



Finance & Audit Advisory Committee

January 18, 2024 – 9:00 -10:30 am

Hybrid meeting

In-person (291 Geary St, #200) and Virtual Communication System Zoom

MINUTES

In Attendance

Committee Members: Jim Sangiacomo, Julie Taylor, Russell D. Keil Jr., Wes Tyler, Paul Sandberg, Bryan Dawson, Tammy Brock, Tom Brock, Nina Lang, Mark Purdy.

Staff: Ben Horne (CFO), Marisa Rodriguez (CEO), Zarrina Yousafzai (Finance & HR Associate), and Melanie Medina (Executive Assistant).

1) Call to Order and Introductions

Ben Horne called the meeting to order at 9:02 am. The team and the members welcomed new committee member Nina Lang from City National Bank and thanked her for joining and for her help with all the Alliance and Foundation's banking services.

2) Public Comment

Ben called for public comment, hearing none, the committee proceeded with the agenda.

3) Action to approve the November 8, 2023 meeting minutes of the Committee.

Action: After reviewing the minutes draft, the committee unanimously approved the November 9, 2023, minutes as motioned by Russell D. Keil Jr. and seconded by Julie Taylor.

4) Since We Last Met & Updates

Marisa and Ben provided several updates including:

- Staffing and Hiring Update
The Alliance has hired Jason Cherniss as the new Director of Services who will be overseeing contracts and committees related to Clean & Safe services.
- Foundation – grants and fundraising updates
 - a. Economic Recovery Grant – Cafes & Holiday 2023 (Winter Walk)
Currently, the final reports for Winter Walk are being generated by fulfilling the deliverables. Marisa highlighted Winter Walk's success, citing numerous positive press mentions and visitors. The Union Square cafe grant is also nearing completion, and in 2024, one of the cafes will undergo closure at a time for remodeling purposes.
 - b. Economic Recovery (Powell)



Marisa gave an update on the selection process for a design firm overseeing the capital improvement project for the Powell Street Promenade. Acknowledging the project's budget, she aimed to set realistic expectations for the outcome. Nonetheless, a firm has been chosen within the specified budget. Discussion took place regarding the impact of other San Francisco public projects on the community.

c. SF Live

The planning phase for SF Live 2024 is underway. Building on the insights gained from last year's pilot program, the Alliance is proceeding with new vendors and organizing fewer but larger events, aiming to attract larger crowds.

d. SVCF- Larsen Pressure Washing Grant

Ben updated the committee about a billing discrepancy in the pressure washing quote with Block by Block. The Alliance was billed more than expected for the extra pressure washing services along Market Street in December. Ben has communicated with Block by Block to address and rectify the issue

e. RFP 226

The discussions around the allocation of funds for RFP 226 is currently underway, with a planned distribution among the 2024 holidays, Tulip Day, and Bloom. The majority of the grant will be directed towards Tulip Day, as the Alliance is taking on the responsibility of funding and hosting the event. However, this grant and the contract is not finalized but should be in February or March.

f. Community Challenge Grant

The community challenge grant is moving forward but is also not finalized yet. It will be directed towards the Alliance's primary initiatives, including Bloom and the holidays.

g. RFP 228

Ben has filed a proposal for RFP 228, encompassing a \$50k grant designated specifically for Big Belly maintenance. Due to a notable rise in damaged Big Bellies over the past year, the expenses associated with maintaining and replacing parts have escalated. The objective is for the grant to contribute to sustaining the program until the new City cans are officially introduced citywide (hopefully within the remaining 1.5-2years remaining on the leases).

- Union Square Foundation agreement Jan-June 2024

The Alliance Board is set to review the revised services agreement with the Foundation during next week's Board meeting. The Alliance has adjusted its fee in response to the increased flow of funds through the Foundation, intended to cover administrative costs of managing these additional grants and funds. Ben highlighted that an audit may be mandated (by California) for the Foundation once it surpasses the \$2 million budget threshold. However, according to California law, the Foundation may be exempt from the audit requirement if most funds come from government agencies that also provides



oversight. This agreement and the audit will be brought to the Foundation Board at the next meeting.

5) Assessment Payment Report review.

The assessment payment was received on December 29th, 2023, and the line of credit has been completely paid off. Ben acknowledged Nina Lang and expressed gratitude to her and the City National Bank team handling the payment of the LOC over the New Year's holiday. The Alliance received approximately \$3.8 million from the total assessment of \$6.8 million. An additional \$300k-\$400k was received as a few property owners paid their full assessment (and property taxes) rather than making two payments. The additional funds were recognized as revenue accordingly. The receivables are slightly higher than the previous year by approximately \$30k. Discussion took place regarding specific receivables, including those from SF Centre and some hotels.

6) Action to Accept the Unaudited Financial Reports of December 2023, for recommendation to the Board of Directors

Ben summarized the unaudited financial reports of December 2023. There was an operating surplus as the first assessment payment was received in December. The organization has also outperformed the budget. The approved budget had a small deficit of \$11K. The organization had a positive budget variance of \$352K overall. It is projected that the organization will end FY23-24 with a \$164K surplus.

The assessments/core operations outperformed budget by \$304K due to expenses being under budget in clean and safe (\$120K) and additional revenues generated (\$100K). Marketing and Administrative expenses were slightly under budget as well by \$45K and \$32K respectively. There is a large Other Revenues positive variance of \$42K due to the additional Winter Walk grant and Larsen Pressure Washing grant. However, the Community Challenge Grant is still on hold. The Larsen lighting and security camera grants continue to face delays due in part to challenges with property owner permissions. The organization spent less on Other Funds (\$6K), leaving an overall positive variance of \$48K. The USBID assessment operation expenses were near management plan levels with 74% on clean & safe (includes sec cam), 12% on marketing and 14% on admin. Net assets (reserves) are at \$2.5mil and cash balance was \$3.8mil on 12/31/23. The organization paid off the line of credit (\$1mil) on 1/2/2024. Members reviewed, discussed, and asked questions.

Action: The committee unanimously approved to accept the unaudited Financial Reports of December 2023, for recommendation to the Board of Directors as motioned by Julie Taylor and seconded by Mark Purdy.

7) Review draft of budget modification for Jan-June 2024 and Action to recommend approval of budget modification to Board of Directors



Every year in January, Ben drafts the budget modification due to changes in funding and expenses. There is a forecasted increase of approximately \$38K in revenue. The approved budget sees an uptick in expenses related to clean and safe due to Block by Block increasing salary and equipment costs. There is a rebalancing of salary allocations, a slight increase in marketing expenses, a rise in public realm projects for maintenance, a reduction in administrative expenses, and an inclusion of grants totaling about \$113K, encompassing both the Community Challenge Grant and the Bigbelly grant (RFP 228). While the original approved budget had a deficit of around \$11K, the projections, after modifications, indicate a surplus of \$164K, resulting in a positive adjustment of about \$175K.

Action: The committee unanimously approved the budget modifications for Jan-June 2024 to recommend the modification to the Board of Directors as motioned by Jim Sangiacomo and seconded by Julie Taylor.

8) Next meetings & updates

Staff reviewed the upcoming meetings.

- a) Board Meeting January 25, 2024, at 9:00am (Zeppelin Hotel)
- b) Executive Committee February 22, 2024, at 9:00am
- c) Chinese New Year Parade February 24, 2024 at 5pm
- d) Finance & Audit Committee next meeting March 21, 2024 at 9:00am.
- e) Bloom! Launch Event – March 23, 2024
- f) Annual Lunch – Save the Date! – May 3, 2024

9) Adjournment 10:00am