

**NOE VALLEY COMMUNITY BENEFIT DISTRICT
MANAGEMENT DISTRICT PLAN
SAN FRANCISCO, CALIFORNIA**

*Formed Under California Streets and Highway Code Section 36600
Property Business Improvement District Act of 1994, Augmented by Article 15 San Francisco
Business and Tax Regulation Code, City and County of San Francisco*

FINAL PLAN

SUBMITTED TO:

**THE NOE VALLEY COMMUNITY BENEFIT DISTRICT
STEERING COMMITTEE;**

THE PROPERTY OWNERS OF THE PROPOSED NOE VALLEY CBD

AND

THE SAN FRANCISCO BOARD OF SUPERVISORS

PRESENTED BY:

MARCO LI MANDRI, NEW CITY AMERICA INC.

MAY 24TH, 2005

**NOE VALLEY/SAN FRANCISCO
COMMUNITY BENEFIT DISTRICT
MANAGEMENT DISTRICT PLAN
FINAL PLAN – MAY 24TH , 2005**

TABLE OF CONTENTS

- A. NOE VALLEY COMMUNITY BENEFIT DISTRICT BOUNDARIES**
- B. SERVICE PLAN AND BUDGET**
- C. ASSESSMENTS AND ASSESSMENT METHODOLOGY**
- D. TIME AND MANNER OF COLLECTING ASSESSMENTS**
- E. NUMBER OF YEARS ASSESSMENTS WILL BE LEVIED**
- F. TIMELINE FOR IMPLEMENTATION AND COMPLETION OF MANAGEMENT DISTRICT PLAN**
- G. PROPOSED RULES AND REGULATIONS TO APPLIED TO THE DISTRICT**
- H. LIST OF ASSESSED PROPERTIES**
- I. CONTINUATION OF CITY SERVICES**

EXECUTIVE SUMMARY

Spearheaded by a coalition of concerned property owners and merchants, including the Noe Valley Merchant’s Association, the Friends of Noe Valley and the East and West of Castro Improvement District, the Noe Valley Community Benefit District (CBD) is a benefit assessment district proposed to improve the 24th Street commercial corridor in Noe Valley.

The intent of the district is to increase commerce, make Noe Valley a better place to shop, beautify the neighborhood, develop public spaces, and allow the business and property owners to have input into the revitalization and maintenance of the district

Location:	<ul style="list-style-type: none"> ▪ 24th Street: From Douglas to Church ▪ Castro Street: From Elizabeth to 25th Street
Services:	<ol style="list-style-type: none"> 1. Public Rights of Way and Sidewalk Operations; 2. District Identity (Marketing and Promotions) 3. Administration/Corporate Operations 4. Contingency/Reserve
Method of Financing:	Benefit based special assessments levied on properties within the district.
Assessment:	<p>The <i>annual assessment</i> rate for properties is equal to:</p> <p>\$0.163566 per square foot of <i>lot size</i>, plus \$ 8.8343 per <i>linear foot of lot frontage</i>, plus \$ 0.169514 per square foot of non-exempted <i>building area</i></p>
Annual Budget:	The first year annual budget for the district is \$230,128.00, which includes special benefit assessments and general benefit contributions from the City and County of San Francisco
Annual Increase:	Year 2 – 15 assessments may increased by the Bay Area Consumer Price Index (CPI) for all urban consumers, not to exceed 5% annually.
City Services:	The San Francisco Board of Supervisors, by adopting this Plan, will confirm its intention to ensure a baseline level of services equivalent to the level that is being provided elsewhere in similar areas of the City.
Formation:	District formation requires submission of petitions from property owners representing at least 30% of the total assessments. Once the petitions have been submitted, the Board of Supervisors will adopt a Resolution of Intent to establish the district and mail out ballots to all affected property owners. The district is formed if the weighted majority of returned ballots support the district formation.
Duration:	The district will have a 15-year life.

A. NOE VALLEY COMMUNITY BENEFIT DISTRICT BOUNDARIES

The boundaries of the District are along 24th Street from Douglas St. to Church St., and along Castro Street from Elizabeth St. to 25th St., as set forth in the map contained in the Management District Plan on file with the Clerk of the Board of Supervisors in File No. _____, and incorporated herein by reference. The properties on both sides of the 24th Street and Castro Street are within the boundaries of the District, except for the residential properties on both sides of 24th Street between Douglas St. and Diamond St., which are not within the District. The District contains 168 parcels in the Noe Valley area, and include the following properties:

<i>Street</i>	<i>Address Series</i>
24th Street	3782 – 4316
Castro Street	1233 – 1420
Church Street	1185 – 1211
Diamond Street	729 – 824
Vicksburg Street	250 - 300

A map showing the district boundaries is shown in the following pages.

[INSERT MAP]

B. SERVICE PLAN AND BUDGET

Service Plan

The Noe Valley CBD Steering Committee conducted a mail survey of all property owners in the district in January of 2005. The purpose of the survey was to ascertain the level of support for the creation of this special benefits district and to identify the services that were desired by property owners. Additionally, meetings of the Noe Valley CBD Steering Committee were held to review the survey findings and to get additional input from property owners, merchants and residents. The following services were identified as the top priorities for the district:

PUBLIC RIGHTS OF WAY AND SIDEWALK OPERATIONS: (Examples include but are not limited to)

- Regular sidewalk and gutter sweeping, (at least three times per week)
- Periodic sidewalk steam cleaning;
- Spot steam cleaning as necessary;
- *Safe passage* programs for visitors and employees;
- Minor security services;
- Beautification;
- Decorations;
- Enhanced trash emptying in the public rights of way;
- Removal of bulky items;
- Graffiti removal, within 24 hours;
- Installation and maintenance of banners and/or decorations;
- Work with City on parking issues;
- Tree and plant maintenance and planting;
- Equipment, supplies, tools;
- Vehicle maintenance and insurance;
- Maintenance personnel and supervisor costs;

DISTRICT IDENTITY AND STREETScape IMPROVEMENTS/D.I.S.I. (Examples include, but are not limited to)

- Special events;
- Web site;
- Pedestrian kiosks and wayfinding signage system;
- Enhanced beautification, flower pots on street lights;
- Marketing and promotions, advertising;
- Walking map;
- Public space development;
- Historical markers and public art;

ADMINISTRATION AND CORPORATE OPERATIONS: (Examples include, but are not limited to)

- Staff and administrative costs;
- Insurance;

- Office related expenses;
- Financial reporting;
- Coming up with Parking strategies with the City;
- Communications;
- Repayment of District formation costs; (during the first year of operation, up to \$7,500 in formation costs may be repaid to the organizations which funded the formation efforts for actual expenditures for the cost of preparing this plan and the engineer's report consistent with Article 1511(d) of the BID Procedure Code, City and County of San Francisco).

CONTINGENCY/RESERVE: (Examples include, but are not limited to)

- Delinquencies;
- Reserves;
- Repayment of Formation costs (during the first year of operation, up to \$7,500 in formation costs may be repaid to the organizations which funded the formation efforts for actual expenditures for the cost of preparing this plan and the engineer's report consistent with Article 1511(d) of the BID Procedure Code, City and County of San Francisco).

Service Plan Operating Budget

The service plan budget has been developed to provide the services identified as the highest priorities to the stakeholders in the Noe Valley CBD area. The initial annual operating budget for the Noe Valley CBD is estimated at \$230,128.00. A breakdown of this budget is included in the table below. Of the total service plan budget, 95% of the revenues or \$218,622.00, will be generated from the special benefit assessments. The remaining 5%, or \$11,506.00, will be generated from other sources.

TABLE 1A

<i>Special Benefit to be funded</i>	<i>% of 1st year budget</i>	<i>Annual first year costs</i>
Public Rights of Way and Sidewalk Operations (PROWSO)	70%	\$ 160,000.00
District Identity and Streetscape Improvements (DISI)	9%	\$ 22,000.00
Administrative/Corporate operations	14%	\$ 32,000.00 (May include repayment of formation costs during first year, efforts for actual expenditures for the cost of preparing this plan and the engineer’s report consistent with Article 1511(d) of the BID Procedure Code, City of San Francisco).
Contingency/Reserve	7%	\$ 16,128.00 (May include repayment of formation costs during first year, efforts for actual expenditures for the cost of preparing this plan and the engineer’s report consistent with Article 1511(d) of the BID Procedure Code, City of San Francisco).
<i>Total, Special and General Benefits</i>	<i>100%</i>	<i>\$ 230,128.00</i>

Issuance of Bonds or Debt Service:

No bonds, nor related bond indebtedness will be issued.

C. ASSESSMENTS AND ASSESSMENT METHODOLOGY

Calculation of Assessments

There are four property variables that are to be used in determining individual assessments. These factors are 1) linear frontage (sidewalk frontage); 2) land area, 3) entire usable building square footage, and 4) building use. There are 560,915 square feet in gross lot size, 8,232 feet in linear frontage and 319,453 in building square footage.

Building square footage includes the square footage of all building uses on the ground level, and, above ground level only uses in building use category A and category B.

The assessment will be calculated as follows:

TOTAL PROPERTY ASSESSMENT =

***\$0.163566 per square foot of lot size + \$ 8.8343 per linear foot of lot frontage +
\$ 0.169514 per square foot of non-exempted building square footage***

As an example, a 2,500 square foot lot, with 25 feet of frontage and 2,500 square feet of building square footage would yield an annual assessment for the Noe Valley CBD of:

**2,500 x \$0.163566 = \$ 408.91 in lot size
25 x \$ 8.8343 = \$ 220.85 in linear frontage, and
2,500 x \$ 0.169514 = \$ 423.78 in building square footage**

or a total assessment of: \$ 1,053.54 per year

This assessment methodology has been endorsed by the CBD Steering Committee as the most fair and equitable for apportionment of assessments to participating parcels. Linear frontage will be assessed on all sides fronting on the public rights of way, lot size will be assessed based upon the data from the City and County of San Francisco; and the assessable building square feet will be determined by field survey and data from the City and County of San Francisco.

Different special benefit services will have their costs apportioned to the different property variables. For example, sidewalk sweeping, sidewalk steam cleaning, tree maintenance, graffiti removal and other services performed within the public rights of way will be apportioned to a combination of linear frontage, and lot size. District Identity and Streetscape Improvements (DISI) and Administration will be apportioned to building uses A and B. Contingency will be apportioned to all lot size.

Building Uses in District

Each Parcel and its building use has been categorized in the district. Some Special Benefit Services are allocated to specific building uses, other building uses are exempt from payment into that specific service, based upon anticipated benefit.

Building Use Categories

Building Use Code	Description of Use
A	Retail space, hotels, motels, visitor related
B	Office and Commercial uses, free standing parking structures, ground floor residential
C	Industrial/Manufacturing/Distribution
D	Institutional (City, County, School, public utility, parks, etc.)
E	Church, non-profit, tax-exempt
F	Multi-unit housing, apartments
G	Single Family housing units
H	Condos, mixed use residential above retail,
I	Non-functional building structures,

Building type In Noe Valley	A	B	C	D	E	F	G	H	I
Building Square Footage	292,432	27,021	9,000			319,368	10,968	27,509	

TOTAL FIRST YEAR NOE VALLEY C.B.D. SERVICES BUDGET
LINE ITEMS BASED UPON SUGGESTED PROGRAMS AND ALLOCATIONS

SERVICE OR CATEGORY OF SPECIAL BENEFIT TO BE FUNDED	ESTIMATED FIRST YEAR COST	% OF TOTAL FIRST YEAR BUDGET	APPORTIONED TO SPECIFIC PROPERTY VARIABLE
Public Rights of Way and Sidewalk Operations	\$ 160,000	70%	All of Linear frontage assessments Balance to Lot Size Assessments
District Identity and Streetscape Improvements	\$ 22,000	9%	100% to Building Square Footage, "A" and "B"
Administration and Corporate Operations, including Repayment of Formation Costs	\$ 32,000	14%	100% Building square footage "A" and "B" only
Contingency/Reserve, including Repayment of Formation Costs	\$ 16,128	7%	100% to Lot Size
Total, Special and General Benefits	\$ 230,128.00	100%	

Publicly Owned Parcels and Government Assessments:

The Noe Valley Community Benefit District Steering Committee assumes that the City and County of San Francisco, the DPW or any of the City and County's agencies, the State of California and any other publicly owned parcels, will pay assessments for the special benefits conferred upon government owned property within the boundaries of the CBD. Article XIID(4) of the California Constitution, (Proposition 218), explains the basis for assessing publicly owned parcels:

“Parcels within a district that are owned or used by any agency, the State of California or the United States shall not be exempt from Assessments unless the agency can demonstrate by clear and convincing evidence that those publicly owned parcels in fact receive no special benefit.”

Exemptions:

Consistent with Article XIID of the State Constitution, (Proposition 218), it has been determined that all parcels within the proposed district will derive special benefits from the district. Therefore, no parcels will be exempted from payment, regardless of use or ownership.

Annual Assessment Increases

Assessments may increase annually for inflation which will not exceed the lesser of 5% or the Bay Area Consumer Price Index (CPI).

The annual budgets below assume a 5% percentage maximum increase in overall assessments revenues collected per year. This is the maximum allowable increase based upon this plan.

<i>Year of Operation</i>	<i>Total Budget</i>	<i>Year of Operation</i>	<i>Total Budget</i>
2006	\$ 230,128.00	2014	\$ 340,003.00
2007	\$ 241,634.00	2015	\$ 357,004.00
2008	\$ 253,716.00	2016	\$ 374,854.00
2009	\$ 266,401.00	2017	\$ 393,596.00
2010	\$ 279,722.00	2018	\$ 413,276.00
2011	\$ 293,708.00	2019	\$ 433,940.00
2012	\$ 308,393.00	2020	\$ 455,637.00
2013	\$ 323,813.00		

D. TIME AND MANNER OF COLLECTING ASSESSMENTS

The Noe Valley Community Benefit District, will appear as a separate line item on the annual property tax bills prepared by San Francisco County tax collector. 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 San Francisco Tax Collector shall distribute the assessments collected by the City and County of San Francisco to the management corporation.

E. NUMBER OF YEARS ASSESSMENTS WILL BE LEVIED

This Noe Valley CBD *will be established for the maximum term of fifteen years.* The maximum term allowable is proposed due to the need for ample time for revitalization, creating well designed public spaces, developing solid programs for strengthening the image of the area, as well as attracting new businesses to the business community. The

district will also need the full 15-year term to develop annual special events, design and construct public spaces and public art, as well a implement tree planting and maintenance programs.

The district would commence operations January 1, 2006 and expire on December 31, 2020, unless disestablished.

Disestablishment:

Each year that the Noe Valley CBD is in existence, there will be a 30-day period during which the property owners will have the opportunity to request disestablishment of the district. This 30-day period begins each year on the anniversary date that the district was first established by the Board of Supervisors. 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 CBD may be disestablishment by the Board of Supervisors. The Board of Supervisors, with a supermajority of eight members, may initiate disestablishment proceedings at any time and need not make finds of bad actions by the designated management corporation.

If there is debt outstanding, the district cannot be disestablished until all of the debt has been repaid. All financial obligations in the form of bonds (there are no bonds associated with this district), or loans for capital improvements, must be paid off before the district can be disestablished.

F. TIMELINE FOR IMPLEMENTATION AND COMPLETION OF MANAGEMENT DISTRICT PLAN

The timeline for formation and completion of the Noe Valley CBD and management plan is as follows:

<i>Task</i>	<i>Time task is anticipated to be, or was completed</i>
Present Noe Valley CBD Steering Committee, meet to look at 1st draft Management District Plan	March
Approve Management District Plan by Steering Committee	March 22nd
Mail out Management District Plan and petition endorsing plan to affected Noe Valley property owners	Early April
Submit minimum 30% weighted petitions endorsing plan and their related assessments to the Mayor’s office of Economic and Workforce Development	Early May
Ballots distributed by mail to property owners upon Resolution of the Board of Supervisors	Early June
Ballots due, public hearing, ballots counted, district formed	Late July
Management Corporation created by Noe Valley CBD Steering Committee, papers filed with Secretary of State and IRS and other government agencies	August – November
First assessments paid	December
First installment of assessments transferred from City to Noe Valley CBD Management Corporation to begin district operations	January 2006

G. PROPOSED RULES AND REGULATIONS TO APPLIED TO THE DISTRICT

Management of the District:

The non-profit management corporation make-up for this CBD must make accommodations for the participation of all stakeholders paying into the district, as well as taking into account that at least 20% of the Board seats must be set aside for non-property owners, (Article 15, Section 1511 (f) of the San Francisco Business Tax and Regulations Code). Once the district has been established, the Noe Valley CBD Steering Committee will continue its work to write the bylaws and register the new non-profit corporation. *The Steering Committee will be open to all community stakeholders interested in developing the rules and regulations of the new management corporation, whose sole function would be to manage the district and allocate the assessment district funds consistent with the plan.*

The management corporation will be a non-profit corporation with provision for election or appointment of board members based upon the various land uses, location and weight within the district. The board will serve as a volunteer Board of Directors, however may

have paid staff to implement the programs as outlined in the plan. The Noe Valley CBD is cognizant of the need to have this management corporation as transparent as possible and responsive to the various sectors of this community.

The management corporation shall aim to meet the following operational objectives for the Noe Valley CBD:

- II Create and manage programs that best respond to the top priorities of Noe Valley CBD stakeholders;*
- II Maximize coordination of the City/County government to avoid duplication of services and to leverage resources;*
- II Deliver services through a cost-effective, non-bureaucratic and easy to access organizational structure;*
- II Provide accountability and responsiveness to those who pay.*

The management corporation may establish rules and regulations that uniquely apply to the district. A few initial rules and regulations will be employed by the Noe Valley CBD management corporation in the administration of the district.

Competitive Bidding:

Following the formation of the district, the management corporation board shall consider developing a policy for competitive bidding as it pertains to contracted services for the Noe Valley CBD. The policy will aim to maximize service quality, efficiency and cost effectiveness.

Conflict of Interest:

Any board member of the Noe Valley CBD management corporation shall recuse themselves from any vote in which a potential financial conflict of interest is apparent. Such potential conflicts include, but are not limited to, prioritizing capital improvement projects which result in special benefit to specific property owners, prioritization of services to benefit a particular owner or group of owners, hiring or selecting the relatives of board members.

Open Door Policy:

Meetings of the management corporation board shall be open to the public. Annual budgets and financial reports shall be submitted to the board members and to the Board of Supervisors for approval.

H. LIST OF ASSESSED PROPERTIES

See appendix A

I. CONTINUATION OF CITY SERVICES

Throughout the process of establishing the new Noe Valley CBD, business and property owners have voiced concerns that the City and County of San Francisco maintain existing services at verifiable “baseline” service levels. The San Francisco Board of Supervisors, by adopting this Plan, will confirm its intention to ensure a baseline level of services equivalent to the level that is being provided elsewhere in similar areas of the City