

1 [Resolution of Intention - Moscone Expansion Business Improvement District]

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3 **Resolution: 1) declaring the intention of the Board of Supervisors to establish a**
4 **business-based business improvement district to be known as the “Moscone**
5 **Expansion District” and levy a multi-year assessment on defined hotel businesses in**
6 **the district; 2) approving the management district plan for the district; 3) ordering and**
7 **setting a time and place for a public meeting and a public hearing thereon;**
8 **4) approving the form of the Notice of Public Meeting and Public Hearing and**
9 **Assessment Ballots; and 5) directing the Clerk of the Board of Supervisors to give**
10 **notice of the public meeting and public hearing as required by law.**

11

12 WHEREAS, The Property and Business Improvement District Law of 1994, Part 7 of
13 Division 18 of the California Streets and Highways Code, commencing with Section 36600
14 (the "Law"), authorizes cities to establish property and business improvement districts to
15 promote the economic revitalization and physical maintenance of such districts; and,

16 WHEREAS, Section 36603 of the Law recognizes the authority of Charter cities to
17 adopt ordinances providing for different methods of levying assessments for similar or
18 additional purposes from those set forth in the Law; and,

19 WHEREAS, Article 15 of the San Francisco Business and Tax Regulations Code
20 ("Article 15") augments and modifies certain procedural and substantive requirements of the
21 Law relating to the formation of property and business improvement districts and the
22 assessments on real property or businesses within such districts; and,

23 WHEREAS, The Law and Article 15 authorize the City to levy and collect assessments
24 on businesses within such districts for the purpose of providing activities and improvements
25 that benefit the defined businesses located within such districts; and,

1 WHEREAS, The Board of Supervisors finds that the activities and improvements to be
2 funded with assessments on defined businesses within the proposed district will confer
3 benefits on each assessed business correlated to the assessment on that business; and,

4 WHEREAS, Business owners who will pay more than 30% (thirty percent) of the total
5 amount of assessments on businesses within the proposed district signed and submitted a
6 petition (the "Petition") to the Clerk of the Board of Supervisors requesting that the Board
7 establish a business-based assessment district to be named the "Moscone Expansion
8 District," and that the Board levy assessments on defined hotel businesses located in the
9 proposed district to fund hotel business-related activities and improvements within the
10 district; and,

11 WHEREAS, A Management District Plan entitled the "Moscone Expansion District
12 Management District Plan" dated October 25, 2012 has been submitted to the Clerk of the
13 Board of Supervisors that includes information about the proposed district and assessments
14 as required by Section 36622 of the Law, including but not limited to: a map of the district in
15 sufficient detail to locate each business to be assessed; a description of the boundaries of
16 the district, including the boundaries of benefit zones; the name of the district; the activities
17 and improvements proposed for each year of operation of the district and the maximum cost
18 thereof; the estimated total annual amount proposed to be expended for improvements,
19 maintenance and operations, debt service and debt-related service, in each year of operation
20 of the district; the proposed source or sources of financing, including the proposed method
21 and basis of levying the assessment in sufficient detail to allow each business owner to
22 calculate the amount of the assessment to be levied against that business; the time and
23 manner of collecting the assessments; the specific number of years in which assessments
24 will be levied; the proposed time for implementation and completion of the management
25 district plan; any proposed rules and regulations to be applicable to the district; a description

1 and list of the businesses to be assessed, and a statement of the method or methods by
2 which the expenses of the district will be imposed upon benefited businesses, in proportion to
3 the benefit received by each such business; and, said Management District Plan is on file
4 with the Clerk of the Board of Supervisors in File No. 120989, which is hereby declared to be
5 a part of this Resolution as if set forth fully herein; and,

6 WHEREAS, Evidence supporting the assessments within the proposed district has
7 been submitted to the Clerk of the Board of Supervisors as Appendices to the Management
8 District Plan, on file with the Clerk of the Board of Supervisors in File No. 120989, which is
9 hereby declared to be a part of this Resolution as if set forth fully herein;

10 WHEREAS, It is anticipated that in connection with financing all or a portion of the
11 District's activities and improvements, the City will issue, or cause to be executed, bonds,
12 financing lease (including certificates of participation) or similar obligations, and that District
13 funds will be used in furtherance of repayment of those obligations; it expected that the first
14 bonds or other debt will be issued in 2016 to fund such expansion-related activities and
15 improvements; and,

16 WHEREAS, The term of the District will be 32 years after the District's
17 Commencement Date; the Commencement Date will be the initial date when the assessment
18 levy will be imposed on tourist room revenue, which will be the later of (1) July 1, 2013, or
19 (2) the first day of the calendar quarter after a final judgment is entered by a court validating
20 the issuance of City indebtedness for the Moscone Expansion Project, and related
21 establishment of the District and levy of the assessments;

22 WHEREAS, If hotels representing at least 50% of the total estimated assessments
23 proposed to be levied on all hotels in the District cast ballots, and at least two-thirds of the
24 returned weighted ballots are in favor of the formation of the District and levy of assessments
25 (which will also mean there is no majority protest pursuant to Streets and Highways Code

1 §36623(b)), the Board of Supervisors may vote on whether to establish the District and levy
2 the assessments; the “weight” of each ballot in the ballot election will be determined by the
3 assessment each hotel will pay into the District compared to the total assessments estimated
4 to be collected, calculated as provided in the Management District Plan; now, therefore, be it

5
6 RESOLVED, That the Board of Supervisors declares as follows:

7 Section 1. Pursuant to Section 36621(a) of the Law and Article 15, the Board of
8 Supervisors declares its intention to form a property and business improvement district to be
9 designated as the "Moscone Expansion District " ("MED" or "District"), and to levy and collect
10 and enforce assessments against all defined hotel businesses in the District, for a period of
11 32 years from the Commencement Date.

12
13 Section 2. The exterior boundaries of the District and the Zones within the District
14 are as set forth in the map contained in the Management District Plan on file with the Clerk of
15 the Board of Supervisors in File No. 120989, which is hereby declared to be a part of this
16 Resolution as if set forth fully herein; the exterior boundaries of the District, and the Zones
17 within the District, are described as follows:

- 18 • The District includes all hotels generating revenue from tourist rooms that operate
19 in the City and County of San Francisco during the term of the District, and so the
20 exterior boundaries of the District are the same as the contiguous boundary of the
21 municipal corporation City and County of San Francisco.
- 22 • These hotels are divided into two zones -- Zone 1 and Zone 2:
 - 23 -- Zone 1 includes all tourist hotels with addresses on or east of Van Ness
24 Avenue, on or east of South Van Ness Avenue, and on or north of 16th Street
25 from South Van Ness to the Bay, including all tourist hotels east of Van Ness

1 Avenue as if it continued north to the Bay, and north of 16th Street as if it
2 continued east to the Bay.

3 -- Zone 2 includes all tourist hotels with addresses west of Van Ness Avenue
4 and South Van Ness Avenue, and all tourist hotels south of 16th Street.

5 Reference should be made to the detailed map and the description and list of
6 businesses, in order to determine which hotels are in which zone.

7
8 Section 3. The proposed activities and improvements for the District include several
9 components:

- 10 -- Planning, design, engineering, entitlement, construction, project management and
11 related services for expansion of the Moscone Convention Center, including
12 related payments for any bond, financing lease (including certificates of
13 participation) or similar obligations of the City.
- 14 -- Funding of a Moscone Convention Center Incentive Fund, which will be used to
15 attract significant meetings, tradeshow and conventions to San Francisco via
16 offset of rental costs.
- 17 -- Funding of a Moscone Convention Center Sales & Marketing Fund to provide
18 increased funding for sales and marketing of convention business, with a focus on
19 generating increased revenues for hotels that pay the assessment.
- 20 -- Funding of capital improvements and renovations, including a capital reserve fund
21 to cover future upgrades and improvements to the Moscone Convention Center.
- 22 -- Allocation of funds to pay for District formation, operation and administration, and to
23 establish and maintain a contingency reserve.

1 -- Funding of expenses for development and implementation of future phases of the
2 expansion Master Plan, if there are funds available in excess of those needed for
3 Phase One.
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5 Section 4. It is anticipated that in connection with financing all or a portion of the
6 District's activities and improvements, the City will issue, or cause to be executed, bonds,
7 financing lease (including certificates of participation) or similar obligations, and that District
8 funds will be used in furtherance of repayment of those obligations; it expected that the first
9 bonds or other debt will be issued in 2016 to fund such expansion-related activities and
10 improvements.
11

12 Section 5. The annual assessment proposed to be levied and collected for the first
13 full year following commencement of the District is estimated at \$21,045,500. The amount of
14 the annual assessment to be levied and collected for Year Two through Year Thirty-Two (32)
15 may increase or decrease annually according to the gross revenue from tourist rooms. The
16 total maximum assessment that could be collected for Years One through Thirty-Two (32) of
17 the District is \$6,458,235,000.
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19 Section 6. The term of the District will be 32 years after the Commencement Date; the
20 Commencement Date will be the initial date when the assessment levy will be imposed on
21 tourist room revenue, which will be the later of (1) July 1, 2013, or (2) the first day of the
22 calendar quarter after a final judgment is entered by a court validating the issuance of City
23 indebtedness for the Moscone Expansion Project, and related establishment of the District
24 and levy of the assessments;.
25

1 Section 7. The Board of Supervisors hereby approves the Management District Plan
2 dated September 25, 2012 (including its Appendices), including the estimates of the costs of
3 the business-related activities and improvements set forth in the Plan, and the assessment of
4 said costs on the businesses that will benefit from such activities and improvements; a copy
5 of the Management District Plan (including its Appendices) is on file with the Clerk of the
6 Board of Supervisors in File No. 120989, which is hereby declared to be a part of this
7 Resolution as if set forth fully herein; the Clerk of the Board shall make the Management
8 District Plan, Appendices, and other documents related to the District and included in the
9 record before the Board of Supervisors, available to the public for review during normal
10 business hours, Monday through Friday 8:00 a.m. through 5:00 p.m., excluding legal
11 holidays.

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13 Section 8. The City's Department of Elections shall conduct a ballot election of the
14 defined hotel businesses. Ballots shall be weighted according to the proportional financial
15 obligation of each affected hotel business, in relation to the total proposed assessments for
16 the District, calculated as provided in the Management District Plan.

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18 Section 9. If hotels representing at least 50% of the total estimated assessments
19 proposed to be levied on all hotels in the District cast ballots, and at least two-thirds of the
20 returned weighted ballots are in favor of the formation of the District and levy of assessments
21 (which will also mean there is no majority protest pursuant to Streets and Highways Code
22 §36623(b)), the Board of Supervisors may vote on whether to establish the District and levy
23 the assessments.

1 Section 10. A public meeting on the proposed establishment of the District and the
2 levy and collection of assessments shall be conducted by the Budget Committee of the
3 Board of Supervisors on November 28, 2012 at 11:00 a.m., in City Hall, One Dr. Carlton B.
4 Goodlett Place, San Francisco, California, 94102, or as soon thereafter as the matter can be
5 heard; which public meeting may be timely convened and heard before another appropriate
6 Board Committee as designated by the President of the Board of Supervisors. This public
7 meeting will hear public testimony regarding the proposed formation of the District,
8 assessments, and boundaries of the District, including testimony from all interested persons
9 for or against establishment of the District, the extent of the District, the levy of the
10 assessments, the furnishing of specific types of business-related activities and
11 improvements, and other matters related to the District.

12
13 Section 11. A public hearing on the proposed establishment of the District and the
14 levy and collection of assessments shall be conducted before the Board of Supervisors on
15 December 11, 2012 at 3:00 p.m. or as soon thereafter as the matter may be heard, in the
16 Board's Legislative Chambers, Second Floor, City Hall, One Dr. Carlton B. Goodlett Place,
17 San Francisco, California, 94102. At this hearing the Board of Supervisors will hear public
18 testimony regarding the proposed formation of the District, assessments, and boundaries of
19 the District, including testimony from all interested persons for or against establishment of the
20 District, the extent of the District, the levy of the assessments, the furnishing of specific types
21 of business-related activities and improvements, and other matters related to the District.
22 The Board of Supervisors may waive any irregularity in the form or content of any written
23 protest, and at the public hearing may correct minor defects in the proceedings.

24 All protests submitted by affected business owners and received prior to the
25 conclusion of the public testimony portion of the public hearing shall be tabulated by the

1 Department of Elections. The Department of Elections shall determine whether hotels
2 representing at least 50% of the total estimated assessments proposed to be levied on all
3 hotels in the District cast ballots, and whether at least two-thirds of the returned weighted
4 ballots are in favor of the formation of the District and levy of assessments, and report these
5 results to the Board of Supervisors. If the requisite 50% level is met, with at least two-thirds
6 of returned weighted ballots voting in favor of formation of the District and levy of
7 assessments (which will also mean there is no majority protest pursuant to Streets and
8 Highways Code §36623(b)), the Board of Supervisors may vote on whether to establish the
9 District and levy the assessments.

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11 Section 12. The Board of Supervisors hereby approves the form of the Notice of
12 Public Meeting and Public Hearing, and Assessment Ballot, which are on file with the Clerk of
13 the Board of Supervisors in File No. 120989, which are hereby declared to be a part of this
14 Resolution as if set forth fully herein.

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16 Section 13. The Clerk of the Board is directed to give notice of the public meeting
17 and public hearing as provided in the Property and Business Improvement District Law of
18 1994 (California Streets and Highways Code §§36600 et seq., see §36623), California
19 Government Code §54954.6, San Francisco Charter Section 16.112, San Francisco
20 Administrative Code Section 67.7-1, and San Francisco Business and Tax Regulations Code
21 Article 15.