

**THIS PRINT COVERS CALENDAR ITEM NO. : 10.7**

**SAN FRANCISCO  
MUNICIPAL TRANSPORTATION AGENCY**

**DIVISION:** Sustainable Streets

**BRIEF DESCRIPTION:**

Authorizing the Director of Transportation to submit property owner ballots for the Sutter Stockton and Ellis O'Farrell Garage parcels and the subsurface-easement parcel #APN 0327-024 to vote to approve the renewal of the Union Square Business Improvement District, for a term of ten years and an annual property tax assessment of \$100,328, subject to annual increases that will not exceed five percent in any one year.

**SUMMARY:**

- The Union Square Business Improvement District (BID) provides sidewalk cleaning, graffiti removal, security, and street beautification services to the Union Square area. Property owners in the BID area pay additional property taxes to pay for BID services. The BID was first established in 1999. The current authorization expires on June 30, 2019. For the BID to continue, a majority of property owners in the BID area must vote to support it and agree to pay the property tax assessments.
- The SFMTA's Sutter Stockton and Ellis O'Farrell garages and the subsurface-easement parcel #APN 0327-024 are within the BID.
- The BID has provided property owners and merchants in the CBD area cleaner and safer streets, which has improved the economic vitality of area.
- The proposed BID renewal would make minor changes to the BID street boundaries and would extend the CBD for a ten-year term, commencing in July 2019.
- The proposed BID annual assessments for the Sutter Stockton Garage, Ellis O'Farrell Garage and subsurface-easement parcels are \$66,501, \$30,399 and \$3,428 respectively, for the first year, subject to an inflation adjustment in subsequent years.
- The Union Square Garage will benefit from the BID services to be funded by the assessments.

**ENCLOSURES:**

1. SFMTAB Resolution
2. Union Square BID Management Plan 2019-2029

**APPROVALS:**

DIRECTOR



**DATE**

June 11, 2019

SECRETARY



June 11, 2019

**ASSIGNED SFMTAB CALENDAR DATE:** June 18, 2019

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## **PURPOSE**

Authorizing the Director of Transportation to submit property owner ballots for the Sutter Stockton and Ellis O'Farrell Garage parcels and the subsurface-easement parcel #APN 0327-024 to vote to approve the renewal of the Union Square Business Improvement District, for a term of ten years and an annual property tax assessment of \$100,328, subject to annual increases that will not exceed five percent in any one year.

## **STRATEGIC PLAN GOALS AND TRANSIT FIRST POLICY PRINCIPLES**

This item supports the following Strategic Plan Goal:

Goal 3: Improve the environment and quality of life in San Francisco

This item also supports the following Transit First Policy Principle:

1. To ensure quality of life and economic health in San Francisco, the primary objective of the transportation system must be the safe and efficient movement of people and goods.

## **DESCRIPTION**

The Property and Business Improvement District Law of 1994 (Section 36600 et seq. of the California Streets and Highways Code) and the San Francisco Business and Tax Regulations Code Article 15 (the Business Improvement Districts Procedural Code) establish the requirements and process for the formation and administration of property and business improvement districts, including those commonly known as Community Benefit Districts (CBDs). Currently, there are 17 such improvement districts in the City and County of San Francisco, in which the owners of property located within a CBD pay annual assessments and implement specific programs and projects that benefit their community.

The Union Square BID was established in 1999 for an initial term of five years. The BID was subsequently renewed for five years in 2005 and again for ten years in 2009. For the BID to continue, a majority of property owners in the BID area must vote to support it and agree to pay the property tax assessments. It is anticipated that, in July 2019, the Board of Supervisors will approve a renewal of the BID for an additional ten years, with minor adjustments to the current boundaries.

Over the last 20 years, the Union Square BID has provided valuable services, including an SFPD 10B-officer program, graffiti removal, street and sidewalk cleaning, neighborhood marketing and other efforts to the Union Square area bounded by Bush, Kearney, Market and Mason streets. These programs have helped maintain Union Square as a preeminent tourist, shopping and convention destination. The Sutter Stockton and Ellis O'Farrell garages, and also subsurface-easement parcel #APN 0327-024, are under the SFMTA's jurisdiction and are located within the BID. These SFMTA properties have received significant benefit from the BID's services.

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The Union Square BID Management Plan, released in February 2019, outlines the following:

*District Boundaries and Service Plan*

The proposed BID boundaries, shown in Appendix A of Enclosure 2, covers over 620 parcels. The district supports a mix of retail, hospitality and residential properties. To enhance the experience of visitors to the area as well as residents, the BID will provide services in the following categories:

1. Cleaning
2. Safety
3. Security Camera Program
4. Destination Marketing and Events
5. Advocacy
6. Public Realm and Streetscape Improvements

The Management Plan for the BID, included as Enclosure 2, provides details on each of these services.

*Budget*

Based upon the needs of the community, a first-year budget of over \$6.5 Million has been identified in the BID Management Plan. The breakdown of proposed expenses is as follows:

<b>Expenses</b>	<b>Amount</b>
Clean and Safe	\$4,868,481 (74%)
Public Realm, Marketing Events & Advocacy	754,601 (12%)
Management & Administration	937,908 (14%)
<b>Total</b>	<b>\$6,560,990 (100%)</b>

Based on the annual San Francisco Bay Area Consumer Price Index (CPI) adjustments in the assessments, the operating budget may increase up to a maximum of five percent each year during the proposed ten-year renewal term.

*Property Assessments*

The Union Square BID Renewal Steering Committee developed a formula that considers various factors in calculating each parcel’s BID assessment, to ensure that final assessments are fair and equitable to all parcels within the BID. A parcel’s location within the district, its amount of street frontage, and the parcel type (e.g. non-residential, residential, public property) are incorporated into that calculation methodology. The proposed first year assessments for the Sutter Stockton and Ellis O’Farrell garages, and for the subsurface-easement parcel #APN 0327-024, are \$66,501, \$30,399 and \$3,428, respectively, which cumulatively represents 1.5 percent of the entire assessment for all properties within the BID.

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The assessments for future years (years two through ten) may be adjusted for inflation based upon the San Francisco-Oakland-San Jose Consumer Price Index, not to exceed five percent annually. Unless extended by the property owners, the BID will terminate after ten years.

The Management Plan, included as Enclosure 2, provides details on the assessment methodology.

### *Schedule*

Through a petition process in early 2019, the Union Square BID documented the necessary support from property owners for renewing the BID. In May 2019, the Board of Supervisors authorized the opening of the 45-day window for voting by property owners within the BID. Ballots are due to the Department of Elections by July 9, 2019. If the attached resolution is approved by the SFMTA Board of Directors, the Director of Transportation will be authorized to submit official ballots in support of renewing the Union Square BID.

In general, the City encourages neighborhood associations and community groups to work together with City staff to identify community needs, secure necessary funds and jointly develop an implementation plan for additional services or capital improvements. Staff believes the proposed BID initiative, including planned services and administration, will benefit the community at large, including the Sutter Stockton and Ellis O'Farrell garages and the subsurface-easement parcel #APN 0327-024, which will contribute the aforementioned assessments.

The enhanced cleaning and maintenance of sidewalks, and additional security, safety and streetscape improvements in the proximity of the Sutter Stockton and Ellis O'Farrell garages will benefit thousands of garage patrons every day. Special marketing efforts promoting businesses and special events within the district will also support garage operations. Because the garages will receive significant benefits in return for an annual assessment, staff recommends supporting the renewal of the Union Square BID.

Additionally, other SFMTA assets in the neighborhood, including the Powell Station and the impending Union Square station of the Central Subway, will benefit from the BID.

## **STAKEHOLDER ENGAGEMENT**

The proposed renewal of the Union Square BID was informed by a comprehensive public outreach effort. Outreach efforts by the BID included survey research, direct mail, online communications, one-on-one meetings, neighborhood canvassing, and discussions at local homeowner association meetings. Among the 78 meetings held by BID staff were a series of 14 public meetings convened by a Renewal Steering Committee formed by the BID. Public input received at these meetings was overwhelmingly positive, and negligible negative feedback was received regarding renewal of the BID.

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## **ALTERNATIVES CONSIDERED**

The SFMTA could choose to vote against the continuation of the BID. If the BID is not renewed, however, the Union Square area would lose the benefit of the increased services provided by the BID, and those services might not be performed by another City department or other entity.

## **FUNDING IMPACT**

If approved by the Board of Supervisors, the renewal and expansion of the Union Square BID will result in an annual assessment of approximately \$100,328 for the Sutter Stockton and Ellis O'Farrell garages and the subsurface-easement parcel #APN 0327-024. Adequate funds to cover this assessment are available in the FY 2019-20 Operating Budget. This assessment will not have a negative impact on the budgeted revenues already included in the approved FY 2019-20 operating budget.

## **ENVIRONMENTAL REVIEW**

On May 30, 2019, the SFMTA, under authority delegated by the Planning Department, determined that the renewal of the Union Square BID is not defined as a "project" under the California Environmental Quality Act (CEQA) pursuant to Title 14 of the California Code of Regulations Sections 15060(c) and 15378(b).

A copy of the CEQA determination is on file with the Secretary to the SFMTA Board of Directors and is incorporated herein by reference.

## **OTHER APPROVALS RECEIVED OR STILL REQUIRED**

No other approvals are required to authorize the Director of Transportation to submit ballots for the Sutter Stockton and Ellis O'Farrell garages and the subsurface-easement parcel #APN 0327-024 in favor of the BID's renewal. In order for the BID to be reauthorized, a majority of the weighted ballots cast by the property owners must not oppose reauthorization, and the Board of Supervisors must vote to reauthorize the BID. It is anticipated that the Board of Supervisors will consider reauthorization at a public hearing.

The City Attorney's Office has reviewed this item.

## **RECOMMENDATION**

Staff recommends that the SFMTA Board of Directors authorize the Director of Transportation to submit property owner ballots for the Sutter Stockton and Ellis O'Farrell Garage parcels and the subsurface-easement parcel #APN 0327-024 to vote to approve the renewal of the Union Square Business Improvement District, for a term of ten years and an annual property tax assessment of \$100,328, subject to annual increases that will not exceed five percent in any one year.

SAN FRANCISCO  
MUNICIPAL TRANSPORTATION AGENCY  
BOARD OF DIRECTORS

RESOLUTION No. \_\_\_\_\_

WHEREAS, Section 36600 et seq. of the California Streets and Highways Code (the Property and Business Improvement District Law of 1994) and the San Francisco Business and Tax Regulations Code Article 15 (the Business Improvement Districts Procedure Code) establish the requirements and process for the formation of property and business improvement districts, including those commonly known as Business Improvement Districts (BIDs); and,

WHEREAS, The Union Square BID was first established in 1999 for an initial term of five years, then subsequently extended for five years in 2000 and ten years in 2009; and,

WHEREAS, The proposed renewal of the Union Square BID would extend the term for an additional ten years, with minor modifications to district boundaries; and,

WHEREAS, A Union Square BID Management Plan has been prepared that identifies community challenges and priorities, proposed projects and services, annual assessments for each parcel, and a budget and administration plan for the BID; and,

WHEREAS, Continuation of the BID will benefit numerous property owners, businesses, visitors and residents in the BID and surrounding areas by improving community livability and strengthening economic vitality; and,

WHEREAS, The Sutter Stockton and Ellis O'Farrell garages, as well as a subsurface-easement parcel #APN 0327-024, under the control of the SFMTA, are located within the proposed BID's boundaries and would be subject to annual assessments, with a total assessment for the first year of \$100,328, with subsequent annual assessments subject to an increase in the amount of inflation but not to exceed five percent in any one year; and,

WHEREAS, On May 30, 2019, the SFMTA, under authority delegated by the Planning Department, determined that the renewal of the Union Square BID is not defined as a "project" under the California Environmental Quality Act (CEQA) pursuant Title 14 of the California Code of Regulations Sections 15060(c) and 15378(b); and,

WHEREAS, a copy of the CEQA determination is on file with the Secretary to the SFMTA Board of Directors, and is incorporated herein by reference; now, therefore, be it

RESOLVED, That the San Francisco Municipal Transportation Agency Board of Directors authorizes the Director of Transportation to submit property owner ballots for the Sutter Stockton and Ellis O'Farrell Garage parcels and the subsurface-easement parcel #APN 0327-024 to vote to approve the renewal of the Union Square Business Improvement District, for

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a term of ten years and an annual property tax assessment of \$100,328, subject to annual increases that will not exceed five percent in any one year.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of June 18, 2019.

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Secretary to the Board of Directors  
San Francisco Municipal Transportation Agency