

1 [Resolution to Establish (Renew and Expand) - Tourism Improvement District]

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3 **Resolution to establish (renew and expand) the business-based business improvement**
4 **district known as the “Tourism Improvement District;” ordering the levy and collection**
5 **of assessments against defined hotel and short-term residential rental businesses**
6 **located in that district for 15 years commencing January 1, 2024, subject to conditions**
7 **as specified; approving modifications to the district management plan; and making**
8 **environmental findings.**

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11 WHEREAS, On December 16, 2008, pursuant to the Property and Business
12 Improvement Law of 1994, California Streets and Highways Code Sections 36600 et seq.
13 (“1994 Act”), as augmented by Article 15 of the San Francisco Business and Tax Regulations
14 Code (“Article 15”), the Board of Supervisors established the Tourism Improvement District,
15 and authorized the levy of assessments on specified tourist hotels in the City for a 15-year
16 term, expiring on December 31, 2023; and

17 WHEREAS, On June 28, 2022, the Board of Supervisors adopted Resolution No. 298-
18 22, and declared its intention to renew and expand the Tourism Improvement District and levy
19 a multi-year assessment on identified hotel and short-term residential rental businesses in the
20 district; approved a management district plan for the district dated May 24, 2022. Among
21 other things, the resolution ordered and set a time and place a public hearing of the Board of
22 Supervisors, sitting as a Committee of the Whole, on September 13, 2022 at 3:00 p.m.;
23 approved the form of the Notice of Public Hearing and Assessment Ballot Proceeding, and
24 Assessment Ballot; made environmental findings; and directed the Clerk of the

1 Board of Supervisors to give notice of the public hearing and balloting, as required by law.”
2 (the "Resolution of Intention," Board of Supervisors File No. 220649); and

3 WHEREAS, The Resolution of Intention to renew and expand the Tourism
4 Improvement District (the "TID" or "District"), among other things, approved the Tourism
5 Improvement District Management District Plan (the "District Management Plan"), a
6 Boundaries Map, and the form of the Notice of Public Hearing and Assessment Ballot
7 Proceeding, that are all on file with Clerk of the Board of Supervisors in File No. 220649; and

8 WHEREAS, The Board of Supervisors has caused ballots to be mailed to the record
9 owner of each business proposed to be assessed within the District, as required by law; and

10 WHEREAS, A Proposed Boundaries Map was submitted to the Clerk of the Board of
11 Supervisors pursuant to California Streets and Highways Code Section 3110 on May 24,
12 2022; and

13 WHEREAS, The Tourism Improvement District Management District Plan dated May
14 10, 2022 was updated on June 30, 2022 to reflect the updated method for more accurately
15 identifying short-term residential rental businesses that are subject to the assessment, but not
16 otherwise changing the method of assessments or the services that will be provided in the
17 District, and a copy of the updated management plan is on file with the Clerk of the Board of
18 Supervisors in File No. 220784 and is hereby declared to be a part of this Resolution as if set
19 forth fully herein; and

20 WHEREAS, A public hearing concerning the proposed formation (renewal and
21 expansion) of the Tourism Improvement District and the proposed levy of assessments within
22 such District was held pursuant to the notice on September 13, 2022, at 3 p.m., in the Board's
23 Legislative Chambers located on the Second Floor of City Hall, 1 Dr. Carlton B. Goodlett
24 Place, San Francisco, California; and

1 WHEREAS, At the public hearing, the testimony of all interested persons for or against
2 the proposed formation (renewal and expansion) of the District, the levy of assessments on
3 businesses within the District, the extent of the District, and the furnishing of specified types of
4 improvements, services and activities within the District, was heard and considered, and a full,
5 fair and complete meeting and hearing was held; and

6 WHEREAS, The Board of Supervisors heard and considered all objections or protests
7 to the proposed assessments and the Director of the Department of Elections in conjunction
8 with the Office of the San Francisco Treasurer and Tax Collector tabulated the assessment
9 ballots submitted and not withdrawn, in support of or in opposition to the proposed
10 assessments, and the Clerk of the Board determined that a majority of the ballots cast
11 (weighted according to the proportional financial obligations of the business) by the owners of
12 record of the businesses located within the proposed District did not oppose establishing the
13 proposed District; and

14 WHEREAS, The public interest, convenience and necessity require the renewal and
15 expansion of the proposed (renewed and expanded) Tourism Improvement District; and

16 WHEREAS, In the opinion of the Board of Supervisors, the businesses within the
17 District will be specially benefited by the improvements, services and activities funded by the
18 assessments; and no assessment has been imposed on any business which exceeds the
19 reasonable cost of the proportional special benefit conferred on that business; now, therefore
20 be it

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

22 **Section 1. MANAGEMENT DISTRICT PLAN AND BOUNDARIES MAP.** The Board
23 hereby approves the June 2022, Management District Plan, including the estimates of the
24 costs of the business-related services, activities and improvements set forth in the plan, and
25 the assessment of said costs on the businesses that will specially benefit from such services,

1 activities and improvements. The Board also hereby approves the boundaries set forth in the
2 District Management Plan, showing the exterior boundaries of the District, and ratifies and
3 approves the Assessment Ballot and the City's use of such ballot, which Assessment Ballot is
4 on file with the Clerk of the Board of Supervisors in File No. 220649 and is hereby declared to
5 be a part of the Resolution as if set forth fully herein. A copy of the June 2022 Management
6 District Plan and the Boundaries Map are on file with the Clerk of the Board of Supervisors in
7 File No. 220784, which is hereby declared to be a part of this Resolution as if set forth fully
8 herein.

9 **Section 2. FINDING OF NO MAJORITY PROTEST.** The Board of Supervisors
10 hereby finds that a majority protest does not exist as defined in Section 36623(b) of the
11 California Streets and Highways Code with respect to the renewal and expansion of the
12 Tourism Improvement District. All objections or protests both written and oral, are hereby duly
13 overruled.

14 **Section 3. ESTABLISHMENT OF DISTRICT.** Pursuant to the 1994 Act and Article
15 15, the renewed and expanded business-based business improvement district designated as
16 the "Tourism Improvement District" is hereby established.

17 **Section 4. DESCRIPTION OF DISTRICT.**

18 The exterior boundaries of the Tourism Improvement District, and the zones within the
19 District ("Zones"), are set forth in the map contained in the Management District Plan and
20 incorporated herein by reference. The exterior boundaries of the District, and the Zones within
21 the District, as described as follows:

- 22 • The District includes all tourist hotels and short-term residential rentals generating
23 revenue from tourist rooms that operate in the City and County of San Francisco
24 during the term of the District, and so the exterior boundaries of the District are the
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1 same as the contiguous boundary of the municipal corporation City and County of
2 San Francisco.

- 3 • These tourist hotels and short-term residential rentals are divided into two zones,
4 Zone 1 and Zone 2:

5 -- Zone 1 includes all tourist hotels and short-term residential rentals with
6 addresses on or east of Van Ness Avenue, on or east of South Van Ness
7 Avenue, and on or north of 16th Street from South Van Ness to the Bay,
8 including all tourist hotels and short-term residential rentals east of Van Ness
9 Avenue as if it continued north to the Bay, and north of 16th Street as if it
10 continued east to the Bay.

11 -- Zone 2 includes all tourist hotels and short-term residential rentals with
12 addresses west of Van Ness Avenue and South Van Ness Avenue, and south
13 of 16th Street.

14 Reference should be made to the detailed maps and the lists of parcels identified by
15 business name, business account number, location identification number, and street address
16 that are contained in the June 2022, Management District Plan, in order to determine which
17 hotel and short-term residential rental businesses are included in the District.

18 **Section 5. FINDING OF BENEFIT.** The Board of Supervisors hereby finds that the
19 businesses within the District will be benefited by the improvements and activities funded by
20 the assessments proposed to be levied.

21 **Section 6. SYSTEM OF ASSESSMENTS.** (a) Annual assessments will be levied to
22 pay for the activities to be provided within the District, commencing with January 1, 2024, and
23 continuing for 15 years, ending December 31, 2038.

24 (b) The annual assessment proposed to be levied and collected for the first year of
25 the District (calendar year 2024) is \$51,401,000.00. The amount of the annual assessment to

1 be levied and collected for year two through year fifteen (calendar year 2025 through calendar
2 year 2038) may increase or decrease annually according to the gross revenue from tourist
3 rooms and if a supermajority of TID Board approves increasing assessment rates. The total
4 maximum assessment that could be collected for years one through fifteen of the district
5 based on initial rates is \$1,633,151,000.00. The total maximum assessment that could be
6 collected for years one through fifteen of the district based on increased rates is
7 \$2,749,146,000.00. Nonpayment and delinquent payment of assessments shall result in
8 penalties and interest and shall be subject to enforcement procedures as set forth in Article 6
9 of the Business and Tax Regulations Code, as it may be amended from time to time.

10 **Section 7. USE OF REVENUES.**

11 The proposed business-related services, improvements and activities for the District
12 include:

- 13 1. **Sales, marketing and promotional programs.** Sales, marketing and promotional
14 programs includes, but is not limited to, ad creation and media placement, meetings
15 and convention sales, tourism programs and market research, administration and
16 staffing of personnel responsible for providing this category of services, including
17 without limitation to its satellite and contract offices and related costs, establishment
18 and maintenance of adequate reserve funds.
- 19 2. **Administration and Personnel.** Administration and Personnel includes expenses for
20 staffing of operations, administrative services, professional support services and
21 related costs.
- 22 3. **Industry Special Events, Administration of the TID, and Operating Contingency**
23 **Reserve.** Industry Special Events, Administration of the TID, and Operating
24 Contingency includes hosting major industry events in San Francisco, and
25 administrative costs and expenses related to the formation, renewal, operation and

1 administration of the District. This includes hospitality industry special events,
2 administrative, operation and professional support costs of the District and the non-
3 profit corporation that administers the District, support services provided by the San
4 Francisco Tax Collector's office for collection, tracking and enforcement of the TID
5 assessment, and the establishment and maintenance of contingency and reserve
6 funds.

- 7 4. **Moscone Convention Center Buy-Down Fund.** The Moscone Convention Center
8 Buy-Down Fund includes funds to attract and provide support for qualifying events at
9 the Moscone Convention Center.

10 The above improvements, services, and activities will be funded by the levy of the
11 assessments. The revenue from the levy of the assessments within the District shall not be
12 used to provide improvements, services, or activities outside the District or for any purpose
13 other

14 **Section 8. AUTHORITY TO CONTRACT.** The Office of Economic and Workforce
15 Development may contract with a separate private entity to administer the improvements,
16 services and activities set forth in Section 7, as provided in California Streets and Highways
17 Code Sections 36612 and 36650. Any such entity shall hold the funds it receives from the
18 City and County of San Francisco ("City") in trust for the improvements, services, and
19 activities set forth in Section 7. Any such entity that holds funds in trust for purposes related
20 to the contract shall deliver, at no expense to the City, a balance sheet and the related
21 statement of income and cash flows for each fiscal year, all in reasonable detail acceptable to
22 City, reviewed by a Certified Public Accountant (CPA); this review shall include a statement of
23 negative assurance from the CPA. In addition, or alternatively, the Controller in his or her
24 discretion or the Office of Economic and Workforce Development in its discretion, may require
25 the private entity to deliver, at no expense to the City, an annual independent audit report by a

1 Certified Public Accountant of all such funds. The CPA review and/or audit may be funded
2 from assessment proceeds as part of the general administration of the District. At all times
3 the Board of Supervisors shall reserve full rights of accounting of these funds. The Office of
4 Economic and Workforce Development shall be the City agency responsible for coordination
5 between the City and the District.

6 **Section 9. AMENDMENTS.** The District shall be subject to any amendments to the
7 1994 Act, and City Business and Tax Regulations Code Article 6 and Article 15.

8 **Section 10. RECORDATION OF NOTICE AND DIAGRAM.** The County Clerk is
9 hereby authorized and directed to record a notice and an assessment diagram pursuant to
10 Section 36627 of the California Streets and Highways Code, following adoption of this
11 Resolution.

12 **Section 11. LEVY OF ASSESSMENT.** The adoption of this Resolution and
13 recordation of the notice and assessment diagram pursuant to Section 36627 of the California
14 Streets and Highways Code constitutes the levy of an assessment in each of the fifteen years
15 referred to in the District Management Plan.

16 **Section 12. ENVIRONMENTAL FINDINGS.** The Planning Department has
17 determined that the actions contemplated in this Resolution are in compliance with the
18 California Environmental Quality Act (California Public Resources Code sections 21000 *et*
19 *seq.*). Said determination is on file with the Clerk of the Board of Supervisors in File No.
20 220784, which is hereby declared to be a part of this Resolution as if set forth fully herein.