

MEMO

To: Supervisor Aaron Peskin, District 3

CC: San Francisco Board of Supervisors

From: Chris Corgas; OEWD, Senior Program Manager

RE: Union Square Business Improvement District; FY 2019-2020 Annual Report

Date: May 24, 2021

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, 2019 and June 30, 2020.

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 2019-2020
2. CPA Financial Audit Report
 - a. FY 2019-2020
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 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 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).

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	\$6,036,111
FY 2019-20 Assessment Roll	\$6,015,353.82
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

Clean and Safe

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

USBID'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. USBID provides Safety Ambassadors and overnight security to help respond to safety issues and concerns. Additionally, the BID hires 10B officers and private security to address escalated safety incidents and maintain an overall safety presence in the district. The Union Square BID also deploys a camera network throughout the district.

Public Realm, Marketing, Events, 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), 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 BID 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 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'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 2019-2020

Clean and Safe

- Picked up and removed approximately 486,375 lbs. of trash
- Removed 24,354 instances of hazardous waste
- Removed 24,789 instances of graffiti

- Addressed 5,112 instances of overflowing trash cans
- Responded to 25,810 requests for cleaning service
- 16,131 incidents addressed by USBID 10B officers
- 620 requests for video footage
- 50 new cameras installed

Public Realm, Marketing, Events, and Advocacy

- Updated plans for the Powell Street Promenade and added pest control mitigation as an on-going effort to uplift one of the most traveled corridors connecting Market Street with Union Square Park, the heart of San Francisco.
- Installed new flower baskets on light poles at the Powell Street Cable Car Turnaround, on Maiden Lane, and on Stockton Street
- Hosted an Art+Wine Walk in October 2019, and a Mardi Gras Pub Crawl in February 2020 as a way to highlight some of the district's hidden gems, including boutiques, art galleries, restaurants, wine bars and pubs. The events were well received and attracted more than 250 guests and members of the public each night.
- Produced a series of maps and guides to specifically draw attention to the variety of businesses and offering of Union Square. The maps and guides will be distributed to different communities in and around the Bay Area market.
- Brought back Winter Walk SF and moved back the month-long outdoor holiday plaza onto Grant Avenue and Maiden Lane. Shoppers and visitors were welcomed by the festive holiday decor and lighting as well as a selection of food trucks, live entertainment, and a pop-up beer garden with party games.
- Established a process for the organization to review and formally recommend or comment on any proposed development projects in the district. The policy also provides preferred criteria that developers are encouraged to follow in order to be good neighbors and continue to uphold the integrity of the Union Square district.

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 "Union Square Business Improvement District", Section 3.9 – 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 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 2019-2020

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 2019-2020 Budget	% of Budget	Variance Percentage Points
Clean & Safe	\$ 4,479,002.52	74.20%	\$ 4,430,206.00	73.62%	-0.58%
Public Realm, Marketing Events, and Advocacy	\$ 694,232.92	11.50%	\$ 762,638.00	12.67%	+1.17%
Management and Administration	\$ 862,875.36	14.30%	\$ 824,595.00	13.70%	-0.59%
TOTAL	\$ 6,036,110.80	100.0%	\$ 6,017,439.00	100.0%	

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

ANALYSIS: USBID met this requirement. Assessment revenue was \$6,025,030 or 88.41% of actuals and non-assessment revenue was \$789,873.00 or 11.59% of actuals. See table below.

Revenue Sources	FY 2019-2020 Actuals	% of Actuals
Special Benefit Assessments	\$6,025,030	88.41%
Total assessment revenue	\$6,025,030	88.41%
Contributions	\$72,620	24.62%
In Kind Donations	\$395,644	
Sponsorships	\$29,125	5.75%
Contract Revenue	\$274,147	5.67%
Interest Earned	\$18,337	0.32%
Total non-assessment revenue	\$789,873.00	11.59%
Total	\$6,814,903	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 2019-2020 Budget	% of Budget	FY 2019-2020 Actuals	% of Actuals	Variance Percentage Points
Clean & Safe	\$ 4,430,206.00	73.62%	\$ 4,413,491.00	72.98%	-0.64%
Public Realm, Marketing Events, and Advocacy	\$ 762,638.00	12.67%	\$ 822,425.00	13.60%	+0.93%
Management and Administration	\$ 824,595.00	13.70%	\$ 811,365.00	13.42%	-0.29%
TOTAL	\$ 6,017,439.00	100.00%	\$6,047,281.00	100%	

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 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 2019-2020 Carryover Disbursement	\$2,279,538
Assessments & Core Operations	\$2,200,303
Other Restricted/Designated Funds	\$89,235
Total Carryover amount from FY 2019-2020	\$2,279,538

Findings and Recommendations

The Union Square BID has met all benchmarks as defined on pages 4 and 5 of this memo. The USBID has a strong history of meeting each of these benchmarks since its inception. In this reporting period the Union Square BID transitioned from the Management District Plan approved in 2009 to the renewed plan approved in 2019. The new plan saw a significant increase in assessments on property owners and a slight expansion of the USBID’s service area.

In the first half of FY 2019-2020 the Union Square BID successfully completed a new management agreement with the City and County of San Francisco and continued to implement its supplemental

services throughout the district. The BID successfully hosted events to draw shoppers and visitors to the area, including Winter Walk SF and a Wine Walk and Pub Crawl. The District continued efforts to beautify the area with the addition of holiday décor as well as year-round flower baskets and planters at various spots throughout their service area as well.

The second half of FY 2019-2020 was particularly challenging for the Union Square BID as well as property owners and businesses in the area. In February 2020 visitor traffic to the area began to decline due to the emergence of the Covid-19 global pandemic. On March 16, 2020 Mayor London N. Breed announced that the Health Officer for the City County of San Francisco issued a Public Health Order requiring residents to remain at home, with the exception of essential needs. Additionally, all businesses other than Essential Businesses and Essential Government Functions, were required to cease all operations. All public and private gatherings of any number of people occurring outside a single family or living unit were also prohibited.

This order was particularly confusing to the Community Benefit District/Business Improvement District community in San Francisco as, by definition, they provide supplemental service and no direction was provided as to whether or not they were to cease operations. The Union Square BID did not suspend operations and continued to perform essential services in the early days of the pandemic ensuring that the public rights of way in the area maintained were clean. OEWD worked with the Covid Command Center to ensure that these essential workers were not forgotten during the Covid response and was able to acquire personal protective equipment and hygiene supplies to keep workers and the community safe. CBD/BIDs played an important role in facilitating communication between the City and their stakeholders throughout the pandemic.

The Union Square BID saw the opportunity to support its stakeholders in the food and beverage industry and to essential workers throughout the City. The District purchased meals from a list of different restaurants in Union Square and donated them to essential workers, City departments, and medical professionals. Doing this showed support for essential workers throughout the City and brought much needed revenue to businesses that have suffered during the pandemic. These efforts helped support 14 different restaurants culminating in 335 meals donated to workers and staff.

The Union Square BID conducted a series of surveys regarding the economic impact of the Covid-19 pandemic on businesses in the Union Square area. The surveys were sent out to members during the early months of the pandemic and indicated that 63.4% of Union Square businesses who responded either laid off or furloughed workers, that approximately 82% of booked events with respondents were canceled, and 22.8% of respondents indicated losses in excess of \$1 million. Respondents also indicated that cash-flow management, marketing guidance, and visitor guidelines would be most helpful in having their business survive the pandemic.

Additionally, in May 2020, peaceful protests broke out throughout the world, including San Francisco, in response to the death of George Floyd in Minneapolis. The vast majority of these demonstrations were nonviolent, but on May 30th bad actors embedded with the peaceful protestors began to riot and loot businesses throughout the City and County of San Francisco. Union Square was hit particularly hard resulting in tens of millions of dollars in damaged property and stolen goods. USBID staff were sent home for the evening as the situation on the street was too dangerous for them to provide

supplemental services in the evening. In the aftermath of these incidents the Union Square BID helped clean up streets, contacted property owners, and worked with officials to help secure the district. In the weeks and months that followed the BID partnered with Paint the Void and produced over 100 new murals featuring Black Lives Matter themes and calls to end violence against communities of color and to end systemic racism in police departments and other public institutions.

The Union Square BID continues to identify needs and solutions to bring both local and international visitors and customers back to the area to support local businesses.

Conclusion

The USBID has performed exceptionally well in implementing the services outlined in their management plan and addressing new realities caused by the Covid-19 global pandemic. USBID has continued to successfully sponsor and help promote events in Union Square, including Winter Walk SF. 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.