Pier 70 Special Use District

Resolutions of Intent:

(1) To Form Sub-Project Areas G-2, G-3 and G-4 to the existing Port-wide IFD and Issue Bonds; and

(2) To Form an Infrastructure and Revitalization Financing District No. 2 (IRFD) and Issue Bonds

Capital Planning Committee September 11, 2017
Presentation Overview

1. Request Overview
2. Pier 70 Updates
3. Land Use and Planning Context
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8. Parcel K North
9. Recommendation & Next Steps
Presentation Overview

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4. Public Benefits
5. Infrastructure
6. Key Transaction Documents
7. Funding Structure
8. Parcel K North
9. Recommendation & Next Steps
• Approve the following items:

  Resolution of Intent to Form Sub-Project Areas G-2, G-3 and G-4 to the existing Port-wide Infrastructure Financing District (IFD) and Issue Bonds for Sub-Project Areas G-2, G-3 and G-4, which encompass the Pier 70 Special Use District; and

  Resolution of Intent to Form an Infrastructure and Revitalization Financing District No. 2 (IRFD) on land within the City commonly known as the Hoedown Yard and Issue Bonds for the IRFD
Pier 70 Updates

Shipyard
- Port paying for maintenance
- ODI hired 5 employees
- RFP for new operator underway

Historic Core (Orton Development)
- Rehab of Buildings 14, 101, 104, 113-116 underway
- First occupancy this summer in 14 and 104
- Full occupancy by late 2018

Crane Cove Park
- Construction of first 6 acres complete mid-late 2018
- New beach, restored Slipway 4, Crane Plaza, dog run, picnic areas, site history interpretation and restrooms

Current Tenants
- Affordable Self Storage, Paul’s Stores, Ernesto Rivera, Michael Rios, Noonan Tenants, ImPark
- Currently discussing relocation options
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Based on Strong Planning Framework

Central Waterfront Plan
- Balance of housing, commercial and PDR uses
- Adaptive reuse of historic structures and new open space

Southern Bayfront Strategy
- New community facilities
- Coordinated transportation, open space and economic development
- Leverage resources and coordinate major projects

Waterfront Land Use Plan
- Adaptive reuse of historic resources
- Waterfront open space
- Infill mixed-use development
Based on Strong Planning Framework

Pier 70 Preferred Master Plan
- Infill development to bring back historic activity level
- Open Space
- Historic Preservation

Blue Greenway
- Shoreline Open Space
- Closing a gap in the Blue Greenway network
- Access to the waterfront

Union Iron Works Historic District
- Adaptive reuse of building 2, 12, 21
- Site interpretation
Based on Strong Planning Framework

- Ship Repair
- Crane Cove Park
- Waterfront Site
- 20th St Historic Buildings
Advances 5 Strategic Objectives

Renewal
• Vibrant new community
• Pier 70 as priority project

Engagement
• 120+ community meetings

Livability
• 30% affordable housing
• Public Amenities

Stability
• Tackles $163M in deferred maintenance
• New funding streams

Resiliency
• Initial site improvements
• Reserve for future shoreline improvements
Consistent with Secretary’s Standards

Sets Detailed Design Standards

PIER 70 SUD

DESIGN FOR DEVELOPMENT

New Construction
• Design review by Planning
  Schematic Design approval by Planning Director
  Building permit approval by Port

Historic Rehabilitation
• Design review by Port and Planning staff
  Building permit approval by Port

Parks and Open Space
• Design review by Port and Port staff
  Schematic Designs approved by Port Commission

Illustrative Massing Sample
Requires State and Regional Approvals

Post Trust Exchange

- Confirm trust status on parcels beneficial to the Public Trust - Shoreline Parks, Streets leading to San Francisco Bay
- Lift trust status on development parcels to sell for non-trust purposes

Trust Exchange

BCDC Major Permit
- Required for improvements within BCDC’s shoreline jurisdiction
120+ Community Meetings Since 2006

**2016**

2/10/16 – D4D Working Group - Architecture
2/15/16 – CWAG
3/1/16 - Sunday Streets
4/25/16 - D4D Working Group Transportation Meeting
4/28/16 - D4D Working Group Transportation Meeting
3/1/16 - Sunday Streets
4/25/16 - D4D Working Group Transportation Meeting
4/28/16 - D4D Working Group Transportation Meeting
9/19/16 – D4D Working Group – Infrastructure/Sustainability
10/11/16 - Port commission Informational
10/29/16 - Open House
10/15/16 – Potrero Hill Festival
11/10/16 – Planning Commission
11/14/16 – DNA DDC
11/16/16 – Historic Preservation Commission
11/28/16 – San Francisco Heritage Committee
11/2/16 - Open House
11/21/16 - Booster Subcommittee meeting
11/29/16 - Boosters Meeting
12/6/16 - Noonan Meeting

**2017**

3/14/17 - Informational presentation regarding D4D to Port Commission
3/18/17 - Informational presentation regarding the Pier 70 Special Use District proposed by Forest City Development California, Inc. and associated public benefits.
3/23/17 – Informational Presentation to Planning Commission
4/19/17 – Boosters Development Committee
4/28/17 – Informational presentation to Port Commission
5/8/17 – DNA Development Committee
5/9/17 – Informational Presentation to Port Commission
5/11/17 – Informational Presentation to Planning Commission
5/18/17 – Community Q&A
5/23/17 – Informational session to Port Commission
5/25/17 – Community Q&A
6/5/17 – Irish Hill Community Meeting
6/6/17 – Community Q&A
6/7/17 – DNA Development Committee
6/13/17 – Pier 70 presentation at the DNA
6/22/17 – Community Q&A
6/26/17 – Irish Hill Community meeting
6/27/17 – Pier 70 Presentation at the Potrero Boosters
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Provides 470+ Units of Affordable Housing

20% inclusionary units in all rental buildings

Three parcels 100% dedicated to affordable housing

Project will generate gap funding:

- Tax increment from Hoedown Yard
- Jobs Housing Linkage Fees paid by office development
- In lieu fee paid by condominium projects

Condominium – 28% In Lieu Fee

100% Affordable

20% Inclusionary
Site Improvements

• **Elevation of buildings** to accommodate 66” of SLR

• **Drainage** away from buildings

• **Shoreline** protections

Shoreline Special Tax

• New, **long-term funding stream** for shoreline protection

• Will fund **Port-wide investments**, including ongoing needs at Project site
Provides Significant Transportation Improvements

Site Design
- New street grid
- Bicycle network with Class II and sharrows
- Bay Trail and Blue Greenway connections
- Bikeshare expansion
- New traffic signals on Illinois Street
- Metered on-street parking

Impact Fee: Approx. $45 Million

Demand Management
- Onsite Clipper Card vending machines
- Transit passes for residents
- Bicycle repair stations
- Unbundled parking
- Shuttle to Muni, BART and Caltrain
- Transportation Management Agency and onsite coordinator
- Annual monitoring to reduce vehicle trips by 20%
Provides Additional Public Benefits

Economic Access and Diversity
- $1M in funding for CityBuild/Tech SF
- $100,000 for CityBuild Services
- 17% LBE hiring goal
- Local hiring commitment for construction
- First Source hiring for operations
- First Source hiring for permanent tech employers
- Local Diverse Small Business Retail Marketing Program

Parks and Open Space
- 9 acres of new open space
- Irish Hill playground, market square, central commons
- Parks along 1,380 feet of shoreline

Retail and Industrial Uses
- 60,000 square foot local market hall supporting local makers
- Minimum of 50,000 square feet PDR
Provides Additional Public Benefits

Rehab of Union Iron Works District Structures
- Buildings 2, 12, 21
- Interpretive design

Community Facilities
- On-site Child Care
- $2.5 million for new community space

Noonan Tenants/Arts Building
- Relocation of Noonan Building artists on site
- Up to 90,000 SF arts building
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1. Request Overview
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Create Legal Parcels

- Governed by Subdivision Map Act
- Coordination between Forest City, Port, Public Works, and County Surveyor
Determines Process for Infrastructure

**Design and Approval**
- Infrastructure Plan and Master Utility Plans
  - Public Works approves final designs

**Permitting**
- Chief Harbor Engineer issues permits

**Construction**
- Developer constructs

**Inspection**
- Public Works consults with acquiring agencies

**Acceptance**
- BOS accepts
### $262M of Horizontal Improvement Costs

#### Horizontal Costs by Phase

<table>
<thead>
<tr>
<th>Phase</th>
<th>Hard Costs</th>
<th>Soft Costs</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>Phase 1</td>
<td>$82,945,356</td>
<td>$58,857,725</td>
<td>$141,803,081</td>
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<tr>
<td>Phase 2</td>
<td>$39,898,263</td>
<td>$33,513,065</td>
<td>$73,411,328</td>
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<tr>
<td>Phase 3</td>
<td>$19,879,246</td>
<td>$27,329,427</td>
<td>$47,208,673</td>
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<tr>
<td>Total</td>
<td>$142,722,865</td>
<td>$119,700,218</td>
<td>$262,423,083</td>
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</tbody>
</table>

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[PHASES]
- Phase 0.5
- Phase 1
- Phase 2
- Phase 3
District Blackwater Reduces Water Usage

- Centralized plant to clean combined sewage and distribute back to buildings
- For non-potable uses (toilets flushing, landscaping, & building cooling)
- Will serve Crane Cove Park, Historic Core, and SUD
- Planned for Building 108
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DDA Governs Project

Horizontal Improvements and Public Benefits

- 28 Acre Master Lease
- Vertical DDAs (for vertical developers)
- 99 Year Leases (office and residential rental)
- Inspect and accept parks
- Coordinate with City agencies (street & infrastructure acceptance)

Schedule of Performance

Horizontal Development Requirements

Attachments

- Financing Plan
- Infrastructure Plan
- Affordable Housing Plan
- Streetscape Plan
- Form of VDDA, Parcel Lease, & Acquisition Agreement

- Jobs & Equal Opportunity Program
- Mitigation Monitoring & Reporting Program
DA Sets Vested Rights and Public Benefits

Vested Rights

- Right to Develop
- Processing of Approvals
- City & Port Building Code Standards
- Fees & Exactions

Public Benefits

- Infrastructure Improvements
- Affordable Housing
- Noonan Building Replacement Space
- PDR Space
- On-site Child Care
- Transportation Improvements
- TDM Program
- Workforce & LBE goals
- Equal Benefits
Provides Horizontal and Vertical Site Control

28-Acre Site
Master Lease

Master Lease

Vertical DDA
• Parcel Lease
• Deed

Vertical DDA
• Parcel Lease
• Deed

Vertical DDA
• Parcel Lease
• Deed

Vertical DDA
• Parcel Lease
• Deed
Master Lease Provides Access to Site

Access to 28-Acre Site

Construct Horizontal Improvements in Phases

Release Development Parcels for Vertical Development
Appraisals or Bids Set Fair Market Value

Joint Appraisal Sets FMV

Parties Agree
- Developer Options Parcel
- Parcel Competitively Bid

Parties Disagree
- Party Appraisals/Arbitration
  - Developer Options Parcel
  - Parcel Competitively Bid
VDDA Governs Vertical Improvements

+ Vertical Developer

- Set FMV (appraisal or bidding process)
- Due Diligence Period
- Option Period/Payment of Deposit
- Close of Escrow (Parcel Lease or Deed)
- Construct Vertical Improvements
### Development Parcels Leased or Sold

**Vertical Developer**

<table>
<thead>
<tr>
<th>Leased Parcels</th>
<th>Fee Parcels (Condominiums)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Convey by <strong>Parcel Lease</strong></td>
<td>• Convey by <strong>Deed</strong></td>
</tr>
<tr>
<td>• 99 Years</td>
<td>• 1.5% of sales proceeds for 2\textsuperscript{nd} and subsequent sales</td>
</tr>
<tr>
<td>• Pre-paid or hybrid</td>
<td></td>
</tr>
<tr>
<td>• 1.5% of Modified Gross Income in Year 30</td>
<td></td>
</tr>
<tr>
<td>• 2.5% of Modified Gross Income in Year 60</td>
<td></td>
</tr>
<tr>
<td>• 1.5% of Sales/Refinance Proceeds</td>
<td></td>
</tr>
</tbody>
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City’s IFD Policy for the Port

- Approved by the Board of Supervisors in 2016
- Approved Uses
  - Port land
  - CEQA
  - Priority improvements
  - Economic benefit
  - State and City matching contributions
  - Amount of increment allocated
  - Excess increment
  - Port capital program
  - Funding for maintenance
IFD Captures Future Tax Increment Growth

- Encompasses **28-Acre Site** and a portion of Illinois & 20th Street Parcels
- Captures future tax increment, growth in Local and State shares of property taxes
- 92% for public infrastructure, e.g. streets, utilities, parks, historic rehabilitation and shoreline protection
- 8% for other Pier 70 needs, including Irish Hill Park
CFDs Provide Early, Lower Cost Financing

- **Two** districts
- **Early** public finance strategy
- CFD bonds have lower cost
- Amend the local financing law to permit specified uses

**Condominium CFD (anticipated)**

Average $6,000/unit annual tax funds:
- Public Improvements
- Arts Building
- Maintenance
- Shoreline Improvements (after 30 years)

**Leased Properties CFD (anticipated)**

Annual tax equal to approx. 52% of property taxes funds:
- Public Improvements
- Arts Building
- Historic Buildings
- Maintenance
- Shoreline Improvements

Portion of tax credited by property tax increment
Use Public Financing to Maximize Revenue Sharing

STRATEGIES TO MAXIMIZE REVENUE-SHARING

- Limit Developer Capital
- Maximize Public Financing
- Tax Exempt Debt
- Port Capital

*Port capital at discretion of Port Commission
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Sale of PKN to Pay Portion of Entitlement Costs

- Determine Fair Market Value
- Select Broker
- Marketing Plan
- Port Commission & Board Approval
- Marketing Campaign/Calls for Initial Offer
- Short List
- “Best & Final Offers” January 2018
- Complete Due Diligence February 2018
- Close of Escrow Q1-Q2 2018
Recommendations & Next Steps

• Approve the following items:

Resolution of Intent to Form Sub-Project Areas G-2, G-3 and G-4 to the existing Port-wide Infrastructure Financing District (IFD) and Issue Bonds for Sub-Project Areas G-2, G-3 and G-4, which encompass the Pier 70 Special Use District; and

Resolution of Intent to Form an Infrastructure and Revitalization Financing District No. 2 (IRFD) on land within the City commonly known as the Hoedown Yard and Issue Bonds for the IRFD
September 11\textsuperscript{th}  
Capital Planning Committee  
Consideration – Intent to Form IFD/IRFD and Issue Bonds

October 16  
Capital Planning Committee  
Consideration – Authorization to Form IFD/IRFD and Issue Bonds

September 12\textsuperscript{th}  
Port Commission  
Consideration - Transaction

October  
Board of Supervisors  
Consideration – Transaction Documents

January  
Port Commission/ Capital Planning Committee/ Board of Supervisors  
Consideration – CFD Formation