

**MEMO**

To: Supervisor Aaron Peskin, District 3

CC: San Francisco Board of Supervisors

From: Chris Corgas, OEWD Senior Program Manager

RE: Greater Union Square Business Improvement District

Date: February 1, 2017

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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, 2015 and June 30, 2016. 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 2015-2015
2. CPA Financial Audit Report
  - a. FY 2015-2016
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 588 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 and nearly 3,000 parcels 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).

### 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

#### **Clean and Safe**

USBID Clean and Safe services include a team of Safety and Hospitality Ambassadors, including SFPD "10B" officers. The *Union Square BID Management Plan* calls for 65% of the operating budget dedicated to this service area. The USBID initially contracted with MJM Management Group for a Community Service Ambassador and Cleaning programs. However, in February 2015, the USBID contracted with a new service provider (Block-by-Block) for Ambassador Services that include cleaning, safety, and hospitality services. Cleaning Ambassadors pressure wash Union Square's 27-blocks every two weeks, remove illegally dumped cardboard and garbage, top-off overflowing City-owned garbage cans, and remove graffiti, and assistance to visitors and persons in need. The cleaning and maintenance team constitutes 12 full-time equivalent positions.

Safety & Hospitality Ambassadors, including the Team Leads, constitute 12 full-time equivalent positions and easily recognizable in red uniform jackets emblazoned with the USBID's logo. Duties include walking throughout the district providing the public with attraction and event information, directions, and giving out the USBID Map & Guide highlighting Union Square businesses, and providing visitor and member assistance as needed.

The USBID Ambassadors work 7 days a week from 5:30am to 11pm. The USBID also runs a dispatch center and member services line from 7:00am to 7:30pm, 7 days/week and employs 2.5 dispatchers.

SFPD 10B officers hired by the USBID provide 10 hrs/day (7 days/week) of supplemental security to regular SFPD beat officers assigned to the district. 10B officers primarily come from the Tenderloin and Central SFPD stations.

### **Marketing, Advocacy, - and Streetscape Improvements (MABSI)**

This service area promotes the USBID and its members through the USBID website (visitunionsquaresf.com), social media outlets (i.e. Facebook and Twitter), monthly and weekly newsletters, a visitor Map & Guide, media outreach and special events; advocates on behalf of Union Square property owners for important city services; beautifies the area with; and implements public realm improvements such as streetscape elements, landscaping projects, seasonal décor and holiday lighting. . The Union Square BID Management Plan calls for 10% of the budget to be spent on Marketing, Advocacy, - and Streetscape Improvements.

- **Marketing & Communications** – The USBID manages a professional member and consumer marketing program, centered on digital marketing, public space programming, and member events. In addition, the USBID publishes and distributes 60,000 Union Square Visitor Maps and actively seeks opportunities to brand the district through signage, media outreach and advertising (usually done in-kind). Consumer and member events are also a large part of the USBID’s marketing programs. The USBID’s Marketing Committee includes Board members and district volunteers and meets bi-monthly. Committee members provide feedback on the USBID’s marketing programs and participates in group discussions regarding best practices. The USBID also hosts “Coffee & Connections”, a bi-monthly networking event for Union Square area businesses as well as other member programs such as “Meet the Concierge”, Chinese Tourism and other marketing related subjects for member benefits.
- **Streetscape & Public Realm Improvements** - – The USBID’s Streetscapes Committee meets monthly and includes approximately 15 people comprised of design professionals, property managers, and public sector stakeholders to plan and implement public realm improvements and discuss transportation and land use issues impacting Union Square. This past year, the Committee assisted with convening community stakeholders, SFMTA, and SF Planning for feedback on outreach and the proposed concept designs for the lower Stockton Street Improvement project and the lower Powell Street Improvement Project pilot.
- **Advocacy** - The USBID’s Public Affairs & Advocacy Committee addresses State and local policy issues impact the district and its members. For example, in 2015-2016, the Committee advocated on behalf of USBID members for the impact mitigation of the Central Subway construction project, additional SFPD presence, additional homeless outreach services, mobile food facility permits, 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 recently completed a three-year strategic plan with a new vision

statement, a revised mission statement, key performance indicators, and goals and objectives by service area.

## **Summary of Accomplishments, Challenges, and Delivery of Services**

### **FY 2015-2016**

#### **Clean and Safe**

- Partnered with Recology and Public Works to pilot five, new solar powered, “Big Belly” smart waste units in Union Square.
- Cleaning Ambassadors completed 12,761 clean up and graffiti removal requests.
- Evaluated district conditions on a regular basis and advocated to City departments for improvements.
- Removed 281,050 pounds of trash from City streets within the District.
- Steam cleaned 961,810 linear feet.
- Handled 2,925 public safety calls.
- Security camera program expanded to include over 300 cameras in operation and over 400 uses of the system by SFPD, resulting in dozens of arrests.
- Launched Union Square Cares to address the issue of homelessness.
- As part of the Union Square Cares initiative, launched a Downtown Streets Team Program to provide additional cleaning and enable homeless individuals to re-enter the work force and become self-sufficient.

#### **Marketing**

- Launched a new USBID website.
- Designed, branded, promoted, activated, and managed its second Winter Walk SF – a temporary two block, pedestrian plaza along lower Stockton Street during the holiday season.

#### **Streetscapes & Public Realm Improvements**

- Convened 8 meetings with lower Stockton Street stakeholders to assess the feasibility, benefits and impacts of redesigning a section of Stockton Street for pedestrian and transit-oriented improvements. ,
- Led member outreach efforts on SFMTA’s Powell Street Improvement Pilot legislation and implementation

#### **Management and Operations**

- Hosted the 2015 IDA Conference in October of 2015, in partnership with OEWD.
- Began a strategic planning process in anticipation of the USBID’s 2019 renewal campaign.
- Hosted the USBID annual luncheon and raised \$101,250 for services and public realm improvements for the district.
- Drafted and approved FY 15-16 annual budget, mid-year budget modification, and drafted FY 16-17 annual budget

**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 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:** USBID met this requirement. See table below.

<b>Service Category</b>	<b>Management Plan Budget</b>	<b>% of Budget</b>	<b>FY 2015-2016 Budget</b>	<b>% of Budget</b>	<b>Variance Percentage Points</b>
Clean & Safe	\$1,995,400	65%	\$2,306,871.00	64.33%	-.67%
Marketing, Advocacy, Beautification and Streetscape Improvements*	\$291,675	10%	\$602,343.00	16.80%	+6.80%
Management and Operations	\$460,488	15.00%	\$676,972.00	18.88%	+3.88
Contingency & Reserves	\$323,328	10%	\$0	0%	-10.00%
<b>TOTAL</b>	<b>\$3,070,891</b>	<b>100.0%</b>	<b>\$3,586,186.00</b>	<b>100.0%</b>	

**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 \$3,410,053.51 or 50.30% of actuals and non-assessment revenue was \$3,369,894.88 or 49.70% of actuals. See table below.

Revenue Sources	FY 2015-2016 Actuals	% of Actuals
Special Benefit Assessments	\$3,410,053.51	
<b>Total assessment revenue</b>	<b>\$3,410,053.51</b>	<b>50.30%</b>
Contributions and Sponsorships	\$96,194.53	1.42%
Donations	\$101,249.94	1.49%
Grants	\$3,033,000.00	44.73%
Interest Earned	\$2389.01	.04%
Earned Revenue	\$742.30	.01%
<b>Other</b>	<b>\$136,320.10</b>	<b>2.01%</b>
<b>Total non-assessment revenue</b>	<b>\$3,369,895.88</b>	<b>49.70%</b>
Total	\$6,779,949.39	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 2015-2016 Budget	% of Budget	FY 2015-2016 Actuals	% of Actuals	Variance Percentage Points
Clean & Safe	\$2,306,871.00	64.33%	\$2,294,289.00	62.20%	-2.12%
Marketing, Advocacy, Beautification and Streetscape Improvements*	\$602,343.00	16.80%	\$704,936.00	19.11%	+2.32%
Management and Operations	\$676,972.00	18.88%	\$674,482.00	18.29%	-.59%
Contingency Reserve	\$0	0%	\$14,671.00	0.40%	+.40%
<b>TOTAL</b>	<b>\$3,586,186.00</b>	<b>100.0%</b>	<b>\$3,688,378.00</b>	<b>100.0%</b>	

**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.

<b>FY 2015-2016 Carryover Disbursement</b>	<b>\$3,876,587</b>
General Benefit Carryover Projects for FY 2015-16	
Audi Grant	\$1,058.26
HHR Floral Fund	\$1,889.35
SVC Foundation Grant (2014)	\$1,031,518.78
SVC Foundation Grant (2015)	\$439,319.50
Fundraising – Non-assessment advocacy	\$58,519.39
Fundraising – Non-assessment streetscapes	\$95,709.34
Security camera program – owner donations	\$103,201.53
<b>Total General Benefit Carryover</b>	<b>\$1,731,216.15</b>
Special Assessment Carryover Projects for FY 15-16	
Management and Operations	\$53,315.40
General Fund/Contingency	\$1,566,089.19
<b>Special Assessment Projects Total Carry Over</b>	<b>\$1,619,404.59</b>
<b>Total Carryover amount from FY 2015-2016</b>	<b>\$3,350,620.74</b>

### **Findings and Recommendations**

USBID has met all benchmarks as defined on page 5 of this memo. USBID has well exceeded its general benefit requirements of one percent (1%) The USBID was successful in acquiring grant dollars for clean, safe, and streetscape related projects. USBID revamped marketing through a new website and was able to attract thousands of visitors to the District through Winter Walk and other events.

USBID will be up for renewal in FY 2018 – 2019 and the USBID’s Board and staff have begun preparing for the renewal process. OEWD recommends the USBID continue preparation for the renewal process and begin formal outreach to USBID stakeholders in FY 2017 – 2018.

### **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 over half of their operating budget in FY 15-16 coming from non-assessment sources. USBID has done an outstanding job in partnering with the community stakeholders and numerous municipal agencies for the activation and improvement of public spaces. Additionally, the USBID was co-host to the 2015 IDA Conference, which brought 900 public space management professionals to San Francisco. USBID is a well-run organization with an active Board, committee members and will continue to successfully carryout its mission as a business improvement district.