

1 [Property and Business Improvement Districts.]

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3 **Ordinance amending Section 1511 of the San Francisco Business and Tax Regulations**  
4 **Code to (1) allow the owners of businesses who would pay at least 30% of the**  
5 **proposed assessment, or a combination of property owners and business owners who**  
6 **would pay at least 30% of the proposed assessment, to petition the Board of**  
7 **Supervisors to form a property and business improvement district, and (2) make**  
8 **conforming and clarifying changes to the procedural and substantive augmentation of**  
9 **state law governing the formation of property and business improvement districts.**

10 Note: Additions are *single-underline italics Times New Roman*;  
11 deletions are *strikethrough italics Times New Roman*.  
12 Board amendment additions are double underlined Arial;  
13 Board amendment deletions are ~~strikethrough Arial~~.

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

15 **Section 1. The San Francisco Business and Tax Regulations Code is hereby**  
16 **amended by amending Section 1511, to read as follows:**

17 Sec. 1511. SAN FRANCISCO PROCEDURAL AND SUBSTANTIVE  
18 AUGMENTATION OF STATE LAW REQUIREMENTS GOVERNING PROPERTY AND  
19 BUSINESS IMPROVEMENT DISTRICTS.

20 In forming assessment districts that will fund improvements and services that confer  
21 special benefit on businesses, residential, commercial or residential and commercial property,  
22 the Board of Supervisors may elect to use the procedures set forth in California Streets &  
23 Highways Code Sections 36600 et seq. or may elect to use those procedures as modified  
24 herein. The Board of Supervisors shall be bound by, and comply with, the applicable state  
25 law governing the formation of property and business improvement and maintenance districts

1 in all other respects not inconsistent with this Article when forming an assessment district to  
2 fund improvements and services that provide special benefits to businesses, commercial  
3 and/or residential property.

4 (a) Notwithstanding Streets & Highways Code Section 36621(a) or any other  
5 provision of state law, the Board of Supervisors may initiate proceedings to establish a  
6 property and business improvement district upon receipt of a petition signed by property  
7 owners, *business owners, or a combination of property owners and business owners* in the proposed  
8 district who will pay at least 30 percent of the assessments proposed to be levied. The  
9 amount of assessment attributable to property *and businesses* owned by the same *property*  
10 owner that is in excess of 40 percent of the amount of all assessments proposed to be levied,  
11 shall not be included in determining whether the petition is signed by the property owners,  
12 *business owners, or combination of property owners and business owners, as the case may be,* who will  
13 pay the requisite percentage of assessments. Where the Board initiates proceedings  
14 pursuant to this subsection, the Board shall conduct a protest ballot proceeding in accordance  
15 with Article XIII D of the California Constitution notwithstanding any language to the contrary  
16 *of in* Streets & Highways Code Section 36623.

17 (b) Notwithstanding Streets & Highways Code Section 36622(h) or any other  
18 provision of state law, the Board of Supervisors may form a district authorized to levy  
19 assessments for a maximum term of up to 15 years, except where a longer term is authorized  
20 by state law.

21 (c) Notwithstanding Streets & Highways Code Section 36632(b) or any other  
22 provision of state law, the Board of Supervisors may establish an assessment district pursuant  
23 to this Article that encompasses, and levies assessments upon, and funds improvements and  
24 services that specially benefit, properties zoned for residential use.

1           (d)    The Board of Supervisors may authorize an assessment district formed  
2 pursuant to this Article to recover through assessments the costs incurred in forming the  
3 district, including:

4           (1)    The costs of preparation of the management plan and engineer's report  
5 required by state law;

6           (2)    The cost of circulating and submitting the petition to the Board of  
7 Supervisors seeking establishment of the district;

8           (3)    The costs of printing, advertising and the giving of published, posted or  
9 mailed notices;

10          (4)    Compensation of any engineer or attorney employed to render services in  
11 proceedings under this Article or Streets & Highways Code Sections 36600 et seq.; and

12          (5)    Costs associated with any ballot proceedings required by law for approval  
13 of a new or increased assessment.

14                If the district will be authorized to recover these costs, the management plan  
15 required pursuant to Streets & Highways Code Section 36622 shall specify the formation  
16 costs eligible for recovery through assessments, the schedule for recovery of those costs, and  
17 the basis for determining the amount of the additional assessment for recovery of costs,  
18 including the maximum amount of the additional assessment, expressed either as a dollar  
19 amount, or as a percentage of the underlying assessment.

20           (e)    Notwithstanding Streets & Highways Code Section 36670 or any other  
21 provision of state law, the Board of Supervisors may, by a supermajority vote of eight or more  
22 members, notice a hearing and initiate proceedings to disestablish for any reason a district  
23 formed after the effective date of this section. Where the Board of Supervisors seeks to  
24 disestablish a district in circumstances not authorized under Streets & Highways Code  
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1 Section 36670, both the resolution of intention to disestablish the district and any final  
2 resolution to disestablish the district shall be subject to a supermajority vote of eight or more  
3 members. This paragraph shall not be applicable where the district has outstanding bonded  
4 indebtedness.

5 (f) The management plan submitted for each proposed district to be funded by  
6 assessments on property and subject to this Article shall set forth minimum requirements to  
7 ensure adequate representation of business owners located within the district who do not  
8 own, or have an ownership interest in, commercial property located within the district. Not  
9 less than 20 percent of voting members of the governing body of the district shall be such  
10 business owners. Where warranted by the circumstances in a proposed district, the Board of  
11 Supervisors may require that the management plan provide a greater level of business owner  
12 representation. This subsection shall not limit the authority of the Board of Supervisors to require  
13 that any other item or matter be incorporated into the management district plan pursuant to Streets &  
14 Highways Code Section 36622(l) or other applicable law.

15 (g) Not less than 30 days after the Clerk of the Board receives a complete  
16 petition seeking formation of a district pursuant to this Article, the Clerk shall mail notice to all  
17 businesses located within the proposed district holding a current registration certificate issued  
18 by the Tax Collector. The notice shall be in English, Spanish and Cantonese, and shall inform  
19 the recipients that (1) a petition for formation of a property and business improvement district  
20 has been received; (2) if the district is formed, it would authorize assessments against  
21 property and/or businesses in the district and (3) that formation of the district is subject to the  
22 approval of the Board of Supervisors following public hearings and a vote by persons owners of  
23 the property, businesses, or both, subject to the assessment ~~(unless the petition was signed by~~  
24 ~~persons responsible for over 50 percent of the assessment, and such vote is not required pursuant to~~

1 *Streets & Highways Code Section 36623*). The notice shall also describe how recipients may  
2 obtain further information about the petition and proposed district.  
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5 **Section 2. Application of Section 1511 amendments to any pending proposal(s)**  
6 **to establish a district.** The amendments to Section 1511 of the San Francisco Business and  
7 Tax Regulations Code set forth above in Section 1 shall apply to the formation of a property  
8 and business improvement district, including a district for which the petition requesting  
9 formation of the district was submitted to the Board of Supervisors prior to the effective date of  
10 this ordinance, where, on or after the effective date of this ordinance: (1) the public hearing is  
11 conducted; (2) tabulation of assessment ballots occurs (if mail ballot proceedings are used to  
12 determine if there is majority protest to the proposed assessments); and, (3) the Board of  
13 Supervisors adopts a resolution establishing the district and levying the assessments.  
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16 APPROVED AS TO FORM:  
17 DENNIS J. HERRERA, City Attorney

18 By:   
19 Marie Corlett Blits  
20 Deputy City Attorney  
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# City and County of San Francisco

City Hall  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102-4689

## Tails Ordinance

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**File Number:** 061320

**Date Passed:**

Ordinance amending Section 1511 of the San Francisco Business and Tax Regulations Code to (1) allow the owners of businesses who would pay at least 30% of the proposed assessment, or a combination of property owners and business owners who would pay at least 30% of the proposed assessment, to petition the Board of Supervisors to form a property and business improvement district, and (2) make conforming and clarifying changes to the procedural and substantive augmentation of state law governing the formation of property and business improvement districts.

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October 17, 2006 Board of Supervisors — PASSED ON FIRST READING

Ayes: 11 - Alioto-Pier, Ammiano, Daly, Dufty, Elsbernd, Ma, Maxwell,  
McGoldrick, Mirkarimi, Peskin, Sandoval

October 24, 2006 Board of Supervisors — FINALLY PASSED

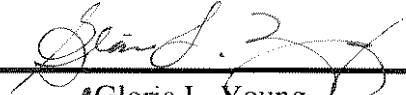
Ayes: 10 - Alioto-Pier, Ammiano, Daly, Dufty, Elsbernd, Ma, Maxwell,  
Mirkarimi, Peskin, Sandoval  
Excused: 1 - McGoldrick

File No. 061320

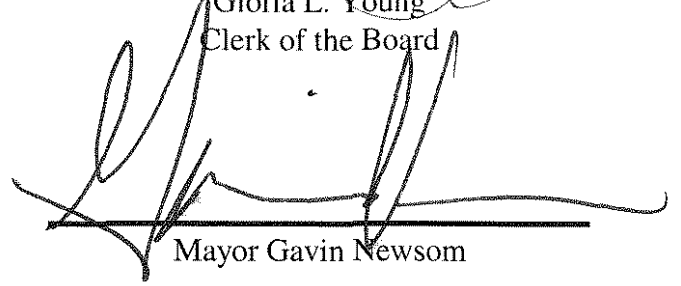
I hereby certify that the foregoing Ordinance  
was FINALLY PASSED on October 24, 2006  
by the Board of Supervisors of the City and  
County of San Francisco.

Oct. 31, 2006

Date Approved



Gloria L. Young  
Clerk of the Board



Mayor Gavin Newsom