

1 [Castro/Upper Market Community Benefit District Annual Reports to the City; making
2 assessment formulas the same for all District residential property.]

3 **Resolution regarding Castro/Upper Market Community Benefit District annual reports**
4 **to the City, and making assessment formulas the same for all District residential**
5 **property: modifying the "Authority to Contract" provision of the Resolution**
6 **establishing the District (Resolution No. 582-05) to require an annual financial report**
7 **that has been reviewed by a Certified Public Accountant who provides a statement of**
8 **negative assurance, to change the current requirement for an annual CPA**
9 **"independent audit" to instead require a CPA independent audit upon request of the**
10 **City, and authorizing amendment of the District's management contract with the City to**
11 **conform; providing that all residential property be assessed by the same lot size and**
12 **linear frontage formula, and authorizing conforming amendments to the management**
13 **plan and management contract; and receiving and approving the District's Annual**
14 **Report for 2005-2006 as submitted pursuant to Section 3.4 of the District's management**
15 **contract.**

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17 WHEREAS, on June 7, 2005, pursuant to the Property and Business Improvement Law
18 of 1994, California Streets and Highways Code Sections 36600 *et seq.* (the "Act"), as
19 augmented by Article 15 of the San Francisco Business and Tax Regulations Code ("Article
20 15"), the Board of Supervisors adopted Resolution No. 421-05 "Resolution of Intention to form
21 the Castro/Upper Market Community Benefit District (CBD)" ("Resolution of Intention," BOS
22 File No. 050924), which included approval of the District's Management Plan; and,

23 WHEREAS, on August 2, 2005 the Board of Supervisors adopted Resolution No.
24 582-05 "Resolution to Establish the Castro/Upper Market Community Benefit District" for a
25 period of 15 years commencing with fiscal year 2005-2006 ("Resolution to Establish," BOS

1 File No. 051187); and,

2 WHEREAS, on January 10, 2006 the Board of Supervisors adopted Resolution No. 14-06
3 "Contract with Owners' Association for Administration of Castro/Upper Market Community
4 Benefit District ("Management Contract," BOS File No. 051968);" now be it,

5 RESOLVED, that the Board of Supervisors declares as follows:
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7 **Section 1. MODIFICATION OF "AUTHORITY TO CONTRACT" PROVISION IN**
8 **RESOLUTION ESTABLISHING THE DISTRICT (RESOLUTION NO. 582-05).** Section 7
9 "Authority to Contract" in the Resolution to Establish (Resolution No. 582-05) is hereby
10 modified to require an annual financial report from the District that has been reviewed by a
11 Certified Public Accountant who provides a statement of negative assurance, and to change
12 the current requirement for an annual CPA "independent audit" to instead require a CPA
13 independent audit upon request of the Controller or the Mayor's Office of Economic and
14 Workforce Development (MOEWD), so that Section 7 will now provide (changed/additional
15 words are designated by broken underlining, and deleted words are designated by ~~double~~
16 ~~strikeout~~):

17 **"AUTHORITY TO CONTRACT.** The Board of Supervisors may contract with a
18 separate private entity to administer the improvements, services and activities set forth
19 in Section 6. Any such entity shall hold the funds it receives from the City and County
20 of San Francisco ("City") in trust for the improvements, services and activities set forth
21 in Section 6. Any entity that holds funds in trust for purposes related to the contract
22 shall, at no expense to the City, ~~provide an annual independent audit report by a~~
23 ~~Certified Public Accountant of all such funds.~~ deliver to City no later than one hundred
24 twenty (120) days following the end of any Fiscal Year, a balance sheet and the related
25 statement of income and cash flows for each fiscal year, all in reasonable detail
acceptable to City, reviewed by a Certified Public Accountant (CPA); this review shall
include a statement of negative assurance from the CPA. In addition, or alternatively,
the Controller or the Mayor's Office of Economic and Workforce Development may in
their discretion require Corporation to deliver, at no expense to the City, an annual
independent audit report by a Certified Public Accountant of all such funds. The CPA
review or audit may be funded from assessment proceeds as part of the general
administration of the District. At all times the Board of Supervisors shall reserve full
rights of accounting of these funds. The Mayor's Office of Economic and Workforce

1 Development shall be the City agency responsible for coordination between the City
and the District."

2 **Section 2. MAKING ASSESSMENT FORMULAS THE SAME FOR ALL DISTRICT**
3 **RESIDENTIAL PROPERTY, CONFORMING AMENDMENT OF MANAGEMENT PLAN.**

4 The Management Plan previously approved by the Board includes formulas for
5 determining the annual assessment for each parcel in the District (see Resolution No. 421-05
6 / BOS File No. 050924 "Resolution of Intention," Resolution No. 582-05 / BOS File No.
7 051187 "Resolution to Establish"). The basic assessment formula has three components: lot
8 size, linear frontage (sidewalk footage), and building square footage [*i.e.* (lot size x \$0.8017) +
9 (linear frontage x \$8.8963) + (building square footage x \$0.11278) = assessment of parcel].

10 Each parcel and its building use were categorized into one of seven Building Use
11 Categories, and the three formula components were given varying weights for each Building
12 Use Category according to the anticipated relative value of the special benefits from the
13 District's services. Building Use Category A is retail space, hotels, motels, and visitor-related
14 uses; Category B is office and commercial uses, free standing parking structures, and ground
15 floor residential; Category C is industrial, manufacturing, and distribution; Category D is
16 institutional (city, county, school, public utility, parks, etc.); and Category E is church, non-
17 profit, and tax-exempt; Category F is multi-unit housing, apartments, condos; and Category G
18 is single family housing units.

19 The Management Plan assessment formula for residential square footage on the
20 second floor and up modifies the basic formula by utilizing two of the three components and
21 excluding the third: lot size and linear frontage are calculated but not building square footage
22 [*i.e.* (lot size x \$0.8017) + (linear frontage x \$8.8963) + (building square footage x \$0.0) =
23 assessment of the residential space].

24 Since the existing Management Plan does not provide the same modified formula for
25 first floor residential square footage, the District and MOEWD now request and recommend

1 that the Management Plan be changed to provide that the same modified assessment formula
2 be used for all residential square footage in the District [*i.e.* (lot size x \$0.8017) + (linear
3 frontage x \$8.8963) + (building square footage x \$0.0) = assessment of the residential space].
4 The Board hereby finds good cause and authorizes amendment of the District's Management
5 Plan as on file with the Clerk of the Board of Supervisors in File No. _____, to make the
6 assessment formula the same for all residential square footage in the District in conformance
7 with this Resolution Section 2, Fourth Paragraph.

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9 **Section 3. CONFORMING THE DISTRICT'S MANAGEMENT CONTRACT**
10 **BETWEEN THE CITY AND THE NONPROFIT PROPERTY OWNERS' ASSOCIATION.**

11 The Mayor's Office of Economic and Workforce Development is hereby authorized to
12 enter into an amendment of the City's agreement/contract with the nonprofit property owners'
13 association Castro/Upper Market Community Benefit District for administration and
14 management of the district known as the Castro/Upper Market Community Benefit District
15 ("Management Contract," see Resolution No. 14-06), that conforms the Management Contract
16 to Sections 1 and 2 of this Resolution, above.

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18 **Section 4. RECEIPT AND APPROVAL OF THE DISTRICT'S ANNUAL REPORT**
19 **TO THE CITY.** The Board hereby receives and approves the District's Annual Report for
20 2005-2006, as submitted pursuant to Section 3.4 of the District's Management Contract (*i.e.*,
21 §3.4 of the City's agreement/contract with the nonprofit property owners' association
22 Castro/Upper Market Community Benefit District for management and administration of the
23 Castro/Upper Market Community Benefit District), on file with the Clerk of the Board of
24 Supervisors in File No. _____.

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