

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

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, 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, 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%	+ .69
TOTAL	\$3,070,891	100.0%	\$4,037,028	100.0%	

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

ANALYSIS: USBID met this requirement. Assessment revenue was \$3,279,352 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	
Total assessment revenue	\$3,279,352	49.88%
Contributions and Sponsorships	\$60,546.00	
City Contracts	-	
Grants*	\$3,108,000	
Interest Earned	\$243	

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

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

ANALYSIS: USBID 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%	+.05%
TOTAL	\$4,037,028	100.0%	\$3,458,140	100.0%	

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

ANALYSIS: USBID met this requirement. Please note: There is a period between when the City collects assessment payment and when the City disburses the funds to the USBID. As a result, BIDs/CBDs typically have a fund balance at the end of the fiscal year that is equal to about 6 months of their annual budget. See table below.

FY 2014-2015 Carryover Disbursement	\$3,876,587
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
Total Carryover amount from FY 2014-2015	\$3,876,587

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.