

**THIS PRINT COVERS CALENDAR ITEM NO. : 10.9**

**SAN FRANCISCO  
MUNICIPAL TRANSPORTATION AGENCY**

**DIVISION:** Sustainable Streets

**BRIEF DESCRIPTION:**

Supporting the formation of a new Japantown Community Benefit District (CBD) and authorizing the Director of Transportation to submit a ballot on behalf of the SFMTA in favor of the formation of the proposed CBD.

**SUMMARY:**

- The Japantown area attracts employees and visitors, as well as tourists, to numerous venues, private businesses and restaurants.
- Over the last several years, the community has explored the formation of a CBD to raise funds for implementing specific improvements and adding services, thereby enhancing the quality of life for the neighborhood residents, businesses and visitors.
- The proposed CBD would levy special assessments on the properties within the CBD boundaries. The CBD would operate effective January 1, 2018 and continue for 10 years.
- The Japan Center Garage, located at 1610 Geary Blvd., is within the proposed CBD boundaries. The initial proposed annual assessment for this garage is \$52,017.36.
- The area in the vicinity of the Japan Center Garage would benefit from enhanced sidewalk cleaning, graffiti removal, security and street beautification efforts funded by the assessments.

**ENCLOSURES:**

1. SFMTAB Resolution
2. CBD Management District Plan

**APPROVALS:**

**DATE**

DIRECTOR



7/11/2017

SECRETARY



7/11/2017

**ASSIGNED SFMTAB CALENDAR DATE:** July 18, 2017

**PAGE 2.**

## **PURPOSE**

Requesting that the San Francisco Municipal Transportation Agency Board of Directors adopt the attached resolution supporting formation of a new Japantown Community Benefit District (CBD) and authorizing the Director of Transportation to submit a ballot on behalf of the SFMTA in favor of establishing the proposed CBD.

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

Formation of the Japantown CBD will support the following goals and objectives in SFMTA's Strategic Plan:

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

Additionally, formation of the Japantown CBD will support the following Transit First Policy Principles:

5. Pedestrian areas shall be enhanced wherever possible to improve the safety and comfort of pedestrians and to encourage travel by foot.

## **DESCRIPTION**

Under State and City laws, property owners may form property and business improvement districts, whereby property owners agree to pay assessments to fund specific programs and projects that benefit their communities. The Property and Business Improvement District Law of 1994 (Sections 36600 et seq. of the California Streets & Highways Code), and the City's Business Improvement Districts Procedural Code (Sections 1510 et seq. of the Business & Tax Regulations Code) establish the requirements and procedures for the formation and administration of property and business improvement districts. In San Francisco, many of the districts formed under these laws are referred to as Community Benefit Districts (CBDs). Currently, there are several CBDs within the City and County of San Francisco.

For over a year, the CBD Steering Committee, the Mayor's Office of Economic and Workforce Development, and other local stakeholders have evaluated the challenges faced by the community and identified a variety of solutions to advance the quality of life for its residents and visitors and enhance the economic vibrancy for businesses. Because the community's needs exceed the services provided by limited government resources, the Steering Committee has put together a comprehensive plan that proposes to address what the community wants through the formation of a CBD. The Final CBD Management District Plan, released in April 2017, outlines the following:

### *District Boundaries and Priorities*

The proposed district includes approximately 67 parcels within seven full or partial blocks and stretches for three blocks along Geary Street between Laguna Street on the east and Fillmore

**PAGE 3.**

Street on the west. One-and-one-half blocks of Post Street, starting at Laguna Street and moving west, and 1 ½ blocks of Buchanan Street, moving north from Post Street, are also included. A detailed map showing the district boundaries is included within the CBD Management District Plan, which is enclosed.

*Budget*

Based upon the needs of the community, a first year budget of \$400,000 has been identified in the Final Management Plan. The breakdown of proposed expenses is as follows:

<b>Service</b>	<b>Expense</b>
Environmental Enhancements	\$125,000
Economic Enhancements	\$195,000
Advocacy/Administration	\$70,000
CBD Reserve	\$10,000
<b>Total</b>	<b>\$400,000</b>

Of the total annual budget, 98.4 percent of the revenues will be generated from the special benefit assessments. The remaining 1.6 percent of revenue will be generated from other sources such as grants, donations and in-kind contributions.

*Property Assessments*

The Japantown CBD Steering Committee developed an assessment methodology that is fair and equitable to all parcels within the proposed CBD. Because all parcels within the district will benefit from the formation of the CBD, an appropriate assessment has been proposed for each parcel. The annual assessment for each parcel is based on the following:

- General Benefit Assignment (based on land use and relevant benefit to the property)
- Linear footage of the lot abutting the public right of way
- Lot square feet
- Gross building area, and
- Land Use.

The assessments for future years (years two through ten) may be adjusted for inflation based upon the Bay Area Consumer Price Index, not to exceed three percent annually. Unless extended by the property owners, the CBD will terminate after ten years.

*District Management*

To effectively govern the newly formed CBD, a 501(c)(3), Owner’s Non-Profit Association will be formed that will be governed by a Board of Directors. In compliance with Section 1511(f) of the San Francisco Business Tax and Regulations Code, at least 20 percent of the Board will consist of business owners who do not own commercial property within the District. The Association will comply with the Ralph M. Brown Act and the California Public Records Act.

*Schedule*

**PAGE 4.**

Through a petition process begun in April 2017, the community is attempting to document the required support from property owners in the Japantown area to initiate the CBD formation process. Assuming that sufficient support is received from property owners, the anticipated schedule for the remainder of the process is as follows:

May 23, 2017	Board of Supervisors approved a resolution of intent to form the CBD and authorization to mail the ballots to all affected property owners.
July 25, 2017	Ballots due. Public hearing before Board of Supervisors and, unless a majority of the weighted ballots cast are opposed to formation, Board of Supervisors decision on CBD formation.
Aug. – Dec. 2017	Formation of the CBD.
December 2017	Collection of First Year’s Assessment.
January 1, 2018	Assessments transferred to CBD from the City. Services initiated.

In general, the SFMTA staff 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. Staff believes that the proposed CBD initiative, including the planned services and administration, will benefit the community at large, including the Japan Center Garage operated by the Japan Center Garage Corporation and the SFMTA. The proposed assessments include \$52,017.36 for the Japan Center Garage. Under Article XIID (4) of the California Constitution, government property in CBDs must be assessed unless the property receives no special benefit from the improvements and services funded by the assessments.

The enhanced maintenance of sidewalks, additional security and streetscape improvements in the proximity of the garage will benefit thousands of garage patrons every day. Due to significant benefits in return for an annual assessment of approximately \$52,017.36 for the Japan Center Garage, staff recommends supporting the formation of the CBD.

**STAKEHOLDER ENGAGEMENT**

Over the last year, the Steering Committee conducted extensive outreach to the property owners through community meetings, one-on-one meetings and mail surveys, and identified the following priorities for the proposed CBD:

1. Sidewalk Cleaning and Maintenance
2. Streetscape and Beautification
3. Public Safety
4. Social Service Outreach
5. Advocacy Related to Business Technical Assistance and District’s Interests at Citywide Forums

**PAGE 5.**

## **ALTERNATIVES CONSIDERED**

Not supporting the formation of the proposed CBD would mean the proposed services would have no funding source, and likely would not be provided. Therefore, the formation of the CBD, which will levy an annual assessment to all properties benefiting from the improvements, is recommended.

## **FUNDING IMPACT**

Formation of this CBD will result in an annual assessment of approximately \$52,017 beginning FY2017-2018, which is less than one percent of the gross income and just over two percent of the net income for the garage.

## **ENVIRONMENTAL REVIEW**

On June 19, 2017, the SFMTA, under authority delegated by the Planning Department, determined that the vote in favor of establishing a Japantown CBD is not 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**

At its May 23, 2017 meeting, the Board of Supervisors reviewed the results of the petition process. Finding sufficient support from property owners, the Board of Supervisors passed a resolution of intent to proceed with formation of the district, and to authorize the mailing of ballots to the affected property owners within the proposed CBD. If a majority of the weighted ballots cast by property owners do not oppose formation of the CBD, final action on formation of the CBD by the Board of Supervisors is anticipated on July 25, 2017.

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

## **RECOMMENDATION**

Staff recommends that the SFMTA Board support formation of a new Japantown CBD and requests that the SFMTA Board authorize the Director of Transportation to submit a ballot on behalf of the SFMTA in favor of establishing the CBD.

SAN FRANCISCO  
MUNICIPAL TRANSPORTATION AGENCY  
BOARD OF DIRECTORS

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

WHEREAS, Sections 36600 et seq. of the California Streets and Highways Code, and Article 15 of the San Francisco Business and Tax Regulations Code establish the requirements and process for the formation and administration of property and business improvement districts, including Community Benefit Districts (CBDs); and,

WHEREAS, Due to limited government resources, there is support in the Lower Polk neighborhood for exploring new ways to fund cleaning, greening, beautifying, marketing, promoting and maintaining a vibrant and inviting community; and,

WHEREAS, The Japantown CBD Steering Committee, consisting of a broad range of members from various businesses, private entities and residents in the Lower Polk area proposes to form a CBD; and,

WHEREAS, The Steering Committee has developed a CBD Management District Plan that identifies community challenges and priorities, proposed projects and services, annual assessments for each parcel, a budget, and a plan for administration of the CBD; and,

WHEREAS, Formation of the CBD will benefit numerous property owners and residents by improving community livability and strengthening economic vibrancy in the Japantown area; and,

WHEREAS, The Japan Center Garage owned by the SFMTA is located within the proposed CBD boundaries and would be subject to annual assessments, and the total assessment for the first year of operation (Fiscal Year 2017-2018) would be \$52,017.36; and,

WHEREAS, Formation of the CBD will result in cleaner sidewalks, enhanced safety, improved streetscapes and additional marketing that will benefit the Garage as well as the community; and,

WHEREAS, On June 19, 2017, the SFMTA, under authority delegated by the Planning Department, determined that the vote in favor of establishing a Japantown CBD is not 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); 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

**PAGE 7.**

RESOLVED, That the San Francisco Municipal Transportation Agency Board of Directors authorizes the Director of Transportation submit a ballot on behalf of the SFMTA in favor of the formation of the proposed Japantown Community Benefits District.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of July 18, 2017.

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Secretary to the Board of Directors  
San Francisco Municipal Transportation Agency