

BOARD of SUPERVISORS



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June 17, 2020

**File No. 200524**

Lisa Gibson  
Environmental Review Officer  
Planning Department  
1650 Mission Street, 4<sup>th</sup> Floor  
San Francisco, CA 94103

Dear Ms. Gibson:

On June 9, 2020, Supervisor Mandelman introduced the following legislation:

**File No. 200524**

**Resolution to establish (renew and expand) the property-based business improvement district known as the “Castro Community Benefit District,” ordering the levy and collection of assessments against property located in that district for 15 years commencing with FY2020-2021, subject to conditions as specified; and making environmental findings.**

This legislation is being transmitted to you for environmental review.

The resolution is scheduled for hearing at Board, sitting as a Committee of the Whole on July 14, 2020.

Angela Calvillo, Clerk of the Board

By: John Carroll, Assistant Clerk  
Government Audit and Oversight Committee

Attachment

c: Devyani Jain, Deputy Environmental Review Officer  
Joy Navarrete, Environmental Planner  
Don Lewis, Environmental Planner

1 [Resolution to Establish (Renew and Expand) - Castro Community Benefit District]

2

3 **Resolution to establish (renew and expand) the property-based business improvement**  
4 **district known as the “Castro Community Benefit District,” ordering the levy and**  
5 **collection of assessments against property located in that district for 15 years**  
6 **commencing with FY2020-2021, subject to conditions as specified; and making**  
7 **environmental findings.**

8

9 WHEREAS, Pursuant to the Property and Business Improvement Law of 1994,  
10 California Streets and Highways Code, Sections 36600 et seq. ("1994 Act"), as augmented by  
11 Article 15 of the San Francisco Business and Tax Regulations Code ("Article 15"), collectively,  
12 the “Business Assessment Law,” the Board of Supervisors adopted Resolution No. 215-20,  
13 entitled “Resolution declaring the intention of the Board of Supervisors to renew and expand a  
14 property-based business improvement district known as the ‘Castro Community Benefit  
15 District’ and levy a multi-year assessment on all parcels in the district; approving the  
16 management district plan and engineer’s report and proposed boundaries map for the district;  
17 ordering and setting a time and place for a public hearing of the Board of Supervisors, sitting  
18 as a Committee of the Whole, on July 14, 2020, at 3:00 p.m.; approving the form of the  
19 Notice of Public Hearing and Assessment Ballot Proceeding, and Assessment Ballot; directing  
20 environmental findings; and directing the Clerk of the Board of Supervisors to give  
21 notice of the public hearing and balloting, as required by law.” (the "Resolution of Intention,"  
22 Board of Supervisors File No. 200379); and

23 WHEREAS, The Resolution of Intention to renew and expand the Castro Community  
24 Benefit District (the "Castro CBD" or "District"), among other things, approved the Castro CBD  
25 Management District Plan (the "District Management Plan"), a detailed District Assessment

1 Engineer's Report, a Boundaries Map, and the form of the Notice of Public Hearing and  
2 Assessment Ballot Proceeding, that are all on file with Clerk of the Board of Supervisors in  
3 File No. 200379; and

4 WHEREAS, The Board of Supervisors caused notice of a public hearing concerning  
5 the proposed formation (renewal and expansion) of the Castro CBD, and the proposed levy of  
6 assessments against property located within the District for a period of 15 years, from fiscal  
7 years ("FYs") 2020-2021 through 2034-2035; and

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

10 WHEREAS, A District Management Plan was filed with the Board on May 19, 2020,  
11 containing information about the proposed district and assessments as required by California  
12 Streets and Highways Code § 36622; and

13 WHEREAS, A detailed Engineer's Report dated February 2020, was filed with the  
14 Clerk of the Board on May 19, 2020, as prepared by John G. Egan, California Registered  
15 Professional Engineer No. 14853, entitled "Renewal Engineer's Report For: Castro Property  
16 and Business Improvement District," supporting the assessments within the proposed district;  
17 and

18 WHEREAS, A Proposed Boundaries Map was submitted to the Clerk of the Board of  
19 Supervisors pursuant to California Streets and Highways Code, Section 3110 on  
20 May 19, 2020; and

21 WHEREAS, A public hearing concerning the proposed formation (renewal and  
22 expansion) of the Castro CBD and the proposed levy of assessments within such District was  
23 held pursuant to the notice on July 14, 2020, at 3 p.m., in the Board's Legislative Chambers  
24 located on the Second Floor of City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco,  
25 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 property 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 tabulated the  
8 assessment ballots submitted and not withdrawn, in support of or in opposition to the  
9 proposed assessments, and the Clerk of the Board determined that a majority of the ballots  
10 cast (weighted according to the proportional financial obligations of the property) by the  
11 owners of record of the property located within the proposed District did not oppose  
12 establishing the proposed District; and

13           WHEREAS, The public interest, convenience and necessity require the renewal and  
14 expansion of the proposed (renewed and expanded) Castro Community Benefit District; and

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

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

21           **Section 1.   MANAGEMENT DISTRICT PLAN, DISTRICT ASSESSMENT**

22           **ENGINEER'S REPORT, AND BOUNDARIES MAP.** The Board hereby approves the  
23 February 2020, Management District Plan and the February 2020 District Assessment  
24 Engineer's Report, including the estimates of the costs of the property-related services,  
25 activities and improvements set forth in the plan, and the assessment of said costs on the

1 properties that will specially benefit from such services, activities and improvements. The  
2 Board also hereby approves the February 2020 Boundaries, showing the exterior boundaries  
3 of the District, and ratifies and approves the Assessment Ballot and the City's use of such  
4 ballot, which Assessment Ballot is on file with the Clerk of the Board of Supervisors in File  
5 No. 200379 and is hereby declared to be a part of the Resolution as if set forth fully herein. A  
6 copy of the February 2020 Management District Plan, the February 2020 District Assessment  
7 Engineer's Report, and the Boundaries Map are on file with the Clerk of the Board of  
8 Supervisors in File No. 200379, which is hereby declared to be a part of this Resolution as if  
9 set forth fully herein.

10 **Section 2. FINDING OF NO MAJORITY PROTEST.** The Board of Supervisors  
11 hereby finds that a majority protest does not exist as defined in Section 4(e) of Article XIID of  
12 the California Constitution and Section 53753 of the California Government Code with respect  
13 to the renewal and expansion of the Castro Community Benefit District. All objections or  
14 protests both written and oral, are hereby duly overruled.

15 **Section 3. ESTABLISHMENT OF DISTRICT.** Pursuant to the 1994 Act and  
16 Article 15, the renewed and expanded property-based business improvement district  
17 designated as the "Castro Community Benefit District" is hereby established.

18 **Section 4. DESCRIPTION OF DISTRICT.** The Castro Community Benefit District  
19 shall include all parcels of real property within the district. The proposed District contains  
20 approximately 586 identified parcels located on approximately 28 whole or partial blocks.

21 Specifically, the exterior District boundaries are:  
22 • Market Street from Castro Street in the southwest to Octavia Street in the northeast  
23 and McCoppin Street in the southeast.  
24 • Collingwood Street in the southwest from 18th Street in the north to 19th Street in  
25 the south;

- 1 • Castro Street from Market Street in the north to 19th Street in the south;
- 2 • 18th Street from Diamond Street in the west to Noe Street in the east;
- 3 • 17th Street from Castro Street in the west to Prosper Street in the east;
- 4 • 16th Street from Noe Street in the west to Sanchez Street in the east;
- 5 • 15th Street from Sanchez Street in the west to Church Street in the east;
- 6 • 14th Street from Belcher Street in the west to Dolores Street in the east;
- 7 • Duboce Avenue from Belcher Street in the west to Guerrero Street in the east;
- 8 • Noe Street from Beaver Street in the north to 17th Street in the south;
- 9 Church Street from Duboce Avenue in the north to 15th Street in the south; and, a
- 10 handful of other properties

11 Reference should be made to the detailed maps and the lists of parcels identified by  
12 Assessor Parcel Number that are contained in the February 2020, Management District Plan,  
13 in order to determine which specific parcels are included in the Castro Community Benefit  
14 District.

15 **Section 5. FINDING OF BENEFIT.** The Board of Supervisors hereby finds that the  
16 property within the District will be benefited by the improvements and activities funded by the  
17 assessments proposed to be levied.

18 **Section 6. SYSTEM OF ASSESSMENTS.** (a) Annual assessments will be levied to  
19 pay for the activities to be provided within the District, commencing with FY2020-2021, and  
20 continuing for 15 years, ending with FY2034-2035. For purposes of levying and collecting  
21 assessments within the District, a fiscal year shall commence on each July 1st and end on the  
22 following June 30th.

23 (b) The amount of the proposed assessments to be levied and collected for  
24 FY2020-2021 shall be a maximum of \$819,403.41 (as shown in the Management District Plan  
25 and Engineer's Report dated February 2020). The amount of assessments to be levied and

1 collected in fiscal years two through 15 may be increased annually by the Castro Community  
2 Benefit District corporation Board of Directors by an amount not to exceed the change in the  
3 Consumer Price Index for All Urban Consumers in the San Francisco-Oakland-San Jose  
4 Consolidated Metropolitan Statistical Area, or five percent (5%), whichever is less.

5 (c) The method and basis of levying and collecting the assessment shall be as set  
6 forth in the District Management Plan.

7 (1) The levy of the assessments shall commence with fiscal year 2020-2021. Each  
8 year the assessment shall be due and payable in two equal installments. The first installment  
9 shall be due on November 1 of each fiscal year during the life of the District, and shall become  
10 delinquent on December 10 of that fiscal year. The second installment shall be due on  
11 February 1 of each fiscal year during the life of the District, and shall become delinquent on  
12 April 10 of that fiscal year.

13 (2) Nonpayment of the assessment shall have the same lien priority and delinquent  
14 payment penalties and be subject to the same enforcement procedures and remedies as the  
15 ad valorem property tax. All delinquent payment of assessments shall be subject to interest  
16 and penalties. The City Treasurer and Tax Collector will enforce imposition of interest and  
17 penalties and collection of delinquent assessments pursuant to the Business Assessment Law  
18 and City Business and Tax Regulations Code Article 6, as each may be amended from time to  
19 time.

20 **Section 7. USE OF REVENUES.** The proposed property-related services,  
21 improvements and activities for the District include:

22 **Clean Services:** Cleaning services, including sidewalk sweeping and power washing,  
23 will be provided along the frontages of property within the District. Zone 1 will receive a minimum  
24 of sweeping of sidewalks twice a day and power washing sidewalks twice a month, graffiti  
25 removal, and access to the cleaning dispatch number. Zone 2 will receive a minimum of

1 sweeping the sidewalks once a day and power washing once a month, graffiti removal, and  
2 access to the cleaning dispatch number. Zone 3 will receive a minimum of sweeping once per  
3 day and power washing once every two months, graffiti removal, and access to the cleaning  
4 dispatch number. Other cleaning services that may be provided include, but are not limited to  
5 enhanced trash emptying in the public right-of-way and special events cleaning and  
6 maintenance services.

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

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

16 **Administration and Contingency:** Administration includes daily oversight and  
17 operation of the Castro CBD, adherence to the Management District Plan, and compliance  
18 with audit/reporting requirements. Administration also includes fundraising, building and  
19 managing relationships with the neighborhood association/groups, city agencies/departments  
20 and elected officials. The Castro CBD, representing the owners, and working closely with the  
21 merchants, routinely advocates for the interests of the community regarding city services and  
22 funding. Because of these relationships and advocacy work, the Castro/Upper Market has  
23 often been chosen to host city funded pilot projects, which benefit the neighborhood. This type  
24 of work will continue in the new, renewed Castro CBD. The assessments will also fund a  
25



1 contingency reserve that may be used to cover possible unforeseen future expenses and help  
2 to smooth out cash flows, which are affected by the timing of property owner payments.

3           **Section 8. AUTHORITY TO CONTRACT.** The Board of Supervisors may contract  
4 with a separate private entity to administer the improvements, services and activities set forth  
5 in Section 7, as provided in California Streets and Highways Code, Sections 36612  
6 and 36650. Any such entity shall hold the funds it receives from the City and County of San  
7 Francisco ("City") in trust for the improvements, services and activities set forth in Section 7.  
8 Any such entity that holds funds in trust for purposes related to the contract shall deliver, at no  
9 expense to the City, a balance sheet and the related statement of income and cash flows for  
10 each fiscal year, all in reasonable detail acceptable to City, reviewed by a Certified Public  
11 Accountant (CPA); this review shall include a statement of negative assurance from the CPA.  
12 In addition, or alternatively, the Controller in his or her discretion or the Office of Economic  
13 and Workforce Development in its discretion, may require the private entity to deliver, at no  
14 expense to the City, an annual independent audit report by a Certified Public Accountant of all  
15 such funds. The CPA review and/or audit may be funded from assessment proceeds as part  
16 of the general administration of the District. At all times the Board of Supervisors shall  
17 reserve full rights of accounting of these funds. The Office of Economic and Workforce  
18 Development shall be the City agency responsible for coordination between the City and the  
19 District.

20           **Section 9. AMENDMENTS.** The properties in the District established by this  
21 Resolution shall be subject to any amendments to the 1994 Act, and City Business and Tax  
22 Regulations Code Article 6 and Article 15.

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

3 **Section 11. LEVY OF ASSESSMENT.** The adoption of this Resolution and  
4 recordation of the notice and assessment diagram pursuant to Section 36627 of the California  
5 Streets and Highways Code constitutes the levy of an assessment in each of the fiscal years  
6 referred to in the District Management Plan. Each year, the Assessor shall enter on the  
7 County Assessment Roll opposite each lot or parcel of land the amount of the assessment  
8 and such assessment shall be collected in the same manner as the County property taxes are  
9 collected.

10 **Section 12. BASELINE SERVICES.** To ensure that assessment revenues from the  
11 District are used to enhance the current level of services provided by the City within the  
12 District, the establishment of the District will not affect the City's policy to continue to provide  
13 the same level of service to the areas encompassed by the District as it provides to other  
14 similar areas of the City for the duration of the District, provided, however, that in the event of  
15 a significant downturn in citywide revenues, the Board of Supervisors may reduce the level of  
16 municipal services citywide, including within the District.

17 **Section 13. ENVIRONMENTAL FINDINGS.** The Planning Department has  
18 determined that the actions contemplated in this Resolution are in compliance with the  
19 California Environmental Quality Act (California Public Resources Code sections 21000 *et*  
20 *seq.*). Said determination is on file with the Clerk of the Board of Supervisors in File  
21 No. \_\_\_\_\_, which is hereby declared to be a part of this Resolution as if set forth  
22 fully herein.

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