

City and County of San Francisco

City Hall  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102-4689



**MEETING MINUTES**

**Monday, July 14, 2008**

**10:00 AM**

**Legislative Chamber, City Hall, Room 250  
Special Meeting**

Government Audit and Oversight Committee

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*Members: Aaron Peskin, Tom Ammiano, Sophie Maxwell*

*Clerk: Annette Lonich (415) 554-7706*

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**Members Present:** *Aaron Peskin, Tom Ammiano, Sophie Maxwell.*

**Members Excused:** *None.*

**Members Absent:** *None.*

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**Meeting Convened,**

The meeting convened at 10:12 a.m.

**REGULAR AGENDA**

**080849 [PG&E SmartMeter Upgrade Proposal]**

**Supervisors Peskin, Dufty,  
Ammiano, Maxwell, Mirkarimi,  
Daly, McGoldrick, Sandoval**

Ordinance directing the Department of the Environment to conduct a Cost and Climate Review of PG&E's request to the California Public Utilities Commission to spend \$877 million on a SmartMeter upgrade program; and directing the City Attorney, in consultation with the Department of the Environment and Public Utilities Commission, to participate in the CPUC review of PG&E's request; and establishing the City's policy to oppose PG&E's request if the Cost and Climate Review concludes that PG&E's SmartMeter upgrade proposal is not cost effective or that alternative technologies that offer greater benefits should be investigated.

(Fiscal Impact.)

6/24/08, RECEIVED AND ASSIGNED to Government Audit and Oversight Committee.

7/8/08, ASSIGNED to Government Audit and Oversight Committee.

7/8/08, SUBSTITUTED. Supervisor Peskin submitted a substitute ordinance bearing new title.

Hearing held. Speakers: Supervisor Peskin; Supervisor Maxwell; Mark Westin, Department of the Environment; David P., Department of the Environment; Sandra R. , PUC; Mark Toney, Executive Director, T.U.R.N.; Loretta Lynch, former CPUC Commissioner; David Tornheim; Robert Hinish.

**RECOMMENDED by the following vote:**

Ayes: 3 - Peskin, Ammiano, Maxwell

**080953 [Approval of an historical property contract for 690 Market Street ("Chronicle Building")] Supervisor Peskin**

Resolution under Chapter 71 of the San Francisco Administrative Code, approving an historical property contract between RC Chronicle Building LP and 690 Market Master Association, the owners of 690 Market Street ("Chronicle Building"), and the City and County of San Francisco; authorizing the Director of Planning and the Assessor to execute the historical property contract.

(Fiscal Impact.)

7/8/08, RECEIVED AND ASSIGNED to Government Audit and Oversight Committee.

Hearing held. Speakers: Supervisor Peskin; Supervisor Maxwell

7/14/08 - Consideration continued to 7/21/08.

**CONTINUED by the following vote:**

Ayes: 3 - Peskin, Ammiano, Maxwell

**080954 [Planning Code-Amending Article 11 Designation of 690 Market Street] Supervisor Peskin**

Ordinance amending the designation of 690 Market Street from "Unrated-Category V" to "Significant-Category II" under Planning Code Article 11; and adopting General Plan, Planning Code Section 101.1(b) and environmental findings.

7/8/08, RECEIVED AND ASSIGNED to Government Audit and Oversight Committee.

Hearing held. Speakers: Supervisor Peskin; Supervisor Maxwell.

**RECOMMENDED by the following vote:**

Ayes: 3 - Peskin, Ammiano, Maxwell

**080791 [Declaration of Policy - Repealing the Emergency Response Fee and Enactment of an Access Line Tax] Mayor, Supervisors Peskin, Alioto-Pier, Ammiano, Chu, Daly, Dufty, Elsbernd, Maxwell, McGoldrick, Mirkarimi, Sandoval**

Motion submitting a policy declaration to the qualified electors of the City and County of San Francisco at the November 4, 2008 election concerning the voter's non-binding recommendation that Article 10A (the Emergency Response Fee) be repealed, that Article 10B (Access Line Tax) be added to the Business and Tax Regulations Code and that the proposed Access Line Tax revenues be expended to support public safety and health by funding San Francisco's 911 Emergency Communications Center.

6/10/08, RECEIVED AND ASSIGNED to Government Audit and Oversight Committee.

Hearing held. Speakers: Supervisor Peskin; Jim Lazuras, Chamber of Commerce; Tom Long, Deputy City Attorney; Jennifer Maas, Mayor's Office of Economic Development; Ben Rosenfield, Controller.

7/14/08 - Continued to 7/21/08.

**CONTINUED by the following vote:**

Ayes: 3 - Peskin, Ammiano, Maxwell

**080792 [Replacing the Emergency Response Fee, with a general tax at the Mayor, Supervisors Peskin,**

**same rates and with the same exemptions and modernizing the Telephone Users Tax without changing the rate or exemptions.]**

**Alioto-Pier, Ammiano, Chu,  
Daly, Dufty, Elsbernd, Maxwell,  
McGoldrick, Mirkarimi,  
Sandoval**

Ordinance amending the Business and Tax Regulations Code by: (1) repealing Article 10A, Sections 750-770, to eliminate the Emergency Response Fee; (2) adding Article 10B, Sections 780-786, to add an Access Line Tax; (3) amending Article 10 by adding Sections 721, 722, and 723, amending Sections 701, 703, 707.1, and 708, and repealing Sections 702 and 707.3, all to update the Telephone Users Tax without changing the tax rate or exemptions; and (4) amending Article 6, Section 6.1-1, to make conforming changes; and ratifying past collection of the Telephone Users Tax and the Emergency Response Fee.

6/10/08, ASSIGNED UNDER 30 DAY RULE to Government Audit and Oversight Committee, expires on 7/10/2008. 6/23/08 - Referred to Small Business Commission for review and comment. 6/23/08 - Referred to Planning Department for environmental review. 06/30/08 - Response received from Planning, exempt from CEQA.

Hearing held. Speakers: Supervisor Peskin; Jim Lazuras, Chamber of Commerce; Tom Long, Deputy City Attorney; Jennifer Maas, Mayor's Office of Economic Development; Ben Rosenfield, Controller.

7/14/08 - Consideration continued to 7/21/08.

**AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE.**

Ordinance submitting to the voters an ordinance amending the Business and Tax Regulations Code by: (1) adding Article 10B, Sections 780-786, to replace the current Emergency Response Fee with a general tax at the same rates and with the same exemptions; (2) repealing Article 10A, Sections 750-770, to eliminate the existing Emergency Response Fee; (3) amending Article 10 by adding Sections 721, 722, and 723, amending Sections 701, 703, 707.1, and 708, and repealing Sections 702 and 707.3, all to modernize and update the Telephone Users Tax without changing the tax rate or exemptions; and (4) amending Article 6, Section 6.1-1, to make conforming changes; and ratifying past collection of the Telephone Users Tax and the Emergency Response Fee.

**CONTINUED by the following vote:**

Ayes: 3 - Peskin, Ammiano, Maxwell

**080831 [Payroll Expense Tax]**

**Supervisor Peskin**

Ordinance amending the Business and Tax Regulations Code by amending Section 902.1 and adding Section 902.2 to clarify the tax liability of "pass through entities" under the Payroll Expense Tax Ordinance, including partnerships, Subchapter S corporations, limited liability companies, limited liability partnerships and other persons or entities not subject to federal income tax or which are allowed a deduction in computing such tax for distributions to the owners or beneficiaries of such persons or entities.

(Economic Impact)

6/10/08, ASSIGNED UNDER 30 DAY RULE to Government Audit and Oversight Committee, expires on 7/10/2008. 6/23/08 - Referred to Small Business Commission for review and comment. 6/23/08 - Referred to Planning Department for environmental review. 06/30/08 - Response received from Planning, exempt from CEQA.

Hearing held. Speakers: Supervisor Peskin; Supervisor Ammiano; Cheryl Adams, Deputy City Attorney; Ben Rosenfield, Controller; Jennifer Maas, Mayor's Office; Ted Egan, Office of Economic Analysis; Selvin Cambell, Budget Analyst.

**DIVIDED.**

Ordinance submitting to the voters an ordinance amending the Business and Tax Regulations Code by (1) amending Section 902.1 and adding Section 902.2 to clarify the tax liability of "pass through entities" under the Payroll Expense Tax Ordinance, including partnerships, Subchapter S corporations, limited liability companies, limited liability partnerships and other persons or entities not subject to federal income tax or which are allowed a deduction in computing such tax for distributions to the owners or beneficiaries of such persons or entities and specifying safe harbor measure of taxable payroll expense for owners of pass through entity (80% of net earnings from self-employment); and (2) amending Section 905-A to increase the Small Business Tax Exemption to include all taxpayers whose taxable payroll expense is \$250,000 or less.

(Economic Impact)

7/14/08 - Consideration continued to 7/21/08.

**CONTINUED AS AMENDED by the following vote:**

Ayes: 3 - Peskin, Ammiano, Maxwell

**081030 [Payroll Expense Tax] Supervisors Peskin, Dufty**

Ordinance submitting to the voters an ordinance amending the Business and Tax Regulations Code by (1) amending Section 902.1 and adding Section 902.2 to clarify the tax liability of "pass through entities" under the Payroll Expense Tax Ordinance, including partnerships, Subchapter S corporations, limited liability companies, limited liability partnerships and other persons or entities not subject to federal income tax or which are allowed a deduction in computing such tax for distributions to the owners or beneficiaries of such persons or entities; and specifying safe harbor measure of taxable payroll expense for owners of pass through entity (200% of compensation for its most highly paid quartile of employees); and (2) amending Section 905-A to increase the Small Business Tax Exemption to include all taxpayers whose taxable payroll expense is \$250,000 or less.

See File 080831.

**CONTINUED AS DIVIDED by the following vote:**

Ayes: 3 - Peskin, Ammiano, Maxwell

**080827 [To increase rates of Real Property Transfer Tax for sales in excess of \$1 million] Supervisor McGoldrick**

Ordinance amending Section 1102 of Article 12-C of the Business and Tax Regulations Code to increase the Real Property Transfer Tax rate from 0.75% to 1% if value or consideration for transfer exceeds \$1 million but is less than or equal to \$1.25 million, to 1.25% if value or consideration for transfer exceeds \$1.25 million but is less than or equal to \$1.75 million, to 1.5% if value or consideration for transfer exceeds \$1.75 million but is less than or equal to \$2 million, and to 1.75% if value or consideration for transfer exceeds \$2 million.

(Economic Impact)

6/10/08, ASSIGNED UNDER 30 DAY RULE to Government Audit and Oversight Committee, expires on 7/10/2008.

6/17/08, ASSIGNED UNDER 30 DAY RULE to Government Audit and Oversight Committee, expires on 7/10/2008. 6/23/08 - Referred to Small Business Commission for review and comment. 6/23/08 - Referred to Planning Department for environmental review. 06/30/08 - Response received from Planning, exempt from CEQA.

6/17/08, SUBSTITUTED. Supervisor McGoldrick submitted a substitute ordinance bearing new title.

7/14/08 - Continued to July 21, 2008.

**CONTINUED by the following vote:**

Ayes: 3 - Peskin, Ammiano, Maxwell

Ordinance amending the Business and Tax Regulations Code by amending Section 1102 to increase the Real Property Transfer Tax rate from 0.75% to 1.5% if the consideration for or value of the transfer exceeds \$2 million, and by amending Section 1105 to reduce the tax on transfers of residential property by up to one third (1/3) if, after January 1, 2009, the transferor has installed an active solar system or made seismic retrofitting improvements or improvements utilizing earthquake hazard mitigation technologies, and by amending Section 1115 to clarify application of tax to transfers of ownership interests in legal entities that own real estate.

(Economic Impact)

6/10/08, ASSIGNED UNDER 30 DAY RULE to Government Audit and Oversight Committee, expires on 7/10/2008. 6/23/08 - Referred to Small Business Commission for review and comment. 6/23/08 - Referred to Planning Department for environmental review. 06/30/08 - Response received from Planning, exempt from CEQA.

6/26/08, CLERICAL CORRECTION. Clerical correction per request of City Attorney. On page 1, line 6, change "Section 1115" to read "Section 1114."

Hearing held. Speakers: Supervisor Peskin; Supervisor McGoldrick; Cheryl Adams, Deputy City Attorney; Ben Rosenfield, Controller; Jennifer Maas, Mayor's Office; Ted Egan, Office of Economic Analysis; Selvin Cambell, Budget Analyst; Bill Hirst; Steve Fields; Sherilyn Adams; Jim Fabris; Jim Lazuras; SEIU Rep; Female Speaker, IHSS Public Authority; Eve Meyer; Coleman Advocate Rep.

**AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE.**

Ordinance submitting to the voters an ordinance amending the Business and Tax Regulations Code by: (1) amending Section 1102 to increase the Real Property Transfer Tax rate from 0.75% to 1.5% if the consideration for or value of the transfer exceeds \$5 million; (2) amending Section 1105 to reduce the tax on transfers of residential property by up to one third (1/3) if, after January 1, 2009, the transferor has installed an active solar system or made seismic retrofitting improvements or improvements utilizing earthquake hazard mitigation technologies; (3) amending Section 1114 to clarify application of tax to transfers of ownership interests in legal entities that own real estate; and (4) amending Section 1108.3 to apply transfer tax to transfers of 35 year or longer leasehold interests.

(Economic Impact)

7/14/08 - Consideration continued to 7/21/08.

**CONTINUED by the following vote:**

Ayes: 3 - Peskin, Ammiano, Maxwell

## **ADJOURNMENT**

The meeting adjourned at 12:30 p.m.