

1 [Hotel Tax Allocation for Cultural Centers]

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3 **Ordinance amending Section 515.01 of Article 7 of the San Francisco Business and Tax**  
4 **Regulations Code to change the annual allocation of revenues from the Tax on the**  
5 **Transient Occupancy of Hotel Rooms (“Hotel Tax”) for the Arts Commission to support**  
6 **City-owned community cultural centers (“Allocation No. 11”) to: (1) limit the use of**  
7 **Allocation No. 11 funding to seven community cultural centers that serve African**  
8 **American, Asian, Pacific Islander, Latino, Native American and lesbian, gay, bisexual**  
9 **and transgender (“LGBT”) communities; (2) eliminate the following conditions,**  
10 **limitations and restrictions on the release of funds to community cultural centers under**  
11 **Allocation No. 11 that presently require: (i) the City and County of San Francisco**  
12 **(“City”) to own the community cultural centers receiving Hotel Tax funds, (ii) the Arts**  
13 **Commission to approve an annual report from the cultural centers demonstrating that**  
14 **their governing boards are dedicated to community outreach, fundraising, and**  
15 **advocacy by convening on at least six occasions during the prior fiscal year, (iii) the**  
16 **cultural centers to have met revenue targets in the prior fiscal year from sources other**  
17 **than Hotel Tax revenues, (iv) the Controller to certify calculations used to reduce**  
18 **amounts released to a cultural center if it failed to meet its non-Hotel Tax revenue**  
19 **target in the prior fiscal year, and (v) the Controller to perform a financial review of the**  
20 **cultural center within the previous four years; (3) require the Arts Commission to seek**  
21 **additional funding from private sources on behalf of the seven cultural centers that**  
22 **receive Hotel Tax revenues; (4) limit the amount of Hotel Tax revenues the Arts**  
23 **Commission may use annually for the administration of Allocation No. 11 to two**  
24 **percent (2%) of the amount available under Allocation No. 11 for the fiscal year; (5)**  
25 **require the Arts Commission to obtain the consent of the seven cultural centers for the**

1 **Arts Commission to provide services to the cultural centers in addition to the**  
2 **administration of Allocation No. 11; (6) require the City to disburse funds under**  
3 **Allocation No. 11 to the cultural centers in equal quarterly installments; (7) authorize**  
4 **the seven cultural centers receiving Allocation No. 11 funding to apply for additional**  
5 **funding from any City program; and (8) authorize the seven cultural centers to use**  
6 **Allocation No. 11 funding for cultural performances, events, education, workshop,**  
7 **exhibits, recreation and other cultural activities occurring anywhere in the San**  
8 **Francisco Bay Area.**

9 Note: Additions are *single-underline italics Times New Roman*;  
10 deletions are *~~strikethrough italics Times New Roman~~*.  
11 Board amendment additions are double underlined.  
12 Board amendment deletions are ~~strikethrough normal~~.

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

14 Section 1. The San Francisco Business and Tax Regulations Code is hereby amended  
15 by amending Section 515.01 thereof, to read as follows:

16  
17 **SEC. 515.01. HOTEL TAX ALLOCATIONS.**

18 (a) All monies collected pursuant to the tax imposed by Section 502 of this  
19 Article ("Hotel Tax Revenues") shall be allocated for the purposes specified in Subsection (b)  
20 in the amounts prescribed in Subsection (c), subject to the adjustments and limitations  
21 prescribed in Subsection (d). Any unexpended balances remaining in Allocations Number 1,  
22 2, 3, 4, 5, 9 and 10 at the close of any fiscal year shall be deemed to be provided for a specific  
23 purpose within the meaning of Section 9.113 of the Charter and shall be carried forward and  
24 accumulated in said allocations for the purposes prescribed in Subsection (b). After the  
25 specific purpose allocations and accumulations required by this Section, all remaining

1 revenues shall be transferred to the General Fund, of which an amount not to exceed two  
2 tenths of one percent (0.2%) shall be appropriated to the Tax Collector for the administration  
3 of the provisions of this Article.

4 (b) The monies allocated pursuant to this Section shall be appropriated to the  
5 following departments and used solely for the following purposes:

6 (1) Allocation Number 1 (Convention Facilities): To the City Administrator for  
7 Base Rental and Additional Rental as provided for and defined in the Project Lease, as  
8 amended, between the City and the San Francisco Redevelopment Agency, for the  
9 acquisition, construction and financing of a convention center within the Yerba Buena Center  
10 Redevelopment Project Area, and for all expenses reasonably related to operation,  
11 maintenance and improvement of the Moscone Convention Center, Brooks Hall and Civic  
12 Auditorium.

13 (2) Allocation Number 2 (Convention and Visitors Bureau): To the City  
14 Administrator to contract with the San Francisco Convention and Visitors Bureau, pursuant to  
15 the authority granted by Section 3.104 of the San Francisco Charter, to pay administrative and  
16 operating expenses of the Convention and Visitors Bureau.

17 (3) Allocation Number 3 (Low-Income Housing in the Yerba Buena Center  
18 Redevelopment Project Area): To the Mayor to facilitate the construction of low-income  
19 housing in the Project Area and on certain parcels adjacent thereto, including, as may be  
20 necessary, payments for architecture, engineering, maintenance and operation, construction,  
21 financing and rent supplements for low-income households. Expenditures from Allocation  
22 Number 3 shall be made according to the following priorities:

23 (A) The Mayor shall allocate and set aside Hotel Tax Revenues from  
24 Allocation Number 3 the amount required for transfer to the rent supplement program  
25 established by Chapter 24A of the Administrative Code under the jurisdiction of the Mayor for

1 rent supplements for low-income households and administration costs not to exceed eight  
2 percent (8%) of the total sum allocated for rent supplements.

3 (B) The funds next available in excess of the amount required for the  
4 purposes described in (A) above shall be used exclusively to facilitate development of low-  
5 cost housing in the Project Area and on certain parcels adjacent thereto, including, but not  
6 limited to, expenses pertaining to the preparation of architectural and engineering programs,  
7 plans, specifications, estimates, land acquisition and expenses incurred by the City.

8 (C) The funds next available in excess of the amount required for the  
9 purposes described in (A) and (B) above shall be used exclusively to finance the construction  
10 of low-cost housing in the Project Area and on certain parcels adjacent thereto, including  
11 lease rental payment in support of Redevelopment Agency bonds in the maximum principal  
12 amount feasible pursuant to the Controller's estimate of future monies to be allocated  
13 pursuant to Allocation Number 3, or, alternatively, mortgage payments for other financing  
14 used to facilitate the construction of housing; and also including costs of maintenance,  
15 operation, furniture and equipment relative to said housing and the administration thereof.

16 (D) The funds next available in excess of the amount required for the  
17 purposes described in (A), (B) and (C) above shall be used to provide the funds necessary to  
18 reduce rentals to 100 percent of the units of housing constructed in the Project Area and on  
19 certain parcels adjacent thereto to rent-level categories equivalent to those then in effect in  
20 public housing in the City.

21 (E) The funds next available in excess of the amount required for the  
22 purposes described in (A), (B), (C) and (D) above shall be retained in a maintenance,  
23 operation, furniture and equipment reserve fund to insure the maintenance and operation of  
24 the housing constructed in the Project Area and on certain parcels adjacent thereto.

25

1 (F) Funds next available in excess of the amount required for the purposes  
2 described in (A), (B), (C), (D) and (E) above shall be applied to construct or rehabilitate low-  
3 income rental housing for the elderly and handicapped in San Francisco which meet all of the  
4 following criteria:

5 (i) One hundred percent of the units are rental, excepting staff-occupied  
6 units, which are affordable to low-income elderly or handicapped residents and will remain so  
7 for 40 years;

8 (ii) The project is developed and controlled during that period by a nonprofit  
9 corporation, not excluding partnership ownership where the nonprofit corporation is the  
10 managing general partner;

11 (iii) Additional project funding includes funding from sources other than City and  
12 County of San Francisco.

13 (G) The funds next available in excess of the amount required for the purposes  
14 described in (A), (B), (C), (D), (E) and (F) above may be applied, at the sole option of the City,  
15 to the early retirement of bonds or other evidence of indebtedness used to finance low-cost  
16 housing in the Project Area or certain parcels adjacent thereto; or may be applied to pay for  
17 bridges, ramps, concourse and landscaping to further enhance the convention center in the  
18 Project Area.

19 (H) Notwithstanding any other provisions of Allocation 3, to the extent that the  
20 City becomes obligated to make lease rental payments to the Redevelopment Agency in  
21 support of Redevelopment Agency low- income housing lease revenue bonds or a series of  
22 such bonds, the obligation of the City to make the appropriate allocations pursuant to  
23 Allocation 3 shall be deemed proportionately discharged. In the event that such bonds are  
24 paid and discharged prior to maturity, the foregoing obligation to make such appropriations  
25 and allocations shall be deemed to be proportionately discharged.

1 (I) In the event that other public and private funds in the future become  
2 available to construct or otherwise subsidize the low-income housing and related expenses  
3 hereinabove referred to, the Redevelopment Agency or the City may use such funds in lieu of  
4 the proceeds of the sale of the Redevelopment Agency low- income housing lease revenue  
5 bonds hereinabove described, and, to the extent that such funds become available and are  
6 utilized, the obligations of the Redevelopment Agency and the City to finance the low-income  
7 housing hereinabove described shall be deemed to be proportionately discharged.

8 (J) Once each year, as soon as practicable after June 30th, the Mayor shall  
9 ascertain the amount of money appropriated pursuant to this Allocation 3 which has not been  
10 expended or reserved for a specific use as provided herein and shall, following a period of  
11 public comment, prepare a report setting forth a program for expenditure of such money.

12 (4) Allocation Number 4 (War Memorial): To the War Memorial Department  
13 to be used to defray the cost of maintaining, operating and caring for the War Memorial  
14 buildings and grounds as described in Section 27.3 of the San Francisco Administrative Code.

15 (5) Allocation Number 5 (Candlestick Point): To the Recreation and Park  
16 Department for Base Rental and Additional Rental as provided in the 1977 Amended Park  
17 Lease between the City and County of San Francisco and San Francisco Stadium, Inc. for the  
18 improvement and expansion of the Recreation Center located at Candlestick Point.

19 (6) Allocation Number 6 (Publicity/Advertising; Recurring Events): To the City  
20 Administrator for publicity and advertising purposes pursuant to the provisions of Section  
21 3.104 of the Charter for cultural and promotional organizations and annual or regularly  
22 recurring parades, celebrations and street fairs, and to evaluate and review cultural, artistic or  
23 advertising programs funded pursuant to this Allocation Number 6 or Allocation Number 7.

24 (7) Allocation Number 7 (Publicity/Advertising; Nonrecurring Events): To the  
25 City Administrator to be used for publicity and advertising purposes pursuant to the provisions

1 of Section 3.104 of the Charter for nonrecurring parades, celebrations and street fairs and for  
2 unforeseen special contingencies.

3 (8) Allocation Number 8 (Cultural Equity Endowment Fund): To the Arts  
4 Commission for cultural equity initiatives, commissions to individual creative artists in all  
5 disciplines, project grants to small and midsize arts organizations, and artspace initiatives or  
6 facilities acquisition programs.

7 (9) Allocation Number 9 (Asian Art Museum): To the Asian Art Museum of  
8 San Francisco for the operation and maintenance of the Museum.

9 (10) Allocation Number 10 (Fine Arts Museums): To the Fine Arts Museums  
10 of San Francisco for the operation and maintenance of the Museums.

11 (11) Allocation Number 11 (Cultural Centers): To the Arts Commission to  
12 support the *operation, maintenance and cultural programming and operations* of the *City-owned*  
13 *seven City-supported* community cultural centers *that serve historically underrepresented*  
14 *populations of African American, Asian, Pacific Islander, Latino, Native American and lesbian, gay,*  
15 *bisexual and transgender (LGBT) communities* to assure that these cultural centers remain open  
16 and accessible and remain vital contributors to the cultural life of the *City San Francisco Bay*  
17 *Area*.

18 (12) Allocation Number 12 (Protocol): To the Mayor to support the Mayor's  
19 Office of Protocol in their efforts to promote the City by hosting international visitors and  
20 delegations and by organizing events, trade missions, and other activities that promote San  
21 Francisco. This allocation shall expire at the end of fiscal year 1997-98 and shall not extend  
22 beyond that fiscal year.

23 (c) Each allocation for a purpose described in Subsection (b) shall be in the  
24 amount prescribed in the table below, subject to the adjustments and limitations prescribed in  
25 Subsection (d).

Allocation No.	1997-98	1998-99	1999-2000
1. Convention Facilities	\$31,983,619		
2. Convention and Visitors Bureau	\$5,941,893	\$7,000,000	
3. Low-Income Housing: Yerba Buena Redevelopment Area	\$4,810,360		
4. War Memorial	\$7,473,309		
5. Candlestick Point	\$4,770,360		
6. Publicity/Advertising: Recurring Events (including Cultural Centers)	\$12,450,411		
7. Publicity/Advertising: Nonrecurring Events	\$191,427		
8. Cultural Equity Endowment Fund	\$1,722,843		
9. Asian Art Museum	\$1,565,873		
10. Fine Arts Museums	\$3,947,224		
11. Cultural Centers	\$600,000	\$900,000	\$1,800,000
12. Protocol	\$1,500,000	\$0	\$0

(d) Adjustments to and Limitations on Allocation Amounts. Notwithstanding the provisions of Subsection (c), the allocation amounts shall be subject to the following adjustments, requirements and limitations:

(1) Annual Adjustment: Prior to the calculation of any other adjustment prescribed in this Subsection (d), each amount prescribed in Subsection (c) shall be adjusted annually, commencing in fiscal year 1998-99, by the percentage increase or decrease in actual hotel tax revenues compared with the prior fiscal year; provided, however, that the amount of the annual adjustment pursuant to this Subparagraph (1) shall not exceed 10 percent.



1 (2) Limitation on Allocation Number 3 (Low-Income Housing in Yerba Buena  
2 Redevelopment Area): Unexpended monies appropriated pursuant to priority (E) of Allocation  
3 Number 3 shall be retained in a reserve fund which shall be allowed to accumulate in the  
4 maximum annual amount of \$100,000 up to a maximum total amount of \$1,000,000.

5 (3) Limitation on Allocation Number 6 (Publicity/Advertising; Recurring  
6 Events): Of the amount allocated for publicity and advertising for recurring events, \$650,000 in  
7 1997-1998; \$800,000 in 1998-1999 and \$400,000 in 1999-2000, thereafter adjusted by the  
8 annual adjustment provided in Subparagraph (1) of this paragraph, shall be allocated to the  
9 Arts Commission to support the City-supported ~~owned~~ community cultural centers.

10 (4) ~~Adjustment to Allocation Number 6 (Publicity/Advertising; Recurring Events)~~  
11 ~~and Requirements for~~ Allocation Number 11 (Cultural Centers): In fiscal year ~~1998-99~~ 2004-05  
12 and thereafter, ~~no amount allocated~~ the following requirements shall apply to the allocation to  
13 support the City-supported ~~owned~~ community cultural centers ~~shall be released to a cultural center~~  
14 ~~unless:~~

15 (A) ~~The~~ Each of the seven cultural center shall submit an annual budget and  
16 program evaluation report to the Arts Commission, ~~has received and approved an annual report from~~  
17 ~~the cultural center demonstrating and verify~~ that the cultural center has had an active community  
18 support board dedicated to the organization ~~community outreach, fundraising, and advocacy on~~  
19 ~~behalf of the cultural center in the prior fiscal year. For purposes of this Section, an "active community~~  
20 ~~support board" shall mean a board that has convened on at least six occasions during the year.~~

21 (B) The Arts Commission shall seek additional funding for the seven cultural  
22 centers from private sources, including foundations, corporations and individuals. ~~has received and~~  
23 ~~approved an annual report from the cultural center demonstrating that the cultural center has, in the~~  
24 ~~prior fiscal year, met the cultural center's revenue target from sources other than hotel tax revenues.~~  
25 ~~For purposes of this Section, a cultural center's revenue target shall be at least 20 percent of the~~

1 ~~cultural center's total revenues, including hotel tax revenues, in fiscal year 1996-97 inflated annually~~  
2 ~~by a rate of three percent or by the rate of growth in the cultural center's hotel tax revenues, whichever~~  
3 ~~is lower. If the cultural center has not met its revenue target, the amount released to the cultural center~~  
4 ~~shall be reduced in the following year by an amount equivalent to the difference between the revenue~~  
5 ~~target and actual revenues collected from sources other than hotel tax revenues. All revenue~~  
6 ~~calculations required to effectuate this limitation shall be certified by the Controller during the City's~~  
7 ~~annual budget process.~~

8 (C) ~~The Controller has performed a financial review of the cultural center within the~~  
9 ~~previous four years. An initial financial review shall be performed for each cultural center by the end~~  
10 ~~of fiscal year 1998-99. The amount appropriated to the Arts Commission for the administration of the~~  
11 ~~provisions of Allocation No. 11 in any fiscal year may not exceed two percent (2%) of the total amount~~  
12 ~~available under Allocation No. 11 for that fiscal year. The Arts Commission may provide additional~~  
13 ~~services to the seven cultural centers with the consent of the seven cultural centers.~~

14 (D) ~~The City shall disburse funds under this allocation to the seven cultural centers~~  
15 ~~in equal quarterly installments.~~

16 (E) ~~The seven cultural centers may apply to any City program for additional funding,~~  
17 ~~and are encouraged to partner with other organizations to achieve the goals of serving the specified~~  
18 ~~communities and assuring the seven cultural centers remain vital contributors to the cultural life of the~~  
19 ~~San Francisco Bay Area.~~

20 (F) ~~The seven cultural centers may sponsor cultural activities and use funds under~~  
21 ~~this allocation for performances, events, educational activities, workshops, exhibits, recreation and~~  
22 ~~other cultural activities serving the specified communities throughout the San Francisco Bay Area, and~~  
23 ~~the use of such funds shall not be restricted to the support of cultural activities occurring within the~~  
24 ~~City.~~

1 APPROVED AS TO FORM:  
2 DENNIS J. HERRERA, City Attorney

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5 By: \_\_\_\_\_  
6 Dorji Roberts  
7 Deputy City Attorney

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