Treasure Island Development Program

Public Financing Overview

Capital Planning Committee
May 9, 2016
Treasure Island Development Program

- Up to 8,000 homes (25% Affordable)
- New Streets, utility infrastructure, geotechnical improvements
- 300 acres Open Space

- Up to 450,000 sf Retail & Historic Reuse
- Up to 100,000 sf Office
- Up to 500 Hotel Rooms

- Program entitled in June 2011
- Demolition contractor has mobilized
- YBI 100% infrastructure plans under review
(Re)Development Plan – February 2011

• City preparing to endorse Disposition and Development Agreement (DDA) and approve project entitlements
  • DDA and Financing Plan structured assuming redevelopment tax increment financing and community facilities district financing
  • Housing Plan to deliver 30% affordable housing
• Dissolution of redevelopment proposed in conjunction with FY 2011/12 State budget discussions
• Uncertainty around the future of redevelopment required TIDA and TICD to restructure Financing Plan
• Infrastructure Financing District(s) provided an alternative mechanism to leverage local tax increment
• Loss of ERAF share reduced public financing capacity by approximately $150 million (NPV $2011)
Revising Development Program

• Most public improvements and related costs are nondiscretionary or fixed
  • Land preparation: Grading, geotechnical, and sea level rise
  • Infrastructure: roadways, wet & dry utilities, ferry terminal
  • Open Space Program: 300 acres of open space; Tidelands Trust Exchange Agreement
  • Land Acquisition: Navy payments

• Significant expansion of economic development constrained by site location and access

• Outcome – reduce affordable housing to 25%
  • Converted 400 affordable units to market rate units
  • Decreased funding need
  • Increased land sales contribution & future tax base
Revised Development Agreements

- Revised DDA and associated entitlements approved in June 2011
- Financing/Housing Plan Provisions
  - Committed 56.7% share of local property tax share to IFD
  - 8% of local property tax share to General Fund, but subordinated to the IFD
  - 82.5% of IFD proceeds committed to infrastructure costs
  - 17.5% of IFD proceeds committed to affordable housing
  - 5% inclusionary affordable housing
  - $17,500 developer payment per market rate unit towards affordable housing development
2011 Entitlements

Other Project Documents

- Development Agreement
- Interagency Cooperation Agreement
- Area Plan & Special Use District
- TIHDI Agreement
- Design for Development
- Design Review and Document Approval Procedure
- Navy Conveyance Agreement
- Trust Exchange Agreement
- CEQA Findings
Financing Plan

- Project financing structure
  - Private Capital
  - Infrastructure Financing District (IFD) - Tax Increment Pledge
  - Community Facilities District (CFD) Financing
- Terms for Public Financing
  - Types of Public Financing
  - Terms for City to Reimburse TICD for Public Infrastructure
- Details Profit Participation Structure
  - Consistent with Term Sheet, Navy Transaction
- Reporting, Audit Requirements
IFD & CFD Financing

**IFD**
- Financing district formed over a specific geographic area
- San Francisco allocates City/County share of “Property Tax Increment” generated within district for a specified period of years
- May finance infrastructure with community-wide significance and a useful life of fifteen years or more; may not finance services

**CFD**
- CFD formed over a specific geographic area
- Levies a *supplemental* tax on properties within the district to finance infrastructure facilities with a useful life of five years or more
- Eligible expenses and term more flexible than IFD
- May also finance services
IFD & CFD Financing

IFD
- Helps finance affordable housing
- Propose to form an IRFD
  - Infrastructure and Revitalization Financing Districts (AB 229)
  - Provides greater flexibility and preferable administrative requirements
  - 40 year term

CFD
- Term not limited; anticipated term of 250 years or more
- First 42 years will be committed to infrastructure/public benefits
- Will convert from Capital CFD to Maintenance CFD
- Funding source for future sea level rise adaptations
- On-going revenue source for parks & open space maintenance
Public Benefits

- 300 acres of open space (capital and O&M)
- New utilities, streets, police & fire station, community facilities, and other public infrastructure
- Transit facilities and operating subsidy
- Geotechnical improvements
- Sea level rise adaptations (present & future)
Examples of Island-Wide Costs

- Land Preparation
- Sea Level Rise Protection
- Causeway Improvements
- Offsite utilities
- Water storage tanks
- On site renewable energy generation
- Firefighting water supply
- Interim construction and utilities that have island-wide benefits
- Public parks and open space
- Pier 1 improvements
- Ferry plaza & shelter
- School & daycare

- Police & fire facility
- Ferry boat, bus & shuttle purchases
- Public parking garages
- Public historic building rehab
- Land payments
- Planning and entitlement costs
- Design and engineering costs
- Fees / Bonds / Permits
- Construction management

- Other community facilities & infrastructure with island-wide benefits
Formation Process

- The IFD and CFD are established separately, but formation processes will proceed concurrently
- District formation working group includes TIDA, Office of Public Finance, City Attorney, TICD, and outside counsel and consultants
- Cost and revenue projections being updated/revised
- Rate and Method of Apportionment (RMA) and Infrastructure Financing Plan (IFP) – key formation documents for the CFD and IFD respectively – and Resolutions of Intent (ROI) for formation and issuance of debt are being prepared/reviewed by working group
- Anticipate returning to Capital Planning Committee in late May/June for action item before filing ROIs with the Board of Supervisors
- Process of forming the districts will take the rest of this year to complete
Treasure Island Development Authority

**Formation Timeline**

**Q1-Q2 2016**
- Finalize boundary maps, list of authorized facilities, rate and method of apportionment (RMA), infrastructure financing plan (IFP), resolutions etc.

**Q2 2016**
- Validate voting pool, present to CPC, submit resolutions of intent to BOS for approval, schedule public hearings

**Q3 2016**
- Hold public hearings, submit resolutions of formation to BOS for approval, formation/bond elections held

**Q3-Q4 2016**
- Target for judicial validation of IFD formation of CFD and bond approval
Questions?