

BOARD of SUPERVISORS



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MEMORANDUM

TO: Katy Tang, Director, Office of Small Business
Small Business Commission, City Hall, Room 448
FROM: Brent Jalipa, Assistant Clerk
Budget and Finance Committee
DATE: May 29, 2024
SUBJECT: REFERRAL FROM BOARD OF SUPERVISORS
Budget and Finance Committee

The Board of Supervisors' Budget and Finance Committee has received the following substitute legislation, introduced by Mayor London Breed on May 21,2024, which is being referred to the Small Business Commission for comment and recommendation.

File No. 240408-2

Ordinance amending the Transportation Code to waive fees related to the temporary closure of streets for events organized by community-serving nonprofit arts and culture organizations, small businesses, merchant associations, neighborhood resident associations, and property and business improvement districts.

Please return this cover sheet with the Commission's response to Brent Jalipa, Budget and Finance Clerk, by email to: brent.jalipa@sfgov.org.

RESPONSE FROM SMALL BUSINESS COMMISSION - Date: _____

- No Comment
Recommendation Attached

Chairperson, Small Business Commission

1 [Transportation Code - Fee Waivers for Qualifying Neighborhood Outdoor Events]

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3 **Ordinance amending the Transportation Code to waive fees related to the temporary**
4 **closure of streets for events organized by community-serving nonprofit arts and**
5 **culture organizations, small businesses, merchant associations, neighborhood**
6 **resident associations, and property and business improvement districts.**

7 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
8 **Additions to Codes** are in *single-underline italics Times New Roman font*.
9 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.
10 **Board amendment additions** are in double-underlined Arial font.
11 **Board amendment deletions** are in ~~strikethrough Arial font~~.
12 **Asterisks (* * * *)** indicate the omission of unchanged Code
13 subsections or parts of tables.

11

12 Be it ordained by the People of the City and County of San Francisco:

13

14 Section 1. Findings.

15 (a) Outdoor neighborhood events foster a sense of belonging and community cohesion
16 among City residents by providing opportunities for social interaction and celebration in their
17 communities.

18 (b) Such events contribute to the cultural vibrancy of the City by showcasing local
19 performers, arts, and crafts to audiences of residents, workers, and visitors.

20 (c) These events provide important opportunities for local arts, food, retail, and other
21 entrepreneurs to showcase and sell their products, and serve as a critical platform to grow
22 small businesses.

23 (d) Waiving City fees for outdoor neighborhood events will encourage community-
24 based arts organizations, nonprofits, small businesses, community benefit districts, and
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1 merchant associations to organize such events, thereby empowering these stakeholders to
2 launch new community-building activities.

3 (e) Waiving fees will make it more financially viable for events to continue to contribute
4 to San Francisco's vibrancy. With fees waived, community groups and nonprofits will be able
5 to allocate more resources towards event programming and community engagement.

6 (f) Outdoor neighborhood events serve as economic catalysts by attracting visitors to
7 local businesses, thereby stimulating economic activity and generating revenue for the city
8 through increased tourism and commerce.

9 (g) Outdoor neighborhood events provide opportunities for cultural exchange and
10 celebration of diversity, fostering greater understanding and appreciation among residents
11 from different backgrounds and promoting social inclusion.

12 (h) Waiving City fees for outdoor neighborhood events demonstrates the City's
13 commitment to stimulating economic recovery through arts and culture, including the
14 launching of new events to catalyze economic activity downtown and in neighborhoods across
15 San Francisco.

16 (i) For these reasons, the Board of Supervisors supports the waiver of fees described
17 herein for Qualifying Neighborhood Outdoor Events.

18 (j) The Board of Supervisors also urges the San Francisco Municipal Transportation
19 Agency (SFMTA) to waive any and all SFMTA fees associated with Qualifying Neighborhood
20 Outdoor Events, including but not limited to fees for temporary use or occupancy of public
21 streets under Transportation Code Section 6.2, fees associated with street fairs under
22 Transportation Code Section 6.6, and temporary street closures for Roadway Shared Spaces
23 Activities under Transportation Code Section 6.16.

1 Section 2. The Transportation Code is hereby amended by revising Division 1, Section
2 6.6 and adding Division 1, Section 6.17, to read as follows:

3 **SEC. 6.6. TEMPORARY USE OF STREETS FOR STREET FAIRS.**

4 * * *

5 (f) **Fee.** No later than 60 days prior to the proposed date of the street fair and in
6 consultation with other City departments, ISCOTT shall determine the fee to be charged for
7 the permit according to the schedule below, subject to the fee waiver provisions for Qualifying
8 Neighborhood Outdoor Events under Section 6.17. No other fee for conducting a street fair shall
9 be required or assessed. All fees paid by the sponsors for street fair permits shall be
10 deposited in the City Treasury and allocated by the Controller to the appropriate City
11 departments. The fee shall be based on the actual costs to the City of temporarily closing the
12 street for the street fair, pursuant to the following fee schedule:

13 * * *

14 **SEC. 6.17. EXEMPTION FROM FEES FOR QUALIFYING NEIGHBORHOOD**
15 **OUTDOOR EVENTS.**

16 (a) A “Qualifying Neighborhood Outdoor Event” is an event under this Article 6 for the
17 temporary use or occupancy of a public street that meets all the following criteria:

- 18 (1) The sponsor of the event (“Sponsor”) is one or more of the following: (i) a non-
19 profit arts and culture organization that provides programming in San Francisco, that is exempt from
20 taxation under Internal Revenue Code Section 501(c)(3), and that is in compliance with all applicable
21 requirements to register with the California Attorney General’s Registry of Charities and Fundraisers;
22 (ii) a business with less than \$5 million in annual gross revenue that has a physical place of business
23 within or adjacent to the area in which the proposed event would take place; (iii) a merchant or
24 neighborhood resident association that represents the area in which the proposed event would take
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1 place; or (iv) a property and business improvement district that serves the area in which the proposed
2 event would take place;

3 (2) The event is primarily intended to attract residents and workers from neighboring
4 areas;

5 (3) The event is free and open to the public;

6 (4) If incorporating amplified sound, the event does so for a maximum of six hours;

7 (5) The event occupies a maximum of three continuous blocks or occupies streets in a
8 hub-and-spoke pattern within a one block radius from a central intersection;

9 (6) The event is a single-day event that involves a street closure for no longer than 24
10 hours for all event activities, with public programming taking place outdoors within the hours of 8:00
11 am to 10:00 pm.

12 (7) As determined by the San Francisco Municipal Transportation Agency (SFMTA),
13 the event does not impact light rail, street car, or cable car operations; impact major streets; require
14 the rerouting of a SFMTA Rapid Line; unduly disrupt vehicle or pedestrian traffic; require substituting
15 trolley buses or rail cars with motor coaches; restrict direct access by SFMTA vehicles to rail stations;
16 or require the SFMTA to shut down electrification of overhead wires.

17 (8) For an event that primarily takes place on Recreation and Park Department
18 property, the event does not involve the closure of any street that would not contain public-facing
19 programming during the event.

20 (b) Application for a Fee Exemption.

21 (1) A Sponsor seeking a determination of eligibility for a waiver of fees under this
22 Section 6.17 shall file an application with, and on a form provided by, the SFMTA. The SFMTA will
23 determine eligibility based on whether the event is a Qualifying Neighborhood Outdoor Event prior to
24 issuance of an ISCOTT street closure permit.

1 (2) In order to receive a fee waiver, a Sponsor shall apply for and must receive a
2 determination of eligibility for the fee waiver under this Section 6.17 before applying for an ISCOTT
3 street closure permit. Any Sponsor that has applied for or obtained an ISCOTT street closure permit
4 prior to the effective date of this Section 6.17 will not qualify for a retroactive waiver of any associated
5 fees.

6 (3) Determination of eligibility for a waiver of fees under this Section 6.17 shall be final
7 and not subject to appeal.

8 (c) Waiver of Fees.

9 (1) Upon a determination by the SFMTA that a Sponsor is eligible for one or more fee
10 waivers under this Section 6.17, the Sponsor shall be entitled to such waivers.

11 (2) Notwithstanding subsection (c)(1), the proposed closure of a block that requires the
12 rerouting of SFMTA transit service shall only be eligible for three fee waivers per calendar year,
13 regardless of the Sponsor.

14 (3) Fees subject to waiver include any and all application, permit, staffing, and
15 inspection fees associated with a Qualifying Neighborhood Outdoor Event issued by any of the
16 following departments, excluding fees imposed for a broader purpose beyond the Qualifying
17 Neighborhood Outdoor Event and any fees imposed by the SFMTA.

18 (A) Department of Public Health, including but not limited to fees for
19 Temporary Food Facility permits under Article 8, Section 452 of the Health Code and fees imposed
20 pursuant to Transportation Code Section 6.6;

21 (B) Fire Department, including but not limited to fees imposed pursuant to
22 Transportation Code Section 6.6 and fees for Fire Department permits;

23 (C) Entertainment Commission, including but not limited to One Time Event
24 Permits, One Time Outdoor Amplified Sound Permits, and Sound Truck Permits; and
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1 (D) Police Department, including but not limited to fees imposed pursuant to
2 Transportation Code Section 6.6.

3 (d) Administration and Implementation.

4 (1) The SFMTA shall inform relevant City departments of its waiver determinations
5 under this Section 6.17.

6 (2) The SFMTA may develop rules and/or regulations to implement this program.

7 (3) Each City department whose fees are waived under this Section 6.17 shall report
8 annually to the SFMTA the events for which fees were waived and the amount of fees waived for each
9 event. The SFMTA shall compile this information and report it annually to the Board of Supervisors
10 and the Mayor.

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12 Section 3. Effective Date. This ordinance shall become effective 30 days after
13 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
14 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
15 of Supervisors overrides the Mayor’s veto of the ordinance.

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17 APPROVED AS TO FORM:
18 DAVID CHIU, City Attorney

19 By: /s/ Victoria Wong
20 VICTORIA WONG
 Deputy City Attorney

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LEGISLATIVE DIGEST
(Substituted, 05/21/2024)

[Transportation Code - Fee Waivers for Qualifying Neighborhood Outdoor Events]

Ordinance amending the Transportation Code to waive fees related to the temporary closure of streets for events organized by community-serving nonprofit arts and culture organizations, small businesses, merchant associations, neighborhood resident associations, and property and business improvement districts.

Existing Law

Transportation Code Division 1, Section 6.6 governs the regulation of street fairs, including the processing of permit applications by the Interdepartmental Staff Committee on Traffic and Transportation and the payment of associated fees to the City. Such permit fees reflect the cost to the City of temporarily closing streets for the event, including fees for the Fire Department, Department of Public Health, and the Police Department. Section 6.6 states that the San Francisco Municipal Transit Agency may also impose fees related to these events, and that the Fire Department may impose additional fees for Fire Department permits required for these events.

Amendments to Current Law

This ordinance would amend Transportation Code Division 1, Section 6.6 and add Transportation Code Division 1, Section 6.17 to waive all fees associated with a temporary street closure under Transportation Code Division 1, Article 6, for street fairs and other events (1) for which the sponsor is one or more of the following: (a) a non-profit arts and culture organization that provides programming in San Francisco, that is exempt from taxation under Internal Revenue Code Section 501(c)(3), and that is in compliance with all applicable requirements to register with the California Attorney General's Registry of Charities and Fundraisers; (b) a business with less than \$5 million in annual gross revenue that has a physical place of business within or adjacent to the area in which the proposed event would take place; (c) a merchant or neighborhood resident association that represents the area in which the proposed event would take place; or (d) a property and business improvement district that serves the area in which the proposed event would take place; and (2) that meet specified criteria for size, accessibility to the public, and limited impacts caused by the street closures, among other things.

Waived fees include those listed in Section 6.6 as well as fees that would otherwise be imposed by the Fire Department and the Entertainment Commission for those departments' separate permits.

FILE NO. 240408

The ordinance would designate the San Francisco Municipal Transportation Agency as the department responsible for administering the fee waiver program. The SFMTA would make non-appealable determinations of eligibility for fee waivers based on criteria in the ordinance, and would be empowered to adopt rules and regulations for the program.

The ordinance would limit the number of fee waivers for closure of a street block to three per year, regardless of sponsor, if the closure would require rerouting of MUNI transit service. The ordinance would also prohibit retroactive waivers for event sponsors who have previously applied for and/or obtained a street closure permit for an event.

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