

MEMORANDUM

TO: Supervisor Aaron Peskin, District 3 Supervisor

CC: San Francisco Board of Supervisors

FROM: Chris Corgas; Deputy Director, Community Economic Development, OEWD
Mimi Hiraki; Project Specialist, OEWD

DATE: 5/9/2023

SUBJECT: Union Square Alliance (formerly known as Union Square Business Improvement District); FY 2021-2022 Annual Report

This is a memo summarizing the performance of the Union Square Alliance (the Alliance) doing business as the Union Square Alliance and an analysis of its financial statements (based on their audits) for the period between July 1, 2021 and June 30, 2022.

Each year the Union Square Alliance is required to submit a mid-year report, an annual report, and a CPA Financial Review or Audit. The Union Square Alliance 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 2019.

Also attached to this memo are the following documents:

1. Annual Report
 - a. FY 2021-2022
2. CPA Financial Audit Report
 - a. FY 2021-2022
3. Draft resolution from the Office of Economic and Workforce Development



Background

The Union Square Alliance includes both privately and publicly owned properties. The district covers 27 whole or partial blocks and includes approximately 621 parcels.

- July 28, 2009: the Board of Supervisors approved the resolution to renew and expand the Union Square Business Improvement District to cover 27 blocks for 10 years. Resolution # 320-09).
- January 26, 2010: the Board approved the contract for the administration and management of the Union Square Business Improvement District (Resolution # 19-10).
- February 23, 2016: the Board of Supervisors approved the FY 2014 - 2015 annual report (Resolution # 068-16).
- March 14, 2017: the Board of Supervisors approved the FY 2015 – 2016 annual report (Resolution # 078-17).
- April 10, 2018: the Board of Supervisors approved the FY 2016 – 2017 annual report (Resolution # 096-18).
- June 18, 2019: the Board of Supervisors approved the FY 2017 – 2018 annual report (Resolution # 288-19).
- July 9, 2019: the Board of Supervisors approved a resolution to establish (renew and expand) the property-based business improvement district known as the “Union Square Business Improvement District,” ordering the levy and collection of assessments against property located in that district for ten years commencing with FY2019-2020, subject to conditions as specified; and making environmental findings (Resolution #: 309-19).
- November 19, 2019: the Board of Supervisors approved an agreement with the nonprofit Owners' Association for administration/management of the established property-based Community Benefit District known as the “Union Square Business Improvement District,” pursuant to California Streets and Highways Code, Section 36651, for a period commencing upon Board approval, through June 30, 2029 (Resolution # 509-19).
- September 15, 2020: the Board of Supervisors approved the FY 2018-2019 annual report (Resolution # 392-20).
- November 2, 2021: the Board of Supervisors approved the FY 2019-2020 annual report (Resolution # 514-21).
- February 14, 2023: the Board of Supervisors approved the FY 2020-2021 annual report (Resolution #54-23)

USBID Summary and Highlights

| | |
|----------------------------------|--|
| Year Renewed | July 2019 |
| Assessment Collection Period | FY 2019-20 to FY 2028-29 (July 1, 2019 to June 30, 2029) |
| Services Start and End Date | January 1, 2020 – December 31, 2029 |
| Initial Estimated Annual Budget | \$6,036,111.00 |
| FY 2021-22 Assessment Roll | \$6,328,080.82 |
| Fiscal Year | July 1 – June 30 |
| Executive Director | Marisa Rodriguez |
| Name of Nonprofit Owners’ Entity | Union Square Alliance |



The current Union Square Alliance website <https://www.visitunionsquaresf.com/>, 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 Union Square Alliance Program Areas

Clean and Safe

Union Square Alliance’s cleaning program is a comprehensive program that aims to ensure the cleanliness of sidewalks, alleys, curbs, fixtures, and buildings throughout the Union Square Alliance. The Union Square Alliance cleaning program includes daily sidewalk cleanings, on call scrubs and cleaning, scheduled pressure washing, graffiti removal, excessive trash removal, and illegal dumping abatement.

Union Square Alliance’s safety program works with property owners, managers, businesses, residents, stakeholders, and public safety officials on a variety of safety programs and strategies to prevent crime and increase pedestrian safety throughout the Union Square area. Union Square Alliance provides Safety Ambassadors and overnight security to help respond to safety issues and concerns. Additionally, the Alliance hires 10B officers and private security to address escalated safety incidents and maintain an overall safety presence in the district. The Union Square Alliance also deploys a camera network throughout the district.

The Union Square Alliance began providing service to Union Square Park in fall 2020 and continued to provide services through FY 2021-22. This include 12 hours per day of dedicated ambassador services, bi-weekly pressure washing, and event support

Public Realm, Marketing, Events, and Advocacy

These Union Square Alliance services work to develop and promote Union Square as a world-class district to visitors, workers, and residents through multiple programs and initiatives, such as the Union Square Alliance website (visitunionsquaresf.com), social media platforms (i.e. Facebook, Instagram, and Twitter), monthly and weekly newsletters, a Visitor Map & Guide, media and public affairs services, public policy advocacy, public realm improvements, and annual events such as Winter Walk SF and holiday décor.

Management and Administration

To achieve the services outlined in its Management District Plan, the Union Square Alliance employs a staff to carry out regular activities, initiatives, and resources to include but not limited to office expenses including accounting, rent, utilities, office supplies, insurance, legal, and other professional services related to organizational activities.

Union Square Foundation

In July 2017, the Union Square Alliance launched a 501C3 charitable organization to help raise funds for public realm initiatives as well as the Union Square Cares (homeless) programs. The Union Square Foundation’s (www.unionsquarefoundation.org) mission is to establish a renewed ‘sense of place’ for the Union Square Area by supporting diverse artistic, cultural, and culinary programs and projects – and by cultivating a welcoming, caring community for all humankind.



Summary of Delivery of Services and Accomplishments

FY 2021-2022

Clean and Safe

- Picked up and removed approximately 453,075 lbs. of trash
- Removed 21,740 instances of hazardous waste
- Removed 18,741 instances of graffiti
- Addressed 9,765 instances of overflowing trash cans
- Responded to 8,969 requests for cleaning service
- 910,052 feet of block fronts pressure washed
- 39,913 quality of life incidents addressed
- 9,357 incidents addressed by USBID 10B officers
- 8,168 incidents addressed by private security
- 421 requests for video footage

Public Realm, Marketing, Events, and Advocacy

- Installed an array of lanterns at Maiden Lane, Union Square Park and Hallidie Plaza in February 2021 for Valentine's Day and replaced lanterns in March 2021 to match Alliance branding
- Made holiday lighting on trees at Powell Street, Union Square Park and Maiden Lane permeant due to positive response
- Activated Maiden Lane by purchasing additional furniture, hosting events such as Valentine's Day and supporting other third-party events
- Participated in BloomSF, a series of special events and programming including floral art installations and music at Union Square Plaza
- Refreshed and activated Hallidie Plaza in partnership with the City with holiday décor, lanterns, way finding banners, a mural, café tables and seating and maintaining the landscape.
- Continued implementation of rebranding project with new Alliance lapel pins, employee uniforms, truck stickers, street pole banners, BigBelly wraps, window decals and other signage
- Developed a targeted social media marketing strategy. Currently, Union Square social media has nearly 87,000 followers across four platforms
- Ran two regional ad campaigns in Local Getaway and San Francisco's magazine, "Best of the Bay" garnering 29,329 impressions
- Hosted free music series on Union Square Plaza every Saturday from April 2021 to October 2021 and again in March 2021 to September 2022. Hosted two special dance events at Union Square Plaza and set up outdoor local pop-up bar.
- Partnered with CK Contemporary to celebrate the return of the Art Market
- Started to develop Union Square Strategic Plan with facilitation from MIG and Sreetsense in spring of 2022. It's projected to be finalized in fall of 2022. Thus far, the following priorities have been identified: building a strong economy; provide a safe and welcoming environment; cultivate an authentic vibe; embrace intimate space; and ensure a thriving and enduring organization

Union Square Foundation



- Organized a holiday fundraiser in December 2021 and Annual Luncheon in May 2022, raising \$247,000 to support the foundation programs
- Support a new violence prevention program providing professional clothes and mentoring at-risk youth
- Installed 29 new cameras
- Awarded \$850,000 grant to activate Union Square Plaza with music
- Received grant to install bistro lights throughout the district
- Installed faux green wall at Union Square stage
- Installed Bistro lights along Powell and Stockton to enhance Union Square Plaza entrances
- Installed lights in partnership with property owners and stakeholders on streets by Sutter Street between Stockton and Grant

The Union Square Alliance Annual Budget Analysis

OEWD’s staff reviewed the following budget related benchmarks for Union Square Alliance:

- **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 “Union Square Business Improvement District”, Section 5 – Budget*)
- **BENCHMARK 2:** Whether eight percent (8%) of actuals came from sources other than assessment revenue (*CA Streets & Highways Code, Section 36650(B)(6); Agreement for the Administration of the “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 “Union Square Business Improvement District”, Section 5 – Budget*)
- **BENCHMARK 4:** Whether Union Square Alliance 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 2021-2022 Budget Analysis

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: Union Square Alliance met this requirement. *See table below.*



| Service Category | Management Plan Budget | | FY2021-2022 Budget | | Variance | |
|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|------------|--------|
| | Assessment (%) | Total (%) | Assessment (%) | Total (%) | Assessment | Total |
| Clean and Safe | \$4,479,002.52 (74.20%) | \$4,868,481.00 (74.20%) | \$5,062,090.00 (72.02%) | \$5,878,854.00 (72.01%) | -2.18% | -2.19% |
| Public Realm, Marketing Events, and Advocacy | \$694,232.92 (11.50%) | \$754,601.00 (11.50%) | \$957,927.00 (13.63%) | \$1,195,677.00 (14.65%) | +2.13% | +3.15% |
| Management and Administration | \$862,875.36 (14.30%) | \$937,908.00 (14.30%) | \$1,008,632.00 (14.35%) | \$1,088,884.00 (13.34%) | +0.06% | -0.96% |
| TOTAL | \$6,036,110.80 (100.00%) | \$6,560,990.00 (100.00%) | \$7,028,649.00 (100.00%) | \$8,163,415.00 (100.00%) | | |

BENCHMARK 2: Whether eight percent (8%) of Union Square Alliance’s actuals came from sources other than assessment revenue

ANALYSIS: Union Square Alliance met this requirement. Assessment revenue was \$6,363,140.00 or 82.47% of actuals and non-assessment revenue was \$1,352,245.00 or 17.53% of actuals. See table below.

| Revenue Sources | FY2022 Actuals | % of Actuals |
|---|-----------------------|----------------|
| Assessment Revenue | \$6,340,559.00 | |
| Penalties | \$16,630.00 | |
| Redemption + Redemption Penalties | \$5,951.00 | |
| Total Assessment (Special Benefit) Revenue | \$6,363,140.00 | 82.47% |
| Contributions & Sponsorships | \$16,647.00 | |
| Grants | \$137,641.00 | |
| Donations | - | |
| Interest Earned | \$373.00 | |
| Earned Revenue | \$386,656.00 | |
| Other (In-Kind & Misc - includes PPP forgiveness) | \$810,928.00 | |
| Total Non-Assessment (General Benefit) Revenue | \$1,352,245.00 | 17.53% |
| Total (Assessment and Non-Assessment) Revenue | \$7,715,385.00 | 100.00% |



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: Union Square Alliance met this requirement. See table below.

| Service Category | FY2021-2022 Budget | | FY2021-2022 Actuals | | Variance | |
|--|---|---|---|---|------------|--------|
| | Assessment (%) | Total (%) | Assessment (%) | Total (%) | Assessment | Total |
| Clean and Safe | \$5,062,090.00 (72.02%) | \$5,878,854.00 (72.01%) | \$4,884,529.00 (72.07%) | \$5,175,294.00 (67.13%) | +0.05% | -4.89% |
| Public Realm, Marketing Events, and Advocacy | \$957,927.00 (13.63%) | \$1,195,677.00 (14.65%) | \$848,455.00 (12.52%) | \$1,403,908.00 (18.21%) | -1.11% | +3.56% |
| Management and Administration | \$1,008,632.00 (14.35%) | \$1,088,884.00 (13.34%) | \$1,044,584.00 (15.41%) | \$1,130,233.00 (14.66%) | +1.06% | +1.32% |
| TOTAL | \$7,028,649.00 (100.00%) | \$8,163,415.00 (100.00%) | \$6,777,568.00 (100.00%) | \$7,709,435.00 (100.00%) | | |

BENCHMARK 4: Whether the Union Square Alliance 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: Union Square Alliance met this requirement. Please note: There is a period between when the City collects the 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 2022 Carryover Disbursement | Amount | Spenddown Timeline |
|--|-----------------------|--------------------|
| FY 2022 Assessment Carry Forward Disbursement | | |
| Clean & Safe | \$775,872.00 | July-August 2022 |
| Public Realm, Marketing Events & Advocacy | \$0.00 | - |
| Management & Administration | \$48,320.00 | July-August 2022 |
| General Fund | \$1,369,170.00 | July-October 2022 |
| Total Assessment (Special Benefit) Carry Forward | \$2,193,362.00 | |
| FY 2022 Non-Assessment Carry Forward Disbursement | | |



| | | |
|---|--------------------|--------------------|
| Non-Assessment Advocacy | \$7,934.00 | Unknown |
| Security Camera Donations | \$28,941.00 | July-December 2022 |
| Total Non-Assessment (General Benefit) Carry Forward | \$36,875.00 | |

Findings and Recommendations

The Union Square Alliance (Alliance) has met all benchmarks as defined on page 5 of this memo as set by the California Street and Highways Code Section 36650-36651; and the Agreement for the Administration of the Union Square Business Improvement District. The Union Square Alliance has a strong history of meeting each of these benchmarks since its inception. Additionally, the organization has complied with OEWD’s memorandum regarding surveillance technology.

The organization’s main priority, during this reporting period, was working to attract customers and visitors back to the area. They worked on a number of initiatives and activations to do this, including:

- Lantern Project
 - The organization installed an array of pink and purple lanterns were installed at Maiden Lane, Union Square Park, and Hallidie Plaza in February 2021 to celebrate Valentine’s Day. Starting in March 2021, they replaced the lanterns to match the colors of the new Union Square Alliance branding.
- Maiden Lane
 - The organization purchased additional furniture to create a sense of place on both blocks of Maiden Lane and hosted events such as Valentine’s Day and other third-party events supported by the Alliance.
- Permanent Lighting
 - The holiday lighting on the trees at Powell Street, Union Square Park Palm trees, and Maiden Lane were so successful that the organization decided to keep the installations up permanently.
- Hallidie Plaza
 - The organization continued to work with the City to clean up, refresh and activate Hallidie Plaza with a series of colorful improvements, including holiday decor, lanterns, wayfinding banners, a mural, café tables and seating, and landscaping maintenance.
- Ornament Project
 - During the holiday season, the organization placed larger-than-life ornaments along the Powell Street Promenade.
- Union Square Park
 - Provided summer weekly concert series, installed photo op green wall on back of stage and supported numerous other events and activations.



Additionally, the district put a lot of effort into marketing the district. They completed a completed rebranding of the organization and developed a social media strategy as well as ad campaigns throughout the fiscal year.

The Alliance went through a year of transition at the organizational level as well. Karin Flood, the longtime executive director, left her position. She was replaced by former Head of the Office of Cannabis and Assistant District Attorney, under George Gascon, Marisa Rodriguez early in FY 21-22. From OEWD's perspective the transition was smooth, thanks in part to the organization's strong Board of Directors and institutional knowledge maintained by long-term staff.

The organization continued to successfully provide its core cleaning and safety services throughout the fiscal year and they are not part of the Connected Worker pilot, commonly referred to as Integrated 311. There were no reported violations of the Brown Act or California Public Records act to OEWD during this reporting period.

Conclusion

The Union Square Alliance has performed well in implementing the services outlined in their management plan. Union Square Alliance has continued to successfully sponsor and help promote events in Union Square. Union Square Alliance has done an outstanding job in partnering with community stakeholders and numerous municipal agencies for the activation and improvement of public spaces. Union Square Alliance is a well-run organization with an active Board, committee members and will continue to successfully carry out its mission as a business improvement district.

