

LEGISLATIVE DIGEST

[Forming Infrastructure and Revitalization Financing District No. 1 (Treasure Island) - Adopting an Infrastructure Financing Plan]

Ordinance forming City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island); and adopting an Infrastructure Financing Plan for such district.

Existing Law

This is new legislation.

Background Information

The proposed Ordinance creates an Infrastructure and Revitalization District to finance the cost of certain public capital improvements for the Treasure Island Project, as described below. The proposed Ordinance also adopts an infrastructure financing plan which sets forth the sources of funding, and the mechanisms of public financing (including, among other things, the establishment of an infrastructure financing district).

The Naval Station Treasure Island (“NSTI”) is a former United States Navy base located in the City and County of San Francisco (“City”) that consists of two islands connected by a causeway: (1) Treasure Island, and (2) an approximately 90-acre portion of Yerba Buena Island.

The Department of the Navy (“Navy”), and the Treasure Island Development Authority (“TIDA”) entered into an Economic Conveyance Memorandum of Agreement (the “Conveyance Agreement”) that provides the terms and conditions under which the Navy will transfer the NSTI to TIDA. Ultimately the NSTI will be redeveloped (as further described below, the “Treasure Island Project”) by the Treasure Island Community Development, LLC (“TICD”) on the basis of numerous agreements including but not limited to a Disposition and Development Agreement (Treasure Island/Yerba Buena Island), dated June 28, 2011 (“DDA”), including a Financing Plan (Treasure Island/Yerba Buena Island) (“Financing Plan”).

The Treasure Island Project includes the development of 8,000 new homes (including 2,173 affordable units), 300 acres of parks and open space, roughly 550,000 square feet of commercial and retail space, and up to 500 hotel rooms. To facilitate the development, TICD is required to deliver a wide range of public improvements, including geotechnically stabilizing; constructing new roadways, utilities, and other public infrastructure to support the Treasure

Island Project; and constructing new ferry facilities, a new police/fire public safety building, and other community facilities.

The City also anticipates that future public capital improvements will be necessary to ensure that the shoreline, public facilities, and public access improvements will be protected should sea level rise at the perimeter of the Treasure Island Development site, and the Board of Supervisors desires to provide a mechanism to pay for such improvements.

Under California Government Code Sections 53395 et seq. ("IRFD Law"), the Board of Supervisors is authorized to establish an infrastructure financing district and to act as the legislative body for such an IFD. Under the IRFD Law an infrastructure and revitalization financing district may be divided into one or more project areas.

The proposed Ordinance adopts the terms and provisions set forth in the Financing Plan. The Financing Plan identifies certain financial goals for the Treasure Island Project and the contractual framework for cooperation between TIDA, the City, and Developer in achieving those goals and implementing the Treasure Island Development. The Financing Plan obligates TIDA and the City to take reasonable actions City to, among other acitons, form requested infrastructure financing districts and take related actions under applicable provisions of the Government Code of the State of California to pay for Qualified Project Costs (as defined in the Financing Plan) and to issue bonds and other debt for the infrastructure financing districts and other public financing instruments described in the Financing Plan.

By passage of this Ordinance, the City will establish several project areas within the IFD for the for purposes of financing Qualified Project Costs for the development of Treasure Island. It will (i) establish an annual appropriations limit of \$192 million, (ii) declare that the Board of Supervisors has the authority to issue from time to time Bonds in one or more series for the IRFD in the maximum aggregate principal amount of (a) \$780 million plus (b) the principal amount of IRFD Bonds approved by this Board of Supervisors and the qualified electors of annexation territory in connection with each annexation of annexation territory to the IRFD.

The Ordinance also the establishes the date on which the allocation of tax increment shall begin for the each project area within the IRFD (referred to in the Ordinance as the "Commencement Date"), with each Commencement Date being the first day of the fiscal year following the fiscal year in which the applicable Project Area has generated and the City has received: (i) with respect to Project Areas A, B and E, at least \$150,000 of tax increment, (ii) with respect to Project Areas C and D, at least \$300,000 of tax increment, and (iii) with respect to all other Project Areas established in connection with the annexation of territory to the IRFD, the amount of tax increment specified in the ordinance annexing such Project Area to the IRFD.