

File No. 130780

Committee Item No. 12

Board Item No. 2

### COMMITTEE/BOARD OF SUPERVISORS

#### AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee

Date: 09/11/2013

Board of Supervisors Meeting

Date: September 17, 2013

#### Cmte Board

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| <input type="checkbox"/>            | <input type="checkbox"/>            | Resolution                                   |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Ordinance                                    |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Legislative Digest                           |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Budget and Legislative Analyst Report        |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Legislative Analyst Report                   |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Youth Commission Report                      |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Introduction Form                            |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/>            | <input type="checkbox"/>            | MOU  |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Grant Information Form                       |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Grant Budget                                 |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Subcontract Budget                           |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Contract/Agreement                           |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Form 126 – Ethics Commission                 |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Award Letter                                 |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Application                                  |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Public Correspondence                        |

#### OTHER

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Completed by: Victor Young

Date September 6, 2013

Completed by: Victor Young

Date 9/12/13

1 [Setting San Francisco's Property Tax Rate and Establishing Pass-Through Rate for  
2 Residential Tenants - FY2013-2014]

3 **Ordinance providing revenue and levying property taxes at a combined rate of \$1.1880**  
4 **on each \$100.00 valuation of taxable property for the City and County of San Francisco,**  
5 **San Francisco Unified School District, San Francisco Community College District, Bay**  
6 **Area Rapid Transit District, and Bay Area Air Quality Management District, and**  
7 **establishing pass-through rate of \$0.0880 per \$100.00 of assessed value for residential**  
8 **tenants pursuant to Chapter 37 of the Administrative Code for the fiscal year ending**  
9 **June 30, 2014.**

10  
11 Be it ordained by the People of the City and County of San Francisco:

12  
13 **SECTION 1.** Under and pursuant to the laws of the State of California and in conformity  
14 therewith a tax is hereby levied for the fiscal year ending June 30, 2014, on all property, real  
15 and personal, in the City and County of San Francisco, except such property as is by law  
16 exempt from taxation, in the sum of \$1.01963610 on each \$100.00 valuation of said taxable  
17 property as the same appears upon the secured assessment roll of the said City and County  
18 for said fiscal year, which said sum as aforesaid is hereby apportioned in accordance with the  
19 provisions of Section 16.106 of the Charter to the funds and accounts and for the purpose  
20 designated as follows;

21 For the General Fund to meet the expenses of the City and County of San Francisco  
22 not subject to said limitations of Section 16.106 of the Charter, including the cost of elections,  
23 the construction, maintaining and improving streets, sewers and buildings, parks, squares,  
24 playgrounds and libraries, obligations imposed by the State Legislative or Constitutional  
25

1	enactment and obligations imposed by the vote of the People of the City and County of San	
2	Francisco, the rate of	\$ 0.81918319 <sup>(1)</sup>
3	For the Library Preservation Fund, the rate of	0.02500000
4	For the San Francisco Children's Fund, the rate of	0.03000000
5	For the Open Space Acquisition Fund, the rate of	0.02500000
6	For the County Superintendent of School, the rate of	0.00097335
7	For the General Obligation Bond Fund, the rate of	<u>0.11947956</u>
8	<b>TOTAL City and County of San Francisco</b>	<b><u>\$1.01963610</u></b>

9

10 <sup>(1)</sup> Includes an estimated 0.2533 for the State-mandated tax shift to the Educational Revenue

11 Augmentation Fund.

12

13 **SECTION 2.** Under and pursuant to the law of the State of California and in conformity

14 therewith a tax is hereby levied for San Francisco Unified School District purposes for fiscal

15 year ending June 30, 2014 on all property, real and personal in the City and County of San

16 Francisco, except such property as is by law exempt from taxation, in the sum of \$0.11987596

17 on each \$100.00 valuation of said taxable property as the same appears upon the secured

18 assessment roll of the said City and County for said fiscal year, which said sum is hereby

19 apportioned as follows;

20	For General Operations, the rate of	\$0.07698857
21	For General Obligation Bond Debt Service, the rate of	<u>\$0.04288739</u>
22	<b>TOTAL San Francisco Unified School District</b>	<b><u>\$0.11987596</u></b>

23

24 **SECTION 3.** Under and pursuant to the law of the State of California and in conformity

25 therewith a tax is hereby levied for San Francisco Community College District purposes for

1 fiscal year ending June 30, 2014 on all property, real and personal in the City and County of  
2 San Francisco, except such property as is by law exempt from taxation, in the sum of  
3 \$0.03257727 on each \$100.00 valuation of said taxable property as the same appears upon  
4 the secured assessment roll of the said City and County for said fiscal year, which said sum is  
5 hereby apportioned as follows;

6 For General Operations, the rate of	\$0.01444422
7 For General Obligation Bond Debt Service, the rate of	<u>\$0.01813305</u>
8 <b>TOTAL San Francisco Community College District</b>	<u><b>\$0.03257727</b></u>

9  
10 **SECTION 4.** Under and pursuant to the law of the State of California and in conformity  
11 therewith a tax is hereby levied for Bay Area Rapid Transit District purposes for fiscal year  
12 ending June 30, 2014 on all property, real and personal in the City and County of San  
13 Francisco, except such property as is by law exempt from taxation, in the sum of \$0.01382528  
14 on each \$100.00 valuation of said taxable property as the same appears upon the secured  
15 assessment roll of the said City and County for said fiscal year, which said sum is hereby  
16 apportioned as follows;

17 For General Operations, the rate of	\$0.00632528
18 For General Obligation Bond Debt Service, the rate of	<u>\$0.00750000</u>
19 <b>TOTAL Bay Area Rapid Transit District</b>	<u><b>\$0.01382528</b></u>

20  
21 **SECTION 5.** Under and pursuant to the law of the State of California and in conformity  
22 therewith a tax is hereby levied for Bay Area Air Quality Management District purposes for  
23 fiscal year ending June 30, 2014 on all property, real and personal in the City and County of  
24 San Francisco, except such property as is by law exempt from taxation, in the sum of  
25 \$0.00208539 on each \$100.00 valuation of said taxable property as the same appears upon

1 the secured assessment roll of the said City and County for said fiscal year, which said sum is  
2 hereby apportioned as follows;

3 For General Operations, the rate of \$0.00208539

4 **TOTAL Bay Area Air Quality Management District** \$0.00208539

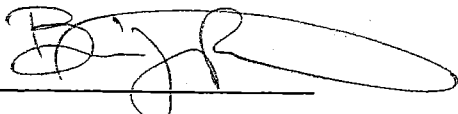
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6 **SECTION 6.** The combined property tax rate for the City and County of San Francisco,  
7 San Francisco Unified School District, San Francisco Community College District, Bay Area  
8 Rapid Transit District, and Bay Area Air Quality Management District, as set forth above, shall  
9 therefore be \$1,1880 on each \$100.00 valuation of said taxable property.

10  
11 **SECTION 7.** Pursuant to Chapter 37.3(a)(6)(A) and (B) and (C) of the San Francisco  
12 Administrative Code, the Board of Supervisors hereby determines that the aforesaid rate  
13 includes the property tax pass-through rate of residential tenants of \$0.0880 per \$100 of  
14 assessed value which is attributable to three factors; 1) 100% of the City's general obligation  
15 bonds approved by voters between November 1, 1996 and November 30, 1998; 2) 50% of the  
16 City's general obligation bonds approved by voters after November 14, 2002; and 3) 50% of  
17 San Francisco Unified School District or San Francisco Community College District's general  
18 obligation bonds approved by voters after November 1, 2006, thus payable within the fiscal  
19 year ending June 30, 2014.

20  
21 **SECTION 8.** The rate for the City and County of San Francisco General Obligation  
22 Bond Fund accommodates a collection fee of 0.25% of the fund collected for the purpose of  
23 General Obligation Bond debt service. An amount sufficient to pay this fee is hereby  
24 appropriated within the General Obligation Bond Fund and the Controller is hereby authorized  
25 to pay this fee into the General Fund from the General Obligation Bond Fund.

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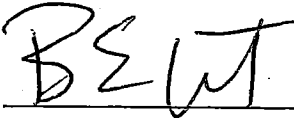
Prepared By:



Controller

Approved As to Form:

Dennis J Herrera, City Attorney

BY: 

Deputy City Attorney

<b>Item 12</b> <b>File 13-0780</b>	<b>Department:</b> <b>Controller</b>
<b>EXECUTIVE SUMMARY</b>	
<p><b>Legislative Objectives</b></p> <p>The proposed ordinance would establish Property Tax rates in FY 2013-14 to provide revenues for (a) the City and County of San Francisco, including the rate that is passed on to residential tenants pursuant to Administrative Code Chapter 37, (b) the San Francisco Unified School District, (c) the San Francisco Community College District, (d) the Bay Area Rapid Transit District, and (e) the Bay Area Air Quality Management District.</p> <p><b>Key Points</b></p> <ul style="list-style-type: none"> <li>• The FY 2013-14 proposed total combined Property Tax rate of \$1.1880 per \$100 of assessed home value is an increase of \$0.0189 or 1.62 percent from the existing FY 2012-13 Property Tax rate of \$1.1691. Property Tax rate increases allocated for debt service for the City and County of San Francisco and the San Francisco Unified School District general obligation bonds were partially offset by a small decrease in debt service for the San Francisco Community College District's general obligation bonds.</li> <li>• In accordance with California Constitution Article 13A Section 2, individual property assessments increase only by a State authorized inflation factor, unless the property is sold, transferred, or improved. For FY 2013-14, the State has authorized the maximum allowable adjustment of 2.0 percent. Therefore, a single-family residence with an assessed value in FY 2012-13 of \$720,000 would have a FY 2013-14 assessed value of \$734,400, a \$14,400 increase.</li> <li>• The proposed FY 2013-14 total combined Property Tax rates would result in a \$305.83 increase in Property Tax, from \$8,335.68 in FY 2012-13 for a single-family residence with an assessed value of \$720,000 to \$8,641.51 in FY 2013-14 for a single-family residence with an assessed value of \$734,400. The increased Property Tax payment reflects (a) the increase in the Property Tax rate in the proposed ordinance, (b) the 2.0 percent cost of living adjustment in assessed values, and (c) the \$,7000 homeowner's exemption.</li> <li>• The proposed FY 2013-14 property tax pass-through rate of \$0.088 for residential tenants is \$0.007 or 8.6 percent higher than the FY 2012-013 pass-through rate of \$0.081. Under the proposed Property Tax pass-through rate, tenants in a home worth \$734,400 after the 2 percent cost of living increase would pay \$63.07 more.</li> </ul> <p><b>Recommendation</b></p> <ul style="list-style-type: none"> <li>• Approve the proposed ordinance.</li> </ul>	

**MANDATE STATEMENT****Property Tax Rate and Pass-Through Rate**

California Revenue and Taxation Code Section 2151 require the Board of Supervisors to establish county and district tax rates.

The City's Administrative Code Section 37.3 (the Residential Rent Stabilization and Arbitration Ordinance) allows landlords to pass through to tenants one-half of Property Taxes increases allocated for debt service on the General Obligation bonds approved by the voter for the City, San Francisco Unified School District, and San Francisco Community College District.

**DETAILS OF PROPOSED LEGISLATION**

The proposed ordinance would establish the combined Property Tax rate for FY 2013-14 at \$1.1880 per \$100 of assessed value. The Property Tax rates and revenues are derived from and apportioned to taxing entities<sup>1</sup> within the City and County of San Francisco including (a) the City and County of San Francisco; (b) the San Francisco Unified School District (SFUSD); (c) the San Francisco Community College District (SFCCD); (d) the Bay Area Rapid Transit District (BART); and (e) the Bay Area Air Quality Management District. Table 1 below shows the combined property tax rate for FY 2013-14 as calculated by the Controller.

**Table 1: Current and Proposed Property Tax Rates per \$100 of Assessed Value**

Jurisdiction	FY 2012-13	FY 2013-14 Proposed	Increase (Decrease)
General City Operations <sup>1</sup>	\$0.8192	\$0.8192	0.0000
Library Preservation Fund	0.0250	0.0250	0.0000
SF Children's Fund	0.0300	0.0300	0.0000
Open Space Acquisition Fund	0.0250	0.0250	0.0000
County Superintendent of School	0.0010	0.0010	0.0000
General Obligation Bond Fund	0.1083	0.1195	0.0112
<b>City and County of San Francisco</b>	<b>1.0085</b>	<b>1.0197</b>	<b>0.0112</b>
General Operations	0.0770	0.0770	0.0000
General Obligation Bond Debt Service	0.0375	0.0429	0.0054
<b>San Francisco Unified School District</b>	<b>0.1145</b>	<b>0.1199</b>	<b>0.2187</b>
General Operations	0.0144	0.0144	0.0000
General Obligation Bond Debt Service	0.0190	0.0181	(0.0009)
<b>San Francisco Community College District</b>	<b>0.0334</b>	<b>0.0325</b>	<b>(0.0009)</b>
General Operations	0.0063	0.0063	0.0000
General Obligation Bond Debt Service	0.0043	0.0075	0.0032
<b>Bay Area Rapid Transit District</b>	<b>0.0106</b>	<b>0.0138</b>	<b>0.0032</b>
<b>Bay Area Air Quality Management District</b>	<b>0.0021</b>	<b>0.0021</b>	<b>0.0000</b>
<b>Total Property Tax Rate</b>	<b>\$1.1691</b>	<b>\$1.1880</b>	<b>\$0.0189</b>

<sup>1</sup> Includes \$0.2533 for the Education Revenue Augmentation Fund transferred to SFUSD and Community College.

<sup>1</sup> Taxing entities are agencies or organizations located within the City of San Francisco and that have taxing authority but that may not be a part of the City government.



The proposed Property Tax rates shown in Table 1 include a 0.25 percent administrative allowance charged on the City's voter-approved General Obligation bonds to reimburse the City for the costs of collecting Property Taxes. This 0.25 percent administrative allowance is charged to the total Property Tax collection, rather than to the home's assessed value.

The proposed ordinance would also approve a pass-through rate of \$0.088 per \$100 of assessed value. Per the City Administrative Code, landlords are allowed to pass through to tenants one-half of the Property Tax rate increase allocated to debt service for the City's General Obligation bonds approved by the voters after November 14, 2002 and SFUSD and Community College District General Obligation bonds approved by the voters after November 1, 2006. The FY 2013-14 pass-through rate of \$0.088 per \$100 of assessed value is an increase of \$0.007 from the FY 2012-13 pass-thru rate of \$0.081 per \$100 of assessed value.

### **FISCAL IMPACT**

The FY 2013-14 total proposed combined Property Tax rate of \$1.1880 per \$100 of assessed value, as calculated by the Controller, is an increase of \$0.0189 or 1.62 percent from the existing FY 2012-13 Property Tax rate of \$1.1691. As is shown in Table 1 above, increases in debt service for the City and SFUSD General Obligation bonds were partially offset by a slight decrease in debt service for the SFCCD General Obligation bonds.

In accordance with California Constitution Article 13A Section 2, individual property assessments increase only by a State authorized inflation factor, unless the property is sold, transferred, or improved. For FY 2013-14, the State has authorized the maximum allowable inflation factor of 2.0 percent. Therefore, a single family residence with an assessed value in FY 2012-13 of \$720,000 would have a FY 2013-14 assessed value of \$734,400 a \$14,400 increase.

In addition, homeowners who live in their residences are eligible for a homeowner exemption that lowers the taxable value of the residence by \$7,000. Table 2 shows that, compared with the FY 2012-13 Property Tax rate of \$1.1691, the proposed FY 2013-14 Property Tax rate of \$1.1880 would result in an increase in Property Taxes of \$305.83 for a homeowner living in a single family residence assessed at \$734,400 in FY 2013-14 after the 2.0 percent cost of living increase.

Table 2 also shows that the proposed Property Tax rate passed through by a landlord to a tenant based on a \$734,000 annual value will increase by \$63.07.

**Table 2: Impact on Property Tax Payments**

<b>Fiscal Year 2012-13</b>	<b>Single Family Residence</b>	<b>Allowable Tenant Pass-Through</b>
Assessed Value	\$720,000	\$720,000
Less Homeowners Exemption	(7,000)	0
<b>Total Taxable Assessed Value</b>	<b>713,000</b>	<b>720,000</b>
Tax Rate per \$100 of Assessed Value	1.1691	0.0810
<b>Property Taxes Payable in 2011-12</b>	<b>\$8,335.68</b>	<b>\$583.20</b>
<b>Proposed Fiscal Year 2013-14</b>		
Prior Year Assessed Value	\$720,000	\$720,000
Plus Cost of Living Increase (2.00 percent)	14,400	14,400
Subtotal	734,400	734,400
Less Homeowners Exemption	(7,000)	0
<b>Total Taxable Assessed Value</b>	<b>727,400</b>	<b>734,400</b>
Tax Rate per \$100 of assessed value	1.1880	0.0880
<b>Property Taxes Payable in FY 2010-11</b>	<b>\$8,641.51</b>	<b>\$646.27</b>
<b>Total Increase in Property Taxes Payable in FY 2013-14, as Compared to FY 2012-13, for a Single Family Home with a Prior Year Assessed Value of \$720,000</b>	<b>\$305.83</b>	<b>\$63.07</b>

**RECOMMENDATION**

Approve the proposed ordinance.

**Item 6**  
**File 13-0701**

**Departments:**  
Department of Public Health (DPH) and  
Real Estate Division (RED)

## EXECUTIVE SUMMARY

### Legislative Objective

- The proposed resolution would retroactively approve the lease between the Department of Public Health (DPH), as tenant, and Bayview Plaza, LLC, as landlord, for office space at 3801 3<sup>rd</sup> Street, Suite 400, for a five-year term from July 1, 2013 through June 30, 2018 that includes one four-year option to extend.

### Key Points

- In 1998, the Board of Supervisors approved an initial 10-year lease between the DPH and Bayview Plaza, LLC for 14,825 square feet of office space at 3801 3rd Street, Suite 400, from July 1, 1998 through June 30, 2008.
- On February 10, 2009, the Board of Supervisors retroactively approved a new five-year lease, at the same location, between the landlord, Bayview Plaza, LLC, and DPH from July 1, 2008 through June 30, 2013, with the existing base monthly rent of \$36,469.50 or \$2.46 per square foot. The lease did not provide for increases in the rent over the five-year term and did not include an option to extend.
- Under the lease, DPH operates its Comprehensive Crisis Services (CCS), Foster Care Mental Health Program (FCMHP) in the space.

### Fiscal Impacts

- The proposed rent of \$38,545 per month (\$2.60 per square foot per month) is fair market value for Class B office space in southeast San Francisco. Under the proposed five-year lease agreement, the monthly rent of \$38,545 is \$2,075.50 or 5.7% more than the current monthly rent of \$36,469.50.
- The proposed five-year lease agreement includes an annual adjustment to the Consumer Price Index (CPI), at be no less than 2% and more than 5% of the previous year's rent. The total estimated cost for the rent of the proposed new five-year lease ranges between \$2,407,077 and \$2,555,825.
- In addition to the first year annual rent of \$462,540, DPH will incur an estimated \$25,000 in moving expenses, resulting in total first year costs of \$487,540, which are included in DPH's FY 2013-14 budget as previously approved by the Board of Supervisors.

### Recommendation

- Approve the proposed resolution.

## MANDATE STATEMENT / BACKGROUND

### Mandate Statement

Under Administrative Code Section 23.27, leases with a term of more than one year or rent of more than \$5,000 per month, in which the City is the tenant, are subject to the Board of Supervisors approval, by resolution.

### Background

In 1998, the Board of Supervisors approved an initial 10-year lease between the Department of Public Health (DPH), as tenant, and Bayview Plaza, LLC, as landlord, for 14,825 square feet of office space at 3801 3rd Street, Suite 400, from July 1, 1998 through June 30, 2008.

On February 10, 2009, the Board of Supervisors retroactively approved a new five-year lease, at the same location, between the landlord, Bayview Plaza, LLC, and DPH from July 1, 2008 through June 30, 2013, with the existing base monthly rent of \$36,469.50 or \$2.46 per square foot. The lease did not provide for increases in the rent over the five-year term and did not include an option to extend. Under the lease, DPH operates its Comprehensive Crisis Services (CCS), Foster Care Mental Health Program (FCMHP) in the space.<sup>1</sup>

## DETAILS OF PROPOSED LEGISLATION

The proposed resolution would retroactively approve a new lease for the same 14,825 square feet of office space at 3801 3rd Street, Suite 400, between Bayview Plaza, LLC, the landlord, and DPH, for the DPH to continue to provide Comprehensive Crisis Services (CCS) and operate its Foster Care Mental Health Program (FCMHP), for five years from July 1, 2013 through June 30, 2018 as follows:

**Table 1: Summary of Proposed Lease at 3801 Third Street, Suite 400**

Term	5 years (July 1, 2013 through June 30, 2018)
Square feet (approximate)	14,825
Rent per square foot per month	Approximately \$2.60
Total rent per month	\$38,545
Total annual rent	\$462,540
Parking	1 vehicle in the parking lot between 8 am and 5 pm, and four vehicles in the parking lot between 5 pm and 8 am
Annual rent increases	Annual adjustment to Consumer Price Index (CPI), but no less than 2% and more than 5% of the previous year.
Utilities and services	The lease is fully serviced
Leasehold Improvements	\$60,000 paid by the Landlord for carpet and tile replacement
Options to further extend	One four-year option at 95% of fair market rent

<sup>1</sup> The Comprehensive Crisis Services (CCS) is comprised of four teams: (1) Mobile Crisis Treatment Team, (2) Child Crisis Team, (3) Crisis Response Team, and (4) the Multi-Systemic Therapy Team that provide in-the-field crisis assessments and interventions and short-term crisis case management available to San Francisco residents, individuals, families and community members affected by community violence and critical incidents. The Foster Care Mental Health Program (FCMHP) coordinates mental health services for children in the care of the City's child welfare system.

Ms. Claudine Venegas, Senior Real Property Officer of the Real Estate Division, reports that the monthly rent of \$38,545, or approximately \$2.60 per square foot, is comparable to the market rates of properties in the surrounding area of 3801 Third Street.<sup>2</sup>

The leased space would continue to be used to provide office space and mental health counseling services for DPH's Comprehensive Crisis Services (CCS), Foster Care Mental Health Program (FCMHP).

## FISCAL IMPACTS

Under the proposed five-year lease agreement, the monthly base rent of \$38,545, or \$2.60 per square foot per month, is \$2,075.50 or 5.7% more than the current monthly rent of \$36,469.50 or \$2.46 per square foot.

As shown in Table 2 below, the first year total rent and moving expenses are \$487,540. Total General Fund monies of \$487,540 are included in DPH's FY 2013-14 budget as previously approved by the Board of Supervisors.

**Table 2: Total First Year Costs for the Proposed Lease  
From July 1, 2013 through June 30, 2014**

Rent --\$ for 14,825 square feet (2.60 per square foot per month or \$31.20 annually)	\$462,540
Estimated Moving Expenses related to leasehold improvements provided by the Landlord	25,000
<b>Total First Year Costs</b>	<b>\$487,540</b>

The proposed new five-year lease agreement includes an annual adjustment to the Consumer Price Index (CPI), at be no less than 2% and more than 5% of the previous year's rent. As shown in Table 3 below, the total estimated cost for the rent of the proposed new five-year lease ranges between \$2,407,077 and \$2,555,825.

<sup>2</sup> According to Ms. Venegas, based on the mid-year CoStar Office Report for the San Francisco office market, the subject property falls within the San Francisco Southeast, Potrero East of 101 Freeway submarket cluster, and the CoStar report's quoted market rate for this area is \$33.79 annually or approximately \$2.82 per square foot monthly, fully serviced.

**Table 3: Estimated Range of Total Rent for the Proposed DPH Lease  
From July 1, 2013 through June 30, 2018**

Lease Year	Minimum Monthly Rent (2% increase)	Minimum Annual Rent (2% increase)	Maximum Monthly Rent (5% increase)	Maximum Annual Rent (5% increase)
1	\$38,545	\$462,540	\$38,545	\$462,540
2	39,316	471,791	40,472	485,667
3	40,102	481,227	42,496	509,950
4	40,904	490,851	44,621	535,448
5	41,722	500,668	46,852	562,220
<b>Total</b>	<b>\$200,590</b>	<b>\$2,407,077</b>	<b>\$212,985</b>	<b>\$2,555,825</b>

**RECOMMENDATION**

Approve the proposed resolution.



Ben Rosenfield  
Controller

Monique Zmuda  
Deputy Controller

August 23, 2013

The Honorable Angela Calvillo  
Clerk of the Board of Supervisors  
City and County of San Francisco  
City Hall, Room 244  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

Attention: Budget & Finance Committee

**Re: FY 2013-14 Property Tax Rate Ordinance**

Dear Ms. Calvillo:

I am submitting an ordinance for consideration to amend the tax levy for FY 2013-14. This ordinance includes the following:

- Property Tax Levy for City and County;
- Property Tax Levy for Unified School District;
- Property Tax Levy for Community College District, and
- Property Tax Levy for Bay Area Rapid Transit District
- Property Tax Levy for Bay Area Air Quality Management District
- Pass-through rate of residential tenants pursuant to Chapter 37 of the Administrative Code

Section 3.3 of the Administrative Code requires the property tax rate be adopted by the last working day of September. Because of the Board of Supervisors' recess schedule, I hereby request these items be scheduled for the Budget & Finance Committee meeting no later than September 4, 2013 in order to satisfy this requirement.

Please contact Jamie Whitaker, Property Tax Manager, at 415-554-7593 if you have questions regarding this matter.

Sincerely,

Ben Rosenfield  
Controller

CC: Victor Young, Budget & Finance Committee Clerk



Ben Rosenfield  
Controller

Monique Zmuda  
Deputy Controller

August 23, 2013

The Honorable Edwin Lee  
Mayor, City and County of San Francisco  
City Hall, Room 200  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

The Honorable Board of Supervisors  
City and County of San Francisco  
City Hall, Room 244  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

Dear Ladies and Gentlemen:

I am submitting herewith an annual ordinance which formally adopts those portions of the property tax rate for fiscal year 2013-2014 which the City and County of San Francisco administers. The Bay Area Rapid Transit District (BART) also adopts a debt service tax rate for their combined three county service area. The rate shown below includes the rate for BART, which was adopted at BART's August Board meeting. The composite property tax rate for fiscal year 2013-2014 is projected to be \$1.1880 for each \$100 of assessed value, an increase of \$0.0189 or 1.62 percent from the \$1.1691 rate established for fiscal year 2012-2013. The overall rate increase is attributable primarily to higher debt service requirements to be funded by property taxes for the City and County of San Francisco and the San Francisco Unified School District for fiscal year 2013-2014. Based on a \$1.1880 rate, the average tax bill for a home previously assessed at \$500,000 in fiscal year 2012-2013 will go from \$5,763.66 last fiscal year to \$5,975.64 in fiscal year 2013-2014, a \$211.98 or 3.68 percent increase. The respective tax rates by accruing entity are as follows:

	<u>Tax Rate Ordinance</u>	<u>Estimated State Shift</u>	<u>Effect After State Shift</u>
San Francisco Community College District (includes 0.01813305 debt service)	\$0.03257727	0.0400	\$0.07257727
San Francisco Unified School District (includes 0.04288739 debt service)	0.11987596	0.2133	0.33317596
CCSF - General Fund	0.81918319	(0.2533)	0.56588319
CSF -Library Preservation Fund	0.02500000		0.02500000
CCSF - Children's Fund	0.03000000		0.03000000
CCSF - Open Space Acquisition Fund	0.02500000		0.02500000
CCSF - Bond Interest and Redemption Fund	0.11947956		0.11947956
CCSF - County Superintendent of Schools	0.00097335		0.00097335
Bay Area Air Quality Management District	0.00208539		0.00208539
BART District General Fund	<u>0.00632528</u>		<u>0.00632528</u>
Total excluding BART District Debt Service	\$1.18050000		\$1.18050000
BART Debt Service	<u>0.00750000</u>		<u>0.00750000</u>
Total Combined Tax Rate	<u>\$1.18800000</u>		<u>\$1.18800000</u>

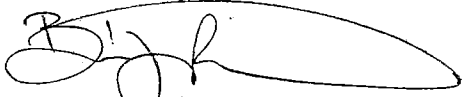


The property tax rate reflects anticipated debt service requirements pertaining to voter-approved general obligation bonds, including a 0.25% administrative allowance to reimburse costs of collection. Attachment A is a Property Tax Rate History table for the City and County beginning in fiscal year 1993-1994. Attachment B provides the anticipated fiscal year 2013-2014 general obligation bond debt service schedule (principal and interest) as presented in the Annual Appropriation Ordinance (AAO) and relevant to the property tax rate calculations. The estimate of general obligation bond debt service for the City and County has since been updated (and slightly reduced from what appears in Attachment B) for the purpose of calculating the property tax rate.

For fiscal year 2013-2014, the pass-through rate for residential tenants is \$0.0880 per \$100 of assessed value, or 8.8 cents per \$100 of assessed value. The pass-through rate is comprised of 3 factors as outlined in Chapter 37.3 of the San Francisco Administrative Code: 1) 100% of the City's general obligation bonds approved by voters between November 1, 1996 and November 30, 1998; 2) 50% of the City's general obligation bonds approved by voters after November 14, 2002; and 3) 50% of the San Francisco Unified School District or San Francisco Community College District's general obligation bonds approved by voters after November 1, 2006.

Except for a consumer price index adjustment which is capped at the lesser of inflation or 2.00% under Proposition 13, individual assessments change only when property is sold, transferred, or otherwise improved. For fiscal year 2013-2014, the consumer price index adjustment authorized by the State is 2.00%. As shown in Attachment C, the combination of a tax rate of \$1.1880 for each \$100 of assessed value and the 2.00% consumer price index adjustment that increases the assessed value of the example residence from \$500,000 in fiscal year 2012-2013 to \$510,000 in fiscal year 2013-2014 results in a \$211.98 property tax increase.

Sincerely,



Ben Rosenfield  
Controller

Attachments:

- A - Property Tax Rate History
- B - Debt Service Requirements
- C - Comparative Property Tax Bill

# Attachment A

## Property Tax Rate History City and County of San Francisco

<u>Fiscal Year</u>	<u>Prop 13 Tax Rate</u>	<u>Schools &amp; Special Districts G.O.</u>		<u>Combined Secured Property Tax Rate</u>	<u>% Change From Prior Year</u>
		<u>San Francisco G.O. Bonds Tax Rate</u>	<u>Bonds Tax Rate</u>		
1993 - 1994	1.0000	0.1221	0.0279	1.1500	0.00%
1994 - 1995	1.0000	0.1354	0.0276	1.1630	1.13%
1995 - 1996	1.0000	0.1367	0.0273	1.1640	0.08%
1996 - 1997	1.0000	0.1564	0.0266	1.1830	1.64%
1997 - 1998	1.0000	0.1643	0.0257	1.1900	0.59%
1998 - 1999	1.0000	0.1449	0.0201	1.1650	-2.10%
1999 - 2000	1.0000	0.1277	0.0013	1.1290	-3.08%
2000 - 2001	1.0000	0.1348	0.0012	1.1360	0.62%
2001 - 2002	1.0000	0.1236	0.0004	1.1240	-1.05%
2002 - 2003	1.0000	0.1167	0.0003	1.1170	-0.62%
2003 - 2004	1.0000	0.1068	0.0002	1.1070	-0.90%
2004 - 2005	1.0000	0.1284	0.0156	1.1440	3.35%
2005 - 2006	1.0000	0.1201	0.0199	1.1400	-0.35%
2006 - 2007	1.0000	0.0966	0.0384	1.1350	-0.43%
2007 - 2008	1.0000	0.1037	0.0373	1.1410	0.53%
2008 - 2009	1.0000	0.1053	0.0577	1.1630	1.93%
2009 - 2010	1.0000	0.1084	0.0506	1.1590	-0.34%
2010 - 2011	1.0000	0.1121	0.0519	1.1640	0.43%
2011 - 2012	1.0000	0.1147	0.0571	1.1718	0.67%
2012 - 2013	1.0000	0.1083	0.0608	1.169100	-0.23%
2013 - 2014	1.0000	0.1195	0.0685	1.188000	1.62%

# Attachment B

## CITY AND COUNTY OF SAN FRANCISCO Debt Service Requirements - General Obligation Bonds Comparative Statement - Fiscal Year 2013-2014 and 2012-2013

Bond Description	FY 2013-2014 Principal	FY 2013-2014 Interest	FY 2013-2014 Total	FY 2012-2013 Total	INCREASE/ (DECREASE)
<b>GENERAL CITY</b>					
1994 UMB Program - Seismic Safety, Series 2007A (1st to 7th draw)	-	-	-	2,410,753	(2,410,753)
1992 UMB Program - Seismic Safety, Series 2007A (1st to 7th draw)	1,129,486	1,281,268	2,410,754	-	2,410,754
1994 UMB Program - Seismic Safety, Series 2007A 8th draw (Estimate)	-	-	-	148,639	(148,639)
2000 Branch Library Facilities Improvement, Series 2008A	1,270,000	1,069,506	2,339,506	-	2,339,506
2000 California Academy of Sciences, Series 2004B	-	-	-	2,348,706	(2,348,706)
2008 Clean and Safe Neighborhood Parks 2008B	1,715,000	1,518,431	3,233,431	3,235,181	(1,750)
2008 Clean and Safe Neighborhood Parks 2010B	2,065,000	669,625	2,734,625	2,738,125	(3,500)
2008 Clean and Safe Neighborhood Parks, BAB 2010D	-	1,956,703	1,956,703	1,956,703	-
2008 Clean and Safe Neighborhood Parks, 2012	-	-	-	4,353,276	(4,353,276)
2008 Clean and Safe Neighborhood Parks, Series 2012B	2,260,000	2,092,426	4,352,426	-	4,352,426
2008 Clean and Safe Neighborhood Parks, Series 2013E (Estimate)	130,000	281,138	411,138	-	411,138
2012 Clean and Safe Neighborhood Parks, Series 2013A	8,795,000	3,296,372	12,091,372	-	12,091,372
2008 San Francisco General Hospital Improvement Bonds, Series 2009A	4,415,000	5,218,988	9,633,988	9,633,788	200
2008 San Francisco General Hospital Improvement Bonds, Series 2010A	10,075,000	3,266,213	13,341,213	13,340,963	250
2008 San Francisco General Hospital Improvement Bonds, BAB Series 2010C	-	9,540,977	9,540,977	9,540,977	-
2008 San Francisco General Hospital Improvement Bonds, Series 2012D	26,800,000	9,769,750	36,569,750	44,679,719	(8,109,969)
2008 San Francisco General Hospital Improvement Bonds, Series 2013D (Estimate)	10,490,000	6,788,545	17,278,545	-	17,278,545
2010 Earthquake Safety & Emergency Response, Series 2010E	1,945,000	3,653,250	5,598,250	5,595,750	2,500
2010 Earthquake Safety & Emergency Response, Series 2012A	5,300,000	6,188,400	11,488,400	11,487,750	650
2010 Earthquake Safety & Emergency Response, Series 2012E	1,595,000	1,698,950	3,293,950	2,092,217	1,201,733
2010 Earthquake Safety & Emergency Response, Series 2013B	3,785,000	1,420,838	5,205,838	-	5,205,838
2011 Road Repaving and Street Safety S2012C	2,310,000	2,141,750	4,451,750	4,454,100	(2,350)
2011 Road Repaving and Street Safety S2013C	15,830,000	5,934,318	21,764,318	-	21,764,318
2011 General Obligation Bond Refunding Series 2011 R1	26,230,000	14,755,150	40,985,150	49,447,150	(8,462,000)
2006 General Obligation Bond Refunding, Series 2006 R1	8,430,000	2,353,450	10,783,450	10,763,950	19,500
2006 General Obligation Bond Refunding, Series 2006 R2	4,650,000	1,108,695	5,758,695	5,779,823	(21,128)
2008 General Obligation Bond Refunding, Series 2008 R1	18,265,000	2,453,100	20,718,100	20,733,600	(15,500)
2008 General Obligation Bond Refunding, Series 2008 R2	3,415,000	1,202,738	4,617,738	4,620,488	(2,750)
2008 General Obligation Bond Refunding, Series 2008 R3 (Laguna Honda)	-	5,847,138	5,847,138	5,847,138	-
<b>SUB-TOTAL GENERAL CITY BEFORE NET PREMIUM &amp; FEDERAL SUBSIDY</b>	<b>\$ 160,899,486</b>	<b>\$ 95,507,719</b>	<b>\$ 256,407,205</b>	<b>\$ 215,208,796</b>	<b>\$ 41,198,409</b>
<b>FEDERAL SUBSIDY AVAILABLE FOR DEBT SERVICE PAYMENT</b>					
2010 Earthquake Safety & Emergency Response Series 2012E	\$ (1,595,000)	\$ (1,698,950)	\$ (3,293,950)	\$ -	\$ (3,293,950)
2012 Clean & Safety Neighborhood Parks Series 2013A	\$ -	\$ (3,296,372)	\$ (3,296,372)	\$ -	\$ (3,296,372)
2010 Earthquake Safety & Emergency Response Series 2013B	\$ -	\$ (1,420,838)	\$ (1,420,838)	\$ -	\$ (1,420,838)
2011 Road Repaving & Street Safety Series 2013C	\$ -	\$ (5,934,318)	\$ (5,934,318)	\$ -	\$ (5,934,318)
2008 Clean and Safe Neighborhood Parks, BAB 2010D	\$ -	\$ (625,264)	\$ (625,264)	\$ (684,846)	\$ 59,582
Tobacco Settlement Revenue and SB1125 Reimbursement	(9,140,000)	\$ (11,446,288)	\$ (20,586,288)	\$ (20,665,288)	\$ 79,000.00
2008 San Francisco General Hospital Improvement Bonds, BAB Series 2010C	-	(3,048,819)	(3,048,819)	(3,339,342)	\$ 290,523.00
<b>TOTAL FEDERAL SUBSIDY</b>	<b>(10,735,000)</b>	<b>(27,470,849)</b>	<b>(38,205,849)</b>	<b>(24,689,476)</b>	<b>(13,516,373)</b>
<b>SUB-TOTAL GENERAL CITY NET OF NET PREMIUM &amp; FEDERAL SUBSIDY</b>	<b>\$ 150,164,486</b>	<b>\$ 68,036,870</b>	<b>\$ 218,201,356</b>	<b>\$ 190,519,320</b>	<b>\$ 27,682,036</b>
<b>OUTSIDE CITY ANNUAL BUDGET</b>					
<b>SAN FRANCISCO COMMUNITY COLLEGE DISTRICT (SFCCD)</b>					
2001 Community College District, 2002 Series A	\$ 1,335,000	\$ 1,395,369	\$ 2,730,369	\$ 2,733,631	\$ (3,262)
2001 Community College District, 2004 Series B	5,120,000	3,378,106	8,498,106	8,570,356	(72,250)
2001 Community College District, 2006 Series C	1,390,000	1,880,338	3,270,338	3,271,588	(1,250)
2005 Community College District, 2006 Series A	2,660,000	3,574,678	6,234,678	6,214,246	20,432
2005 Community College District, 2007 Series B	3,395,000	4,565,856	7,960,856	7,962,606	(1,750)
2005 Community College District, 2010 Series C	1,280,000	290,613	1,570,613	1,569,813	800
2005 Community College District, 2010 Series D	-	1,497,300	1,497,300	1,497,300	-
<b>SUB-TOTAL SF COMMUNITY COLLEGE DISTRICT BEFORE NET BID PREMIUM</b>	<b>\$ 15,180,000</b>	<b>\$ 16,582,260</b>	<b>\$ 31,762,260</b>	<b>\$ 31,819,540</b>	<b>\$ (57,280)</b>
<b>SAN FRANCISCO UNIFIED SCHOOL DISTRICT (SFUSD)</b>					
2003 Unified School District, Series C (2006)	3,990,000	3,171,744	7,161,744	7,160,144	1,600
2006 Unified School District, Series A (2007)	4,100,000	3,381,550	7,481,550	7,484,350	(2,800)
2006 Unified School District, Series B (2009)	8,260,000	5,461,413	13,721,413	13,672,213	49,200
2006 Unified School District, 2010 Series C (CSBCs)	-	742,969	742,969	742,969	-
2006 Unified School District, 2010 Series D (BABs)	-	4,150,420	4,150,420	4,150,420	-
2006 Unified School District, 2010 Series E	6,695,000	4,016,850	10,711,850	10,712,100	(250)
2011 Unified School District, 2012 Series A	3,790,000	4,994,850	8,784,850	8,785,350	(500)
2011 Unified School District, 2013 Series B	5,130,000	6,644,260	11,774,260	-	11,774,260
2012 General Obligation Refunding Bonds	7,395,000	4,321,635	11,716,635	11,708,385	8,250
<b>SUB-TOTAL SF UNIFIED SCHOOL DISTRICT BEFORE NET BID PREMIUM</b>	<b>\$ 39,360,000</b>	<b>\$ 36,885,691</b>	<b>\$ 76,245,691</b>	<b>\$ 64,415,931</b>	<b>\$ 11,829,760</b>
<b>NET PREMIUM AVAILABLE FOR DEBT SERVICE PAYMENT</b>					
2006 Unified School District, Series C (2010) QSCBs	\$ -	\$ (641,073)	\$ (641,073)	\$ (702,161)	\$ 61,088
2006 Unified School District, Series D (2010) BABs	\$ -	\$ (1,326,267)	\$ (1,326,267)	\$ (1,452,847)	\$ 126,380
<b>TOTAL NET BID PREMIUM</b>	<b>\$ -</b>	<b>\$ (1,967,340)</b>	<b>\$ (1,967,340)</b>	<b>\$ (2,154,808)</b>	<b>\$ 187,468</b>
<b>SUB-TOTAL NET OF NET PREMIUM AVAILABLE FOR DEBT SERVICE PAYMENT</b>	<b>\$ 39,360,000</b>	<b>\$ 34,918,351</b>	<b>\$ 74,278,351</b>	<b>\$ 62,261,123</b>	<b>\$ 12,017,228</b>
<b>BAY AREA RAPID TRANSIT DISTRICT (BART)</b>					
2004 BART Earthquake Safety Bonds Series A	\$ 334,950	\$ 572,258	\$ 907,208	\$ 879,179	\$ 28,029
2004 BART Earthquake Safety Bonds Series B	663,300	5,998,464	6,661,764	6,294,260	367,504
<b>SUB-TOTAL BAY AREA RAPID TRANSIT DISTRICT</b>	<b>\$ 998,250</b>	<b>\$ 6,570,722</b>	<b>\$ 7,568,972</b>	<b>\$ 7,173,439</b>	<b>\$ 395,533</b>
<b>SUB-TOTAL SFCCD, SFUSD AND BART</b>	<b>\$ 55,538,250</b>	<b>\$ 58,071,333</b>	<b>\$ 113,609,583</b>	<b>\$ 101,254,102</b>	<b>\$ 12,355,481</b>
<b>TOTAL GENERAL OBLIGATIONS - GENERAL CITY, SFCCD, SFUSD AND BART</b>	<b>\$ 205,702,736</b>	<b>\$ 126,108,203</b>	<b>\$ 331,810,939</b>	<b>\$ 291,773,422</b>	<b>\$ 40,037,517</b>

# Attachment C

## COMPARATIVE TAX BILL

A comparative tax bill calculation of a home in San Francisco with an assessed value of \$500,000 in fiscal year 2012-2013 is as follows:

	<u>Assessed Value (100%)</u>	<u>Property Tax Rate per \$100 Value</u>	<u>Tax Bill</u>	<u>% Change</u>
<b><u>FY 2012-2013</u></b>				
Assessed Value FY 2012-13	\$500,000			
Less Homeowners' Exemption	<u>7,000</u>			
	<u>\$493,000</u>	\$1.1691	\$5,763.66	
<b><u>FY 2013-2014</u></b>				
Prior Year Assessed Value	\$500,000			
Add 2.00% Consumer Price Index (CPI) Increase	<u>10,000</u>			
Assessed Value FY 2013-14	\$510,000			
Less Homeowners' Exemption	<u>7,000</u>			
	<u>\$503,000</u>	\$1.1880	<u>\$5,975.64</u>	
<b>Increase / (Decrease)</b>		<b><u>\$0.0189</u></b>	<b><u>\$ 211.98</u></b>	<b>+3.68%</b>

OFFICE OF THE MAYOR  
SAN FRANCISCO



EDWIN M. LEE  
MAYOR

TO: Angela Calvillo, Clerk of the Board of Supervisors  
FROM: Mayor Edwin M. Lee *emk*  
RE: Substitute Ordinance – File No. 130780 - Setting San Francisco's Property Tax Rate and Establishing Pass-Through Rate for Residential Tenants - FY2013-2014  
DATE: August 26, 2013

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Attached for substitution to the Board of Supervisors is the ordinance providing revenue and levying property taxes at a combined rate of \$1.1880 on each \$100.00 valuation of taxable property for the City and County of San Francisco, San Francisco Unified School District, San Francisco Community College District, Bay Area Rapid Transit District, and Bay Area Air Quality Management District, and establishing pass-through rate of \$0.0880 per \$100.00 of assessed value for residential tenants pursuant to Chapter 37 of the Administrative Code for the fiscal year ending June 30, 2014.

I request that this item be calendared in Budget and Finance Committee on September 4, 2013.

Should you have any questions, please contact Jason Elliott (415) 554-5105.

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