

MINUTES
WAR MEMORIAL BOARD OF TRUSTEES
BUDGET AND FINANCE COMMITTEE / SPECIAL MEETING

Thursday, April 11, 2019

The Budget and Finance Committee of the Board of Trustees of the War Memorial of San Francisco met at 1:30 p.m. on Thursday, April 11, 2019, in the Trustees' Board Room, War Memorial Opera House, Chair Lui presiding.

ROLL CALL

Committee Members Present: Chair Lui, Trustee Horn, Trustee Moscone, Trustee Myatt, President Bechtle, *Ex officio* and Vice President Walker, *Ex officio*

Committee Members Absent: Trustee Davis

Non-Committee Members Present: Trustee Levin, Trustee Shultz

Staff Present: Elizabeth Murray, Managing Director, Jennifer Norris, Assistant Managing Director

Civic Center Community Benefit District Renewal Petition:

Chair Lui stated that in advance of today's meeting, Committee members received several items including:

- Staff's Summary Report on the Civic Center Community Benefit District Renewal Proposal;
- The Civic Center Community Benefit District Management District Plan Summary; and
- A map of the proposed Civic Center Community Benefit District with descriptions of CBD services.

Chair Lui asked Beth Murray to review staff's summary for the Committee.

Ms. Murray stated that the Civic Center Community Benefit District, a special assessment district, was originally formed in 2011 to improve coordination and communication around the management, image, safety, beautification and cleanliness of the Civic Center area for the benefit of patrons, residents, employees, merchants, property owners and other visitors within the district. Community Benefit Districts or "CBD's" are relatively common in San Francisco and are assessment districts in which property owners vote to assess themselves for services that are delivered directly to that district.

Ms. Murray reviewed that the process of approving or renewing a CBD, first requiring a petition phase to determine property owners' interest. If favorable petitions representing 30% of the total proposed assessments are received, the Board of Supervisors may adopt a Resolution of Intent to propose establishing/renewing the CBD and to levy CBD assessments for a specific term. If such a resolution is approved, assessment ballots are then mailed to all property owners. More than 50% of the returned weighted ballots must be in support of the CBD for the Board of Supervisors to vote on CBD authorization.

Ms. Murray stated that in 2010, the Board of Trustees considered the proposal to establish the Civic Center CBD and submitted the petition and ballot in the affirmative for formation of the Civic Center CBD for the parcels of real property under the exclusive jurisdiction of the War Memorial. The proposed services to be provided by the CBD included safety ambassadors, advocacy, beautification, cleaning and maintenance, and public space and sidewalk activation. As part of its 2010 consideration, the Board of Trustees heard from its resident licensees, the Ballet, Opera and Symphony, all of whom were in support of the CBD proposal, and all of whom agreed to a 3% rental rate increase that would cover the cost of the War Memorial's annual CBD assessment. The Civic Center CBD was subsequently approved by the Board of Supervisors for a 10-year term.

Ms. Murray stated that the initial CBD assessment to the War Memorial in 2011-12 was \$56,252, with the annual assessment subject to a maximum 3% increase over the 10-year term of the CBD. The War Memorial has paid the annual Civic Center CBD assessment for the past eight fiscal years, growing from \$56,252 in FY 2011-12 to \$65,869 in the current FY 2018-19.

Ms. Murray reported that the Civic Center CBD board of directors has submitted a proposal to renew the CBD for a 15-year period to commence in 2020. The renewal proposal includes expanding the district to include additional properties and includes expanding CBD services and programs. The renewed CBD will also have a variety of new marketing and communication programs to increase the use and perceived safety of the district. The renewed CBD's proposed operating budget for the first year of the renewal is \$3.4 million, which is an increase of \$2.05 million or 152% over the CBD's current-year operating budget.

Ms. Murray stated that annual assessments to support the CBD's proposed renewal budget have been calculated on a variety of factors including land use type, frontage square feet, building square feet and lot square feet. Under the proposed renewal, the FY 2019-20 assessment to the War Memorial and Performing Arts Center properties will be \$165,500, an increase of \$99,600 or 151% over the current-year assessment. Annual assessments may increase up to 5% each year. War Memorial has included this proposed annual CBD assessment expenditure in the FY 2019-20 and FY 2020-21 budget proposal submitted to the Mayor in February 2019, to be funded by an increase in the General Fund support provided to the department.

Ms. Murray stated that staff has reviewed the proposal and finds that for the past eight years, the War Memorial has benefitted from the Civic Center CBD in the forms of:

- Promotion of Civic Center and advocacy of shared Civic Center interests which have led to both physical improvements and programmatic activation and safety of Civic Center plaza
- Evening ambassador service to assist patrons attending evening performances
- Civic Center garage greeter scheduled Tuesday through Saturday evenings to assist patrons attending evening Civic Center events

She stated that the War Memorial and its licensees desire these services and benefits continue.

Ms. Murray reported that War Memorial staff, primarily Jennifer Norris who serves as the CBD Secretary, along with CFO Chris Muyo, participated in the CBD renewal discussions. War Memorial representatives were in favor of a more limited growth plan that would maintain and expand current CBD services without taking on new and additional marketing and programming staff and responsibilities which represent the bulk of the budget increase. The addition of this new staffing has required CBD assessments to dramatically increase. The extent to which this new marketing and programming will provide residual benefit to the War Memorial is unknown.

Ms. Murray stated that the Civic Center CBD renewal is currently in the "petition phase." Petitions have been sent to all property owners in the district and if favorable petitions, representing 30% of the total proposed assessments are received, the process will move to the next step. The War Memorial property assessment comprises 5.11% of total assessments; the remainder of City-owned properties comprise an additional 38.7% of total assessments.

Ms. Murray said that under the City Charter, the War Memorial Board of Trustees has exclusive charge of the War Memorial and Performing Arts Center land and buildings. Therefore, the War Memorial Board of Trustees will vote in the petition phase, and in the ballot phase if reached, on behalf of the War Memorial property. The Mayor will submit petitions on behalf of all other City properties in the CBD district.

Ms. Murray stated that at this time staff feels it is likely the Mayor will submit affirmative petitions on behalf of all other City properties, indicating the Mayor's commitment to providing annual funding for 43% of the CBD's annual budget for the next 15 years. Staff further expects to receive the necessary additional General Fund support to cover the \$100,000 annual increase in the War Memorial's annual CBD assessment.

Ms. Murray stated that staff is recommending that the War Memorial Board of Trustees, on behalf of the War Memorial property, authorize an affirmative vote on the petition to renew the Civic Center Community Benefit District.

Following lengthy discussion, and on motion of Vice President Walker, seconded by Trustee Moscone, the following recommendation was adopted with five aye votes and Trustee Myatt voting nay:

RECOMMENDED, To the Board of Trustees of the War Memorial of San Francisco that it authorizes its President to sign a petition in the affirmative for the proposed renewal of the Civic Center Community Benefit District with respect to the parcels of real property under the jurisdiction of the War Memorial Board of Trustees that would be subject to assessment in said district.

PUBLIC COMMENT

Chair Lui called for public comment on items within the jurisdiction of the Budget & Finance Committee of the Board of Trustees, but not on the agenda. There being no public comment, Chair Lui closed public comment.

ADJOURNMENT

There being no further business, Chair Lui adjourned the meeting at 2:30 p.m.


Jennifer E. Norris
Executive Secretary