

**Amended Management Plan for the Renewal and Expansion  
Of Central Market CBD  
June 1, 2016**

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**Executive Summary**

If you live, work, run a business or own property in San Francisco’s Central Market neighborhood, you have benefitted from the Central Market Community Benefit District (CMCBD).

Background Information:

- Central Market CBD has been successful since its founding in 2006, and now is scheduled for renewal and expansion by June 30, 2013.
- Doing nothing means the CBD will NOT be renewed, so your petition and vote are essential!
- The CMCBD does not replace City services in the areas of safety, cleaning and maintenance; it supplements them. In some cases, the CBD helps to facilitate City services to be more responsive to the neighborhood’s needs.
- The CMCBD also provides important extra services, activities, and improvements from beautifying our streetscapes to marketing that attracts new visitors and shoppers.

The CMCBD Corporation is accountable to the stakeholders in the District. It is structured as a 501(c)(3) nonprofit organization.

- Similar to a condo association, but for the whole neighborhood, everyone who owns property within the CMCBD boundaries pays an assessment to support its services.
- The Central Market CBD Corporation’s Board of Directors is made up of stakeholders within our Community Benefit District.
- Central Market property owners make up the majority of the CMCBD board.

The full Management Plan explains the *proposed new strategy*, which is to continue providing enhanced services within the existing CMCBD and expand those services, both in geographic scope and service level. The renewed and expanded district will continue to be named the Central Market CBD, and its benefits will enhance the safety, cleanliness and economic vitality of the Central Market area.

**Central Market CBD Overview Chart**

DISTRICT BOUNDARIES:	<ul style="list-style-type: none"><li>• 5th St. from Market St. to Mission St. (West side only)</li><li>• 6th, from Market St. to Folsom St. (East and West sides)</li><li>• 7th St. from Market St. to Stevenson St. (East and West Sides)</li><li>• 8th St. from Market St. to Mission St. (East and West Sides)</li><li>• Laskie St. from parcel 3701-60 and parcel 3701-66 to Mission St. (East and West Sides)</li><li>• 9th St. from Market St. to Mission St. (East Side) and from Jessie to Mission (West Side)</li><li>• 10th St. from Stevenson St. to Mission St (East Side) and from Jessie to Mission (West Side)</li><li>• Market St. from 5th St. to 9th St. (South Side)</li><li>• Market St., from Cyril Magnin St. to Mason St. (North Side)</li><li>• Mason St. from Eddy to Market (East Side)</li><li>• Eddy St. from parcel 0341-18 to Mason St. (South Side)</li><li>• Market St. from Hyde St. to Larkin St. (North Side)</li><li>• Grove St. from Hyde to Larkin (South Side)</li><li>• Stevenson St. from parcel 3703-085 to Fifth St. (South Side), from parcel 3702-054 to Fifth St. (North Side)</li><li>• Jessie St. From parcel 3703-086 (North Side) to Mint St.</li></ul>
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	<ul style="list-style-type: none"> <li>• Jessie St. from parcel 3703-080 (South Side) to Mint St.</li> <li>• Mint St. from Jessie St. to Mission St. (East and West Sides)</li> <li>• Mint Plaza from 5th St. to Mint St. (North and South Sides)</li> <li>• Mission St. from 5th St. to South Van Ness (North Side) excluding the Federal Properties (see a list of the federal properties excluded from the district on page 9 of the management plan in the area of 7<sup>th</sup> and Mission) and excluding parcel 3507-040 which is located to the West next to parcel 3507-042 within the adjacent Civic Center CBD boundaries.</li> <li>• Mission St. starting from parcel 3725-088 to Lafayette St. (South Side)</li> <li>• Minna St. starting from parcel 3725-075 to Sixth St. (South Side)</li> <li>• Natoma St. starting from parcel 3725-048 and parcels 3725-033 and 3725-035 to Sixth St. (North and South Sides)</li> <li>• Howard St. starting from parcel 3725-014 and parcel 3732-146 to Sixth St. (North and South Sides)</li> <li>• Tehama St. starting from parcel 3732-099 and parcel 3732-097 to Sixth St. (North and South Sides)</li> <li>• Clementina St. starting from parcel 3732-062 and parcel 3732-048 to Sixth St. (North and South Sides)</li> </ul> <p>The SF Federal Building and the US Court of Appeals at 7<sup>th</sup> and Mission are excluded (Parcels: 3702 -015; 3702 -016; 3702 -029; 3702 -031; 3702 -032; 3702 -033; 3702 -034; 3702 -035; 3702 -036; 3702 -055; 3703 -040; 3703 -041; 3703 -084). See Map on Page 10</p>
SERVICES:	<ul style="list-style-type: none"> <li>• Community Guides – monitoring street conditions, conducting social service outreach, pedestrian safety, and merchant outreach.</li> <li>• Cleaning and Maintenance – daily sweeping, garbage and graffiti removal.</li> <li>• Economic Development –retail attraction, retention and technical support.</li> <li>• Management – including handling of day-to-day operations, advocacy, grant writing, financials, and all administrative tasks.</li> </ul>
ALLOCATION OF BUDGET TO EACH SERVICE TYPE:	<ul style="list-style-type: none"> <li>• 28.7% for cleaning and maintenance</li> <li>• 35.2% for public safety</li> <li>• 24.6% for economic development, marketing/promotion, management</li> <li>• 11.5% contingency</li> </ul>
METHOD OF COLLECTING ASSESSMENT AND ENFORCEMENT:	<p>Each property owner pays a share of the cost of the CMCBD, based on a formula. The payment is collected twice yearly, through the property tax bill. The CBD assessment, including the collection and enforcement of any delinquent assessments and imposition of interest and penalties per City and County of San Francisco Business and Tax Regulations Code Article 6, and related law as it may be amended from time to time, will be collected and enforced by the Treasurer and Tax Collector of the City. The Treasurer and</p>

	Tax Collector shall transfer the assessment payments to a non-profit corporation that is designated as the Owners' Non-Profit Association for the District.
TYPICAL ASSESSMENTS FOR DIFFERENT TYPES OF PROPERTIES:	The special benefit is allocated to parcels within the CBD via a benefit point system. Such benefit points are calculated based on objective "parcel criteria" such as land use, linear front footage, lot size and building square footage. The benefit points assigned to parcels in the district may change over time to reflect changes to the parcel criteria. Each parcel's assessment will be calculated by multiplying that parcel's total benefit points by a defined dollar amount.
CBD TOTAL SERVICE BUDGET, YEAR ONE	\$1,225,433.63 (Total); \$1,180,337.63 (Special Benefit: to be covered by assessments, paid by property owners). <sup>1</sup>
POTENTIAL ANNUAL INCREASE IN ASSESSMENT:	Assessments for years 2-15 may increase annually by the amount of the annual increase in the Bay Area Consumer Price Index, up to a maximum of 3% in any given year, with approval of the CMCDB Corporation Board of Directors. Assessments may also increase over time if changes to the parcels result in the parcels being assigned additional benefit points.
BASELINE CITY SERVICES:	The Board of Supervisors of the City and County of San Francisco is legally required to provide the same level of baseline services it provides elsewhere in similar neighborhoods.
PROCESS FOR DISTRICT RENEWAL AND EXPANSION:	Renewal and Expansion of the District require approval by property owners. The process has three steps: <ul style="list-style-type: none"> <li>• A Petition, which property owners representing 30% or more of the weighted assessment the must sign</li> <li>• Approval by the Board of Supervisors of a "Resolution of Intent"</li> <li>• Mailing of ballots to all property owners and a public hearing, if the weighted majority of ballots submitted is in support (meaning there is no majority protest), then the Board of Supervisors may renew and expand the CBD</li> </ul>
TERM:	Collection for the current Central Market CBD expires June 30, 2013 (services, activities, and improvements may continue to December 31, 2013 to expend remaining assessment funds). If the proposed District is renewed and expanded by the Board of Supervisors following the ballot election and public hearing, assessments would be collected for the first 15 years (July 1, 2013 – June 30, 2028). Expenditure of those collected assessments can continue for up to 6 months after the end of the assessment collection period (December 31, 2028), at which point the District would then be terminated, if not renewed.

<sup>1</sup> During the petition phase of the CMCBD renewal and expansion campaign a few property owners documented that proposed assessments for their parcels were classified in the assessment roll at a higher rate than warranted, based on use of the property. Accordingly, proposed assessments for those parcels and total proposed assessment numbers have now been adjusted downward, and the proposed budget for Year One of the renewed/expanded Central Market CBD has been adjusted accordingly.

ENTITY STRUCTURE:	The CBD is managed by an Owners Non-Profit Association that is a 501(c)(3) non-profit corporation (Central Market Community Benefit District Corporation).
LEGAL AUTHORITY:	CBDs are authorized by the Property and Business Improvement District Act of 1994 within the California Streets and Highway Code (Sections 36600 et seq.) (“1994 Act”) and augmented by the Business Improvement District Procedure Code, Article 15 of the San Francisco Business and Tax Regulations Code.
GOVERNANCE:	A new CMCBD Corporation Board of Directors will be elected, consisting of 11 seats in total. Of these, six represent property owners, two represent community-based organizations or residents in the district and three represent non-property owning merchants operating in the district. The existing Owners Non-profit Association will continue, but be restructured by amending its by-laws to include representatives from the expanded boundaries.
DISESTABLISHMENT:	<p>Each year that the CMCBD 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 District/CBD was renewed and expanded. 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 district by.</p> <p>A majority of the Board of Supervisors (six members) may initiate disestablishment at any time based on improper actions by the CBD Owner’s Non-Profit Association, such as misappropriation of funds, malfeasance, or violation of law.</p> <p>A supermajority (eight members) of the Board of Supervisors may initiate disestablishment proceedings for any reason. All outstanding indebtedness must be paid prior to disestablishment of the CBD.</p>

**What is a Community Benefits District (CBD)?**

A CBD is a geographic area determined by an agency to contain all parcels, which will receive a special benefit from proposed services, activities, and improvements. Article XIID of the State Constitution (1996 Proposition 218) allows property owners in a neighborhood to pool their resources in order to fund services, activities, and improvement that benefit the district and increase the district’s economic vitality. A CBD is similar to a condo Home Owners Association (HOA)—but for an entire neighborhood. Everyone who owns property inside the CBD boundaries pays an assessment to support its services, activities, and improvements.

Each CBD is governed by an Owners Non-profit Association, and is accountable to the stakeholders in the district. The Owners Non-profit Association is governed by an elected Board of Directors. Its Board of Directors is comprised of stakeholders within the CBD; property owners comprise the majority of the board.

A CBD provides a stable funding source and serves all property owners and their tenants in a given district. The services, activities, and improvements provided by a CBD are cost-effective because the stakeholders in the district ensure their sidewalks and public rights of way are clean and safe. Investment in the cleanliness and safety of the neighborhood improves the economic vitality of the district.

One state statute governing CBDs is the Property and Business Improvement District Law of 1994 within the California Streets and Highway Code (Sections 36600 et seq.) (“1994 Act”), augmented by the Business Improvement District Procedure, Article 15 of the San Francisco Business and Tax Regulations Code. The 1994 Act governs the process for establishing a CBD and stipulates what must be included in the CBD Management Plan. (See addendum item engineers report for additional information).

These laws include provisions that in San Francisco:

- Allow such districts to undertake services including safety, maintenance, marketing, capital improvements, economic development and special events.
- Allow revenue for services to be raised from assessments on property.
- Require petition support from property owners paying more than 30% of proposed property assessments to initiate district formation proceedings, and affirmative ballots representing more than 50% support of the ballots returned, and levy assessments.
- Provide for a maximum 15-year term for a district (30-year maximum for districts that utilize bond financing), with opportunity for renewal at the end of a term through a new petition and balloting and hearing process to renew a district.

Since the passage of the Property and Business Improvement District Law of 1994, new districts have been formed as well as older districts renewed in dozens of California communities. As a result of the clear successes of established districts, more districts are currently being formed or expanded in San Francisco as well as throughout California and the United States.

The creation of a CBD requires a special election of the property owners in the district and it requires approval by the Board of Supervisors and Mayor of San Francisco.

### **How does the CMCBD create value for property owners and other stakeholders?**

There are a number of compelling reasons for reauthorizing and expanding the CMCBD; the most significant is its history of success. The current CMCBD has delivered what it promised – a cleaner and safer district. There are more people on the street shopping, visiting and recreating. Because of the existence of the CMCBD, other funding sources have been successfully tapped, including the Mayor’s Office of Economic and Workforce Development and Grants for the Arts.

The CMCBD provides an effective means to achieving positive results for district property owners, businesses and residents. Reauthorizing and expanding the CBD accomplishes the following:

*Continued enhancement of the Central Market street experience:*

As a private/public partnership the CMCBD enhances the experience of merchants, property owners, residents, employees and visitors by providing cleanliness and safety services above and beyond the services that the City of San Francisco is able to provide. These services make the area safer and more attractive and in turn make the area more desirable as a place to live and shop, and more attractive as a location for retailers and businesses. The net result is an enhancement of economic vitality of the district.

*An opportunity to continue oversight and accountability:*

A Board of Directors to the Owners Non-profit Association consisting of Central Market property and business owners oversees the management of the CBD. The Board develops the annual business improvement plan and budget, and it ensures that the district is directly accountable to those who pay for its services, activities and improvements. A newly constituted Board for the reauthorized district will represent the expanded district and be open to this broader constituency.

*A proportional distribution of costs and benefits:*

The CMCBD is based on the “benefit assessment district” concept, which provides for an assessment on property to be imposed within an assessed geographic district. Proceeds are directed back to the district to provide special benefit to the properties located within the district. Assessments are based upon a formula that proportionately distributes costs and benefits that are tailored to fit the specific properties located within the CBD.

### **What is the track record of the CMCBD and why are we seeking to expand it now?**

Since its formation in 2006, the CMCBD has improved the quality of life, enhanced business and delivered a wealth of practical benefits to San Francisco’s Central Market area. The neighborhood is cleaner and safer and attracts new investment in properties and businesses.

Since 2006 the CMCBD has:

1. Completed 56,034 cleaning and maintenance service requests
2. Reported 17,482 safety hazards and illegal activities
3. Provided 15,074 merchant and visitor assistance services
4. Removed 6,793 graffiti tags, stickers, illegal postings
5. Performed 2,136 street cleanups and removal of over flowing trash from public trash cans
6. Addressed 9,026 social service outreach and assistance incidents
7. Produced and/or sponsored 143 community marketing events to attract shoppers, diners, potential tenants and investors.

### **Impact Analysis of San Francisco’s CBD’s**

In Spring 2012, the City of San Francisco’s Office of Economic and Workforce Development undertook an evaluation of all the CBD’s in the City of San Francisco. The objective of this effort was to better understand the impact CBDs have on their geographies, and to assess those results directly with quantifiable measures.

Principle findings from this study:

- CBDs outperformed citywide trends on the majority of studied indicators, including public realm cleanliness, public safety, and economic resiliency.
- CBD maintained streets were found to be cleaner than similar commercial streets located in the same Supervisorial District.
- CBD’s experienced significant, consistent declines of minus 68% in criminal activity.
- CBDs were insulated from the effects of the 07/09 recessions. While citywide tax revenues declined by 20% in 07/09, within CBD districts sales tax increased +4.8%.

(Office of Economic and Workforce Development’s (OEWD) Impact Analysis of San Francisco’s Community Benefit Districts (CBDs), January, 2013. )

The CMCBD was established in 2006 to operate for seven years, it now needs to be renewed. Based on the survey results and feedback from meetings with property owners, merchants and residents, it has been determined that by expanding the boundaries of the CBD we can achieve economies of scale which will increase the number of cleaning staff and community guides on the street. While

expanding these services is important, implementing a comprehensive economic development program is essential for revitalizing the Central Markets commercial sector.

While stakeholders in the current CBD area have requested its renewal, expansion has been requested by more than a dozen property owners with parcels on nearby blocks outside the CBD's boundaries, who have asked if the CBD could be expanded to include their parcels. Citing the success of the six-year old CBD, these property owners have requested that similar services be implemented on their blocks. In the summer of 2012 the steering committee created and mailed surveys to 3,000 property owners within the existing CBD and within an area that extended out to Howard Street. Responses indicated significant interest in the CBD's expansion, and thus the proposed expanded boundaries were drawn.

### **What area is included in the existing CBD?**

**(Please see map on page 10)**

The boundaries of the existing district are follows:

- 5th St. from Market St. to Mission St. (West Side only)
- 6th, from Market St. to Jessie St.; (East and West sides)
- 7th St. from Market St. to Stevenson St; (East and West Sides)
- 8th St. on the east side of the street from Market to approximately 185 feet from the southeast corner of Market and 8th; - in which the lot line is drawn to a point equidistant with the balance of the depth of the parcels on that block between 7th Street and 8th Street (as if there was a continuation of Stevenson Street to 8th Street); also on the west side of 8th Street running southward from the southwest corner of 8th and Market Street, including the four parcels (3701-050, 3701-059, 3701-005, 3701-060) but *not including* parcel 3701-053 at the corner of 8th and Mission owned by PG&E
- 9th St. just including the parcel at the southeast corner of the Market and 9th Street intersection
- Market St. from 5th St. to 9th St. (South Side)
- Market St., from Cyril Magnin St. to Mason St. and then from Hyde St. to Larkin St.; (North Side)
- Mason St. from Eddy to Market (East Side)
- Eddy St. from parcel 0341-18 to Mason St. (South Side)
- Mission St. from 5th St. running west (North Side only) including the Old Mint and four parcels (3704-012, 3704-013, 3704-015, 3704-017) directly west of Mint St.
- Jessie St. from 5th St. to 6th St. (North Side only), and Jessie running West from 6th St. including 6 parcels (3703-006, 3703-007, 3703-010, 3703-011, 3703-012, 3703-086) to the west of 6th Street (North Side only)
- Mint St. from Jessie St. to Mission St. (East and West Sides)
- Mint Plaza from 5<sup>th</sup> St. to Mint St. (North and South Sides)

### **What area is included in the expanded CBD?**

**(Please see map on page 10)**

The proposed boundaries of the expanded district are follows:

- 5th St. from Market St. to Mission St. (West side only)
- 6th, from Market St. to Folsom St. (East and West sides)
- 7th St. from Market St. to Stevenson St. (East and West Sides)
- 8th St. from Market St. to Mission St. (East and West Sides)

- Laskie St. from parcel 3701-60 and parcel 3701-66 to Mission St. (East and West Sides)
- 9th St. from Market St. to Mission St. (East Side) and from Jessie to Mission (West Side)
- 10th St. from Stevenson St. to Mission St (East Side) and from Jessie to Mission (West Side)
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- Market St. from Hyde St. to Larkin St. (North Side)
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- Stevenson St. from parcel 3703-085 to Fifth St. (South Side), from parcel 3702-054 to Fifth St. (North Side)
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- Jessie St. from parcel 3703-080 (South Side) to Mint St.
- Mint St. from Jessie St. to Mission St. (East and West Sides)
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- Mission St. from 5th St. to South Van Ness (North Side) excluding the Federal Properties (see a list of the federal properties excluded from the district on page 9 of the management plan in the area of 7<sup>th</sup> and Mission) and excluding parcel 3507-040 which is located to the West next to parcel 3507-042 within the adjacent Civic Center CBD boundaries.
- Mission St. starting from parcel 3725-088 to Lafayette St. (South Side)
- Minna St. starting from parcel 3725-075 to Sixth St. (South Side)
- Natoma St. starting from parcel 3725-048 and parcels 3725-033 and 3725-035 to Sixth St. (North and South Sides)
- Howard St. starting from parcel 3725-014 and parcel 3732-146 to Sixth St. (North and South Sides)
- Tehama St. starting from parcel 3732-099 and parcel 3732-097 to Sixth St. (North and South Sides)
- Clementina St. starting from parcel 3732-062 and parcel 3732-048 to Sixth St. (North and South Sides)

### **What areas are excluded from the expanded CBD?**

**(Please see map on page 10)**

The Federal properties, namely the San Francisco Federal Building and the US Court of Appeals properties at 7<sup>th</sup> and Mission are not included in the District excluded (Parcels: 3702 -015; 3702 -016; 3702 -029; 3702 -031; 3702 -032; 3702 -033; 3702 -034; 3702 -035; 3702 -036; 3702 -055; 3703 -040; 3703 -041; 3703 -084).

- Federal law prohibits such involuntary assessments by local government
- The CBD will not provide its designated services, activities and improvements to the Federal property unless the property owner requests and separately funds provision of such services, activities and improvements to that Federal property
- The Federal property owner/property is therefore not eligible to participate in the weighted petitions or in the weighted balloting, and will not be subject to assessments in the renewed/expanded CBD
- Estimated total assessments and estimated budgets in this Management District Plan do not include the Federal property at issue



**What Services will the CMCBD provide?**

The Central Market CBD will continue to enhance the experience of shoppers, merchants, residents and visitors by providing the cleaning, maintenance and public safety services currently offered in the original CMCBD. The expanded CMCBD will provide the same types of services but to a *larger geographic area* and will provide an overall *enhanced level of services*. In addition the expanded plan calls for a *dedicated employee to increase economic growth* through business attraction, retention and technical support.

**Key benefits provided by the CMCBD are enhanced safety, cleaning/maintenance, economic development, and management of the public realm. If the CMCBD is not approved for renewal and expansion, there will be no CBD for Central Market.**

<b>Services</b>	<b>Existing CMCBD</b>	<b>Expanded CMCBD</b>	<b>Difference</b>
Safety (General)	2 Full time	6 Full Time Equivalent	+ 4 Full Time Equivalent
10B Officer Program	As Needed	As Needed	As Needed
Special Patrol	As Needed	As Needed	As Needed
Cleaning/Maintenance	2 full time	6 Full Time Equivalent	+ 4 Full Time Equivalent
Economic Development	None	1 Full Time	+ 1 Full Time
Management	1 Full Time : Executive Director (ED)	2 Full Time: Executive Director and a Staff Assistant	+ 1 Full time Staff Assistant

**Safety**

*CMCBD Community Guides*

The most vital service provided by the CMCBD is crime deterrence. The CMCBD’s Community Guides program uses a three-pronged crime prevention approach focusing on public safety, social service outreach, and hospitality/customer service. Under this new management plan, six full-time equivalent Community Guides will patrol the neighborhood. Scheduling of the Community Guides is to be determined by the CMCBD Owners Non-profit Association.

Community Guides are specially trained to constructively engage with individuals in need on the street and connect them to local service providers. Guides have received initial training by social service providers, the San Francisco Police Department and MJM Management Group, in addition to receiving First Aid training. These trained Guides patrol streets in the district to address nuisance behaviors and public disruption while providing a sense of safety and well-being to residents, workers and visitors. CMCBD Community Guides:

- Act as "eyes and ears" for the community, safety agencies, and service providers
- Add a uniformed presence in Central Market to prevent undesirable behavior
- Assist pedestrians with directions and information
- Maintain open communications with police and safety agencies
- Help connect individuals in need of assistance to local service providers and refer those in need to social services

Each Community Guide has radio access to a central dispatch office that answers and logs all incoming calls and supports both the Community Guides and Clean Streets services. Calls are routed to the appropriate department and central dispatch follows up with the individual who placed the call. Property and business owners, residents and visitors can rely on Community Guides to handle

their questions and concerns. Community Guides works in partnership with public and non-profit social service providers, safety agencies, and neighborhood organizations.

#### *10B Officer Program / San Francisco Patrol Special Police*

The Management Plan calls for and budgets added public safety enforcement services within the district. These services are in addition to the Community Guides, whose role is deterrence not enforcement. There are two alternative methods of providing these safety enforcement services:

- **10B Officer Program:** A 10B officer is an actual uniformed San Francisco Police Department (SFPD) officer who would be funded through the CMCBD assessments. The 10B officer would address crime and quality of life issues within the neighborhood and within the purview of SFPD. A 10B officer would be hired by the CMCBD Owners Non-profit Association and dedicated to the district. In 2011, the CMCBD Owners Non-profit Association coordinated with neighboring community stakeholders to establish and fund a 10B Officer Pilot Program, which was incorporated and managed through the Central Market Community Guides Program. This was a very successful program and made real quality of life improvements in the district.
- **Patrol Special Police:** San Francisco Patrol Special Police is a neighborhood police force authorized in the City Charter, with officers appointed and regulated by the Police Commission after an initial security review by SFPD. Hourly rates for service are principally paid by private clients, with some cost to the City for general program administration concerning standards of professional performance, but not concerning day-to-day operations. Thus, the nature of this special police force is both quasi-private and quasi-public. The force has been in operation in the City of San Francisco for over 162 years. By current City Code, the force provides patrols on the streets of San Francisco as well as at fixed locations, and also provides a range of other safety services as requested by private clients. Patrol Special Police services emanate directly from private clients' needs pursuant to a negotiated contract, however services often benefit the clients' geographically-circumscribed neighborhoods or "beats" where officers serve. Officers concentrate on order maintenance, rapid response, and early intervention in quality-of-life matters.

The elected Board of Directors of the CMCBD Corporation will select the most appropriate alternative method of providing these safety enforcement services on an annual basis when developing the detailed district budget.

In addition to enhancing safety services through the Community Guides program and 10B Officers or Special Patrol, the Owners Non-profit Association also works closely with the San Francisco Police Department and advocates for sufficient police coverage in Central Market to improve safety.

The CMCBD Owners Non-profit Association partners with community-based organizations, including San Francisco SAFE and the Alliance for a Better District 6, to educate the Central Market community on crime prevention methods.

The CMCBD Owners Non-profit Association also hosts Public Safety Seminars that focus on crime prevention and safety education and help the Central Market community learn about current issues facing the neighborhood, directly from civic leaders. Issues such as pedestrian safety, dealing with nuisance crime, and safe shopping are discussed.

#### **Cleaning/Maintenance:**

The neighborhood served by the CMCBD Owners Non-profit Association receives enhanced cleaning and maintenance services within the public right-of-way and sidewalks, above and beyond the

baseline level of service provided by the City of San Francisco. The CMCBD Owners Non-profit Association will determine the new scheduling of six full-time equivalent workers on the street to provide:

- Sidewalk sweeping
- Monitoring public trash receptacle overflow and trash removal
- Weeding of tree basins, sidewalk cracks and landscape planters
- Reporting of bulky items for removal by the Department of Public Works
- Spot cleaning
- Graffiti abatement

In addition to ongoing maintenance described above, services include quarterly steam cleaning of the public right-of-way.

The Clean Team is connected to a central dispatch office by radio for all maintenance-related calls. The dispatch office logs and routes all calls to the appropriate department and follows up with callers.

### **Economic Development**

The new Management Plan greatly expands the economic development services provided by the District. These services include business attraction, retention, and expansion, and technical assistance for business owners.

Specifically:

- Compile and maintain a complete inventory of retail spaces in the CMCBD, including ownership information, tenancy information, and specifications of vacant spaces (e.g., size, amenities, lease rate). Encourage retail landlords that have vacant office spaces to post those spaces to relevant websites.
- Based on the size and amenities of available retail spaces, develop and maintain a list of desired businesses.
- Work to identify and fill vacancies.
- Create and distribute documents to market vacant retail spaces, place "For Lease" signs at spaces, and generate internet property listings and information sheets.
- Distribute Central Market promotional materials to brokers and prospective tenants.
- Connect prospective businesses with available retail spaces. Tour prospective businesses through the neighborhood and arrange showings of vacant spaces. Vet prospective new tenants and help to develop a vibrant mix of distinctive and independent retail establishments.
- Provide leasing assistance to prospective businesses negotiating with property owners.
- Provide technical assistance, loan packaging services and referrals to existing businesses and prospective businesses seeking to launch or expand in the area.
- Facilitate new business establishments and business expansions by providing technical assistance and informing logistics related to the physical build-out of commercial spaces.
- Connect new and existing businesses with employment training and placement programs to help them identify staff.
- Conduct special outreach to merchants, property owners, and other stakeholders related to specific neighborhood issues.

### **Management:**

In addition to safety, cleaning and economic development, the CMCBD Owners Non-profit Association's management orchestrates a varied range of other services, including:

*Advocacy*

The CM CBD Owners Non-profit Association serves as a collective voice for property owners within the district. It represents the needs of the district to various City departments and agencies so that the district receives good and timely service. For example, the Owners Non-profit Association helps to mitigate potential negative impacts of permitted events, street closings, protests etc. on businesses and properties.

*Administration*

As a non-profit organization with public/private interactions, a CBD requires day-to-day management including securing insurance, filing taxes, maintaining monthly budgets and developing, coordinating and overseeing fundraising and grant writing for beautification and marketing projects. The current executive director will continue to handle these responsibilities in the renewed, expanded CM CBD.

**What will the services provided within the CBD Cost?**

The total budget for the CBD is \$1,225,433.63 for year one (2013-14). This will be allocated as shown in the following chart:

<b>Expenses</b>	<b>\$1.225 M</b>	<b>% Distribution</b>
<b>Cleaning and Maintenance</b>		
**6 FTE workers: uniformed, supplied (for repairs, equipment, steam cleaning, etc.), managed	\$352,000.00	28.7%
<b>Cleaning and Maintenance Total</b>	<b>\$352,000.00</b>	<b>28.7%</b>
<b>Public Safety</b>		
**6 FTE - community guides: uniformed, supplied, managed	\$353,382.73	28.8%
10B Officer/Special Patrol	\$30,000.00	2.4%
24 Hour Dispatch	\$48,000.00	3.9%
<b>Public Safety Total</b>	<b>\$431,382.73</b>	<b>35.2%</b>
<b>Management and Economic Development</b>		
Economic Development	\$56,155.38	4.6%
Marketing/Promotion/District Identity	\$19,730.28	1.6%
Rent, Supplies, Legal/Financial Rpt, Board/Committee Support	\$40,000.00	3.3%
Staff: Executive Director (Salary, Benefits, Payroll/Employee Taxes, Incremental Salary Increase)	\$125,000.00	10.2%
Staff: Assistant/Support (Salary, Benefits, Payroll/Employee Taxes)	\$60,000.00	4.9%
<b>Total Management and Economic Development Services</b>	<b>\$300,885.66</b>	<b>24.6%</b>
<b>Contingency</b>	<b>\$141,165.24</b>	<b>11.5%</b>
<b>Total Service Budget<sup>2</sup></b>	<b>\$1,225,433.63</b>	<b>100%</b>

The budget will be funded by a combination of property owner assessments and other income. Property owner assessments will be levied in proportion to the special benefits received by the property owners in the district and will comprise 96.32% of each year’s budget.<sup>3</sup> The remaining 3.68% will come from non-assessment sources. The allocation based on the year one budget is as follows:

<b>Revenue</b>	<b>Amount</b>	<b>% of Expenses</b>
Assessments (Special Benefit, to be covered by property owners)	\$1,180,337.63	96.32%
Other Income (General Benefit <sup>4</sup> )	\$45,096.00	3.68%*
<b>Total</b>	<b>\$1,225,433.63</b>	<b>100%</b>

The general benefit percentage (3.68%) was calculated based on a combination of studies and research. David Binder conducted an intercept survey in the Union Square area from April 23-26, 2009 and found that less than 1% of those surveyed had no intention of engaging in any commercial activity. The results of the David Binder survey cannot solely be relied upon to best measure the level of general benefit provided by the District’s improvements, services and activities; it could be a reasonable proxy for measuring general benefit for the Central Market District. However, additional analysis of the pedestrian activity related to the surrounding Central Market area population was conducted using the Summary of Travel Trends, 2009 National Household Travel Survey, prepared by the U.S. Department of Transportation Federal Highway Administration; and the San Francisco Socio-Economic Profiles American Community Survey 2005-2009, prepared by the San Francisco Planning Department, to ensure that the best possible proxy was used to approximate the general benefit. The amount of general benefit that is provided by the District improvements, services and activities cannot be funded via property owner assessments within the District. It is anticipated that these funds will be raised through fundraising events and grants. For a more detailed calculation of the general benefit, please see the Engineer’s Report.

The special benefit component (96.32%) will be derived from assessments levied on property owners in the district. Beginning July 2014, the rates used to calculate these assessments are subject to an annual increase if approved by a vote of the CMCBD Owners Non-profit Association Board of Directors. The rates may increase by the amount of the change in the Consumer Price Index from the prior year for all urban consumers in San Francisco- Oakland-San Jose. or by 3%, whichever is less.

<sup>3</sup> During the petition phase of the CMCBD renewal and expansion campaign a few property owners documented that proposed assessments for their parcels were classified in the assessment roll at a higher rate than warranted, based on use of the property. Accordingly, proposed assessments for those parcels and total proposed assessment numbers have now been adjusted downward, and the proposed budget for Year One of the renewed/expanded Central Market CBD has been adjusted accordingly.

<sup>4</sup> As a result of the District services, activities and improvements, there will be a level of general benefit to pedestrians that do not live in or intend to conduct business within the District. There will be pedestrian traffic generated from property outside of the District that will utilize the improvements to pass through the District and access property located outside of the District boundaries. In addition to accessing property located outside of the District, there will also be a level of pedestrian activity that will seek out the District’s clean and safe environment for recreational purposes. Therefore, this level of general benefit activity must be quantified. Utilizing travel trends compiled by the U.S. Department of Transportation Federal Highway Administration and population counts surrounding the District, it was determined that 3.68% of the surrounding population will receive a general benefit as a result of the services and activities provided by the District.

The following table shows the maximum annual assessment revenues assuming the Board of Directors approves a 3% increase in each year:

<b>Year of Renewed/ Expanded District</b>	<b>Fiscal Year</b>	<b>Total Projected Annual Assessment Revenue Based on Current Development Status</b>
1	2013/2014	\$1,180,337.63
2	2014/2015	\$1,215,747.76
3	2015/2016	\$1,252,220.19
4	2016/2017	\$1,289,786.80
5	2017/2018	\$1,328,480.40
6	2018/2019	\$1,368,334.81
7	2019/2020	\$1,409,384.86
8	2020/2021	\$1,451,666.40
9	2021/2022	\$1,495,216.40
10	2022/2023	\$1,540,072.89
11	2023/2024	\$1,586,275.07
12	2024/2025	\$1,633,863.33
13	2025/2026	\$1,682,879.23
14	2026/2027	\$1,733,365.60
15	2027/2028	\$1,785,366.57
<b>Total</b>		<b>\$21,952,997.94</b>

The above table is based on the district'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 and in the Engineer's Report. 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 district likely will increase as parcels are developed.

*Budget Adjustments*

Any assessment funds that remained when the original CMCBD expired on June 30, 2013 were used to continue to provide clean and safe services within the existing CBD boundaries only until such funds were used up (no later than December 31, 2013). Starting in 2013-2014, the budget for year one will be \$1,225,433.63. A similar budget will apply to subsequent years so long as the Board does not increase assessment rates or if the characteristics used to allocate special benefit (e.g., building square footage) do not change. If the Board votes to increase assessment rates, or if assessments increase due to further parcel development, then the budget will increase accordingly. Any annual budget surplus or deficit will be rolled into the following year's budget.

*Time and Manner of Collecting and Enforcing Assessments*

As provided by the Property and Business Improvement Law of 1994, the CBD’s assessment shall appear as a separate line item on annual property tax bills prepared by the City and County of San Francisco. Payment of Property Taxes is due on November 1 and February 1, with the bill becoming delinquent at the close of business December 10 and April 10 respectively. The total bill may be paid with the first installment. If the renewed and expanded CBD is established, the first installment will be due December 2013.

The CBD assessment, including the collection and enforcement of any delinquent assessments and imposition of interest and penalties per City and County of San Francisco Business and Tax Regulations Code Article 6, and related laws, as it may be amended from time to time, will be collected and enforced by the Treasurer and Tax Collector of the City. The Treasurer and Tax Collector shall transfer the assessment payments to the Central Market CBD Corporation that is designated as the Owners’ Non-Profit Association for the District.

The Owners’ Non-Profit Association will manage and administer the CBD pursuant to a management contract with the City, as approved by the Board of Supervisors. The management contract will also include provisions identifying and defining procedures for collection and enforcement of the assessment, including, for example, recordkeeping requirements, audits, assessment of penalties and interest, claims, and refunds.

**Continuation of City of San Francisco Services**

CBD-provided services are supplemental to City-provided services. These City services are enhanced by a CBD’s advocacy and dispatch services. The CBD gives a district the ability to be more responsive, flexible and comprehensive in meeting the service needs of its district.

By adopting this plan, the Board of Supervisors will confirm and guarantee a baseline level of services received from the City equivalent to that being provided in similar areas of the City throughout the term of the District.

**City and County of San Francisco Fiscal Year 2012-2013**

**Existing Cleaning and Maintenance Services (DPW)**

<b>Services</b>	<b>Frequency</b>
Mechanical Street Sweep	Market and Mission Streets receive daily sweeps. Secondary N/S streets receive weekly sweeps, and alleys and smaller streets receive sweeping bi-weekly.
Mechanical Street Sweep- Workfare Crew	Corridor Workers sweep all major corridors daily.
Graffiti Removal Services	DPW responds to a generated service request on all public property, or as needed based on DPW crew identification. DPW will provide supplies to CBD cleaning crews to remove graffiti from public property (light poles, trash cans). Citations are issued on private property by DPW. Call 311 to report graffiti issues. Private Properties must remove graffiti within 30 days of notice, and within 48 hours of receiving a citation.
Street Tree Maintenance	Most trees, except those noted on the City Tree Plan map, are maintained by fronting property owners. Call 311 to report missing trees whether maintained by City or Property Owner.

Public Litter Receptacles -Emptying	Recology Recycling and Waste Disposal services all City Trash receptacles daily with all major corridors receiving a second pass in the afternoon. Call 311 if litter receptacles are overflowing with trash, or broken.
Code Enforcement (environmental, safety cleanliness and litter laws)	Staffed 24/7 for issuing citations as required or by a generated Service Request
Sidewalk steam cleaning/power washing	Only major hotspots are cleaned as required or upon a service request to maintain cleanliness

**San Francisco Police Department, Southern Station**

Services	Frequency
Sector cars patrolling area in which CBD is located	Daily
Homeless outreach officers	6:00 am to 4:00 pm Daily
Market Street foot beat	Daily from 7:00 am to 11:00 pm
Plain clothes sergeant and plain clothes officers	Daily
Other (not provided by City and County)	Homeland Security Officers M-F, 8:30 to 5:30, 7th Street, Market to Mission

**What is the process for renewing and expanding the CMCBD?**

District formation or reauthorization requires submission of petitions in support from property owners representing at least 30% of the total proposed assessments. Administrative staff assisting the existing CMCBD will send out these petitions. If this threshold of 30% is reached, the Board of Supervisors (BOS) may adopt a Resolution of Intent to propose renewing and expanding the district and to levy the assessments for 15 years.

If the Resolution of Intent is approved by the BOS, the Department of Elections of the City and County of San Francisco will mail out assessment ballots to all owners of properties included in the proposed district. The BOS will hold a public hearing 45 days or more after adopting the Resolution of Intent. Following the close of the public hearing, the returned assessment ballots will be tabulated. The assessment ballots are weighted in accordance with the amount of the annual assessment on each parcel, in relation to all proposed assessments. In the event that the weighted assessment ballots cast in opposition exceed the weighted assessment ballots in support, there will be a “majority protest” and the Board of Supervisors will be precluded from establishing the District.

**Formation: State Law & San Francisco’s Business and Tax Regulation Code “Article 15”**

The 1994 Act as augmented by Article 15 serves as the legal guidance in establishing this CBD. As part of the formation proceedings, proponents prepare a Management District Plan in accordance with Section 36622 of the 1994 Act. The Management District Plan contains, but is not limited to, the following required elements:

- A map, in sufficient detail to locate each assessed property within the community or business improvement district;
- The name of the community or business improvement district;
- The description of the boundaries, including any zones of benefit;
- The improvements, services, and activities to be funded for each year of operation, along with the maximum cost;

- The total annual amount to be expended, in each year of operation, for improvements, services, activities, maintenance, and operations;
- The proposed source(s) of financing, including the basis and method of levying the assessments, and whether or not bonds will be issued;
- The time and manner of collecting the assessments;
- The specific number of years in which the assessments will be levied;
- The time for implementation and completion of the Management District Plan;
- The rules and regulations applicable to the community or business improvement district;
- A listing of the properties to be assessed along with the parcel number and the method by which expenses will be imposed upon benefitted real property in proportion to the benefit received. (Please see Engineer’s Report for more information on this subject)

**Expanding the CMCBD: Process**

In preparation for the renewal of the CMCBD, the Board of Directors was approached by more than a dozen property owners with parcels on nearby blocks outside the CBD’s boundaries in 2012, asking if the CBD could be expanded to include their parcels as well. Acknowledging the success of the six-year old CBD, these property owners requested similar services, activities and improvements be implemented on their blocks.

The CBD renewal Steering Committee agreed an economy of scale would be realized if the CBD had a larger area, and therefore a larger budget, as it currently only generates enough assessment revenue to have one employee. In the summer of 2012 the steering committee created surveys and sent them to 3,000 property owners within the exiting CBD as well as within an area that extended out to Howard Street. Responses indicated significant interest in the CBD’s expansion, and thus the proposed expanded boundaries were drawn. Timeline for Renewing and Expanding the CMCBD:

**Actions to Date**

<b>Steering Committee Meetings</b>	
<b>Date</b>	<b>Meeting</b>
4/16/12	#1
5/22/12	#2
6/19/12	#3
7/24/12	#4
8/21/12	#5
9/18/12	#6
10/3/12	#7 (first evening meeting)
10/17/12	#8
11/13/12	#9 and board meeting
12/11/12	#10 and board meeting
1/15/13	#11 and board meeting
2/19/13	#12 and board meeting
3/12/13	#13 and board meeting
4/9/13	#14 and board meeting
<b>Community-Wide Meetings (ALL property owners were mailed invitations)</b>	

<b>Date</b>	<b>Meeting Location</b>
10/26/12	Open House at International Art Museum of America
10/25/12	Open House at International Art Museum of America
3/19/12	Informational Morning Mixer at Hotel Whitcomb
3/26/13	Informational Evening reception at Hotel Whitcomb
<b>Presentations to Condominium HOAs and other misc. groups</b>	
<b>Date</b>	<b>Presentation by</b>
6/13/12	Jim Meko
6/20/12	SoMa Leadership Council
6/27/12	Western SoMa Task Force
7/27/12	Cypress – Market Place developers
7/31/12	Raintree Partners, 975 Market condominiums
8/7/12	Good Hotel, HaiYa Hotels
9/4/12	Rausch Street HOA
9/13/12	SoMa Grand Annual HOA Meeting
10/2/12	“CBD 101” introduction @ SoMa Grand
10/9/12	638 Minna Street HOA

### **CMCBD Proposed Method of Assessment**

The method of apportioning benefit to parcels within the District reflects the proportional special benefit assigned to each property from the District services, activities and improvements based upon the various property characteristics for each parcel as compared to other properties within the District. Given that the special benefits provided by the District services, activities, and improvements focus on cleanliness, maintenance, safety, and economic development, it was determined that property linear street frontage, lot square footage, building square footage, and land use are the most appropriate parcel factors. Each parcel’s linear street frontage, lot square footage, building square footage, and land use have been used as the primary assessment variables for the benefit point calculation and assignment of parcel factors. If parcel factors such as building square footage or land use change over time, the benefit point calculation may also change. Thus, changes to the characteristics of individual parcels may result in changes to the assessments for those parcels, and the total assessments levied in the district likely will increase as parcels are developed.

### **Cleaning and Public Safety Benefit Point Assignment**

Benefit points are assigned based upon, not only the property’s location in relation to the District improvements, services and activities, but also the property’s existing land use designation and the varying level of traffic associated with those different land uses. Given the absence of specific pedestrian traffic studies and related data for the various property land uses within the District, average trip generations and pedestrian attractors were evaluated to assign benefit points. Pedestrian attractors represent those land uses that are more likely to generate and attract pedestrian activity. Thus, the increased likelihood of pedestrian activity generated by the property corresponds to a higher pedestrian attractor ranking. District cleaning and public safety activities will be provided uniformly throughout the District boundaries. Clean and safe areas create an aesthetically pleasing and safe environment for District properties, and those individuals utilizing District property, whether it is to shop, dine, live or visit.

The City desires to restore the Central Market area as the City's downtown arts district as well as attract retail, restaurants, services, and employers. Given the level of pedestrian traffic that will be generated from these non-residential uses, tourists, shoppers and workers, non-residential properties within the District are assigned 2.00 benefit points for the cleaning and public safety services provided by District operations.

In addition to non-residential property land uses, there are several other property land uses within the District. Those other property land uses have also been assigned benefit points for cleaning and public safety services, based upon the activity generated by those other property land uses in relationship to the non-residential property land uses, by comparing average trip generations and pedestrian attractor rankings created by these different land uses to the non-residential property land uses. The pedestrian activity and trip generations provided by non-residential properties within the District reflects a continual and constant activity pattern, instead of periodic events that generate an isolated increase in activity.

Non-profit and public property land uses also generate increased levels of activity. However, when comparing their levels of activity to non-residential property land uses, the levels of pedestrian activity are more isolated and inconsistent for public and non-profit property land uses. This activity pattern produced by public and non-profit property land uses results in a lower pedestrian attractor ranking. Further, average trip generations also reflect a lower level of demand for the public and non-profit land uses when compared to the non-residential property land uses. To account for this reduction in activity generated by parcels with public and non-profit property land use classifications, 0.75 benefit point for cleaning and public safety is assigned for these property land use classifications to reflect the lower impact that these property land uses provide as pedestrian attractors.

Residential, vacant and parking lot properties generate fewer trips when compared to non-residential properties, and thus receive a reduced level of benefit from the cleaning and public safety activities. The activity associated with residential property is related primarily to owners and guests. Therefore, residential properties serve as a low pedestrian attractor. In addition to residential property, both vacant and parking lot property generate minimal activity and these property land uses also serve as low pedestrian attractors. To account for the difference, residential, vacant and parking lot properties are assigned 0.75 benefit points.

### **Marketing and Economic Activity Benefit Points Assignment**

The District is already an established mixed-use area with a solid marketing and economic activity presence. The District is an area that features a mixture of non-residential, non-profit, public, residential, and vacant property with development and redevelopment potential. Accounting for the existing marketing and economic activity throughout the District, as well as the potential for properties to develop, redevelop and invest in their economic presence, properties within the District are assigned benefit points for the marketing and economic activity benefits received from the District marketing and economic activities. Marketing and economic activities are designed to strengthen the non-residential landscape within the Central Market area.

The District marketing and economic development activities will allow non-residential properties to maximize their development and land use. Marketing and economic activities will be geared towards creating a more vibrant, and thriving commercial area, which will support increased activity for existing non-residential property and the development of vacant property.

To recognize the increase in marketing and economic activity, the non-residential properties located within the District are assigned 1.00 benefit point. The ongoing District marketing and economic activity efforts will encourage the highest and best use related to the development potential of the vacant properties, as well as increase the utilization of parking lot properties throughout the District in order for pedestrians to shop, dine and visit non-residential properties located throughout the District.

As a result of the marketing and economic benefit received, vacant and parking lot properties are assigned a marketing and economic activity benefit point of 0.50. The District will not provide marketing and economic activities for non-profit, public and residential property land uses. Therefore, non-profit, public and residential property land uses are not assigned benefit points for marketing and economic activities.

**Special Benefit Point and Assessment Calculation:**

Below is a series of tables which demonstrate what information is necessary to calculate the benefit points and assessment for a parcel.

*Special Benefit Point Assignment by Land Use*

The following table provides the special benefit points assigned to the various parcel land use categories within the District, as discussed above. Please see appendices Engineers Report for more information.

<b><u>Parcel Land Use Classification</u></b>	<b><u>Benefit Point Assignment</u></b>	
	<b>Cleaning and Public Safety</b>	<b>Marketing and Economic Activity</b>
Non-Residential/Non-Residential Condominium Property	2.00	1.00
Non-Profit/Public/Institution Property	0.75	0.00
Residential/Residential Condominium Property	0.75	0.00
Parking Lot/Vacant Property	0.75	0.50

The assessment categories have been defined for purpose of determining benefits received by each parcel in the district, and calculating the assessments due from each parcel:

*Non-Residential Property (“Commercial and Commercial Residential Property”)*: Typically Non-Residential Property will consist of parcels owned by a profit-making entity (rather than by a government or non-profit entity) and used for commercial purposes such as retail, office, hotel, or residential income property. This assessment category applies to any property that does not meet criteria for a lower assessment rate in any of the categories below.

*Non-Residential Condominium Property (“Retail Condominium Property”)*: Includes units that are owned as condominiums but are not used as residences, for example ground floor retail condos in a building that mostly contains residential condos.

- (a) Includes parking condominiums if the parking spaces in them are not assigned to individual residential condominiums in the same building. Parking spaces that are assigned to individual residential condominiums in the same building are not assessed.

*Non-Profit Property:*

- a) Includes parcels owned by non-profit entities approved under section 501(c) of the Internal Revenue Service code.
- b) Includes parcels that are occupied (80% or more of building square footage) by one or more non-profit corporations, as tenants.
- c) Includes parcels that are occupied (80% or more of building square footage) by activities that receive a welfare tax exemption or by an affordable housing development regulated by covenants or regulatory agreements with a public agency.

*Public Property:*

- (a) Includes parcels owned by a state, regional, or city government entity; for example, police stations, schools, and government-owned office buildings.
- (b) Includes parcels that are occupied (80% or more of building square footage) by one or more public entities, as tenants.

*Residential Property:*

- (a) Includes single family dwellings, duplexes and triplexes assigned separate Assessor's Parcel Numbers by the San Francisco Assessor's office
- (b) Does not include Residential Condominium Property

*Residential Condominium Property:*

- (a) Includes residential condominium units in buildings where there are four or more units and are assigned separate Assessor's Parcel Numbers by the San Francisco Assessor's office

*Parking Lot/Vacant Property:*

- a) Includes unimproved land
- b) Includes parcels paved for use as a parking lot. Such parcels may contain no structures other than a small shed to accommodate a parking lot attendant. Commercial parking garage structures are assessed as non-residential property.
- c) Includes parcels which have structures that are under construction or are vacant pending demolition or major renovation.

Each property in the district will be assigned to one of the above categories, and may be reassigned at any time if its usage or ownership changes. Property owners may petition to have their property reclassified to be assessed at a lower rate, and must provide evidence that the property qualifies for the rate sought.

Some parcels may have a mix of different uses or different ownership structures for which different rates may apply. Assessments are not pro-rated based on mixed use or mixed ownership structure; each parcel will be assigned to only one assessment category. For a parcel of mixed-use or mixed ownership to qualify for a lower rate structure, 80% or more of its building square footage must qualify for the rate sought.

*Parcel Factors*

The following table defines different parcel factors which are used in the parcel's total Benefit Point Calculation. By adjusting the assigned special benefit points set forth above by parcel factors, a more complete picture of the proportional special benefits received by each parcel within the District is presented. Therefore, linear, lot and building factors were calculated and assigned for each parcel in the District according to the formulas below (See Engineers Report for further detail):

<b>Parcel Factors</b>	
Linear Factor	Parcel's Assigned Linear Street Frontage
Lot Factor	Parcel's Assigned Lot Square Footage / Lot Size Divider*
Building Factor	Parcel's Assigned Building Square Footage / Building Size Divider**

\*Lot Size Divider = 2,500

\*\* Building Size Divider = 2,500

*Assessment Rate per Special Benefit Point*

The following table provides the rate per benefit point, which is later multiplied by the benefit point calculations to determine the total annual assessment for a parcel. These rates are determined by the Engineers Report to fund the services provided by the CBD.

<b>Rate Per Benefit Point</b>	
<b>Cleaning and Public Safety</b>	<b>Marketing and Economic Activity</b>
\$21.53	\$43.21

*Residential Condominium Property*

There are several residential parcels in the District that are designated as residential condominium properties. Residential condominiums are buildings within the District that include more than four residential units, where each residential unit is assigned an Assessor's Parcel Number by the San Francisco Assessor's office. It is assumed that residential properties do not receive any special benefit from marketing and economic activity, so they are assigned zero benefit points for that category (for other kinds of property there are two kinds of benefit points: points for "Cleaning and Safety" and points for "Marketing and Economic Development"). To recognize the limited benefit received by these residential condominiums and to assign benefit equitably to residential condos of similar building size, the Linear Factor, Lot Factor and Building Factor are adjusted to each residential condominium based on the four size categories shown in the following table.

<b>Residential/Residential Condominium Building Size Category</b>	<b>Linear Factor</b>	<b>Lot Factor</b>	<b>Building Factor</b>
< 500 square feet	1.00	1.00	1.00
≥ 500 square feet and < 1,000 square feet	1.50	1.50	1.50
≥ 1,000 square feet and < 1,500 square feet	2.00	2.00	2.00
≥ 1,500 square feet	2.50	2.50	2.50

In order to calculate the benefit points for a residential property, the general residential cleaning and safety benefit (0.75) listed in the Special Benefit Point Assignment by Land Use Table is multiplied by the Linear, Lot, and Building Factor assigned based on the square footage of the individual

condominium, and then added together. Once the adjusted Linear, Lot, and Building Factors are added together to find the total Benefit Points for the condominium, the total Benefit Points are multiplied by the Cleaning and Public Safety Rate per Benefit (\$21.53) to find the condominium's annual assessment rate.

The table below shows the steps taken to calculate the annual assessment for a residential property based on the square footage of the owner's condominium. A hypothetical example is included to show the steps taken to calculate a 1,200 square foot apartment that would receive 4.5 benefit points for cleaning and safety. Each benefit point has a value of \$21.53. Therefore that property would be assessed 4.5 x \$21.53 or \$96.89

<b>Residential/Residential Property Annual Assessment Calculation</b>		
(Sum of Adjusted Parcel Factors) x (Cleaning and Public Safety Rate per Benefit)		Ex. 1,200 sq. ft. condo.
Adjusted Linear Factor Benefit Points	(Residential Property Benefit Point Assignment) x (Residential Condominium Building Size Category Linear Factor)	$(0.75) \times (2.00) = 1.50$
Adjusted Lot Factor Benefit Points	(Residential Property Benefit Point Assignment) x (Residential Condominium Building Size Category Lot Factor)	$(0.75) \times (2.00) = 1.50$
Adjusted Building Factor Benefit Points	(Residential Property Benefit Point Assignment) x (Residential Condominium Building Size Category Building Factor)	$(0.75) \times (2.00) = 1.50$
<b>Total Benefit Points =</b>	<b>Sum of Adjusted Parcel Factors</b>	<b>4.50</b>
<b>Annual Assessment=</b>	<b>(Sum of Adjusted Parcel Factors) x (Cleaning and Public Safety Rate per Benefit)</b>	<b><math>(4.50) \times (\\$21.53) = \\$96.89</math></b>

To summarize, the following table shows the Annual Assessment by Building Size for Residential Condominiums.

<b>Residential/Residential Condominium Annual Assessment by Building Size</b>		
Building Size Category	Annual Special Benefit Points	Annual Assessment
< 500 square feet	2.25	\$48.44
≥ 500 square feet and < 1,000 square feet	3.375	\$72.66
≥ 1,000 square feet and < 1,500 square feet	4.50	\$96.89
≥ 1,500 square feet	5.625	\$121.11

*Mixed-Use, Non-Residential Condominium Property*

In addition to the residential condominium property, there are several buildings that contain a mixture of both non-residential and residential property land uses, where each unit in the building is assigned a unique Assessor's Parcel Number by the San Francisco Assessor's office. For those

buildings that contain a mixture of both non-residential and residential property land uses, the Linear Factor for non-residential condo property is assigned a Linear Factor of 7.50. The Lot Factor and Building Factor for non-residential condominium property is calculated in the same manner as other non-residential property in accordance with the tables presented above.

*Special Benefit Point and Assessment Calculations (for one land use)*

To calculate a parcel's total annual assessment (with only one land use on the parcel), a multi-step calculation must be completed. In order for a property owner to complete the calculation, they first must know their assigned linear street frontage, lot square footage, building square footage, and land use classification. The following charts demonstrate the benefit point and assessment calculation for cleaning and public safety, marketing and economic activity, and total annual assessment (sum of cleaning/public safety and marketing/economic activity assessments) through step-by-step calculations using values from the tables above (Benefit Point Assignment by Land Use, Parcel Factors, and Rate Per Benefit Point tables). An example parcel is calculated as well. This hypothetical, non-residential parcel has 50 feet of linear street frontage, a 15,000 ft.<sup>2</sup> lot, and a 5,000 ft.<sup>2</sup> building.

The cleaning and public safety benefit points are calculated by multiplying the total benefit points by land use with the sum of the parcel's linear, lot, and building factors. Next, the total benefit points are multiplied by the cleaning and public safety rate per benefit point to determine the annual cleaning and safety assessment amount.

<b>Cleaning and Public Safety</b>		
<b>Parcel Cleaning and Public Safety Benefit Point Calculation:</b> (Total Cleaning and Public Safety Benefit Points) x (Linear Factor + Lot Factor + Building Factor)		
<b>Example</b>		
	Linear Factor	50 feet
	Lot Factor	15,000 sq. ft. / 2,500 = 6
	Building Factor	5,000 sq. ft. / 2,500 = 2
<b>Total Parcel Factors</b>	<b>Sum of Linear, Lot, and Building Factors</b>	(50 + 6 + 2)= <b>58</b>
<b>Land Use Points</b>	<b>Based on Land Use Classification</b>	<b>2.00</b>
<b>Total Benefit Points =</b>	<b>(Land Use Points) x (Sum of Parcel Factors)</b>	2.00 x 58 = <b>116</b>
<b>Parcel Cleaning and Public Safety Annual Benefit Assessment Calculation:</b> (Rate Per Benefit Point) x (Total Cleaning and Public Safety Benefit Points)		
Example (Non-residential)	<b>\$21.53 x 116 = \$2,497.48</b>	

The marketing and economic activity benefit points are calculated by multiplying the total benefit points by land use with the sum of the parcel's lot and building factors. Next, the total benefit points are multiplied by the marketing and economic activity rate per benefit point to determine the annual marketing and economic activity assessment amount.

<b>Marketing and Economic Activity</b>		
<b>Parcel Marketing and Economic Activity Benefit Point Calculation:</b> (Total Marketing and Economic Activity Benefit Points) x (Lot Factor + Building Factor)		
<b>Example</b>		
	Lot Factor	15,000 sq. ft. / 2,500 = 6
	Building Factor	5,000 sq. ft. / 2,500 = 2
<b>Total Parcel Factors</b>	<b>Sum of Lot and Building Factors</b>	(6 + 2)= <b>8</b>
<b>Land Use Points</b>	<b>Based on Land Use Classification</b>	<b>1.00</b>
<b>Total Benefit Points =</b>	<b>(Land Use Points) x (Sum of Parcel Factors)</b>	1.00 x 8 = <b>8</b>
<b>Parcel Marketing and Economic Activity Annual Benefit Assessment Calculation:</b> (Rate Per Benefit Point) x (Total Cleaning and Public Safety Benefit Points)		
Example (Non-residential)	<b>\$43.21 x 8 = \$345.68</b>	

After calculating the cleaning and public safety and marketing and economic activity annual benefit assessments separately, they are added together to determine the total annual assessment amount.

<b>Parcel's Total Annual Assessment</b>	
(Cleaning and Public Safety Annual Benefit Assessment) + (Marketing and Economic Activity Annual Benefit Assessment)	
Example (Non-residential)	\$2,497.48 + \$345.68 = <b>\$2,843.16</b>

**Collecting Assessments**

As provided by the Property and Business Improvement District Law of 1994, the CBD’s assessment shall appear as a separate line item on annual property tax bills prepared by the City and County of San Francisco. Payment of property taxes is due on November 1 and February 1, with the bill becoming delinquent at the close of business December 10 and April 10 respectively. The total bill may be paid with the first installment.

The CBD assessment, including the collection and enforcement of any delinquent assessments and imposition of interest and penalties per City and County of San Francisco Business and Tax regulations Code Article 6, and related laws, as it may be amended from time to time, will be collected and enforced by the Treasurer and Tax Collector of the City of San Francisco. The Treasurer and Tax Collector shall transfer the assessment payments to the Central Market CBD Corporation that is designated as the Owners’ Non-profit Association for the District. The Owners’ Non-profit Association will manage and administer the CBD pursuant to a management contract with the City, as approved by the Board of Supervisors. The management contract will also include provisions identifying and defining procedures for collection and enforcement of the assessment, including, for example, recordkeeping requirements, audits, assessment of penalties and interest, claims, and refunds.

**What keeps the CBD accountable to property owners and other stakeholders?**

The CBD Owners Non-profit Association structure has been established by law to ensure a high degree of accountability and transparency. The CBD Owners Non-profit Association is a 501(c)(3), a fully separate legal entity from the City of San Francisco. Its own Board of Directors, the majority of whom are property owners, controls it. The CBD Owners Non-profit Association faces strict requirements for annual reporting, for the proportion of money it can spend on various services, activities and improvements as outlined in this management plan, and management, and it is required to raise 3.68% (general benefit costs) of its funds from sources other than the funds provided by property owners (assessments based on special benefit).

The CMCBD, controlled by the Owners Non-profit Association, is managed by an Executive Director, hired by an 11-member Board of Directors (BOD) elected to two-year terms through an open public process. The new BOD will consist of six property owners, two community-based organizations representing the interests of residents in the district, and three non-property owning merchants from the district.

The Board meets every month and all meetings are open to the public. The Board's activities are governed by the organization's bylaws, its contract with the City of San Francisco, the Management District Plan, San Francisco's Business Improvement District Procedure Code, and California Property and Business Improvement District Law.

**Term**

Levy of assessments for the current Central Market CBD expires in June 30, 2013 (assessments can be spent until December 31, 2013). If the proposed District is renewed and expanded by the Board

of Supervisors following the ballot election and public hearing, assessments would be collected for the first 15 years (July 1, 2013 – June 30, 2028). Expenditure of those collected assessments can continue for up to 6 months after the end of the assessment collection period (through December 31, 2028), at which point if the District is not renewed the District would then be terminated.

**Disestablishment**

Each year that the CMCBD 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 District/CBD was renewed and expanded. 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 district by.

A majority of the Board of Supervisors (six members) may initiate disestablishment at any time based on improper actions by the CBD Owner’s Non-Profit Association, such as misappropriation of funds, malfeasance, or violation of law.

A supermajority (eight members) of the Board of Supervisors may initiate disestablishment proceedings for any reason. All outstanding indebtedness must be paid prior to disestablishment of the CBD.

**Renewal and Expansion Schedule and Next Steps**

The applicable law (the 1994 Act) specifies the process for renewing and expanding the CBD. The process requires going back to the property owners with a revised management plan, and revised assessment formula and seeking approval. The timetable is as follows:

<b>CMCBD - Renewal and Expansion Schedule and Next Steps</b>	
<b>Task</b>	<b>Date</b>
Mail Petitions to Property Owners	w/o 4/15
Resolution of Intent introduced by CBD to BOS: Submit petitions to Clerk of BOS when 30% weighted support is achieved. Requesting ballot process; submit final management plan/engineers report to Clerk of BOS at the same time petitions are submitted	5/14/13
Heard in Gov. Oversight Committee – Post management plan and engineers report on website	5/23/13
BOS Vote to approve resolution of intent	6/4/13
Dept. Of Elections Mails Ballots: Schedule public hearing for 6/18 (ballots require 45 days). Clerk of the Board [publishes two newspaper ads about public hearing	6/11/13 – 7/27/13
Public Hearing and Elections for CBD establishment (counting of ballots)	7/30/13
Record resolution to renew and expand CMCBD	8/15/13
Distribution of First Year’s New Assessments	1/14