2019
Initial Estimated Annual Budget	\$3,040,061
Fiscal Year	July 1 – June 30
Executive Director	Karin Flood
Name of Nonprofit Owners' Entity	Union Square Business Improvement District

The current USBID website <http://www.visitunionsquaresf.com/about-us>, 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 USBID Program Areas

Cleaning and Safety

USBID Cleaning and Safety services include teams of Cleaning, Safety and Hospitality Ambassadors, including SFPD “10B” officers and Downtown Street Team members. The *Union Square BID Management Plan* calls for 65% of the operating budget dedicated to this service area.

Cleaning Ambassadors and Downtown Streets Team

- Approximately 15 full-time Cleaning Ambassadors provide regular specialized sidewalk cleaning and maintenance services (**5:30am – 9:30 pm/7 days a week**), such as sidewalk and gutter sweeping, sidewalk pressure washing every two weeks, removing needles and biomedical waste, discarding illegally dumped cardboard, and removing graffiti and stickers.

- 8 Union Square Downtown Streets Team members supplement Cleaning Ambassadors by providing specialized alley sweeping services, in addition to regular sidewalk and gutter sweeping **(7am – 11am and 1-5pm Mon-Fri)** for select routes in Union Square.

Safety Ambassadors and SFPD “10B” Officers

- Approximately eight (8) full-time Safety Ambassadors **(6am-11pm/7 days a week)** in red shirts emblazoned with the word “Safety” help to address and advise on quality of life issues in the district. They are the “eyes and ears” of Union Square to visitors and workers. Their primary responsibilities are to address street issues, such as aggressive panhandling and sit/lie violations, and to engage district visitors and workers with a friendly smile.
- SFPD “10B” officers hired by the USBID provide 10 hours a day **(8am – 6pm/7 days a week)** to supplement security to SFPD beat officers assigned to the district. The “10B” officers primarily come from the Tenderloin and Central SFPD stations.

Hospitality Ambassadors

- Approximately two (2) full-time Hospitality Ambassador services the district **(7:30am – 4pm, Wednesday through Sunday)**. Their duties include providing Union Square visitors with a positive image of the district by offering the public information on local events and attractions, assisting with directions, handing out the USBID Map & Guide highlighting Union Square businesses, and providing visitor and member assistance as needed.

Member Services Dispatch

- Approximately three (3) full-time operators service the USBID’s Members Dispatch Center **(7:00am - 9pm/7 days a week)** to receive incident data and deploy cleaning, safety, and hospitality services to make the district a safer and more welcoming place for our visitors, workers, and residents.

Marketing and Communications, Public Realm Improvements, and Advocacy

These USBID services work to develop and promote Union Square as a world-class district to visitors, workers, and residents through multiple programs and initiatives, such as the USBID website (visitunionsquaresf.com), social media platforms (i.e. Facebook and Twitter), monthly and weekly newsletters, a Visitor Map & Guide, media and public affairs services, public policy advocacy, public realm improvements, and annual events such as Winter Walk SF and holiday décor. The Union Square BID Management Plan calls for 10% of the budget to be spent on Marketing, Public Realm Improvements, and Advocacy.

- **Marketing & Communications** – The USBID manages a professional member and consumer marketing programs centered on digital marketing, public space programming, and member events. In addition, the USBID publishes and distributes 60,000 Union Square Visitor Maps and Guides to reinforce the district’s brand through sponsorship and advertising. Member events

are a large part of the USBID's marketing programs, attracting between 20 – 200 attendees per event. The USBID's Marketing Committee, comprised of Board members and marketing professionals, meets bi-monthly and provides feedback to the USBID on its marketing programs and best practices. The USBID also hosts "Coffee & Connections", a bi-monthly networking event for Union Square area businesses.

- **Public Realm Improvements** – The USBID's Public Realm and Streetscapes Committee meets monthly and includes design professionals, property managers, and public sector stakeholders to advise and assist with implementing projects detailed in the USBID's Public Realm Action Plan. In addition, the committee address emerging transportation and land use issue impacting the district. This past year, the Committee worked with SFMTA to convene Union Square community meetings on permanent, pedestrian-oriented design improvements for lower Powell Street called the Powell Street Improvement Project.
- **Advocacy** – The USBID's Public Affairs & Advocacy Committee addresses State and local policy issues that impact the district and its members. For example, in 2017-2018, the Committee advocated on behalf of USBID members to mitigate the impacts of the Central Subway construction project, additional SFPD presence, additional homeless outreach services, retail flexibility within the C-3-R legislation, and other relevant local legislation.

Management and Administration

The USBID Board consists of 23 members representing property owners and managers, retailers, hospitality representatives, hotel operators, and several at-large stakeholders. There are seven advisory committees, including an Executive Committee, who meet regularly and take action on time-sensitive matters. The USBID launched its renewal process in the fall of 2017 with a series of public meetings, formation of a Renewal Committee and completed a member renewal survey in May 2018.

Summary of Delivery of Services and Accomplishments

FY 2017-2018

Clean and Safe

- Picked up and removed approximately 603,325 lbs. of trash
- Collected and removed 5,700 syringes
- Painted over and removed 19,458 graffiti incidents
- USBID's annual "Holiday Safe Shopper" Program provided over 9,500 hours of police patrolling during 2018 holiday season

Marketing

- Activated Maiden Lane with food vendors and live entertainment every Monday, Wednesday, and Friday (11am – 2pm) from April – October resulting in increased pedestrian activity and decreased quality of life service calls.

- Designed, branded, promoted, activated, and managed its fourth Winter Walk SF – a temporary, two-block, pedestrian plaza along lower Stockton Street during the holiday season that attracted 1.7million visitors.
- Installed banners throughout the District to further create a sense of place.

Public Realm and Streetscapes

- Partnered with City and local businesses and organizations for Hallidie Plaza improvements, including paying for holiday décor and advocated Public Works to install and maintain 100+ planter boxes along the perimeter wall.
- Provided holiday décor in Union Square area including lighting palm trees in Union Square Park, wreaths on Powell Street, Maiden Lane and Powell Street tree lights.
- Hung flower baskets in Maiden Lane and the Cable Car Turnaround at Hallidie Plaza.
- Received notification of a \$33,000 Community Challenge Grant for a neon light art project for Campton Place.

Advocacy and Government Affairs

- Approximately 8 homeless individuals from Union Square’s Downtown Streets Team have transitioned into full-time employment (1 with USBID) and 9 have been placed into permanent housing
- Lead advocacy efforts for retailers across the city to oppose the fur ban legislation, and conducted a study to show the City that fur sales are a significant revenue generator (\$45 million annually). Although the legislation was ultimately approved by the City, we were able to extend the deadline for retailers to unload merchandise that had already been purchased by 1 year – until January, 2020.
- Participated in the Value of Downtown’s project with the International Downtown Association to report and conducted an economic impact study of the Union Square area.
- Conducted vacancy and tenancy study of the C-3-R district and advocated for additional flexibility in the legislation for 3rd floor and above for conversion to office and other uses.
- Co-convended Business Comes to City Hall Advocacy Day event with the San Francisco Chamber of Commerce bringing USBID members and business stakeholders to meet with elected officials, City department heads and industry leaders to have conversations that address the most pressing challenges facing San Francisco employers, employees, residents, and visitors.

Management and Operations

- Received \$1,000,000 from a donor-advised fund of the Silicon Valley Communication Foundation for public safety-related initiatives.
- Launched the Union Square Foundation (a 501(C) 3 charitable organization) in July 2017. The foundation will focus on raising funds for providing public realm improvements and homeless services. The Foundation raised over \$400,000 in its first fiscal year including \$97,000 from Annual Lunch and \$30,000 from Holiday Fundraiser.
- Launched renewal process with community meeting in fall of 2017 and member survey completed by May 2018 with 63% of assessed properties participating in survey.

- Drafted and approved FY 17-18 annual budget, mid-year budget modification, and drafted FY 18-19 annual budget and conducted audit for FY 16-17.

USBID Annual Budget Analysis

OEWD’s staff reviewed the following budget related benchmarks for USBID:

- **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 “Greater Union Square Business Improvement 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 “Greater Union Square Business Improvement District”, Section 3.4 - Annual Reports*)
- **BENCHMARK 3:** Whether the variance between the budget amount and actual expenses within a fiscal year was within 10 percentage points (*Agreement for the Administration of the “Greater Union Square Business Improvement District”, Section 3.9 – Budget*)
- **BENCHMARK 4:** Whether USBID is indicating the amount of funds to be carried forward into the next fiscal year and designating projects to be spent in current fiscal year (*CA Streets & Highways Code, Section 36650(B)(5)*).

FY 2017-2018

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: USBID met this requirement. See table below.

Service Category	Management Plan Budget	% of Budget	FY 2017-2018 Budget	% of Budget	Variance Percentage Points
Clean & Safe	\$1,995,400	65%	\$2,647,645	64.97%	-0.03%
Marketing, Advocacy, Beautification and Streetscape Improvements*	\$291,675	10%	\$652,688	16.02%	+6.02%
Management and Operations	\$460,488	15%	\$673,910	16.54%	+1.54%
Contingency & Reserves	\$323,328	10%	\$100,933	2.48%	-7.52%
TOTAL	\$3,070,891	100.0%	\$4,075,176	100.0%	

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

ANALYSIS: USBID met this requirement. Assessment revenue was \$3,559,432 or 70.62% of actuals and non-assessment revenue was \$1,481,154 or 29.38% of actuals. See table below.

Revenue Sources	FY 2017-2018 Actuals	% of Actuals
Special Benefit Assessments	\$3,559,432	70.62%
Total assessment revenue	\$3,559,432	70.62%
Contributions	\$1,271,156	25.22%
Sponsorships	\$122,284	2.43%
Interest Earned	\$10,958	0.22%
Other Revenue	\$76,756	1.52%
Total non-assessment revenue	\$1,481,154	29.38%
Total	\$5,040,586	100%

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

ANALYSIS: USBID met this requirement. See table below.

Service Category	FY 2017-2018 Budget	% of Budget	FY 2017-2018 Actuals	% of Actuals	Variance Percentage Points
Clean & Safe	\$2,647,645	64.97%	\$2,683,937	67.45%	+2.48%
Marketing, Advocacy, Beautification and Streetscape Improvements*	\$652,688	16.02%	\$561,054	14.10%	-1.92%
Management and Operations	\$673,910	16.54%	\$622,898	15.65%	-0.89%
Contingency Reserve	\$100,933	2.48%	\$111,408	2.80%	+0.32
TOTAL	\$4,075,176	100.0%	\$3,979,297	100%	

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

ANALYSIS: USBID 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 USBID. As a result, BIDs/CBDs typically have 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 2017-2018 Carryover Disbursement	\$2,037,580
Assessments & Core Operations	\$1,596,631
Silicon Valley Community Foundation Grant	\$201,605
Other Restricted/Designated Funds	\$239,344
Total Carryover amount from FY 2017-2018	\$2,037,580

Findings and Recommendations

USBID has met all benchmarks as defined on page 6 of this memo. USBID has well exceeded its general benefit requirements of one percent (1%). The USBID was successful in acquiring grant dollars for cleaning, safety, and streetscape related projects. USBID worked to increase foot traffic through the activation of Maiden Lane and was able to attract hundreds of thousands of visitors to the district with Winter Walk SF and other events. USBID collaborated with the City and local non-profits to beautify and improve Hallidie Plaza, Maiden Lane, and other public spaces.

USBID is will undergo its renewal process in FY 2018-2019 and is well underway with their renewal campaign. OEWD will continue to work with USBID during their renewal process. USBID needs to complete this process before the final Board of Supervisors meeting in July 2019 in order to ensure assessments make it on the FY 19-20 property tax bill to rate payers. If the district does not renew for any reason the district will sunset at 12:00 AM, January 1, 2020.

Conclusion

The USBID has performed exceptionally well in implementing the services outlined in their management plan. USBID has continued to successfully sponsor and help promote events in Union Square, including Winter Walk SF. The USBID has been particularly successful raising funds, with approximately 30% of their operating budget in FY 17-18 coming from non-assessment sources. USBID has done an outstanding job in partnering with community stakeholders and numerous municipal agencies for the activation and improvement of public spaces. USBID is a well-run organization with an active Board, committee members and will continue to successfully carry out its mission as a business improvement district.