

THIS PRINT COVERS CALENDAR ITEM NO.: 10.8

**SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY**

DIVISION: Sustainable Streets

BRIEF DESCRIPTION:

Authorizing the Director of Transportation to submit property owner ballots for the Performing Arts Garage parcels to vote to support the renewal of the Civic Center Community Benefit District, for a term of 15 years and an annual property tax assessment not to exceed \$28,054, subject to annual increases that will not to exceed five percent in any one year.

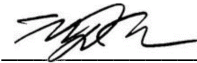

SUMMARY:

- The Civic Center Community Benefit District (CBD) provides from sidewalk cleaning, graffiti removal, security, and street beautification services to the Civic Center area. Property owners in the CBD area pay additional property taxes to pay for the CBD services. The CBD was established in 2011 and will expire on June 30, 2021. For the CBD to continue, a majority of property owners in the CBD area must vote to support it and agree to pay the property tax assessments.
- The SFMTA's Performing Arts Garage is within the CBD.
- The CBD has provided property owners and merchants in the CBD area cleaner and safer streets, which has improved the economic vitality of area.
- The proposed CBD renewal would make minor changes to the CBD street boundaries and would extend the CBD for a 15-year term, commencing in January 2020.
- The proposed CBD annual assessment for the Performing Arts Garage parcels is \$28,054 for the first year, subject to an inflation adjustment in subsequent years.
- The area around the garages will benefit efforts that will be funded by the assessments.

ENCLOSURES:

1. SFMTAB Resolution
2. Civic Center CBD Management District Plan

APPROVALS:

	DATE
DIRECTOR 	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 Performing Arts Garage parcels to vote to support the renewal of the Civic Center Community Benefit District, for a term of 15 years and an annual property tax assessment not to exceed \$28,054, 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 Community Benefit 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 Community Benefit Districts Procedural Code) establish the requirements and process for the formation and administration of property and Community Benefit 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 Civic Center CBD was established in 2011 for an initial term of ten years, which expires on June 30, 2011. It serves an area bounded by Market, McAllister and Gough streets. For the CBD to continue, a majority of property owners in the CBD 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 CBD for 15 years, with minor adjustments to the current boundaries.

Over the last eight years, the Civic Center CBD has provided valuable services, including a community-ambassador program, graffiti removal, street and sidewalk cleaning, neighborhood marketing and other efforts. The Performing Arts Garage is under the SFMTA's jurisdiction and is located in the CBD. The garage paid assessments during the 2011 to 2019 term of the CBD and has received significant benefit from the CBD's services.

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The Civic Center CBD Management District Plan, released in March 2019, outlines the following:

District Boundaries and Service Plan

The proposed CBD boundaries, shown in Section 2 of Enclosure 2, covers over 773 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 CBD will provide services in the following categories:

1. Clean Program
2. Safe Program
3. Marketing/Communication
4. Administration/Contingency/City Fees

The Management District Plan for the CBD, 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 \$3.4 Million has been identified in the CBD Management District Plan. The breakdown of proposed expenses is as follows:

Expenses	Amount
Clean, Safe, Activation	\$2,583,768 (76%)
Market/Communications	250,000 (7%)
Admin/Contingency	570,000 (17%)
Total	\$3,403,768 (100%)

Following review and approval by the CBD Owners’ Association Board of Directors, the operating budget may increase up to a maximum of five percent each year during the proposed 15-year renewal term.

Property Assessments

The Civic Center CBD Renewal Steering Committee developed a formula that considers various factors in calculating each parcel’s CBD assessment, to ensure that final assessments are fair and equitable to all parcels within the CBD. 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 Performing Arts Garage parcels total \$28,053.20, which represents 0.87 percent of the entire assessment for all properties within the CBD.

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The assessments for future years (year two through fifteen) may be adjusted following review and approval by the CBD Owners' Association Board of Directors, not to exceed five percent annually. Unless extended by the property owners, the CBD will terminate after 15 years.

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

Schedule

Through a petition process in early 2019, the Civic Center CBD documented the necessary support from property owners for renewing the CBD. In May 2019, the Board of Supervisors authorized the opening of the 45-day window for voting by property owners within the CBD. Ballots are due to the Department of Elections by July 16, 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 Civic Center CBD.

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 CBD initiative, including planned services and administration, will benefit the community at large, including the Performing Arts Garage, 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 Performing Arts Garage 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 garage will receive significant benefits in return for an annual assessment, staff recommends supporting the renewal of the Civic Center CBD.

STAKEHOLDER ENGAGEMENT

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

ALTERNATIVES CONSIDERED

The SFMTA could choose to vote against the continuation of the CBD. If the CBD is not

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renewed, however, the Civic Center area would lose the benefit of the increased services provided by the CBD, 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 Civic Center CBD will result in an annual assessment of approximately \$28,054 for the Performing Arts Garage. 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 Civic Center CBD 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 Performing Arts Garage parcels in favor of the CBD’s renewal. In order for the CBD to be reauthorized, a majority of the weighted ballots cast by the property owners must not oppose renewal, and the Board of Supervisors must vote to reauthorize the CBD. It is anticipated that the Board of Supervisors will consider renewal 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 Performing Arts Garage parcels to vote to support the renewal of the Civic Center Community Benefit District, for a term of 15 years and an annual property tax assessment not to exceed \$28,054, subject to annual increases that will not to exceed five percent in any one year.

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. _____

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

WHEREAS, The Civic Center CBD was first established in 2011 for an initial term of ten years; and,

WHEREAS, The proposed renewal of the Civic Center CBD would authorize a new term of 15 years, with minor modifications to district boundaries; and,

WHEREAS, A Civic Center CBD Management District 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 CBD; and,

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

WHEREAS, The Performing Arts Garage, under the control of the SFMTA, is located within the proposed CBD's boundaries and would be subject to annual assessments, with a total assessment for the first year of \$28,053.20, 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 Performing Arts Garage parcels to vote to support the renewal of the Civic Center Community Benefit District, for a term of 15 years and an annual property tax assessment not to exceed \$28,054, subject to annual increases that will not to 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