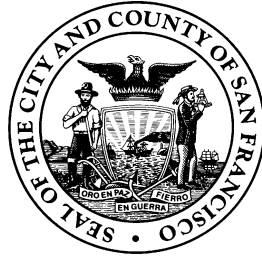


BOARD of SUPERVISORS



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MEMORANDUM

TO: Regina Dick-Endrizzi, Director
Small Business Commission, City Hall, Room 448
FROM: John Carroll, Assistant Clerk, Government Audit and Oversight Committee,
Board of Supervisors
DATE: April 22, 2020
SUBJECT: REFERRAL FROM BOARD OF SUPERVISORS
Government Audit and Oversight Committee

The Board of Supervisors' Government Audit and Oversight Committee has received the following legislation, which is being referred to the Small Business Commission for comment and recommendation. The Commission may provide any response it deems appropriate within 12 days from the date of this referral.

File No. 200379

Resolution declaring the intention of the Board of Supervisors to renew and expand a property-based business improvement district known as the "Castro Community Benefit District" and levy a multi-year assessment on all parcels in the district; approving the management district plan and engineer's report and proposed boundaries map for the district; ordering and setting a time and place for a public hearing of the Board of Supervisors, sitting as a Committee of the Whole, on July 14, 2020, at 3:00 p.m.; approving the form of the Notice of Public Hearing and Assessment Ballot Proceeding, and Assessment Ballot; directing environmental findings; and directing the Clerk of the Board of Supervisors to give notice of the public hearing and balloting, as required by law.

Please return this cover sheet with the Commission's response to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, California 94102.

RESPONSE FROM SMALL BUSINESS COMMISSION - Date: _____

- No Comment
Recommendation Attached

Chairperson, Small Business Commission

1 [Resolution of Intention - Renewal and Expansion - Castro Community Benefit District]

2 **Resolution declaring the intention of the Board of Supervisors to renew and expand a**
3 **property-based business improvement district known as the “Castro Community**
4 **Benefit District” and levy a multi-year assessment on all parcels in the district;**
5 **approving the management district plan and engineer’s report and proposed**
6 **boundaries map for the district; ordering and setting a time and place for a public**
7 **hearing of the Board of Supervisors, sitting as a Committee of the Whole, on July 14,**
8 **2020, at 3:00 p.m.; approving the form of the Notice of Public Hearing and Assessment**
9 **Ballot Proceeding, and Assessment Ballot; directing environmental findings; and**
10 **directing the Clerk of the Board of Supervisors to give notice of the public hearing and**
11 **balloting, as required by law.**

12
13 WHEREAS, The Property and Business Improvement District Law of 1994 (California
14 Streets and Highways Code, Sections 36600 et seq., “1994 Act”), authorizes cities to
15 establish property and business improvement districts within business districts to promote the
16 economic revitalization and physical maintenance of such business districts; and

17 WHEREAS, Section 36603 of the 1994 Act recognizes the authority of Charter cities to
18 adopt ordinances providing for different methods of levying assessments for similar or
19 additional purposes from those set forth in the 1994 Act; and

20 WHEREAS, Article 15 of the San Francisco Business and Tax Regulations Code
21 (“Article 15”) augments certain procedural and substantive requirements relating to the
22 formation of property and business improvement districts and the assessments on real
23 property or businesses within such districts; and

1 WHEREAS, The 1994 Act and Article 15 authorize the City to levy and collect
2 assessments on real property within such districts for the purpose of providing improvements
3 and promoting activities and property-related services that specially benefit parcels of real
4 property located within such districts; and

5 WHEREAS, Article XIID of the California Constitution and Section 53753 of the
6 California Government Code impose certain procedural and substantive requirements relating
7 to assessments on real property; and

8 WHEREAS, The 1994 Act and Article 15 impose additional procedural and substantive
9 requirements relating to assessments on real property within a proposed property and
10 business improvement district, also known as a community benefit district (“CBD”); and

11 WHEREAS, The Board of Supervisors finds that the property-related services, activities
12 and improvements to be funded with assessments on real property within the proposed district
13 will confer special benefits on the assessed properties over and above the general benefit to
14 the public at large from such services, activities and improvements; and

15 WHEREAS, The property owners who will pay 30% or more of the total amount of
16 assessments on properties within the proposed district signed and submitted to the Clerk of
17 the Board of Supervisors a petition (“Petition”) requesting that the Board of Supervisors renew
18 and expand the property-based community benefit district known as the “Castro Community
19 Benefit District,” and levy assessments on properties located in the proposed district to fund
20 property-related services, activities, and improvements within the district; and

21 WHEREAS, A Management District Plan entitled “Castro Community Benefit District
22 Management Plan” (“Management District Plan”) containing information about the proposed
23 district and assessments required by Section 36622 of the 1994 Act, including but not limited
24 to a map showing all parcels located in the district, a description of the boundaries of the
25 district, the name of the district, the amount of the proposed assessment for each parcel, the

1 total annual amount chargeable to the entire district, the duration of the payments, the
2 property-related services, activities and improvements to be funded by the assessments for
3 each year and the maximum cost thereof, the method and basis upon which the assessments
4 are calculated in sufficient detail to allow each property owner to calculate the amount of the
5 assessment to be levied against his or her property, a statement that no bonds will be issued,
6 the time and manner of collecting the assessments, and a list of the properties to be assessed
7 (including assessor parcel numbers), is on file with the Clerk of the Board of Supervisors in
8 File No. _____, which is hereby declared to be a part of this Resolution as if set
9 forth fully herein; and

10 WHEREAS, A detailed engineer's report supporting the assessments within the
11 proposed district, prepared by John G. Egan, California Registered Professional Engineer No.
12 14853, entitled "Castro Community Benefit District Engineer's Report" ("Engineer's Report") is
13 on file with the Clerk of the Board of Supervisors in File No. _____, which is hereby
14 declared to be a part of this Resolution as if set forth fully herein; and

15 WHEREAS, A Proposed Boundaries Map, submitted pursuant to California Streets and
16 Highways Code, Section 3110, is on file with the Clerk of the Board of Supervisors in File
17 No. _____, which is hereby declared to be a part of this Resolution as if set forth
18 fully herein; now, therefore, be it

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

20 Section 1. Pursuant to Section 36621(a) of the 1994 Act and Article 15, the Board of
21 Supervisors declares its intention to renew and expand the property and business
22 improvement district known as the "Castro Community Benefit District" ("District") for a period
23 of fifteen and one half (15 1/2) years, and to levy and collect assessments against all parcels
24 of real property in the District for fifteen of those years, commencing with fiscal year ("FY")
25 2020-2021, subject to approval by a majority of the property owners in the District who cast

1 assessment ballots, which ballots shall be weighted according to the proportional financial
2 obligations of the affected properties. No bonds will be issued. District operations are
3 expected to commence on or about January 1, 2021, following collection of the assessments
4 for FY2020-2021 and disbursement of the assessment proceeds to the nonprofit owners'
5 association that will administer the property-related services, activities and improvements in
6 the District pursuant to Section 36651 of the 1994 Act and a written agreement with the City.

7 Section 2. Nonpayment of assessments will have the same lien priority and delinquent
8 payment penalties and be subject to the same enforcement procedures and remedies as the
9 ad valorem property tax. All delinquent payment of assessments will be subject to interest
10 and penalties. The City Treasurer and Tax Collector will enforce imposition of interest and
11 penalties and collection of assessments pursuant to the 1994 Act, Article 15 and the San
12 Francisco Business and Tax Regulation Code Article 6, as each may be amended from time
13 to time.

14 Section 3. The Board of Supervisors hereby approves the Management District Plan
15 and Engineer's Report, including the estimates of the costs of the property-related services,
16 activities and improvements set forth in the plan, and the assessment of said costs on the
17 properties that will specially benefit from such services, activities and improvements. The
18 Clerk of the Board shall make the Management District Plan, Engineer's Report and other
19 documents related to the District and included in the record before the Board of Supervisors
20 available to the public for review during normal business hours, Monday through Friday 8:00
21 a.m. through 5:00 p.m., excluding legal holidays.

22 Section 4. The Board of Supervisors hereby approves the Proposed Boundaries Map
23 showing the boundaries of the District. The proposed District contains approximately 586
24 identified parcels located on approximately 28 whole or partial blocks.

25 Specifically, the District boundaries are:

- Market Street from Castro Street in the southwest to Octavia Street in the northeast and McCoppin Street in the southeast.
- Collingwood Street in the southwest from 18th Street in the north to 19th Street in the south;
- Castro Street from Market Street in the north to 19th Street in the south;
- 18th Street from Diamond Street in the west to Noe Street in the east;
- 17th Street from Castro Street in the west to Prosper Street in the east;
- 16th Street from Noe Street in the west to Sanchez Street in the east;
- 15th Street from Sanchez Street in the west to Church Street in the east;
- 14th Street from Belcher Street in the west to Dolores Street in the east;
- Duboce Avenue from Belcher Street in the west to Guerrero Street in the east;
- Noe Street from Beaver Street in the north to 17th Street in the south;
- Church Street from Duboce Avenue in the north to 15th Street in the south; and, a handful of other properties

Reference should be made to the detailed maps and the lists of parcels identified by Assessor Parcel Number that are contained in the Management District Plan, in order to determine which specific parcels are included in the Castro Community Benefit District.

Section 5. A public hearing on the renewal and expansion of the District, and the levy and collection of assessments starting with FY2020-2021 and continuing through FY2034-2035, shall be conducted before the Board of Supervisors sitting as a Committee of the Whole on July 14, 2020, at 3:00 p.m., or as soon thereafter as the matter may be heard in the Board's Legislative Chamber, Second Floor, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, California, 94102. At this public hearing, the Board of Supervisors will hear public

1 testimony regarding the proposed formation of the District, assessments, and boundaries of
2 the District, including testimony from all interested persons for or against renewal and
3 expansion of the District, the extent of the District, the levy of the assessments, the furnishing
4 of specific types of property-related services, improvements and activities, and other matters
5 related to the District. The Board of Supervisors may waive any irregularity in the form or
6 content of any written protest, and at the public hearing may correct minor defects in the
7 proceedings. All protests submitted by affected property owners and received prior to the
8 conclusion of the public testimony portion of the public hearing shall be tabulated to determine
9 whether a majority protest exists.

10 Section 6. The Board of Supervisors hereby approves the form of the Notice of Public
11 Hearing and Assessment Ballot Proceeding, and Assessment Ballot, which are on file with the
12 Clerk of the Board of Supervisors in File No. _____; which are hereby declared to
13 be a part of this Resolution as if set forth fully herein.

14 Section 7. The proposed property-related services, improvements and activities for the
15 District include a Clean and Safe program, a Marketing program, and Administration.

16
17 **Clean Services:** Cleaning services, including sidewalk sweeping and power washing,
18 will be provided along the frontages of property within the District. Zone 1 will receive a minimum
19 of sweeping of sidewalks twice a day and power washing sidewalks twice a month, graffiti
20 removal, and access to the cleaning dispatch number. Zone 2 will receive a minimum of
21 sweeping the sidewalks once a day and power washing once a month, graffiti removal, and
22 access to the cleaning dispatch number. Zone 3 will receive a minimum of sweeping once per
23 day and power washing once every two months, graffiti removal, and access to the cleaning
24 dispatch number. Other cleaning services that may be provided include, but are not limited to
25 enhanced trash emptying in the public right-of-way and special events cleaning and

1 maintenance services.

2 **Landscaping:** Landscaping includes, but is not limited to, maintenance of landscaping
3 within public plazas which will be done as needed and as approved by the Board of Directors.
4 New plantings and sidewalk planters may also be considered.

5 **Marketing:** Marketing provides marketing and communications services to improve the
6 District's image and visibility, community with District stakeholders, and promote activities
7 taking place within the District. Activities may include, but are not limited to, the following: data
8 collection, District Stakeholder and Neighborhood Outreach, Website and Social Media,
9 Service Presentations, Non-Assessment Revenue Fundraising, Branding, Media Relations,
10 and Destination Marketing.

11 **Administration and Contingency:** Administration includes daily oversight and
12 operation of the Castro CBD, adherence to the Management District Plan, and compliance
13 with audit/reporting requirements. Administration also includes fundraising, building and
14 managing relationships with the neighborhood association/groups, city agencies/departments
15 and elected officials. The Castro CBD, representing the owners, and working closely with the
16 merchants, routinely advocates for the interests of the community regarding city services and
17 funding. Because of these relationships and advocacy work, the Castro/Upper Market has
18 often been chosen to host city funded pilot projects, which benefit the neighborhood. This type
19 of work will continue in the new, renewed Castro CBD. The assessments will also fund a
20 contingency reserve that may be used to cover possible unforeseen future expenses and help
21 to smooth out cash flows, which are affected by the timing of property owner payments.

22 Section 8. Within the area encompassed by the proposed District, the City currently
23 provides services at the same level provided to other similar areas of the City. It is the intent
24 of the Board of Supervisors to continue to provide the area encompassed by the District with
25 the same level of services provided to other similar areas of the City; formation of the District

1 will not affect the City's policy to continue to provide the same level of service to the areas
2 encompassed by the District as it provides to other similar areas of the City during the term of
3 the District.

4 Section 9. The annual total assessments proposed to be levied and collected for the
5 first year of the District (FY2020-2021) is estimated to be \$819,403.41. The amount of the
6 total annual assessments to be levied and collected for years two through fifteen
7 (FYs 2021-2022 through 2034-2035) may be increased from one year to the next due to
8 changes to the consumer price index (CPI) or by 5%, whichever is less. Assessments may
9 also increase based on development in the District. The determination of annual adjustments
10 in assessment rates will be subject to the approval of the Castro Community Benefit District
11 Owners' Association. Assessment rates may not increase by more than 5% or the CPI annual
12 increase, whichever is less.

13 Section 10. Environmental Findings. Following the approval of this Resolution, the
14 Planning Department shall determine whether the actions contemplated in this Resolution are
15 in compliance with the California Environmental Quality Act (California Public Resources
16 Code, Sections 21000 et seq.), and respond in writing to the Clerk of the Board of Supervisors
17 prior to the Board's public hearing on the renewal and expansion of the District on July 14,
18 2020 at 3:00 p.m.

19 Section 11. The Clerk of the Board is directed to give notice of the public hearing as
20 provided in California Streets and Highways Code, Section 36623, California Government
21 Code, Section 53753, California Constitution Article XIID, Section 4, San Francisco Charter,
22 Section 16.112, and San Francisco Administrative Code, Section 67.7-1.