

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 13, 2018

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, 2016 and June 30, 2017. 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 2016-2017
2. CPA Financial Audit Report
 - a. FY 2016-2017
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)

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 13 full-time Cleaning Ambassadors provide regular specialized sidewalk cleaning and maintenance services **(5:30am – 9:30am/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.
- Between 3-6 full-time 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 & 1pm – 5pm, Mon.-Fri., and 7am – 11am, Sat.)**, for select routes in Union Square.

Safety Ambassadors and SFPD “10B” Officers

- Approximately four (4) 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 Ambassadors service the district (**7:30am – 6pm/7 days a week**). 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 two (2) full-time operators service the USBID’s Members Dispatch Center (**7:00am - 7:30pm/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 (visitationunionsquaresf.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 and member programs such as “Meet the Concierge”.

- **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, SF Planning, and SF Public Works to convene Union Square community meetings on permanent, pedestrian-oriented design improvements for lower Powell Street called the Powell Street Improvement Project pilot.
- **Advocacy** – The USBID’s Public Affairs & Advocacy Committee addresses State and local policy issues that impact the district and its members. For example, in 2016-2017, 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, appropriate placement of mobile food facilities, 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 (September 2016) a three-year strategic plan outlining a new vision and mission statement, goals and objectives by service area, key performance indicators, and work plan.

Summary of Delivery of Services and Accomplishments

FY 2016-2017

Clean and Safe

- Picked up and removed approximately 480,000 lbs. of trash and debris
- Collected and removed 1,780 syringes
- Provided approximately 50,000 directions to visitors, workers, and residents
- Cleaned up 9,273 instances of human biomedical waste
- Addressed approximately 6,000 instances of persons with a serious mental illness
- Approximately 19,172 sit/lie ordinance advisements
- Approximately 16,700 instances of graffiti, tags, and stickers removed
- Security camera program expanded to include over 350 cameras in operation and over 513 uses of the system by SFPD, resulting in over 200 of arrests.
- USBID’s annual “Holiday Safe Shopper” Program provided 10,000 hours of police patrolling during 2017 holiday season

Marketing

- Activated Maiden Lane with food vendors and live entertainment every Friday (11am – 3pm) from April – October resulting in increased pedestrian activity.
- Designed, branded, promoted, activated, and managed its third Winter Walk SF – a temporary, two-block, pedestrian plaza along lower Stockton Street during the holiday season that attracts over 750,000 visitors.

- Launched ten, electronic pedestrian counters to count foot traffic in high-pedestrian corridors in Union Square that showed approximately 25M visitors to Union Square in the first six-months of 2017.

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. .
- Received \$125,000 sponsorship from Audi to upgrade and maintain the Powell Promenade, on one of San Francisco’s oldest and largest parklets.
- Convened Union Square property owners and retailers for a series of four design workshops to develop concept plans for permanent pedestrian improvements to lower Powell Street.
- Received a \$40,000 from the San Francisco Planning Department to activate Campton Place with food trucks, moveable tables and chairs, and artistic lighting.

Advocacy and Government Affairs

- Approximately 15 out of 36 homeless individuals from Union Square’s Downtown Streets Team have transitioned into full-time employment and 9 have been placed into permanent housing
- Advocated for additional beat cops in Union Square area.
- Advocated to bring the Mayor’s Fix-It Team to Union Square and setup community meeting and tour with Fix It Team.
- Participated in the Value of Downtown’s project with the International Downtown Association to report and highlight the economic impact of Union Square.

Management and Operations

- Received \$1,250,000 from a donor-advised fund of the Silicon Valley Communication Foundation for public safety-related initiatives.
- Raised over \$114,000 from the USBID’s Annual Luncheon fundraiser for public realm improvements in the district.
- Raised over \$40,000 from the USBID’s Annual Fundraising event for Union Square’s Downtown Streets Team program.
- Drafted and approved FY 16-17 annual budget, mid-year budget modification, and drafted FY 17-18 annual budget and conducted audit for FY 15-16.

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 2016-2017

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 2016-2017 Budget	% of Budget	Variance Percentage Points
Clean & Safe	\$1,995,400	65%	\$2,450,163	64.15%	-0.85%
Marketing, Advocacy, Beautification and Streetscape Improvements*	\$291,675	10%	\$667,052	17.47%	+7.47%
Management and Operations	\$460,488	15%	\$702,093	18.38%	+3.38%
Contingency & Reserves	\$323,328	10%	\$0	0%	-10%
TOTAL	\$3,070,891	100.0%	\$3,819,308	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 \$3,453,377 or 65.27% of actuals and non-assessment revenue was \$1,837,276 or 34.73% of actuals. See table below.

Revenue Sources	FY 2016-2017 Actuals	% of Actuals
Special Benefit Assessments	\$3,453,377	65.27%
Total assessment revenue	\$3,453,377	65.27%
Contributions and Sponsorships	\$1,642,788	31.05%
Donations	--	--
Grants	--	--
Interest Earned	\$7,875	0.15%
Earned Revenue	\$114,642	2.17%
Other	\$71,971	1.36%
Total non-assessment revenue	\$1,837,276	34.73%
Total	\$5,290,653	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 2016-2017 Budget	% of Budget	FY 2016-2017 Actuals	% of Actuals	Variance Percentage Points
Clean & Safe	\$2,450,163	64.15%	\$2,572,171	68.58%	+4.43%
Marketing, Advocacy, Beautification and Streetscape Improvements*	\$667,052	17.47%	\$550,466	14.68%	-2.79%
Management and Operations	\$702,093	18.38%	\$627,884	16.74%	-1.64
Contingency Reserve	\$0	0%	\$0	0%	0%
TOTAL	\$3,819,308	100.0%	\$3,750,521	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 2016-2017 Carryover Disbursement	\$2,827,999
General Fund/Contingency	\$1,649,879
Silicon Valley Community Foundation Grant	\$833, 797
Other Restricted/Designated Funds	\$3,44,323
Total Carryover amount from FY 2016-2017	\$2,827,999

Findings and Recommendations

USBID has met all benchmarks as defined on pages 5 and 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.

USBID will be up for renewal in FY 2018 – 2019 and the USBID’s Board and staff have continued preparing for the renewal process through formal outreach luncheons and meetings to USBID stakeholders.

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 34% of their operating budget in FY 16-17 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.