

BOARD of SUPERVISORS



City Hall
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MEMORANDUM

TO: Ben Rosenfield, City Controller, Office of the Controller
Joaquin Torres, Director, Office of Economic and Workforce Development

FROM: John Carroll, Assistant Clerk, Government Audit and Oversight
Committee, Board of Supervisors

DATE: June 17, 2020

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Government Audit and Oversight Committee has received the following proposed legislation, introduced by Mayor Breed on June 9, 2020:

File No. 200612

Resolution receiving and approving the annual report for the Tourism Improvement District and Moscone Expansion District for FY2018-2019, 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 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
J'Wel Vaughan, Office of Economic and Workforce Development
Lisa Pagan, Office of Economic and Workforce Development
Chris Corgas, Office of Economic and Workforce Development

1 [Tourism Improvement District and Moscone Expansion District - Annual Report -
2 FY2018-2019]

3 **Resolution receiving and approving the annual report for the Tourism Improvement**
4 **District and Moscone Expansion District for FY2018-2019, submitted as required by the**
5 **Property and Business Improvement District Law of 1994 (California Streets and**
6 **Highways Code, Sections 36600, et seq.), Section 36650, and the District's management**
7 **agreement with the City, Section 3.4.**

8
9 WHEREAS, On October, 2008, 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. 430-08, expressing the City's intention to
13 establish the Tourism Improvement District; and

14 WHEREAS, On December 16, 2008, the Board of Supervisors adopted Resolution
15 No. 504-08 establishing the Tourism Improvement District ("Resolution to Establish") for a
16 period of 15 years, commencing January 1, 2009; and

17 WHEREAS, On July 28, 2009, the Board of Supervisors adopted Resolution
18 No. 323-09, authorizing an agreement with the owners' association for the
19 administration/management of the Tourism Improvement District, and a management
20 agreement (the "Management Contract") with the owners' association, the San Francisco
21 Tourism Improvement District Management Corporation, was executed accordingly; and

22 WHEREAS, A copy of the Management Contract is on file with the Clerk of the Board
23 of Supervisors in File No. 090819; and

24 WHEREAS, On December 10, 2013, the Board of Supervisors adopted Resolution
25 No. 441-13 amending the Tourism Improvement District's Management District Plan to require

1 monthly, instead of quarterly, assessment collection and distribution by the Office of the
2 Treasurer and Tax Collector; and

3 WHEREAS, On November 20, 2012, pursuant to the Property and Business
4 Improvement District Law of 1994 (the "Act"), California Streets and Highways Code
5 Sections 36600 *et seq.*, as augmented by Article 15 of the San Francisco Business and Tax
6 Regulations Code, the Board of Supervisors adopted Resolution No. 416-12, expressing the
7 City's intention to establish the Moscone Expansion District; and

8 WHEREAS, On February 5, 2013, the Board of Supervisors adopted Resolution
9 No. 026-13 establishing the Moscone Expansion District ("Resolution to Establish") for a
10 period of 32 years, commencing July 1, 2013; and

11 WHEREAS, On December 10, 2013, the Board of Supervisors adopted Resolution
12 No. 427-13 amending the Moscone Expansion District's Management District Plan to require
13 monthly, instead of quarterly, assessment collection and distribution by the Office of the
14 Treasurer and Tax Collector; and

15 WHEREAS, On October 29, 2019, the Board of Supervisors approved the Tourism
16 Improvement District's and Moscone Expansion District's annual report for FY2017-2018 in
17 Resolution No. 465-19; and

18 WHEREAS, The Tourism Improvement District and Moscone Expansion District have
19 submitted for the Board's receipt and approval the Tourism Improvement District and
20 Moscone Expansion District annual reports for FY2018-2019 as required by Section 36650 of
21 the Act and Section 3.4 of the Management Contract; and

22 WHEREAS, The Annual Report is on file with the Clerk of the Board of Supervisors in
23 File No. 200612, and are incorporated herein by reference as though fully set forth; and

24 WHEREAS, Supporting documents, including, but not limited to, a transmittal letter and
25 memorandum report from the City's Office of Economic and Workforce Development, dated

1 June 2, 2020, and documentation from the Tourism Improvement District and Moscone
2 Expansion District for the Annual Report on file with the Clerk of the Board of Supervisors in
3 File No. 200612; now, therefore, be it

4 RESOLVED, That the Board of Supervisors hereby receives and approves the annual
5 report for the Tourism Improvement District and Moscone Expansion District for
6 FY2018-2019.



Annual Report | 2018-2019

The San Francisco Tourism Improvement District Management Corporation (SFTIDMC) is the owner's association group that over sees the San Francisco Tourism Improvement District (TID) and the San Francisco Moscone Expansion District (MED). The San Francisco Tourism Improvement District Management Corporation, governed by a board of industry representatives, ensures that the funds are used to benefit the assessed businesses by allocating them to San Francisco Travel programs that draw conventions, meetings, events and leisure travelers to San Francisco, and by keeping the city's convention facilities competitive with those of other major cities.

San Francisco Tourism Improvement District

The San Francisco Tourism Improvement District ensures that funding for the San Francisco Travel Association's selling, marketing and promotion of San Francisco as a visitor destination.





The objective is to generate visitor-related economic impact to San Francisco and the region. SFTIDMC contracts the services of the San Francisco Travel Association which, with more than 100 years' of expertise, is well positioned to fulfill this goal.

With the benefit of the TID funding, San Francisco Travel has been able to conduct a comprehensive review and strategic analysis of the industry, and has created a plan that focuses on being proactive and setting new, visionary strategies to lead San Francisco's tourism industry.

Highlights of **San Francisco Travel** activity during FY 2018-2019:

Convention and Meeting Sales

- 1,762,649 million room nights booked
Over 1,600 meetings held in San Francisco
- Sales mission to Washington, DC and Chicago reaching over with over 240 meeting planners
- Attended over 50 trade shows and events

1.76 million

Total room nights booked

Marketing Promotion

San Francisco's balanced mix of convention/meetings travel, leisure/consumer travel and business travel means that the city isn't as vulnerable to swings in any one market as some other destinations. Leisure visitors comprise 60% of all trips to San Francisco. San Francisco Travel's leisure marketing team has the enviable task of building relationships with, inviting, converting and retaining potential and existing San Francisco leisure travelers.

Visitor Information Center (ViC)

550,000 visitors per year to Hallidie Plaza/Moscone location
12 languages spoken by staff and volunteers
MYSF has trained over 650 people in the visitor industry

www.sftravel.com

3.9+ million unique visitors to the website
\$146,422,100 million in economic impact

Social Media

Facebook
San Francisco | The Official Guide
SFMeetings
SFTravel
Twitter @onlyinSF 275,000+ followers
Instagram onlyinsf 250,000+ followers

**25.8 Million visitors to
San Francisco**



Key Themes & Programs

- **Only in SF Events**
- **I am San Francisco | San Francisco Welcomes All Campaign**
- **Never the Same. Always San Francisco.**
- **IconicSF**
- **Arts & Culture**
- **Food & Wine**

Tourism Sales and Marketing

- SFO had 14.6 million international travelers fly in and out
- Representation in 14 international offices in 13 countries
- Partnered with SFO on new air service
- 145 new tourism programs
- San Francisco Travel hosted over 1,430 travel professionals
- Attended 17 International and Domestic trade shows
- San Francisco hosted 900+ journalists
- Media Coverage
 - 8.7 billion impressions
 - \$400+ million value

**\$9.3 billion in visitor
spending**



MOSCONE EXPANSION DISTRICT



- Project completed on time, on budget, as of December 31, 2018
- January 3, 2019 Gala to celebrate the opening of the new Moscone Center
- Tremendously positive feedback from our meeting planners and attendees
- Over \$2.5 million was utilized to provide convention customers with rental incentives to attract conventions to San Francisco.

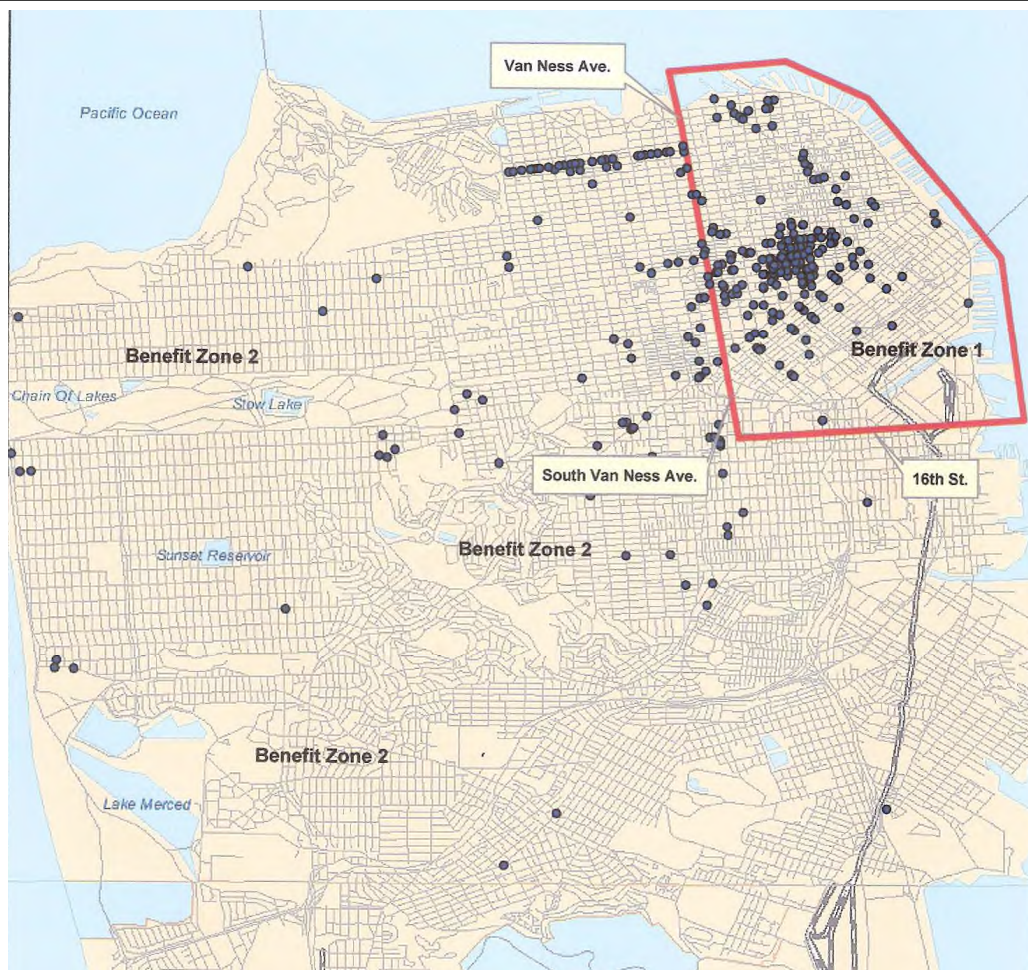


TID and MED COLLECTION METHODOLOGY

Tourist hotels are broken up into two zones. The zones are the same for the TID and MED assessments. Tourist hotels in Zone 1 are assessed 1% of gross revenue from tourist rooms for the TID and 1.25% for the MED. Tourist hotels in Zone 2 are assessed 75% of gross revenue from tourist rooms for TID and .3125 for the MED.

Zone 1 Tourist hotels: All tourist hotels with addresses on or east of Van Ness Avenue, on or east of South Van Ness Avenue, and on or north of 16th Street from South Van Ness to the Bay, including all tourist hotels east of Van Ness Avenue as if it continued north to the Bay, and north of 16th Street as if it continued east to the Bay.

Zone 2 Tourist hotels: All tourist hotels with addresses west of Van Ness Avenue and South Van Ness Avenue, and all tourist hotels south of 16th Street.





San Francisco Tourism Improvement District Management Corporation (SFTIDMC)
BUDGET & BALANCE SHEET

JULY 2018-JUNE 2019 ACTUAL	TID	MED	TOTAL
INCOME			
Assessment Fee	\$27,014,407	\$32,086,405	\$59,100,812
Interest Income	\$68,235	\$133,020	\$201,255
TOTAL INCOME	\$27,082,642	\$32,219,425	\$59,302,067
EXPENSES			
SFTA Marketing & Operations	\$28,075,000	\$0	\$28,075,000
Moscone Convention Center Development and Expansion	\$0	\$23,507,453	\$23,507,453
Moscone Convention Center Capital Fund	\$0	\$0	\$0
Moscone Convention Center Incentive Fund	\$0	\$3,234,534	\$3,234,534
Convention Sales/Marketing Fund	\$2,335,512	\$319,000	\$2,654,512
Debt Service and Stabilization Fund	\$0	\$27,626,631	\$27,626,631
SFTIDMC Administration and Operating Expenses	\$403,336	\$1,019,386	\$1,422,722
TOTAL EXPENSES	\$30,813,848	\$55,707,004	\$86,520,852
NET INCOME	(\$3,731,206)	(\$23,487,579)	(\$27,218,785)
JULY 2018-JUNE 2019 BALANCE SHEET			
ASSETS			
Cash	\$1,812,651	\$3,756,931	\$5,569,582
Accounts Receivable, Net	\$7,589,557	\$1,218,571	\$8,808,128
TOTAL ASSETS	\$9,402,208	\$4,975,502	\$14,377,710
LIABILITIES			
Accounts Payable	\$2,882,494	\$6,550,084	\$9,432,578
Line of Credit	\$0	\$3,000,000	\$3,000,000
Long-Term Liabilities - Construction Retention	\$0	\$190,241	\$190,241
TOTAL LIABILITIES	\$2,882,494	\$9,740,325	\$12,622,819
TOTAL NET ASSETS (CARRYOVER)	\$6,519,714	(\$4,764,823)	\$1,754,891
TOTAL LIABILITIES & NET ASSETS	\$9,402,208	\$4,975,502	\$14,377,710



JULY 2019- JUNE 2020 BUDGET	TID	MED	TOTAL
INCOME			
Assessment Fee	\$28,296,300	\$4,548,950	\$32,845,250
Interest Income	\$0	\$0	\$0
TOTAL INCOME	\$28,296,300	\$4,548,950	\$32,845,250
EXPENSES			
SFTA Marketing & Operations	\$28,315,300	\$0	\$28,315,300
Moscone Convention Center Development and Expansion	\$0	\$0	\$0
Moscone Convention Center Capital Fund	\$0	\$335,100	\$335,100
Moscone Convention Center Incentive Fund	\$0	\$3,040,950	\$3,040,950
Convention Sales & Marketing Fund	\$0	\$335,100	\$335,100
Debt Service and Stabilization Fund	\$0	\$0	\$0
SFTIDMC Administration	\$518,000	\$837,800	\$1,355,800
TOTAL EXPENSES	\$28,833,300	\$4,548,950	\$33,382,250
NET INCOME	(\$537,000)	\$0	(\$537,000)

PROJECTED CARRYOVER DISBURSEMENT	TID	MED	TOTAL	TO BE USED IN FY 2019-2020	TO BE USED IN FUTURE YEARS
SFTA Marketing & Operations	\$4,944,893	\$0	\$4,944,893	\$537,000	\$4,407,893
Moscone Convention Center Development and Expansion	\$0	(\$7,470,665)	(\$7,470,665)	\$0	(\$7,470,665)
Moscone Convention Center Capital Fund	\$191,901	\$31,503	\$223,404	\$0	\$223,404
Moscone Convention Center Incentive Fund	\$685,033	\$1,660,931	\$2,345,964	\$0	\$2,345,964
Contingency/Reserve	\$697,887	\$1,013,408	\$1,711,295	\$0	\$1,711,295
TOTAL CARRYOVER DISBURSEMENT	\$6,519,714	(\$4,764,823)	\$1,754,891	\$537,000	\$1,217,891



SFTID Board of Directors | FY 2018-19

BOARD CHAIR

Rick Swig

BOARD VICE-CHAIR

Ingrid Summerfield, Filament Hospitality

SECRETARY/TREASURER

James Lim, Omni Hotel

Board Members

Stefan Muhle, Noble Hotels

James Lim, Omni Hotel

John Noguchi, City and County of San Francisco

Kathy Paver, PEIR 39

Cathy Maupin, Yerba Buena Community Benefits District

Ken Bukowski, City & County of San Francisco

Matt Humphreys, Hyatt Hotels

Peter Gamez, Hunter Hospitality

TOURISM IMPROVEMENT DISTRICT
Financial Analysis for Fiscal Year Ended 6/30/2019

PURPOSE: To determine whether the percentage of budgeted dollars allocated to each expenditure category is within 10 percentage points of the management plan allocation for each category

Did the CBD meet this requirement?

NO

Comparison of Management Plan Budget to Budget for FY Ended 6/30/2018

Expenditure Category^a	Management Plan Budget^b	% of Total Budget	FY 2018-19 Budget^c	% of Total Budget	Variance Between Plan and Annual Budget
Marketing and Promotions	\$ 43,973,454	69.4%	\$ 26,675,000	98.6%	29.1%
Administration and Personnel	14,071,505	22.2%	381,000	1.4%	-20.8%
Contingency/Reserves/Administration and City Administration Costs of the TID	5,276,814	8.3%	-	0.0%	-8.3%
TOTAL	\$ 63,321,773	100.0%	\$ 27,056,000	100.0%	

Notes:

^a Expenditure categories on the Management Plan and Annual Report do not match exactly. Marketing and Promotions in the Management Plan is SFTA Marketing and Operations in the Annual Report. Administration and Personnel in the Management Plan is SFTIDMC Administration in the Annual Report.

^b Per Appendix 3 of the Management Plan (Year 10)

^c Per Annual Report - 2017-18

TOURISM IMPROVEMENT DISTRICT
Financial Analysis for Fiscal Year Ended 6/30/2019

PURPOSE: To determine whether the percentage of budgeted dollars allocated to each service category is within 10 percentage points of the actual allocation to each category

Did the CBD meet this requirement? YES

Determining Whether Percentage of Actual Expenses Allocated to Each Category Were Within 10 Percent of Budgeted Allocations

Service Category	FY 2018-19 Budget ^a	% of Total Budget	FY 2018-19 Actual ^b	% of Total Actual Expenses	Variance Between Budget and Actual
Marketing and Promotions	\$ 26,675,000	98.6%	\$ 28,075,000	91.1%	-7.5%
Convention Sales/Marketing Fund	\$ -	0.0%	\$ 2,335,512	7.6%	7.6%
Administration and Personnel	381,000	1.4%	403,336	1.3%	-0.1%
Contingency/Reserves/Administration and City Administration Costs of the	-	0.0%	-	0.0%	0.0%
TOTAL	\$ 27,056,000	100.0%	\$ 30,813,848	100.0%	

Notes:
^a Per Annual Report - 2017-18
^b Per Annual Report - 2018-19

TOURISM IMPROVEMENT DISTRICT
Financial Analysis for Fiscal Year Ended 6/30/2019

PURPOSE: To determine whether CBD carryover funds are identified in the annual report

Did the CBD meet this requirement? YES

Carryover in Annual Report^a	Carryover in Financial Statements^b	Difference
\$6,519,714	\$6,519,714	\$0

^a Per Annual Report FY 2018-19

^b Per Combined Financial Statements as of and for the Year Ended 6/30/19

TOURISM IMPROVEMENT DISTRICT
Financial Analysis for Fiscal Year Ended 6/30/2019

PURPOSE: To determine whether the CBD indicates the amount of funds carried over from the current fiscal year and designates the projects on which the funds will be spent in the upcoming fiscal year

Did the CBD meet this requirement? YES

Carryover From FY 2018-19	Projected Carryover - Annual Report*
SFTA Marketing & Operations	\$ 4,944,893
Capital Fund	191,901
Incentive Fund	685,033
Convention Sales & Marketing Fund	-
Contingency/Reserve	697,887
TOTAL	\$ 6,519,714

* Per FY 2018-19 Annual Report

TOURISM IMPROVEMENT DISTRICT**PURPOSE:** As requested by OEWD, historical functional expenses are provided for presentation purposes.**SOURCES:** Audited financial statements for fiscal years ended 6/30/2017, 6/30/2018, and 6/30/2019.

	FY 2016-17	FY 2017-18	FY 2018-19
PROGRAM SERVICES			
Marketing and Promotion	24,605,500	24,299,000	28,075,000
Moscone Center			
Expansion			2,335,512
Sales incentive			
Repairs and improvements			
	-	-	2,335,512
Subtotal: Program Services	\$ 24,605,500	\$ 24,299,000	\$ 30,410,512
MANAGEMENT & GENERAL			
Contractual Services			
Treasurer fees	308,018	271,171	246,512
San Francisco Travel Association fees	98,820	117,000	136,500
Professional fees	35,188	28,445	16,106
	442,026	416,616	399,118
Insurance and Taxes	2,388	1,895	2,477
Interest Expense	-	-	-
Office Expenses	159	-	1,741
Subtotal: Management & General	444,573	418,511	403,336
Total Functional Expenses	\$ 25,050,073	\$ 24,717,511	\$ 30,813,848

MOSCONE EXPANSION DISTRICT
Financial Analysis for Fiscal Year Ended 6/30/2019

PURPOSE: To determine whether the percentage of budgeted dollars allocated to each expenditure category is within 10 percentage points of the management plan allocation for each category

Did the CBD meet this requirement? **No**

Comparison of Management Plan Budget to Budget for FY Ended 6/30/2019

Expenditure Category	% of Total Budget in Management Plan^a	FY 2018-19 Budget^b	% of Total Budget in Annual Budget	Variance Between Plan and Annual Budget
Expansion/Development Activities	86.5%	\$ -	0.0%	-86.5%
Capital Reserve for Future Renovation and Improvements	1.0%	319,000	1.0%	0.0%
Incentive Fund	9.0%	2,873,000	9.0%	0.0%
Sales and Marketing Fund	1.0%	319,000	1.0%	0.0%
Debt Service and Stabilization Fund ^d	0.0%	27,009,500	84.6%	84.6%
Administration of the MED and Operating Contingency Reserves ^c	2.5%	1,398,000	4.4%	1.9%
TOTAL	100.0%	\$ 31,918,500	100.0%	

Notes:

^a Per Moscone Expansion District Management District Plan, amended as of January 1, 2014

^b Per Annual Report - 2017-18

^c Expenditure categories in the Management Plan and Annual Report do not match exactly. The Management Plan combines Administration, Contingency, and Reserve Allocation in one category, whereas the Annual Report separates Administration from Contingency/Reserve.

^d Debt Service and Stabilization Fund expense category was not included in the Moscone Expansion District Management District Plan in 2014.

MOSCONE EXPANSION DISTRICT
Financial Analysis for Fiscal Year Ended 6/30/2019

PURPOSE: To determine whether the percentage of budgeted dollars allocated to each service category is within 10 percentage points of the actual allocation to each category

Did the CBD meet this requirement? **NO**

Determining Whether Percentage of Actual Expenses Allocated to Each Category Was Within 10 Percent of Budgeted Allocations

Service Category	FY 2018-19 Budget^a	% of Total Budget	FY 2018-19 Actual Expenses^b	% of Total Actual Expenses	Variance Between Budget and Actual
Expansion/Development Activities	\$ -	0.0%	\$ 23,507,453	42.2%	42.2%
Capital Reserve for Future Renovation and Improvements	319,000	1.0%	-	0.0%	-1.0%
Incentive Fund	2,873,000	9.0%	3,234,534	5.8%	-3.2%
Sales and Marketing Fund	319,000	1.0%	319,000	0.6%	-0.4%
Debt Service and Stabilization Fund	27,009,500	84.6%	27,626,631	49.6%	-35.0%
Administration of the MED and Operating Contingency Reserves	1,398,000	4.4%	1,019,386	1.8%	-2.5%
TOTAL	\$ 31,918,500	100.0%	\$ 55,707,004	100.0%	

Notes:

^a Per Annual Report - 2017-18

^b Per Annual Report - 2018-19

MOSCONE EXPANSION DISTRICT
Financial Analysis for Fiscal Year Ended 6/30/2019

PURPOSE: To determine whether the CBD carryover funds are identified in the annual report.

Did the CBD meet this requirement? YES

Carryover in Annual Report^a	Carryover in Financial Statements^b	Difference
(\$4,764,823)	(\$4,764,823)	\$0

^a Per Annual Report FY 201-19

^b Per Combined Financial Statements as of and for the Year Ended 6/30/19

MOSCONE EXPANSION DISTRICT
Financial Analysis for Fiscal Year Ended 6/30/2019

PURPOSE: To determine whether the CBD indicates the amount of funds carried over from the current fiscal year and designates the projects on which the funds will be spent in the upcoming fiscal year

Did the CBD meet this requirement? YES

Carryover From FY 2018-19	Projected Carryover - Annual Report*
Development and Expansion	\$ (7,470,665)
Capital Fund	31,503
Incentive Fund	1,660,931
Contingency/Reserve	1,013,408
TOTAL	\$ (4,764,823)

* Per FY 2018-19 Annual Report

MOSCONE EXPANSION DISTRICT**PURPOSE:** As requested by OEWD, historical functional expenses are provided for presentation purposes.**SOURCES:** Audited financial statements for fiscal years ended 6/30/2016, 6/30/2017, and 6/30/2018.

	FY 2016-17	FY 2017-18	FY 2018-19
PROGRAM SERVICES			
Marketing and Promotion	-	-	319,000
Moscone Center			
Expansion	20,952,398	33,175,352	24,068,077
Debt service and stabilization fund	-	10,816,173	27,626,631
Sales incentive	2,497,057	2,856,207	3,234,533
Capital projects	71,439	-	-
	23,520,894	46,847,732	54,929,241
Subtotal: Program Services	\$ 23,520,894	\$ 46,847,732	\$ 55,248,241
MANAGEMENT & GENERAL			
Contractual Services			
Treasurer fees	361,783	216,728	254,700
San Francisco Travel Association fees	135,747	167,598	161,456
Professional fees	23,375	27,578	634
	520,905	411,904	416,790
Insurance and Taxes	2,426	2,547	2,340
Interest Expense	-	-	39,375
Office Expenses	7,438	1,078	258
Subtotal: Management & General	530,769	415,529	458,763
Total Functional Expenses	\$ 24,051,663	\$ 47,263,261	\$ 55,707,004

San Francisco Tourism Improvement District Management Corporation (SFTIDMC)
 Tourism Improvement District & Moscone Expansion District
 BUDGET + BALANCE SHEET

JULY 2018-JUNE 2019 ACTUAL	TID	MED	TOTAL
INCOME	ACTUAL	ACTUAL	
Assessment Fee	\$27,014,407	\$32,086,405	\$59,100,812
Interest Income	\$68,235	\$133,020	\$201,255
TOTAL INCOME	\$27,082,642	\$32,219,425	\$59,302,067

EXPENSES			
SFTA Marketing & Operations	\$28,075,000	\$0	\$28,075,000
Moscone Convention Center Development and Expansion	\$0	\$23,507,453	\$23,507,453
Moscone Convention Center Capital Fund	\$0	\$0	\$0
Moscone Convention Center Incentive Fund	\$0	\$3,234,534	\$3,234,534
Convention Sales/Marketing Fund	\$2,335,512	\$319,000	\$2,654,512
Debt Service and Stabilization Fund	\$0	\$27,626,631	\$27,626,631
SFTIDMC Administration and Operating Expenses	\$403,336	\$1,019,386	\$1,422,722
TOTAL EXPENSES	\$30,813,848	\$55,707,004	\$86,520,852

NET INCOME	(\$3,731,206)	(\$23,487,579)	(\$27,218,785)
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JULY 2018-JUNE 2019 ACTUAL	TID	MED	TOTAL
ASSETS			
Cash	\$1,812,651	\$3,756,931	\$5,569,582
Accounts Receivable, Net	\$7,589,557	\$1,218,571	\$8,808,128
TOTAL ASSETS	\$9,402,208	\$4,975,502	\$14,377,710

LIABILITIES			
Accounts Payable	\$2,882,494	\$6,550,084	\$9,432,578
Line of Credit	\$0	\$3,000,000	\$3,000,000
Long-Term Liabilities - Construction Retention	\$0	\$190,241	\$190,241
TOTAL LIABILITIES	\$2,882,494	\$9,740,325	\$12,622,819
TOTAL NET ASSETS (CARRYOVER)	\$6,519,714	(\$4,764,823)	\$1,754,891
TOTAL LIABILITIES & NET ASSETS	\$9,402,208	\$4,975,502	\$14,377,710

JULY 2019- JUNE 2020 BUDGET	TID	MED	TOTAL
INCOME	BUDGET	BUDGET	BUDGET
Assessment Fee	\$28,296,300	\$4,548,950	\$32,845,250
Interest Income	\$0	\$0	\$0
TOTAL INCOME	\$28,296,300	\$4,548,950	\$32,845,250

EXPENSES	BUDGET	BUDGET	BUDGET
SFTA Marketing & Operations	\$28,315,300	\$0	\$28,315,300
Moscone Convention Center Development and Expansion	\$0	\$0	\$0
Moscone Convention Center Capital Fund	\$0	\$335,100	\$335,100
Moscone Convention Center Incentive Fund	\$0	\$3,040,950	\$3,040,950
Convention Sales & Marketing Fund	\$0	\$335,100	\$335,100
Debt Service and Stabilization Fund	\$0	\$0	\$0
SFTIDMC Administration	\$518,000	\$837,800	\$1,355,800
TOTAL EXPENSES	\$28,833,300	\$4,548,950	\$33,382,250

NET INCOME	(\$537,000)	\$0	(\$537,000)
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PROJECTED CARRYOVER DISBURSEMENT	TID	MED	TOTAL	TO BE USED IN FY 2019-2020	TO BE USED IN FUTURE YEARS
CARRYOVER	TOTAL	TOTAL			
SFTA Marketing & Operations	\$4,944,893	\$0	\$4,944,893	\$537,000	\$4,407,893
Moscone Convention Center Development and Expansion	\$0	(\$7,470,665)	(\$7,470,665)	\$0	(\$7,470,665)
Moscone Convention Center Capital Fund	\$191,901	\$31,503	\$223,404	\$0	\$223,404
Moscone Convention Center Incentive Fund	\$685,033	\$1,660,931	\$2,345,964	\$0	\$2,345,964
Contingency/Reserve	\$697,887	\$1,013,408	\$1,711,295	\$0	\$1,711,295
TOTAL CARRYOVER DISBURSEMENT	\$6,519,714	(\$4,764,823)	\$1,754,891	\$537,000	\$1,217,891

MEMO

To: San Francisco Board of Supervisors

CC: Mayor London N. Breed, 45th Mayor of the City and County of San Francisco

From: Chris Corgas, OEWD Senior Program Manager

RE: Tourism Improvement District and Moscone Expansion Districts Annual Reports Fiscal Year 2018-2019

Date: June 2, 2020

This is a memo summarizing the performance of the Tourism Improvement District (TID) 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 TID and MED are required to submit an annual report, and a CPA Independent Auditor's Report. The TID and MED have complied with the submission of these requirements. OEWD staff, with assistance from the Office of the Controller, City Services Auditor Division, 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 San Francisco Tourism Improvement District Management Corporation's management contract with the City for the TID; the San Francisco Tourism Improvement District Management Corporation's management contract with the City for the TID; MED Management District Plan approved by the Board of Supervisors in 2013.; and the Amended TID Management District Plan approved by the Board of Supervisors in 2013.

As stipulated in Section 3.4 of the Moscone Expansion District's management agreement with the City and County of San Francisco, the district may consolidate their annual reports with those of the San Francisco Tourism Improvement District. The management agreement can be found as a supporting document in Resolution# 427-13.

Also attached to this memo are the following documents:

1. TID and MED Annual Report
 - a. FY 2018 - 2019
2. CPA Independent Auditors' Report
 - a. FY 2018 - 2019
3. Office of the Controller, City Services Auditor Division, TID and MED review files
4. Proposed Resolution to approve the TID and MED annual reports for FYs 2018 - 2019.



Background

The TID and MED are business-based assessment districts that includes all tourist hotels operating in the City & County of San Francisco that generate revenue from tourist rooms, and which are located in the following geographic areas:

Zone 1: Tourist hotels with addresses:

- On or east of Van Ness Avenue
- On or east of South Van Ness Avenue, and
- On or north of 16th Street from South Van Ness to the Bay, including all tourist hotels east of Van Ness Avenue as if it continued north to the Bay, and north of 16th Street as if it continued east to the Bay.

Zone 2: Tourist hotels with addresses:

- West of Van Ness Avenue and South Van Ness Avenue, and
 - South of 16th Street.
- December 16, 2008: the Board of Supervisors approved the resolution to form the Tourism Improvement District Business Improvement District to cover hotels identified in the District's Management Plan and Engineer's Report. Resolution # 504-08).
 - July 28, 2009: the Board approved the contract for the administration and management of the Tourism Improvement District Business Improvement District (Resolution # 323-09).
 - December 10, 2013: the Board of Supervisors approved an amendment to the District's Management Plan to authorize monthly, instead of quarterly, assessment collection and distribution. (Resolution #441-13).
 - September 12, 2017: the Board of Supervisor approved annual reports for the Moscone Expansion District for FYs 2014 – 2016 (Resolution #336-17).
 - September 11, 2018: the Board of Supervisors approved annual reports for the Tourism Improvement District and Moscone Expansion District for FY 2016-2017 (Resolution #295-18)
 - October 29, 2019: the Board of Supervisors approved annual reports for the Tourism Improvement District and Moscone Expansion District for FY 2017-2018 (Resolution #465-19)

Basic Info about Tourism Improvement District BID:

Year Formed	December 2008
Assessment Collection Period	FY 2009-10 to FY 2018-19 (July 1, 2009 to June 30, 2023)
Services Start and End Date	January 1, 2009 – December 31, 2023
Initial Estimated Annual Budget	\$27,000,000
Fiscal Year	July 1 – June 30
Executive Director	Paul Frentsos (note: Lynn Farzaroli was executive director for FY 2018 - 2019)
Name of Nonprofit Owners' Entity	San Francisco Tourism Improvement District Management Corporation

The current BID website is <http://www.sftid.com/>.

Basic Info about Moscone Expansion District BID:

Year Formed	2013
Assessment Collection Period	FY 2014 – 2015 (July 1, 2014 to June 30, 2015)
Services Start and End Date	July 1, 2013 – June 20, 2045
Initial Estimated Annual Budget	\$19,332,000
Fiscal Year	July 1 – June 30
Executive Director	Paul Frentzos (note: Lynn Farzaroli was executive director for FY 2018 - 2019)
Name of Nonprofit Owners' Entity	San Francisco Tourism Improvement District Management Corporation

The current BID website is <http://www.sftid.com/moscone.html>

Summary of Program Areas

Tourism Improvement District

Marketing and Promotions

This service area includes, but is not limited to, the marketing and promotion of programs, oversight for marketing and promotion staff, ad creation, media placement, and startup costs related to satellite offices.

Administration and Personnel Services

This service area includes design, engineering, planning, and entitlements for activities and services for the expanded Moscone Convention Center and renovation/upgrades to capital improvements of Moscone Convention Center North, South, and West.

Contingency/Reserve/Administration and City Administration/Costs of the TID/Formation Costs

This service area is used to cover the administrative costs and expenses of the non-profit management corporation that administers the TID and reimbursement of formation costs. This Includes payment of unforeseen costs and escalation for the two improvement areas listed just above; and a proportionate share of the SFTIDMC administrative and operational costs.

Moscone Expansion District

Expansion/Development Activities

This service area includes design, engineering, planning, construction, and other activities for renovations on the Moscone Convention Center.

Incentive Fund

This service will provide an incentive fund to bring conventions to San Francisco during the renovations and after them.

Administration of MED and Operating Contingency Reserves

This service area is used to cover the administrative costs and expenses of the non-profit management corporation that administers the TID and reimbursement of formation costs. This Includes payment of unforeseen costs and escalation for the two improvement areas listed just above; and a proportionate share of the SFTIDMC administrative and operational costs.

Summary of Accomplishments, Challenges, and Delivery of Services

TID

FY 2018 - 2019

Sales and Marketing Program

- 1,762,649 room nights booked
- Over 1,600 meetings held in San Francisco
- 550,000 visitors per year to Hallidie Plaza/Moscone Visitor Information Center
- 12 languages spoken by staff and volunteers
- MYSF has trained over 650 people in the visitor industry
- Attended over 50 trade shows and events
- Sales mission to Washington, DC and Chicago reaching over 240 meeting planners
- Over \$146,422,100 million in economic impact through sftarvel.com
- Over 3.9 million unique visitors to the website
- SFO had 14.6 million international travelers fly in and out
- Representation in 14 international offices in 13 countries
- 145 new tourism programs
- 8.7 billion media impressions worth over \$400 million in value

MED

FY 2018-2019

Expansion/Development Activities

- Project was completed on time and on budget as of December 31, 2018
- January 3, 2019 Gala to celebrate the opening of the new Moscone Center
- Over \$2.5 million was utilized to provide convention customers with rental incentives to attract conventions to San Francisco

TID and MED Annual Budget Analysis

OEWD's staff reviewed the following budget related benchmarks for TID:

- **BENCHMARK 1:** The variance between the Management Plan Budget and Fiscal Year budget, by service category.
- **BENCHMARK 2:** The variance between the budget amount and actual expenses within a fiscal year.
- **BENCHMARK 3:** Whether TID 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: The variance between the Management Plan Budget and Fiscal Year budget, by service category.

ANALYSIS: TID met this requirement. See table below.

Service Category	Management Plan Budget	% of Budget	FY 2018-2019 Budget	% of Budget	Variance Percentage Points
Marketing and Promotions	\$43,973,454	69.4%	\$26,675,000	98.6%	+29.1%
Administration and Personnel	\$14,071,505	22.2%	\$381,000	1.4%	-20.8%
Contingency/Reserves/Administration and City Administration Costs of the TID	\$5,276,814	8.3%	\$0	0%	-8.3%
TOTAL	\$63,321,773	100%	\$27,056,000	100%	

ANALYSIS: MED met this requirement. See table below.

Service Category	Management Plan Budget	% of Budget	FY 2018-2019 Budget	% of Budget	Variance Percentage Points
Expansion/Development Activities		86.5%	\$27,009,500	84.6%	-1.9%
Capital Reserve		1.0%	\$319,000	1.0%	0%
Incentive Fund		9.0%	\$2,873,000	9.0%	0%
Sales and Marketing Fund		1.0%	\$319,000	1.0%	0%

Administration of the MED and Operating Contingency Reserves		2.5%	\$1,398,000	4.4%	+1.9%
TOTAL		100%	\$31,918,500	100%	

BENCHMARK 2: The variance between the budget amount and actual expenses within a fiscal year.

ANALYSIS: TID met this requirement. See table below.

Service Category	FY 2018-2019 Budget	% of Budget	FY 2018-2019 Actuals	% of Actuals	Variance Percentage Points
Marketing and Promotions	\$26,675,000	98.6%	\$28,075,000	91.1%	-7.5%
Convention Sales/Marketing Fund	\$0.00	0.00%	2,335,512	7.6%	+7.6%
Administration and Personnel	\$381,000	1.4%	\$403,336	1.3%	-0.1%
Contingency/Reserves/Administration and City Administration Costs of the TID	\$0	0%	\$0	0.0%	0.0%
TOTAL	\$27,056,000	100%	\$30,813,848	100%	

ANALYSIS: MED met this requirement. See table below.

Service Category	FY 2018-2019 Budget	% of Budget	FY 2018-2019 Actuals	% of Actuals	Variance Percentage Points
Expansion/Development Activities	\$27,009,500	84.6%	\$51,134,084	91.8%	+7.2%
Capital Reserve	\$319,000	1.0%	\$0.00	0.00%	-1.0%
Incentive Fund	\$2,873,000	9.0%	\$3,234,534	5.8%	-3.2%
Sales and Marketing Fund	\$319,000	1.0%	\$319,000	0.6%	-0.4%
Administration of the MED and Operating Contingency Reserves	\$1,398,000	4.4%	\$1,019,386	1.8%	-2.5%
TOTAL	\$31,918,500	100%	\$55,707,0004	100%	

BENCHMARK 3: Whether TID and MED are 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: TID met this requirement.

FY 2018-2019 Carryover Disbursement	
SFTA Marketing and Operations	\$4,944,893
Capital Fund	\$191,901
Incentive Fund	\$685,033
Convention Sales and Marketing Fund	\$0
Contingency/Reserve	\$697,887
Total Designated amount for Future Years	\$6,519,714

ANALYSIS: MED met this requirement.

FY 2018-2019 Carryover Disbursement	
Development and Expansion	-\$7,470,665
Capital Fund	\$31,503
Incentive Fund	\$1,660,931
Contingency/Reserve	\$1,013,408
Total Designated amount for Future Years	-\$4,764,823

Findings and Recommendations

The Tourism Improvement District and Moscone Expansion District met their reporting requirements, mentioned on page 5 of the memo, under Article 15 of the San Francisco Business and Tax Regulations Code, the California Streets and Highways Code, and the organization's management agreement with the City and County of San Francisco.

The TID is set to expire in 2023. Due to the unique processes required of a sector-based election, OEWD is recommending the TID begin work in FY 19-20 to prepare drafting a revised management plan and discuss strategies around the petitioning and election process with OEWD.

Conclusion

The Tourism Improvement District is following all requirements placed on it by the California Streets & Highways Code, Article 15 of the San Francisco Business and Tax Regulations Code, and the District's Management Agreement with the City and County of San Francisco. The Districts continue to succeed at

their primary purpose of attracting tourism and conventions to San Francisco and renovating the Moscone Convention Center.

From: [Peacock, Rebecca \(MYR\)](#)
To: [BOS Legislation, \(BOS\)](#)
Cc: [Kittler, Sophia \(MYR\)](#); [Corgas, Christopher \(ECN\)](#)
Subject: Mayor -- [Reso] -- [Tourism Improvement District and Moscone Expansion District – Annual Report to the City – FY 2018-2019]
Date: Tuesday, June 9, 2020 3:54:31 PM
Attachments: [Reso_EC_N_TID&MED.zip](#)

Attached for introduction to the Board of Supervisors is a **resolution receiving and approving the annual report for the Tourism Improvement District and Moscone Expansion District for FY 2018-2019, 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.**

Please let me know if you have any questions.

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