

**Excelsior
Community Benefit District
Management District Plan**

**For
A Property-Based
Community Benefit District
In the City and County of San Francisco**

March 2023

**Prepared By
Urban Place Consulting Group, Inc.**

Prepared pursuant to the State of California Property and Business Improvement District Law of 1994 as amended and augmented by Article 15 of the San Francisco Business and Tax Regulations Code and Article XIID of the California Constitution to create a property-based business improvement district

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For the
Excelsior
Community Benefit District (District)
San Francisco, California

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Section 1

Management District Plan Summary

The Excelsior Community Benefit District (“Excelsior CBD”) is being established, pursuant to the California Constitution and the Property and Business Improvement District Law of 1994, as amended and augmented by Article 15 of the San Francisco Business and Tax Regulations Code.

Developed by the Excelsior CBD Steering Committee, in coordination with the San Francisco Office of Economic and Workforce Development, the Excelsior CBD Management District Plan describes how the Excelsior CBD will improve and convey special benefits to assessed parcels located within the Excelsior CBD area. The Excelsior CBD will provide activities consisting of Clean & Beautiful, Marketing/Economic Development, and Administration. Each of these programs is designed to meet the goals of the Excelsior CBD; to improve the cleanliness and appearance of each individual assessed parcel within the Excelsior CBD, to increase building occupancy and lease rates, to encourage new business development, and attract ancillary businesses and services for assessed parcels within the Excelsior CBD.

<p>Location</p>	<p>The Excelsior CBD consists of approximately 17 whole or partial blocks and approximately 195 parcels. In general, the Excelsior CBD is made up of parcels facing on both sides of Mission. Parcels included on Mission begin at Silver Avenue on the north and continue to France Avenue in the south. Parcels on Onondaga Avenue between Alemany Boulevard and Mission street are included.</p>
<p>Boundary</p>	<p>See Section 2, page 7 and map, pages 8-10.</p>
<p>Improvements, Activities, Services</p>	<p>The Excelsior CBD will finance activities and improvements that will be provided directly to the assessed parcels, to improve the District’s environment in the following ways:</p> <p><u>Clean & Beautiful</u></p> <ul style="list-style-type: none"> • Programs that may consist of, but are not limited to, the following: <ul style="list-style-type: none"> - Sidewalk & gutter sweeping - Sidewalk pressure washing - Graffiti & handbill removal - Trash removal - Trees watered and weeded - Gardens planted and maintained <p><u>Marketing & Economic Development</u></p> <p>Programs may consist of, but are not limited to, the following:</p> <ul style="list-style-type: none"> • Branding & Communication • Activation Events

	<ul style="list-style-type: none"> • Media Relations • Website • District Stakeholder Outreach • Art pop ups & workspaces program • Storefront improvement, business recruitment <p><u>Administration</u></p> <p>Administrative staff oversees the Excelsior CBD’s services which are delivered seven days a week.</p>																											
Budget	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #d9e1f2;"> <th style="text-align: center;">EXPENDITURES</th> <th style="text-align: center;">TOTAL BUDGET</th> <th style="text-align: center;">% of Budget</th> </tr> </thead> <tbody> <tr> <td>Clean & Beautiful</td> <td style="text-align: right;">\$250,000.00</td> <td style="text-align: right;">71.53%</td> </tr> <tr> <td>Marketing/Economic Dev</td> <td style="text-align: right;">33,500.00</td> <td style="text-align: right;">9.59%</td> </tr> <tr> <td>Administration</td> <td style="text-align: right;">\$66,000.00</td> <td style="text-align: right;">18.88%</td> </tr> <tr> <td>Total Expenditures</td> <td style="text-align: right;">\$349,500.00</td> <td style="text-align: right;">100.00%</td> </tr> <tr style="background-color: #d9e1f2;"> <th style="text-align: center;">REVENUES</th> <td></td> <td></td> </tr> <tr> <td>Assessment Revenues</td> <td style="text-align: right;">\$340,762.50</td> <td style="text-align: right;">97.50%</td> </tr> <tr> <td>Other Revenues (1)</td> <td style="text-align: right;">\$8,737.50</td> <td style="text-align: right;">2.50%</td> </tr> <tr> <td>Total Revenues</td> <td style="text-align: right;">\$349,500.00</td> <td style="text-align: right;">100.00%</td> </tr> </tbody> </table>	EXPENDITURES	TOTAL BUDGET	% of Budget	Clean & Beautiful	\$250,000.00	71.53%	Marketing/Economic Dev	33,500.00	9.59%	Administration	\$66,000.00	18.88%	Total Expenditures	\$349,500.00	100.00%	REVENUES			Assessment Revenues	\$340,762.50	97.50%	Other Revenues (1)	\$8,737.50	2.50%	Total Revenues	\$349,500.00	100.00%
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Method of Financing	Levy of assessments upon real property that specially benefit from improvements and activities.																											
Assessments	Annual assessments are based on program costs allocated among the parcels based on assessable footage. Two property assessment variables, building square footage, and linear front footage, will be used in the calculation.																											

	<p>Because commercial and residential parcels receive special benefits from all of the CBD activities, their estimated annual maximum assessment rates for the first year of the district are as follows:</p> <table border="1" data-bbox="669 317 1507 499"> <tr> <td data-bbox="669 317 1312 394">Building Square Foot Assessment Rate</td> <td data-bbox="1312 317 1507 394">\$0.09283</td> </tr> <tr> <td data-bbox="669 394 1312 499">Front Foot Assessment Rate</td> <td data-bbox="1312 394 1507 499">\$31.58478</td> </tr> </table> <p>By contrast, non-profits parcels do not specially benefit from Promotion of District activities and the portion of Administration directly relating to Marketing & Economic Development, so those types of entities will pay a reduced rate that does not reflect the cost of these activities:</p> <table border="1" data-bbox="669 751 1507 934"> <tr> <td data-bbox="669 751 1312 829">Non-Profit Building Square Foot Assessment Rate</td> <td data-bbox="1312 751 1507 829">\$0.07740</td> </tr> <tr> <td data-bbox="669 829 1312 934">Non-Profit Front Foot Assessment Rate</td> <td data-bbox="1312 829 1507 934">\$25.58478</td> </tr> </table>	Building Square Foot Assessment Rate	\$0.09283	Front Foot Assessment Rate	\$31.58478	Non-Profit Building Square Foot Assessment Rate	\$0.07740	Non-Profit Front Foot Assessment Rate	\$25.58478
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Annual Assessment Increase	Expenditures may require an annual adjustment up or down to continue the intended level of programs and services. In no case shall these annual assessment increases exceed that year's increase in the San Francisco, Oakland, and San Jose area Consumer Price Index (CPI). Total assessment revenue may also increase based on development in the District. The determination of annual adjustments in assessment rates will be subject to the approval of the Excelsior CBD Owners' Association.								
City Services	The City and County of San Francisco has established and documented the base level of pre-existing City services. The Excelsior CBD will not replace any pre-existing general City services.								
Collection	Excelsior CBD assessments appear as a separate line item on the San Francisco City and County property tax bills.								
District Governance	The City may contract with a new non-profit corporation the Excelsior CBD Owners' Association or another non-profit Owners' Association to provide the day-to-day operations								

	and carry out the services as provided for in this Management District Plan.
District Formation	<p>A CBD requires property owner approval through a two-step voting process in which the votes are weighted according to the proportional financial obligation of each affected property. The voting process is as follows:</p> <ol style="list-style-type: none"> 1. Property owners representing at least 30% of assessments proposed to be levied must submit a signed petition to the San Francisco Board of Supervisors. 2. If the Board of Supervisors adopts a “resolution of intent” to establish the District, the property owners will receive notice of the proposed assessment and a Ballot, with instructions on how to return the Ballot to the City. <p>The assessment shall not be imposed if the ballots submitted in opposition to the assessment exceed the ballots submitted in favor of the assessment, with ballots weighted according to the proportional financial obligation of the affected property.</p>
Duration	The Excelsior CBD will have a 10-year life beginning January 1, 2024 and ending December 31, 2033.

Section 2

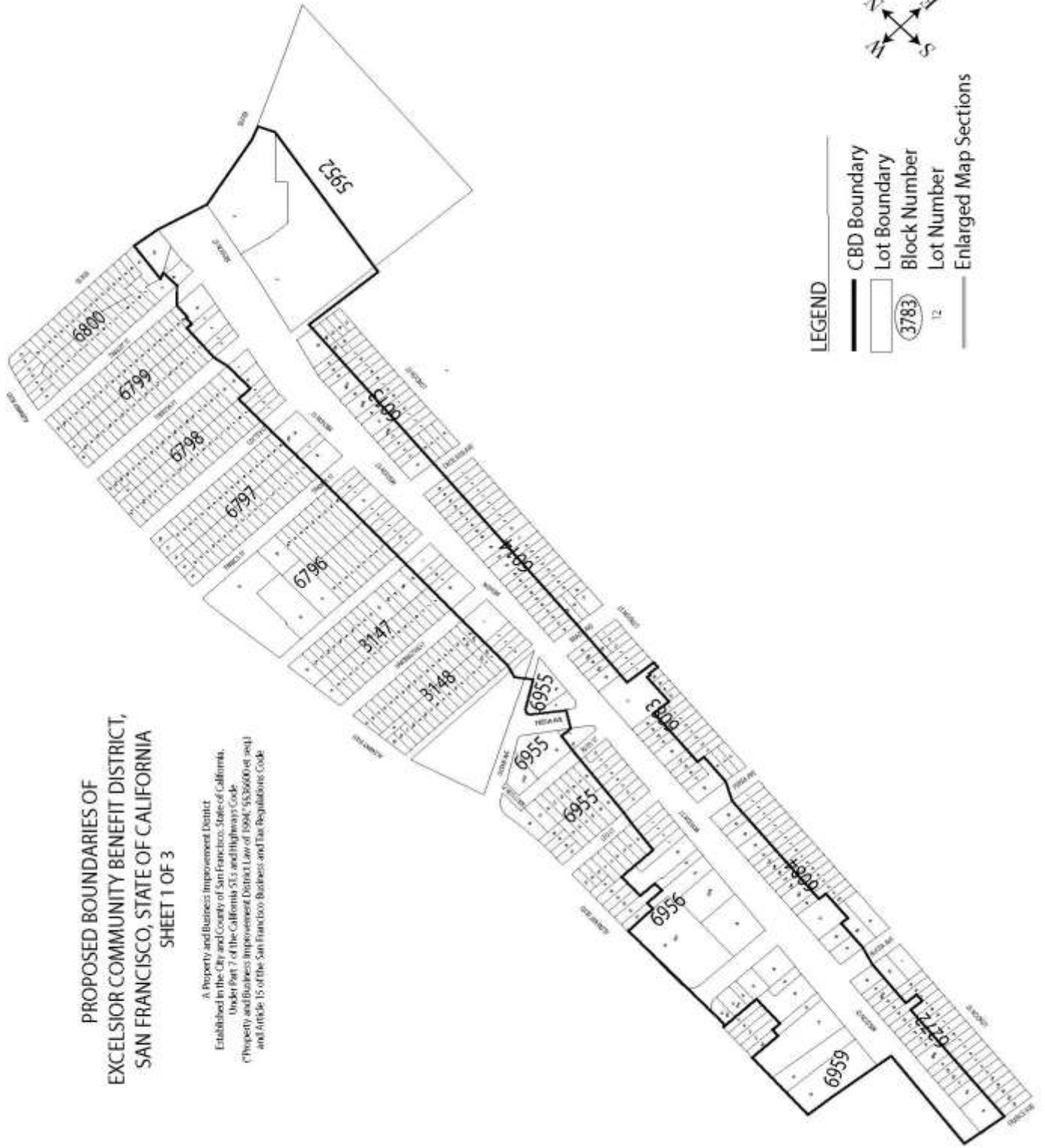
Excelsior CBD Boundaries

The Excelsior CBD consists of approximately 17 whole or partial blocks and approximately 195 parcels. In general, the Excelsior CBD is made up of parcels facing on both sides of Mission. Parcels included on Mission begin at Silver Avenue on the north and continue to France Avenue in the south. Parcels on Onondaga Avenue between Alemany Boulevard and Mission street are included.

The Excelsior CBD boundaries are illustrated by the map on pages 8-10.

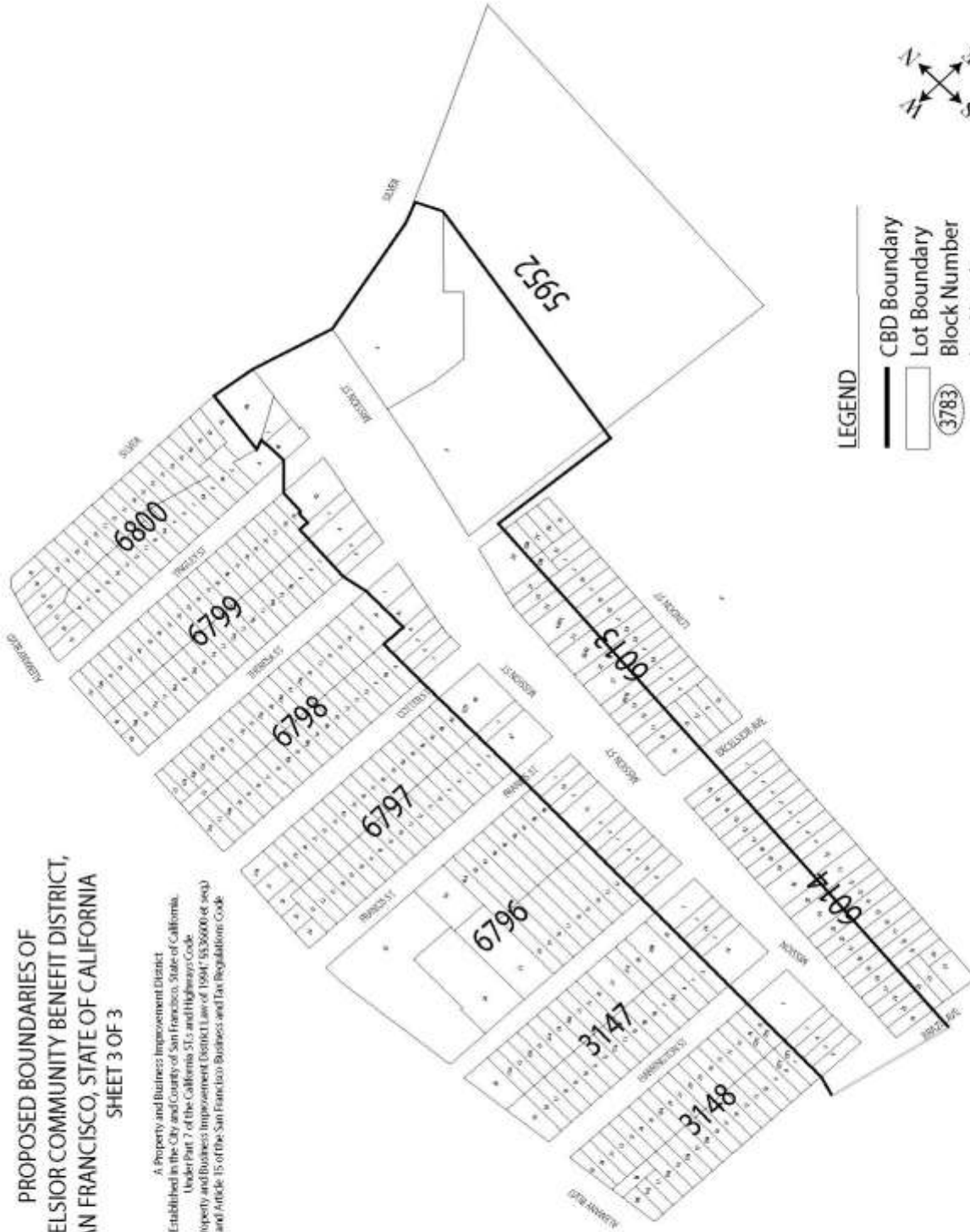
**PROPOSED BOUNDARIES OF
EXCELSIOR COMMUNITY BENEFIT DISTRICT,
SAN FRANCISCO, STATE OF CALIFORNIA
SHEET 1 OF 3**

A Property and Business Improvement District
Established in the City and County of San Francisco, State of California,
Under Part 7 of the California S.E. and Highway Code
(Property and Business Improvement District Law of 1994 (S.B.600 et seq.)
and Article 15 of the San Francisco Business and Tax Regulations Code








**PROPOSED BOUNDARIES OF
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LEGEND

-  CBD Boundary
-  Lot Boundary
-  Block Number
-  Lot Number
-  Enlarged Map Sections

Section 3

District Improvement and Activity Plan

Process to Establish the Improvement and Activity Plan

Beginning in 2017, the San Francisco Planning Department, the Office of Economic and Workforce Development (OEWD), and the Excelsior Action Group, a local nonprofit focused on commercial corridor improvement, worked in coordination to design a multi-pronged community outreach and engagement process to develop goals, strategies, and action items to support, sustain, and enhance the Excelsior and Outer Mission neighborhood and commercial corridors.

The highly participatory process began with an open house on May 5, 2017. More than ten City agencies shared information about current and planned programs and projects for the area, received feedback from residents, and answered questions. Attendees shared their opinions on neighborhood assets, challenges, and visions for the future.

Following the open house, a series of smaller workshops were held from May through July 2017 with high school students, neighborhood residents, seniors, merchants, and other stakeholders. The workshops helped identify aspirations and ideas for improvements in the neighborhood and commercial corridors.

A working group was developed and was tasked with reaching consensus on 1) a vision statement, 2) goals, 3) strategies. The Working Group was composed of diverse neighborhood stakeholders and helped guide the final neighborhood strategy document.

In summer 2017 a survey was conducted to gather more data. The survey was disseminated online and in paper in four languages: English, Spanish, Chinese, and Tagalog. The survey was distributed at workshops, on street corners, online, and at community meetings. Over 972 participants completed survey questions about business, transportation, infrastructure, and housing. Survey results were provided to the Working Group and many similar themes were identified in the survey and the workshops: how to improve the Neighborhood Commercial corridor.

As the process unfolded, Working Group members and City staff recognized certain community voices were not represented. These were often voices of linguistically isolated people, renters, business owners, and youth. Through collaboration with local community leaders and organizations, the City hosted eight Focused Conversations to gather opinions from often unheard or overlooked populations. Focused Conversations were facilitated in multiple languages and designed to be culturally relevant. Over 80 people attended Focused Conversations.

The results of this process determined that both cleanliness and safety were ongoing needs on the commercial corridor. The establishment of a Community Benefit District along the Excelsior Commercial corridor was considered a strategy, goal, and potential key next step following the completion of the strategy. The Excelsior Outer Mission Strategy was finalized in fall 2018.

In early 2019 merchants, property owners, and other stakeholders began reaching out to each other and OEWD about forming a CBD in the area. In the fall of 2019, the Steering Committee initiated a series of meetings to discuss establishing the Excelsior CBD to fund enhanced improvements and activities in the District. The primary needs as determined by the parcel owners were: cleaning, safety, beautification, marketing, economic development and administration. All of the services to be provided, such as the cleaning and beautification work provided, are services that are over and above the City's baseline of services and are not provided by the City.

The proposed services are based on the needs of each assessed parcel within the Excelsior CBD, and will provide particular and distinct benefits to each of those parcels. Each of the services provided by the Excelsior CBD are designed to meet the needs of the retail, residential, education, parking, non-profit, publicly-owned, office, and mixed-use parcels that make up the Excelsior CBD and provide special benefit to each of the assessed parcels. The services are provided only to the assessed parcels and are not provided to parcels outside the Excelsior CBD.

The total improvement and activity plan budget for the Excelsior CBD in 2023 is projected at \$349,500.00. Of the total budget, \$340,762.50 is attributable to providing special benefits and is therefore funded by property assessments. General benefit from the Excelsior CBD budget is calculated to be \$8,737.50 and is not funded by assessment revenue. The costs of providing each of the budget components were developed from actual experience obtained in providing these services to properties in other San Francisco CBDs for the past 15 years. Actual service hours and frequency may vary in order to match varying District needs over the ten-year life of the Excelsior CBD. A detailed operation deployment for 2023 will be available from the property owner's association during the first quarter of 2023. The budget is made up of the following components:

Clean and Beautiful

Clean and Beautiful Program

In order to consistently deal with cleaning issues, a Clean and Beautiful Program will provide a multi-dimensional approach consisting of the following elements. The clean team will only provide service to properties within District boundaries. The special benefit to parcels from these services is increased commercial activity which directly relates to increases in lease rates and customer usage and quality of life for district businesses and residents. Services may include, but are not limited to, the following:

- **Sidewalk Cleaning:** Uniformed, radio equipped personnel sweep litter, debris and refuse from sidewalks and gutters of the District. District personnel may pressure wash the sidewalks. Paper signs and handbills that are taped or glued on property, utility boxes, poles and telephones are removed. Clean sidewalks support an increase in commerce and provides a special benefit to each individually assessed parcel in the district.
- **Sidewalk Pressure Washing:** District personnel may pressure wash the sidewalks. Clean sidewalks support an increase in commerce and provides a special benefit to each individually assessed parcel in the district.
- **Trash Collection:** Collector truck personnel collect trash from sidewalk trash receptacles as needed. They are also dispatched to collect stolen shopping carts and large bulky items illegally

dumped in the District.

- **Graffiti Removal:** Painters remove graffiti by painting, using solvent and pressure washing. The District maintains a zero-tolerance graffiti policy. An effort is made to remove all tags within 24 hours on weekdays.
- **Landscape Maintenance:** Weeding of District tree wells and sidewalk cracks.

The Clean Team will only operate within District boundaries. The special benefit to assessed parcels from these services result in increased commercial activity, which directly relates to increased building occupancy and customer usage. Dirty and unclean sidewalks deter pedestrians and commercial activity.

Marketing and Economic Development

The marketing and economic development activities consist of services provided directly to the assessed parcels: for example, the district will promote local businesses, help property owners attract tenants through advertising, neighborhood branding and storefront improvement efforts. The District will highlight the special benefits that the assessed parcels are receiving through a website, district marketing and special events. These activities will specially benefit each assessed parcel by encouraging business development and investment and increased commercial activity (e.g., filling of vacant storefronts and offices, increased lease rates for retail and office space). Decisions on where to shop, eat or attend events are largely based on a perception of the place. If these activities were not communicated it would be a deterrent to pedestrian traffic, business and commerce for the assessed parcels.

The programs being considered include, but are not limited to, the following:

- Events
- Branding, Marketing, Media Relations
- Website
- District Stakeholder Outreach
- A program to activate public spaces in the District may be developed.
- A program of temporary and permanent art, including performing art, and art workspaces may be developed.

Administration

The improvements and activities are managed by a professional staff that requires centralized administrative support. Administration staff oversees the Excelsior CBD's services, which are delivered six days a week. Administration staff actively work on behalf of the Excelsior CBD parcels and advocate to ensure that City and County services and policies support the Excelsior CBD. Included in this item are grant writing expenses, office expenses, professional services, organizational expenses such as insurance, and the cost to conduct a yearly financial review. Excelsior CBD funds from Administration may be used for renewing the Excelsior CBD.

A well-managed Excelsior CBD provides necessary Excelsior CBD program oversight and guidance that produces higher quality and more efficient programs. Administration staff implement the programs and services of the Excelsior CBD. The special benefit to assessed parcels from these services is

increased commercial activity, which directly relates to increased building occupancy and enhanced commerce.

Section 4

Excelsior CBD Assessment Budget

Ten-Year Operating Budget

A projected ten-year operating budget for the Excelsior CBD is provided below. The projections are based upon the following assumptions:

The cost of providing programs and services may vary depending on the change in market cost for those programs and services. Expenditures may require an annual adjustment up or down to continue the intended level of programs and services. In no case shall these annual assessment increases exceed that year's increase in the San Francisco, Oakland, and San Jose area Consumer Price Index (CPI). Assessments may also increase based on development in the Excelsior CBD. Annual adjustments in assessment rates will be subject to the approval of the Excelsior CBD Owners' Association. The projections below illustrate a 5% annual increase as an example for all budget items for the purpose of this Management District Plan.

The Owners' Association shall have the right to reallocate up to 10% by line item of the budget allocation within the budgeted categories. Any change beyond 10% will be subject to approval by the Owners' Association board of directors and submitted to the City and County of San Francisco within the CBD's annual planning report, pursuant to Section 36650 of the California Streets and Highways Code. The overall budget shall remain consistent with this Management District Plan. Each assessed parcel's assessment shall be no greater than its proportionate share of the special benefits received.

Fiscal Year	Total Budget
2023/24	\$349,500
2024/25	\$366,975
2025/26	\$385,324
2026/27	\$404,590
2027/28	\$424,819
2028/29	\$446,060
2029/30	\$468,363
2030/31	\$491,782
2031/32	\$516,371
2032/33	\$542,189

Future Development

The above table is based on the Excelsior CBD's current development status and does not account for possible increases to assessments due to changes to the parcel characteristics that are used to allocate special benefits (e.g., building square footage). The amount of each parcel's assessment will depend on the existing assessment rates as well as the specific characteristics of the parcel, as explained in further detail below in Section 5. Each parcel will be assessed on a prorated basis from the date it

receives a temporary and/or permanent certificate of occupancy. Thus, changes to a parcel may result in corresponding revisions to the assessments. Over time, the total assessments levied in the Excelsior CBD likely will increase as parcels are developed. Parcels may also see assessments change as a result of changes to or from non-profit status.

Section 5

Assessment Methodology

General

This Management District Plan provides for the levy of assessments to fund services and activities that specially benefit real property in the Excelsior CBD. These assessments are not taxes for the general benefit of the City, but are assessments on the parcels in the Excelsior CBD to cover the cost of providing those parcels special benefits.

Assessment Factors

Each parcel's proportional special benefit from the CBD activities is determined by analyzing two land use factors: Building Square Footage and Linear Street Frontage. These land use factors are an equitable way to identify the proportional special benefit that each of the parcels receive. Building square footage is relevant to the current use of a property and is also closely correlated to the potential pedestrian traffic from each parcel and the demand for CBD activities. A parcel's linear street frontage is relevant to the street level usage of a parcel and the demand for CBD activities. Together, these land use factors serve as the basic unit of measure to calculate how much special benefit each parcel receives in relationship to the district as a whole, which is the basis to then proportionately allocate the cost of the special benefits.

Building square footage is defined as the total building square footage as determined by the outside measurements of a building. The gross building square footage is taken from the County of San Francisco Assessor's records. Thirty percent (30%) of the assessment budget is allocated to the building square footage, to account for the special benefit to each parcel's current use and demand for district activities.

Linear street frontage is defined as the number of linear feet of each parcel that directly fronts a street that will receive the CBD activities. Alley front frontage is also included in this definition, if a parcel is on an alley and the alley is within the District and accessible to the public. Seventy percent (70%) of the assessment budget is allocated to Linear street frontage to account for the special benefit received at the street level of each parcel.

Each one of these land use factors represents the benefit units allocated to each specially benefitted parcel. The total number of benefit units in the CBD are as follows:

Assessable Footage

	Commercial Residential	Non-Profit	TOTAL
Building Square Footage	1,076,073	30,242	1,106,315
Linear Street Frontage	6,482	1,327	7,809

Non-Profit Parcels: Non-profit owned properties specially benefit from the CBD activities, but differently than all other assessed parcels. Non-profit parcels are defined as parcels being owned by 501 c3 organizations. Non-profit parcels that have a mix of uses on one parcel receive differing levels of special benefit based on the type of use. Building square footage for non-profit mixed-use parcels is separated into non-profit uses and commercial/residential uses and assessed using the appropriate assessment rate. These property types will receive special benefit from the Clean and Beautiful activities and the Administration costs associated with the Clean and Beautiful Activities and will be assessed fully for them. However, they do not specially benefit from the Economic Development, Marketing, and Administration District programs. The Excelsior CBD Marketing, Economic Development and Administration programs are designed to provide special benefit to the retail, residential, parking, publicly-owned, office, and mixed-use parcels in the form of increased customers, lease rates, and commercial activity, none of which are a special benefit to non-profit use parcels. Thus, non-profit parcels will be assessed only in proportion to the special benefits they derive from Clean and Beautiful activities and the Administration activities that directly relates to the Clean and Beautiful services they receive.

Special Benefit Analysis

The assessments outlined in this report are for property-related activities that are specifically intended for and directly benefitting each individual assessed parcel in the District. The activities provide special benefits because they affect the parcels in a way that is particular and distinct from how they affect other real property or the public at large. No parcel's assessment shall be greater than its proportionate share of the costs of the special benefits received.

Streets and Highways Code Section 36601(e) states that "Property and business improvement districts formed throughout this state have conferred special benefits upon properties and businesses within their districts and have made those properties and businesses more useful by providing the following benefits: (1) Crime reduction. A study by the Rand Corporation has confirmed a 12-percent reduction in the incidence of robbery and an 8-percent reduction in the total incidence of violent crimes within the 30 districts studied. (2) Job creation. (3) Business attraction. (4) Business retention. (5) Economic growth. (6) New investments."

The Excelsior CBD's goal is to fund activities and improvements to provide a cleaner and more attractive and economically vibrant environment. The goal of improving the economic vitality is to improve the cleanliness, appearance, and economic development of each individual specially benefitted parcel in an effort to increase commerce, to increase building occupancy and lease rates and to attract more customers, employees, tenants and investors.

Each parcel will specially benefit from:

- Cleaner sidewalks, streets, and common areas
- Greater pedestrian traffic

- Enhanced rental incomes
- Improved business climate
- New business and investment
- Well-managed CBD programs and services

Specifically, each parcel specially benefits from the Excelsior CBD activities as defined below.

Clean and Beautiful

The cleaning activities specially benefit each assessed parcel within the Excelsior CBD by providing a clean and aesthetically appealing environment. This is achieved through sidewalk sweeping and power washing, removing litter and graffiti, and trash removal. These activities create the environment needed to achieve the CBD's goals. Sidewalks that are dirty and unclean deter pedestrians and commercial activity.

The Clean and Beautiful activities are expected to provide special benefits to the assessed parcels in a variety of ways. For example:

- Maintaining and cleaning sidewalks in front of each parcel creates a cohesive environment and allows pedestrians to move freely throughout the Excelsior CBD. Sidewalks that are dirty and unkempt deter pedestrians and commercial activity. "Walkable communities offer many financial benefits, such as a reduction in healthcare costs. Homes with sidewalks tend to sell for more money and in less time than similar homes without sidewalks. Businesses also benefit as residents are more likely to shop locally when there is increased connectivity between residential and business/commercial districts. The well-maintained sidewalks, accessibility, and inviting atmosphere of downtown helps to attract tourists."¹
- Removing graffiti from buildings to keep the aesthetic appeal uniform throughout the Excelsior CBD;
- The beautification activities specially benefit each assessed parcel by providing maintained landscaped corridors and art in public places. These activities create the environment needed to achieve the CBD's goals.

Marketing/Economic Development

The marketing and economic development activities consist of services provided directly to the assessed parcels, other than not-for-profit parcels. For example, the district will promote local businesses, help property owners attract tenants through advertising and neighborhood branding efforts, and highlight the special benefits that the assessed parcels are receiving through a website and district marketing and special events. These activities will specially benefit each assessed parcel by encouraging business development and investment and increased commercial activity (e.g., filling of vacant storefronts and offices, increased lease rates for retail and office space). Decisions on where to shop, eat or attend events are largely based on a perception of the place. If these activities were not communicated it would be a deterrent to pedestrian traffic, business and commerce for the assessed parcels.

Administration

¹ "Benefits of Sidewalks", Iowa Healthiest State Initiative, November 1, 2017

The Excelsior CBD requires a professional staff to properly manage programs, communicate with stakeholders, advocate with City/County departments, and provide leadership. Each parcel will specially benefit from the Excelsior CBD Administration staff that will ensure that the Excelsior CBD services are provided and deployed as specifically laid out in this Engineer's Report and will provide leadership to represent the community with one clear voice.

Special Benefit Conclusion

Based on the special benefits each assessed parcel receives from the Excelsior CBD activities, we conclude that each of the proposed activities provides special benefits to the real property within the Excelsior CBD and that each parcel's assessment is in direct relationship to and no greater than the special benefits received.

The special benefit to parcels from the proposed Excelsior CBD activities and improvements described in this report is the basis for allocating the proposed assessments. Each individual assessed parcel's assessment does not exceed the reasonable cost of the proportionate special benefit it receives from the Excelsior CBD activities.

General Benefit Analysis

As required by the State Constitution Article XIIID Section 4(a), the general benefits of an assessment district must be quantified and separated out so that the cost of the activities that are attributed to general benefit are deducted from the cost assessed against each specially benefitted parcel. General benefits are benefits from the Excelsior CBD activities and improvements that are not special in nature, are not "particular and distinct" and are not over and above the benefits that other parcels receive. This analysis will evaluate and determine the level of general benefits that (1) parcels inside of the Excelsior CBD, (2) parcels outside of the Excelsior CBD, and (3) the public at large may receive.

General Benefit to Parcels Inside the Excelsior CBD

The Excelsior CBD provides funds for activities and improvements that are designed for and created to be provided directly to each individually assessed parcel within the Excelsior CBD. The benefits are particular and distinct to the assessed parcels, and thus 100% of the benefits conferred on these parcels are special in nature and 0% of the Excelsior CBD activities provide a general benefit to parcels in the Excelsior CBD boundary.

General Benefit to Parcels Outside of the Excelsior CBD

All the Excelsior CBD activities and improvements are provided directly to each of the individual assessed parcels in the Excelsior CBD boundary. Each of the CBD activities is provided to the public right-of-ways (streets, sidewalks) adjacent to all specially benefitted parcels or tenants in the Excelsior CBD. The Excelsior CBD is a linear district in which all parcels primarily fronting Mission Street will receive the CBD activities. Corner parcels fronting on Mission Street and another street will receive services on both sides and will be assessed on both sides. As such, none of the parcels outside of the District will directly receive any of the Excelsior CBD activities. Any benefits these parcels may receive are incidental to providing special benefits to the assessed parcels, and thus any cost associated with the incidental benefits is not reduced from the cost of providing special benefit.

General Benefit to the Public At Large

In addition to the general benefit analysis to the parcels outside of the Excelsior CBD boundary, there may be general benefits to the public at large, i.e., those people that are in the Excelsior CBD boundary

and not specially benefitted from the CBD activities. In order to analyze the public that may be generally benefitted we need to quantify the number of pedestrians within the CBD boundary that do not and will not engage in commerce regardless of the CBD activities.

To quantify the public that may be generally benefitting, volunteers conducted intercept surveys within the CBD boundary to determine to what proportion of respondents engage in any type of business activity (going to a restaurant; shopping; going to the gym or school; conducting personal business, e.g. visiting a bank, beauty salon, tailor, dry cleaner) versus those that are just passing through the district without any intent of engaging in commerce regardless of the provided CBD activities. The survey covered 326 participants and was conducted on December 14th, 19th, and 21st, 2019 at separate locations within the CBD with all efforts made to include an unbiased cross section of participants. The survey analysis report is attached to the Engineer's Report (Attachment A).

Of the 326 respondents, 97.5% responded that they were engaging in some type of commerce within the District, with 41.0% responding that shopping was their primary purpose for being in the district, while 30.9% were engaging in personal business, 13.6% were dining, and 12% were there for entertainment, going to a gym, church or school. When CBD services reach these respondents, it translates to a special benefit to the parcels within the CBD. The remaining 2.5% of the respondents indicated that they were "just passing through" the district with no intent to engage in any business activity that day or another day in the past month. Thus, 2.5% percent of the CBD services do not result in special benefits and instead provide general benefits to the public.

Total General Benefits

Using the sum of the three measures of general benefit described above, we find in year one that \$8,737.50 (2.5% of the CBD budget) may be general in nature and will be funded from sources other than special assessments.

Calculation of Assessments

The proportionate special benefit derived by each identified parcel shall be determined in relationship to the special benefits provided by the services across the entire Excelsior CBD. The proposed services are narrowly defined to confer a particular and distinct benefit to the parcels within the Excelsior CBD. To pay for these special benefits, these parcels will be assessed at a rate that covers each parcel's proportionate share of the special benefits received. Only special benefits are assessable and these benefits must be separated from any general benefits. The Engineer's Report has calculated that 2.5% of the benefits provided by the Excelsior CBD are general in nature, and cannot be paid for with assessments. Assessments will cover the remaining 97.5% of the CBD budget. (See page 11 of the Engineer's Report for discussion of general and special benefits.)

Benefit Zones

Article XIID of the California Constitution requires that special assessments be levied according to the special benefit each individual parcel receives from the improvements. In order to match assessments to special benefits, the levels of appropriate service delivery were determined by analyzing the current conditions of the Excelsior CBD and quantifying the amount of clean, safe and beautiful services that are needed to be delivered to parcels, and projecting future needs over the term of the Excelsior CBD, in order to produce a common level of cleanliness for each parcel throughout the Excelsior CBD. All parcels within the Excelsior CBD will receive services and be assessed using the same assessment method and rate structure.

Assessments

Based on the special benefit factors and assessment methodology discussed in the Engineer's Report and herein, the following illustrates the first year's maximum annual assessment rates:

	Commercial Residential	Non-Profit
Building Square Foot Rate	\$0.09283	\$0.07740
Linear Street Frontage Foot Rate	\$31.56167	\$25.58478

Assessment Rate Calculation

The assessment rates are determined by the following calculations:

All Parcels Clean & Beautiful and Administration portion of Clean & Beautiful Assessment Budget = \$285,416.50

Assessment budget allocated to building square footage x 30% = \$85,624.95

Assessment budget allocated to linear street frontage x 70% = \$199,791.55

Building Square Footage Assessment Rate (all parcels):

Assessment budget \$85,624.95 / 1,106,315 building sq. ft. = \$0.07740

Linear Street Frontage Assessment Rate all parcels (all parcels):

Assessment budget \$199,791.55 / 7,809 street front ft. = \$25.58478

All Parcels (except non-profit) Marketing and Economic Development and Administration portion of Marketing and Economic Development District Budget = \$55,346.00

Assessment budget allocated to building square footage x 30% = \$16,603.80

Assessment budget allocated to linear street frontage x 70% = \$38,742.20

Building Square Footage Assessment Rate:

Assessment budget \$16,603.80 / 1,076,073 building sq. ft. = \$0.01543

Linear Street Frontage Assessment Rate:

Assessment budget \$38,742.20 / 6,482 street frontage = \$5.97689

Sample Parcel Assessment

The assessment for a commercial parcel with 5,000 square feet of building, and 50 linear feet of street front footage is calculated as follows:

$$\begin{aligned} \text{Bldg square footage x the assessment rate (5,000 x \$0.09283)} &= \$464.15 \\ \text{Street front footage x the assessment rate (50 x \$31.56167)} &= \underline{\underline{\$1,578.08}} \end{aligned}$$

Initial annual parcel assessment \$2,042.23

The assessment for a non-profit with 5,000 square feet of building, and 50 linear feet of street front footage is calculated as follows:

Bldg square footage x the assessment rate (5,000 x \$0.07740) =	\$387.00
Street front footage x the assessment rate (50 x \$25.58478) =	<u>\$1,279.24</u>
Initial annual parcel assessment	\$1,666.24

Maximum Annual Assessment Adjustments

The cost of providing programs and services may vary depending on the change in market cost for those programs and services. Expenditures may require an annual adjustment up or down to continue the intended level of programs and services. In no case shall these annual assessment increases exceed that year's increase in the San Francisco, Oakland, and San Jose area Consumer Price Index (CPI). Assessments may also increase based on development in the Excelsior CBD. Annual adjustments in assessment rates will be subject to the approval of the Excelsior CBD Owners' Association. Any change will be approved by the Owners' Association Board of Directors and submitted to the City within its annual planning report, pursuant to Section 36650 of the California Streets and Highways Code.

Budget Adjustments

Any annual budget surplus will be rolled into the following year's Excelsior CBD budget. The budget will be set accordingly, within the constraints of the Management District Plan to adjust for surpluses that are carried forward. Excelsior CBD funds may also be used for renewal of the Excelsior CBD. Funds from an expired Excelsior CBD shall be rolled over into the renewed Excelsior CBD if one is established or returned to the property owners if one is not established, in accordance with Streets and Highways Code section 36671.

Assessment Roll Corrections

If an error is discovered on a parcel's assessed footages or land use type, the Excelsior CBD may investigate and correct the error after confirming the correction with the San Francisco City and County Assessor Data. The correction will be made in accordance with the assessment methodology and may result in an increase or decrease to the parcel's assessment.

A property owner who believes that the assessment roll contains an error (for example, if it overstates the amount of assessable square footage) may submit a written request for review to the Owners' Association prior to April 1 of each year. Corrections shall be limited to the current assessment year and will not be considered for prior years.

Future Development

The proposed assessment rates as defined above are based on the Excelsior CBD's current development status and does not account for possible increases to assessments due to changes in parcel characteristics that are used to allocate special benefits (e.g., building square footage). The amount of each parcel's assessment will depend on the existing assessment rates as well as the specific characteristics of the parcel, as explained in further detail above in Section 4. Each parcel will be assessed on a prorated basis from the date it receives a temporary and/or permanent certificate of occupancy. Thus, changes to a parcel may result in corresponding revisions to the assessments. Over

time the total assessments levied in the Excelsior CBD may increase as parcels are developed. Parcels may also see assessments change as a result of changes in to or from non-profit status. Parcels that experience a change in building square footage need to notify the Excelsior CBD of changes.

Time and Manner for Collecting Assessments

As provided by State Law, the Excelsior CBD assessment will appear as a separate line item on the annual San Francisco County property tax bills, or by a special manual bill prepared by the Excelsior CBD, and either paid in one lump sum or in two equal installments. Laws for enforcement and collection of property taxes also apply to the Excelsior CBD assessment.

Disestablishment

Each year that the Excelsior CBD is in existence, there will be a 30-day period during which property owners will have the opportunity to request disestablishment of the CBD. This 30-day period begins each year on the anniversary of the date the CBD was established. Within that 30-day period, if a written petition is submitted by the owners of real property who pay 50% or more of the assessments levied, the Board of Supervisors shall convene a hearing on whether to disestablish the Excelsior CBD. In addition, a majority of the Board of Supervisors (six members) may initiate disestablishment at any time based on misappropriation of funds, malfeasance, or violation of law in connection with management of the Excelsior CBD. And a supermajority (eight members) of the Board of Supervisors may initiate disestablishment proceedings for any reason. All outstanding bonds, financing leases, or similar obligations of the City payable from or secured by the CBD assessment must be paid prior to disestablishment of the CBD.

Bond Issuance

The Excelsior CBD will not issue Bonds.

Public Property Assessments

Proposition 218 provides that no parcel can be assessed for more than its fair share of special benefits, including public property. All publicly-owned parcels, including parcels owned by the State of California and City and County of San Francisco, will pay their proportional share of costs based on the special benefits conferred to those individual parcels. These parcels specially benefit from Excelsior CBD programs that provide an enhanced sense of safety and cleanliness, which makes employees and visitors, feel safe and increased use which translates into fulfilling their public service mission. Publicly-owned parcels also benefit from Excelsior CBD programs which increase exposure and awareness of Excelsior CBD amenities which in turn work to provide greater pedestrian traffic and increased use. The publicly-owned parcels and their assessments within the Excelsior CBD boundary are listed below.

City & County of San Francisco	6797 046	4400	Mission	PUB,VACANT LOT PUBLIC USE	\$3,156.17	0.93%
City & County of San Francisco	6959 016	45	ONONDAGA	COM,GARAGE	\$1,782.30	0.52%

City & County of San Francisco	6959 017	35	ONONDAGA	COM,GARAGE	\$1,949.39	0.57%
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Section 6 Governance

The City and County of San Francisco may contract with a non-profit organization to provide the day-to-day operations of the Excelsior CBD. The non-profit organization will act as the Owners' Association and governing board for the Excelsior CBD. The role of the Owners' Association is consistent with similar Community Benefit Districts and management organizations throughout California. The Owners' Association determines budgets, assessment adjustments, and monitors service delivery.

The Owners' Association Board of Directors will represent a cross section of property owners found throughout the Excelsior CBD. The goal and spirit of the board's composition is to have a majority of property owners that pay Community Benefit District assessments, but also include representatives from businesses, residents, and stakeholders. At least 50% of the Board members will be property owners that pay an assessment and, per City requirements, at least 20% of the members be non-property-owning business owners within the Excelsior CBD boundary. A nominating committee develops an annual slate of board nominations, and nominations are voted on at an annual meeting of Excelsior CBD property owners.

Section 7 Implementation Timetable

The Excelsior CBD is expected to be established and begin implementation of the Management District Plan on January 1, 2024. The Excelsior CBD will have a ten-year life through December 31, 2033. In order for the Excelsior CBD to meet the service begin date of January 1, 2024, the formation needs to adhere to the following schedule:

<u>Formation Schedule</u>	<u>Dates</u>
Petitions distributed to property owners	February 2022
Petition Drive concludes	March 2023
Board of Supervisors accepts petition results/sets public hearing date	April 2023
Ballots mailed to property owners	May 2023
Board of Supervisors holds public hearing and tabulates ballots	June 2023

Section 8 Assessment Roll

APN	OWNER NAME	2024 Asmt	%
6797 046	CITY & COUNTY OF SAN FRANCISCO	\$3,156.17	0.93%
6959 016	CITY & COUNTY OF SAN FRANCISCO	\$1,782.30	0.52%
6959 017	CITY & COUNTY OF SAN FRANCISCO	\$1,949.39	0.57%
		\$6,887.85	2.02%

APN	2024 Asmt	%
3147 001	\$2,506.35	0.74%
3147 002	\$1,182.07	0.35%
3147 002A	\$1,182.07	0.35%
3147 003	\$1,160.35	0.34%
3147 030	\$4,316.48	1.27%
3148 001	\$4,502.80	1.32%
3148 003	\$1,021.11	0.30%
3148 004	\$1,132.50	0.33%
3148 005	\$1,090.73	0.32%
3148 006	\$1,241.57	0.36%
3206 003	\$3,550.65	1.04%
3206 004	\$1,995.80	0.59%
3206 005	\$2,053.17	0.60%
3206 031	\$5,554.28	1.63%
3207 001	\$3,527.47	1.04%
5952 003	\$49,215.20	14.44%
5952 004	\$0.00	0.00%
6013 014	\$1,980.95	0.58%
6013 016	\$1,058.24	0.31%
6013 017	\$997.90	0.29%
6013 018	\$1,067.52	0.31%
6013 019	\$1,255.50	0.37%
6013 021	\$2,234.83	0.66%
6013 022	\$1,262.46	0.37%
6013 023	\$1,044.31	0.31%

6013 025	\$1,125.54	0.33%
6013 026	\$1,119.23	0.33%
6013 027	\$1,025.75	0.30%
6013 033	\$706.51	0.21%
6013 034	\$451.79	0.13%
6013 035	\$426.17	0.13%
6013 036	\$451.14	0.13%
6013 037	\$452.54	0.13%
6013 038	\$457.64	0.13%
6013 039	\$426.17	0.13%
6013 040	\$455.32	0.13%
6013 041	\$457.08	0.13%
6013 044	\$370.10	0.11%
6013 045	\$391.08	0.11%
6013 046	\$372.15	0.11%
6013 049	\$317.47	0.09%
6013 050	\$342.16	0.10%
6013 051	\$340.31	0.10%
6013 052	\$345.13	0.10%
6013 053	\$343.28	0.10%
6013 054	\$345.13	0.10%
6013 055	\$343.28	0.10%
6013 056	\$317.47	0.09%
6013 057	\$342.16	0.10%
6013 058	\$340.31	0.10%
6013 059	\$345.13	0.10%
6013 060	\$343.28	0.10%
6013 061	\$345.13	0.10%
6013 062	\$343.28	0.10%

6014 024	\$1,088.87	0.32%
6014 025	\$974.69	0.29%
6014 026	\$1,062.32	0.31%
6014 027	\$1,096.02	0.32%
6014 028	\$1,067.52	0.31%
6014 029	\$974.69	0.29%
6014 030	\$974.69	0.29%
6014 031	\$1,184.20	0.35%
6014 032	\$1,066.13	0.31%
6014 033	\$974.69	0.29%
6014 034	\$1,949.39	0.57%
6014 035	\$1,090.17	0.32%
6014 036	\$1,949.39	0.57%
6014 038	\$1,267.10	0.37%
6014 039	\$1,104.65	0.32%
6014 040	\$988.62	0.29%
6014 041	\$1,102.70	0.32%
6014 042	\$1,211.12	0.36%
6014 043	\$1,104.65	0.32%
6014 044	\$1,104.65	0.32%
6014 045	\$1,100.94	0.32%
6014 046	\$1,359.92	0.40%
6083 006	\$6,616.68	1.94%
6083 020	\$2,506.35	0.74%
6083 021	\$974.69	0.29%
6083 022	\$982.77	0.29%
6083 023	\$974.69	0.29%
6083 024	\$974.69	0.29%
6083 027	\$1,097.23	0.32%
6083 028	\$1,113.93	0.33%
6083 029	\$1,058.24	0.31%
6083 030	\$1,081.45	0.32%
6083 032	\$1,769.02	0.52%
6083 032A	\$965.04	0.28%
6083 033	\$916.68	0.27%
6083 033A	\$951.49	0.28%
6083 036	\$2,097.91	0.62%

6083 037	\$1,241.57	0.36%
6084 019	\$5,267.90	1.55%
6084 020	\$2,181.46	0.64%
6084 021	\$4,084.43	1.20%
6084 023	\$974.69	0.29%
6084 023A	\$2,240.86	0.66%
6084 023B	\$1,158.03	0.34%
6084 024	\$977.02	0.29%
6084 024A	\$1,090.73	0.32%
6084 024B	\$1,044.31	0.31%
6084 024C	\$1,246.49	0.37%
6084 025	\$1,109.29	0.33%
6084 026	\$2,497.07	0.73%
6084 028	\$2,497.07	0.73%
6084 030	\$1,339.41	0.39%
6084 033	\$2,288.21	0.67%
6272 014	\$3,926.63	1.15%
6272 014A	\$2,042.22	0.60%
6272 015	\$1,074.48	0.32%
6272 015A	\$900.43	0.26%
6272 015B	\$999.20	0.29%
6272 016	\$1,021.11	0.30%
6272 018	\$1,227.28	0.36%
6272 019	\$1,123.22	0.33%
6272 020	\$967.73	0.28%
6272 021	\$1,049.70	0.31%
6272 022	\$1,366.42	0.40%
6272 023	\$890.32	0.26%
6272 025	\$921.32	0.27%
6272 030	\$3,481.03	1.02%
6272 031	\$1,317.04	0.39%
6272 033	\$937.56	0.28%
6272 039	\$280.99	0.08%
6272 040	\$317.47	0.09%
6272 041	\$330.56	0.10%
6272 042	\$337.80	0.10%
6272 043	\$331.95	0.10%
6272 044	\$337.80	0.10%

6272 045	\$331.95	0.10%
6272 047	\$299.46	0.09%
6272 048	\$306.89	0.09%
6272 049	\$313.66	0.09%
6272 050	\$313.66	0.09%
6796 001	\$1,160.35	0.34%
6796 001A	\$1,144.57	0.34%
6796 002	\$1,244.63	0.37%
6796 005	\$828.62	0.24%
6796 006	\$1,067.52	0.31%
6796 007	\$1,016.75	0.30%
6796 008	\$1,021.11	0.30%
6796 009	\$1,011.83	0.30%
6796 010	\$1,156.26	0.34%
6796 011	\$1,011.83	0.30%
6796 051	\$2,042.22	0.60%
6797 003	\$974.69	0.29%
6797 047	\$3,202.56	0.94%
6798 001	\$2,598.25	0.76%
6798 004	\$915.10	0.27%
6798 005	\$1,009.50	0.30%
6798 006	\$927.91	0.27%
6798 007	\$901.55	0.26%
6798 041	\$1,763.74	0.52%
6799 003	\$1,057.56	0.31%
6799 004	\$1,969.25	0.58%
6799 005	\$825.37	0.24%
6799 006	\$1,429.54	0.42%
6799 042	\$2,454.38	0.72%
6800 001	\$1,799.02	0.53%
6800 044	\$3,445.77	1.01%
6800 045	\$1,595.91	0.47%
6955 004	\$3,097.11	0.91%
6955 010	\$1,151.53	0.34%
6955 011	\$1,324.56	0.39%
6955 012	\$985.09	0.29%
6955 013	\$1,087.85	0.32%
6955 014	\$829.89	0.24%
6955 015	\$929.40	0.27%
6955 016	\$1,174.74	0.34%
6955 017	\$1,531.66	0.45%

6955 043	\$1,168.70	0.34%
6955 044	\$4,002.67	1.17%
6956 001	\$1,137.61	0.33%
6956 002	\$1,093.51	0.32%
6956 003	\$1,062.88	0.31%
6956 004	\$1,444.86	0.42%
6956 005	\$1,339.50	0.39%
6956 023	\$4,892.06	1.44%
6956 024	\$2,559.17	0.75%
6956 026	\$2,105.34	0.62%
6956 028	\$2,955.09	0.87%
6956 035	\$6,052.35	1.78%
6956 036	\$10,638.83	3.12%
6959 018	\$873.98	0.26%
6959 019	\$2,635.23	0.77%
6959 025	\$1,279.24	0.38%
6959 026	\$2,558.48	0.75%
6959 027	\$2,280.79	0.67%
6959 028	\$7,096.52	2.08%
6959 029	\$1,113.93	0.33%
6959 032	\$1,279.72	0.38%
6959 033	\$5,176.06	1.52%
Total Private Parcels	\$333,874.65	97.98%
Total Publicly Owned Parcels	\$6,887.85	2.02%
Total All Parcels	\$340,762.50	100.00%