



San Francisco Tourism Improvement District & Moscone Expansion District



Legislative Overview

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

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



TOURISM IMPROVING DISTRICT 2009-2016

SFTIDMC ANNUAL REPORT

TOURISM IMPROVEMENT DISTRICT 2009/10

Marketing efforts

- Added a citywide sales manager in Washington D.C.
- Booked 1,751,210 room nights for future citywide and self-contained meetings; 102% of optimal year target
- Established a comprehensive visitor research program
- Launched a marketing program to attract LGBTQ travel to San Francisco

Improvements to Moscone Convention Center

- Upgraded lobbies, meeting rooms, pre-function space, restrooms and kitchen. Upgraded elevators and escalators.
- Added digital displays and telecom/data cabling upgrades
- Met new ADA requirements



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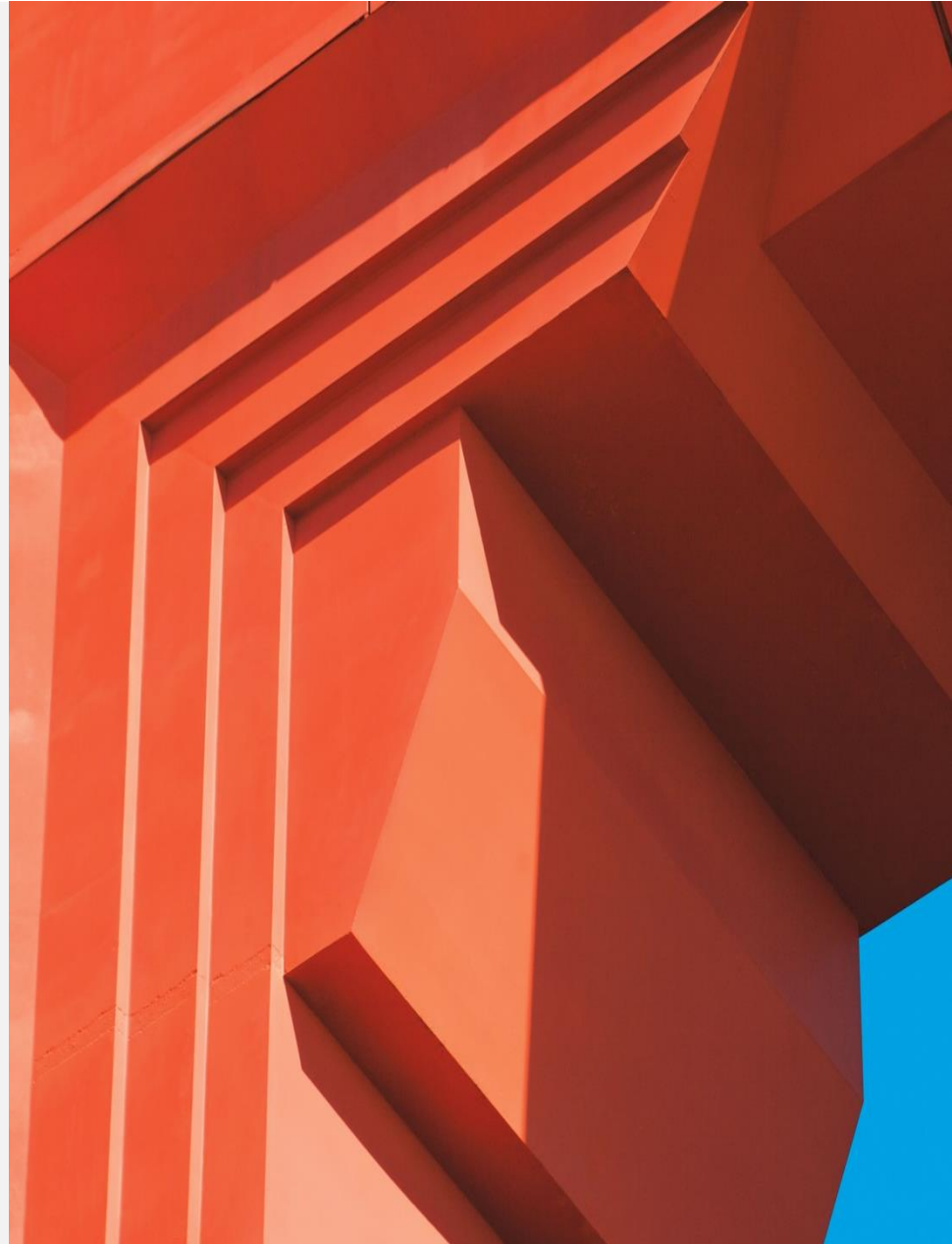
TOURISM IMPROVEMENT DISTRICT 2010/11

Marketing efforts

- Hosted International Pow Wow 2011
- Maintained and/or enhanced all principal existing sales programs at SFCVB
- Launched a new marketing campaign called, “49 hours of San Francisco – Arts 7 Culture” to drive overnight visitation to San Francisco
- Began renovation of Visitor Center at Hallidie Plaza

Services and Improvements to Moscone Convention Center

- Pursued LEED Gold Certification
- Variable-speed control and other HVAC upgrades



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TOURISM IMPROVEMENT DISTRICT 2011/12

Marketing efforts

- Hosted 1,000 travel industry professionals to San Francisco for familiarization tours
- Generated 759 new tourism leads and 91 new programs
- Hosted trade shows and promotional events in the U.S., Canada, Asia, Europe, and Australia
- Conventions generated 1,150 meetings with \$1.1 billion in direct spending
- Continued 49 Hours and Dine about Town campaigns

Improvements to Moscone Convention Center

- Installed the most robust convention WiFi system in the country

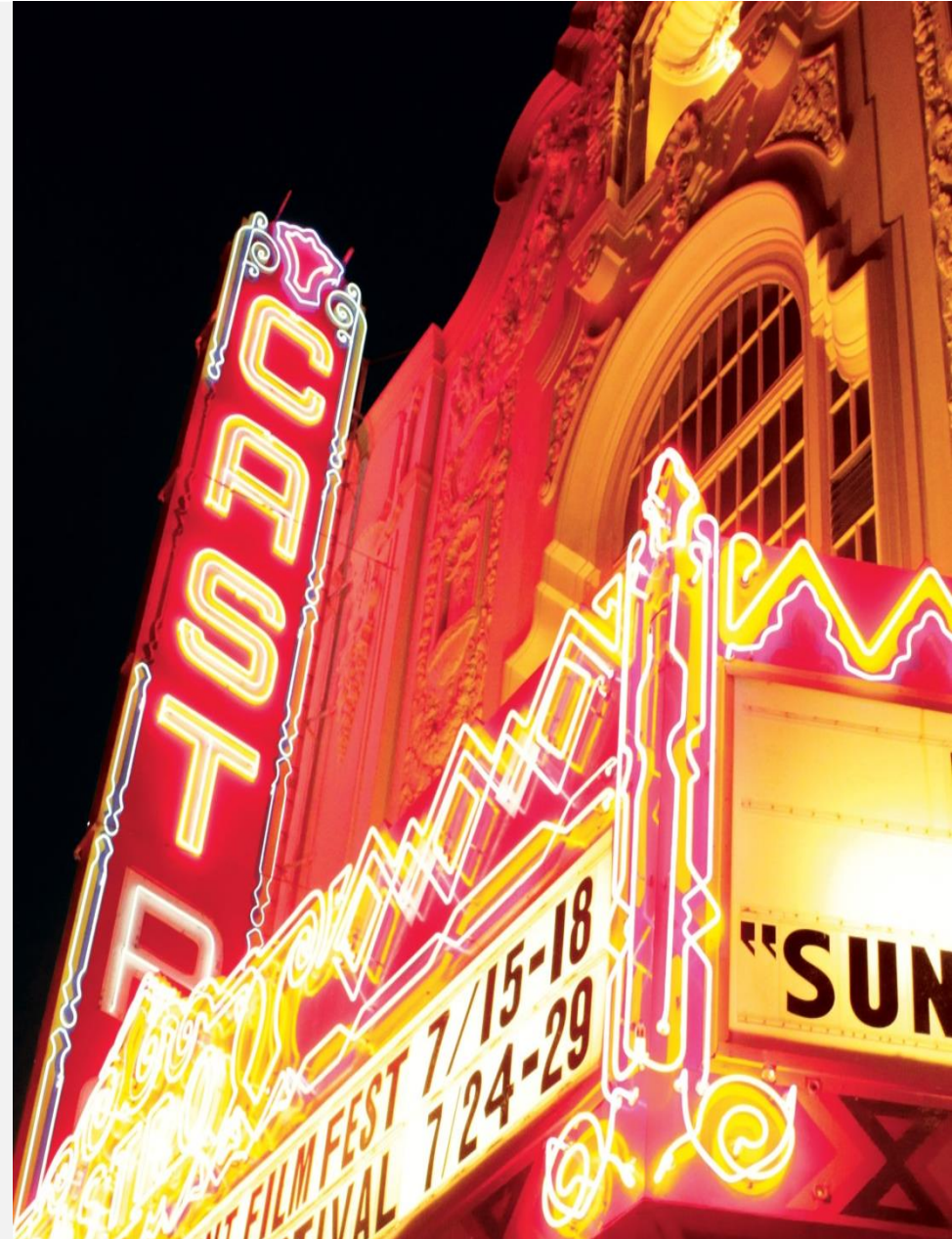


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TOURISM IMPROVEMENT DISTRICT 2012/13

Marketing efforts

- 1,285 meetings held in San Francisco
- More than 2 million room nights booked
- 425,000 visitors at the Visitor Information Center
- More than 4 million international visitors to San Francisco
- Over 6 billion media domestic and international media impressions, which equates to more than \$31 million in value



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TOURISM IMPROVEMENT DISTRICT 2012/13 CONTINUED

Improvements to Moscone Convention Center

- Initiated stages for Moscone Convention Center Expansion
- Retained architecture and engineering firm to begin conceptual design for expansion
- Completed concept design for Moscone Expansion
- Formed Moscone Expansion District BID



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TOURISM IMPROVEMENT DISTRICT 2013/14

Marketing efforts

- \$1.3 billion in direct spending from visitors
- More than 1.9 million room nights booked
- Partnered with SFO on new air service
- Hosted over 1,000 travel professionals
- 4.5 billion media impressions which equates to more than \$300 million in value

Services and Improvements to Moscone Convention Center

- Oversaw community outreach plan for Moscone Expansion Project
- Published Moscone Expansion Project's Draft Environmental Report



TOURISM IMPROVEMENT DISTRICT 2014/15

Marketing efforts

- Sales mission to Washington, DC and Chicago reaching over with over 110 meeting planners

SanFrancisco.travel

- 5+ million visitors , \$300+ million in economic impact

Social Media

- Facebook 62+ million impressions
- Twitter 169,000+ followers
- Instagram 100,000+ followers



TOURISM IMPROVEMENT DISTRICT 2015/16

Marketing efforts

- **Never the Same. Always San Francisco.**
 - 69.7 million impressions
 - \$41.6 million in economic impact

SanFrancisco.travel

- 6.3+million visitors

Sales

- 1,579,988 room nights booked
- 1,347 meetings held in San Francisco
- \$1.17 billion in direct spending

Visitor Information Center

- 292,000+ visitors
- 18 languages spoken



MOSCONE EXPANSION DISTRICT 2014-2015 & 2015-2016

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MOSCONE EXPANSION DISTRICT 2014/15

Expansion Project

- Architectural Design: Skidmore Owing & Merrill
- Construction Manager/General Contractor: Webcor Builders
- SFPW: Project Mangers
- The project will result in 509,000 contiguous square feet for client use (largest currently 260,000)



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MOSCONE EXPANSION DISTRICT 2014/15

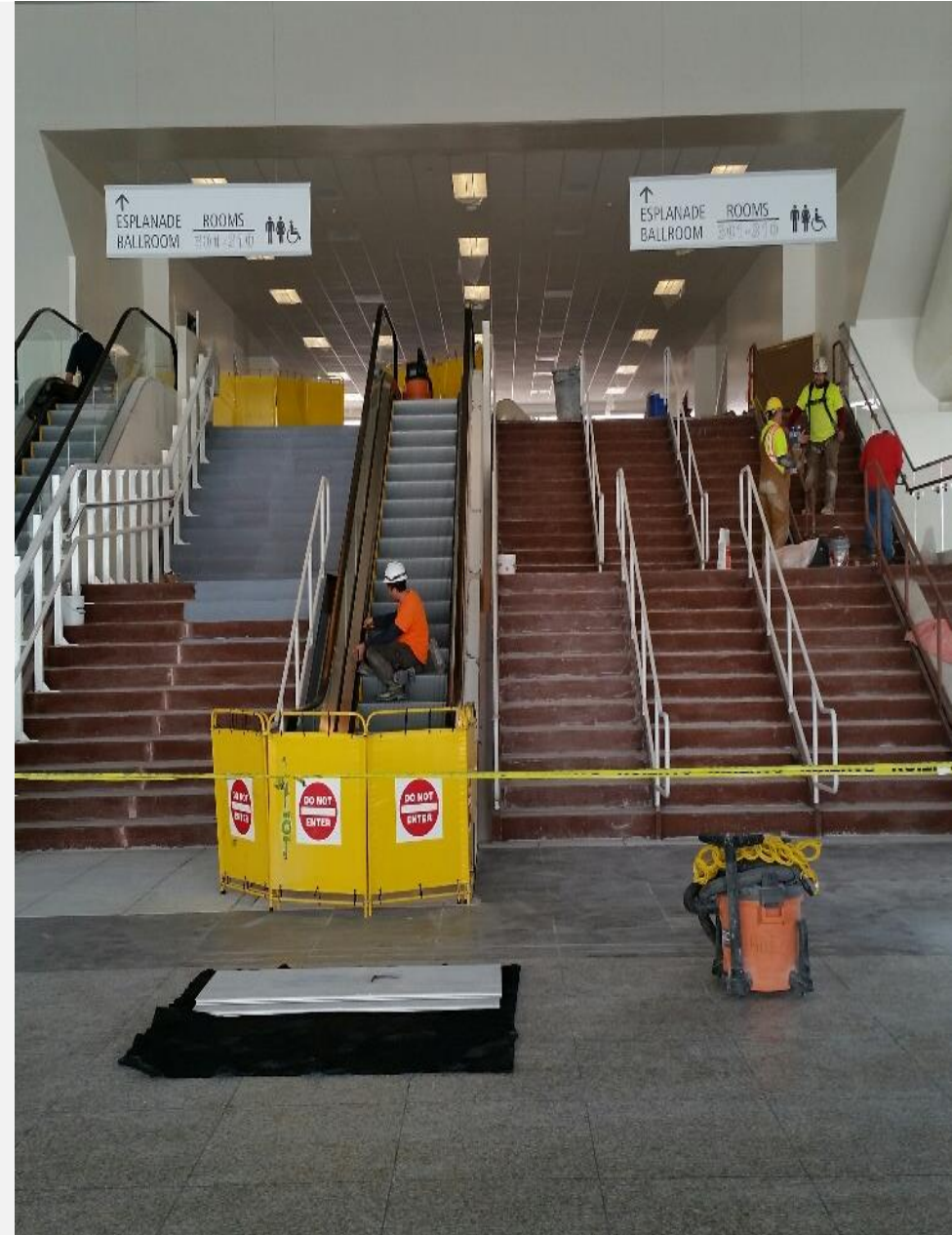
Expansion Project Background

- Replaces 25,000 square feet of existing truck parking and ramps with new pedestrian enhancements
- Adds over 12,000 square feet of new public open space
- Provides a new tot lot connected to the children's play area
- Improves 3rd street pedestrian experience by widening the sidewalks
- Introduces retail and outdoor dining
- Improves pedestrian access to existing gardens from Howard St. and introduces more activity at pedestrian level



MOSCONE EXPANSION DISTRICT 2014/15

- Construction began on the Moscone Expansion Project in the Fall of 2014.
 - Temporary connector
 - Truck ramp reconfiguration
 - Utility relocation
 - Building services relocation – AC/AV/Data/Telecom
- Timeline | Fall 2014- end of 2018.
- \$500+ million dollar expansion and renovation
- Four phases of construction to allow the building to remain operational
- Continued communications with Convention clients that are booked through the construction years.



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MOSCONE EXPANSION DISTRICT 2014/15

Capital Reserve project to install new air wall panels with door locks at Moscone West was completed.

Moscone Expansion Incentive Fund | \$1.26 million

- used to attract new clients
- retain current clients during expansion



by John Louie

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MOSCONE EXPANSION DISTRICT 2015/16

Demolition of the current esplanade lobby occurred December 2015. That was followed by structural steel erection, due to be complete October 2016.

Project sub-contractor and material buyout 95% complete.

Project secured a project liaison to help with project communications to clients. Continued communications with Convention clients that are booked through the construction years..

Moscone Expansion Incentive Fund | \$2+ million

- used to attract new clients
- retain current clients during expansion



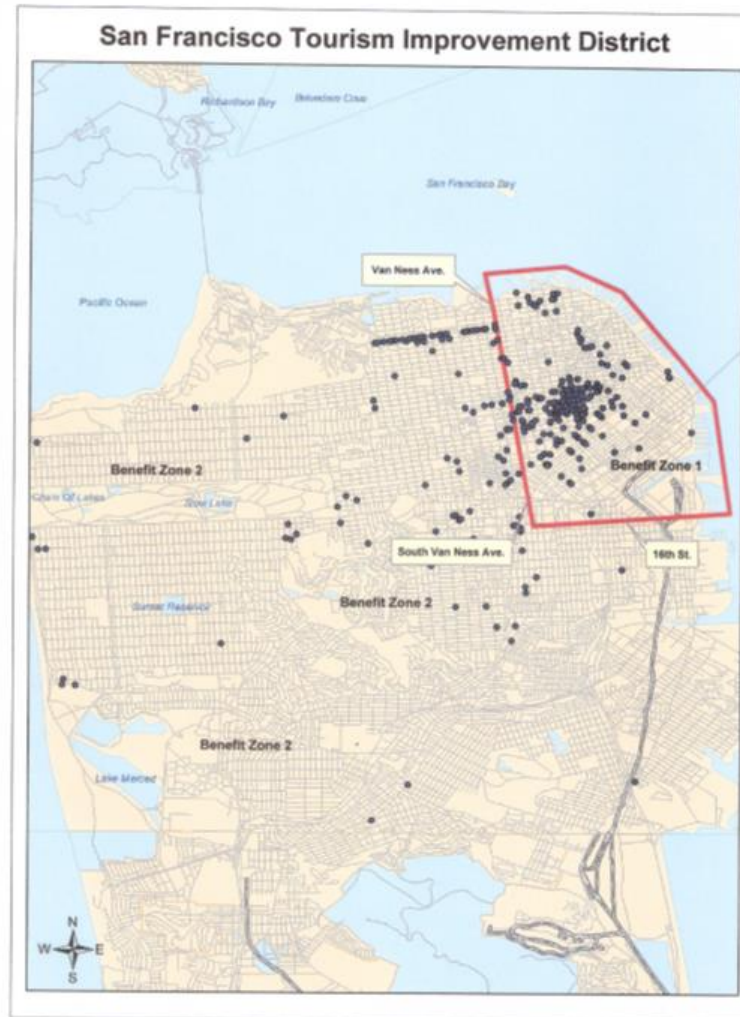
Resolutions TID & MED Annual Reports

TID: FYs 2009-2010, 2010-2011, 2011-2012, 2012-2013, 2013-2014, 2014-2015, and 2015-2016

MED: FYs 2014-2015 and 2015-2016



Assessments & Zones



TID & MED Formation

| District | Type | Year 1 Assessment Budget* | Year Formed | Expires |
|----------|----------------|---------------------------|-------------|------------|
| TID | Business-Based | \$27,000,000 | 1/1/2009 | 12/31/2023 |
| MED | Business-Based | \$19,332,000 | 2/5/2013 | 6/20/2045 |



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 is 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

TID Service Areas

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

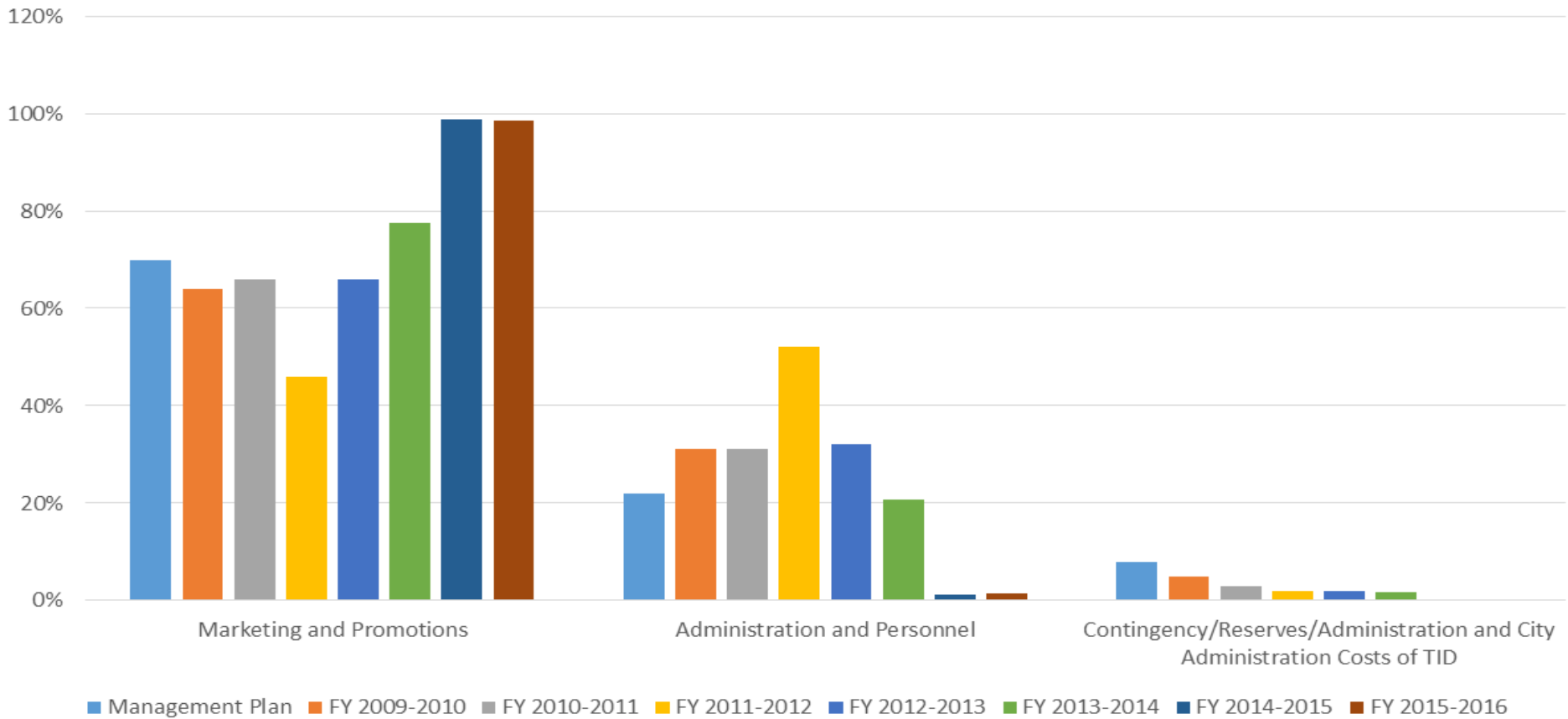
MED Service Areas

- 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

Variance Between Management Plan Budget and Fiscal Year Budget



TID Budget Vs. Actuals

BENCHMARK 2: The variance between the budget amount and actual expenses within a fiscal year.

ANALYSIS: TID met this requirement

| Service Category | Variance Budget Vs. Actual | | | | | | |
|------------------------------------------------------------------------------|----------------------------|-------|-------|-------|-------|-------|-------|
| | 09-10 | 10-11 | 11-12 | 12-13 | 13-14 | 14-15 | 15-16 |
| Marketing and Promotions | +19.8% | +1.1% | +4.2% | +1.9% | +2% | -1.1% | +0.2% |
| Administration and Personnel | -18.3% | -0.7% | -3.6% | -2.3% | -3.8% | +1.1% | -0.2% |
| Contingency/Reserves/Administration and City Administration Costs of the TID | -1.5% | -0.4% | -0.6% | +0.4% | +1.8% | 0% | 0% |



TID Carryover

| | <u>FY 09-10</u> | <u>FY 10-11</u> | <u>FY 11-12</u> | <u>FY 12-13</u> | <u>FY 13-14</u> | <u>FY 14-15</u> | <u>FY 15-16</u> |
|--------------------------------------------------------------------------------------|------------------------|------------------------|-----------------------|-----------------------|------------------------|------------------------|------------------------|
| SFCVB Marketing and Operations | \$12,175,000 | | \$6,800,000 | \$7,624,545 | \$9,409,633 | \$11,558,987 | \$7,758,049 |
| Administration and Personnel | \$600,000 | \$6,343,295 | | | | | |
| Contingency/Reserves/Administration and City Administrations Costs of the TID | | \$671,390 | \$671,390 | \$671,390 | \$671,390 | \$671,390 | \$674,106 |
| Moscone Convention Center | \$5,995,000 | \$7,559,000 | \$291,092 | \$1,211,603 | \$2,986,444 | \$2,986,444 | |
| Capital and Incentive Funds | | | | | | | \$2,998,526 |
| Total Designated Amount for Future Years | \$12,865,355.00 | \$14,573,685.00 | \$7,762,994.00 | \$9,507,538.00 | \$13,067,467.00 | \$15,216,821.00 | \$11,430,681.00 |



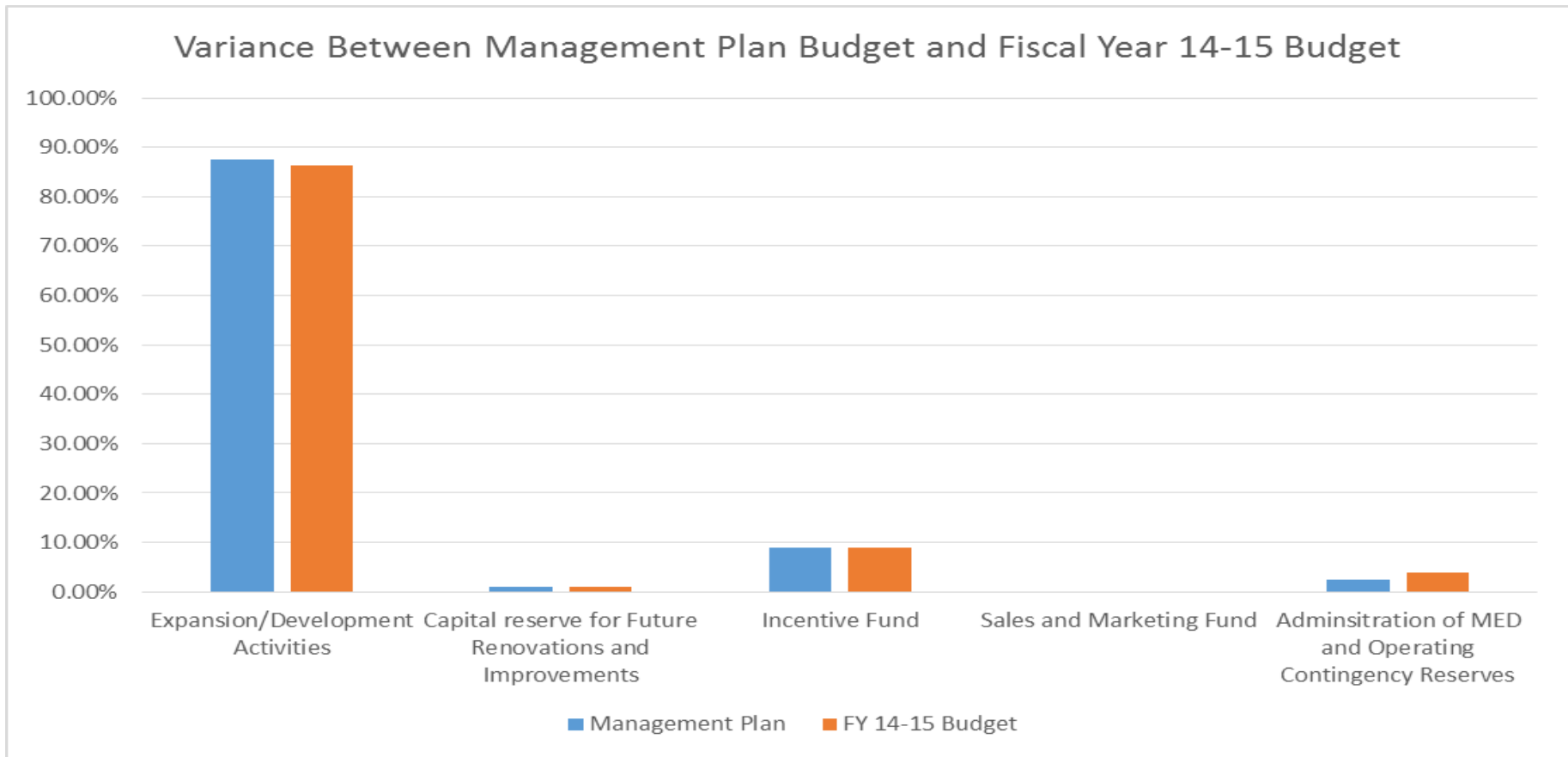
Findings & Recommendations for TID

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

- The TID was successful in implementing its Management Plan.
- The TID met all benchmark requirements.
- District website has some broken links.
- Brown Act

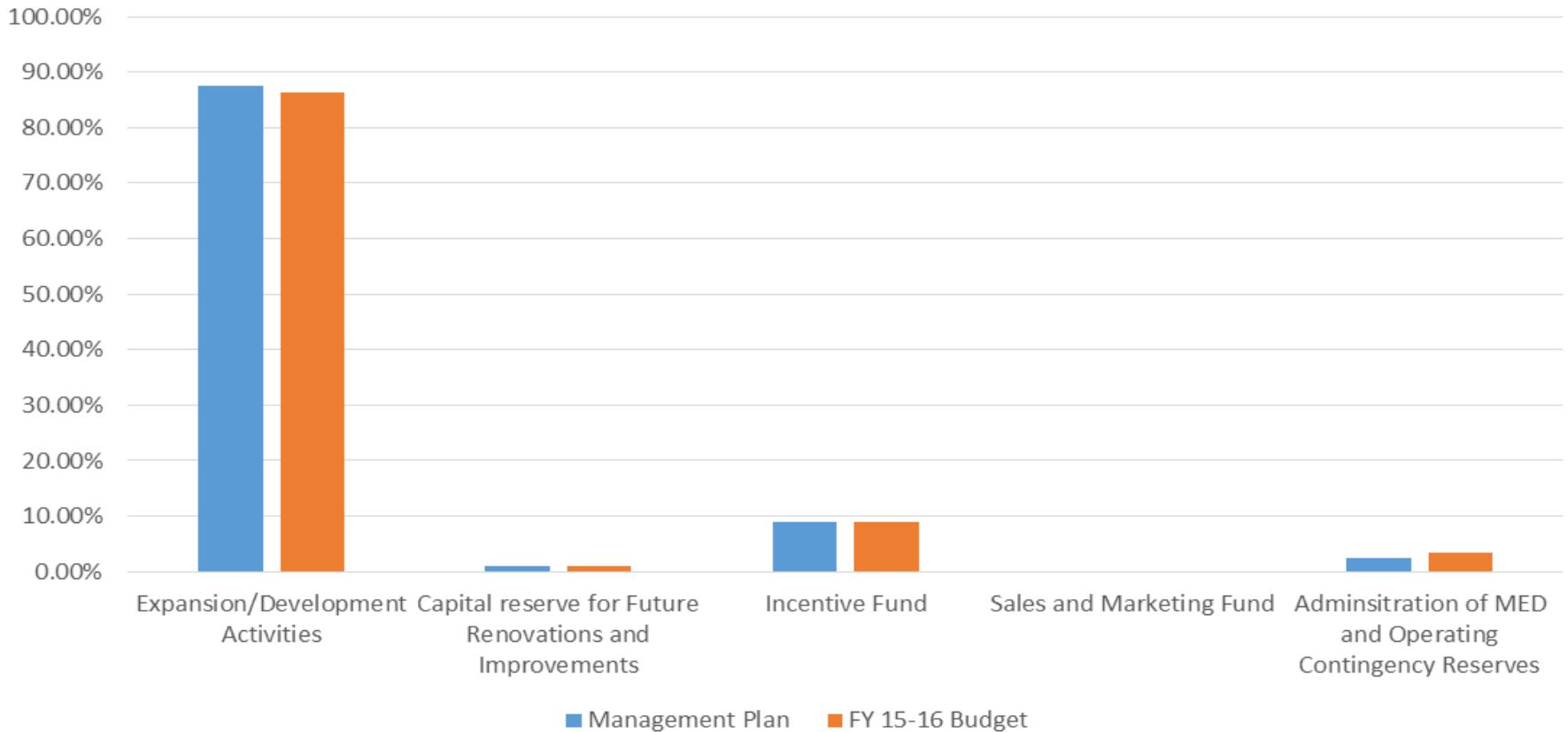


MED Management Plan vs. Annual Budgets



MED Management Plan vs. Annual Budgets

Variance Between Management Plan Budget and Fiscal Year 15-16 Budget



MED Budget vs Actuals

BENCHMARK 2: The variance between the budget amount and actual expenses within a fiscal year.

ANALYSIS: MED met this requirement

| Service Category | Variance Budget Vs. Actual | |
|----------------------------------------------------------|----------------------------|-------|
| | 14-15 | 15-16 |
| Expansion/Development Activities | +3.0% | -7.0% |
| Capital reserve for Future Renovations and Improvements | +0.7% | 0.0% |
| Incentive Fund | -1.5% | +8.5% |
| Sales and Marketing Fund | 0% | 0% |
| Administration of MED and Operating Contingency Reserves | -2.2% | -1.5% |



Carryover

| | FY 14-15 | FY 15-16 |
|-------------------------------------------------|------------------------|------------------------|
| Development and Expansion | \$15,153,895 | \$27,750,446 |
| Capital Fund | \$138,207 | \$260,337 |
| Incentive Fund | \$2,658,424 | \$2,190,688 |
| Contingency/Reserve | \$564,010 | \$879,121 |
| Total Designated Amount for Future Years | \$18,514,536.00 | \$31,080,592.00 |



Findings & Recommendations for MED

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

- The MED was successful in implementing its Management Plan.
- The MED met all benchmark requirements.
- District website has some broken links.
- Brown Act



CITY & COUNTY OF SAN FRANCISCO GOVERNMENT AUDIT & OVERSIGHT COMMITTEE

SEPTEMBER 6, 2017

