

**STAFF REPORT FOR CALENDAR ITEM NO.: 11  
FOR THE MEETING OF: June 19, 2015**

**TRANSBAY JOINT POWERS AUTHORITY**

**BRIEF DESCRIPTION:**

Authorize the Executive Director to execute ballots on behalf of the Transbay Joint Powers Authority (“TJPA”) for properties owned by the TJPA within the boundary of the proposed Rincon Hill Community Benefit District (“CBD”) and to vote in favor of forming the CBD. As owner of several parcels within the proposed district, TJPA will have a total of 35 eligible votes to cast representing a weighted vote of 2.19 percent of the entire district.

**EXPLANATION:**

As reported to the Board in December 2014, the CBD program in San Francisco provides special benefits to assessed properties in the identified districts and strives to improve the overall quality of life in targeted commercial districts and mixed-use neighborhoods through partnerships between the City and local communities. Once an area has voted to establish a CBD, local property owners are levied a special assessment to fund improvements in their neighborhood. The funds are administered by a non-profit organization established by the members of the CBD.

During the summer of 2012, residents of the Rincon Hill neighborhood (bounded by Bryant, Folsom, Second, and Main Streets) initiated the formation of a CBD that would provide security and maintenance for the publicly accessible areas within the Rincon Hill Infrastructure Financing District, which is a smaller area than the proposed CBD.

The first step of the process was to form a Steering Committee comprised of local residents and business owners, as well as TJPA and the San Francisco Office of Community Investment and Infrastructure (“OCII”). One month after an initial community meeting, OCII requested that the publicly owned parcels north of Folsom Street in the area bounded by Folsom, Mission, Second, and Main Streets, including the new Transit Center, be added to this CBD formation process. OCII made this request because (a) the Rincon Hill and Transbay areas are one neighborhood with similar maintenance and security needs, and (b) both areas would specially benefit from the park on the roof of the Transit Center (“City Park”). This expanded benefit district would provide funding to maintain the public infrastructure improvements in the Transbay area and the Rincon Hill area.

The expanded Rincon Hill CBD is intended to provide funding for maintenance, security, and cleaning of the improvements that OCII and the TJPA have planned for the Transbay Area as well as benefiting the original area. These improvements include sidewalks, Rincon Park (Embarcadero at Folsom Street), Transbay Park (mid-block between Howard, Folsom, Main and Beale Streets), City Park, the park to be constructed under the new bus ramp connecting the Transit Center to the Bay Bridge, and various streetscape improvements. Creation of a CBD covering the Transbay and Rincon Hill areas would create a funding source for the operation and maintenance of City Park, although the CBD will not manage City Park security. By law CBD

assessments can pay for up to 79.18% of City Park's operation and maintenance costs because that is the amount of the "special benefit" to the properties in the CBD from City Park, as identified in the Engineer's Report. Special benefits are those that accrue specifically to the residents of properties in the proposed district. The remaining 20.82% represents "general benefits" to the public at large and special benefits to properties that are outside the boundary of the CBD and therefore cannot be assessed. Those costs must be covered by the TJPA using other revenues, which could come from event programming, sponsorships, fundraising, grants, or other sources.

The Steering Committee was tasked with (a) causing to be prepared a study, known as an Engineer's Report, to calculate the proportional special benefits that can be assessed to property owners in the district and the amount of the assessment; (b) verifying that the proposed assessments and services are viewed favorably by major property owners who will vote on the formation of the district, and (c) preparing a Management Plan describing CBD maintenance, activities, and improvements and how the CBD will be managed after it is formed. The CBD formation process includes a total of four Phases:

Phase 1 – District Definition (includes Engineer's Report)

Phase 2 – Management Plan

Phase 3 – Petition

Phase 4 – Balloting

The Engineer's Report and Management Plan were approved by the Steering Committee in January 2014 and the City Attorney's office in April 2015. Under the City's process, petitions were sent to property owners in the proposed CBD following approval by the City Attorney. In order to proceed to a vote of property owners in the proposed district, property owners who would pay at least 30 percent of the assessment needed to sign and return their petitions requesting the City to form the CBD. That threshold has been met and signed petitions were submitted to the City on June 1, 2015. We are now in the balloting phase, which was initiated by a vote of the Board of Supervisors on June 9, 2015 and which lasts 45 days. The balloting process requires approval from at least 50 percent of the ballots that are cast. Ballots are weighted based on the amount of the assessment that the property owner would pay. If the vote is successful, then the Board of Supervisors will proceed with a final Resolution to Establish the CBD.

#### **RECOMMENDATION:**

Staff recommends that the Board of Directors authorize the Executive Director to execute ballots on behalf of the TJPA for properties owned by the TJPA within the boundary of the proposed CBD, and to vote in favor of forming the CBD.

#### **ENCLOSURE:**

1. Resolution

**TRANSBAY JOINT POWERS AUTHORITY  
BOARD OF DIRECTORS**

**Resolution No. \_\_\_\_\_**

WHEREAS, The proposed Rincon Hill Community Benefit District (“CBD”) will provide maintenance, safety, and cleaning of the improvements that the Transbay Joint Powers Authority (“TJPA”) and the Office of Community Investment and Infrastructure (“OCII”) have planned for the Transbay and Rincon Hill Areas, including sidewalks, Rincon Park (Embarcadero at Folsom Street), Transbay Park (mid-block between Howard, Folsom, Main, and Beale Streets), the Transit Center Rooftop Park, the park to be constructed under the new bus ramp connecting the Transit Center to the Bay Bridge, and various streetscape improvements; and

WHEREAS, On June 2, 2015 the Office of Economic and Workforce Development of the City and County of San Francisco confirmed that property owners in the proposed CBD who would pay at least 30 percent of the assessment submitted ballots requesting the City to form the CBD; and

WHEREAS, On June 9, 2015 the Board of Supervisors of the City and County of San Francisco adopted Resolution No. 150-592 declaring the intention of the Board of Supervisors to establish a property-based business improvement district (Community Benefit District), known as the “Greater Rincon Hill Community Benefit District,” and levy a multi-year assessment on all parcels in the district; approving the management district plan, engineer’s report, and proposed boundary map for the district; ordering and setting a time and place for a public hearing thereon; approving the form of the Notice of Public Hearing and Assessment Ballot Proceeding, and Assessment Ballot; directing environmental findings; and directing the Clerk of the Board of Supervisors to give notice of the public hearing and balloting as required by law; and

WHEREAS, The TJPA is the owner of 35 parcels of land within the boundary of the proposed CBD; and

WHEREAS, As the owner of land that will be subject to the assessment, the TJPA is the property owner for purposes of voting on the levy of the assessment in the CBD; and

WHEREAS, Staff recommends that the Board of Directors authorize the Executive Director to execute ballots on behalf of the TJPA for properties owned by the TJPA within the boundary of the proposed CBD and to vote in favor of forming the CBD; now, therefore, be it

RESOLVED, That the TJPA Board of Directors authorizes the Executive Director to execute ballots on behalf of the TJPA for properties owned by the TJPA within the boundary of the proposed CBD and to vote in favor of forming the CBD.

I hereby certify that the foregoing resolution was adopted by the Transbay Joint Powers Authority Board of Directors at its meeting of June 19, 2015.

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Secretary, Transbay Joint Powers Authority