Community Facilities District No 2014-1 (Transbay Transit Center)

CAPITAL PLANNING COMMITTEE

Resolution for Special Tax Bonds: Resolution Authorizing the Issuance of Special Tax Bonds – Community Facilities District No. 2014-1 (Transbay Transit Center) - Not to Exceed Aggregate Principal Amount of $90,000,000

Supplemental Appropriation Ordinance for Special Tax Bond Proceeds: Ordinance Appropriating $90,000,000 of City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) Special Tax Bonds

October 3, 2022
City & County of San Francisco
Transbay Joint Powers Authority
Controller’s Office of Public Finance
Presentation Overview

• Transbay Program Background
• Federal Transit Administration (FTA) Project Development & Engineering Funding Plan
• Plan of Finance for Proposed Bonds
  - Use of Proceeds
  - Sources and Uses/Financing Terms
• Anticipated Financing Schedule
The Transbay Joint Powers Authority (“TJPA”) was created in 2001 to oversee the planning, design, construction and operation of a new Transit Center and extend Caltrain and California High-Speed Rail service into the Salesforce Transit Center, the focal point of the new transit-oriented neighborhood in downtown San Francisco (also known as the “Transbay Program”)

• TJPA Members include:
  - City and County of San Francisco (City)
  - Alameda-Contra Costa Transit District (AC Transit)
  - Peninsula Corridor Joint Powers Board (Caltrain)
  - California High-Speed Rail Authority (CHSRA)
  - California Department of Transportation (Caltrans)
Transbay Program Background

TJPA OVERVIEW

TJPA manages and implements the Transbay Program, which consists of:

1. Replacing the former Transbay Terminal
   - Multimodal Salesforce Transit Center and Rooftop Park is open and providing transit services, retail services and public free activities
   - Two-story train box under Transit Center completed in Phase 1

2. Creating a transit-oriented neighborhood with homes, offices, open spaces and shops surrounding the new transit center
   - Extensive development completed with additional sites planned with close to 4,000 housing units (35% affordable), 5.4-acre rooftop park

3. Extending Caltrain and California High-Speed Rail underground from Caltrain’s current terminus at 4th and King streets into the multimodal Salesforce Transit Center
   - Downtown Rail Extension (DTX) received FTA Record of Decision for the Final Environmental Impact Study in July 2019 and engineering is underway
   - Accepted into Federal Transit Administration’s Capital Investment Grants New Starts pipeline in December 2021
Transbay Program

SF Peninsula Rail Program
Integrated Team

TJPA BOARD

EXECUTIVE STEERING COMMITTEE*
- Executive Directors or Designees of the MOU Partners
  - TJPA
  - MTC / BATA
  - SFCTA
  - Caltrain
  - CHSRA
  - CCSF

STATE AND LOCAL PARTNERS
- BART
- Capitol Corridor
- CalSTA
- Caltrans

INTEGRATED PROGRAM MANAGEMENT TEAM*
- One Representative From Each Partner
  - Led by the Project Director
  - (Project Director reports to TJPA
    Executive Director for TJPA-led tasks)

DTX PROJECT DEVELOPMENT
- TJPA

PLANNING / FUNDING COORDINATION
- SFCTA

PENNSYLVANIA AVE. EXTENSION
- SFCTA

4TH & KING RAILYARD STUDIES
- Caltrain

22ND STREET STATION STUDY
- SF Planning

REGIONAL PLANNING & FUNDING COORDINATION
- MTC / BATA

* Consistent with and limited to the Summary Work Program (Attachment 2) defined by the San Francisco Peninsula Rail Program MOU approved by TJPA Board on April 9, 2020
Transbay Program Background

DOWNTOWN RAIL EXTENSION PROJECT

- Estimated 90,000 riders per day*
- Seamless transfers between local and regional transit services
- One-seat ride from the Peninsula / Los Angeles into downtown San Francisco
- Reduces greenhouse gas emissions impact
- Creates thousands of jobs
- Provides mega-regional access to housing and employment

* Average of Caltrain, CHSRA, and TJPA ridership estimates
Key Components of Transit Center and DTX Funding Plans

**Phase 1: Transit Center & Train Box Capital Funding Plan Components (Approx.)**

- Transit Center District Sources: 30%
- Local & Regional Measures: 28%
- Operating Agency Contributions: 16%
- State Funding: 24%
- Federal ARRA & Other Funding: 2%

**Phase 2: DTX Capital Funding Plan Components (Approx.)**

- Transit Center District Sources: 58%
- Local & Regional Measures: 13%
- Operating Agency Contributions: 10%
- State Funding: 10%
- Federal CIG & Other Funding: 9%
FTA Project Development & FTA Engineering Funding Plan

DTX FUNDING PLAN MILESTONES

Oct. 2021
Request Entry to FTA Project Development Phase

Funding Requirement: ~$30M in fully-committed and available funding for FTA Project Development activities

Feb. 2023
Request Entry to FTA Engineering Phase

Funding Requirement: 30% of non-New Starts funds committed

Aug. 2023
Submit funding application for FTA New Starts grant

Funding Requirement: 50% of non-New Starts funds committed

Winter/Spring 2025
Prior to execution of Full Funding Grant Agreement

Funding Requirement: 100% of non-New Starts funds committed

Oct. 2021
FFGA Execution Spring 2025

FTA “Project Development” Phase

FTA “Engineering” Phase

DTX Procurement & Final Design/Construction
FTA Project Development & FTA Engineering Funding Plan

FUNDING APPROACH

• $30M of previous 2021B CFD Bond project fund proceeds for FTA Project Development: $12.4M spent, $5.6M encumbered, $12M programmed

• $11.6M CFD Pay-Go funds for DTX programmatic costs

• $16M local/regional contributions ($3M Caltrain, $3M CHSRA, $10M SFCTA) by FY23-24

• Proposed 2022B CFD Bond project fund proceeds for final Engineering/Design, interagency coordination with CCSF and Caltrain, and Right of Way preservation

NEXT STEPS

• CFD bond authorization considered at the Board of Supervisors (November 2022)

• TJPA request to enter FTA Engineering (February 2023) – critical path to August 2023 FTA full funding application
Plan of Finance for Proposed Bonds

PROPOSED 2022 CFD BOND ISSUANCE

CFD special tax bonds estimated uses of proceeds:

- $43.6M (TJPA) - planning, design, engineering, right of way acquisition and construction of the Downtown Rail Extension, including the engineering of the train components of the Salesforce Transit Center building and engineering work related to a new station at Fourth and Townsend

- $27.9M (non-TJPA) – streetscape and pedestrian improvements around the Salesforce Transit Center ($23.4M); the acquisition of transit vehicles by SFMTA ($2.8M); and enhancements at Embarcadero BART station, including modifying a stairway and modernizing an elevator ($1.6M)

- $8.5M – fund bond issuance costs and reserve fund
Estimated Sources & Uses for CFD 2014-1 Special Tax Bonds – Not to Exceed $90,000,000

ESTIMATED FINANCING TERMS

• Final Maturity of September 1, 2052
• Estimated True Interest Cost: 5.67%
• Estimated Bond Proceeds*: $71.42M
• Estimated Financing Costs: $1.4M
• Estimated Total Debt Service: $169.22M

SOURCES & USES

Sources:

<table>
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<tr>
<th>Source</th>
<th>Amount</th>
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<td>Estimated Bond Par</td>
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Total Sources: $79,940,000

Uses:

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<td>Debt Service Reserve Fund</td>
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Delivery Date Expenses

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<td>Cost of Issuance</td>
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<tr>
<td>Underwriter's Discount</td>
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Total Uses: $79,940,000

Not-to-Exceed Par Amount: $90,000,000

*Represents the expected amount of bond proceeds to be received less the financing costs and any reserves funded with proceeds of the bonds

Source: Stifel, Nicolaus & Company, Inc.
Market conditions as of September 16, 2022
## Anticipated Financing Timeline

<table>
<thead>
<tr>
<th>MILESTONES</th>
<th>DATES*</th>
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<tbody>
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<td>Introduction to the Board of Supervisors</td>
<td>September 27, 2022</td>
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<tr>
<td>Capital Planning Committee</td>
<td>October 3, 2022</td>
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<td>Budget and Finance Committee</td>
<td>November 2, 2022</td>
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<tr>
<td>Board of Supervisors Considers Resolution &amp; Ordinance (1&lt;sup&gt;st&lt;/sup&gt; Hearing)</td>
<td>November 8, 2022</td>
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<tr>
<td>Board of Supervisors Considers Resolution &amp; Ordinance (2&lt;sup&gt;nd&lt;/sup&gt; Hearing)</td>
<td>November 15, 2022</td>
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<td>Sale and Closing of Bonds</td>
<td>December 2022</td>
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*Please note that dates are estimated unless otherwise noted.