

1 [Hotel Tax Allocation for International Arts Festival in San Francisco.]

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3 **Ordinance amending Section 515.01 of Article 7 of the Business and Tax Regulations**  
4 **Code (“Hotel Tax”) to add an international arts festival in San Francisco to the current**  
5 **allocation of Hotel Tax revenues to the Arts Commission for cultural equity initiatives,**  
6 **commissions to individual creative artists in all disciplines, project grants to small and**  
7 **midsize arts organizations, and art space initiatives or facilities acquisition programs.**

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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:

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

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18 **SEC. 515.01. HOTEL TAX ALLOCATIONS.**

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

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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.

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1 (7) Allocation Number 7 (Publicity/Advertising; Nonrecurring Events): To the  
2 City Administrator to be used for publicity and advertising purposes pursuant to the provisions  
3 of Section 3.104 of the Charter for nonrecurring parades, celebrations and street fairs and for  
4 unforeseen special contingencies.

5 (8) Allocation Number 8 (Cultural Equity Endowment Fund): To the Arts  
6 Commission for cultural equity initiatives, commissions to individual creative artists in all  
7 disciplines, project grants to small and midsize arts organizations, an international arts festival  
8 in San Francisco and art space initiatives or facilities acquisition programs.

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

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

13 (11) Allocation Number 11 (Cultural Centers): To the Arts Commission to  
14 support the operation, maintenance and programming of the City-owned community cultural  
15 centers to assure that these cultural centers remain open and accessible and remain vital  
16 contributors to the cultural life of the City.

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

22 (c) Each allocation for a purpose described in Subsection (b) shall be in the  
23 amount prescribed in the table below, subject to the adjustments and limitations prescribed in  
24 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 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-owned community cultural centers.

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

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

19 (B) The Arts Commission has received and approved an annual report from  
20 the cultural center demonstrating that the cultural center has, in the prior fiscal year, met the  
21 cultural center's revenue target from sources other than hotel tax revenues. For purposes of  
22 this Section, a cultural center's revenue target be at least 20 percent of the cultural center's  
23 total revenues, including hotel tax revenues, in fiscal year 1996-97 inflated annually by a rate  
24 of three percent or by the rate of growth in the cultural center's hotel tax revenues, whichever  
25 is lower. If the cultural center has not met its revenue target, the amount released to the



1 cultural center shall be reduced in the following year by an amount equivalent to the difference  
2 between the revenue target and actual revenues collected from sources other than hotel tax  
3 revenues. All revenue calculations required to effectuate this limitation shall be certified by the  
4 Controller during the City's annual budget process.

5 (C) The Controller has performed a financial review of the cultural center  
6 within the previous four years. An initial financial review shall be performed for each cultural  
7 center by the end of fiscal year 1998-99.

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10 APPROVED AS TO FORM:  
11 DENNIS J. HERRERA, City Attorney

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14 By: \_\_\_\_\_  
15 Dorji Roberts  
16 Deputy City Attorney

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