[Property and Business Improvement Districts.]

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.

Note: Additions are single-underline italics Times New Roman; deletions are strikethrough italics Times New Roman. Board amendment additions are double underlined Arial; Board amendment deletions are strikethrough Arial.

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

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

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

In forming assessment districts that will fund improvements and services that confer special benefit on businesses, residential, commercial or residential and commercial property, the Board of Supervisors may elect to use the procedures set forth in California Streets & Highways Code Sections 36600 et seq. or may elect to use those procedures as modified herein. The Board of Supervisors shall be bound by, and comply with, the applicable state law governing the formation of property and business improvement and maintenance districts.
in all other respects not inconsistent with this Article when forming an assessment district to
fund improvements and services that provide special benefits to businesses, commercial
and/or residential property.

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

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

(c) Notwithstanding Streets & Highways Code Section 36632(b) or any other
provision of state law, the Board of Supervisors may establish an assessment district pursuant
to this Article that encompasses, and levies assessments upon, and funds improvements and
services that specially benefit, properties zoned for residential use.
(d) The Board of Supervisors may authorize an assessment district formed pursuant to this Article to recover through assessments the costs incurred in forming the district, including:

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

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

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

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

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

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

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

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

(g) Not less than 30 days after the Clerk of the Board receives a complete petition seeking formation of a district pursuant to this Article, the Clerk shall mail notice to all businesses located within the proposed district holding a current registration certificate issued by the Tax Collector. The notice shall be in English, Spanish and Cantonese, and shall inform the recipients that (1) a petition for formation of a property and business improvement district has been received; (2) if the district is formed, it would authorize assessments against property and/or businesses in the district and (3) that formation of the district is subject to the approval of the Board of Supervisors following public hearings and a vote by persons owners of the property, businesses, or both, subject to the assessment unless the petition was signed by persons responsible for over 50 percent of the assessment, and such vote is not required pursuant to
Streets & Highways Code Section 36623). The notice shall also describe how recipients may obtain further information about the petition and proposed district.

Section 2. **Application of Section 1511 amendments to any pending proposal(s) to establish a district.** The amendments to Section 1511 of the San Francisco Business and Tax Regulations Code set forth above in Section 1 shall apply to the formation of a property and business improvement district, including a district for which the petition requesting formation of the district was submitted to the Board of Supervisors prior to the effective date of this ordinance, where, on or after the effective date of this ordinance: (1) the public hearing is conducted; (2) tabulation of assessment ballots occurs (if mail ballot proceedings are used to determine if there is majority protest to the proposed assessments); and, (3) the Board of Supervisors adopts a resolution establishing the district and levying the assessments.

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By: Marie Corlett Blits
Deputy City Attorney

SUPERVISOR PESKIN
BOARD OF SUPERVISORS
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.

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.

Gloria L. Young
Clerk of the Board

Oct. 31, 2006
Date Approved

Mayor Gavin Newsom