

File No. 210614

Committee Item No. 3

Board Item No. 14

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Government Audit and Oversight

Date: Oct. 21, 2021

Board of Supervisors Meeting:

Date: Nov. 2, 2021

Cmte Board

<input type="checkbox"/>	<input type="checkbox"/>	Motion
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Resolution
<input type="checkbox"/>	<input type="checkbox"/>	Ordinance
<input type="checkbox"/>	<input type="checkbox"/>	Legislative Digest
<input type="checkbox"/>	<input type="checkbox"/>	Budget and Legislative Analyst Report
<input type="checkbox"/>	<input type="checkbox"/>	Youth Commission Report
<input type="checkbox"/>	<input type="checkbox"/>	Introduction Form
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Department/Agency Cover Letter and/or Report
<input type="checkbox"/>	<input type="checkbox"/>	MOU
<input type="checkbox"/>	<input type="checkbox"/>	Grant Information Form
<input type="checkbox"/>	<input type="checkbox"/>	Grant Budget
<input type="checkbox"/>	<input type="checkbox"/>	Subcontract Budget
<input type="checkbox"/>	<input type="checkbox"/>	Contract/Agreement
<input type="checkbox"/>	<input type="checkbox"/>	Form 126 – Ethics Commission
<input type="checkbox"/>	<input type="checkbox"/>	Award Letter
<input type="checkbox"/>	<input type="checkbox"/>	Application
<input type="checkbox"/>	<input type="checkbox"/>	Public Correspondence

OTHER

<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>OEWD Presentation – October 21, 2021</u>
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Annual Report – FY2019-2020</u>
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<u>CPA Report – June 30, 2020</u>
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<u>FYI Referral – June 2, 2021</u>
<input type="checkbox"/>	<input type="checkbox"/>	<u> </u>

Prepared by: John Carroll

Date: Oct. 15, 2021

Prepared by: John Carroll

Date: Oct. 27, 2021

Prepared by: John Carroll

Date:

1 [Union Square Business Improvement District - Annual Report - FY2019-2020]

2
3 **Resolution receiving and approving annual report for the Greater Union Square**
4 **Business Improvement District for Fiscal Year (FY) 2019-2020, submitted as required by**
5 **the 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 May 7, 2019, 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. 221-19, expressing the City's intention to re-
13 renew and expand the then existing Greater Union Square Business Improvement District, to
14 be known as the Union Square Business Improvement District ("Union Square BID"); and

15 WHEREAS, On July 9, 2019, the Board of Supervisors adopted Resolution
16 No. 309-19 establishing the Union Square BID ("Resolution to Establish") for a period of 10
17 years, commencing FY2019-2020; and

18 WHEREAS, On November 19, 2019, the Board of Supervisors adopted Resolution
19 No. 509-19, authorizing an agreement with the owners' association for the
20 administration/management of the Union Square BID, and a management agreement (the
21 "Management Contract") with the owners' association, Union Square Business Improvement
22 District, Inc., was executed accordingly; and

23 WHEREAS, A copy of the Management Contract is on file with the Clerk of the Board
24 of Supervisors in File No. 191086; and

1 WHEREAS, On September 15, 2020, the Board of Supervisors approved the Greater
2 Union Square BID's annual reports for FY2018-2019 in Resolution No. 392-20; and

3 WHEREAS, The Union Square BID has submitted for the Board's receipt and approval
4 the Greater Union Square BID's annual report for FY2019-2020 as required by Section 36650
5 of the Act and Section 3.4 of the Management Contract; and

6 WHEREAS, The annual report for FY2019-2020 is on file with the Clerk of the Board of
7 Supervisors in File No. 210614, and are incorporated herein by reference as though fully set
8 forth; and

9 WHEREAS, Supporting documents, including, but not limited to, a transmittal letter and
10 memorandum report from the City's Office of Economic and Workforce Development, dated
11 May 24, 2021, and documentation from the Union Square BID for the annual report for
12 FY2019-2020 is on file with the Clerk of the Board of Supervisors in File No. 210614; now,
13 therefore, be it

14 RESOLVED, That the Board of Supervisors hereby receives and approves the annual
15 report for the Union Square Business Improvement District for FY2019-2020.



Union Square Business Improvement District FY 2019-2020 Annual Report





Legislative Overview

**Community Benefit Districts (CBDs) /
Business Improvement Districts (BIDs) are
governed by:**

- **State law**
 - “1994 Act”
- **Local law**
 - “Article 15”





Review Process

This resolution covers Annual Reports for FY 2019-2020

- OEWD ensures that all CBDs/BIDs are meeting their management plans.
- OEWD staff conducts an annual review of Annual Reports and CPA Financial Reviews.
- OEWD provides the Board Supervisors with a summary memo.





USBID Formation

USBID	Type	Assessment Budget*	FY 19-20 Assessment Submission	Year(s) Renewed	Expires
	Property-Based	\$6,036,111	\$6,015,353	2009 2019	June 30, 2029

**budget identified in management plan*





USBID Operations

Staff

- Executive Director - Karin Flood; Deputy Director – Benjamin Horne

Service Areas

- **Clean and Safe**
 - This program includes sidewalk cleaning and maintenance, the Community Service Ambassadors, SFPD 10B officers, and a security camera network.
- **Public Realm, Marketing, Events, and Advocacy**
 - This service area promotes the district through brochures, a website, social media outlets and sponsors special events; advocates on behalf of Union Square property owners; beautifies the area through special projects.
- **Management and Administration**
 - Admin and operations includes oversight of service contract, implementation of major projects, staffing the Board of Directors and Committees, and general day to day operations.





BENCHMARKS

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 management plan.

Benchmark 2 – Whether one percent (8%) of USBID's came from sources other than assessment revenue.

Benchmark 3 - Whether the variance between the budget amounts for each service category was within 10 percentage points from the actuals.

Benchmark 4 - Whether CBD is indicating the amount of funds carried over from the current fiscal year and designating projects to be spent in the upcoming fiscal year.

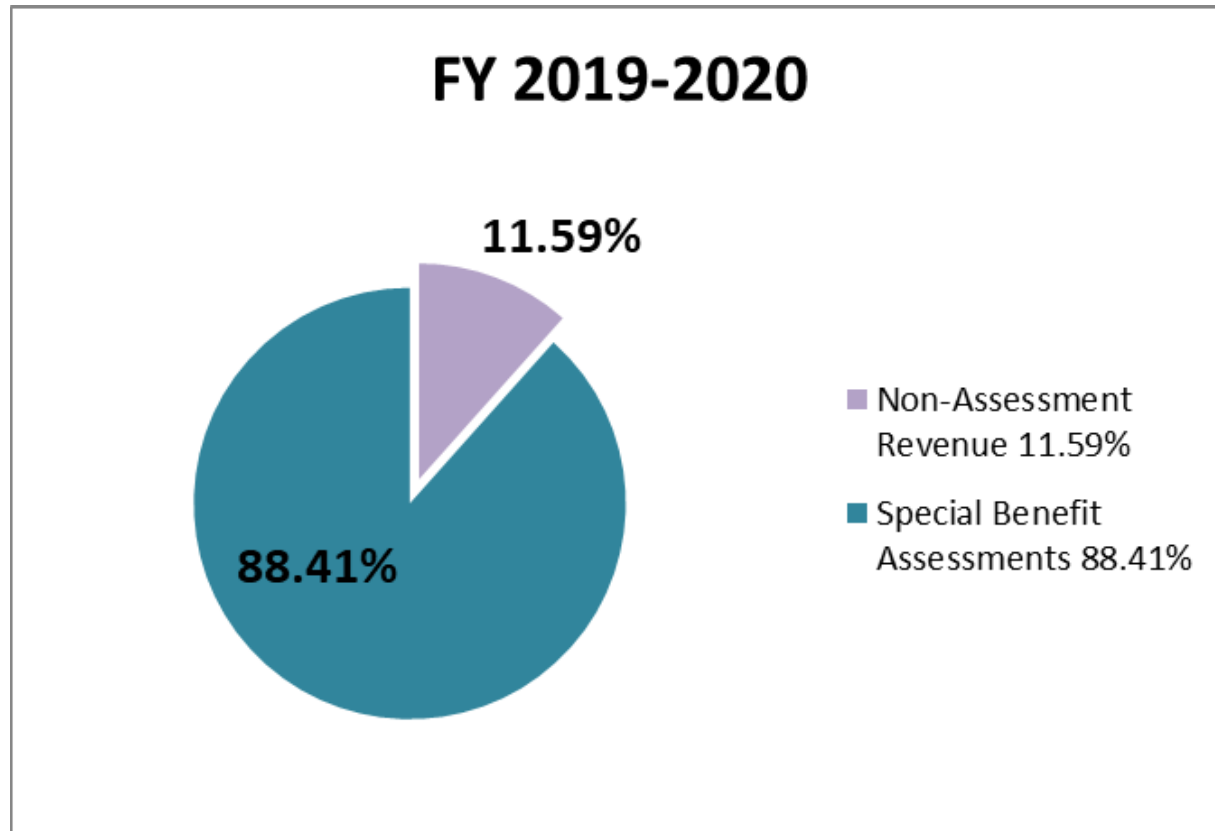


Management Plan vs. Annual Budgets

Service Category	Management Plan	FY 2019-2020 Budget	FY 2019-2020 Variance Percentage Points
Clean & Safe	74.20%	73.62%	-0.58%
Public Realm, Marketing, Events, and Advocacy	11.50%	12.67%	+1.17%
Management and Administration	14.30%	13.70%	-0.59%



Assessment Revenue & Other Income



Budget vs Actuals

Service Category	FY 2019-2020 Budget	FY 2019-2020 Actuals	FY 2019-2020 Variance Percentage Points
Clean & Safe	73.62%	72.98%	-0.64%
Public Realm, Marketing, Events, and Advocacy	12.67%	13.60%	+0.93%
Management and Administration	13.70%	13.42%	-0.29





Carryover

Designated Projects	FY 2019-2020
Assessment & Core Operations	\$2,200,303
Other Restricted/Designated Funds	\$89,235
Total Designated Amount to Be Spent in Future Years	\$2,279,538





Findings & Recommendations for USBID

In completing the review of the USBID's annual reports and financials, OEWD sets forth the following recommendations:

- Successfully completed USBID renewal for another 10 year term
- Successfully hosted events to draw shoppers and visitors to the area, including WinterWalk SF and a Wine Walk
- Continued operations during the early days of the Covid-19 Shelter-In-Place health order
- USBID has been a valued partner throughout the Covid-19 pandemic helping to disseminate information to stakeholders
- Purchased meals from local restaurants in the district and donated them to essential workers, supporting 14 different restaurants and 335 donated meals to workers and staff.
- Conducted a series of surveys regarding the economic impact of the Covid-19 pandemic on businesses in the Union Square area





Conclusion

- **Union Square BID has performed well in implementing the service plan in the district.**
- **Continues to successfully sponsor and promote events in Union Square**
- **Maintained an active board of directors and robust subcommittees**
- **Well-run organization and well placed to continue carrying out its mission.**





San Francisco Government Audit & Oversight Committee (GAO)

Union Square Alliance Fiscal Year 2019 – 2020
October 20, 2021

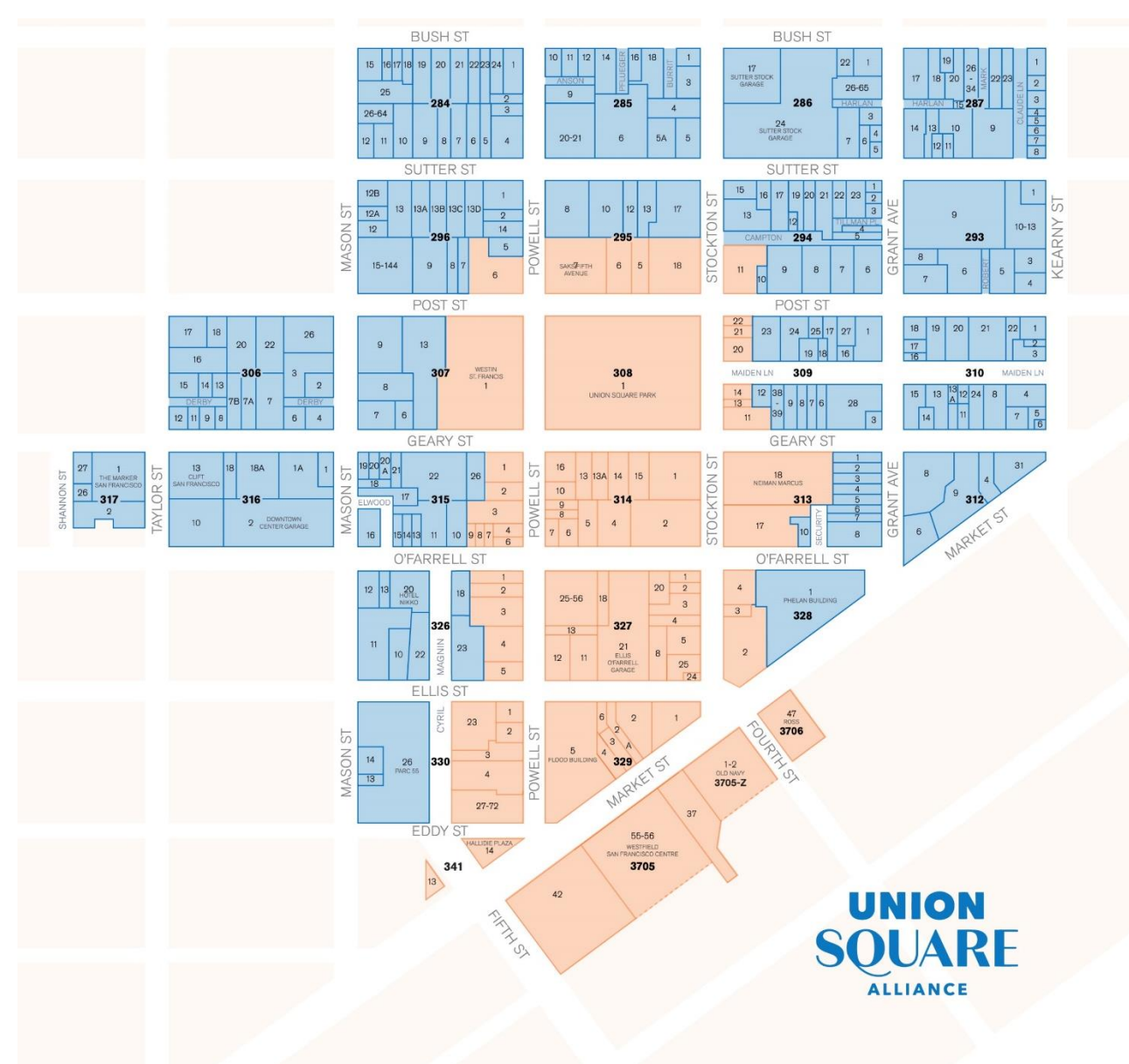
Karin Flood and Marisa Rodriguez,
Union Square Alliance

Introduction

Mission

The Union Square Alliance (formerly known as the Union Square Business Improvement District) serves members and creates a high visitor experience by managing and activating public spaces, attracting new investment, and advocating for the District's future success.

The Alliance oversees a 27-block area surrounding Union Square Park in the heart of San Francisco. It is generally boarded on the north by Bush Street, on the east by Kearny Street, on the south by Market Street and on the west by Taylor Street.

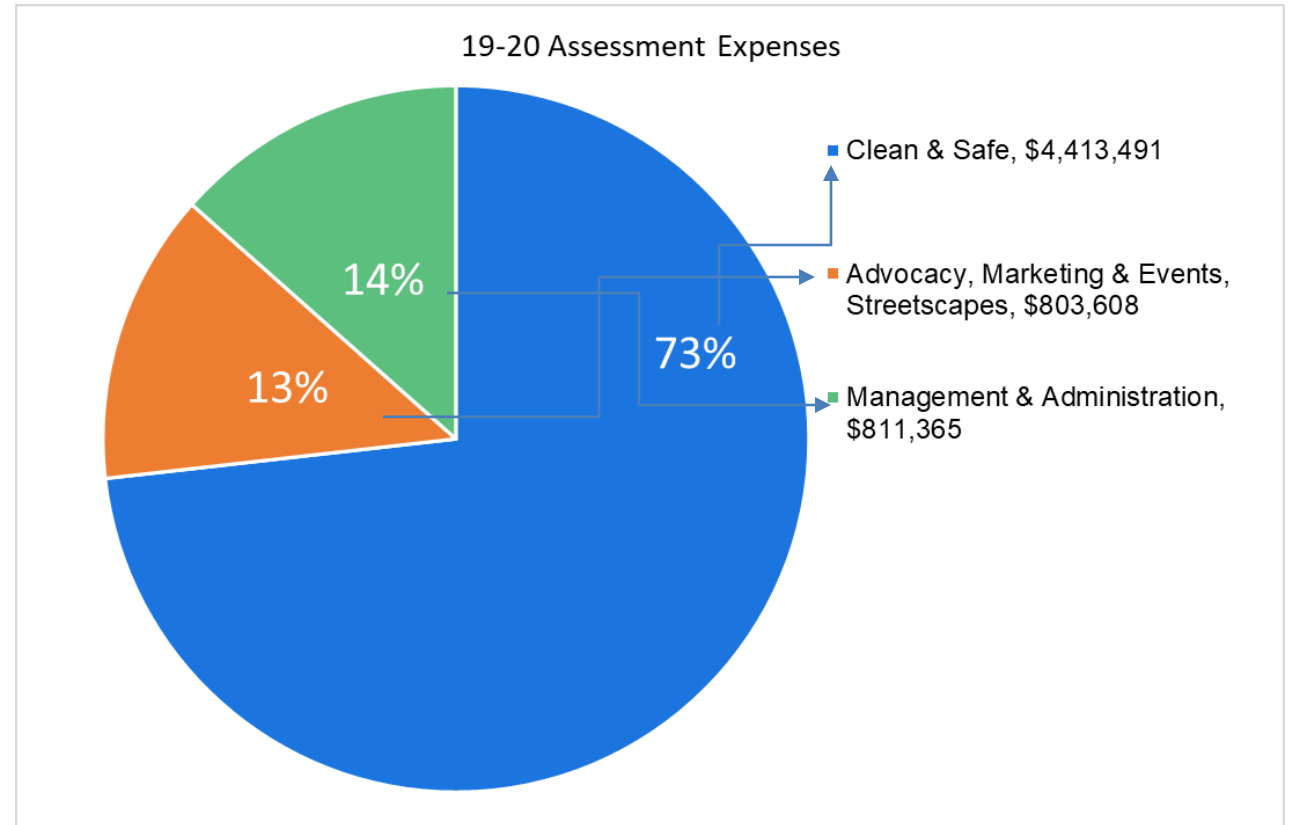


**UNION
SQUARE**
ALLIANCE

Assessment Methodology 19-20

Assessments based on the following variables

- Linear (sidewalk) frontage
- Lot square footage
- Building square footage
- Type of land use
- Zone
- Total Assessments in 19-20 FY
\$6.025 million



Cleaning & Safety Services

Clean and Safe services include a 24/7 staffed dispatch hotline, round the clock cleaning staff, ambassadors and overnight security

New services programs:

- 24/7 Member Services
- Additional Security Cameras
- Overnight Legion Security and Patrol Vehicle
- All Terrain Litter Vacuum
- Pressure Washing Van
- Additional Big Belly Trash Cans



Cleaning & Safety by the Numbers

Cleaning

- 486,375 Pounds of Trash Removed
- 24,354 Hazardous Wastes Removes
- 24,789 Graffiti Tags Removed
- 25,810 Cleaning Requests Received
- 845,575 ft. Block Frontage Pressure Washed
- 5,112 Overflowing Cans Levelled

Safety

- 53,546 Quality of Life Incidents Addressed
- 16,131 Incidents Addressed by 10B Officers
- 620 Video Footage Requests
- 885 Public Safety Requests Received
- 9,194 Incidents Addressed by Private Security
- 50 Additional Cameras Installed



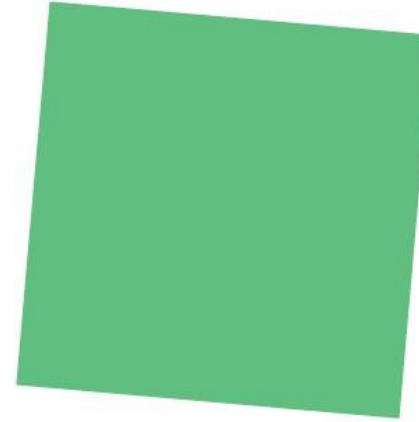
District Marketing

We educate the community about the Alliance and promote Union Square as a world class destination

- Wine Walk and Pub Crawl
- New Maps and Guides
- Union Square Gives Back
- Website and Social Media

Accounts are @UnionSquareSF on Facebook, Instagram, Twitter and LinkedIn

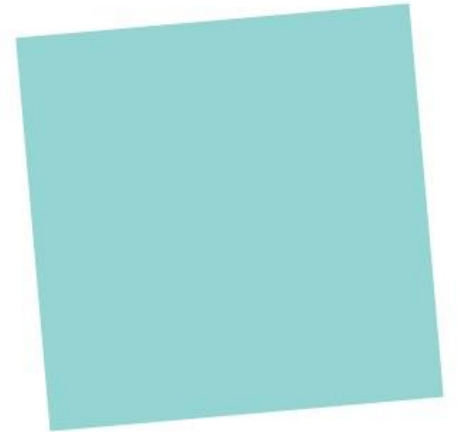
www.visitunionsquaresf.com



Public Realm & Streetscapes

We create an active and attractive public realm by activating public spaces with food, art, entertainment

- Mural Project and Art Walk
- Flower Baskets at Powell, Maiden Lane, and Stockton Streets
- Landscaping at Powell Street Promenade
- Winter Walk 2019
- Maiden Lane Furniture
- Holiday Lighting



Advocacy

We advocate for clean, safe, attractive, and vibrant Union Square to City officials and stakeholders

- Covid-19 Efforts
- Economic Recovery Task Force
- Weighed in on the following projects:
 - 420 Sutter Hotel
 - Post Hotel Supportive Housing
 - Cannabis Retailers

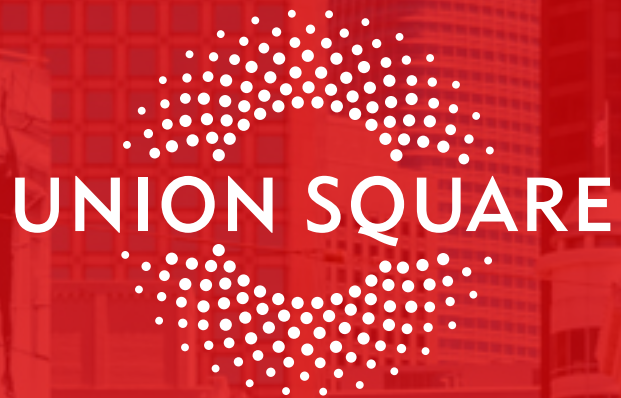


Marisa Rodriguez
named the new
Executive Director,
Union Square Alliance





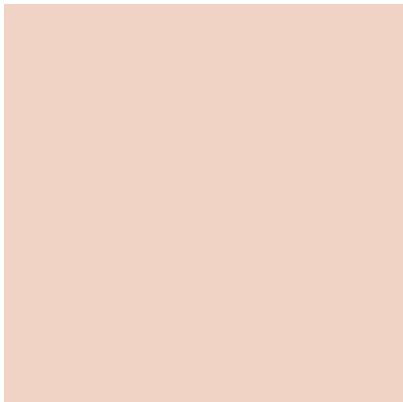
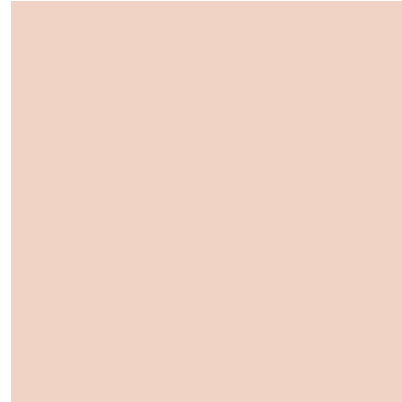
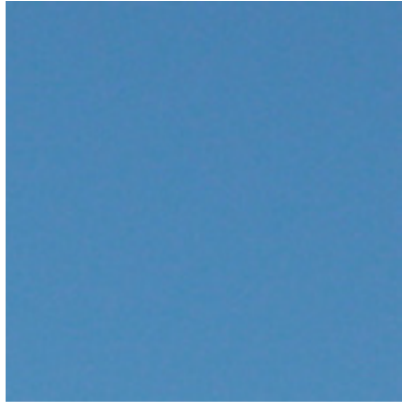
Thank You



UNION SQUARE

UNION SQUARE
BUSINESS IMPROVEMENT
DISTRICT

2019–2020
ANNUAL REPORT



2019–2020

ANNUAL REPORT



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1

Reflection & Prospect

*Shaken but **Not Shattered***

On behalf of the Union Square Business Improvement District (USBID), our Board of Directors and staff, we present this Annual Report for our eleventh year to all Union Square property owners, businesses, community stakeholders and the City & County of San Francisco. The following highlights major accomplishments, fiscal health of the organization, launch of new services after Renewal, and our COVID-19 response. Now, more than ever, Union Square is the Heart of San Francisco

In July 2019, after a very successful Renewal with a substantial increase in assessments voted on by Union Square property owners, we immediately rolled up our sleeves and began planning for major increases in cleaning and safety services provided to the area.

In preparation for the holiday season, we launched our highly anticipated 24/7 **Member Services**, which allows property owners, businesses, and stakeholders to contact us and report any cleaning and safety issues even after normal business hours. The Union Square BID retained Legion Security to provide an overnight safety presence, particularly for the members in the hospitality industry during the late-night hours. We also added a new all-terrain litter vacuum and pressure washing vans to our fleet to provide more efficient ways of maintaining street and sidewalk cleanliness.

We all know that 2020 has been a tumultuous year for all cities, downtowns, and neighborhoods. Union Square has felt the deep economic impacts of the **COVID-19** global pandemic. The Union Square BID reacted by working with the City's Office of Economic and Workforce Development to disseminate weekly communications to members, encourage businesses to participate in the City's Share Spaces Program, promote businesses that are open, and create support and giveback programs to businesses and front-line workers in our community.

Permanent business closures and vacancy rates are expected to increase as COVID-19 cases continue to rise. The Union Square BID has launched an **economic recovery** task force with stakeholder and City partners to develop new programs and communication strategies to attract and retain businesses in the area. We will continue to focus on our cleaning and safety services, the preparation for the 2020 holiday season, and the opening of additional businesses and attractions.

Looking ahead, the Union Square BID recognizes this as an opportunity to reflect on our identity and place within the greater community as an organization and a destination, and to envision our future in 5, 10, 20 years from now. The Union Square BID will embark on a comprehensive **rebranding** process to strategically identify creative marketing and communications tactics to elevate Union Square's position as an international destination and a central gathering place for all.

The Union Square BID will continue to be a conduit for economic vitality, community dialogue and neighborhood vibrancy.



Wes Tyler
Board President



Karin Flood
Executive Director



2 USBID Services

Cleaning and Safety
Streetscapes & Public Realm
Destination Marketing
Advocacy

P I L L A R S O F T H E U S B I D

Cleaning and Safety

Two Service Zones

Effective November 1 of 2019, the USBID increased our cleaning and safety services based on the two zones described in our Management Plan. The following map provides a visual comparison of the two zones: **Zone 1** and **Zone 2**; as well as differences in service levels. Services not differentiated by color indicates no difference in service levels between zones.

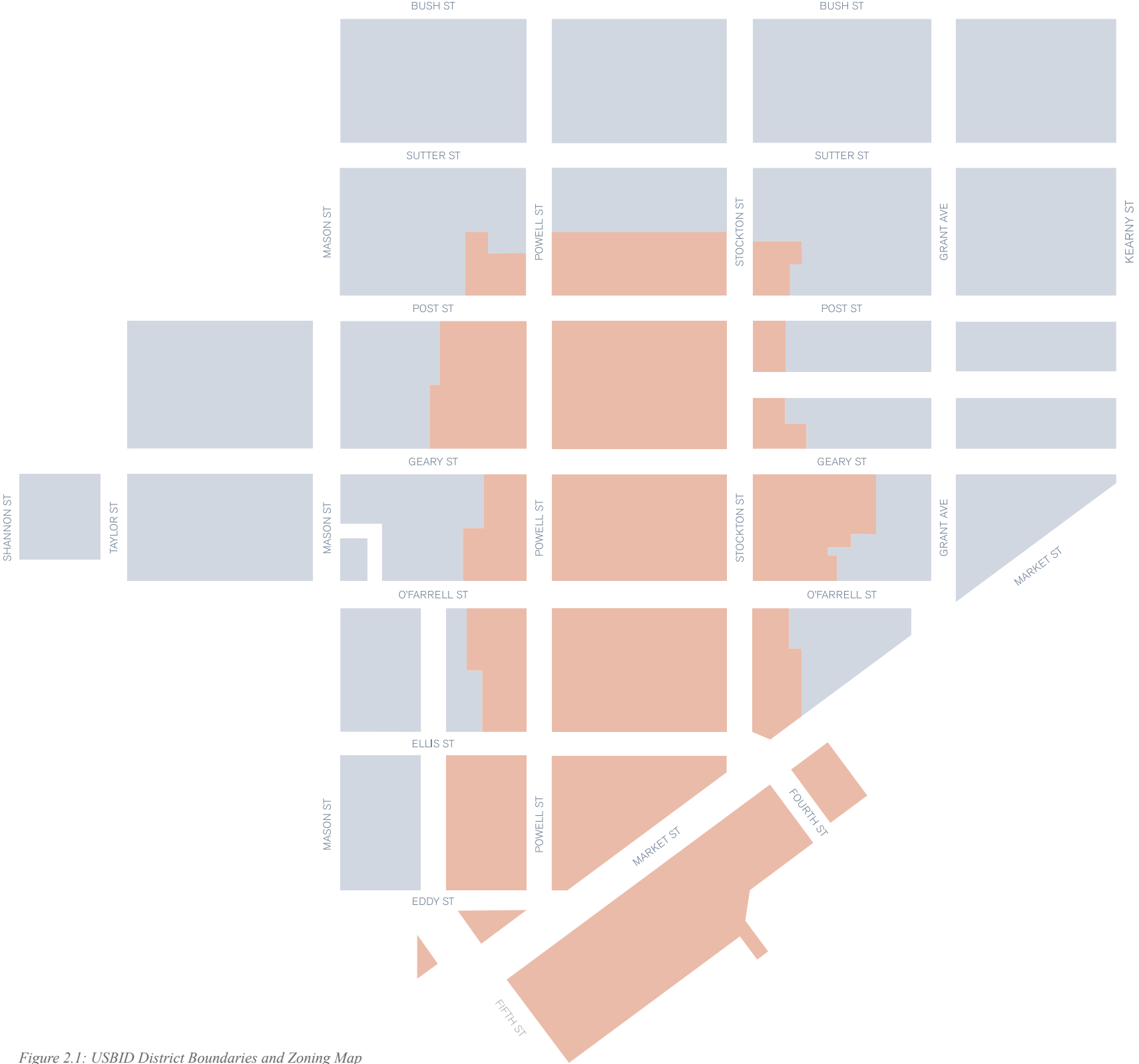


Figure 2.1: USBID District Boundaries and Zoning Map

- Cleaning Team
4 per Day | 3 per Day
- Pressure Washing
Weekly | Bi-weekly
- Ambassador Visits
4 per Day | 2 per Day
- SFPD 10B Officers
2 shifts effective Nov '19
7AM–5PM & 1PM–11PM
- ATLV Sidewalk Vacuum
Daily ▪ 9PM–5AM
- Member Services
24/7
- Overnight Patrol
Daily ▪ 10PM–6AM

Other Clean & Safe Services

Apart from the newly implemented zones of the district, we also worked diligently to implement new programs and services prior to the Shelter-in-Place guidelines taken place during the pandemic. Highlighted are some of the implemented programs in November 2019 and January 2020.

Overnight Security Patrol

We introduced Legion Security as our overnight security patrol team on January 1st of this year. Their team's presence has been a tremendous deter and mitigation to the District's problematic areas during the overnight hours. Legion have addressed numerous cases of trespassing, vandalism, and break-ins, particularly during the first half of shelter-in-place.

All-Terrain Litter Vacuum

Also known as the ATLV, was part of our service expansion that took place in Nov '19. The ATLV focuses on sidewalk and curb-line debris and has greatly supplemented our team's effort in the cleanness of the area.



Figure 2.2: Legion Security & Patrol Vehicle



Figure 2.3: All-Terrain Litter Vacuum (ATLV)

24/7 Member Services

All cleaning, safety, and video footage requests have been received and addressed 24 hours a day, 7 days a week by our Member Services Department (except during the months of March–June due to strict building management policy).

Pressure Washing Van

Block by Block, the USBID's clean and safe services provider, has 3 new additional van outfitted with pressure washing equipment, which has allowed an extra layer of protection from the elements.

Additional Cameras

We continue to see tremendous success from our security camera program, which helped provide evidence of burglary, assaults, and other cases of criminal activities. An estimated 50 cameras were installed over the course of this fiscal year, which brings the total number of cameras in the area to around 400. The USBID thanks the Chris Larsen Fund¹ for their continued funding of this program.

Additional Big Belly Trash Cans

Big Belly trash receptacles continue to be valuable assets in keeping our community debris and spill-free. Thanks to a generous grant awarded to us by the OEWD, we were able to bring in 10 additional Big Belly units (total now at 37) to strategically replace other City trash cans.



Figure 2.4: USBID Pressure Washing Van



Figure 2.5: Big Belly Trash Receptacle

¹: An advised fund from the Silicon Valley Community Foundation



Streetscapes & Public Realm

Making Union Square a safer and more welcoming space for all people.

Powell Street Planters

We updated the plants in the Powell Street Promenade and added pest control mitigation as an on-going effort to uplift one of the most traveled streets toward the heart of San Francisco.

Flower Baskets

We have also installed new flower baskets to light poles at the Cable Car Turnaround at Powell Street, on Maiden Lane, and on Stockton Street.



Figure 2.8: Flower Baskets, Maiden Ln. at Stockton



Figure 2.6: Winter Walk 2019, Maiden Ln.



Figure 2.7: Winter Walk 2019, Stockton St.

Winter Walk 2019

We brought back Winter Walk SF and moved the month-long outdoor holiday plaza onto Grant Avenue and Maiden Lane. Shoppers and visitors were welcomed by the glamorous holiday decors and holiday lighting, as well as a selection of food trucks, live entertainments, and a pop-up beer garden with party games.

Destination Marketing

The pandemic has taught us to recognize our strength as a community.

Wine Walk & Pub Crawl

We 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 has attracted more than 250 guests and members of the public each night.

New Maps & Guide

We produced a series of maps and guides to specifically draw attention to the variety of businesses and offerings of Union Square. These maps and guides are to be distributed to different communities in and around the Bay Area market.



Figure 2.9: Art & Wine Walk, October 2019



Figure 2.10: Mardi Gras Pub Crawl '20, Fisher Loft



Figure 2.11: Mardi Gras Pub Crawl '20, Fifth Arrow

Advocacy

Led by the Streetscape Committee, the USBID established a process for the organization to review and to formally recommend or reject any proposed development projects in the district. The Development 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 community.

420 Sutter Development Project

The 420 Sutter Development Project is an example of a development project approved by the Committee, which will be managed under the high-end hospitality brand AC Marriot's portfolio. We expectantly wait for the unique dynamics the finished product will bring, the short- and long-term San Francisco jobs it will create, and the valuable taxation revenue it will produce for our City and neighborhood.



Figures 2.11: Project Renderings

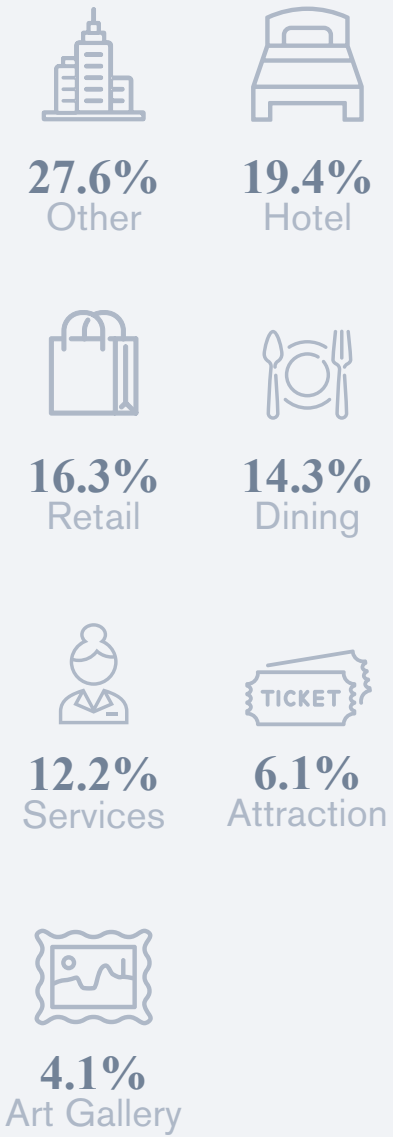


3 Our Response to COVID-19

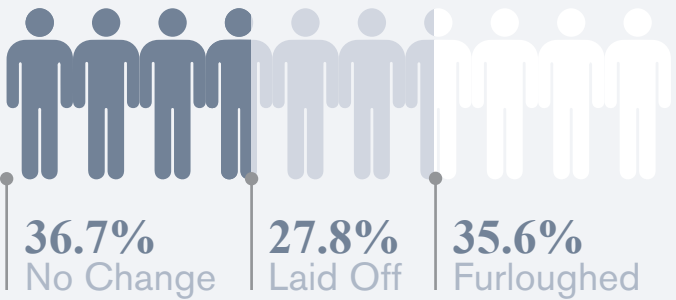
Economic Impact of COVID19

We conducted a series of surveys regarding the economic impact COVID19 have had on businesses in Union Square. The surveys were sent out to our members during the early months of the pandemic. The following section provides highlighted summaries of the compiled data results. These results will help us identify the various needs you and your business may have and help inform future programming where we can continue to support and advocate for you.

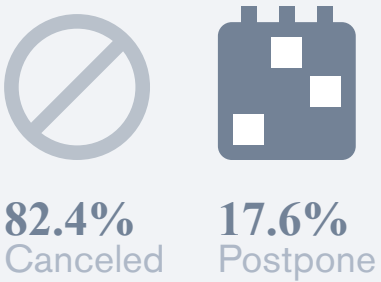
What type of business do you run?



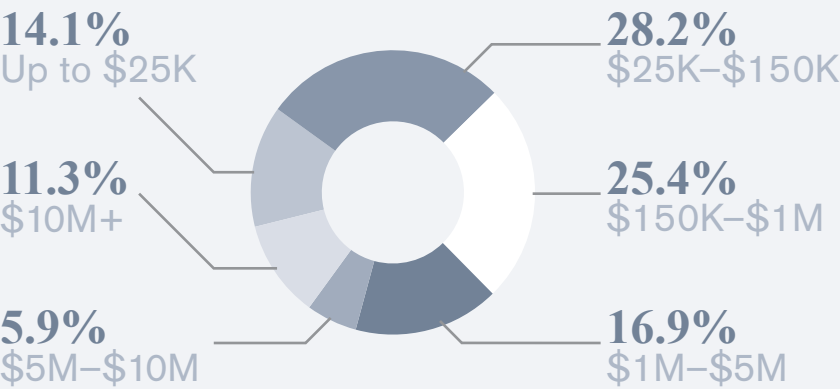
What is the status of your workforce?



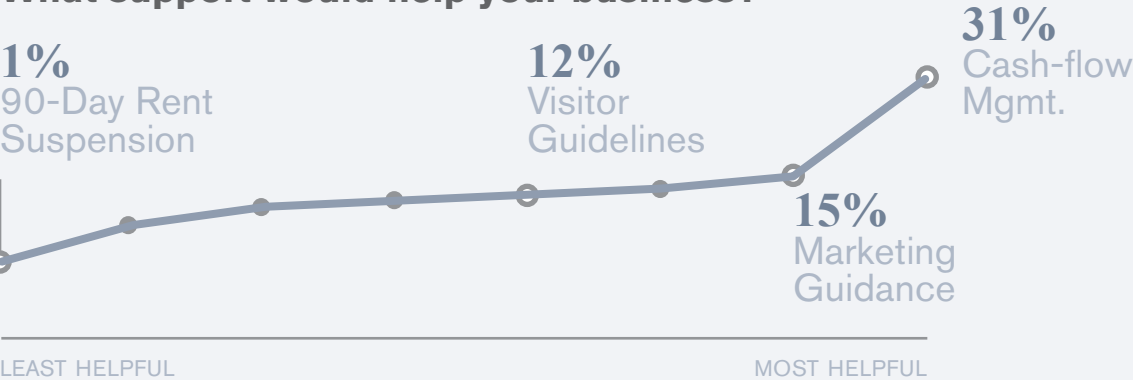
What about bookings?



How many dollars were lost?



What support would help your business?



Supporting the Community

The pandemic is but a teacher who has forced us to recognize our strength as a community — we are stronger when we stand together even during the toughest of times.

Union Square Gives Back

During the early months of the pandemic, we saw the opportunity to support both our stakeholders of the food and beverage industry, and our workforces in the City. So, we purchased meals from a list of different restaurants in Union Square and donated them to essential workers, City departments, and medical professionals. The Union Square BID thanks everyone for their dedication to keeping San Francisco clean, safe, and healthy.

Social Media Contests

To better engage with our Social Media followers and to shed light on businesses in Union Square, we purchased \$4,000 worth of gift cards from eight businesses in the area to support them during these challenging times. The purchased gift cards were then sent out to contestants who entered and won our social media contests.



Figure 3.1: SFFD & SFPD Enjoying Their Meals

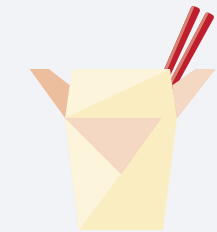


Figure 3.2: Saint Francis Memorial Hospital Staff with Their Meals



Figure 3.3: Block by Block Staff Picking Up Their Meals

Union Square Gives Back by the Numbers



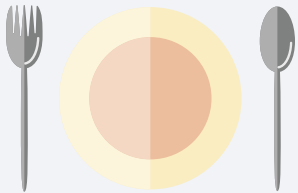
14

Different Restaurants



100%

Funded by the Union Square BID



335

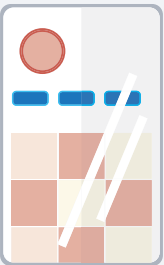
Meals donated to workers & staff

Social Media Contests by the Numbers



80

Gift cards worth over \$4,000 purchased



8

Contests over 9 weeks



196

Submissions w/ over 40,000 reach

Civil Unrest and Riots

In May 2020, the world was shaken by the killing of George Floyd. An understandable outcry and social unrest followed including many peaceful protests in San Francisco and around the world calling for racial justice and police reform. Unfortunately, along with those nonviolent demonstrations, on May 30, looters and vandals disguised as legitimate protestors rioted and looted many businesses in Union Square causing tens of millions of dollars in lost and damaged property. The Union Square BID was there to help clean up, contact property owners and secure the district with the help of the San Francisco Police Department and Public Works. Our nonprofit partners at Paint the Void produced 100 new murals with the support of the USBID, featuring Black Lives Matter themes and calls to end violence against communities of color and end systemic racism in our police and other public institutions.

Mural Project

Union Square BID partnered with Paint the Void, an initiative to match local artists with boarded up businesses to create murals as a response to the “void” left behind in the wake of COVID-19. We created connections with building owners in Union Square to Paint the Void to beautify the district with art produced by local mural artists and supported their cause monetarily. Some of the highlighted mural locations include the Axiom Hotel, Hotel Zeppelin, Hotel Zelos, and many more.



Figure 3.4: Mural by Nathan Richard Phelps at Hotel Zelos



Figure 3.6: "Say Her Name" by Kate Tova at Hotel Abri



Figure 3.5: Mural by Matley Hurd at Hotel Zeppelin



4 Assessments & Financials

How Property Assessments are Calculated

The levy and collection of annual assessments upon property within the Union Square area provides the primary funding source for the improvements, maintenance, and activities carried out by the USBID. Funding for the district is proportionally shared by property owners, who are self-assessed to supplement services provided by the City.	Each property owner's assessment is calculated according to the special benefit received from the services provided by the USBID. Accordingly, each property is assessed with their proportional special benefit based upon the various property characteristics and land use type compared to other properties within the district.
These annual assessments are based on the following variables: <ul style="list-style-type: none">▪ Linear (sidewalk) frontage▪ Building square footage▪ Lot square footage▪ Type of land use	In addition to parcel characteristics and land use types, two zones were implemented within the boundary of the USBID since November 2019. The following charts provide a summary of the assessment rate calculations for both Zone 1 and Zone 2 . For more information on assessment calculations, please refer to the USBID's Management Plan.

Zone 1 Assessment Rate Calculation Charts 20–21FY

Land Use Type	Rate Per Lot sq ft.	Rate Per Building sq ft.	Rate Per Frontage sq ft.
Non-Residential Property	\$ 0.43727	\$ 0.06430	\$ 126.15163
Apartment Property	\$ 0.32795	\$ 0.04822	\$ 94.61372
Condominium Property	\$ 0.21864	\$ 0.03215	\$ 63.07582
Public Property	\$ 0.21864	\$ 0.03215	\$ 63.07582

Zone 2 Assessment Rate Calculation Charts 20–21FY

Land Use Type	Rate Per Lot sq ft.	Rate Per Building sq ft.	Rate Per Frontage sq ft.
Non-Residential Property	\$ 0.34982	\$ 0.05144	\$ 100.92131
Apartment Property	\$ 0.26236	\$ 0.03858	\$ 75.69098
Condominium Property	\$ 0.17491	\$ 0.02572	\$ 50.46065
Public Property	\$ 0.17491	\$ 0.02572	\$ 50.46065

19–20FY Financial Results — Assessment & Core Operations

Revenue	Budget	Actual	Variance
Special Assessment Revenue	\$ 6,015,354	\$ 6,025,030	\$ 9,676
Other Revenue	\$ 367,800	\$ 463,777	\$ 95,977
Total Funds	\$ 6,383,154	\$ 6,488,807	\$ 105,653
Expenses	Budget	Actual	Variance
Clean & Safe	\$ 4,430,206	\$ 4,413,491	\$ 16,715
Streetscapes, Advocacy, Marketing & Events	\$ 762,638	\$ 803,608	\$ (40,970)
Management & Administration	\$ 824,595	\$ 811,365	\$ 13,230
Total Assessment Expenses	\$ 6,017,439	\$ 6,028,464	\$ (11,025)
Surplus (Deficit) for Assessment Operations	\$ 365,715	\$ 460,343	\$ 94,628

Financial Results Total Operations (Including Grants)

Revenue	Budget	Actual	Variance
Special Assessment Revenue	\$ 6,015,354	\$ 6,025,030	\$ 9,676
Other Revenue	\$ 710,427	\$ 789,873	\$ 79,446
Total Funds	\$ 6,725,781	\$ 6,814,903	\$ 89,122
Expenses	Budget	Actual	Variance
Clean & Safe	\$ 4,430,206	\$ 4,413,491	\$ 16,715
Streetscapes, Advocacy, Marketing & Events	\$ 762,638	\$ 822,425	\$ (59,787)
Management & Administration	\$ 824,595	\$ 811,365	\$ 13,230
Total Assessment Expenses	\$ 6,017,439	\$ 6,047,281	\$ (29,842)
Grant and Funds	Budget	Actual	Variance
Other Grants & Non-Assessment Fund Expenses	\$ 379,622	\$ 278,774	\$ 100,848
Total Expenses	\$ 6,397,061	\$ 6,326,055	\$ 71,006
Change Net Assets—Surplus (Deficit)	\$ 328,720	\$ 488,848	\$ 160,128



July '19–June '20 Statement of Financial Position*

Assets	
Cash	\$ 2,354,990
Receivables (Net)	\$ 117,369
Other Current Assets	\$ 277,645
Furniture & Equipment (Net)	\$ 312,758
Total Assets	\$ 3,062,762
Liabilities and Net Assets	
LIABILITIES	
Accounts Payable & Accrued Expenses	\$ 641,329
Deferred Revenue	\$ 8,305
Note Payable (PPP Loan)	\$ 133,590
Total Liabilities	\$ 783,224
NET ASSETS	
Without Donor Restrictions	\$ 2,200,303
With Donor Restrictions	\$ 79,235
Total Net Assets	\$ 2,279,538
Total Liabilities & Net Assets	\$ 3,062,762

*: Audited financial reports available upon request. Contact Deputy Director Ben Horne at Ben@UnionSquareBID.com for more information.

July '20–June '21 Budget

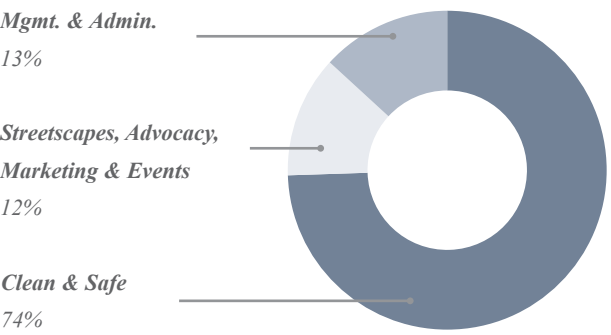
Income	Amount
Assessment Revenue	\$ 6,015,354
Fundraising & Other	\$ 820,496
Total Income	\$ 6,835,850
Expenses	
Assessments	
Clean & Safe	\$ 4,941,336
Streetscapes, Advocacy, Marketing & Events	\$ 818,289
Management & Administration	\$ 874,421
Total Assessment Expenses	\$ 6,634,046
Other Grants & Fund Expenses	\$ 378,338
Total Expenses	\$ 7,012,384

Carry Over Funds from FY19–20

Carry Over Funds from FY 19–20	Amount
General Fund/Contingency (Jul–Oct '20 Operations)	\$ 2,200,303
Total Assessment & Service Area Funds	\$ 2,200,303
Other Restricted/Designated Funds	\$ 79,235
Total Carry Over Funds	\$ 2,279,538

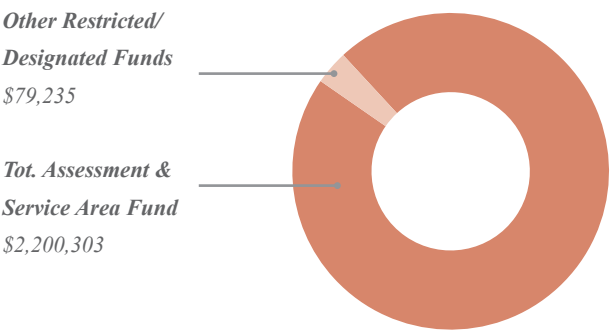
Total Assessment Expenses

19–20FY



USBID Reserves

June 30, 2020





5

Board of Directors & Staff

Board officers

Wes Tyler **BOARD PRESIDENT**
GM, Chancellor Hotel on Union Square

Julie Taylor **TREASURER**
Executive VP, Colliers International

Mark Purdy **SECRETARY**
SVP & GM, Grosvenor Americas

Advisory Committee Chairs

Russell D. Keil, Jr. **AUDIT**
President, The Keil Companies

Matthew Coleman **MARKETING**
Salon Manger, Harry Winston

Don Thomas **SERVICES**
VP, Board of Directors, Club Donatello

James Sangiacomo **FINANCE**
Principal, 233 Post Street LP

Corinna Luebbe **PUBLIC AFFAIRS**
GM, Taj Campton Place

Manuela King **STREETSCAPES**
President, RHAA Landscape Architects

Board of Directors

Cammy Blackstone
Director, External Affairs, AT&T

Rodrick Graham
VP, Store Manager, Macy's

Marcus Mirt
District Manager, Recology

Stephen Brett
Principal, Brett & Company

Leah Fuhrman Heil
VP, Westfield San Francisco Centre

Michael G. Petricca
VP of Campus Safety, Academy of Art

Jordan Buckley
VP of Operations, Paramount Hotels, Inc.

Shirley Howard-Johnson
Arts Consultant

Kelly Powers
Director, Hotel Council SF

Matthew Coleman
Salon Manager, Harry Winston

Russell D. Keil, Jr.
President, The Keil Companies

James Sangiacomo
Principal, 233 Post Street LP

J. Timothy Falvey
SVP, Hanford-Freund & Company

Terry Lewis
GM, Hilton Union Square San Francisco

Spencer Sechler
Director of Business Development, REEF

James C. Flood
President, Flood Corporation

Corinna Luebbe
GM, Taj Campton Place

Don Thomas
VP, Board of Directors, Club Donatello

Phil Ginsburg
GM, SF Recreation & Parks

Rusty Middleton
GM, Grand Hyatt

Block by Block CLEAN AND SAFE SERVICES PROVIDER

Karl Bijan
Operations Director

Freddy "Raven" Anderson
AM Operations Supervisor

Ramon Pedroza
PM Operations Supervisor

Staff of the USBID



Karin Flood
Executive Director



Benjamin Horne
Deputy Director



Robbie Silver
Director of Marketing &
Public Realm



Chris Boss
Director of Services



Joshua C.W. Chan
Sr. Project Coordinator



Brianna Caspersen
Sr. Project Coordinator



Zarrina Yousufzai
Administrative Coordinator



Karen Gagarin
Member Services Lead



Eva Schouten
Intern

6

**Celebration of Life:
James Clair Flood**

James Clair Flood

1939–2020

Founder of the Union Square BID
1999 and served as Board President
for 10 years (1999–2009).



James C. Flood loved the Flood Building, the 12-story grand dame of San Francisco real estate—a landmark edifice built and maintained by a landmark San Francisco family. The wedge-shaped building, at the corner of Powell and Market streets alongside the cable car turnaround, was his office, his passion and his joy.

“He took care of it like it was a member of the family,” said his daughter, Karin Flood, adding that that’s exactly what the building is.

Flood, known as Jim, died Tuesday in a Jackson Hole, Wyo., hospital of a heart attack after a day of downhill skiing at a nearby ski resort. He was 80.

The landmark flatiron, built in 1904 by his grandfather in honor of his own father, who was known as the Silver King, is home to businesses, offices, nonprofit foundations, the consulates of Chile and Nicaragua, and large Gap and Anthropologie clothing stores on

the ground floor. For decades it housed the famed Woolworth’s store and lunch counter. Flood, a tall, friendly and vigorous man who loved the outdoors as much as he loved every interior of the building, oversaw every aspect of it, taking great pride in finding a new tenant to move in the moment an old tenant moved out.

A native of San Francisco, Flood was a 1961 graduate of Stanford University and a former executive vice president of Wells Fargo Bank. In 1990, after the death of his father, he took over management of the 293,000-square-foot family heirloom. Flood nearly didn’t have a building to manage. In 1950, the family had closed a deal to tear it down and replace it when the federal government decided it needed a building for offices connected with the management of the Korean War. It took over the building, returning it to the family a few years later.

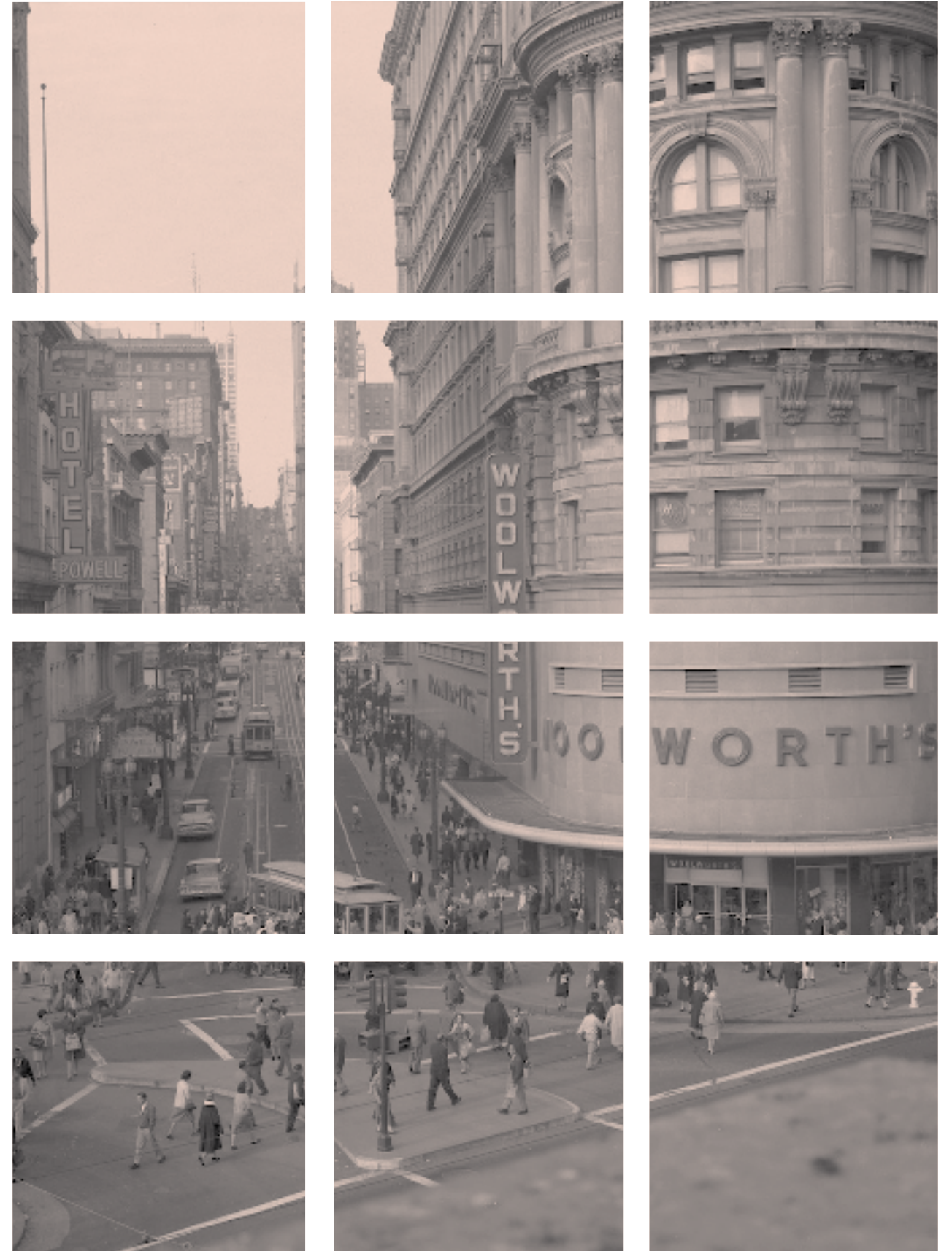
Flood was bemused by his family history. His great-grandfather was a household name in the 1870s, making a fortune in the silver mines near Virginia City, Nev., and building a mansion on Nob Hill that is now the Pacific-Union Club. But over the years, Flood said, things change.

Although the city came withing days of losing it, it would be hard to imagine downtown San Francisco without the Flood Building. Its grand granite and marble lobby, iron railings, oak doors, frosted glass and ornately decorated elevators recall another era. With a squint, it’s not difficult to envisage Hammett emerging from his office and heading for a plate of lamb chops at John’s Grill next door.

In the 1990s, Flood spent \$15 million to restore the building’s grandeur, with new arches, awnings and a bronze bust of his grandfather in the lobby. Decades of passersby who have touched the sculpture’s nose for luck have worn a shiny spot.

“His life,” said Karin, “has been one long adventure.”

Steve Rubenstein; Published by the San Francisco Chronicle on Feb 22, ‘20. The article was edited for the purpose of this report.



Come Say Hi.

Union Square BID

323 Geary Street, Suite 203
San Francisco, CA 94102

(415) 781-7880
Info@UnionSquareBID.com
VisitUnionSquareSF.com

Member Services

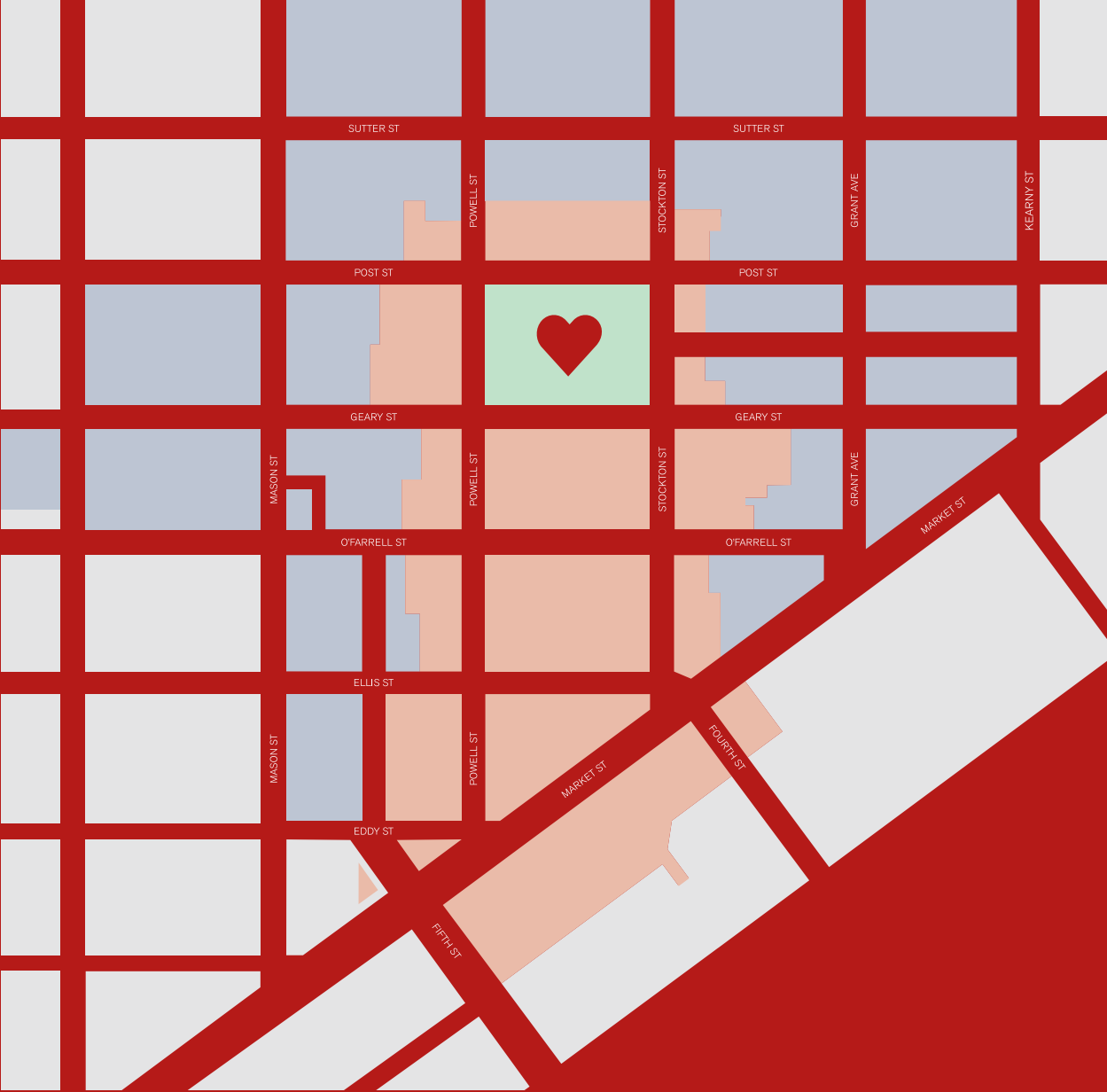
(415) 781-4456
CleanandSafe@UnionSquareBID.com

 /UnionSquareSF

 @UnionSquareSF

 @UnionSqaureSF

 Union Square BID





UNION SQUARE
BUSINESS IMPROVEMENT
DISTRICT

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019)**

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT

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Statement of Functional Expenses	5
Statement of Cash Flows	6

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Union Square Business Improvement District

Report on the Financial Statements

We have audited the accompanying financial statements of Union Square Business Improvement District (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Union Square Business Improvement District as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Union Square Business Improvement District's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 30, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Marcum LLP

Washington, DC
September 30, 2020

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2020

(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019)

	2020	2019
Assets		
Cash and cash equivalents	\$ 1,354,805	\$ 925,690
Assessments receivable, net	54,664	5,281
Other receivables	62,705	71,414
Prepaid expenses and deposits	277,645	114,447
Investments	1,000,185	879,911
Furniture and equipment, net	<u>312,758</u>	<u>146,278</u>
Total Assets	<u>\$ 3,062,762</u>	<u>\$ 2,143,021</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 585,045	\$ 294,319
Accrued vacation	56,284	34,337
Notes payable	133,590	--
Contract liabilities	<u>8,305</u>	<u>23,675</u>
Total Liabilities	<u>783,224</u>	<u>352,331</u>
Net Assets		
Without donor restrictions	2,200,303	1,731,437
With donor restrictions	<u>79,235</u>	<u>59,253</u>
Total Net Assets	<u>2,279,538</u>	<u>1,790,690</u>
Total Liabilities and Net Assets	<u>\$ 3,062,762</u>	<u>\$ 2,143,021</u>

The accompanying notes are an integral part of these financial statements.

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019)

	Without Donor Restrictions	With Donor Restrictions	2020	2019
Revenue and Support				
Assessment revenue	\$ 6,025,030	\$ --	\$ 6,025,030	\$ 3,670,175
In kind donations	395,644	--	395,644	394,217
Contract revenue	274,147	--	274,147	327,263
Contributions	--	72,620	72,620	1,025,787
Sponsorships	29,125	--	29,125	331,759
Interest income	18,337	--	18,337	18,456
Net assets released from restrictions				
Satisfaction of purpose restrictions	<u>52,638</u>	<u>(52,638)</u>	<u>--</u>	<u>--</u>
Total Revenue and Support	<u>6,794,921</u>	<u>19,982</u>	<u>6,814,903</u>	<u>5,767,657</u>
Expenses				
Program Services:				
Clean and Safe	4,335,872	--	4,335,872	2,942,848
Holiday Safe Shopper	--	--	--	1,000,000
Marketing, Public Realm and Advocacy	922,298	--	922,298	939,996
Security Camera	<u>273,024</u>	<u>--</u>	<u>273,024</u>	<u>484,807</u>
Total Program Services	5,531,194	--	5,531,194	5,367,651
Management and general	705,005	--	705,005	529,540
Fundraising	<u>89,856</u>	<u>--</u>	<u>89,856</u>	<u>117,357</u>
Total Expenses	<u>6,326,055</u>	<u>--</u>	<u>6,326,055</u>	<u>6,014,548</u>
Change in Net Assets	468,866	19,982	488,848	(246,891)
Net Assets, Beginning of Year	<u>1,731,437</u>	<u>59,253</u>	<u>1,790,690</u>	<u>2,037,581</u>
Net Assets, End of Year	<u>\$ 2,200,303</u>	<u>\$ 79,235</u>	<u>\$ 2,279,538</u>	<u>\$ 1,790,690</u>

The accompanying notes are an integral part of these financial statements.

**FOR THE YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019))**

The accompanying notes are an integral part of these financial statements

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019)

	2020	2019
Cash Flows From Operating Activities		
Change in net assets	\$ 488,848	\$ (246,891)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	104,188	234,058
Meetings, travel, conferences,	18,817	2,105
Unrealized losses (gains) on investments	883	(142)
Changes in assets and liabilities:		
Assessments receivable	(49,383)	91,754
Other receivables	8,709	103,481
Prepaid expenses and deposits	(163,198)	21,033
Accounts payable and accrued expenses	290,726	(66,952)
Accrued vacation	21,947	9,758
Contract liabilities	(15,370)	(15,385)
Net Cash Provided By Operating Activities	<u>706,167</u>	<u>132,819</u>
Cash Flows From Investing Activities		
Proceeds on sales and maturities of investments	4,030,000	3,250,617
Purchases of investments	(4,151,157)	(3,380,678)
Purchases of furniture and equipment	(289,485)	(149,405)
Net Cash Provided By (Used In) Investing Activities	<u>(410,642)</u>	<u>(279,466)</u>
Cash Flows From Financing Activities		
Proceeds from notes payable	133,590	--
Proceeds from borrowings under line of credit	500,000	--
Payments made on borrowings under line of credit	(500,000)	--
Net Cash Provided By Financing Activities	<u>133,590</u>	<u>--</u>
Net Increase (Decrease) In Cash and Cash Equivalents	429,115	(146,647)
Cash and Cash Equivalents - Beginning	<u>925,690</u>	<u>1,072,337</u>
Cash and Cash Equivalents - Ending	<u>\$ 1,354,805</u>	<u>\$ 925,690</u>
Supplemental Information		
Cash payments for interest	<u>\$ 2,083</u>	<u>\$ --</u>

The accompanying notes are an integral part of these financial statements.

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PURPOSE AND ORGANIZATION

The Union Square Business Improvement District (USBID) was formed in 1999 by property owners and merchants to improve the image and economic vitality of the Union Square area by providing cleaning and maintenance and public safety programs to a 10 block area (the District). USBID aims to provide services that assure a positive experience of Union Square so that Union Square will maintain its ranking as one of the top destinations in the world, that the District will be equally enjoyed by residents and workers, and that this experience will enhance the District's economic base and be reflected in positive property values for the USBID's members.

USBID renewed its contract with the City and County of San Francisco (the City) for a ten year term on July 1, 2009. Effective with the renewal, USBID expanded the District from the original 10n blocks to 27 whole or partial blocks, representing nearly 600 parcel owners in the District. USBID also expanded services and added marketing, advocacy, beautification and capital improvement programs. In July, 2019 the contract was renewed again for another 10 year term with an increased budget of approximately 60% to greatly expand clean and safe services and become a 24/7/365 operation.

USBID's mission statement is as follows:

The Union Square BID serves members and creates a high quality visitor experience by managing and activating public spaces, attracting new investment and advocating for the District's future success.

Major programs and services provided by USBID are:

Clean and Safe:

- Safety and Hospitality Ambassadors – Ambassadors walk throughout the District to greet and assist the public with information and directions, and guide those in need of social services to appropriate resources. Ambassadors are on duty 5:30 am to 11:00 pm daily.
- 10B Police Officers – 10B Police Officers are on patrol in the District from 7:00 am to 11:00 pm daily to respond to members' needs and manage other quality of life issues in the District.
- Overnight Security Patrols – security patrols the district every night from 10:00 pm-6:00 am to be the eyes and ears for the police department and advise on quality of life issues.

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PURPOSE AND ORGANIZATION (CONTINUED)

- Cleaning and Graffiti Removal – Maintenance staff are on duty daily to clean litter from sidewalks and to remove graffiti. The district also is patrolled by an All-Terrain Litter Vehicle that patrols the district at night to pick up litter and trash. Each sidewalk in the District is steam cleaned on a regular basis (either weekly or bi-weekly depending on location).
- Union Square Cares program to provide homeless services and outreach and member education to help alleviate homelessness in Union Square.

Security Camera Program

- The USBID maintains and operates a large network of approximately 400 security cameras in the public realm and to provide after the fact video retrieval services for law enforcement and others. The cameras are monitored during the overnight hours to help with crime prevention

Marketing, Public Realm and Advocacy

- Promoting the Union Square area and its interests through events, digital and traditional marketing programs and public relations, public realm improvements, décor and other programs to beautify the area. Advocating public policy and services to ensure the economic vitality of the District.

BASIS OF ACCOUNTING

USBID prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred regardless of the timing of cash flows.

CLASSIFICATION OF NET ASSETS

U.S. GAAP requires that USBID report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, the net assets of USBID are classified and reported as described below:

Without Donor Restrictions: Net assets representing the portion of expendable funds that are available to support USBID's operations. A portion of these net assets may be designated by the Board of Directors for specific purposes. From time to time, the Board designates a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion.

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CLASSIFICATION OF NET ASSETS (CONTINUED)

With Donor Restrictions: Net assets representing funds that are specifically restricted by donors for use in various programs and/or specific periods of time. These donor restrictions can be temporary in nature in that they will be met by actions of USBID or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity.

As of June 30, 2020, USBID did not have any net assets required to be maintained in perpetuity.

ESTIMATES

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

USBID considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

ASSESSMENTS RECEIVABLE

Assessments receivable represent obligations of local property owners due to USBID. Unpaid receivables do not accrue interest.

USBID uses the allowance method to account for uncollectible assessments. The allowance for uncollectible assessments receivable reflects management's best estimate of the amounts that will not be collected based on historical experience and an evaluation of the outstanding receivables at the end of the year. As of June 30, 2020, the allowance for uncollectible assessments was approximately \$6,000.

INVESTMENTS

USBID's investments consist of certificates of deposit with maturities greater than three months when purchased, and are recorded at cost, plus accrued interest.

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FURNITURE AND EQUIPMENT

USBID capitalizes acquisitions of furniture and equipment with a cost or value in excess of \$1,000 and with estimated useful lives beyond one year. Purchased assets are recorded at cost; donated assets are recorded at estimated fair value at the date of acquisition. Depreciation is calculated using the straight-line method based upon estimated useful lives ranging from 3 to 7 years. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. The cost and accumulated depreciation of assets sold or retired are removed from the respective accounts and any gain or loss is reflected in the statement of activities and changes in net assets.

ACCRUED VACATION

Full-time employees may accrue up to 23 hours per month depending on the number of years employed. Part-time employees accrue vacation on a prorated basis. Employees can accrue a maximum of 150% of their annual vacation accrual.

REVENUE RECOGNITION

Assessment Revenue

USBID receives its revenue primarily from a special assessment levied by the City on properties located within the District in accordance with City Ordinance. The assessment is recorded by USBID when assessed by the City. The City remits the assessment to the USBID as the assessments are collected from the property owners. Interest is not charged on late assessments; however, late penalties are charged in accordance with the City's policy.

Contributions

USBID recognizes all unconditional contributions when they are received or unconditionally promised. Donor-restricted contributions are reported as with donor restrictions, depending on the nature of the restrictions.

The satisfaction of a donor-imposed restriction on a contribution is recognized when the corresponding expenditures are incurred or when the time restriction expires. This occurs by increasing net assets without donor restrictions and decreasing net assets with donor restrictions in the statement of activities. Such transactions are recorded as net assets released from restrictions. USBID has elected to reflect donor-restricted contributions whose restrictions are met in the same reporting period in which they are promised as support without donor restrictions in the accompanying statement of activities.

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION (CONTINUED)

Contributions (continued)

USBID receives government grants, which are conditional upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Revenue recognized on these grants for which billings have not been presented to the grantor, or cash has not been received from the grantor, is reflected as contributions and grants receivable in the accompanying statement of financial position. During the year ended June 30, 2020, USBID was awarded grants totaling \$61,470, which were deemed to be conditional. As such, they have not been recognized in the accompanying financial statements.

Contract Revenue

Contract revenue includes affiliate member fees and administrative fees charged for the Big Belly program and a management fee charged to the Union Square Foundation. Contract revenue is recognized as the performance obligations are satisfied. The performance obligations are satisfied as USBID provides services over the term of the contract.

Sponsorships

Sponsorships are considered conditional upon certain events being held. Amounts received are recognized as support when the event is held.

Contributed Goods and Services

Donated material and equipment are recorded as contributions at their estimated fair value on the date of receipt. Such donations are reported as net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as net assets with donor restrictions. USBID reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. For the year ended June 30, 2020, USBID recognized contributed material and equipment in the amount of \$1,000 used in the Marketing, Public Realm and Advocacy program.

The USBID records contribution revenue for certain services received at the fair value of those services, if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would be purchased if not donated.

For the year ended June 30, 2020, USBID recognized contributed services in the amount of \$394,644 for the Marketing, Public Realm and Advocacy and Clean and Safe programs.

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAXES

USBID is a qualified organization exempt from federal and state income taxes under §501(c)(4) of the Internal Revenue Code and §23701d of the California Revenue and Taxation Code.

USBID recognizes a threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken, or expected to be taken, in a tax return and requires the affirmative evaluation that is more-likely-than-not, based on the technical merits of a tax position, that an organization is entitled to economic benefits resulting from tax positions taken in income tax returns. For tax-exempt entities, favorable tax status itself is deemed to be an uncertainty, as events could potentially occur to jeopardize their tax-exempt status. If a tax position does not meet the more-likely-than-not recognition threshold, the benefit of that position is not recognized in the financial statements. USBID's evaluation on June 30, 2020, revealed no tax positions that would have a material impact on the financial statements. As of June 30, 2020, there was no accrual for interest or penalties.

The USBID's tax returns are subject to examination by federal and state taxing authorities. However, management is unaware of any pending examinations nor are there any in progress.

CONCENTRATIONS OF RISK

Financial Instruments

Financial instruments which potentially subject USBID to concentrations of credit risk consist principally of cash and cash equivalents and investments. USBID maintains its cash in various bank deposit accounts. USBID has a policy requiring all funds be fully insured. As of June 30, 2020, the cash and cash equivalents balance exceeding the \$250,000 per depositor per institution Federal Deposit Insurance Corporation limit totaled approximately \$427,000. Management believes that USBID is not exposed to any significant credit risk related to concentrations.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Expenses directly attributed to specific functional areas of USBID are reported as expenses of those functional areas. Shared costs that benefit multiple functional areas have been allocated among the various functional areas. The expenses that are allocated include salaries and benefits and rent and utilities, which are allocated on the basis of estimates of time and effort. Accounting, legal, and support and meetings, travel, conferences, and office expenses are allocated approximately 25% Clean and Safe, 25% Marketing, Public Realm, and Advocacy, and 50% Management and General.

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

COMPARATIVE FINANCIAL INFORMATION

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with USBID's financial statements as of June 30, 2019, and for the year then ended, from which the summarized information was derived.

NEW ACCOUNTING STANDARDS

In May 2014, Financial Accounting Standards Board (FASB) issued Accounting Standards Updated (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), which requires an entity to recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. USBID adopted ASU 2014-09 and related amendments on July 1, 2019, using the modified retrospective method and elected to apply the standard only to contracts that were not completed as of that date. The adoption of the standard did not impact the results of operations or change in net assets.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. USBID adopted the standard applicable to contributions received and contributions paid to grantees in the accompanying financial statements under a modified prospective bases. This standard did not result in a material change to the financial statements or the timing of revenue recognition for USBID's contributions.

NOTE 2 - FURNITURE AND EQUIPMENT

Furniture and equipment at June 30, 2020, consisted of the following:

Security camera equipment	\$ 1,658,786
Furniture and miscellaneous equipment	<u>174,812</u>
	1,833,598
Less: accumulated depreciation	<u>(1,520,840)</u>
Total	<u><u>\$ 312,758</u></u>

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

NOTE 3 - LINE OF CREDIT

USBID had a revolving line of credit with Wells Fargo Bank that expired on June 30, 2019 and had a maximum borrowing amount of \$500,000. This line of credit was renewed on September 3, 2019 and expired on February 2, 2020, and increased the maximum borrowing amount to \$700,000. On January 31, 2020, the line of credit was further renewed, with an expiration date of February 5, 2021, and a maximum borrowing amount of \$1,000,000. Amounts drawn on the line of credit accrue interest at the greater of the prime rate plus 1.25% (3.25% at June 30, 2020) or the floor rate of 5.00%. The line of credit is secured by USBID's receivables and equipment. There is no outstanding balance on the line of credit as of June 30, 2020. Interest expense incurred on this line of credit totaled \$2,083 for the year ended June 30, 2020.

NOTE 4 - NOTES PAYABLE AND INTEREST EXPENSE

In April 2020, USBID applied for a Small Business Administration (SBA) loan through the Paycheck Protection Program (PPP). On May 5, 2020, USBID's PPP loan application for \$133,590 was approved by a financial institution. The loan will mature in May 2022 and has a fixed interest rate of 1% per annum. Payments of principal and interest are deferred during the first six months of the loan. Commencing in November 2020, the loan will be paid in equal monthly installments through the maturity date. The loan amount may be eligible for forgiveness, pursuant to provisions of the PPP, which established minimum amounts of the loan to be used to cover payroll costs and the remainder used for mortgage interest, rent and utility costs over a specified period of time after the loan was made and the number of employees and compensation levels are maintained.

USBID also applied for a SBA loan through the Economic Injury Disaster Loan Program (EIDL). On June 30, 2020, the USBID's EIDL loan application for \$150,000 was approved by the SBA and the funds were received on July 2, 2020. The loan will mature in June 2050 and accrues interest at a fixed rate of 2.75% per annum. Payments of principal and interest are deferred during the first 12 months of the loan. Commencing in July 2021, the loan will be paid in equal monthly installments through the maturity date. The collateral in which this security interest is granted includes all property USBID owns or shall acquire or create.

NOTE 5 - RETIREMENT PLAN

On January 1, 2020, USBID adopted a defined contribution retirement plan which is operated under Section 401(k) of the Internal Revenue Code (the IRC), covering all eligible employees. All employees over the age of 21 are eligible to participate in the plan after

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

NOTE 5 - RETIREMENT PLAN (CONTINUED)

completion of one year of eligibility service, except union employees and non-resident aliens. Participants of the plan can make voluntary tax-deferred contributions into the plan within specified limits. The plan allows for USBID to make a profit sharing contribution, however, no contribution was made for the year ended June 30, 2020.

NOTE 6 - NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions at June 30, 2020, consisted of the following:

Board designated for Advocacy	\$ 17,334
Board designated for Clean and Safe	415,774
Board designated for Administrative	19,753
Board designated for Marketing	2,749
Net investment in furniture and miscellaneous equipment	312,758
Undesignated	<u>1,431,935</u>
Total	<u>\$ 2,220,303</u>

USBID does not receive the first assessment payment for its fiscal year until January of each year. Thus, it is incumbent on USBID to maintain approximately six months of operating capital at the end of each fiscal year to support operations until the first payment is received in the next fiscal year.

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2020, consisted of the following:

Campton Place	\$ 40,000
Security cameras	<u>39,235</u>
Total	<u>\$ 79,235</u>

NOTE 8 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from restrictions during the year ended June 30, 2020, by incurring expenses which satisfied the restricted purposes, as follows:

Police patrols and security cameras	\$ 46,822
Other	<u>5,816</u>
Total	<u>\$ 52,638</u>

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

NOTE 9 - COMMITMENTS

USBID leases its office, operations office, conference room, and storage on a month-to-month basis.

In August 2019, USBID entered into a non-cancelable lease agreement for equipment requiring monthly payments of \$461 through October 31, 2022.

The following is a schedule of minimum lease commitments:

For the Years Ending June 30,	Amount
2021	\$ 5,532
2022	5,532
2023	1,383
Total	\$ 12,447

Rent expense for the year ended June 30, 2020, totaled \$164,619.

NOTE 10 - RELATED PARTY TRANSACTIONS

USBID has a written conflict of interest policy that requires, among other things, that no member of the Board of Directors may participate in any decision in which he or she (or an immediate family member) has a material financial interest. Each Board member is required to certify compliance with the conflict of interest policy on an annual basis and indicate whether USBID does business with an entity in which a Board member has a material financial interest.

When such relationships exist, measures are taken to appropriately manage the actual or perceived conflict in the best interests of USBID. When a conflict of interest does exist, all affected parties (Board members or staff) must refrain from the decision-making process and abstain from the voting process.

A member of USBID's Board of Directors is associated with a company that contributed services to USBID totaling \$290,644 during the year ended June 30, 2020.

Union Square Foundation

The Union Square Foundation (USF), a separate entity exempt from federal income taxes under §501(c)(3) of the Internal Revenue Code, is an affiliate organization of USBID. USF was formed to raise funds and devote resources to public realm improvement programs and homeless programs to benefit the area and greater community. USBID's and USF's exempt purposes are closely aligned. Four members of USBID's Board of Directors are also Board members of USF.

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - RELATED PARTY TRANSACTIONS (CONTINUED)

Union Square Foundation (continued)

During the year ended June 30, 2020, USBID and USF entered into a service agreement for a term of one year in which USF pays for administration and management of programmatic services conducted by USBID, including the security camera program. During the year ended June 30, 2020, USBID provided services of \$187,027 to US which is included in contract revenue in the accompanying statement of activities. At June 30, 2020, \$22,805 is due from USF and is included in other receivables in the accompanying statement of financial position.

NOTE 11 - LIQUIDITY AND AVAILABILITY

The following represents USBID's financial assets at June 30, 2020:

Financial assets at year end:	
Cash and cash equivalents	\$ 1,354,805
Assessments receivable, net	54,644
Other receivables	62,705
Investments	<u>1,000,185</u>
Total financial assets	2,472,339
Less amounts not available to be used within one year:	
Net assets with donor restrictions	<u>(79,235)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 2,393,104</u>

USBID's primary source of revenue is assessments. USBID's cash flows have variations during the year as the assessments collected and paid to USBID by the City are primarily paid in two payments in January and May. It has been the policy of USBID to maintain at least six months of operating reserves at the end of each fiscal year. To help manage liquidity and as a safeguard, USBID maintains a \$1,000,000 line of credit that can be drawn upon if needed to manage cash flow. See Note 3 for further description of this line of credit.

NOTE 12 - SUBSEQUENT EVENTS

In preparing the financial statements, USBID has evaluated all subsequent events and transactions for potential recognition or disclosure through September 30, 2020, the date the financial statements were available to be issued.

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

NOTE 12 - SUBSEQUENT EVENTS (CONTINUED)

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic that continues to spread throughout the United States and international communities. USBID is monitoring the outbreak of COVID-19 and the related business and travel restrictions and changes to behavior intended to reduce its spread, in addition to the impact on its employees. Due to the rapid development and fluidity of this situation, the magnitude and duration of the pandemic and its impact on USBID's operations and liquidity is uncertain as of the date of this report. While there could ultimately be a material impact on operations and liquidity of USBID, at the time of issuance, the impact could not be determined.

In August 2020, USBID entered into an operating lease for new office space that commences on September 15, 2020, and expires on June 30, 2029. The new lease requires a deposit of \$7,057 and monthly rental payments of starting at \$6,023 with a 2% escalation effective each year on November 1 through the term of the lease.

Future minimum lease payments under the above operating lease are as follows:

For the Year Ending June 30,	
2021	\$ 48,184
2022	73,236
2023	74,700
2024	76,200
2025	77,720
Thereafter	<u>326,756</u>
Total	<u>\$ 676,796</u>

There were no other subsequent events that require recognition or disclosure in these financial statements.

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.

BOARD of SUPERVISORS



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TDD/TTY No. (415) 554-5227

MEMORANDUM

TO: Kate Sofis, Director, Office of Economic and Workforce Development
Ben Rosenfield, City Controller

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

DATE: June 2, 2021

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Government Audit and Oversight Committee has received the following proposed legislation, introduced by Supervisor Peskin on May 25, 2021:

File No. 210614

Resolution receiving and approving annual report for the Greater Union Square Business Improvement District for Fiscal Year (FY) 2019-2020, 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: Offices of Chair Preston and Supervisor Peskin
Todd Rydstrom, Office of the Controller
J'Wel Vaughan, Office of Economic and Workforce Development
Anne Taupier, Office of Economic and Workforce Development
Lisa Pagan, Office of Economic and Workforce Development
Chris Corgas, Office of Economic and Workforce Development

Introduction Form

By a Member of the Board of Supervisors or Mayor

Time stamp
or meeting date

I hereby submit the following item for introduction (select only one):

- ☒ 1. For reference to Committee. (An Ordinance, Resolution, Motion or Charter Amendment).
- ☐ 2. Request for next printed agenda Without Reference to Committee.
- ☐ 3. Request for hearing on a subject matter at Committee.
- ☐ 4. Request for letter beginning : "Supervisor inquiries"
- ☐ 5. City Attorney Request.
- ☐ 6. Call File No. from Committee.
- ☐ 7. Budget Analyst request (attached written motion).
- ☐ 8. Substitute Legislation File No.
- ☐ 9. Reactivate File No.
- ☐ 10. Topic submitted for Mayoral Appearance before the BOS on

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- ☐ Small Business Commission ☐ Youth Commission ☐ Ethics Commission
- ☐ Planning Commission ☐ Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use the Imperative Form.

Sponsor(s):

Subject:

The text is listed:

Resolution receiving and approving annual report for the Greater Union Square Business Improvement District for fiscal year 2019-2020, 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.

Signature of Sponsoring Supervisor:

For Clerk's Use Only