Mission Rock Special Use District

Resolutions of Intent:
To Form Sub-Project Areas I-1 through I-13 to the existing Port-wide IFD and Issue Bonds

Capital Planning Committee       November 13, 2017
Recommend approval of the following items:

- Resolution of Intent to Form Sub-Project Areas I-1 through I-13 to the existing Port-wide Infrastructure Financing District (IFD) and

- Resolution of Intent to Issue Bonds for Sub-Project Areas I-1 through I-13, which encompass the Mission Rock Special Use District
Mission Rock Site Context
Abridged Project Timeline

2006: Port convened community planning process
2007: State Senate Bill 815 amended
2008: RFP issued
2010: ENA w/ Seawall Lot 337 Associates
2013: Term Sheet endorsed by Port and Board
2015: Proposition D approved by voters
2016: Assembly Bill 2797 approved by State
Oct 2017: Final EIR Certified

January 2018: Project approvals and IFD actions anticipated
Mission Rock Site Context
Mission Rock Project Highlights

Comprehensive planning and design framework

**VISION AND DESIGN INTENT**
This document contains the big picture thinking and aspirations that will guide the process for the design and implementation of Mission Rock.

**DESIGN CONTROLS**
This document guides the development of the open spaces, streets, and buildings at Mission Rock. The DC ensures that the site will be developed in a way that is consistent with the vision as defined in the Mission Rock Vision and Design Intent document.

**SUSTAINABILITY STRATEGY**
Targets for site-wide performance are outlined in the Sustainability Strategy. This document explains how the infrastructure, buildings, and community will work together to achieve these targets, in a way that is consistent with the DC.

**INFRASTRUCTURE PLAN**
The design of the landscape, buildings, and sustainability strategies will be closely coordinated with the infrastructure planning at Mission Rock. This plan regulates the complex coordination of streets, utilities, and services.

**TRANSPORTATION PLAN**
This plan describes the ways in which the site will be designed to support the mobility choices of all users, with a special emphasis on safe and comfortable conditions for pedestrians and cyclists.
Mission Rock Project Highlights

Affordable housing: 40% of all residential units to be BMR
Mission Rock Project Highlights

8 acres of parks and open space
Mission Rock Project Highlights

Exemplary Sustainability Strategy

- **Resilience**: Site Elevation Meets 2100 Projection For Sea Level Rise
- **Water**: Meet 100% Of non-potable water demand with non-potable sources
- **Waste**: 75% Construction Waste Diversion 5% - 10% Increase In Occupant Waste Diversion
- **Transportation**: 20% Reduction In Transportation-related Carbon Emissions
- **Energy**: 100% Of Building Energy Demand Met With Renewable Energy Sources
Mission Rock Project Highlights

Historic Rehabilitation
Mission Rock Project Highlights

2.7 to 2.8M gsf total

- 1.1-1.6M gsf (1,000 – 1,600 residential units)
  40% of which will be affordable

- 972K - 1.4M gsf office

- 240K gsf retail/production

- 240K gsf Pier 48 industrial & active uses
Infrastructure anticipated to be delivered in 4 phases, linked closely to vertical construction.
Raise site for sea level rise resiliency up to 66” and plan adaptation of site edges
Mission Rock Infrastructure Plan

Pile-supported streets and utilities
Funding Structure – Investment & Return

Excess Land Proceeds

Developer Return (18%)

Port Return (10%)

PREDEVELOPMENT

Phase 1

Phase 2

Phase 3

Phase 4

Qualified Project Costs

STRATEGIES TO MAXIMIZE REVENUE-SHARING

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

Developer/Port equity

CFD/IFD

Land Value
Funding Sources – Overview

- **Infrastructure Financing District (IFD)**
  - Captures growth in property tax revenue ("tax increment")
  - Revenue stream to project ("Pay-Go") or leveraged through long-term debt
  - Funds public improvements and historic rehabilitation

- **Community Facilities District (CFD)**
  - Establishes special taxes that property owners and lessees pay
  - Revenue stream to project ("Pay-Go") or leveraged through long-term debt
  - Funds capital improvements and/or ongoing services

- **Developer Capital**
  - Developer advanced fund that earn an 18% annual return

- **Port Capital**
  - Port advanced Harbor Funds earn a 10% annual return

- **Land Proceeds**
  - Revenues generated from the sale or lease of Port land
  - Revenue Sharing after Project achieves $2.5M annual rent threshold
Funding Sources – CFD

**Benefits:**
- Established over the IFD to create an early income stream
- Early public finance strategy to minimize use of Developer equity
- CFD bonds are a higher credit than IFD bonds, lowering cost of issuance

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**Levies special tax over Project**

**Mission Rock**
- Pays special tax ≈ future property tax
- Finances Horizontal Infrastructure

**Facilities special tax goes away when properties are assessed and tax increment starts flowing**

**CFD**
- $
Funding Sources – CFD

Anticipate later action on CFD
Intend to establish:
- Facilities Special Tax to be credited by tax increment
- Additive Facilities Special Tax for project costs and Portwide shoreline/resiliency costs
- Additive Maintenance Special Tax

Levies special tax over Project
- Facilities special tax goes away when properties are assessed and tax increment starts flowing
- Finances Horizontal Infrastructure
- Mission Rock
  - Pays special tax ≈ future property tax
  - CFD
  - $
Funding Sources – IFD

- Encompasses entire Site
- Captures future tax increment, growth in Local shares of property taxes
- 65% for public infrastructure, e.g. streets, utilities, parks, historic rehabilitation and shoreline protection
Funding Sources – IFD

- Draft fiscal analysis reviewed by Controller’s office staff show higher General Fund revenue arising from project than expenses
- $1.08 billion in tax increment estimated in current proformas
- Seeking authorization for a cap of up to $3.8 billion of cumulative tax increment for eligible expenses
<table>
<thead>
<tr>
<th>IFD Funded Facilities</th>
<th>Target Timing</th>
<th>Estimated Cost (2017 $)</th>
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<tr>
<td>Entitlement Phase</td>
<td>2012 – 2018</td>
<td>$25,000,000</td>
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<td><strong>Phase 1 - Sub-Project Areas I-1, I-2, I-7, I-11</strong></td>
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<td>Subtotal – Phase 1</td>
<td>2018-2025</td>
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<td><strong>Phase 2 – Sub-Project Areas I-3, and I-4</strong></td>
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<td>Subtotal – Phase 2</td>
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<td><strong>Phase 3 - Sub-Project Areas I-5, I-6, and I-13</strong></td>
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<td>Subtotal – Phase 3</td>
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<td><strong>Phase 4 – Sub-Project Areas I-8, I-9, I-10, I-11 and I-12</strong></td>
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<td>Subtotal – Phase 4</td>
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<td><strong>Total Phases 1-4</strong></td>
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<td><strong>$281,386,000</strong></td>
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<tr>
<td><strong>TOTAL Phases 1-4</strong></td>
<td>2012-2029</td>
<td><strong>$281,386,000</strong></td>
</tr>
</tbody>
</table>

| Resiliency and Sea Level Rise Portwide |                |
| Seawall & Sea Level Rise, Portwide    | Throughout IFD Term * |
Significant Sea Level Rise Protections

Site Improvements

- **Elevation of buildings** to accommodate 66” of SL
- **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
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
November 13th
Capital Planning Committee
Consideration – Intent to Form
IFD and Issue Bonds

December 12
Port Commission Consideration –
Transaction Documents and CEQA
Findings

November 14th
Port Commission
Informational
Presentation
Consideration -
Transaction

January 23
Board of Supervisors
Consideration –
Transaction Documents

TBD
Port Commission/ Capital
Planning Committee/
Board of Supervisors
Consideration –
CFD Formation
Recommend approval of the following items:

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