

THIS PRINT COVERS CALENDAR ITEM NO: 11

**SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY**

DIVISION: Finance and Information Technology

BRIEF DESCRIPTION:

Amending Transportation Code, Division II, Section 902 to authorize the Director of Transportation to waive all SFMTA fees associated with events determined to be eligible for fee waivers as Qualifying Neighborhood Outdoor Events, consistent with Board of Supervisors' legislation waiving fees related to the temporary closure of streets for events organized by community-serving nonprofit arts and culture organizations, small businesses, merchant association, neighborhood resident associations, and property and business improvement districts, and meeting certain criteria, with the authorization to expire on June 30, 2027.

SUMMARY:

- On June 18, 2024, the Board of Supervisors (BOS) approved legislation sponsored by the Mayor and several Supervisors amending Division I of the Transportation Code to waive fees for Qualifying Neighborhood Outdoor Events that involve special event street closures approved by the Interdepartmental Staff Committee on Traffic and Transportation (ISCOTT).
- The BOS intended the waiver of fees to support outdoor events, which serve as economic catalysts by attracting visitors to local businesses, thereby stimulating economic activity and generating revenue for the city through increased tourism and commerce.
- San Francisco Charter Section 8A.102(b) provides the SFMTA with exclusive authority to set fares, rates, fees, fines, penalties and charges for services provided or functions performed by the SFMTA.
- Given the SFMTA's authority to set fees and other charges, the BOS legislation did not apply to fees levied by the SFMTA for temporary street closure events. The BOS did however urge the SFMTA to implement fee waivers for Qualifying Neighborhood Outdoor Events.
- In response to the BOS legislation, SFMTA proposes to waive all SFMTA fees associated with Qualifying Neighborhood Outdoor Events, including temporary street closure permit fees and charges for material and staffing costs associated with posting of temporary no-parking signage, traffic control, and re-routing of Muni vehicles.
- The proposed fee waiver authorization would sunset on June 30, 2027 and have an estimated combined fiscal impact of \$2.2 million for Fiscal Years 2025 and 2026. The fiscal impact of the waivers may be offset by stimulating neighborhood and commercial district events economic activity which could increase the general fund transfer to the SFMTA.

ENCLOSURES:

1. SFMTAB Resolution
2. Transportation Code Amendment

APPROVALS:

DATE

DIRECTOR



August 1, 2024

SECRETARY



August 1, 2024

ASSIGNED SFMTAB CALENDAR DATE: August 6, 2024

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PURPOSE

Amending Transportation Code, Division II, Section 902 to authorize the Director of Transportation to waive all SFMTA fees associated with events determined to be eligible for fee waivers as Qualifying Neighborhood Outdoor Events, consistent with Board of Supervisors' legislation waiving fees related to the temporary closure of streets for events organized by community-serving nonprofit arts and culture organizations, small businesses, merchant association, neighborhood resident associations, and property and business improvement districts, and meeting certain criteria, with the authorization to expire on June 30, 2027.

STRATEGIC PLAN GOALS AND TRANSIT FIRST POLICY PRINCIPLES

This item supports the following Strategic Plan Goals:

Goal 7: Build stronger relationships with stakeholders.

DESCRIPTION

Background

On June 18, 2024, the San Francisco Board of Supervisors unanimously approved Ordinance No. 130-24, amending Division I of the Transportation Code to add a new section 6.17 to waive fees for Qualifying Neighborhood Outdoor Events that involve special event street closures approved by the Interdepartmental Staff Committee on Traffic and Transportation (ISCOTT). Ordinance No. 130-24 was sponsored by the Mayor and several Supervisors. Fees waived under section 6.17 include any and all application, permit, staffing, and inspection fees associated with a Qualifying Neighborhood Outdoor Event issued by the Departments of Health, Fire, Police, and the Entertainment Commission.

However, San Francisco Charter Section 8A.102(b) provides the SFMTA with exclusive authority to set fares, rates, fees, fines, penalties and charges for services provided or functions performed by the SFMTA. Given this Charter authority, section 6.17 does not waive fees and other associated costs levied by the SFMTA for temporary street closure events. The BOS legislation did however urge the SFMTA waive any and all SFMTA fees associated with Qualifying Neighborhood Outdoor Events, including temporary street closure permit fees and charges for material and staffing costs associated with posting of temporary no-parking signage, traffic control, and re-routing of Muni vehicles.

Criteria for Waiver

Under Transportation Code, Division I, Section 6.17 a "Qualifying Neighborhood Outdoor Event" is as an event sponsored by one of the following entities:

- A nonprofit arts and culture organization that provides programming in San Francisco, that is exempt from taxation under Internal Revenue Code Section 501(c)(3), and that is

in compliance with all applicable requirements to register with the California Attorney General's Registry of Charities and Fundraisers.

- A business with less than \$5 million in annual gross revenue that has a physical place of business within or adjacent to the area in which the proposed event would take place.
- A merchant or neighborhood resident association that represents the area in which the proposed event would take place.
- A property and business improvement district that serves the area in which the proposed event would take place.

The event must also meet the following criteria:

- It is primarily intended to attract residents and workers from neighboring areas.
- The event is free and open to the public.
- If incorporating amplified sound, the event does so for a maximum of six hours.
- The event occupies a maximum of three continuous blocks or occupies streets in a hub-and-spoke pattern within a one block radius from a central intersection.
- The event is a single-day event that involves a street closure for no longer than 24 hours for all event activities, with public programming taking place outdoors within the hours of 8:00 am to 10:00 pm.
- As determined by the SFMTA, the event does not impact light rail, street car, or cable car operations; impact major streets; require the rerouting of a SFMTA Rapid Line; unduly disrupt vehicle or pedestrian traffic; require substituting trolley buses or rail cars with motor coaches; restrict direct access by SFMTA vehicles to rail stations; or require the SFMTA to shut down electrification of overhead wires.
- For an event that primarily takes place on Recreation and Park Department property, the event does not involve the closure of any street that would not contain public-facing programming during the event.

Subsequent to the passage of Ordinance No. 130-24, File No. 240665 was introduced at the BOS to extend the fee waivers to night markets up to six continuous blocks along Irving Street between 19th Avenue and Great Highway, Noriega Street between 19th Avenue and Great Highway, or Taraval Street between 19th Avenue and Great Highway. If passed, these events would also be eligible for fee waivers as Qualifying Neighborhood Outdoor Events, and the fee waiver authorization in the proposed Division II, Transportation Code amendment would apply to these events. For this reason, this item assumes inclusion of night markets up to six continuous blocks in estimating the fiscal impact of waiving the proposed SFMTA fees.

Administration

ISCOTT, managed and chaired by the SFMTA, coordinates applications for street closures for special events and will be responsible for the administration and implementation of the new program, including waiver determinations consistent with the requirements and criteria under the Transportation Code. City departments are required to report annually to the SFMTA the events for which fees were waived and the amount of fees waived for each event. The SFMTA shall compile this information and report it annually to the Board of Supervisors and the Mayor.

Benefits of Waiving Street Closure Fees

As per Board of Supervisors' Ordinance No 130-24, special events held on closed streets provide important opportunities for local arts, food, retail, and other entrepreneurs to showcase and sell their products, and serve as a critical platform to grow small businesses. Waiving City fees for such events will encourage community-based arts organizations, nonprofits, small businesses, community benefit districts, and merchant associations to organize such events, thereby empowering these stakeholders to launch new community-building activities. With fees waived, community groups and nonprofits will be able to allocate more resources towards event programming and community engagement.

Ordinance No 130-24 also states, outdoor neighborhood events serve as economic catalysts by attracting visitors to local businesses, thereby stimulating economic activity and generating revenue for the city through increased tourism and commerce and provide opportunities for cultural exchange and celebration of diversity, fostering greater understanding and appreciation among residents from different backgrounds and promoting social inclusion. Waiving these fees for outdoor events demonstrates the City's commitment to stimulating economic recovery through arts and culture, including the launching of new events to catalyze economic activity downtown and in neighborhoods across San Francisco.

STAKEHOLDER ENGAGEMENT

During the development and introduction of the Board of Supervisors' fee waiver legislation, staff from the Mayor's Office and the Office of Economic and Workforce Development met with impacted City departments, community benefit organizations, small businesses, and hospitality advocates to discuss outdoor event fees and opportunities to support community events through fee waivers. This process was informed by research previously conducted during a 2019-2020 Special Events Steering Committee, chaired by the Office of Economic and Workforce Development and the City Administrator, that convened City agencies and also gathered feedback from focus groups of outdoor event organizers.

ALTERNATIVES CONSIDERED

The SFMTA considered proposing legislation without a sunset provision, consistent with legislation adopted by the Board of Supervisors. Given the fiscal outlook of the SFMTA, staff recommend the inclusion of a sunset date of June 30, 2027, allowing the SFMTA Board to review the program and consider it in the context of the Fiscal Year (FY) 2027 and 2028 budget.

FUNDING IMPACT

The SFMTA permitted 535 events in Calendar Year 2023. It is estimated that approximately 55 percent would have been eligible for fee waivers based on the criteria as presented. The waiver program will likely increase demand for street closure permits. For the purpose of forecasting the revenue impact, an initial 20 percent increase in the number of eligible events has been assumed

in the first year in response to the fee waiver program, levelling off to approximately 5 percent increase each year thereafter.

Table 1 – Estimated Fiscal Impact

Description	FY25 (9 months)*	FY26	Total 2 Years
Application Fees	351,300	486,059	837,360
"No Parking" signage	440,958	610,109	1,051,067
PCO support	112,072	155,062	267,134
Transit impacts/support	33,621	46,519	80,140
Total	937,951	1,297,749	2,235,701

**Assuming September 2024 implementation*

As shown in the table above, the total estimated fiscal impact for the two years program is approximately \$2.2 million. By encouraging neighborhood and commercial district events that stimulate the economy the program may increase general fund transfer to SFMTA, offsetting the cost of the waivers.

ENVIRONMENTAL REVIEW

On July 8, 2024, the SFMTA, under authority delegated by the Planning Department, determined that the proposed special event fee waiver is not a project under Section 21065 of the California Environmental Quality Act (CEQA) and Sections 15060(c) and 15378(b) of the CEQA Guidelines.

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

The City Attorney’s Office has reviewed this calendar item.

RECOMMENDATION

Staff recommends that the SFMTA Board of Directors amend Transportation Code, Division II, Section 902 to authorize the Director of Transportation to waive all SFMTA fees associated with events determined to be eligible for fee waivers as Qualifying Neighborhood Outdoor Events, consistent with Board of Supervisors’ legislation waiving fees related to the temporary closure of streets for events organized by community-serving nonprofit arts and culture organizations, small businesses, merchant association, neighborhood resident associations, and property and business improvement districts, and meeting certain criteria, with the authorization to expire on June 30, 2027.

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. _____

WHEREAS, On June 18, 2024, the Board of Supervisors (BOS) passed Ordinance No. 130-24 amending Division I of the Transportation Code to waive fees for Qualifying Neighborhood Outdoor Events that involve special event street closures approved by the Interdepartmental Staff Committee on Traffic and Transportation (ISCOTT); and

WHEREAS, Fees waived for Qualifying Neighborhood Outdoor Events are meant to support outdoor events, which serve as economic catalysts by attracting visitors to local businesses, thereby stimulating economic activity and generating revenue for the city through increased tourism and commerce; and

WHEREAS, San Francisco Charter Section 8A.102(b) provides the San Francisco Municipal Transportation Agency (SFMTA) with exclusive authority to set fares, rates, fees, fines, penalties and charges for services provided or functions performed by the SFMTA; and

WHEREAS, The Board of Supervisors in Ordinance No. 130-24 urged the SFMTA to waive any and all SFMTA fees associated with Qualifying Neighborhood Outdoor Events; and

WHEREAS, Staff recommends amending Transportation Code, Division II, Section 902 to authorize the Director of Transportation to waive all SFMTA fees associated with events determined to be eligible for fee waivers as Qualifying Neighborhood Outdoor Events, and

WHEREAS, Given the fiscal outlook of the SFMTA, staff recommend the inclusion of a sunset date of June 30, 2027, allowing the SFMTA Board to review the program and consider it in the context of the FY 2027 and 2028 budget; and

WHEREAS, On July 8, 2024, the SFMTA, under authority delegated by the Planning Department, determined that the proposed special event fee waiver is not a project under Section 21065 of the California Environmental Quality Act (CEQA) and Sections 15060(c) and 15378(b) of the CEQA Guidelines; 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, The San Francisco Municipal Transportation Agency Board of Directors amend Transportation Code, Division II, Section 902 to authorize the Director of Transportation to waive all SFMTA fees associated with events determined to be eligible for fee waivers as Qualifying Neighborhood Outdoor Events, with the authorization to expire on June 30, 2027.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of August 6, 2024.

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency

[Transportation Code – Authorization for Director of Transportation to Waive Fees for Qualifying Neighborhood Outdoor Events]

Resolution amending Division II of the Transportation Code to authorize the Director of Transportation to waive fees for Qualifying Neighborhood Outdoor Events.

NOTE: Additions are in *single-underline italics Times New Roman font*.
Deletions are in ~~*strike-through italics Times New Roman font*~~.
Asterisks (* * * *) indicate the omission of unchanged Code subsections or parts of tables.

The Municipal Transportation Agency Board of Directors of the City and County of San Francisco enacts the following regulations:

Section 1. Article 900 of Division II of the Transportation Code is hereby amended by revising Section 902, to read as follows:

SEC. 902. GENERAL PERMIT CONDITIONS.

The following general provisions apply to all permits issued under this Article 900.

* * * *

(h) Fee Waiver; Qualifying Neighborhood Outdoor Events. The Director of Transportation is authorized to waive all SFMTA fees associated with events determined to be eligible for fee waivers as Qualifying Neighborhood Outdoor Events, including those established in Article 300 and this Article 900, consistent with Division I, Section 6.17 of the Transportation Code. This subsection (h) shall expire by operation of law at the end of the day on June 30, 2027. Upon its expiration, the City Attorney is authorized to cause this subsection to be removed from the Transportation Code.

Section 2. Effective Date. This resolution shall become effective 31 days after enactment. Enactment occurs when the San Francisco Municipal Transportation Agency Board of Directors approves this resolution.

Section 3. Scope of Resolution. In enacting this resolution, the San Francisco Municipal Transportation Agency Board of Directors intends to amend only those words, phrases, paragraphs, subsections, sections, articles, numbers, letters, punctuation marks, charts, diagrams, or any other constituent parts of the Transportation Code that are explicitly shown in this resolution as additions or deletions in accordance with the "Note" that appears under the official title of the resolution.

APPROVED AS TO FORM:
DAVID CHIU, City Attorney

By: _____
LILLIAN A. LEVY
Deputy City Attorney

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I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of August 6, 2024.

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency