

File No. 160073

Committee Item No. 5

Board Item No. 19

### COMMITTEE/BOARD OF SUPERVISORS

#### AGENDA PACKET CONTENTS LIST

Committee: Government Audit and Oversight

Date February 11, 2016

Board of Supervisors Meeting

Date February 23, 2016

Cmte Board

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| <input type="checkbox"/>            | <input type="checkbox"/>            | Motion                                       |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Resolution                                   |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Ordinance                                    |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Legislative Digest                           |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Budget and Legislative Analyst Report        |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Youth Commission Report                      |
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OTHER (Use back side if additional space is needed)

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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>OEWD Memo - 01/20/16</u>            |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>CBD Annual Report - FY2014-2015</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>CBD CPA Report - FY2014-2015</u>    |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Referral FYI - 01/29/16</u>         |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <u>OEWD PPT - 2/11/2016</u>            |
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Completed by: Erica Major Date February 5, 2016

Completed by: [Signature] Date 2/17/2016

1 [Greater Union Square Business Improvement District - Annual Report to the City - FY2014-  
2015]

3 **Resolution receiving and approving an annual report for the Greater Union Square**  
4 **Business Improvement District for FY2014-2015, submitted as required by the Property**  
5 **and Business Improvement District Law of 1994 (California Streets and Highways**  
6 **Code, Sections 36600, et seq.), Section 36650, and the District's management**  
7 **agreement with the City, Section 3.4.**

8  
9 WHEREAS, On June 2, 2009, pursuant to the Property and Business Improvement  
10 District Law of 1994 (the "Act"), California Streets and Highways Code, Sections 36600 *et*  
11 *seq.*, as augmented by Article 15 of the San Francisco Business and Tax Regulations Code,  
12 the Board of Supervisors adopted Resolution No. 208-09, expressing the City's intention to re-  
13 establish and expand the then existing Union Square Business Improvement District, to be  
14 known as the Greater Union Square Business Improvement District ("Greater Union Square  
15 BID"); and

16 WHEREAS, On July 28, 2009, the Board of Supervisors adopted Resolution  
17 No. 320-09 establishing the Greater Union Square BID ("Resolution to Establish") for a period  
18 of 10 years, commencing FY2009-2010; and

19 WHEREAS, On January 26, 2010, the Board of Supervisors adopted Resolution  
20 No. 19-10, authorizing an agreement with the owners' association for the  
21 administration/management of the Greater Union Square BID, and a management agreement  
22 (the "Management Contract") with the owners' association, Greater Union Square Business  
23 Improvement District, Inc., was executed accordingly; and

24 WHEREAS, A copy of the Management Contract is on file with the Clerk of the Board  
25 of Supervisors in File No. 091437; and

1           WHEREAS, On March 31, 2015, the Board of Supervisors approved the Greater Union  
2 Square BID's annual reports for FYs 2010-2011, 2011-2012, 2012-2013, and 2013-2014 in  
3 Resolution No. 106-15; and

4           WHEREAS, The Greater Union Square BID has submitted for the Board's receipt and  
5 approval the Greater Union Square BID's annual report for FY2014-2015 as required by  
6 Section 36650 of the Act and Section 3.4 of the Management Contract; and

7           WHEREAS, The annual report for FY2014-2015 is on file with the Clerk of the Board of  
8 Supervisors in File No. 160073, and are incorporated herein by reference as though fully set  
9 forth; and

10           WHEREAS, Supporting documents, including, but not limited to, a transmittal letter and  
11 memorandum report from the City's Office of Economic and Workforce Development, dated  
12 January 20, 2016, and documentation from the Greater Union Square BID for the annual  
13 report for FY2014-2015 is on file with the Clerk of the Board of Supervisors in File No.  
14 160073; now, therefore, be it

15           RESOLVED, That the Board of Supervisors hereby receives and approves the annual  
16 report for the Greater Union Square Business Improvement District for FY2014-2015.  
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# Union Square Business Improvement District



CELINA GONZALEZ + CELIA MORALES  
01/06/17 3:40 PM

# Legislative Overview

**Community Benefit Districts (CBDs) /  
Business Improvement Districts (BIDs) are  
governed by:**

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

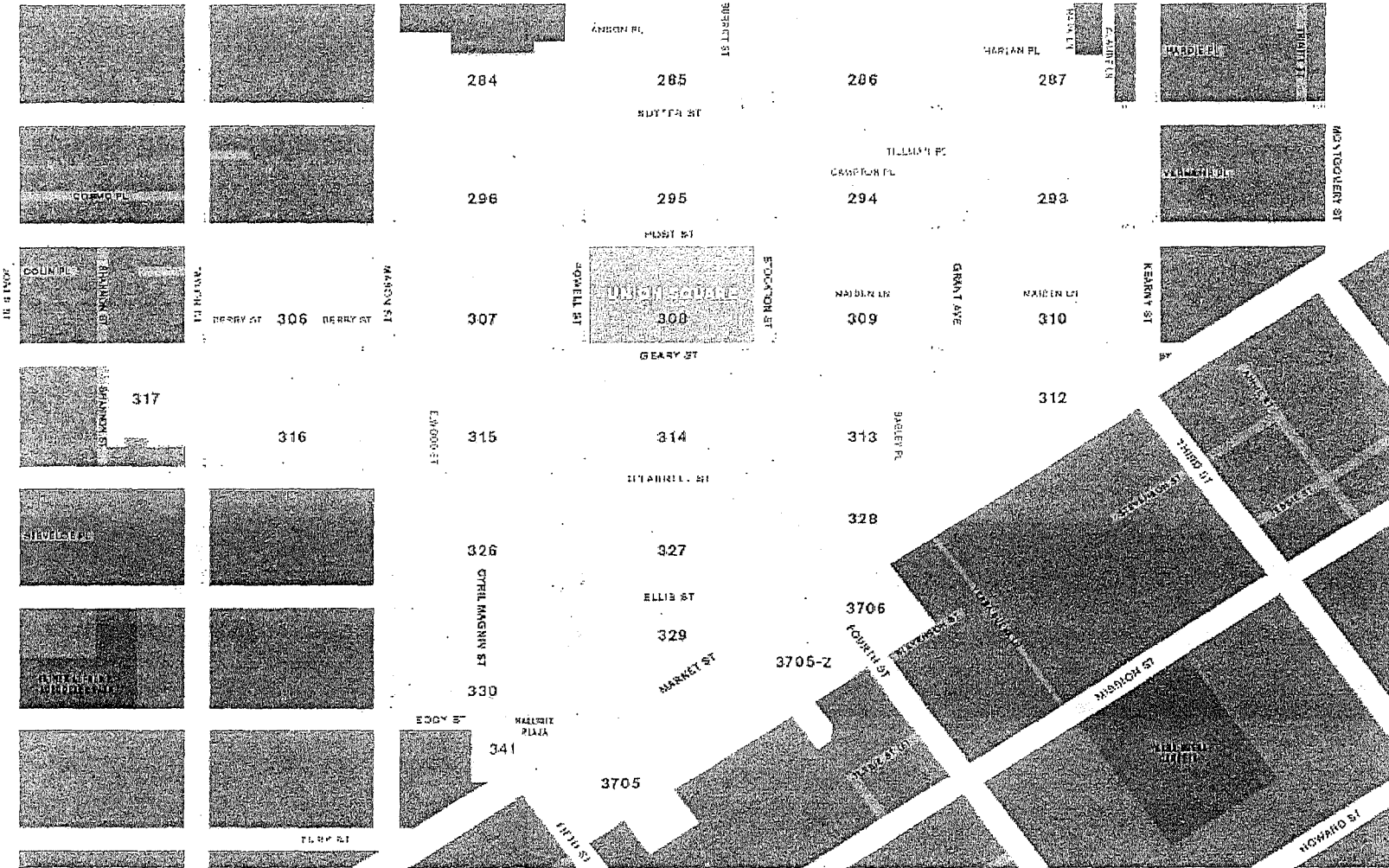
# Review Process

## This resolution covers Annual Reports for FY 2014-15

- 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 Supervisors with a summary memo.

# Parcel Map

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# USBID Formation

USBID	Type	Assessment Budget*	Year Renewed	Expires
	Property-Based	\$ 3,070,891	2009	June 30, 2019

1550

*\*budget identified in management plan*



# USBID Operations

## Staff

- Executive Director - Karin Flood; Marketing and Communications Manager – Jeani Hunt-Gibbon; Director of Strategic Initiatives - Claude Imbault; Contract Services Manager – Randall Scott; Contract Finance Manager – Benjamin Horne

## Service Areas

- **Clean and Safe**
  - This program includes sidewalk cleaning and maintenance, the Community Service Ambassadors and SFPD 10B officers.
- **Marketing, Advocacy, Beautification and Streetscape Improvements (MABSI)**
  - This service area promotes the district through brochures, a website, social media outlets and sponsors special events; advocates on behalf of Union Square property owners; beautifies the area through special projects.
- **Management and Operations**
  - Admin and operations includes oversight of service contract, implementation of major projects, staffing the Board of Directors and Committees, and general day to day operations.

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# BENCHMARKS

**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 management plan.**

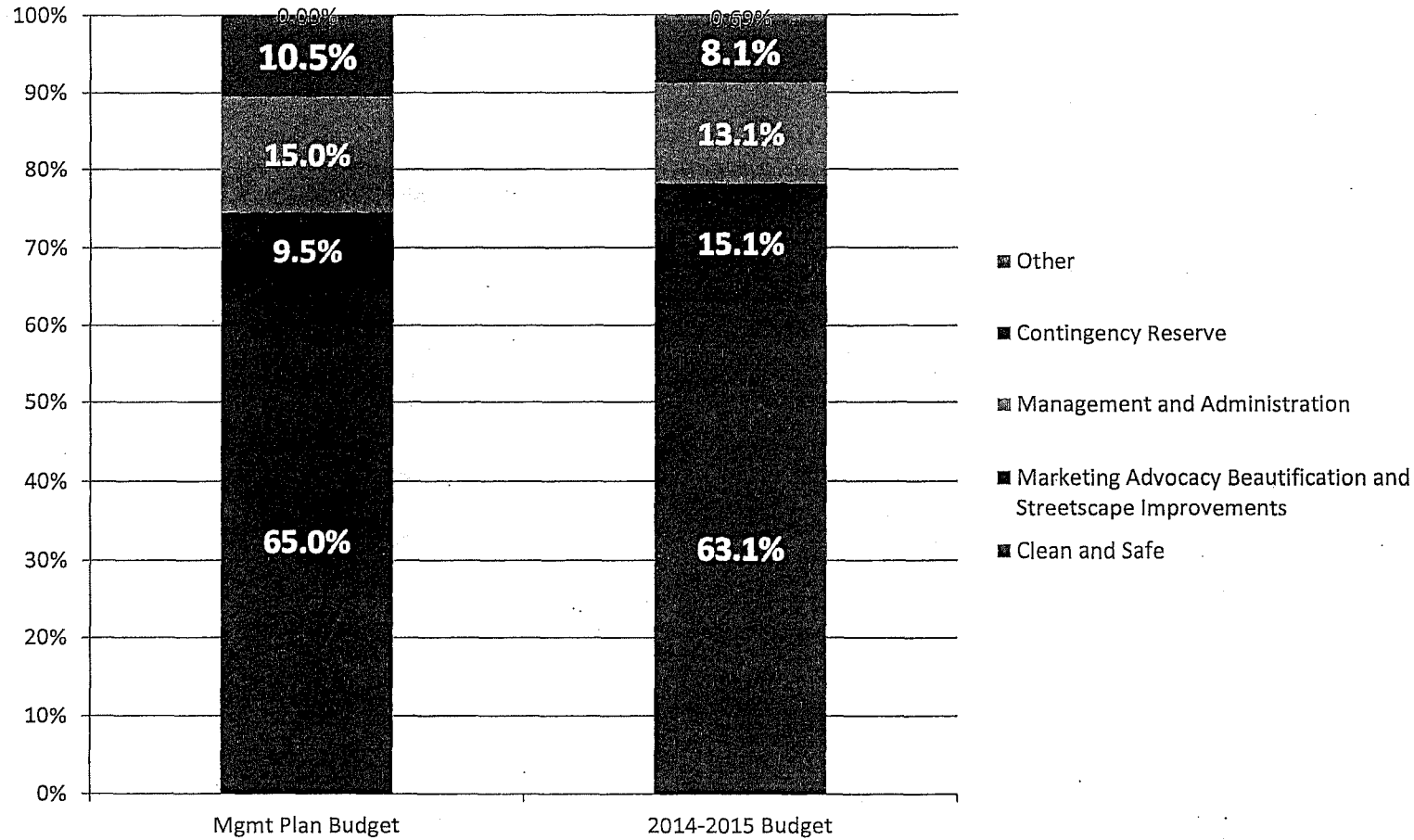
**Benchmark 2 – Whether one percent (1%) of USBID's actuals came from sources other than assessment revenue.**

**Benchmark 3 - Whether the variance between the budget amounts for each service category was within 10 percentage points from the actuals.**

**Benchmark 4 - Whether CBD is indicating the amount of funds carried over from the current fiscal year and designating projects to be spent in the upcoming fiscal year.**

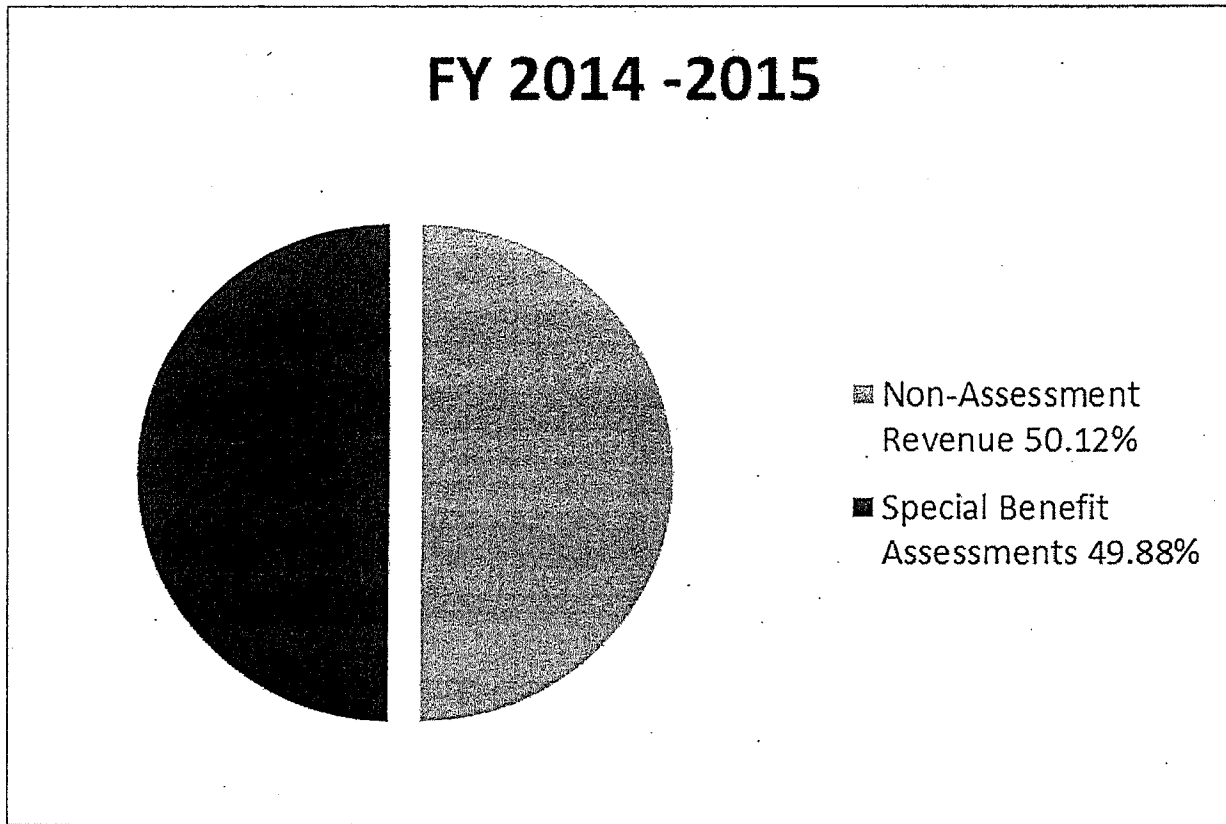
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# Management Plan vs. Annual Budgets



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# Assessment Revenue & Other Income

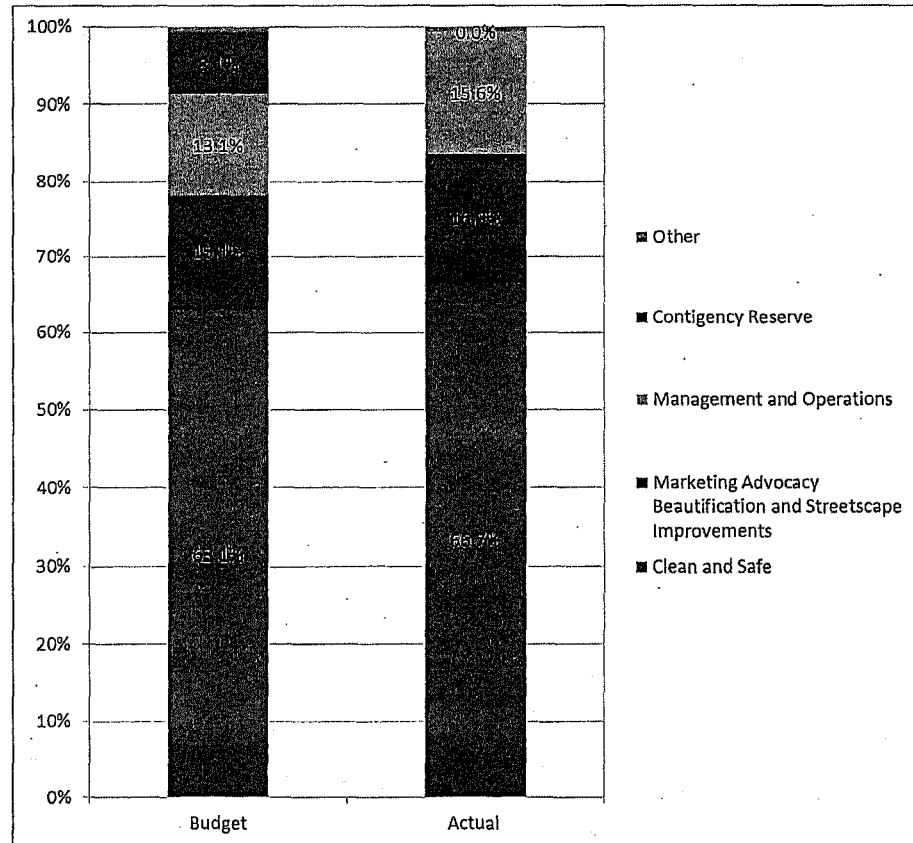


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# Budget vs Actuals

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Service Category	FY 2014-2015 Variance Percentage Points
Clean & Safe	+2.76%
Marketing, Advocacy, Beautification and Streetscape Improvements	2.51%
Management and Operations	+2.94%
Contingency & Reserves	-8.26%
Other	+0.05%



# Carryover

## Designated Projects

FY 2014-2015

Management and Operations	\$207,173
Marketing, Advocacy, Streetscape & Events	\$1,150,589
2015 IDA Conference	\$50,000
HHR Floral Fund	\$1,889
Security Camera Donations	\$19,507
SVCF – Security Camera Programs	\$1,943,356
Winter Walk	\$74,554
BOD Designated Advocacy Fund	\$69,518
<b>Total Designated Amount</b>	<b>\$3,876,587</b>

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# Findings & Recommendations for USBID

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

- The USBID was successful in acquiring non-assessment dollars.
- The USBID successfully met all benchmark requirements.
- Moving forward OEWD will continue to work with USBID staff to ensure the organization continues to meet its Management Plan

# Conclusion

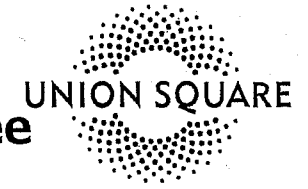
**Union Square BID has performed well in implementing the service plan in the district:**

- **Marketed and produced events – including Fall Fashion Fest and Winter Walk.**
- **Successfully hosted the 2015 IDA Conference which brought approximately 800 downtown management professionals to San Francisco**
- **Maintained an active board of directors and robust subcommittees**



# Union Square Business Improvement District (USBID)

Presentation to SF Government Audit & Oversight Committee  
*FY' 2014 - 2015*



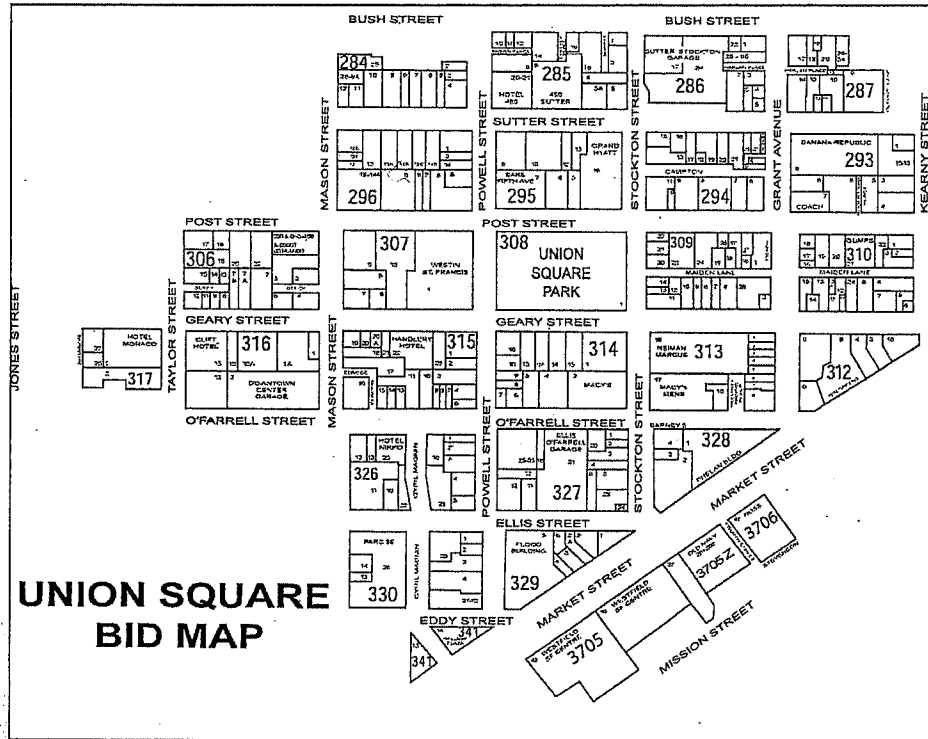
**Karin Flood** (USBID Executive Director)



**"San Francisco Starts Here"**

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# USBID Parcel Map



## USBID Fast Facts (FY 14-15)

- **27** blocks downtown SF
- **600** parcels serviced
- **1,000** businesses served
- **\$6.6M** overall budget
- **\$3.3M** assessment budget
- **\$2.1M** cleaning & public safety

# Ambassador, Cleaning & Safety Services



## Ambassador Program

- Hospitality
- Public Safety
- Cleaning
- Special Projects

## 10-B Program

- 70 hours a week



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## **(6) Committees Supporting Our Work**



- Executive Committee
- Finance & Audit Advisory Committees
- Marketing Advisory Committee
- Public Affairs & Advocacy Advisory Committee
- Services & Public Safety Advisory Committee
- Streetscapes & Public Realm Advisory Committee

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# Partner Organizations



## City of San Francisco

- OEWD
- SFPD
- SFMTA
- Public Works
- Planning
- Public Health
- Parks and Recreation
- District Attorney's Office

## Non-Profits

- SF Travel
- SPUR
- SF Chamber
- SF Hotel Council
- PHFE Public Health Foundation Enterprises
- SF Small Business Network
- BOMA

## Community Foundations

- Silicon Valley Community Foundation

# Grants and Other Funds



## Silicon Valley Community Foundation

➤ SFPD Safe Shopper	\$1,000,000
➤ Camera Project	\$2,000,000
Subtotal	<u>\$3,000,000</u>

**IDA Conference** (*OEWD & Planning*) \$50,000

**AUDI of America** (*Powell Promenade*) \$33,000

**Winter Walk** (*Grants for the Arts*) \$25,000

**Fundraising, sponsorships, & donations** \$187,000

**TOTAL** **\$3,295,000**

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# Overall Accomplishments



## SVCF Grant

- **SFPD – 10B Safe Shopper Program**

- 10,000 hours of 10B officers
- Over 13K incidences reported

- **Security Program**

- Added 38 cameras in FY 14-15
- Total of 100+ cameras by end of December 2015
- Received 48 video requests btwn. Jan. – Jun. 2015
- 10 requests used in active SFPD investigations

- **Sub-Grants**

- USBID developed camera agreement with Central Market CBD and North of Market/Tenderloin CBD

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# Summary of Program Areas



## Clean & Safe



- Hired new service provider (Block-by-Block)
- Hired Social Service Outreach Worker (*member of City's HOT's team*)
- 13 Safety & Hospitality Ambassadors 7 days a week
- Operate dispatch center 7 days a week (*7:00am – 7:30pm*)
- Handled 26,102 calls for assistance
- Approximately 77,000 interactions with visitors
- Completed 8,000 merchant check-ins
- Completed 18,409 clean-up and graffiti requests

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# Summary of Program Areas

## Marketing & Communications

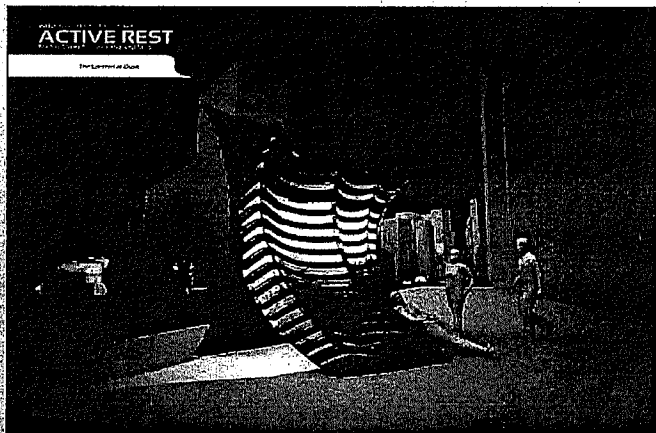


- 335,000 visits to USBID website
- 51,000 "Likes" on Facebook and 3,435 Twitter fans
- Redesign of newsletter "Around the Square" and increased list to over 3,000
- Over 60,000 Union Square Map & Guides distributed to hotels and visitors
- Raised \$50K in sponsorships
- Events including the 2<sup>nd</sup> annual Fall Fashion Fest with over 700 attendees, Food + Art with over 950 attendees.

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# Summary of Program Areas

## Streetscapes & Public Realm



- Joint Streetscapes & Marketing effort with SFMTA Central Subway project team to design, program, and manage Winter Walk SF
- 2014 WW survey findings\*
  - *88%* of WW survey respondents favor permanent Stockton Street pedestrian plaza
  - *96%* would return to WW
- Completed a draft USBID Public Realm Action Plan to identify small-scale, low-cost, big impact public realm improvements
- Partnered with SF Planning to implement, temporary, innovative public space installations along Market Street

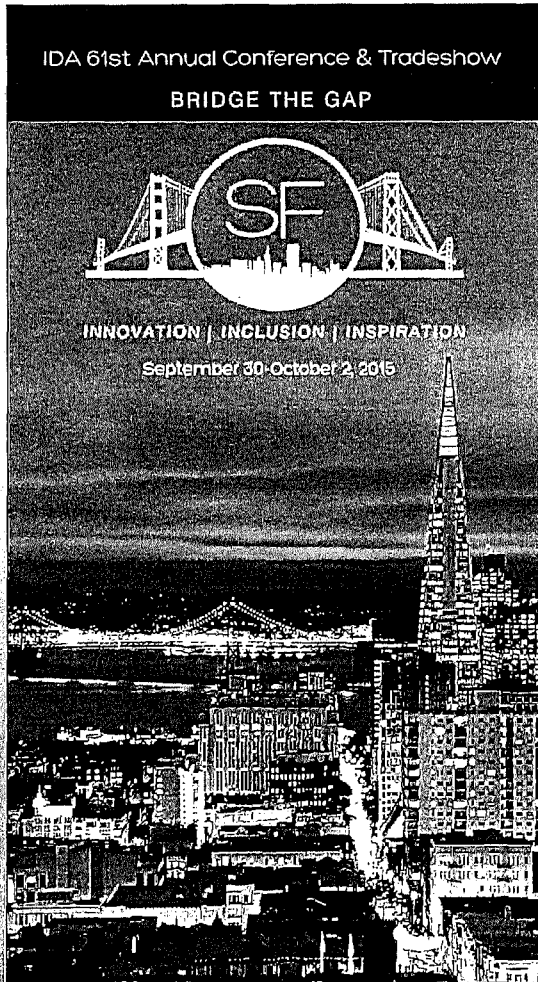
*\*2014 WW pedestrian intercept survey findings by Destination Analysts (n=763)*

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# Summary of Program Areas



## Advocacy/Public Affairs



- International Downtown Association (IDA) Conference - Sept. 30 – Oct. 2
  - Conference theme "Bridge the Gap: Innovation, Inclusion, Inspiration"
  - Hosted by USBID, OEWD, SF Planning
  - International conference of BID's from North America, Europe, and South Africa
  - 800 + conference attendees confirmed
  - Fundraising goals of \$200K + with IDA through conference sponsorships
  
- Advocate on legislative policies (SFPD presence, Vision Zero, MFF, Public Space enhancements, Central Subway mitigation)

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# Continuing Challenges

## Illegal Scavenging and Dumping

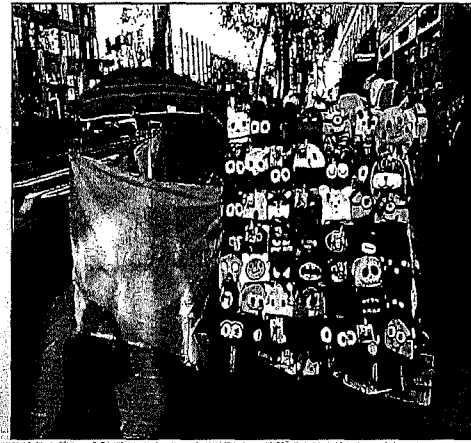


- Increase in *illegal trash scavenging* of garbage and recycle totes across the entire district
- Increase in *illegal dumping* of cardboard, store displays, office equipment, and construction materials
- Inconsistent or lack of ongoing *City enforcement* of illegal dumping by stores and businesses

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# Continuing Challenges

## Enforcement of City Codes and Ordinances



- Need for *parking and traffic enforcement* to support safe streets
- Need for *sidewalk code enforcement* of sidewalk treatments
- Need for *quality design standards* of street artists and mobile food carts

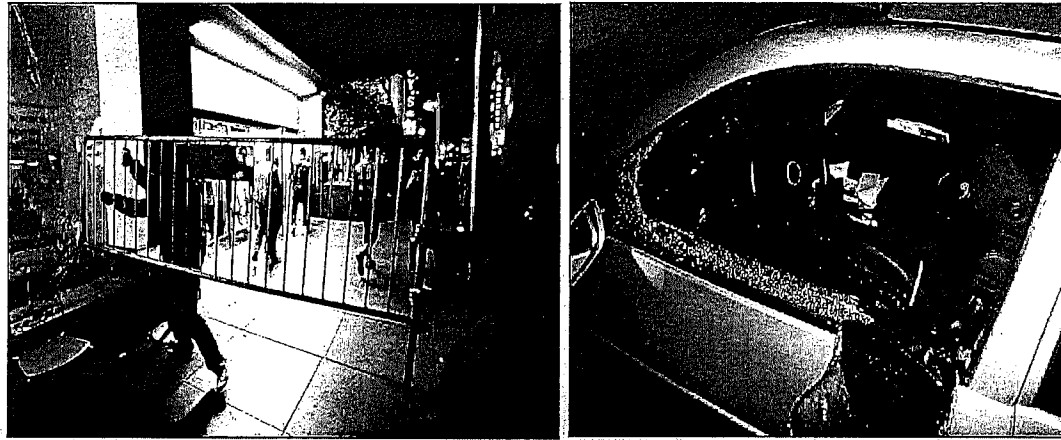


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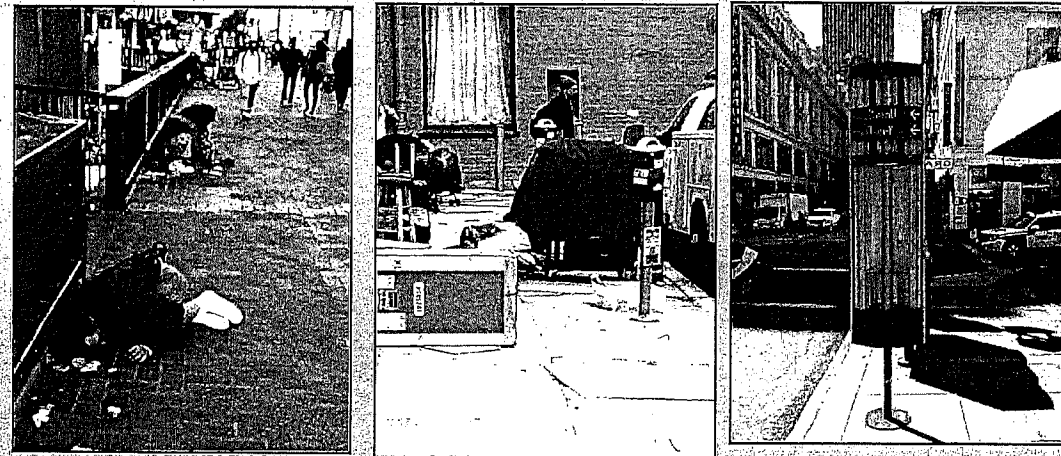
# Continuing Challenges



## Enforcement of City Codes and Ordinances



- Need for additional SFPD officers to mitigate opportunistic crimes and promote visitor safety (*currently one beat officer for 27 block area*)
- Need for more *comprehensive continuum of care* (e.g., housing, substance abuse, mental health, case management) for homeless individuals to achieve long-term stability
- Assistance with attention to *quality-of-life issues* negatively impacting resident and visitor perceptions



# Upcoming Opportunities



- Union Square Cares
- New USBID Strategic Plan
- US BID Renewal Campaign (2017-2019)
- Security Camera System Expansion
- Additional SVCF – SFPD Safe Shopper (2016)
- Powell & Stockton Streets Public Space Concepts
- Backstreets Activation & Programming – Campton Alley
- Advocacy at State level for clean and safe policies

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# Vision



## The USBID remains consistent with its management plan and 5-year strategic plan:

- Ensure maximum possible cleanliness of sidewalks, curb, and street fixtures
- Create a safe, welcoming environment for residents, merchants, and workers
- Increase and enhance the local and international tourist markets
- Promote/brand the district, ultimately increasing foot traffic and visitor spending
- Influence public policy on important issues to visitors and members
- Operate a fiscally sound and well-managed non-profit organization

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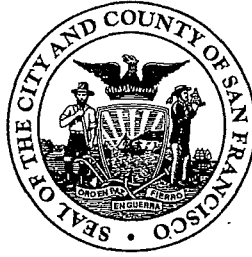




# Thank You

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BOARD of SUPERVISORS



City Hall  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. 554-5184  
Fax No. 554-5163  
TDD/TTY No. 554-5227

## MEMORANDUM

TO: Ben Rosenfield, City Controller, Office of the Controller  
Todd Rufo, Director, Office of Economic and Workforce Development

FROM: Erica Major, Assistant Committee Clerk, Government Audit and Oversight  
Committee, Board of Supervisors

DATE: January 29, 2016

SUBJECT: LEGISLATION INTRODUCED

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The Board of Supervisors' Government Audit and Oversight Committee has received the following proposed legislation, introduced by Supervisor Peskin on January 26, 2016:

**File No. 160073**

**Resolution receiving and approving an annual report for the Greater Union Square Business Improvement District for FY2014-2015, submitted as required by the Property and Business Improvement District Law of 1994 (California Streets and Highways Code, Sections 36600, *et seq.*), Section 36650, and the District's management agreement with the City, Section 3.4.**

If you have any additional comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

C:  
Todd Rydstrom, Office of the Controller  
Ken Rich, Office of Economic and Workforce Development  
Lisa Pagan, Office of Economic and Workforce Development

## Major, Erica (BOS)

---

**From:** Major, Erica (BOS)  
**Sent:** Friday, January 29, 2016 10:28 AM  
**To:** Rosenfield, Ben (CON); Rufo, Todd (ECN)  
**Cc:** Rydstrom, Todd (CON); Rich, Ken (ECN); Pagan, Lisa (ECN)  
**Subject:** REFERRAL FYI (160073) Greater Union Square Business Improvement District - Annual Report to the City - FY2014-2015  
**Attachments:** 160073 FYI.pdf

Greetings:

This matter is being forwarded to your department for informational purposes. If you have any comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

Thank you for your attention.

Best,

**Erica Major**

**Assistant Committee Clerk**


Board of Supervisors

1 Dr. Carlton B. Goodlett Place, City Hall, Room 244

San Francisco, CA 94102

Phone: (415) 554-4441 | Fax: (415) 554-5163

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*Disclosures: Personal information that is provided in communications to the Board of Supervisors is subject to disclosure under the California Public Records Act and the San Francisco Sunshine Ordinance. Personal information provided will not be redacted. Members of the public are not required to provide personal identifying information when they communicate with the Board of Supervisors and its committees. All written or oral communications that members of the public submit to the Clerk's Office regarding pending legislation or hearings will be made available to all members of the public for inspection and copying. The Clerk's Office does not redact any information from these submissions. This means that personal information—including names, phone numbers, addresses and similar information that a member of the public elects to submit to the Board and its committees—may appear on the Board of Supervisors website or in other public documents that members of the public may inspect or copy.*

**MEMO**

To: Supervisor Aaron Peskin, District 3  
CC: San Francisco Board of Supervisors  
From: Chris Corgas, OEWD Project Manager  
RE: Greater Union Square Business Improvement District  
Date: January 20, 2016

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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, 2014, and June 30, 2015. 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 2014-2015
2. CPA Financial Audit Report
  - a. FY 2014-2015
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).
- November 18, 2010: the Board of Supervisors approved the FY 2009-2010 annual report and FY 2010-2011 budget (Resolution #550-10).
- In March, 2015, The Board of Supervisors approved the FY 2010-2011, 2011-2012, 2012-2013 and 2013-2014 annual reports and audit reports (Resolution 106-15).

### Basic Info about the Union Square BID:

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 BID website [http://www.visitunionsquaresf.com/the\\_bid](http://www.visitunionsquaresf.com/the_bid), 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 Program Areas

#### **Clean and Safe**

Clean and Safe services include sidewalk cleaning and maintenance, Safety and Hospitality Ambassadors and SFPD 10B officers. The Union Square BID Management Plan calls for 65% of the budget to be spent in this service area. The USBID initially contracted with MJM Management Group to provide sidewalk cleaning and maintenance as well as the Community Service Ambassador program. In February 2015, the USBID contracted with a new service provider (Block-by-Block) for Ambassador Services that include cleaning, safety, and hospitality services. In addition to the daily sidewalk cleaning, Cleaning Ambassadors provide pressure washing of all sidewalks every two weeks, garbage removal of illegal dumped items, topping off of overflowing garbage cans and graffiti removal as needed. The cleaning and maintenance team employs approximately 12 people.

There are 13 Safety & Hospitality Ambassadors including the Team Leads and they are easily recognizable with their red uniform jackets with the USBID's logo. They walk throughout the district providing the public with information, directing them to their destinations and giving out the USBID Map & Guide highlighting Union Square businesses. The Ambassadors also offer assistance and services to those in need. The Ambassadors work 7 days a week from 5:30am to 11pm. The USBID also runs a dispatch center from 7:00am to 7:30pm, 7 days/week and employs 2 dispatchers. Additionally, the

USBID hires SFPD 10B officers who provide 10 hrs/day (7 days/week) of extra security in the district. The officers primarily come from the Tenderloin and Central SFPD stations.

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

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

- **Marketing & Communications** – The BID manages a professional consumer marketing program, centered on digital marketing through their website, [www.visitunionsquaresf.com](http://www.visitunionsquaresf.com), social media and a weekly consumer e-newsletter as well as a monthly member e-newsletter. In addition, the USBID publishes a Map & Guide to the area annually and distributes 60,000 copies 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 has a large Marketing Committee comprised of approximately 50 people (including a few Board members and other volunteers) that meets every other month and is given information on Marketing best-practices and innovation. This committee also provides feedback on the USBID’s marketing programs and participates in group discussion. The USBID also has a smaller Communications Working Group that meets every other month to discuss the BID’s Marketing Programs in depth and provide feedback and volunteer time
- **Streetscape Improvement and Beautification** – The USBID’s Streetscapes Committee includes approximately 15 people comprised of design professionals, retail managers, and property managers, including a few Board members volunteering their time on several projects. This past year, the Committee assisted with convening community stakeholders, SFMTA, and SF Planning for feedback on the outreach, design and launch of the Powell Street Improvement Pilot project.
- **Advocacy** - The BID also has a Public Affairs & Advocacy Committee that stays abreast of issues that impact the district. In 2014-2015, the Committee advocated on behalf of USBID members for mitigation of the impacts 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 Board of the USBID consists of 23 members. The Board represents property owners and business owners from retail, hospitality (i.e. hotel and restaurant) and entertainment industries, service providers and other commercial and residential property stakeholders. There are seven advisory committees including an Executive Committee who meet and takes action on time-sensitive matters. The organization recently updated its mission statement and developed a rolling, five-year strategic plan.

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

### FY 2014-2015

#### Clean and Safe

- Hospitality and Safety Ambassadors had almost 77,000 interactions with visitors and completed almost 8,000 merchant check-ins. Hospitality and Safety Ambassadors handled 26,102 calls for assistance.
- Cleaning Ambassadors completed 18,409 clean up and graffiti removal requests.
- Evaluated district conditions on a regular basis and advocated to City departments for improvements.
- Conducted RFP for a Clean and Safe service provider and evaluated proposals. Selected a new service provider Block by Block and negotiated a new contract with a starting date of February 1, 2015.
- Contracted with a dedicated Services Manager to oversee and assist Block by Block with the transition of services for the district. The Services Manager oversaw and managed the transition of the SFPD 10B program during the transition period and assisted new service provider with scheduling and district information and contacts. Service Manager also managed logistics and installations for security camera program.
- Hired social services case worker through City' Homeless Outreach Team dedicated to the USBID area. Connected numerous individuals in need with social services and resources.
- Received \$3,000,000 grant from a donor advised fund of the Silicon Valley Community Foundation in December 2014 for extra police presence and to expand their security camera pilot program.
  - Hired 10B officers during the holiday period ("Safe Shopper Program") which provided almost 10,000 hours of extra police coverage across commercial corridors in the City creating an officer on every corner for the holiday season.
  - The USBID Security Camera Program expanded from the initial 22 camera pilot to almost 60 by June 2015 with another 50 camera installations in process by July 2015 and prospects for another 50 installations by December 2015. Received 48 video requests between January and June 2015 from law enforcement and other parties.

#### Marketing

- The USBID continued to run a successful digital marketing program, with over 335K visits to their website, over 51K likes for their Facebook page, and over 3,435 Twitter fans.
- The USBID redesigned their newsletter to stay fresh and increase engagement for member brands and grew their consumer list to 3,157 subscribers.
- The USBID's second annual Fall Fashion Fest was a great success with over 700 attendees and over 170 uses of #F3SF on social channels as well as over 30 press hits.
- Food + Art 2015 was equally well-received with over 900 attendees (2740 RSVPs on Eventbrite), several great press hits (including radio, local print and blogs), and over 200 uses of #SFFoodArt.

- The USBID's marketing team branded, activated and promoted Winter Walk SF, a pedestrian pop up plaza on Stockton Street (between Geary & Ellis) in 2014 with hundreds of press hits, thousands of visitors and over 330 uses of #WinterWalkSF on social media.
- The USBID's marketing team raised over \$50K in funds for our marketing programs through sponsorship, much of which was put back into their Map & Guide, which was redesigned and reprinted in 2014 with plans to reprint in early 2016.

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

- Initiated and completed a draft Public Realm Action Plan for small-scale, low-cost public realm improvements, articulating overarching design, documenting existing conditions, and outlining concepts for potential projects throughout the district,
- Assisted the SF Planning Department's successful Market Street Prototype Festival to implement and launch innovative, temporary public space installations along Market Street by serving as a retail cohort lead, in partnership with the Market Street Association and Yerba Buena CBD.

#### **Public Affairs**

- The Public Affairs team negotiated to host the 2015 International Downtown Association Conference in the fall of 2015 and began preparations and fundraising efforts.
- The Public Affairs Committee met with Supervisors and continued to advocate for clean, safe and vibrant Union Square.
- Stayed current on legislative issues such as the MTA's *Vision Zero* plan and closure of Market Street to private vehicles, Central Subway and other issues.

#### **Management and Operations**

- Completed 13-14FY audit in timely manner and filed all required governmental documents.
- Reviewed banking options and opened new accounts and line of credit and negotiated for zero bank fees. Increased interest by 300%.
- Managed Board of Supervisors and Government Audit and Oversight Committee's review of the USBID fiscal years 10-11, 11-12, 12-13, 13-14 and received high marks for fiscal organization and overall reporting and management.
- Drafted and approved FY 14-15 annual budget, mid-year budget modification, and drafted FY 15-16 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.

Service Category	Management Plan Budget	% of Budget	FY 2014-2015 Budget	% of Budget	Variance Percentage Points
Clean & Safe	\$1,995,400	65.0%	\$2,547,186	63.10%	-1.90
Marketing, Advocacy, Beautification and Streetscape Improvements*	\$291,675	10%	\$608,216	15.07%	+5.07
Management and Operations	\$460,488	15.0%	\$527,403	13.06%	-1.94
Contingency & Reserves	\$323,328	10%	\$326,423	8.09%	-1.91
Other	0	0%	27,800	.69%	+6.9
<b>TOTAL</b>	<b>\$3,070,891</b>	<b>100.0%</b>	<b>\$4,037,028</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 \$3,279,352 or 49.88% of actuals and non-assessment revenue was \$3,295,262 or 50.12% of actuals. See table below.

Revenue Sources	FY 2014-2015 Actuals	% of Actuals
Special Benefit Assessments	\$3,279,352	
<b>Total assessment revenue</b>	<b>\$3,279,352</b>	<b>49.88%</b>
Contributions and Sponsorships	\$60,546.00	
City Contracts	-	
Grants*	\$3,108,000	
Interest Earned	\$243	

Other	\$126,473	
<b>Total non-assessment revenue</b>	<b>\$3,295,262</b>	<b>50.12%</b>
<b>Total</b>	<b>\$6,574,614</b>	<b>100%</b>

**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 did meet this requirement. See table below.

Service Category	FY 2014-2015 Budget	% of Budget	FY 2014-2015 Actuals	% of Actuals	Variance Percentage Points
Clean & Safe	\$2,547,186	63.95%	\$2,306,902	66.71%	+2.76%
Marketing, Advocacy, Beautification and Streetscape Improvements*	\$608,216	14.43%	\$585,975	16.94%	+2.51%
Management and Operations	\$527,403	12.66%	\$539,349	15.60%	+2.94%
Contingency Reserve	\$326,423	8.26%	\$0	0%	-8.26%
Other	\$27,800	.70%	\$25,914	.75%	+0.05%
<b>TOTAL</b>	<b>\$4,037,028</b>	<b>100.0%</b>	<b>\$3,458,140</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 2014-2015 Carryover Disbursement</b>	<b>\$3,876,587</b>
General Benefit Carryover Projects for FY 2014-15	
2015 IDA Conference	\$50,000
HHR Floral Fund	\$1,889
Security Camera Donations	\$19,507
SVCF – Security Camera Programs	\$1,943,356
BOD Designated Streetscapes Fund (Winter Walk)	\$74,554
BOD Designated Advocacy Fund	\$69,5118

Total General Benefit Carryover	\$2,158,824
Special Assessment Carryover Projects for FY 14-15	
Administration	\$207,173
General Fund/Contingency	\$1,510,589
Special Assessment Projects Total Carry Over	\$1,717,763
<b>Total Carryover amount from FY 2014-2015</b>	<b>\$3,876,587</b>

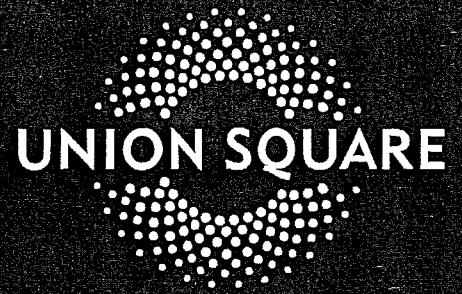
### Findings and Recommendations

USBID has generally met all of the benchmarks as defined on pages 5-6 of this memo.

For the year in review, the Union Square BID has well exceeded its general benefit requirement of one percent (1%). The USBID was successful in acquiring grant dollars for clean and safe and streetscape related projects.

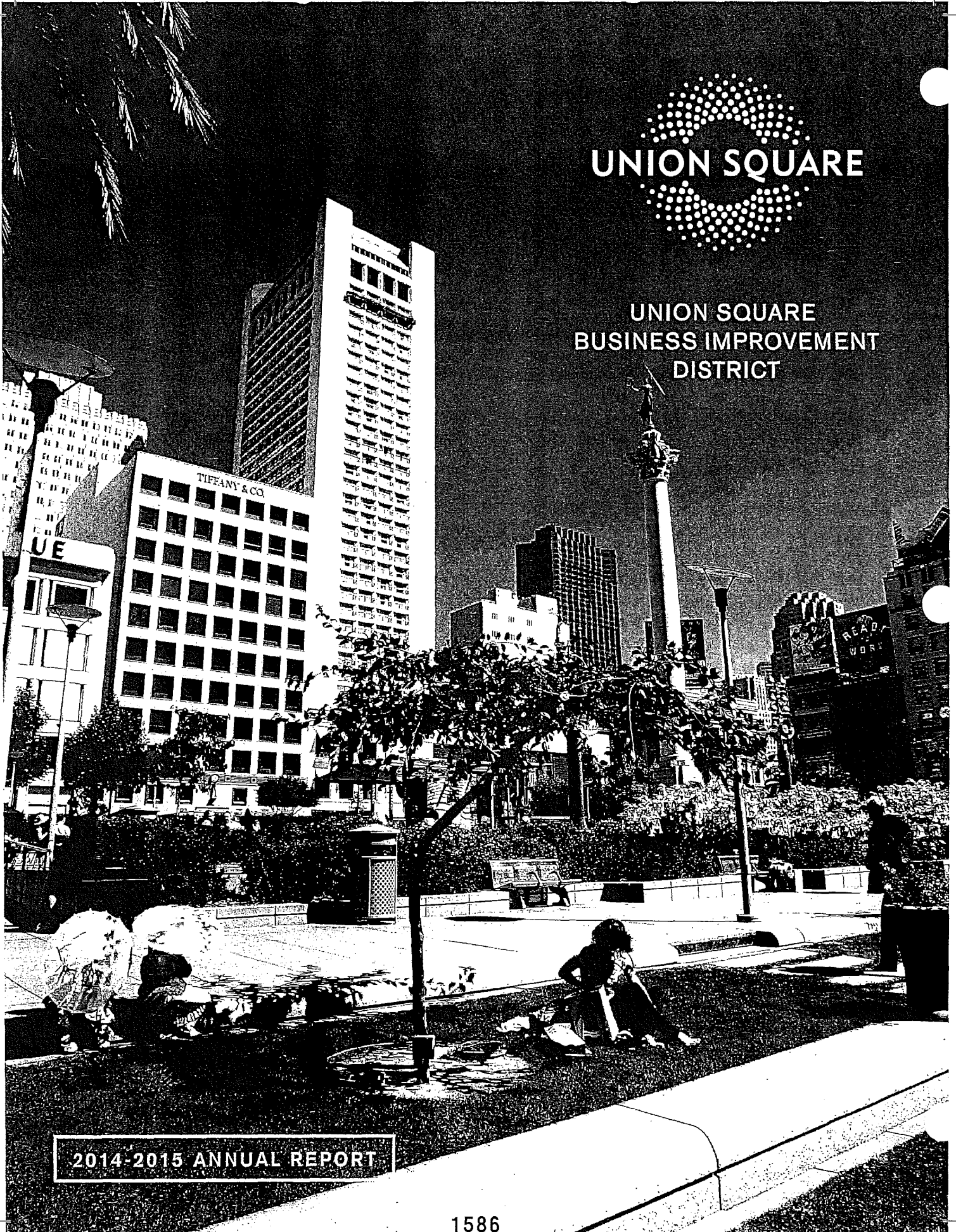
### Conclusion

The USBID has performed 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 and the Fall Fashion Fest. The USBID has been particularly successful raising funds with over half of their operating budget in 14-15 coming from other 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, USBID was co-host to the 2015 IDA Conference, which brought between 600 and 900 downtown professionals to San Francisco (in September 2015). USBID is a well-run organization with active board and committee members and will continue to successfully carryout its mission as a business improvement district.



UNION SQUARE

UNION SQUARE  
BUSINESS IMPROVEMENT  
DISTRICT



2014-2015 ANNUAL REPORT

# ANNUAL REPORT



On behalf of the Union Square Business Improvement District (Union Square BID) Board of Directors and Staff, we are pleased to present this Annual Report to our stakeholders and the City and County of San Francisco. As we begin a new fiscal year, we are hopeful that by working together to keep Union Square clean, safe and vibrant and continuing to invest in the area, we will create a better experience for everyone working and visiting here.



Under the past leadership of Board President Russell D. Keil, Jr., we accomplished much and certainly ended the calendar year on a high note. Just before Thanksgiving, we launched Winter Walk SF – a pop-up pedestrian plaza on Stockton Street, which was a huge success. This project was originally envisioned by our Streetscapes Chair, Manuela King, to mitigate the impacts of the Central Subway construction and take advantage of the holiday moratorium and put into action by our Marketing and Streetscapes teams.

In early December, we were delighted to have been awarded a \$3 million grant from the Silicon Valley Community Foundation to increase police presence during the holidays and to expand our security camera program. The extra SFPD presence over the holidays greatly improved the Union Square experience and the additional resources were critical in handling the *Season of Protests* in Union Square. With these additional funds we also partnered with property owners to install 32 new cameras on your buildings with 50 more in the pipeline, bringing the total number of cameras to over 100. The camera project represents a meaningful enhancement to the safety and security of our district.

In 2014-2015, the Union Square BID also focused on continuous improvement of our Ambassador and Cleaning

services. The Union Square BID engaged with Block by Block, a new service provider, on February 1, 2015. You may have noticed that we now have Safety and Hospitality Ambassadors in different red uniforms to identify their specific roles. A new white truck with the Union Square BID's logo and URL is now on duty and responding to maintenance requests. After six short months, Block by Block is off to a great start.

In the next year, you will be seeing even more exciting projects in Union Square. Among them, we will be hosting the annual International Downtown Association (IDA) conference from September 30-October 2, 2015. The Union Square BID's aim is to have the district sparkle as we invite 600-900 international downtown professionals to tour Union Square and San Francisco. A plan to redesign the Union Square BID's website is also in the works so that we may continue to have a dynamic, trendsetting online presence that will help draw visitors to our district.

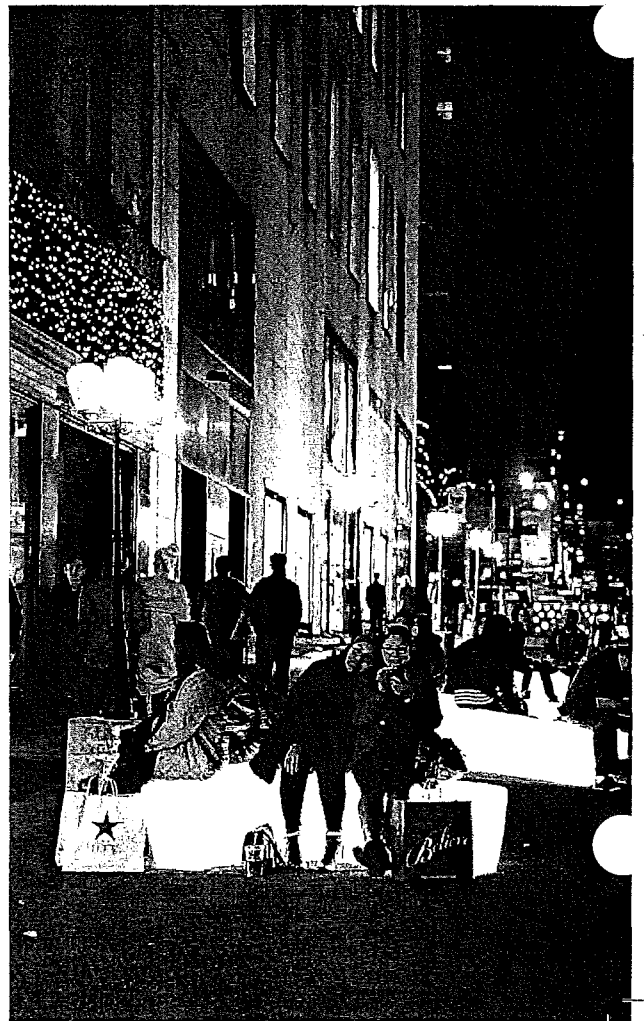
The attached reports provide a detailed list of accomplishments, financial results and a summary of the clean and safe service numbers for the period of July 2014–June 2015. As always, I encourage you to contact us or any member of our staff if you have any additional questions.

Sincerely,

Stephen Brett  
Board President

Karin Flood  
Executive Director





# 2014-2015 ACCOMPLISHMENTS

## SERVICES & PUBLIC SAFETY

- Evaluated district conditions on a regular basis and advocated to City departments for improvements.
- Conducted RFP for service provider, evaluated proposals and selected new service provider, Block by Block. Negotiated new contract starting February 1, 2015.
- Contracted with a dedicated Services Manager to oversee and assist Block by Block with the transition of services for the district. The Services Manager oversaw and managed the transition of the SFPD 10B program and assisted the service provider with scheduling and district information and contacts. Services Manager also managed logistics and installations for security camera program.
- Hired social services caseworker through the San Francisco Homeless Outreach Team, dedicated to the Union Square BID area. Connected numerous individuals in need with social services and resources.
- Received \$3 million grant from a donor advised fund of the Silicon Valley Community Foundation in December 2014 for extra police presence and expanding security camera program.
  - Hired 10B officers during the holiday period (part of our Safe Shopper Program), providing almost 10,000 hours of extra police coverage across commercial corridors in City.
  - The Union Square BID Security Camera Program expanded from the initial 22 camera pilot to almost 60 by June 2015 with another 50 camera installations in process by July 2015 and prospects for another 50 installations by December 2015.
- Received 48 video requests since January 2015 from law enforcement and other parties, 10 of which are being used in active investigations.

## PUBLIC AFFAIRS

- The Public Affairs Committee met with Supervisor Julie Christensen to hear about her goals for District 3 and share with her our vision for a clean, safe and vibrant Union Square. The committee also met with Supervisor Mark Farrell to support homeless initiatives he has taken the lead on.
- Continued to advocate for additional police presence with a coalition of other business groups including SF Travel, the SF Chamber, Hotel Council, Committee on Jobs, and other hoteliers. Achieved a win with the Board of Supervisors voting 6-5 to increase police presence to 2200+ officers as a policy statement.
- Stayed current on legislative issues that may have impacted

members such as SFMTA's *Vision Zero* plan, closure of Market Street to private vehicles and other issues.

## FINANCE, AUDIT & GENERAL ADMINISTRATION

- Developed multi-year financial plan, and increased assessments by 2.5%, generating additional \$326K of revenues through June 30, 2019.
- Completed 13-14FY audit and received unqualified clean opinion with no adjustments and completed 990 filing with the IRS, 199 with California FTB and RRF-1 with California Attorney General. Engaged CPA and began planning for 14-15FY audit.
- Managed Board of Supervisors and Government Audit & Oversight Committee's review of the Union Square BID activities and financial results for FY 10-11, 11-12, 12-13, 13-14 and received high marks for fiscal organization and overall management and reporting.
- Drafted and approved 14-15FY annual budget, mid-year budget modification and drafted 15-16 budget.
- Reviewed banking options and opened new accounts and line of credit and negotiated for zero bank fees. Increased interest income by over 300%.
- Managed all insurance matters including all policy applications, renewals, billings, audits, claims and continually reviewed and audited Union Square BID operations and assessed for insurance coverage and maintained full compliance with all City departments and other stakeholders.
- Managed all grant, sponsorship and donor billings, collecting 100% of all pledges, grants, donations.

## STREETSCAPES & BEAUTIFICATION

- Assisted the SF Planning Department's successful Market Street Prototype Festival to implement and launch innovative, temporary public space installations along Market Street by serving as a retail cohort lead, in partnership with the Market Street Association and the Yerba Buena Community Benefit District.
- Initiated and completed a draft Public Realm Action Plan, in partnership with the landscape architecture firm RHAA for small-scale, low-cost public realm improvements, articulating overarching design, documenting existing conditions, and outlining concepts for potential projects throughout the district.
- Implemented a 90-day pedestrian counting camera project to determine the feasibility of counters as a mechanism to improve service deployment and efficiencies, evaluate streetscapes



improvement efficacy, measure overall impact of events and programming and benchmark the district against comparable shopping districts.

- Contracted with two new landscape providers responsible for the installation and maintenance of new flower baskets around the cable car turnaround as well as new drought-tolerant plants and a landscaping maintenance plan for the Powell Street Promenade.

## MARKETING ACCOMPLISHMENTS

- Continued to run an extremely successful digital marketing program, with over 335K visits to our website this fiscal year, over 51K likes for our Facebook page, and over 3,435 Twitter fans.
- Completely redesigned our newsletter to stay fresh and increase engagement for our member brands. We also grew our list to 3,157 subscribers.
- Our second annual Fall Fashion Fest was a great success with over 700 attendees and over 170 uses of #F3SF on social channels as well as over 30 press hits. Food + Art 2015 was equally well-received with over 950 attendees (2740 RSVPs on Eventbrite), several great press hits (including radio, local print and blogs), and over 200 uses of #SFFoodArt.
- Raised over \$50K in funds for our marketing programs through sponsorship, much of which was put back into our Map & Guide, which was redesigned and reprinted this year. On track to distribute all 60K copies.
- Completed a successful holiday campaign with hundreds of press hits and social media mentions for holiday offerings, Black Friday and Winter Walk SF.

## OVERALL

### Winter Walk

- The Union Square BID's Streetscapes and Marketing teams designed, branded, promoted, activated and managed the first ever Winter Walk SF. This hugely successful pedestrian pop-up plaza was originally envisioned by Streetscapes Chair Manuela King. It ran along two-blocks of Stockton Street and was

activated with food trucks, a projection light art show, carolers, seating and green turf as well as local retail promotions. Intercept surveys conducted with 700+ pedestrians showed overwhelming support for repeating Winter Walk SF next holiday season. Winter Walk SF was also wildly successful digitally with hundreds of social media interactions using #WinterWalkSF and the highest traffic in one month to our website VisitUnionSquareSF.com ever (over 52K visits). The Union Square BID is grateful to the sponsors who made Winter Walk SF possible including Royston Hanamoto Alley and Abey, the SFMTA, Grants for the Arts, Hotel G, Macy's and 7x7 Magazine.

### Union Square BID awarded \$3 million grant

- In December, the Union Square BID was awarded a \$3 million donor-advised grant from the Silicon Valley Community Foundation to enhance security in the Union Square area. \$1 million of these funds were allocated toward supplemental SFPD presence during the holiday season while \$2 million will go toward expanding the security camera pilot project in the Union Square district and surrounding areas over the next 2 ½ years.
- The Union Square BID also drafted and provided governance documents and grant budget to Silicon Valley Community Foundation allowing organization to receive this generous grant. While the Union Square BID is the beneficiary of the majority of these funds, we have also been asked to serve as a fiscal agent for other adjacent commercial neighborhoods who are eligible to receive some funding.

### IDA Conference

- The Union Square BID, in partnership with the City of San Francisco and SF Travel, has been selected to host the International Downtown Association (IDA) Conference in San Francisco from September 30-October 2, 2015. Hosting this annual trade conference is an opportunity to:
  - Bring 600-900 downtown professionals to San Francisco to share best practices on urban management issues with other City Officials and downtown managers.
  - Showcase our City, its unique neighborhoods and all that is attractive, innovative and cool.
  - Call to action – to both the public and private sectors to solve or make strides toward solving some challenging urban issues.



# FINANCIALS

## ASSESSMENT METHODOLOGY

The Union Square BID is a 501 (C) 4 non-profit organization and currently the largest of San Francisco's 13 existing property-based Improvement Districts. Well known for its unique mix of world-class shopping, hotels, theatre and restaurants, the Union Square district covers 27 blocks and includes nearly 600 parcels, both publicly and privately owned. Funding for the district is proportionally shared by property owners, who are self-assessed to provide services to supplement those provided by the City. These annual assessments are based on the following variables:

- Linear (sidewalk) frontage
- Building square footage of non-residential properties
- Property usage

Each property owner's assessment is calculated according to the special benefit received from the services provided by the Union Square BID. Accordingly, each property owner is assessed for their proportional special benefit for the following services:

- Cleaning, maintenance and safety services
- Marketing, beautification and streetscape improvements and advocacy (non-residential only)

## ASSESSMENT CALCULATION RATE CHART FOR 15-16FY

PROPERTY TYPE	CLEAN & SAFE*	MARKETING / ADVOCACY**
Category 1 less than 2,000 bldg sq ft	\$78.06	\$82.95
Category 2 2,000 - 4,999 bldg sq ft	\$78.06	\$165.89
Category 3 5,000 - 9,999 bldg sq ft	\$78.06	\$552.98
Category 4 10,000 - 29,999 bldg sq ft	\$78.06	\$1,105.96
Category 5 30,000 - 99,999 bldg sq ft	\$78.06	\$1,382.45
Category 6 100,000 or more bldg sq ft	\$78.06	\$5,529.80
Residential Property & Public Property	\$78.06	\$0.00
Hallidie Plaza Parcels (1)	\$3.93***	\$0.00

\*per linear street foot \*\*per assessor's parcel \*\*\*per lot square footage

## FINANCIAL RESULTS 2014-2015FY

FUNDS	BUDGET	ACTUAL	VARIANCE	DETAILS
Special Assessment Funds	\$3,264,634	\$3,279,352	\$14,718	Collected \$15K of interest and penalties
Other Funds	\$150,740	\$3,295,263	\$3,144,523	SVCF Grant (\$3mil) and other grants, fundraising
<b>TOTAL FUNDS</b>	<b>\$3,415,374</b>	<b>\$6,574,615</b>	<b>\$3,159,241</b>	Large positive revenue variance due to SVCF grant and other fundraising
EXPENSES	BUDGET	ACTUAL	VARIANCE	DETAILS
Clean & Safe	\$2,547,186	\$2,306,902	\$240,284	Under budget on contractors/staffing, no trash pilot, social services delayed start, security camera funds
Marketing, Advocacy, Beautification, Streetscape Improvements	\$608,216	\$585,975	\$22,241	Winterwalk and holiday related expenses over budget but staffing, streetscapes, advocacy under
Management & Administration	\$527,403	\$539,349	\$(11,946)	
Other assessment/core funds	\$27,800	\$25,914	\$1,886	
Contingency & Reserve	\$326,423	\$0	\$326,423	All items budgeted
<b>TOTAL ASSESSMENT EXPENSES</b>	<b>\$4,037,028</b>	<b>\$3,458,140</b>	<b>\$578,888</b>	Overall positive spending variance
SVCF Grant	\$0	\$1,056,644	\$(1,056,644)	SVCF Grant expenses - including holiday safe shopper program and security camera expansion
Other Grants & Non-Assessment Funds	\$33,000	\$117,069	\$(84,069)	Raised additional funds and had higher related expenses with expansion
<b>TOTAL EXPENSES</b>	<b>\$4,070,028</b>	<b>\$4,631,853</b>	<b>\$561,825</b>	More expenses than budgeted due to SVCF grant
<b>NET SURPLUS FOR 14-15FY</b>	<b>\$(654,654)</b>	<b>\$1,942,762</b>	<b>\$2,597,416</b>	Large positive variance from budget mainly due to SVCF grant revenue

JULY 2014 - JUNE 2015 STATEMENT OF FINANCIAL POSITION

**ASSETS**

Cash	\$3,582,792
Receivables (Net)	\$368,436
Other Current Assets	\$32,511
Furniture & Equipment (Net)	\$273,509
<b>TOTAL ASSETS</b>	<b>\$4,257,248</b>

**LIABILITIES & NET ASSETS**

Accounts Payable & Accrued Expenses	\$380,661
Unrestricted Net Assets	\$1,861,834
Temporarily Restricted Net Assets	\$2,014,752
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>\$4,257,248</b>

JULY 2015 - JUNE 2016 BUDGET

**INCOME**

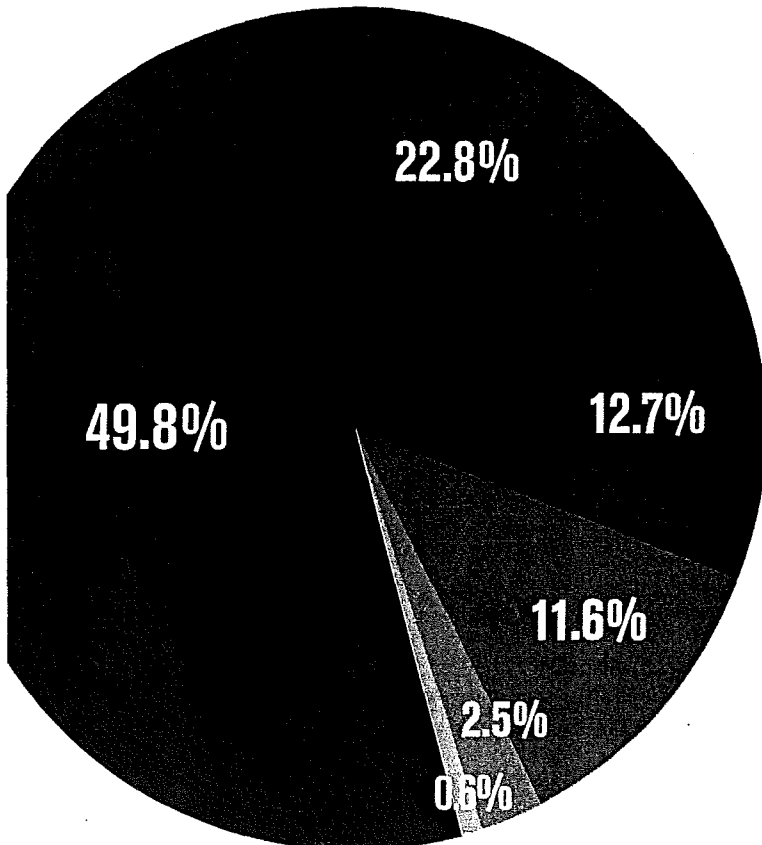
Assessment Revenue	\$3,346,023	91%
Fundraising & Other	\$337,665	9%
<b>TOTAL INCOME</b>	<b>\$3,683,688</b>	<b>100%</b>

**EXPENSES**

Clean & Safe	\$2,306,871	42%
Marketing, Advocacy, Streetscapes & Events	\$602,343	11%
Management & Administration	\$676,972	12%
<b>TOTAL ASSESSMENT EXPENSES</b>	<b>\$3,589,186</b>	
SVCF Grant Expenses	\$1,629,680	29%
Other Grants & Funds	\$334,253	6%
<b>TOTAL EXPENSES</b>	<b>\$5,550,119</b>	<b>100%</b>

CARRY OVER FUNDS FROM 2014-2015FY

Management & Administration	\$207,173
General Fund/Contingency	\$1,510,589
SVCF	\$1,943,356
Other Restricted/Designated Funds	\$215,469
<b>TOTAL CARRY OVER FUNDS 2014-2015</b>	<b>\$3,876,587</b>



CLEAN AND SAFE	<b>\$2,306,902</b>
MARKETING, ADVOCACY, BEAUTIFICATION, STREETSCAPE IMPROVEMENTS	<b>\$585,975</b>
MANAGEMENT & ADMINISTRATION	<b>\$599,349</b>
OTHER ASSESMENT/CORE FUNDS	
CONTINGENCY & RESERVE	
<b>TOTAL ASSESMENT EXPENSES:</b>	<b>\$3,458,140</b>
SVCF GRANT	<b>\$1,056,644</b>
OTHER GRANTS & NON-ASSESSMENT FUNDS	<b>\$117,069</b>

**\$4,631,853**  
TOTAL EXPENSES

# INTERACTIONS 2014-2015

## TOURIST AND MERCHANT INTERACTIONS

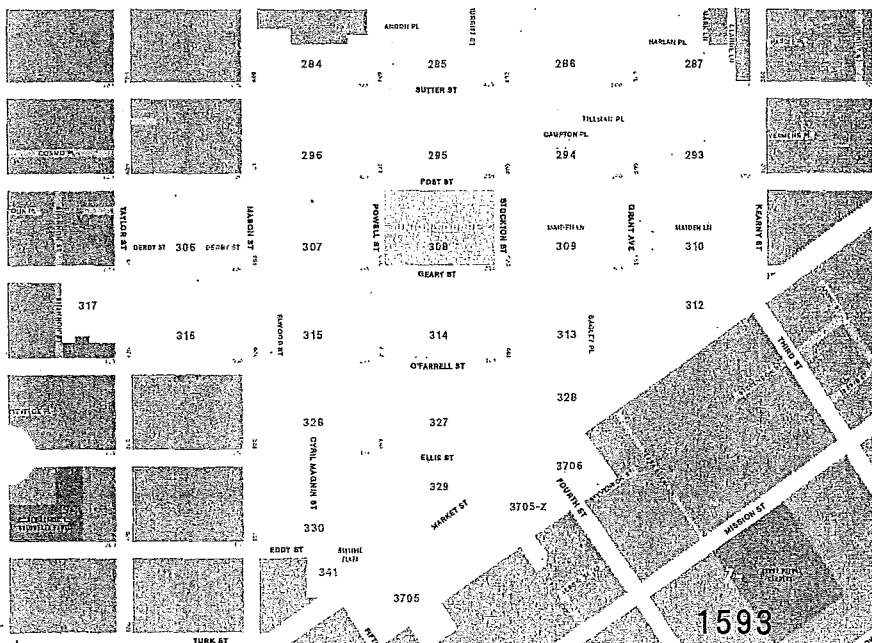
	2014						2015						TOTALS
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	
Directions	4069	4291	2851	2934	3979	4579	1244	7554	11216	10532	14166	9507	76922
Meet & Greets with Merchants	822	827	651	583	589	504	826	239	143	142	1806	655	7787
<b>TOTALS</b>	<b>4891</b>	<b>5118</b>	<b>3502</b>	<b>3517</b>	<b>4568</b>	<b>5083</b>	<b>2070</b>	<b>7793</b>	<b>11359</b>	<b>10674</b>	<b>15972</b>	<b>10162</b>	<b>84709</b>

## PUBLIC ASSISTANCE

	2014						2015						TOTALS
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	
Aggressive Panhandling	208	167	107	102	107	102	216	1278	1424	1376	1512	500	7099
Sleepers/Campers/25 MPC Issues	1001	608	930	905	1134	846	797	1338	1679	1557	2281	1139	14215
Drunk & Disorderly	25	23	20	17	16	23	38	238	441	365	371	85	1662
Illegal Vending: Observed & Contacted	23	18	20	34	28	34	28	104	150	229	225	84	977
Noise Complaints (Amplified Sound)	20	25	23	30	38	29	75	141	194	161	184	104	1024
Mentally Disturbed	16	15	5	29	21	16	34	157	279	236	284	33	1125
<b>TOTALS</b>	<b>1293</b>	<b>856</b>	<b>1105</b>	<b>1117</b>	<b>1344</b>	<b>1050</b>	<b>1188</b>	<b>3256</b>	<b>4167</b>	<b>3924</b>	<b>4857</b>	<b>1945</b>	<b>26102</b>

## CITY BEAUTIFICATION

	2014						2015						TOTALS
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	
Graffiti Removed: Paint	192	147	83	24	119	271	212	233	416	463	508	524	3192
Graffiti Removed: Stickers & Flyers	26	17	10	17	61	24	142	678	808	417	868	814	3882
Overflowing Trashcans Leveled	141	267	121	175	97	233	57	188	253	245	302	377	2456
Sweep Requests	230	253	202	317	347	606	694	281	259	246	189	104	3728
Scrub Requests	694	569	646	784	557	362	429	257	265	241	201	146	5151
<b>TOTALS</b>	<b>1283</b>	<b>1253</b>	<b>1062</b>	<b>1317</b>	<b>1181</b>	<b>1496</b>	<b>1534</b>	<b>1637</b>	<b>2001</b>	<b>1612</b>	<b>2068</b>	<b>1965</b>	<b>18409</b>



### FOOTNOTES

- *Meet and greets* with merchants increased in May 2015 due to outreach associated with the Union Square BID's Food + Art event. In addition, Hospitality and Safety Ambassadors began engaging in more check-ins with hotels and storefronts along the district's perimeter.
- Sleepers/Campers figures increased substantially starting in February due to an increased focus on quality-of-life issues by the Union Square BID, in addition to the hiring a new Safety Ambassador to report these issues. June experienced a drop due to the loss of a Safety Team Lead and two Safety Ambassadors.
- Public assistance figures in June dipped due to the loss of two Safety Ambassadors, including a Team Lead, though these positions are expected to be shortly back-filled.



## SIDEWALK SAFETY & DPW ISSUES

	2014						2015						TOTALS
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	
Illegal Dumping: 311 and BID Calls	45	57	51	77	75	57	170	100	80	232	357	155	1456
Safety Hazards & Extreme Vandalism	36	49	42	61	46	41	22	16	14	42	22	3	394
Cardboard	390	245	118	113	102	142	103	595	927	476	269	177	3657
<b>TOTALS</b>	<b>471</b>	<b>351</b>	<b>211</b>	<b>251</b>	<b>223</b>	<b>240</b>	<b>295</b>	<b>711</b>	<b>1021</b>	<b>750</b>	<b>648</b>	<b>335</b>	<b>5507</b>

## NON-EMERGENCY & EMERGENCY SITUATIONS

	2014						2015						TOTALS
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	
Arrests	5	13	5	3	2	9	15	0	13	6	6	3	80
Non-Emergency & 10B Officer	638	674	787	913	854	764	411	115	157	221	143	28	5705
911 Calls (10B & SFPD)	0	0	0	0	2	1	3	13	6	6	10	12	53
Fights & Assaults	2	0	0	2	0	0	10	5	3	2	9	1	34
Theft & Shoplifting	9	20	0	4	11	7	12	4	0	2	3	6	78
Vehicular Accidents	0	1	1	2	0	0	4	1	0	0	4	2	15
Fires & Fire Alarms	1	1	0	0	1	1	2	1	1	0	1	0	9
<b>TOTALS</b>	<b>655</b>	<b>709</b>	<b>793</b>	<b>924</b>	<b>870</b>	<b>782</b>	<b>457</b>	<b>139</b>	<b>180</b>	<b>237</b>	<b>176</b>	<b>52</b>	<b>5974</b>

<b>GRAND TOTALS</b>	<b>8,593</b>	<b>8,287</b>	<b>6,673</b>	<b>7,126</b>	<b>8,186</b>	<b>8,651</b>	<b>5,544</b>	<b>13,536</b>	<b>18,728</b>	<b>17,197</b>	<b>23,721</b>	<b>14,459</b>	<b>140,701</b>
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### FOOTNOTES

- Non-Emergency incidences dropped in June due to the rescheduling of 10B officers from three evening shifts (1:00 pm – 11:00 pm) to day shifts (8:00 am – 6:00 pm), seven days a week, to address the very large number of non-compliant street persons sleeping in doorways and building alcoves. Rescheduling the Union Square BID 10B officer hours earlier in the day resulted in the substantial reduction of non-emergency calls made to SFPD.

# 2014-2015 BOARD OF DIRECTORS

## OFFICERS

### *PRESIDENT*

Russell D. Keil, Jr. • The Keil Companies

### *TREASURER*

J. Timothy Falvey • Hanford-Freund & Company

### *SECRETARY*

James Sangiacomo • Trinity Properties

## DIRECTORS

Stephen Brett • Brett & Company

Kevin Carroll/ Kelly Powers • Hotel Council of San Francisco

Thomas Carroll • Tiffany & Co

James Chappell • Planning Consultant

James C. Flood • Flood Corporation

Shirley Howard-Johnson • Entertainment & Arts Consultant

Michael Jokovich • Grand Hyatt San Francisco

Man J. Kim • Lori's Diner International

Jon Kimball • The Westin St. Francis

Ellen Magnin Newman • Ellen Newman Associates

Louis Meunier • Retail Consultant

Tad Moore • 250 Post Street LP

Alan Morrell • Neiman Marcus

Betsy Nelson • Macy's

Maurice Quillen • Recology

Ellen Richard • A.C.T.

Shelly Schembre/ Leah Heil • Westfield San Francisco Centre

Spencer Sechler • City Park

Don Thomas • Club Donatello Homeowners Association

Wes Tyler • Chancellor Hotel on Union Square

## ADVISORY COMMITTEE CHAIRS

### *AUDIT*

Louis Meunier • Retail Consultant

### *FINANCE*

J. Timothy Falvey • Hanford-Freund & Company

### *MARKETING & COMMUNICATIONS*

Amy Benson • Westfield San Francisco Centre

### *PUBLIC RELATIONS & ADVOCACY*

Stephen Brett • Brett & Company

### *SERVICES & PUBLIC SAFETY*

Wes Tyler • Chancellor Hotel on Union Square

### *STREETSCAPES & BEAUTIFICATION*

Manuela Anne King • Royston, Hanamoto, Alley & Abey



# SERVICES

## 2015 MANAGEMENT

### *EXECUTIVE DIRECTOR*

Karin Flood

### *DIRECTOR OF MARKETING*

Jeani Hunt-Gibbon

### *DIRECTOR OF STRATEGIC INITIATIVES*

Claude Imbault

### *CONTRACT SERVICES MANAGER*

Randall Scott

### *CONTRACT FINANCE MANAGER*

Benjamin Horne

### *CONTRACT SERVICE PROVIDER*

Block-by-Block



## SERVICES OVERVIEW

### *HOSPITALITY AMBASSADORS*

7:30AM – 10:30PM (7 days a week)

### *SAFETY AMBASSADORS*

5:30AM – 11:00PM (7 days a week)

### *CLEANING AMBASSADORS*

5:30AM to 8:30PM (M – F)

7:00AM to 8:30PM (S - S)

### *DISPATCH SERVICES*

7:00AM – 7:30PM (7 days a week)

### *10B SFPD OFFICER*

10 hours daily

### *PRESSURE WASHING*

All sidewalks – twice monthly

### *GRAFFITI REMOVAL*

As needed, with property owner's authorization

### *ADVOCACY*

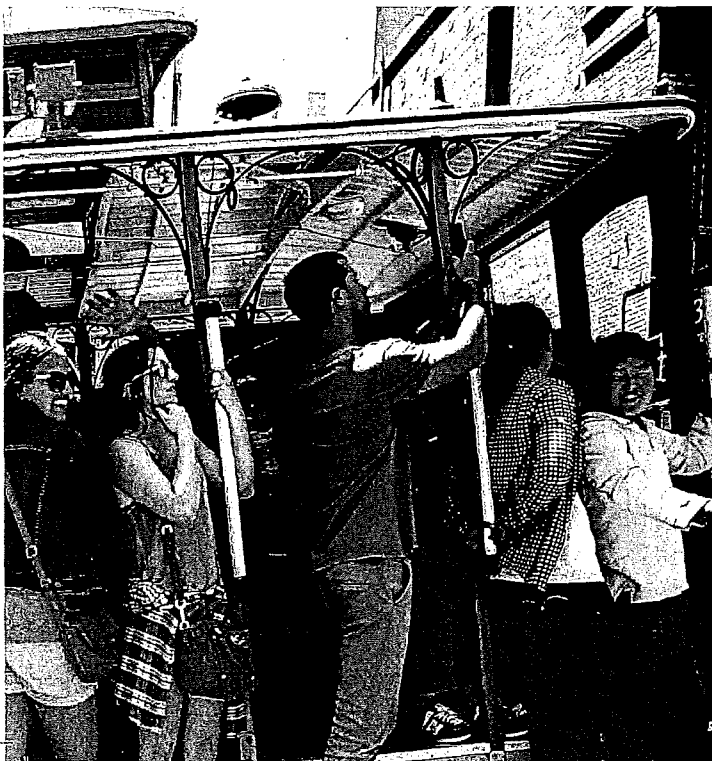
To represent the district on clean, safe, quality of life and business issues

### *MARKETING*

To ensure Union Square's standing as a dynamic, world-class destination

### *STREETSCAPES AND BEAUTIFICATION*

To support, promote, and implement public realm improvements throughout the district





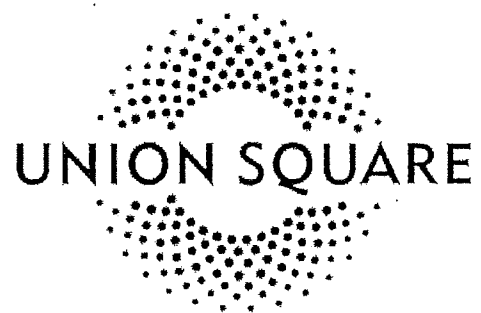
UNION SQUARE BUSINESS IMPROVEMENT DISTRICT

323 GEARY STREET, SUITE 203 SAN FRANCISCO, CA 94102

TEL (415) 781-7880 FAX (415) 781-0258

FOR DISPATCH SERVICES CALL (415) 781-4456

VISITUNIONSQUARESF.COM



UNION SQUARE  
BUSINESS IMPROVEMENT  
DISTRICT

**FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT**

Year Ended June 30, 2015  
(With Summarized Comparative Totals for 2014)



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LAUTZE & LAUTZE  
CPAs & FINANCIAL ADVISORS

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Union Square Business Improvement District  
San Francisco, California

We have audited the accompanying financial statements of *Union Square Business Improvement District* (the USBID), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Directors  
Union Square Business Improvement District

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of *Union Square Business Improvement District* as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We have previously audited the *Union Square Business Improvement District's* 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 18, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Lautze & Lautze

San Francisco, California  
September 24, 2015

**UNION SQUARE BUSINESS IMPROVEMENT DISTRICT**  
**STATEMENT OF FINANCIAL POSITION**

June 30, 2015

(With Summarized Comparative Totals for 2014)

	2015	2014
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,508,643	\$ 1,966,727
Grants receivable	63,171	29,601
Assessments and accounts receivable, net	305,265	110,059
Prepaid expenses and other assets	32,511	16,349
Certificates of deposit	1,074,149	-
Furniture and equipment, net	273,508	103,416
Total assets	\$ 4,257,247	\$ 2,226,152
 <b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 375,871	\$ 285,441
Accrued salaries and benefits	4,787	6,882
Total liabilities	380,658	292,323
 Commitments		
Net assets:		
Unrestricted	1,861,835	1,880,602
Temporarily restricted	2,014,754	53,227
Total net assets	3,876,589	1,933,829
Total liabilities and net assets	\$ 4,257,247	\$ 2,226,152

**UNION SQUARE BUSINESS IMPROVEMENT DISTRICT**  
**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2015  
(With Summarized Comparative Totals for 2014)

	2015			2014
	Unrestricted	Temporarily Restricted	Total	Total
Revenue and other support:				
Assessment revenue	\$ 3,279,352	\$ -	\$ 3,279,352	\$ 3,202,318
Grants	1,114,644	1,993,356	3,108,000	33,000
Special events	126,473	-	126,473	85,875
Contributions	41,039	19,507	60,546	49,340
Interest income	243	-	243	293
Net assets released from restrictions	51,336	(51,336)	-	-
<b>Total revenue and other support</b>	<b>4,613,087</b>	<b>1,961,527</b>	<b>6,574,614</b>	<b>3,370,826</b>
Expenses:				
Program	4,059,073	-	4,059,073	2,863,605
Management and administrative	539,349	-	539,349	429,427
Fundraising	33,432	-	33,432	30,475
<b>Total expenses</b>	<b>4,631,854</b>	<b>-</b>	<b>4,631,854</b>	<b>3,323,507</b>
Change in net assets	(18,767)	1,961,527	1,942,760	47,319
Net assets:				
Beginning of year	1,880,602	53,227	1,933,829	1,886,510
End of year	<u>\$ 1,861,835</u>	<u>\$ 2,014,754</u>	<u>\$ 3,876,589</u>	<u>\$ 1,933,829</u>

**UNION SQUARE BUSINESS IMPROVEMENT DISTRICT**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended June 30, 2015  
(With Summarized Comparative Totals for 2014)

	2015			2014	
	Program	Management and Administrative	Fundraising	Total	Total
Contract clean and safe services	\$ 2,078,937	\$ -	\$ -	\$ 2,078,937	\$ 2,119,991
Silicon Valley Community Foundation grant expenses	1,046,054	-	-	1,046,054	-
Salaries and wages	225,967	170,515	-	396,482	367,307
Accounting, legal, and support	14,264	187,907	-	202,171	186,634
Special events and activation	156,886	-	32,458	189,344	109,817
Marketing and promotion	147,573	-	-	147,573	167,230
Streetscape improvements	123,920	-	-	123,920	77,560
Clean and Safe operating expenses and projects	105,993	-	-	105,993	12,363
Depreciation	66,385	6,465	-	72,850	37,869
Rent and utilities	-	69,069	-	69,069	50,835
Payroll taxes and benefits	21,803	27,802	-	49,605	49,308
Public affairs, advocacy, and Union Square Cares	41,017	-	-	41,017	48,374
Insurance, permits, and fees	10,521	27,964	-	38,485	19,147
In-kind services	18,385	10,810	-	29,195	47,313
Meeting expenses and travel	1,015	14,330	-	15,345	11,251
Printing expenses	-	11,732	-	11,732	4,418
Office supplies and expenses	-	8,836	-	8,836	9,862
Office equipment lease	-	3,482	-	3,482	3,484
Bank fees and interest expense	353	437	974	1,764	744
	<u>\$ 4,059,073</u>	<u>\$ 539,349</u>	<u>\$ 33,432</u>	<u>\$ 4,631,854</u>	<u>\$ 3,323,507</u>

**UNION SQUARE BUSINESS IMPROVEMENT DISTRICT**  
**STATEMENT OF CASH FLOWS**

Year Ended June 30, 2015

(With Summarized Comparative Totals for 2014)

	2015	2014
Cash flows from operating activities:		
Change in net assets	\$ 1,942,760	\$ 47,319
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	72,850	37,869
(Increase) decrease in assets:		
Assessments receivable	(195,206)	(4,772)
Grants receivable	(33,570)	5,300
Prepaid expenses and other assets	(16,162)	(2,752)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	41,283	(9,304)
Accrued salaries and benefits	(2,095)	1,231
Deferred revenue	-	(23,242)
	1,809,860	51,649
Net cash provided by operating activities		
Cash flows from investing activities:		
Purchase of certificates of deposit	(1,074,149)	-
Purchase of furniture and equipment	(193,795)	(64,089)
	(1,267,944)	(64,089)
Net cash used by investing activities		
Net increase (decrease) in cash and cash equivalents	541,916	(12,440)
Cash and cash equivalents:		
Beginning of year	1,966,727	1,979,167
End of year	\$ 2,508,643	\$ 1,966,727

**UNION SQUARE BUSINESS IMPROVEMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Purpose and Organization**

The Union Square Business Improvement District (the USBID) was formed in 1999 by property owners and merchants to improve the image and economic vitality of the Union Square area by providing cleaning and maintenance and public safety programs to a 10 block area.

The USBID renewed its contract with the City and County of San Francisco (the City) for a ten year term on July 1, 2009.

Effective with the renewal, the USBID expanded the district from the original ten blocks to twenty-seven whole or partial blocks, representing nearly 600 parcel owners in the district. The USBID also expanded services and added marketing, advocacy, beautification and capital improvement programs.

The USBID exists to provide services that assure a positive experience of Union Square so that Union Square will maintain its ranking as one of the top destinations in the world, that the district will be equally enjoyed by residents and workers, and that this experience will enhance the district's economic base and be reflected in positive property values for the USBID's members.

The USBID's mission statement is as follows:

We enhance the visitor experience and business environment, making Union Square the #1 destination in the world.

Programs and services provided by the USBID are:

**Clean and Safe:**

- Community Service Ambassadors – Ambassadors walk throughout the USBID to greet and assist the public with information and directions, and guide those in need of social services to appropriate resources. Ambassadors are on duty 5:30am to 11:00pm daily.
- 10B Police Officers – 10B Police officers are on patrol in the district 10 hours daily to respond to members' needs and manage other quality of life issues in the district.
- Cleaning and Graffiti Removal – Maintenance staff are on duty daily from 7:00am to 8:30pm to clean litter from sidewalks and to remove graffiti. Each sidewalk in the district is steam cleaned every 2 weeks.

**Silicon Valley Community Foundation Grant:**

- In December 2014, the USBID received a \$3,000,000 grant from a donor advised fund of the Silicon Valley Community Foundation (SVCF). This grant was for the purpose of providing additional San Francisco Police Department patrols (through the 10B program) and for expanding the security camera program of the USBID. Accordingly, the USBID spent \$1,046,054 on grant related expenses (mostly SFPD) in the 14-15FY thus increasing the amount of program related expenses for the year.



**UNION SQUARE BUSINESS IMPROVEMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

1. **ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Purpose and Organization (Continued)**

Other:

- Marketing, Streetscapes, and Beautification – Promoting the Union Square area and its interests through events, digital and traditional marketing programs and public relations, décor and other improvements to beautify the area.
- Public Affairs Advocacy – Advocating public policy and services to ensure the economic vitality of the district.

**Basis of Accounting**

The USBID prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

**Classification of Net Assets**

U.S. GAAP requires that the USBID report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Accordingly, the net assets of the USBID are classified and reported as described below:

*Unrestricted:* Those net assets and activities which represent the portion of expendable funds that are available to support the USBID's operations. A portion of these net assets may be designated by the Board of Directors for specific purposes.

*Temporarily Restricted:* Those net assets and activities which are donor-restricted for (a) support of specific operating activities; (b) investment for a specified term; (c) use in a specified future period; or (d) acquisition of long-lived assets.

*Permanently Restricted:* Those net assets and activities which are permanently donor-restricted for holdings of (a) assets donated with stipulations that they be used for a specified purpose, be preserved, and not be sold; or (b) assets donated with stipulations that they be invested to provide a permanent source of income.

As of June 30, 2015, the USBID did not have any net assets meeting the definition of permanently restricted.

**Fair Value of Financial Instruments**

The carrying amounts of cash and cash equivalents, receivables, and accounts payable approximate fair value because of the short maturity of these instruments.

**UNION SQUARE BUSINESS IMPROVEMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

June 30, 2015

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

The USBID considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**Assessments Receivable**

Assessments receivable represent obligations of local property owners due to the USBID. Unpaid receivables do not accrue interest.

The USBID uses the allowance method to account for uncollectible assessments. The allowance for uncollectible assessments receivable reflects management's best estimate of the amounts that will not be collected based on historical experience and an evaluation of the outstanding receivables at the end of the year. As of June 30, 2015, the allowance for uncollectible assessments was approximately \$29,000.

**Certificates of Deposit**

The USBID's investments in certificates of deposit are carried at fair value based upon quoted market prices.

**Furniture and Equipment**

The USBID capitalizes acquisitions of furniture and equipment with a cost or value in excess of \$1,000 and with an estimated useful life beyond one year. Purchased assets are recorded at cost; donated assets are recorded at estimated fair value or appraised value at the date of acquisition. Depreciation is calculated using the straight-line method based upon estimated useful lives ranging from 3 to 7 years. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. The cost and accumulated depreciation of assets sold or retired are removed from the respective accounts and any gain or loss is reflected in the statement of activities.

**UNION SQUARE BUSINESS IMPROVEMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Revenue Recognition**

**Assessment Revenue**

The USBID receives its support primarily from a special assessment levied by the City on properties located within the USBID in accordance with City Ordinance. The assessment is recorded by the USBID when earned. The City remits the assessment monies to the USBID as the assessments are collected from the property owners. Interest is not charged on late assessments, however late penalties are charged in accordance with the City's policy.

**Contributions**

The USBID recognizes all contributions when they are received or unconditionally promised. Contributions without donor-imposed restrictions are reported as unrestricted support. Contributions with donor-imposed restrictions are reported as either temporarily restricted or permanently restricted support, depending upon the type of restriction. Contributions with donor-imposed restrictions and investment income generated from such investments that are complied within the year of receipt are reported as unrestricted support.

The satisfaction of a donor-imposed restriction on a contribution is recognized when the corresponding expenditures are incurred or when the time restriction expires. This occurs by increasing one class of net assets and decreasing another in the statement of activities. Such transactions are recorded as *net assets released from restrictions* and are reported separately from other transactions.

**Contributed Goods and Services**

Donated material and equipment are recorded as contributions at their estimated value on the date of receipt. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the USBID reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The USBID reclassifies temporarily restricted net assets to unrestricted net assets at that time.

The USBID records contribution revenue for certain services received at the fair value of those services, if the services either (a) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would be purchased if not donated.

For the year ended June 30, 2015, the USBID received contributed goods and services in the amount of \$29,195.

**Advertising**

The costs of advertising are charged to expense as incurred. Advertising expense for the year ended June 30, 2015 was \$18,000 and has been included in *marketing and promotion* on the statement of functional expenses.

**UNION SQUARE BUSINESS IMPROVEMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

June 30, 2015

1. **ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Taxes**

The USBID is a qualified organization exempt from federal and state income taxes under §501(c)(4) of the Internal Revenue Code and §23701d of the California Revenue and Taxation Code, respectively.

The USBID recognizes a threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken, or expected to be taken, in a tax return and requires the affirmative evaluation that is more-likely-than-not, based on the technical merits of a tax position, that an organization is entitled to economic benefits resulting from tax positions taken in income tax returns. For tax-exempt entities, favorable tax status itself is deemed to be an uncertainty, as events could potentially occur to jeopardize their tax-exempt status. If a tax position does not meet the more-likely-than-not recognition threshold, the benefit of that position is not recognized in the financial statements.

The USBID's evaluation on June 30, 2015 revealed no tax positions that would have a material impact on the financial statements. The 2011 through 2014 tax years remain subject to examination by the Internal Revenue Service. In addition, the 2010 through 2014 tax years remain subject to examination by the California Franchise Tax Board. The USBID does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

**Concentrations of Risk**

**Financial Instruments**

Financial instruments which potentially subject the USBID to concentrations of credit risk consist principally of cash and cash equivalents. The USBID maintains its cash in various bank deposit accounts. The USBID has a policy requiring all funds be fully insured. Management believes that the USBID is not exposed to any significant credit risk related to concentrations.

**Assessments Receivable**

As of June 30, 2015, 35% of the assessments receivable were due from three property owners.

**Functional Allocation of Expenses**

The costs of providing various programs and supporting services have been summarized on a functional basis for the year ended June 30, 2015 in the accompanying statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Comparative Financial Information**

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the USBID's financial statements as of June 30, 2014 and for the year then ended, from which the summarized information was derived.

**UNION SQUARE BUSINESS IMPROVEMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

June 30, 2015

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Recent Accounting Pronouncements**

The Financial Accounting Standards Board (FASB) issued new guidance, ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and its international counterpart, IFRS 15, to provide sweeping, new, globally applicable converged guidance concerning recognition and measurement of revenue. In addition, significant additional disclosures are required about the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers, and will replace virtually all existing revenue guidance, including most industry-specific guidance. The FASB also issued ASU 2015-14 which deferred the effective date. The guidance is applicable for annual reporting periods beginning after December 15, 2018. Management is evaluating the impact of this new guidance.

**2. FAIR VALUE MEASUREMENTS**

The USBID's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy that gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3). The levels of the fair value hierarchy are as follows:

*Level 1* – Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.

*Level 2* – Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads, and yield curves.

*Level 3* – Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the USBID's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

The following is a description of the valuation methodology used for assets measured at fair value.

*Certificates of deposit:* The fair value of fixed income securities is estimated using recently executed transactions or market price quotations (where observable). These securities are classified within Level 2 of the fair value hierarchy.

**UNION SQUARE BUSINESS IMPROVEMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

**2. FAIR VALUE MEASUREMENTS (CONTINUED)**

The following table provides information as of June 30, 2015 about the USBID's financial assets measured at fair value on a recurring basis:

	Level 1	Level 2	Level 3	Total
Assets at fair value:				
Certificates of deposit	\$ -	\$ 1,074,149	\$ -	\$ 1,074,149
	\$ -	\$ 1,074,149	\$ -	\$ 1,074,149

**3. GRANTS RECEIVABLE**

Grants receivable at June 30, 2015 consist of the following:

IDA Conference	\$ 50,000
Powell Street Promenade Maintenance	13,171
	\$ 63,171

The IDA Conference is funded by the City. The Powell Street Promenade Maintenance project is funded by an annual grant of \$33,000 from Audi of America. The grants are payable to the USBID as eligible costs are incurred.

**4. FURNITURE AND EQUIPMENT**

Furniture and equipment at June 30, 2015 consist of the following:

Furniture and equipment	\$ 352,261
Less accumulated depreciation	(133,378)
	218,883
Equipment not yet placed in service	54,625
	\$ 273,508

For the year ended June 30, 2015, depreciation expense was \$72,850.

**UNION SQUARE BUSINESS IMPROVEMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2015

**5. LINE OF CREDIT**

The USBID obtained a revolving line of credit from Wells Fargo on December 1, 2014, due to expire on December 5, 2015, for a maximum borrowing amount of \$500,000. Interest is payable at the prime rate plus 1.25% (4.25% at June 30, 2015). The line of credit is secured by the USBID's inventory and equipment. The line of credit contains certain nonfinancial covenants. The USBID did not borrow from the line of credit during the year ended June 30, 2015.

**6. UNRESTRICTED NET ASSETS**

Unrestricted net assets at June 30, 2015 are as follows:

Undesignated	\$ 1,424,135
Board designated:	
Management and administration	207,173
Streetscape projects	74,554
Advocacy	69,518
Net investment in furniture and equipment	86,455
	\$ 1,861,835

The USBID does not receive the first assessment payment for its fiscal year until January, thus it is incumbent on the USBID to maintain approximately eight months of operating capital at the end of each fiscal year to support operations until the first payment is received in the next fiscal year. This policy will also provide for the USBID to dissolve the entity in a timely manner should its contract with the City to provide services not be renewed in June 2019.

**7. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets at June 30, 2015 are available for the following purposes:

Police patrols and security cameras (SVCF Grant and Donations)	\$ 1,962,863
IDA Conference	50,000
Other	1,891
	\$ 2,014,754

**UNION SQUARE BUSINESS IMPROVEMENT DISTRICT**  
NOTES TO FINANCIAL STATEMENTS  
 June 30, 2015

**8. NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets were released from restrictions by incurring expenses which satisfied the restricted purposes during the year ended June 30, 2015, as follows:

Marketing	\$	47,180
Maiden Lane Improvements		4,156
		\$ 51,336

**9. COMMITMENTS**

**Leases**

The USBID was obligated under non-cancelable operating lease agreements for its office, conference room, and storage. The lease term is October 1, 2013 through September 30, 2016.

In January 2015, the USBID entered into a non-cancelable operating lease agreement for its operations offices. The lease term is January 25, 2015 through September 30, 2016.

The USBID also leases equipment. The lease term is August 15, 2012 through November 15, 2015.

The following is a schedule of minimum lease commitments for the years ending June 30:

	Facility	Equipment	Total
2016	\$ 121,720	\$ 1,314	\$ 123,034
2017	32,506	-	32,506
	\$ 154,226	\$ 1,314	\$ 155,540

Rent expense for the year ended June 30, 2015 was \$77,649.

**Grant**

On June 16, 2015, the USBID entered into a sub-grant agreement with the Central Market Community Benefit District (the CMCBD) for the purpose of purchasing, installing, operating, and maintaining security cameras and related equipment in the CMCBD. The term of the agreement is July 1, 2015 through June 30, 2017. The USBID is to advance payment to the CMCBD based on evidence of progress on the project.



**UNION SQUARE BUSINESS IMPROVEMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

June 30, 2015

**10. RELATED PARTY TRANSACTIONS**

MJM Management Group (MJM), the former primary service provider for the Clean and Safe services of the USBID, rented office space at 870 Market Street. James Flood, one of the USBID's Board of Directors, has an ownership interest in the building. One of the USBID's Board of Directors is a consultant for MJM. During the year ended June 30, 2015, the amount paid to MJM for Clean and Safe services was approximately \$1,300,499. The USBID employs the daughter of one of the USBID's Board of Directors. She also has an ownership interest in the building at 870 Market Street. Effective February 1, 2015, the USBID changed service provider from MJM to Block by Block.

The USBID has a written conflict of interest policy that requires, among other things, that no member of the Board of Directors can participate in any decision in which he or she (or an immediate family member) has a material financial interest. Each Board member is required to certify compliance with the conflict of interest policy on an annual basis and indicate whether the USBID does business with an entity in which a Board member has a material financial interest. When such relationships exist, measures are taken to appropriately manage the actual or perceived conflict in the best interests of the USBID, including requiring that such transactions be conducted at arm's length, for good and sufficient consideration, based on terms that are fair and reasonable to and for the benefit of the USBID, in accordance with applicable conflict of interest laws. When a conflict of interest does exist, all affected parties (Board members or staff) must refrain from the decision-making process and abstain from the voting process.

**11. SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

Equipment purchases of \$49,147 were in *accounts payable and accrued expenses* at June 30, 2015.

**12. SUBSEQUENT EVENTS**

The USBID has evaluated all subsequent events through September 24, 2015, the date the financial statements were available to be issued.

# Introduction Form

By a Member of the Board of Supervisors or the Mayor

Time stamp  
or meeting date

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee. (An Ordinance, Resolution, Motion, or Charter Amendment)
- 2. Request for next printed agenda Without Reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning "Supervisor [ ] inquires"
- 5. City Attorney request.
- 6. Call File No. [ ] from Committee.
- 7. Budget Analyst request (attach written motion).
- 8. Substitute Legislation File No. [ ]
- 9. Reactivate File No. [ ]
- 10. Question(s) submitted for Mayoral Appearance before the BOS on [ ]

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission
- Youth Commission
- Ethics Commission
- Planning Commission
- Building Inspection Commission

**Note: For the Imperative Agenda (a resolution not on the printed agenda), use a Imperative Form.**

**Sponsor(s):**

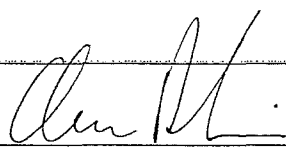
Aaron Peskin

**Subject:**

Greater Union Square Business Improvement District -- Annual Report for FY 2014-2015

**The text is listed below or attached:**

See Attached

Signature of Sponsoring Supervisor: 

For Clerk's Use Only: