

Dogpatch & Northwest Potrero Hill Green Benefit District Engineer's Report

**San Francisco, California
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***Prepared by:*
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***Prepared pursuant to:
Article XIID of the California State Constitution and the State of California Property and
Business Improvement District Law of 1994 as augmented by Article 15A of the San Francisco
Business and Tax Regulations Code to authorize a Green Benefit District***

TABLE OF CONTENTS

ENGINEER'S STATEMENT	1
ENGINEER'S REPORT:	
SECTION A: Legislative and Judicial Review	2
SECTION B: Improvements and Activities	5
SECTION C: Benefitting Parcels	9
SECTION D: Proportional Benefits	12
SECTION E: Special and General Benefits	15
SECTION F: Cost Estimate	22
SECTION G: Apportionment Method	23
SECTION H: Assessment Roll	29
SECTION I: Glossary of Terms	30

Attachments

- A: District Boundary Maps, a separate document**
- B: Warren Cormier Memo, a separate document**
- C: Assessment Roll, a separate document**
- D: GBD Green Vision Plan, a separate document**

ENGINEER'S STATEMENT

This Report is prepared pursuant to Article XIID of the California State Constitution (Proposition 218) and the State of California Property and Business Improvement District Law of 1994 as augmented by Article 15A of the San Francisco Business and Tax Regulations Code.

The Dogpatch & Northwest Potrero Hill Green Benefit District ("GBD") will provide activities either currently not provided or that are above and beyond what the City of San Francisco provides. Every individual assessed parcel within the GBD receives special benefit from the activities identified under Section B of this Report. Only the individual assessed parcels within the GBD receive the special benefit of these proposed activities; parcels contiguous to and outside the GBD and the public at large may receive a general benefit, as outlined in Section E. The cost to provide general benefits, if any, will be funded from sources other than special assessments.

The duration of the proposed district is 10 and one half years, commencing on July 1, 2015. An estimated budget for the GBD improvements and activities is set forth in Section D. By vote of the GBD Board of Directors (the "Board"), the budget may be increased by the amount of increase in the Bay Area Consumer Price Index (CPI), up to a maximum of 3% per year. Funding for the GBD improvements and activities will be derived from a property-based assessment of each specially benefitted parcel in the GBD in proportion to the benefit received. A detailed description of the methodology for determining the proportional special benefit each individual assessable parcel receives from the activities and the assessment for each parcel is set forth in Section F.

I hereby certify to the best of my professional knowledge that each of the identified assessable parcels located within the GBD will receive a special benefit over and above the benefits conferred to those parcels outside of the GBD boundary and to the public at large and that the amount of the proposed special assessment is proportional to, and no greater than the special benefits received.



Respectfully submitted,

Terrance E. Lowell, P.E.

SECTION A: LEGISLATIVE AND JUDICIAL REVIEW

Property and Business Improvement District Law of 1994

The State Law as augmented by Article 15A of the San Francisco Business and Tax Regulations Code ("Article 15A")¹ is the legislation that authorizes the City to levy assessments upon the real property for the purposes of providing improvements and activities that specially benefit each individual assessed parcel in the GBD. The purpose of the GBD is to improve the neighborhood open spaces, parks, gardens and sidewalks; create an ecologically sustainable environment; and engage the community in neighborhood-based innovation and accountability. In order to meet these goals, the GBD will fund activities and improvements to Public Realm areas (see Section I: Glossary of Terms for definitions of capitalized terms). Unlike other assessment districts that fund the construction of public capital improvements or maintenance thereof, GBDs provide activities and improvements that provide special benefit to property owners. The improvements and activities funded through the GBD are over and above those already provided by the City within the GBD's boundaries.

Specifically, the Property and Business Improvement District Law of 1994 (the "State Law") defines "Improvements" and "Activities" as follows:

"Improvement" means the acquisition, construction, installation, or maintenance of any tangible property with an estimated useful life of five years..."

"Activities" means, but is not limited to, all of the following:

- (a) Promotion of public events which benefit businesses or real property in the district.*
- (b) Furnishing of music in any public place within the district.*
- (c) Promotion of tourism within the district.*
- (d) Marketing and economic development, including retail retention and recruitment.*
- (e) Providing safety, sanitation, graffiti removal, street and sidewalk cleaning, and other municipal services supplemental to those normally provided by the municipality.*
- (f) Activities which benefit businesses and real property located in the district.²*

Article 15A augments the State Law by authorizing assessment districts for the purpose of landscaping, improving and maintaining public realm areas, including parks, plazas, parklets, sidewalks, unimproved areas, landscaped areas and gardens. Such services, improvements and activities include maintaining the ecological system such as soil, geology, wildlife, vegetation and watersheds, and providing recreational improvements, such as repairing grass soccer fields, or installing new facilities; for example, playground equipment.

Article XIID of the State Constitution

In 1996, California voters approved Proposition 218, codified in part as Article XIID of the State Constitution. Among other requirements, Article XIID changes the way local agencies enact local taxes and levy assessments on real property. It states, in relevant part, that:

¹ Article 15A of the San Francisco Business and Tax Regulations Code: Public Realm Landscaping, Improvement and Maintenance Assessment Districts ("Green Benefit Districts"),
http://www.amlegal.com/nxt/gateway.dll?f=templates&fn=default.htm&vid=amlegal:sanfrancisco_ca

² California Streets and Highways Code, Section 36606.

(a) An agency which proposes to levy an assessment shall identify all parcels which will have a special benefit conferred upon them and upon which an assessment will be imposed. The proportionate special benefit derived by each identified parcel shall be determined in relationship to the entirety of the capital cost of a public improvement, the maintenance and operation expenses of a public improvement, or the cost of the property related service being provided. No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel. Only special benefits are assessable, and an agency shall separate the general benefits from the special benefits conferred on a parcel. 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 assessment unless the agency can demonstrate by clear and convincing evidence that those publicly owned parcels in fact receive no special benefit.

(b) All assessments shall be supported by a detailed engineer's report prepared by a registered professional engineer certified by the State of California³.

"Special benefit" means a particular and distinct benefit over and above general benefits conferred on real property located in the district or to the public at large. General enhancement of property value does not constitute "special benefit."⁴

Judicial Guidance

Since the enactment of Article XIID, the courts have rendered opinions regarding various aspects of Article XIID. The notable portions of cases that apply to assessment districts in general and this GBD in particular are noted below.

"The engineer's report describes the services to be provided by the PBID; (1) security, (2) streetscape maintenance (e.g., street sweeping, gutter cleaning, graffiti removal), and (3) marketing, promotion, and special events. They are all services over and above those already provided by the City within the boundaries of the PBID. And they are particular and distinct benefits to be provided only to the properties with the PBID, not to the public at large—they "affect the assessed property in a way that is particular and distinct from {their} effect on other parcels and that real property in general and the public at large do not share."⁵

"...separating the general from the special benefits of a public improvement project and estimating the quantity of each in relation to the other is essential if an assessment is to be limited to the special benefits."⁶

"...the agency must determine or approximate the percentage of the total benefit conferred by the service or improvement that will be enjoyed by the general public and deduct that percentage of the total cost of the service or improvement from the special assessment levied against the specially benefitted property owners."⁷

³ Section 4, Article XIID of the State Constitution.

⁴ Section 2 (i), Article XIID of the State Constitution.

⁵ Dahms v. Downtown Pomona Property and Business Improvement District, (2009) 174 Cal. App. 4th 708, 722

⁶ Beutz v. County of Riverside, (2010) 184 Cal. App. 4th 1516, 1532.

⁷ Golden Hill Neighborhood Association, Inc. v. City of San Diego, (2011) 199 Cal. App. 4th 416, 438

"...even minimal general benefits must be separated from special benefits and quantified so that the percentage of the cost of services and improvements representing general benefits, however slight, can be deducted from the amount of the cost assessed against specially benefitting properties."⁸

The contents of this Engineer's Report are prepared in compliance with the above noted authorizing legislation, the State Constitution and the judicial opinions.

⁸ *Golden Hill Neighborhood Association, Inc. v. City of San Diego*, (2011) 199 Cal. App. 4th 416.

SECTION B: IMPROVEMENTS AND ACTIVITIES

Through an extensive series of property owner meetings and outreach, the GBD Formation Committee collectively determined the priority for improvements and activities that the GBD should provide. The primary needs as determined by the property owners are:

- ◆ Maintenance,
- ◆ Capital Improvements, and
- ◆ Accountability, Transparency & Citizen Services

Based upon these findings, the following improvement and activity categories are recommended for the GBD. The following narrative provides recommendations for the GBD's first year of operation. Final programs and budgets will be subject to the review and approval of the GBD Board of Directors and City Council.

MAINTENANCE

Maintenance will provide a wide array of services that can either be to the Public Right-of-Way throughout the entire district or site-specific spaces like Progress Park or Fallen Bridge Garden. In addition, it may include, but is not limited to:

District Wide Public Realm Maintenance:

- **Tree Care:** maintenance plan for new and existing Street Trees that includes maintenance, pruning, and removal of hazardous Street Trees.
- **Irrigation Systems Management:** maintain and repair irrigation systems, and supply water. (New irrigation systems are not included, but could be funded through the Capital Improvements program)
- **Graffiti Patrol:** 1 part-time graffiti abatement patrol officer across both zones to patrol known graffiti hotspots identified by the community, and provides on-call response.
- **Trash & Debris Patrol:** 1 full-time trash and debris abatement staff person across both zones. This staff person targets trash and debris hot spots identified by the community, and responds to specific requests for trash or debris pick-up reported to the GBD.

Targeted Public Realm Maintenance (see Table 5 of the Management Plan for a list of spaces) may include, but is not limited to:

- **Jumpstart Maintenance Fund:** set aside to pay for one-time maintenance costs in the first year of the GBD (Year 1) to bring specific spaces and existing greening up to a GBD maintenance standard. Potential uses include, but are not limited to: sidewalk repair, additional large tree pruning and/or removal, tree studies and evaluations, horticultural consultation, and large-scale irrigation installation. After Year 1, this fund would be absorbed by the district wide maintenance budget to care for new Open Spaces, Parks, Plazas and Gardens built and installed by the GBD.
- **Care and Enhancement of Public Realm Areas:** small-scale tree and shrub pruning, weed removal, fertilization, turf care, irrigation management and repair, sidewalk repair, and trash cleanup on Public Realm areas to a district-wide standard. Frequency and scope of service varies depending on the level of volunteer stewardship and needs.

CAPITAL IMPROVEMENTS

The Green Benefit District funds shall be used to directly invest in capital improvements within the boundaries of the GBD that advance its mission and goals, and are consistent with the *Capital Improvements Funding Guidelines* in Section B on page 33 of the Management Plan. Stewards of existing and potential open spaces, parks and gardens within the GBD boundaries may apply for capital funding on a semi-annual basis. The Board of Directors will develop full funding criteria based on the guidelines described in page 33 of the Management Plan.

The 3 primary categories of capital improvements that may be funded are: (1) Improvements to Existing Public Realm Areas; (2) Development of New Public Realm Areas; and (3) Development of Green Infrastructure. The categories are listed below, along with some examples of possible projects in each category:

Improvements to Existing Public Realm areas, may include, but is not limited to:

- New playground equipment/tot lots
- New trash and recycling receptacles
- New park benches
- New lighting systems
- New way-finding signage
- New landscaping and paving systems
- New irrigation systems
- New storm water retention systems
- New Productive Gardens
- New Dog Runs and Dog Parks

Development of New Public Realm areas may include, but is not limited to:

- Parks, Parklets, Plazas, Gardens or Pocket Parks in the Public Right-of-Way or publicly-owned land.
- Parks, Parklets, Plazas, Gardens or Pocket Parks on Publicly Accessible private land
- Planted medians and curbside linear gardens.
- New Street Tree wells and Bulb-outs.
- Traffic-calming round-about "green islands" at wide street intersections in the Public Right-of-Way.

Development of Green Infrastructure may include, but is not limited to:

- Collaboration with existing government agency programs (example: establishing green infrastructure design elements in full compliance with the SF PUC's Storm Water Design Guidelines)
 - New recycled water collection and distribution systems.
 - New Bioswale or other storm water capture systems.
 - New rainwater/storm water cisterns.
 - Use of plants that are known to reduce Particulate Matter pollution in urban street canyons and from freeways such as oleander or various tree plantings.
 - Enhancement of existing green infrastructure systems.
 - District-wide energy generation and distribution systems.

An important criterion for deciding when and how to spend capital improvement funds will be the degree to which the District can leverage additional public or private funds to support any of the above projects.

ACCOUNTABILITY, TRANSPARENCY & CITIZEN SERVICE TECHNOLOGY

This section includes funding for a GBD Manager who will be responsible for services, marketing and communication, public communication and accountability, and strategic planning.

GBD Management may include, but is not limited to:

- Management of all GBD finances and contracts for services, capital improvements, and public interface and web services. This is at the direction of the GBD Board Treasurer, who is ultimately responsible for the finances of the GBD.
- Management of GBD corporate business, including ensuring compliance with all government and grant reporting requirements. This is in close collaboration with the Chairperson of the GBD Board.
- Serving as the public face and primary point of contact for the GBD, especially with City Hall and local agencies.
- Management of all "Baseline City Services" including keeping records of metrics and being responsible for reporting if city agencies do not maintain their baseline service levels.
- Organization and management of GBD volunteers.

GBD Marketing and Communications may include, but is not limited to:

- Management of public relations and media contacts, in coordination with the Chairperson of the GBD Board.

Development and ongoing maintenance of the GBDs public communication and accountability strategy may include, but is not limited to:

- Design, launch, and updating of a new GBD website.
- Design, launch, and updating of a new GBD smart phone application for quick "crowd-sourced" reporting of maintenance & operation needs.
- Development and management of an online volunteer coordination website.
- Development and management of related customer service tracking associated with the smart phone app.
- Careful coordination of this service with city agencies that have baseline service agreements with the GBD.
- Development of an ongoing City Hall and media outreach campaign to ensure that decision-makers and the public at large understand the purpose, work and accomplishments of the GBD.

GBD Strategic Planning may include, but is not limited to:

- Ongoing updates to the Green Vision Plan as needed to convey the values, mission, goals and accomplishments of the GBD. This may include the following:
 - Development of a detailed conceptual Green Streetscape Masterplan.
 - Conceptual-level pricing of the Green Streetscape Masterplan and the development of a small capital budget, with potential funding sources identified.
 - Development of more detailed designs and engineering, along with specific budgets, for the build-out of Public Realm area improvements.

OPERATIONS & CONTINGENCY/RESERVES

This section covers typical operational expenses.

Operations may include, but is not limited to:

- Insurance for GBD operations, services, and deliverables including maintenance and capital improvements, and operations space.
- Expenses for accounting and annual audit/financial review.

Contingency/Reserve

- Funds to be used for potential cost overruns of maintenance and improvement services only, up to 10%.
- Any unspent funds in this category will be rolled over and must be spent within the next fiscal year.

SECTION C: BENEFITTING PARCELS

GBD Boundary

Article XIID Section 4(a) of the State Constitution requires that the authorizing agency "Identify all parcels which will have a special benefit conferred upon them and upon which an assessment will be imposed."

Zone I

Description

Zone I, known as Dogpatch, contains a mix of industrial, commercial, and residential properties. Historically, the area has been a hub for industrial and manufacturing activities, and many properties still serve that use. The zone is bordered to the west by Interstate 280 (I-280). On a residential scale, there are a small amount of single-family homes, and many multi-unit and condo properties, which tend to cluster closer to the center of the zone. 22nd Street and 3rd Street are the two commercial corridors with hubs of commercial and residential activity.

Residential development is steadily on the rise in Dogpatch, with over 1300 units planned or under construction currently. This rapidly increasing density creates a great need for both enhanced maintenance of public resources, as well as the creation of new places. Zone I has a strong appetite for both maintenance services and capital improvements, and, importantly, a scale and density of properties to finance such services. This is reflected in the Zone 1 budget, which is the largest overall budget for the two zones, and has a greater proportion of assessments dedicated to capital improvements.

Boundaries

- Mariposa Street from Iowa Street to Illinois Street (South side only)
- Illinois Street from Mariposa Street to Cesar Chavez Street (West side only)
- Cesar Chavez Street from Illinois Street to Pennsylvania Street (North side only)
- Pennsylvania Street from Cesar Chavez Street from Mariposa Street (East Side Only)
- 22nd Street from Pennsylvania to Iowa Street (North Side Only)
- Iowa Street from 22nd Street to Mariposa Street (East Side Only)

Northern Boundary: The northern boundary of Zone I is Mariposa Street. As a neighborhood based assessment district focused on delivering services on a residential scale, this northern boundary reinforces the neighborhood-based identity of Zone I of the GBD: Dogpatch. Mariposa Street is generally considered the northern-most boundary of the Dogpatch neighborhood, and is also one of the northern boundary lines of District 10, which serves Dogpatch residents. The Mariposa Street boundary defines the Dogpatch GBD as separate from the Mission Bay area to the north.

Western Boundary: I-280 and Pennsylvania Street. Like Mariposa Street, the I-280 is generally considered a defining boundary of the Dogpatch neighborhood, particularly to the north and in the Dogpatch Historic District. The southern part of Dogpatch, locally known as "Baja Dogpatch," has begun to extend to the west, under and past the freeway, as evidenced by the public space anchor in this area, Progress Park. For this reason, the western boundary of Zone I extends to Pennsylvania Street at 23rd Street, down to Cesar Chavez Street.

Southern Boundary: The southern boundary of Zone I is Cesar Chavez Street. Cesar Chavez Street is generally considered the southern boundary of the Dogpatch neighborhood, and as a neighborhood based assessment district focused on delivering services on a residential scale, this southern boundary reinforces the neighborhood-based identity of Zone I of the GBD: Dogpatch. Properties to the south of Cesar Chavez are almost exclusively commercial and industrial, and are not considered a part of the Dogpatch neighborhood.

Eastern Boundary: The eastern boundary of Zone I is Illinois Street. The properties between Illinois Street and 3rd Street to the west make up the majority of Dogpatch's commercial corridor. Many of these businesses consider themselves local manufacturers, identify with Dogpatch, and are invested in the enhancement of the neighborhood. The land to the west of Illinois (outside the boundary of the GBD) is port land with little activity and a distinctly different identity, and is part of extensive development and planning efforts on the part of the City.

Zone II

Description

Zone II, known as Northwest Potrero Hill, contains a majority of residential properties, most of which are single-family homes. Commercial uses are, for the most part, limited to the western and northern portion of the zone along Potrero Avenue and 16th Street.

The US-101 bisects the zone, creating a need for enhanced maintenance along the embankments on either side of this freeway now and with future improvements to these parcels. The lower density residential scale lends itself to smaller improvements and maintenance enhancements in the public right-of-way. Likewise, the lower density and smaller scale of zone II cannot support a robust capital improvement budget at this time. Instead, the focus in this zone is to enhance ongoing maintenance, then attract outside capital funding to create larger-scale improvements in the zone.

Boundaries

- 16th Street from Potrero Avenue to Kansas Street (South side only) (completely encompassing parcel 3958-006)
- Kansas Street from the northeast corner of parcel 3958-006 traveling south along the eastern perimeter of the parcel for 100 feet, then traveling west along the southern perimeter of the parcel for 100 feet, then traveling south to the southeast corner of parcel 4029-022.
- 19th Street from southeast corner of parcel 4029-022 to Potrero Avenue (North side only)
- Potrero Avenue from 19th Street to 16th Street (East side only)

Northern Boundary: 16th Street is the northern boundary of Zone II. This designation of 16th Street as the northern boundary of Zone II reinforces the identity of the small but mighty, emerging community of Northwest Potrero Hill. 16th Street is generally considered a dividing line between the more residential areas to the south and the commercial uses to the north, and Showplace Square.

Western Boundary: Potrero Avenue is the western boundary of Zone II. Potrero Avenue is generally considered the dividing line between the western reaches of Potrero Hill and the eastern enclaves of the Mission and Mission Creek. At the north end, Potrero Avenue is home to an

emerging gallery scene that is driving the developing identity of Northwest Potrero Hill as a unique residential and commercial area.

Southern Boundary: 19th Street is the southern boundary of Zone II. Northwest Potrero Hill, anchored by Fallen Bride Park, has emerged as a unique micro-neighborhood, separate from greater Potrero Hill. 19th Street was designated as the southern boundary to reinforce the NWPH identity.

Eastern Boundary: The eastern boundary of Zone II is Kansas Street from the northeast corner of parcel 3958-006 traveling south along the eastern perimeter of the parcel for 100 feet, then traveling west along the southern perimeter of the parcel for 100 feet, then traveling south to the southeast corner of parcel 4029-022. Like the southern boundary, this eastern boundary was selected because of its proximity to Fallen Bridge Park, an anchor space for this emerging community, and to separate it from Greater Potrero Hill.

District Boundary Rationale

The properties within the boundaries of both zones of the GBD are a mix of residential, commercial, industrial and greenspaces. Services and improvements provided by the District are designed to provide special benefits to each of these property types, their owners, tenants, patrons, etc.

All of the services provided by the GBD are services that are over and above the City's baseline level of services or are not provided by the City at all.

To ensure that parcels outside of the District will not specially benefit from the improvements and services funded with the assessment, improvements and services will only be provided within the boundaries of the District. Specifically, graffiti patrol, and trash pickup will only patrol and provide services on the streets and sidewalks within the District, and will not provide services outside of District boundaries. Likewise, maintenance of Public Realm areas, advocacy efforts by the GBD manager on behalf of the GBD, and capital improvements will be restricted to all parcels within the District boundary.

For Maps of District Boundaries, See Attachment A

SECTION D: PROPORTIONAL BENEFITS

Methodology

Article XIID Section 4(a) of the State Constitution requires “The proportionate special benefit derived by each identified parcel shall be determined in relationship to the entirety of the capital cost of the public improvement, the maintenance and operation expenses of a public improvement, or the cost of the property related service being provided”.

Determining the proportionate special benefit among the parcels of real property within the proposed assessment district which benefit from the proposed Improvements and activities is the result of a four-step process:

1. Defining the proposed Improvements and activities,
2. Determining which parcels specially benefit from the proposed Improvements and activities,
3. Determining the amount of special benefit each parcel receives,
4. Determining the proportional special benefit a parcel receives in relation to the amount of special benefit all other parcels in the District receive.

Each identified parcel within the District will be assessed based upon each parcel's unique characteristics in relationship to all other specially benefitted parcels' characteristics. Due to the proportionate special benefits received by each parcel from the District services, each parcel will be assessed a rate which is commensurate with the amount of special benefits received.

Special Benefit Factors

Each of the GBD Improvement and activities is designed to meet the goals of the GBD:

- Improve maintenance of open spaces, parks, plazas, parklets, gardens, and sidewalks (and anything within Public Realm areas)
- Build neighborhood capacity to enhance existing, and create new open spaces, parks, and gardens.
- Advocate for the delivery of CCSF's existing commitments to our neighborhood parks, Public Realm areas, and services.
- Create a more ecologically sustainable urban environment with sidewalk greening and green infrastructure projects for plant, animal, insect habitats, air quality management, and watershed management.
- Create a new model of “open-source” neighborhood-level governance, by providing state-of-the-art citizen engagement technology, and an accessible and transparent management framework.
- Actively engage the community with the use of online tools that allow citizens to track the GBD's performance and finances, participate in decision-making and fiscal management, and “crowd-source” new capital project ideas.

Each of these is designed to create a more vibrant environment that will enhance the economic benefits to each parcel and, thus creating a special benefit to all assessed parcels. In addition, it will enhance the social, physical and mental health of residents and workers. A determination of how much each individual assessed parcel benefits from the GBD activities and improvements is

related to each parcel's lot or gross building square footage. These property characteristics as well as land use type are an indication of the potential pedestrian traffic or number of park users that may be generated from each parcel. The best measure of proportional special benefit for an individual parcel is determined by a ratio of the parcel's assessable square footage to the total assessable square footage of all parcels in the GBD boundary.

Lot Square Footage or Gross Building Square Footage: In calculating assessments, Lot Square Footage is used for vacant undeveloped parcels (parcels containing no built structures) and "Greenspace Parcels" (see definition below) and Building Square Footage is used for all developed parcels. These assessment variables acknowledge the special benefits received both at the ground level and distributed throughout the buildings.

Building Square Footage: Defined as gross building square footage as determined by the outside measurements of a building recorded with the San Francisco Assessor's Office.

Lot Square Footage: Defined as the total amount of area within the borders of the parcel. The borders of a parcel are recorded on the Assessor's parcel maps.

Property Use Considerations

The assessment methodology provides the following treatments for various types of land uses:

Commercial Parcels: Those parcels classified and recorded as commercial property by the Assessor. Commercial Parcels are assessed at the standard rate based on Building Square Footage. These parcels generate the highest level of pedestrian traffic and potential park users, specifically before, during and after work hours.

Residential Parcels: Those parcels classified and recorded as residential property by the Assessor. Residential Parcels assessed at the standard rate based on the Building Square Footage. These parcels also generate the highest level of pedestrian traffic and potential park users, specifically after work and on weekends.

Industrial Parcels: Those parcels classified and recorded as Industrial by the Assessor. Industrial Parcels are assessed at 50% of the standard rate based on Building Square Footage. Industrial Parcels will not benefit to the same degree as either Residential Parcels or Commercial Parcels. On average, Industrial Parcels have fifty percent (50%) or fewer occupants per square foot than either Residential or Commercial Parcels⁹. Therefore Industrial Parcels do not receive the same level of benefit from the GBD's services and improvements. Due to the reduced level of benefit these parcels receive, their assessment will be reduced by 50% of the standard assessment rate. If however, any Industrial Parcel changes its use it will be subject to the assessment rate associated with the new land use.

⁹ San Francisco Planning Department, Transportation Impact Analysis Guidelines for Environmental Review, Appendix C, Trip Generation Methodology, Table C-1, Trip Generation and Employee Densities, p C-3, October 2002 (<http://www.sf-planning.org/index.aspx?page=1886>, scroll down to "Technical Analysis Guidelines;" also, <http://sf-planning.org/Modules/ShowDocument.aspx?documentid=6753>).

Greenspace Parcels: Those parcels occupied by park, landscaping, or open source amenities. Thirty five (35) vacant publicly-owned parcels located within the GBD are currently designated as "Greenspaces" in the Management Plan because they either have a park, landscaping, or open space amenities as their primary land use. Examples include Esprit Park, Woods Yard Mini-Park and many of the landscaped parcels adjacent to Interstate 280 in Dogpatch, and Fallen Bridge Park and many of the landscaped parcels adjacent to Interstate 101 in Northwest Potrero Hill. Greenspace Parcels are assessed at 25% of the standard rate based on Lot Square Footage. Greenspace Parcels will receive some direct benefit in the form of new maintenance and capital improvements funded by the GBD. However, due to the fact that these parcels do not contain any permanent buildings that contain residents, customers, or employees that benefit from the activities of the GBD, the level of benefit these parcels receive is significantly less than the level of benefits received by Residential, Commercial, or Industrial Parcels. To account for this lower benefit, Greenspace Parcels are assessed at 25% of the standard assessment.

Non-Accessible Parcels: Those parcels that have no Building Square Footage and are used solely to access CalTrans facilities or are occupied by Interstate 280 and where pedestrian access is prohibited. Non-Accessible Parcels are vacant lots that are not subject to the standard assessment. Because Non-Accessible Parcels do not receive any direct GBD services they will not be subject to the standard assessment.

Developed Parcels: Defined as parcels containing any Building Square Footage recorded with the Assessor.

Vacant Parcels: Those parcels that have no Building Square Footage recorded with the Assessor (because no built structure are located on such parcels). Vacant Parcels will be assessed based on Lot Square Footage.

Parking Lot Parcels: Those parcels classified as parking lots by the Assessor. Parking Lot Parcels will be assessed based on their Lot Square Footage.

New Assessments for a Change in Land Use

If any parcel within the GBD changes land use because it is developed or redeveloped during the life of the GBD, it will be subject to the assessment rate consistent with the building Square Footage and use classification assigned by the Assessor's Office as a result of the new development or redevelopment.

SECTION E: SPECIAL and GENERAL BENEFITS

State law, Proposition 218, and judicial opinions require that property assessments be levied according to the estimated special benefit each assessed parcel receives from the activities and improvements for which the assessments are being levied. Article XIII D Section 4(a) of the California Constitution in part states “only special benefits are assessable,” which requires that general benefit from the activities and improvements, if any, be determined separately from the special benefit provided.

Further clarification from the *Golden Hill* judicial opinion states that “even *minimal* general benefits must be separated from special benefits and quantified so that the percentage of the cost of activities and improvements representing general benefits, however slight, can be deducted from the amount of the cost assessed against specially benefitting properties”. A special benefit as defined in Article XIII D means a particular and distinct benefit over and above the general benefit conferred on real property in a special district or to the public at large.

Each individual parcel's assessment for the GBD is no greater than the special benefit it will receive from the proposed activities and improvements described in this Report. The special benefit to parcels from the proposed GBD services, improvements, and activities described in this report is equal to or exceeds the total amount of the proposed assessment.

In the 2014 San Francisco Infrastructure Level of Service Analysis, the San Francisco Planning Department defined one of its target Level of Service (LOS) metrics for recreation and open space as a half-mile/10-minute walk radius.¹⁰ As the study explains, “a stock measure of accessibility is a ten-minute walk, which is roughly equivalent to a half-mile distance.” This half-mile/10-minute walk service area radius identifies those parcels that stand to benefit from the proposed GBD services, improvements, and activities for Green Spaces within the district. As such, each assessed parcel receives direct special benefits from the proposed GBD services, improvements, and activities. Every parcel's special benefit from these services, improvements, and activities is equal to or exceeds the amount of the proposed assessment.

Furthermore, the special benefits of Green Spaces are spread throughout the district because homeowners within the GBD use multiple Green Spaces. Table 1 illustrates that for each of the existing Green Spaces included in the Green Space Survey, at least 73% of homeowners in the GBD who are familiar with a particular green space utilize it in some capacity to derive special benefits. The location, size, and quality of Green Spaces in the GBD is not a factor as it relates to special benefits, as these high usage rates in Table 1 demonstrate that homeowners within the GBD visit multiple Green Spaces, not just whichever green space is closest to them.¹¹ Therefore, given the tendency of homeowners to visit multiple green spaces, and the small sizes of the zones, it is reasonably expected that each open space will be accessible to each parcel in either zone. The wide range of special benefits that homeowners within the GBD derive from the existing Green Spaces is outlined in Table 2.¹²

¹⁰ AECOM. *San Francisco Infrastructure Level of Service Analysis March 2014*. San Francisco Planning Department, Table 7, p. 20.

¹¹ *Dogpatch & Northwest Potrero Hill GBD Green Spaces Survey*. 2013.

¹² *Dogpatch & Northwest Potrero Hill GBD Green Spaces Survey*. 2013.

Table 1 – Percent of Homeowners Who are Familiar with Existing Green Spaces in GBD and Use Them

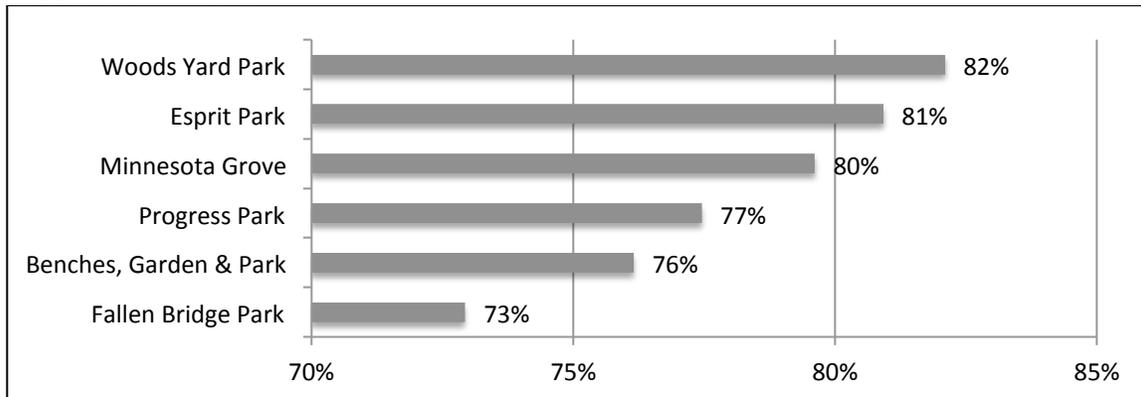
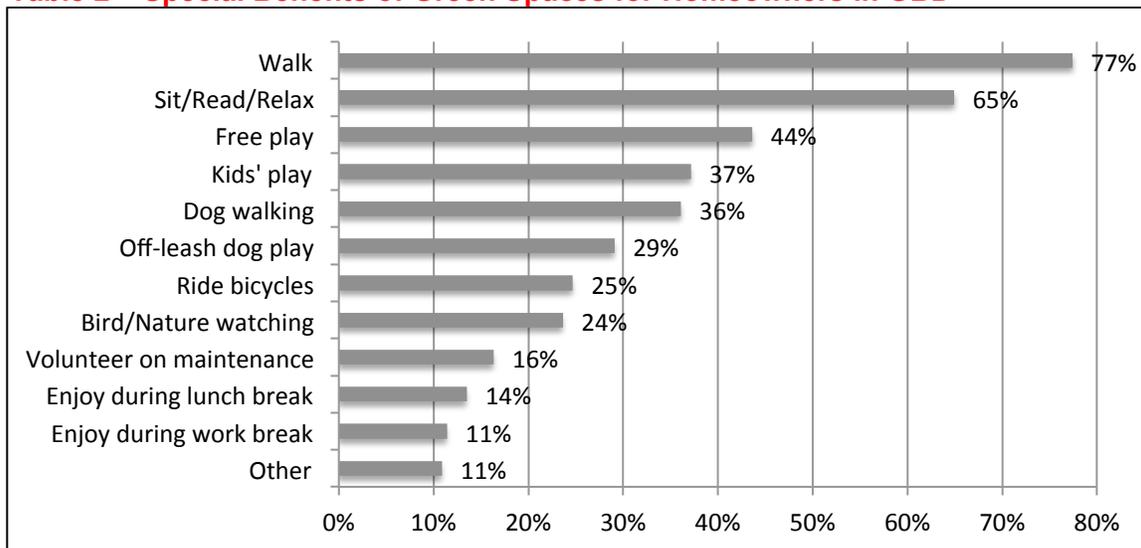


Table 2 – Special Benefits of Green Spaces for Homeowners in GBD



Proportionate Distribution of Funds

The Board is committed to allocating funds to existing Green Spaces (as documented in the Management Plan, Appendix D – Map 2), proportionate to the concentration and distribution of assessments across the district, ensuring that the special benefits derived from the GBD will be conferred to each assessed parcel in an even and proportionate manner. Maps 3-6 in Appendix D of the Management Plan show existing and aspirational plans for new Green Spaces in the district. As new Green Spaces are introduced to the neighborhood, the Board will follow the "Guidelines for Admission of New Green Spaces to the GBD" (Management Plan, Appendix B) to determine if and how to include said spaces. If and when any new spaces are admitted to the GBD, the Board will adjust its allocation of funds to green open spaces such that it remains proportionate to the concentration and distribution of assessments across the district.

As previously discussed in Section B, the GBD activities and improvements are determined and segregated into two benefit zones based upon each zone's demand for services and improvements and the benefits received. In addition to the creation, improvement, and

maintenance of formal parks, open spaces, and plazas, of which there is a wide distribution in the GBD (as documented in Attachment D – GBD Green Vision Plan), the GBD will provide maintenance and capital improvements throughout the entire public right-of-way network, including but not limited to enhanced sidewalks, tree plantings, street furniture, signage, traffic calming interventions, lighting, and stormwater management infrastructure. The public right-of-way accounts for 33% of all land in the District, and touches all properties, ensuring that the special benefits derived from the GBD will be conferred to property owners in an even and proportionate manner.¹³

The quantitative analysis of determining both the special and general benefit is provided separately below.

Special Benefit Analysis

All of the District's activities and improvements are to enhance and not replace or duplicate City-provided services. The intent of the GBD is to fund supplemental activities and improvements to each parcel within the District boundary above and beyond the baseline services, activities, or improvements each parcel receives from the City. The special benefit from the GBD activities and improvements must affect the individual assessable parcel in a way that is particular and distinct from its effect on other parcels and that real property in general and the public at large does not share.

Inasmuch as all activities will be provided to each of the individual assessable parcels within the District boundary and no activities will be provided to any parcel outside of the District boundary, and whereas these activities are above and beyond what the City currently provides with its General Fund, the assessments levied are only for the special benefits received. As stated in the Management District Plan, the GBD's mission statement and purpose is to clean, enhance, expand and maintain open spaces, parks, and gardens in the Dogpatch and Northwest Potrero Hill neighborhoods; fund public activities and improvements that will provide a more clean, and environmentally-appealing neighborhood, and increase the area's economic vitality.

Maintenance

The maintenance activities are more extensive than the City's baseline level of activities and are intended to provide: care and enhancement of open space, parks, and gardens; tree care; irrigation systems management; graffiti patrol; trash and debris patrol; and an initial maintenance jumpstart.

The special benefit to the District's assessed parcels from the GBD maintaining and developing open space, parks and gardens ranges from personal life enhancement to economic investment in the neighborhood.

Some of the special benefits that well-maintained parks and greenspaces provide to residential parcels is their ability to attract and retain its residents and to improve quality of life, such as¹⁴:

- Personal Benefits:
 - Nearby destinations for recreation and exercise

¹³ Harnik, Peter and Welle, Ben. *Measuring the Economic Value of a City Park System*. The Trust for Public Land. 2009, p 1.

¹⁴ Godby, Geoffrey, Graefe, Alan, and James, Stephen. 1992. *The Benefits of Local Recreation and Park Activities - A Nationwide Study of the Perceptions of the American Public*. The National Recreation and Parks Association.

- Opportunities for entertainment (fairs, special events) and fun
- Opportunities for learning and education (classes, organized activities)
- Quiet, scenic places to enhance relaxation
- Social Benefits:
 - Gathering places to interact with neighbors
 - Participation in neighborhood events and group activities
 - Opportunities to make new friends
 - Socializing between children and adults
 - Community pride and a sense of belonging
- Environmental Benefits:
 - Open spaces with fresh air
 - Natural areas with trees, gardens, and wildlife
 - Green outdoor spaces to soften a dense urban setting.

In addition, parks, greenspaces, and an enhanced public realm also provide an economic special benefit to all assessed parcels because pockets of scenic open space help attract investment into the community and to commercial and residential parcels specifically. One study¹⁵ found that:

- Parks and open space create a high quality of life that attracts businesses and residents to communities.
- Corporate CEOs say that employee quality of life is the third most important factor in locating a new business.
- Small company owners say recreation, parks, and open space are the highest priority in choosing a new location for their business.
- Urban parks, gardens, and recreational open space stimulate commercial growth.
- Open space boosts local economies by attracting tourists and supporting outdoor recreation.
- Across the U.S., access to parks and open space has become a measure of community wealth – a tool for attracting businesses and residents by guaranteeing quality of life and economic health.

Other studies show that corporations and businesses acknowledge that there is a renewed emphasis on the placemaking and environment in which they are located and that it has never been more important to their image and their ability to recruit and retain a talented employee base, as presented in Richard Florida's book, *The Creative Class*. Businesses view parks as an extension of their building that offers numerous amenities to its employees. Since businesses are more in tune with their employee's well-being they are looking for business locations that will offer such amenities for its employees. The following two case studies demonstrate the economic special benefit commercial property owners receive from their buildings being adjacent to or near a park.

Bryant Park, New York – Between 1990-2002, asking rents for commercial office space near Bryant Park increased from 114% to 225% as compared to increases ranging from 41% to 73% in the surrounding submarkets. For example, the Grace Building on 42nd Street saw asking rents

¹⁵ Lerner, Steve and Poole, William, 2009. *The Economic Benefits of Parks and Open Space - How Land Conservation Helps Communities Grow Smart and Protect the Bottom Line*. Trust for Public Land. June 22.

rise more than 114% through 2002. A \$10-per-square-foot increase in rent translated to \$13 million in additional rent for the 1.3 million-square-foot building.¹⁶

Shaw Park, Clayton, Missouri – Office properties in the business district fronting Shaw Park “achieve the highest lease rates in the St. Louis region, and operate at high occupancies.”¹⁷

Some of the additional special benefits that well-maintained Parks and Green Spaces will provide to Commercial Parcels within the GBD include the following:

- Space for employees to take lunch breaks¹⁸
- Space for employees to take work breaks¹⁹
- Space for employees to relax and de-stress²⁰
- Decreased tenant turnover rates²¹
- Increased foot traffic

Capital Improvements

In addition to the maintenance activities for the purposes of improving commerce and/or livability to each individual assessed parcel, the GBD may also provide highly visible improvements that will add to the attractiveness of Public Realm areas, such as cosmetic improvements to Green Spaces, Parks, Plazas, Parklets and Gardens throughout the GBD.

General Benefit Analysis

As required by Article XIID Section 4(a) of the State Constitution, the general benefit of an assessment district must be quantified and separated out so that the cost of the activities that contribute to general benefit are deducted from the cost assessed against each specially benefitted parcel. General benefits are benefits from GBD activities and improvements that are not special in nature, are not “particular and distinct,” and are not over and above the benefits that other parcels receive.

These criteria have been used to determine the level of general benefit that (1) *parcels outside of the GBD* will receive, and that (2) *the public at large* will receive.

General Benefit to Parcels Outside of GBD

Below is an analysis of the general benefit that parcels outside of the GBD will receive from the District's activities and amenities.

Maintenance

Operation and maintenance of open space, parks, gardens and sidewalk greenings in the District's Public Right-of-Way will not be provided to any parcel or public right-of-way outside of the GBD boundary. These areas within the District are “passive” in nature, planned for low-

¹⁶ Howard Kozloff. *The Payoff from Parks*. Urbanland. August 29, 2012.

¹⁷ Matthew Wetli, *Leveraging Real Estate Value with Public Open Space*. White paper August 2010.

¹⁸ *Dogpatch & Northwest Potrero Hill GBD Green Spaces Survey*. 2013.

¹⁹ *Ibid.*

²⁰ Howard Kozloff. *The Payoff from Parks*. Urbanland. August 29, 2012.

²¹ Ernst & Young, LLP. 2002. *How Smart Parks Investment Pays its Way*. New Yorkers for Parks, p. 1.

intensity recreation. With an emphasis on open space and creation/restoration of natural habitat, these open space, parks and gardens will have minimal development (picnic areas, benches, paths and walkways) and, minimal or no programming. Passive recreation typically requires little management and can be provided at very low cost. Given the local focus and siting of these facilities, operating and maintaining them provides benefit to the immediate area but does not benefit parcels outside of the CBD boundary.

Capital Improvements

The capital improvements are provided specifically to the parcels, Public Right-of-Way and greenspaces within the GBD boundary. None of these improvements will be provided to any parcel outside of the GBD boundary. Thus, there is no general benefit of capital improvements to parcels outside of the District.

General Benefit to the Public At Large

In addition to general benefit from activities and amenities provided to parcels outside of the GBD boundary, the District may provide general benefit to the public at large – people who walk through the neighborhood and visit its homes, businesses, and parks, but who do not live or work regularly in the District. They are not specially benefitted by the District's activities, and thus they do not pay special assessments.

Summarized below is the analysis of general benefit that the public at large may receive from the GBD activities.

Maintenance

Given their high quality and convenient locations, the GBD's neighborhood parks and greenspaces are expected to attract visitors and users other than those who live or work within the GBD boundary. Therefore, for purposes of quantifying the District's general benefit to the public at large in this category, a factor of 6.79% general benefit from neighborhood parks has been applied.

As stated in the Background section of the Executive Summary on page 4 of the Management Plan, a GBD "Formation Committee" consisting of landowners, tenants, developers was established to improve the long-term ecological health of the neighborhood. In the spring of 2013, the Formation Committee distributed online and paper versions of a Green Spaces Survey, asking neighbors to share how they use green space in the neighborhood, as well as their opinions and priorities for potential services of the GBD and whether they lived and/or worked within the GBD boundary. The conclusion found 6.79% of those surveyed were people who lived outside the proposed District and indicated that they use spaces within the GBD. Therefore, for purposes of quantifying the general benefit to the public at large, we applied a 6.79% factor.²²

Capital Improvements

The capital improvements are primarily provided to the open space, parks and gardens. Therefore, it is reasonable to conclude that the same 6.79% of the people outside of the district would benefit from these improvements. Therefore, for purposes of quantifying the general benefit to the public at large, we applied a 6.79% factor.

²² See Attachment B, memo from Warren Cormier, for detailed information on the survey process.

Total General Benefits

The total general benefit from the GBD's activities and amenities to parcels outside of the GBD and to the public at large is comprised of the general benefit calculations described above. In summary:

Maintenance

Again, using the sum of the two measures of general benefit provided by the GBD's greenspaces (0.0% for parcels outside of the GBD boundary + 6.79% for the public at large), we determined that 6.79% of the benefit conferred by the District's open space, parks and gardens is general in nature. This portion of the GBD's annual budget will be funded from sources other than the special assessments.

Capital Improvements

Using the sum of the two measures of general benefit from capital improvements (0.0% for parcels outside of the District + 6.79% for the public at large), we calculated that 6.79% of the benefit conferred by the District's capital improvements is general in nature. Thus, it will be funded from sources other than special assessments.

SECTION F: COST ESTIMATE

GBD Operating Budget

The Dogpatch & Northwest Potrero Hill GBD operating budget takes into consideration:

1. The improvements and activities needed to provide special benefits to each individual parcel within the District boundary (Section B),
2. The parcels that specially benefit from said improvements and activities (Section C), and
3. The costs associated with the special and general benefits conferred (Section E).

The first year's operating budgets for each benefit zone are shown below in Tables 3 and 4:

Table 3 - Operating Budget for Zone 1: Dogpatch

Services, Activities, and Improvements	FY 2015/16		
	Total Budget	LESS: General Benefit	Amount of Assessment
Maintenance	\$120,572	(\$8,187)	\$112,385
Capital Improvements	\$145,000	(\$9,846)	\$135,155
Accountability & Citizen Service Tech	\$98,000	--	\$98,000
Operations & Contingency	\$60,213	--	\$60,213
Total	\$423,785	(\$18,032)	\$405,753

Table 4 - Operating Budget for Zone 2: Northwest Potrero Hill

Services, Activities, and Improvements	FY 2015/16		
	Total Budget	LESS: General Benefit	Amount of Assessment
Maintenance	\$38,584	(\$2,620)	\$35,964
Capital Improvements	\$19,750	(\$1,341)	\$18,409
Accountability & Citizen Service Tech	\$20,000	--	\$20,000
Operations & Contingency	\$12,733	--	\$12,733
Total	\$91,067	(\$3,961)	\$87,106

Budget Notations

1. The assessment rate may be increased by the amount of increase in the Bay Area Consumer Price Index (CPI), up to a maximum of 3% per year, as approved by the GBD Board of Directors.

SECTION G: APPORTIONMENT METHOD

The special benefit of the open space, public realm and park maintenance services and improvements provided by the GBD ultimately accrues value to properties in proportion to the number of persons occupying a property (e.g., residents, workers, visitors, etc.) who directly benefit from access to the enhanced open space, public realm and park services and improvements offered by the GBD.²³ Because of this, properties located in neighborhoods with higher quality open space, public realm and park services generally command higher rents.²⁴ According to the same Trust for Public Land study cited in Section E, parcels in closer proximity to public plazas and open space do not necessarily receive a greater special benefit. In some cases, due to issues such as noise, lighting, and parking, parcels not immediately adjacent to parks benefit more than those right next to a park.²⁵

The average occupant density of a property, and thus the amount of special benefit received by a property, is partly a function of a property's total floor area. For example, a four-story commercial building on a 1,000-sf lot with 100% lot coverage can house approximately four times the number of occupants than a one-story building with 100% lot coverage on the same lot because the four-story building contains 4,000-sf of floor area while the other contains only 1,000-sf. In general, buildings with greater floor area can accommodate a greater number of occupants. To account for this fact, properties within the GBD are assessed based on their total floor area, as opposed to lot area or linear frontage.

The average occupant density of a property, and thus the amount of special benefit received by a property, is also a function of a property's land use because some land uses have a higher average number of occupants per square foot than other land uses. For example, on average, Industrial Parcels have fifty percent (50%) or fewer occupants per square foot than either Residential or Commercial Parcels.²⁶ Accordingly, a 4,000-sf building occupied by an industrial use, on average, contains fifty percent (50%) fewer occupants than a 4,000-sf building that contains a commercial or residential use. Therefore, Industrial Parcels accrue value at a proportionately lower rate than Residential or Commercial Parcels. To account for this fact, Industrial parcels are assessed at 50% of the standard GBD assessment rate (or a 50% "discount").

While Greenspace Parcels do not receive the same special benefits that accrue to parcels with buildings containing assessable square footage (because, by definition, they don't house commercial, residential, industrial or other income-generating land uses), Greenspace Parcels still receive some direct benefit in the form of new maintenance and capital improvements funded by the GBD and correspondingly a greater number of visitors.²⁷ To account for this direct benefit, Greenspace parcels are assessed at 25% of the standard GBD assessment rate (or a 75%

²³ Lerner, Steve and Poole, William, 2009. *The Economic Benefits of Parks and Open Space - How Land Conservation Helps Communities Grow Smart and Protect the Bottom Line*. Trust for Public Land. June 22, p. 6.

²⁴ Howard Kozloff. *The Payoff from Parks*. Urbanland. August 29, 2012.

²⁵ Harnik, Peter and Welle, Ben. *Measuring the Economic Value of a City Park System*. The Trust for Public Land. 2009, p. 1.

²⁶ San Francisco Planning Department, Transportation Impact Analysis Guidelines for Environmental Review, Appendix C, Trip Generation Methodology, Table C-1, Trip Generation and Employee Densities, p C-3, October 2002 (<http://www.sf-planning.org/index.aspx?page=1886>, scroll down to "Technical Analysis Guidelines;" also, <http://sf-planning.org/Modules/ShowDocument.aspx?documentid=6753>).

²⁷ Howard Kozloff. *The Payoff from Parks*. Urbanland. August 29, 2012.

“discount”). Refer to pages 13-14 of this report for a more detailed explanation of how the discounts for different land uses were determined.

To calculate the standard assessment rate per assessable square foot, the total estimated budget, less general benefits, is divided by the total assessable square footage. However, to do so while taking into consideration the aforementioned discounts, the total assessable square footages for Industrial and Greenspace Parcels first had to be weighted accordingly. For example, in Zone 1: Dogpatch:

$$\text{Actual Assessable Industrial SF} \times \text{Discount Rate} = \text{Weighted Assessable Industrial SF}$$

$$(3,299,022 \text{ SF} \times 50\% = 1,649,511 \text{ SF})$$

$$\text{Actual Assessable Greenspace SF} \times \text{Discount Rate} = \text{Weighted Assessable Greenspace SF}$$

$$(583,472 \text{ SF} \times 25\% = 145,868 \text{ SF})$$

Tables 5-6 summarize the actual and weighted assessable footages for each land use type within Zone 1 while Tables 7-8 show the actual and weighted assessable footages for each land use type within Zone 2:

**Table 5 - Assessable Square Footage
 Zone 1: Dogpatch**

Land Use	Actual Assessable Square Footage	Weighted Assessable Square Footage
Commercial/Residential/Other (Building SF)	1,597,022	1,597,022
Industrial (Building SF)	3,299,022	1,649,511
Greenspace Parcels (Lot SF)	583,472	145,868
Non-accessible Parcels	0	0
Vacant/Parking Lots (Lot SF)	874,195	874,195
TOTAL	6,353,711	4,266,596

**Table 6 - Assessable Square Footage
 Zone 2: Northwest Potrero Hill**

Land Use	Actual Assessable Square Footage	Weighted Assessable Square Footage
Commercial/Residential/Other (Building SF)	663,616	663,616
Industrial (Building SF)	326,566	163,283
Greenspace Parcels (Lot SF)	333,284	83,321
Non-accessible Parcels	0	0
Vacant/Parking Lots (Lot SF)	5,325	5,325
TOTAL	1,328,791	915,544

After adjusting the square footages for their respective discount rates, the Total Estimated Budget for each zone, less General Benefits, was divided by the Total Weighted Assessable Square Footage. For example, in Zone 1: Dogpatch:

$$\text{Total Budget} - \text{Total General Benefits} = \text{Total Amount of Assessment} \\ (\$423,785 - \$18,032 = \$405,753)$$

$$\text{Total Amount of Assessment} / \text{Total Weighted Assessable SF} = \text{Standard Assessment Rate/SF} \\ (\$405,753 / 4,266,596 \text{ SF} = \$0.0951/\text{SF})$$

The Standard Assessment Rate of \$0.0951/SF is applied to Commercial/Residential/Other and Vacant/Parking Lot Parcels. As predetermined, the Assessment Rate for Industrial Parcels is discounted at 50% of the Standard Assessment Rate:

$$(\$0.0951 \times 50\% = \$0.0475)$$

And the Assessment Rate for Greenspace Parcels is discounted at 25% of the Standard Assessment Rate:

$$(\$0.0951 \times 25\% = \$0.0238)$$

Calculation of Assessments

Based on each individual parcels benefit zone, land use classification and special benefit from the GBD activities, Tables 7 and 8 illustrate the first year's maximum annual assessment per lot and building square foot.

Table 7 - Zone 1: Dogpatch

Parcel Land Use:	Assessment Rate
Commercial/Residential/Other (Standard Rate)	\$0.0951
Industrial (weighted @ 50%)	\$0.0475
Greenspace Parcels (weighted @ 25%)	\$0.0238
Non-accessible Parcels	\$0.0000
Vacant/Parking Lots (Standard Rate)	\$0.0951

Table 8 - Zone 2: Northwest Potrero Hill

Parcel Land Use:	Assessment Rate
Commercial/Residential/Other (Standard Rate)	\$0.0951
Industrial (weighted @ 50%)	\$0.0475
Greenspace Parcels (weighted @ 25%)	\$0.0238
Non-accessible Parcels	\$0.0000
Vacant/Parking Lots (Standard Rate)	\$0.0951

To calculate each parcel's assessment, multiply each parcel's Building Square Footage or Lot Square Footage assessable square footage by the appropriate assessment rate for that benefit zone.

For example, the assessment for a Commercial Parcel in Zone 1 with a 10,000 square foot building is:

(10,000 x \$0.0951 = \$951.00 annual parcel assessment)

The assessment for an Industrial Parcel in Zone 1 with a 10,000 square foot building is:

(10,000 x \$0.0475 = \$475.00 annual parcel assessment)

The assessment for a Greenspace Parcel in Zone 1 with a 10,000 square foot lot is:

(10,000 x \$0.0238 = \$238.00 annual parcel assessment)

The assessment formula is the same for every parcel in the District.

Government Assessments

The Dogpatch-Northwest Potrero Hill GBD will provide all the improvements and activities to the City and County of San Francisco or any other government-owned parcels within the GBD boundary. All publicly-owned parcels will pay their proportional share of costs based on the special benefits conferred to those individual parcels. Public owned parcels will receive special benefit in the form of potential increased use of the public facilities, increased attraction and retention of employees, which directly relates to fulfilling their public service mission. Article XIII D of the California Constitution was added in November of 1996 to provide for these assessments. It specifically states in Section 4(a) that *"Parcels within a district that are owned or used by any agency...shall not be exempt from assessment unless the agency can demonstrate by clear and convincing evidence that those publicly owned parcels in fact receive no special benefit."*

Cap on Annual Increase in Assessments of Individual Parcels

The assessment of individual parcels may be increased annually, if approved by a majority vote of the Board of Directors, but never more than the annual change in the Consumer Price Index (CPI) for all urban consumers in the San Francisco-Oakland-San Jose Metropolitan Statistical Area (PMA) or by three percent (3%), whichever is less. Any increased assessment approved by the Board of Directors shall apply equally to all parcels in the GBD. Table 9 demonstrates how a 3% increase in assessments would increase the overall budget on an annual basis, assuming the total amount of assessable square footage in the GBD does not change due to new development. When a parcel changes land use and/or gains assessable square footage due to new development, the total assessment will also change to reflect the rate applicable to the new land use and/or the net new assessable square footage added to the parcel.

Table 9 – Maximum Annual Assessment			
Year of District	Fiscal Year	Total Maximum Annual Assessment Increase (based on 3% annual increase)	Total Maximum Annual Assessment (based on Future Development)
1	2015/2016	\$492,859.00	-
2	2016/2017	\$507,644.77	\$1,015,289.54
3	2017/2018	\$522,874.11	\$1,045,748.22
4	2018/2019	\$538,560.34	\$1,077,120.68
5	2019/2020	\$554,717.15	\$1,109,434.30
6	2020/2021	\$571,358.66	\$1,142,717.32
7	2021/2022	\$588,499.42	\$1,176,998.84
8	2022/2023	\$606,154.40	\$1,212,308.80
9	2023/2024	\$624,339.04	\$1,248,678.08
10	2024/2025	\$643,069.21	\$1,286,138.42
Cumulative Total		\$5,650,076.09	\$10,314,434.20

Budget Adjustment

Any annual budget surplus or deficit will be rolled into the following year's District budget. The budget will be set accordingly, within the constraints of the management plan to adjust for surpluses or deficits that are carried forward.

Future Development

As a result of continued development, the District may experience the addition or subtraction of assessable footage for parcels included and assessed within the GBD boundaries. For example, the San Francisco Planning Department's Eastern Neighborhoods pipeline report in Q4, 2013 anticipates 1,720,000 net new assessable square footage in Zone 1 and 4,000 net new assessable square footage in Zone 2 over the next 10 years. The modification of parcel improvements assessed within the District may then change upwards or downwards the amount of total square footage assessment for these parcels. Pursuant to Government Code 53750, total footage for parcels will be assessed on a prorated basis from the date each respective parcel receives a temporary and/or permanent certificate of occupancy. As a result, a district's total revenue will increase when parcels in the GBD are redeveloped, resulting in an increase in assessable square footage, and shall not require a vote as methodology and assessment rates do not change.

Referring to Section 36622(d) of the 1994 California Code, the improvements, maintenance and activities proposed for the first year of operation are expected to be the same in each subsequent year in the District (please refer to Section V, Table 4 of the Management Plan for a description of those activities). Section 36622(d) also requires that the Management Plan establish a maximum annual budget for each year.

GBD services may increase over time as a result of new assessable square footage of residential and commercial development added within the GBD and, as such, the budget for GBD services shall increase proportionately to the increase in net new assessable square footage added to the GBD. It is important to emphasize that the GBD assessment rate methodology shall not change during the term of the GBD, so any increases to the GBD budget shall result solely from one of the two following circumstances:

- 1) The addition of newly created assessable square footage in the GBD; or
- 2) GBD Board of Director's approval of an annual adjustment to reflect annual increases in CPI, up to a maximum of three percent (3%), whichever is less.

To ensure that the GBD captures all newly created assessable square footage, the maximum amount that the annual budget (as demonstrated in Table 9 above) could increase is set at 100% of the previous year's budget. This will ensure that new development on parcels in the GBD pay assessments in strict proportion to the special benefits received by such parcels, and that any increases for the cost for GBD services can grow in proportion to the demand generated by new residents, office workers and visitors who occupy, use and enjoy such newly-created assessable square footage.

In future years, the assessments for the special benefits bestowed upon GBD parcels may change only in accordance with the assessment methodology formula listed in the Management District Plan and Engineer's Report. A Proposition 218 ballot is required to change the assessment formula to increase assessments. The Board of Supervisors must approve any change to the assessment formula that reduces assessments.

SECTION H: ASSESSMENT ROLL

The total assessment amount for FY 2015/16 is apportioned to each individual assessed parcel. For a complete listing of assessed parcels and their respective assessment, please see Attachment C – GBD Assessment Roll, attached as a separate document.

SECTION I: GLOSSARY OF TERMS

Air Quality

A measure of the condition of air relative to the health and survival needs of humans and other species, and the relative quantity of pollution to natural air composition.

Baseline City Services

By adopting this plan, the Board of Supervisors confirms and guarantees a baseline level of services received from CCSF equivalent to that being provided in similar areas of CCSF in each fiscal year.

Biofiltration

A pollution control technique using living material to capture and biologically degrade and process pollutants. Applications include processing wastewater, capturing harmful chemicals or silt from surface runoff, and micro biotic oxidation of contaminants in air. See also: *street-side bioswales*.

Biofiltration may also be applied in the form of vegetative plantings to remediate airborne fine particulate matter especially within 300 feet of freeways. This may include replacing existing plants along freeway corridors with plants that are known to be effective at filtering particles and toxins. See also: *Particulate Matter*.

Bioswale

Bioswales are landscape elements designed to remove silt and pollution from surface runoff water by maximizing the time the water spends in the swale before being released to the watershed sewer. They are typically placed adjacent to streets or parking lots where substantial automotive pollution is collected by the pavement and then flushed by rain.

Building Square Footage

Gross building square footage as determined by the outside measurements of a building recorded with the CCSF Assessor's Office (the "Assessor").

Bulb-outs

An extension of a curb in the form of a bulb, usually at a street intersection, that both narrows the vehicular pathway and shortens the crossing distance for pedestrians. Bulb outs slow traffic and increase safety for pedestrians, but they also present great opportunities for additional greening in the public right of way.

CalTrans

CalTrans is the state agency responsible for highway, bridge, and rail transportation planning, construction, and maintenance. Several community-maintained spaces in the GBD are on CalTrans property located along CA-101 and I-280.

Capital Improvements

The addition of a fixed physical improvement, including plants or landscaping, to a property, the acquisition of real property, or the restoration of some aspect of an existing real property or fixed physical improvement, that will either enhance the property's overall economic, social or ecological value and/or increase its useful life.

Charrette

A charrette is an intensive planning session where neighbors, designers, and other stakeholders collaborate on a vision. It provides a forum for ideas and offers the unique advantage of giving immediate feedback to the designers and allows everyone who participates to be a mutual author of the plan.

Commercial Property

Those parcels classified and recorded as commercial property by the Assessor.

Dog Runs and Dog Parks

A neighborhood park designed specifically for use by dogs and their owners.

Eco-Districts

Eco-Districts are neighborhood scale public-private partnerships that innovate and implement new forms of system-wide infrastructure that reduces the environmental footprint of a neighborhood by reducing energy and water waste, and improving local ecological function. See also: ecodistricts.org

Gardens

Publicly or privately owned land that meets the definition of a Publicly Accessible Property and primarily operates, functions, or is available for food production and/or ornamental gardening.

Green Infrastructure

Green infrastructure is a system approach to water management that protects, restores, or mimics the natural water cycle. Efficient use of green infrastructure can reduce energy usage through passive heating and cooling; filter air and water pollutants; decrease solar heat gain; provide wildlife habitat; reduce the public cost of stormwater management infrastructure and provide flood control; offer food sources; and stabilize soil to prevent or reduce erosion. Green infrastructure is considered crucial to combating climate change, creating healthy built environments, and improving quality of life.

Green Streetscape Masterplan

A Green Streetscape Masterplan provides a framework for the long-range planning, design, and implementation of streetscape and infrastructure improvements that contribute to more pedestrian-oriented and environmentally sustainable streets.

Green Spaces

Any Publicly Accessible Open Space, Park, Parklet, Pocket Park, Plaza, Garden, or Sidewalk Greening within the GBD that supports or contains living plants or non-living permeable ecological features such as stream-beds, drainage basins or recreational pathways.

Green Vision Plan

The Green Vision Plan is a springboard for the future Dogpatch & NWPH GBD. It is both an inventory of current publicly and privately sponsored Public Realm area improvements in the GBD and a summary of ideas for other improvements gleaned from the community, in public workshops and meetings with the Formation Committee.

Industrial Property

Those parcels classified and recorded as industrial property by the Assessor.

Land Use

The purpose for which land, structure, or both, are designed, constructed, arranged or intended, or for which they are occupied or maintained, let or leased.

Lot Square Footage

Defined as the total amount of area within the borders of the parcel. The borders of a parcel are recorded on the Assessor's parcel maps.

Maintenance Services

Any service required to maintain Publicly Accessible Property in good and workmanlike condition.

Neighborhood Park

Includes both San Francisco Recreation and Park Department-owned properties and community-maintained Green Spaces that meet the definition of Publicly Accessible Property.

Neighborhood Garden

Includes both San Francisco Recreation and Park Department and community-maintained gardens, decorative or productive.

Non-Profit Use

Any use conducted by a 501(c)(3), (4), or (6) organization in a property that furthers its mission.

Open Space

Publicly or privately owned land that meets the definition of a Publicly Accessible Property and operates, functions, or is available for leisure, play, performance, culture or sport, or set aside for the protection and/or enhancement of the natural environment, or for ecological services benefiting the public. Open Space tends to be less formal in design, program or use than a Park.

Park

Publicly or privately owned land that meets the definition of a Publicly Accessible Property and operates, functions, or is available for leisure, play, performance, culture or sport, or set aside for the protection and/or enhancement of the natural environment, or for ecological services benefiting the public. Parks tend to be more formal in design, program or use than Open Space.

Parklets

A parklet is a small space serving as an extension of the sidewalk to provide amenities and green space for people using streets. It is typically the size of several parking spaces and extends out from the sidewalk at the level of the sidewalk. Parklets can be for people to enjoy, to provide more greenery, art, or some other visual amenity. A parklet may accommodate bicycle parking within it, or bicycle parking may be associated with it.

Particulate Matter

Small particles of pollution, typically airborne from sources such as automotive exhaust along densely traveled freeways, which can remain airborne and/or settle in homes along floors and carpets, outdoors on the ground, or in the lungs of adults, children, pets and wild animals.

Permeable Paving

Permeable paving is a range of sustainable materials and techniques for permeable pavements with a base and sub base that allow the movement of storm water through the surface. In addition to reducing runoff, this effectively traps suspended solids and filters pollutants from the water. Examples include roads, paths, lawns and lots that are subject to light vehicular traffic, such as car/parking lots, cycle-paths, service or emergency access lanes, road and airport shoulders, and residential sidewalks and driveways.

Plaza

Publicly or privately owned land that meets the definition of a Publicly Accessible Property and operates, functions, or is available for leisure, play, performance, culture or sport, or set aside for the protection and/or enhancement of the natural or urban environment, or for ecological services benefiting the public. Plazas tend to contain more "hard" or paved surfaces and fewer "soft" unpaved areas with living plants than Parks or Open Spaces.

Pocket Park

A small Park. Pocket parks are frequently created on a single vacant building lot or on small, irregular pieces of land. They also may be created as a component of the public space requirement of large building projects.

Privately Owned Publicly Accessible Green Spaces

Any space, including plazas, terraces, parks, atriums, and small sidewalk-style greenings that are privately owned but meet the definition of a Publicly Accessible Property.

Productive Garden

A garden that is predominantly food-producing plants that is actively maintained for that purpose.

Public Realm Areas

Public Realm areas, as defined in Subsection Subsection 15A.2(1) of the San Francisco Business and Tax Regulation Code, are outdoor spaces open to the public that include but are not limited to parks, plazas, parklets, sidewalks, unimproved areas, landscaped areas and gardens. Public Realm areas may be owned by public and/or private entities or persons.

Public Realm Improvements

Any improvements to Public Realm areas, as defined above.

Public Right-of-Way

The Public Right-of-Way, as defined in Section 2.4.4. (t) of the San Francisco Public Works Code, shall mean the area across, along, beneath, in, on, over, under, upon, and within the dedicated public alleys, boulevards, courts, lanes, roads, sidewalks, spaces, streets, and ways within the City, as they now exist or hereafter will exist and which are or will be under the permitting jurisdiction of the Department of Public Works.

Publicly Accessible

Open for access by the general public during regular daylight hours, seven days a week, with reasonable allowances for limited closures for special events, repairs or improvements.

Publicly Accessible Property

Any property, or portion of property, that has been made Publicly Accessible through recordation of an easement or another equivalent legally enforceable restriction that cannot be unilaterally revoked by the owner of the property subject to the restriction. Publicly owned property, including all property within the public right-of-way, is presumed to be Publicly Accessible Property unless a government agency prohibits public access to the property.

Recreational Improvements

Recreational Improvements, as defined in Subsection Subsection 15A.2(2) of the San Francisco Business and Tax Regulation Code, means improvements that will encourage recreational use, either by improving current conditions (e.g. repairing a grass soccer field) or installation of new facilities (e.g. playground equipment).

Religious Use

When relevant activities on a given property are conducted by (by owner or tenant) a 501©3 religious organization.

Residential Property

Those parcels classified and recorded as residential property by the Assessor.

Road Diets

A Road Diet is a type of streetscape enhancement whereby the number of travel lanes and/or effective width of the road are reduced in order to reduce traffic flows and/or speeds for the purposes of improving the safety and experience of pedestrians, expanding the Public Realm area to create space for Green Spaces such as Parklets or Sidewalk Greenings, the widening of sidewalks, Street Furniture, and Bioswales.

Sidewalk Greening

Enhancing or adding new plantings or natural landscape to existing sidewalks. This can include temporary installations, like planters, or permanent installations, like permeable paving, plantings, removing concrete, etc.

SFMTA

The San Francisco Municipal Transportation Agency (SFMTA) is the public agency of CCSF with jurisdiction over Muni, bike and pedestrian programs, taxis, parking and traffic control operations in the city.

SFPUC

The San Francisco Public Utilities Commission is the public agency of CCSF that provides water, wastewater, and electric power services to the City.

Shared Public Ways

Shared Public Ways are a type of streetscape enhancement whereby the sidewalk and roadway are unified as a single-surface street that functions as an open space that prioritizes pedestrian use while permitting vehicles and bicycles to share the space. These spaces are flexible by definition, and enable the Public Right-of-Way to simultaneously function as pedestrian Plazas and vehicular roadways. For more information, refer to the SF Better Streets Design Guidelines section on Shared Public Ways: <http://www.sfbetterstreets.org/design-guidelines/street-types/shared-public-ways/>.

Solar Photovoltaic Systems

An arrangement of components designed to supply usable electric power, using the Sun as the power source. Informally, "solar power."

Street Furniture

Street Furniture refers to objects and pieces of equipment installed in the Public Right-of-Way for various purposes. It includes benches, bicycle racks, traffic barriers, bollards, streetlamps, traffic lights, traffic signs, wayfinding signage, bus stops, public sculptures, and waste receptacles.

Street Trees

"Street tree" shall mean any tree growing within the public right-of-way, including unimproved public streets and sidewalks, and any tree growing on land under the jurisdiction of the SF Department of Public Works.

Streetscape Enhancements

Enhancements to the Public Right-of-Way that lead to more pedestrian-oriented and environmentally sustainable streets. Enhancements include sidewalk extensions, Street Trees, lighting, Street Furniture, stormwater management infrastructure, a range of Green Space elements such as Sidewalk Greenings, Pocket Parks, Parklets, and Plazas, and a variety of traffic calming interventions such as road diets and Bulb-outs.

Tactical Urbanism

Small-scale interventions to the public realm for the purposes testing ideas and soliciting public feedback.

Underpass and Overpass Connector Improvements

Underpass and Overpass Connector Improvements refer to the enhancement of the pedestrian experience of pathways and streetscapes along overpasses and/or underpasses of highways. Such enhancements include public art installations, lighting improvements, Dog Runs, and a range of Green Space elements such as Sidewalk Greenings, Pocket Parks, and Gardens.

Vacant Property

Those parcels that have no Building Square Footage because no built structures are located on such parcels.

Vermicomposting

Vermicomposting is the process of composting using earthworms to create a heterogeneous mixture of decomposing vegetable or food waste, bedding materials, and vermicast. Vermicast, also called worm castings, humus or manure, is the end-product of the breakdown of organic matter by an earthworm.

Wind Turbines

Wind Turbines on a neighborhood scale were given consideration, but the GBD Steering Committee was advised that the small-scale wind turbine industry has been consistently lacking in verifiable real-time data to prove claims of meaningful levels of conversion of wind kinetic energy to electrical energy. While it is conceivable that the small scale wind industry may achieve advances in the ability to amplify incoming wind energy in combination with the ability to store that energy over time, it is our recommendation that these not be included in any GBD budget or planning unless or until the small-scale wind turbine industry can provide verifiable real time data on any product for a minimum of 24 consecutive months. This does not reflect negatively on the large-scale wind turbines used in wide-open areas that have been shown to be effective.