

**MEMO**

To: Supervisor Aaron Peskin, District 3

CC: San Francisco Board of Supervisors

From: Chris Corgas; OEWD, Senior Program Manager, Community Benefit Districts

RE: Union Square Business Improvement District; FY 2018-2019 Annual Report

Date: June 2, 2020

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This is a memo summarizing the performance of the Union Square Business Improvement District (USBID) and an analysis of its financial statements (based on their audits) for the period between July 1, 2018 and June 30, 2019.

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 2018-2019
2. CPA Financial Audit Report
  - a. FY 2018-2019
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 598 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 report (Resolution # 068-16).
- March 14, 2017: Board of Supervisors approved the FY 2015 – 2016 annual report (Resolution # 078-17)
- April 10, 2018: Board of Supervisors approved the FY 2016 – 2017 annual report (Resolution # 096-18)
- June 18, 2019: Board of Supervisors approved the FY 2017 – 2018 annual report (Resolution # 288-19)

## USBID Summary and Highlights

Year Renewed	July 2009
Assessment Collection Period	FY 2009-10 to FY 2018-19 (July 1, 2009 to June 30, 2019)
Services Start and End Date	January 1, 2010 – December 31, 2019
Initial Estimated Annual Budget	\$3,040,061
FY 2018-2019 Assessment Roll	\$3,658,253
Fiscal Year	July 1 – June 30
Executive Director	Karin Flood
Name of Nonprofit Owners’ Entity	Union Square Business Improvement District

The current USBID website <https://www.visitunionsquaresf.com/about-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 USBID Program Areas

### **Cleaning and Safety**

USBID Cleaning and Safety services include teams of Cleaning, Safety and Hospitality Ambassadors, including SFPD “10B” officers and Downtown Street Team members. The *Union Square BID Management Plan* calls for 65% of the operating budget dedicated to this service area.

### Cleaning Ambassadors and Downtown Streets Team

- Approximately 16 full-time Cleaning Ambassadors provide regular specialized sidewalk cleaning and maintenance services **(5:30am – 9:30 pm/7 days a week)**, such as sidewalk and gutter sweeping, sidewalk pressure washing every two weeks, removing needles and biomedical waste, discarding illegally dumped cardboard, and removing graffiti and stickers.

- 4 Union Square Downtown Streets Team members supplement Cleaning Ambassadors by providing specialized alley sweeping services, in addition to regular sidewalk and gutter sweeping (**7am – 11am Mon-Fri**) for select routes in Union Square.

#### Safety Ambassadors and SFPD “10B” Officers

- Approximately eight (8) full-time Safety Ambassadors (**6am-11pm/7 days a week**) in red shirts emblazoned with the word “Safety” help to address and advise on quality of life issues in the district. They are the “eyes and ears” of Union Square to visitors and workers. Their primary responsibilities are to address street issues, such as aggressive panhandling and sit/lie violations, and to engage district visitors and workers with a friendly smile.
- SFPD “10B” officers hired by the USBID provide 10 hours a day (**8am – 6pm/7 days a week**) to supplement security to SFPD beat officers assigned to the district. The “10B” officers primarily come from the Tenderloin and Central SFPD stations.

#### Hospitality Ambassadors

- Approximately one (1) full-time Hospitality Ambassador services the district (**7:30am – 4pm, Wednesday through Sunday**). Their duties include providing Union Square visitors with a positive image of the district by offering the public information on local events and attractions, assisting with directions, handing out the USBID Map & Guide highlighting Union Square businesses, and providing visitor and member assistance as needed.

#### Member Services Dispatch & Video Control Center Operator

- Approximately three (3) full-time operators service the USBID’s Members Dispatch Center (**7:00am - 9pm/7 days a week**) to receive incident data and deploy cleaning, safety, and hospitality services to make the district a safer and more welcoming place for our visitors, workers, and residents.
- Approximately one (1) full-time video control center operator responds to requests for video copies 9am-5:30pm (M-F) from the San Francisco Police Department, District Attorney and Public Defenders offices and USBID members and stakeholders.

#### **Marketing and Communications, Public Realm Improvements, and Advocacy**

These USBID services work to develop and promote Union Square as a world-class district to visitors, workers, and residents through multiple programs and initiatives, such as the USBID website ([visitunionsquaresf.com](http://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. The Union Square BID Management Plan calls for 10% of the budget to be spent on Marketing, Public Realm Improvements, and Advocacy.

- **Marketing & Communications** – The USBID manages a professional member and consumer marketing programs centered on digital marketing, public space programming, and member events. In addition, the USBID publishes and distributes Union Square Visitor Maps and Guides to reinforce the district’s brand through sponsorship and advertising. Member events are a large part of the USBID’s marketing programs, attracting between 20 – 400 attendees per event. The USBID’s Marketing Committee, comprised of Board members and marketing professionals, meets bi-monthly and provides feedback to the USBID on its marketing programs and best practices. The USBID also hosts “Coffee & Connections”, a bi-monthly networking event for Union Square area businesses.
- **Public Realm Improvements** – The USBID’s Public Realm and Streetscapes Committee meets monthly and includes design professionals, property managers, and public sector stakeholders to advise and assist with implementing projects detailed in the USBID’s Public Realm Action Plan. In addition, the committee address emerging transportation and land use issue impacting the district. This past year, the Committee worked with SFMTA to convene Union Square community meetings on permanent, pedestrian-oriented design improvements for lower Powell Street called the Powell Street Improvement Project.
- **Advocacy** – The USBID’s Public Affairs & Advocacy Committee addresses State and local policy issues that impact the district and its members. For example, in 2018-2019, the Committee advocated on behalf of USBID members to mitigate the impacts of the Central Subway construction project, additional SFPD presence, additional homeless outreach services, retail flexibility within the C-3-R legislation, and other relevant local legislation.

### **Management and Administration**

The USBID Board consists of 23 members representing property owners and managers, retailers, hospitality representatives, hotel operators, and several at-large stakeholders. There are seven advisory committees, including an Executive Committee, who meet regularly and act on time-sensitive matters. The USBID launched its renewal process in the fall of 2017 with a series of public meetings, formation of a Renewal Committee and completed a member renewal survey in May 2018. The renewal petition process was completed by April 2019 and the ballot vote was completed by July 2019 with very successful outcomes (see below).

### **Union Square Foundation**

In July 2017, the Union Square BID 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 ([www.unionsquarefoundation.org](http://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 2018-2019**

#### **Clean and Safe**

- Picked up and removed approximately 563,125 lbs. of trash
- Removed 23,016 instances of hazardous waste
- Removed 22,317 instances of graffiti
- 11,707 incidents addressed by USBID 10B officers
- 969 requests for video footage

### **Marketing**

- Hosted the Art + Wine Walk in Union Square as a way to highlight some of the District’s boutiques, art galleries, and restaurants
- Produced a series of guides to showcase businesses and offering of the District
- Launched a street banner program to demarcate the District and create a sense of place

### **Public Realm and Streetscapes**

- Hosted Winter Walk 2018 which offered 5 weeks of holiday decor, mobile food and craft beverages curated by Off the grid, family friendly activities, art, community performance and entertainments, sponsored activation, and 17,000 square feet of open green space.
  - 2.2 million visitors were recorded at Winter Walk 2018
- Partnered with Australian artists Gillie and Marc to bring Paparazzi Dogs to San Francisco, the first time it was exhibited on the west coast of the United States
- Continued activation of Maiden Lane through Lunch in the Lane program.
- Developed plans and began Places for People (P4P) application process to activate Campton Place.

### **Advocacy and Government Affairs**

- Adopted a District Cannabis Retail Police which provides guidelines to promote a healthy “good neighbor” policy and standards to store front designs and safety measures
- USBID informed the San Francisco Planning Department on the retail environment of Union Square and realistic use of 2<sup>nd</sup> and 3<sup>rd</sup> floor spaces through a comprehensive study in partnership with stakeholders
- Received a \$1 million grant from the Silicon Valley Community Foundation to add over 10,000 hours of police patrols throughout the District during the holiday season
- Completed an economic impact study in FY 18-19 and discovered that Union Square is made up of less than 1% of the City’s built land area, but generates 34% of citywide sales in general consumer goods

### **Management and Operations**

- Union Square BID, in collaboration with OEWD, focused on completing their renewal process in FY 2018-2019. This included receiving over 50% of assessed properties signing petition to move formation forward with a budget increase of over 60%.
- The Union Square Foundation raised an additional \$364,000 during FY 18-19.
- Generated sponsorship revenue for Bigbelly program and installed 2 additional Bigbelly units (total 27 Bigbelly units).

- Launched Miracle Messages partnership to connect homeless in district with long lost loved ones.

**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 2018-2019**

**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 2018-2019 Budget	% of Budget	Variance Percentage Points
Clean & Safe	\$1,995,400	65%	\$2,733,945	67.39%	+2.41%
Marketing, Advocacy, Beautification and Streetscape Improvements*	\$291,675	10%	\$600,267	14.80%	+5.30%
Management and Operations	\$460,488	15%	\$686,208	16.91%	+1.92%
Contingency & Reserves	\$323,328	10%	\$36,740	0.91%	-9.62%
<b>TOTAL</b>	<b>\$3,070,891</b>	<b>100.0%</b>	<b>\$4,057,160</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 \$3,670,175 or 63.63% of actuals and non-assessment revenue was \$2,097,482 or 36.37% of actuals. See table below.

Revenue Sources	FY 2018-2019 Actuals	% of Actuals
Special Benefit Assessments	\$3,670,175	60.63%
<b>Total assessment revenue</b>	<b>\$3,670,175</b>	<b>60.63%</b>
Contributions	\$1,424,004	24.62%
Sponsorships	\$331,759	5.75%
Contract Revenue	\$327,263	5.67%
Interest Earned	\$18,456	0.32%
<b>Total non-assessment revenue</b>	<b>\$2,097,482</b>	<b>36.37%</b>
Total	\$5,767,657	100%

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

**ANALYSIS:** USBID met this requirement. See table below.

Service Category	FY 2018-2019 Budget	% of Budget	FY 2018-2019 Actuals	% of Actuals	Variance Percentage Points
Clean & Safe	\$2,733,945	67.39%	\$2,840,645.00	66.39%	-1.00%
Marketing, Advocacy, Beautification and Streetscape Improvements*	\$600,267	14.80%	\$817,452.00	19.10%	+4.31%
Management and Operations	\$686,208	16.91%	\$596,482	13.94%	-2.97%
Contingency Reserve	\$36,740	0.91%	\$24,194	0.57%	-0.34%
<b>TOTAL</b>	<b>\$4,057,160</b>	<b>100.0%</b>	<b>\$4,278,773</b>	<b>100%</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 2018-2019 Carryover Disbursement</b>	<b>\$1,790,690</b>
Assessments & Core Operations	\$1,731,437.00
Other Restricted/Designated Funds	\$59,253
<b>Total Carryover amount from FY 2018-2019</b>	<b>\$1,790,690</b>

**Findings and Recommendations**

USBID has met all benchmarks as defined on page 6 of this memo. USBID has well exceeded its general benefit requirements of one percent (1%). The USBID was successful in acquiring grant dollars for cleaning, safety, and streetscape related projects. USBID worked to increase foot traffic through the activation of Maiden Lane and was able to attract hundreds of thousands of visitors to the district with Winter Walk SF and other events. USBID collaborated with the City and local non-profits to beautify and improve Hallidie Plaza, Maiden Lane, and other public spaces.

USBID is underwent its renewal process in FY 2018-2019 and was very successful with the renewal campaign, which passed with approximately 85% of assessed parcels (weighted), who cast ballots, voting in support of renewal (approximately 70% of district owners participated in the election). OEWD guided the USBID and provided support during the renewal process. The USBID completed all documentation and submitted new assessment role for the new term and is delivering full services under its new management plan.

**Conclusion**

The USBID has performed exceptionally well in implementing the services outlined in their management plan. USBID has continued to successfully sponsor and help promote events in Union Square, including Winter Walk SF. The USBID has been particularly successful raising funds, with approximately 36% of their operating budget in FY 18-19 coming from non-assessment sources. USBID has done an outstanding job in partnering with community stakeholders and numerous municipal agencies for the activation and improvement of public spaces. USBID is a well-run organization with an active Board, committee members and will continue to successfully carry out its mission as a business improvement district.