

1 [Resolution of Intention - Renewal and Expansion - Tourism Improvement District]

2  
3 **Resolution declaring the intention of the Board of Supervisors to renew and expand a**  
4 **business-based business improvement district to be known as the “Tourism**  
5 **Improvement District” and levy a multi-year assessment on identified hotel and short-**  
6 **term residential rental businesses in the district; approving the management district**  
7 **plan for the district; ordering and setting a time and place a public hearing of the Board**  
8 **of Supervisors, sitting as a Committee of the Whole, on September 13, 2022, at 3:00**  
9 **p.m.; approving the form of the Notice of Public Hearing and Assessment Ballot**  
10 **Proceeding and Assessment Ballots; directing environmental findings; and directing**  
11 **the Clerk of the Board of Supervisors to give notice of the public hearing and balloting**  
12 **as required by law.**

13  
14 WHEREAS, State law, including Article XIID of the California Constitution, Section  
15 53753 of the California Government Code, and Sections 36600 et seq. of the California  
16 Streets and Highways Code (hereafter the “1994 Act”), authorizes cities to establish property  
17 and business improvement districts funded by special assessments in order to promote the  
18 economic revitalization and physical maintenance of such business districts; and

19 WHEREAS, Consistent with section 36603 of the 1994 Act, the City has adopted  
20 Article 15 of the San Francisco Business and Tax Regulations Code ("Article 15"), which  
21 augments certain procedural and substantive requirements relating to the formation of  
22 property and business improvement districts and the assessments on real property or  
23 businesses within such districts; and

24 WHEREAS, By Resolution Nos. 504-08 and 323-09, the Board of Supervisors  
25 established the Tourism Improvement District (the “District”), which is managed by a non-profit

1 owners' association known as the San Francisco Tourism Improvement District Management  
2 Corporation, and levied assessments on businesses (defined hotels) located in the District  
3 boundary for a 15-year term which expires on December 31, 2023; and

4 WHEREAS, The Board of Supervisors has received a petition to renew and expand the  
5 District and to levy assessments on additional businesses (defined short-term residential  
6 rental businesses) located in the District in order to continue providing services within the  
7 District, for an additional 15-year term, and the petition has been signed by business owners  
8 who will pay 30% or more of the total amount of assessments, as reflected in Board of  
9 Supervisors File No. 220649; and

10 WHEREAS, A Management District Plan entitled the "San Francisco Tourism  
11 Improvement District Renewal Management District Plan" containing information about the  
12 proposed renewal and expansion of the District and assessments required by Section 36622  
13 of the 1994 Act, including but not limited to a map showing all identified parcels in the district  
14 where the businesses to be assessed are located, a description of the boundaries of the  
15 district, the name of the district, the total annual amount chargeable to the entire district, the  
16 duration of the payments, the business-related services, activities and improvements to be  
17 funded by the assessments for each year and the maximum cost thereof, the method and  
18 basis upon which the assessments are calculated in sufficient detail to allow each business  
19 owner to calculate the amount of the assessment to be levied against his or her business, a  
20 statement that no bonds will be issued, the time and manner of collecting the assessments,  
21 and a list of the businesses to be assessed, has been submitted to the Clerk of the Board of  
22 Supervisors in File No. 220649, which is hereby declared to be a part of this Resolution as if  
23 set forth fully herein; and,

24  
25

1           WHEREAS, A Proposed Boundaries Map, submitted pursuant to California Streets and  
2 Highways Code Section 3110, is on file with the Clerk of the Board of Supervisors in File No.  
3 220649, which is hereby declared to be a part of this Resolution as if set forth fully herein; and

4           WHEREAS, The Board of Supervisors finds that the services, activities and  
5 improvements to be funded with assessments on businesses within the proposed District will  
6 confer specific benefits on the assessed businesses over and above the general benefits to  
7 the public at large, that the services will be provided to the assessed businesses only, that the  
8 assessments do not exceed the reasonable costs to the City of conferring the benefits, and  
9 that the manner in which those reasonable costs are allocated to the businesses bears a fair  
10 and reasonable relationship to and is in proportion to the specific benefits received; now,  
11 therefore, be it

12           RESOLVED, That the Board of Supervisors declares as follows:

13           Section 1. Pursuant to Section 36621(a) of the 1994 Act and Article 15, the Board of  
14 Supervisors declares its intention to renew and expand the property and business  
15 improvement district to be designated as the "Tourism Improvement District " ("TID" or  
16 "District") for a period of 15 years, and to levy and collect assessments against all defined  
17 hotel and short-term residential rental businesses in the District for a period of 15 years,  
18 commencing January 1, 2024, subject to the ability of the business owners to file a majority  
19 protest with ballots weighted according to their proportionate financial obligations. No bonds  
20 will be issued. District operations are expected to commence on or about January 1, 2024  
21 with services beginning January 1, 2024, following collection of the assessments for January,  
22 2024 and disbursement of the assessment proceeds to the nonprofit owners' association that  
23 will administer the services in the District pursuant to Section 36651 of the 1994 Act and a  
24 written agreement with the City.

25

1           Section 2.    The Board of Supervisors hereby approves the Management District  
2 Plan, including the estimates of the costs of the business-related services, activities and  
3 improvements set forth in the plan, and the assessment of said costs on the businesses that  
4 will specially benefit from such services, activities and improvements, including the Appendix  
5 of documentation regarding the elements of the Plan. A copy of the Management District Plan  
6 is on file with the Clerk of the Board of Supervisors in File No. 220649. The Clerk of the  
7 Board shall make the Management District Plan, Appendix, and other documents related to  
8 the District and included in the record before the Board of Supervisors, available to the public  
9 for review during normal business hours, Monday through Friday 8:00 a.m. through 5:00 p.m.,  
10 excluding legal holidays.

11           Section 3.    The Board of Supervisors hereby approves the Proposed Boundaries  
12 Map showing the boundaries of the district. The exterior boundaries of the District, and the  
13 Zones within the District, are described as follows:

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

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

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

6 Reference should be made to the detailed map and the list of businesses, in order to  
7 determine which hotels and short-term residential rentals are in which zone.

8 Section 4. A public hearing on the proposed establishment of the District and the  
9 levy and collection of assessments starting January 1, 2024 and continuing through  
10 December 31, 2038, shall be conducted before the Board of Supervisors on September 13,  
11 2022 at 3:00 p.m. or as soon thereafter as the matter may be heard, in the Board's Legislative  
12 Chambers, Second Floor, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco,  
13 California, 94102. At this public hearing the Board of Supervisors will hear public testimony  
14 regarding the proposed formation of the District, assessments, and boundaries of the District,  
15 including testimony from all interested persons for or against establishment of the District, the  
16 extent of the District, the levy of the assessments, the furnishing of specific types of business-  
17 related services, improvements and activities, and other matters related to the District. The  
18 Board of Supervisors may waive any irregularity in the form or content of any written protest,  
19 and at the public hearing may correct minor defects in the proceedings. All protests submitted  
20 by affected business owners and received prior to the conclusion of the public testimony  
21 portion of the public hearing shall be tabulated to determine whether a majority protest exists.

22 Section 5. The Board of Supervisors hereby approves the form of the Notice of  
23 Public Meeting and Public Hearing and Assessment Ballot which are on file with the Clerk of  
24 the Board of Supervisors in File No. 220649; which are hereby declared to be a part of this  
25 Resolution as if set forth fully herein.

1           Section 6.    The proposed business-related services, improvements or activities for  
2 the District include Sales, marketing and promotional programs, Administration and  
3 Personnel, Industry Specific Events, Administration of the TID, Operating Contingency  
4 Reserve, and Moscone Convention Center Buy-Down Fund.

5           **Sales, marketing and promotional programs.** Sales, marketing and promotional  
6 programs includes, but is not limited to, ad creation and media placement, meetings and  
7 convention sales, tourism programs and market research, administration and staffing of  
8 personnel responsible for providing this category of services, including without limitation to its  
9 satellite and contract offices and related costs, establishment and maintenance of adequate  
10 reserve funds.

11           **Administration and Personnel.** Administration and Personnel includes expenses for  
12 staffing of operations, administrative services, professional support services and related costs.

13           **Industry Special Events, Administration of the TID, and Operating Contingency**  
14 **Reserve.** Industry Special Events, Administration of the TID, and Operating Contingency  
15 includes hosting major industry events in San Francisco, and administrative costs and  
16 expenses related to the formation, renewal, operation and administration of the District. This  
17 includes hospitality industry special events, administrative, operation and professional support  
18 costs of the District and the non-profit corporation that administers the District, support  
19 services provided by the San Francisco Tax Collector's office for collection, tracking and  
20 enforcement of the TID assessment, and the establishment and maintenance of contingency  
21 and reserve funds.

22           **Moscone Convention Center Buy-Down Fund.** The Moscone Convention Center  
23 Buy-Down Fund includes funds to attract and provide support for qualifying events at the  
24 Moscone Convention Center.  
25

1           Section 7.    Within the area encompassed by the proposed District, the City currently  
2 provides services at the same level provided to other similar areas of the City. It is the intent  
3 of the Board of Supervisors to continue to provide the area encompassed by the District with  
4 the same level of services provided to other similar areas of the City; formation of the District  
5 will not affect the City's policy to continue to provide the same level of service to the areas  
6 encompassed by the District as it provides to other similar areas of the City during the term of  
7 the District.

8           Section 8.    The annual total assessments proposed to be levied and collected for the  
9 first year of the District (calendar year 2024) is \$51,401,000.00. The amount of the annual  
10 assessment to be levied and collected for year two through year fifteen (calendar year 2025  
11 through calendar year 2038) may increase or decrease annually according to the gross  
12 revenue from tourist rooms and if a supermajority of TID Board approves increasing  
13 assessment rates. The total maximum assessment that could be collected for years one  
14 through fifteen of the district based on initial rates is \$1,633,151,000.00. The total maximum  
15 assessment that could be collected for years one through fifteen of the district based on  
16 increased rates is \$2,749,146,000.00. Nonpayment and delinquent payment of assessments  
17 shall result in penalties and interest and shall be subject to enforcement procedures as set  
18 forth in Article 6 of the Business and Tax Regulations Code, as it may be amended from time  
19 to time.

20           Section 9.    Environmental Findings. Following the approval of this Resolution, the  
21 Planning Department shall determine whether the actions contemplated in this Resolution are  
22 in compliance with the California Environmental Quality Act (California Public Resources  
23 Code, Sections 21000 et seq.), and respond in writing to the Clerk of the Board of Supervisors  
24 prior to the Board's public hearing on the establishment of the District on September 13, 2022  
25 at 3:00 p.m.

1           Section 10. The Clerk of the Board is directed to give notice of the public hearing as  
2 provided in California Streets and Highways Code, Section 36623, California Government  
3 Code, Section 53753, California Constitution Article XIID, Section 4, San Francisco Charter,  
4 Section 16.112, and San Francisco Administrative Code, Section 67.7-1.

5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25