

File No. 191077

Committee Item No. 3

Board Item No. 30

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Government Audit and Oversight

Date: Nov. 13, 2019

Board of Supervisors Meeting:

Date: Nov. 19, 2019

Cmte Board

- Motion
- Resolution
- Ordinance
- Legislative Digest
- Budget and Legislative Analyst Report
- Youth Commission Report
- Introduction Form
- Department/Agency Cover Letter and/or Report
- MOU
- Grant Information Form
- Grant Budget
- Subcontract Budget
- Contract/Agreement
- Form 126 – Ethics Commission
- Award Letter
- Application
- Public Correspondence

OTHER

- Port Presentation – November 13, 2019
- Referral FYI – October 30, 2019
- _____
- _____
- _____

Prepared by: John Carroll

Date: Nov. 8, 2019

Prepared by: John Carroll

Date: Nov. 14, 2019

1 [Resolution of Intention - Incurring Bonded Indebtedness and Other Debt for Pier 70
2 Condominiums Special Tax District 2019-1 - Not to Exceed \$1,697,600,000]

3 **Resolution declaring the intention of the Board of Supervisors to incur bonded**
4 **indebtedness and other debt in an aggregate principal amount not to exceed**
5 **\$1,697,600,000 for the City and County of San Francisco Special Tax District No. 2019-1**
6 **(Pier 70 Condominiums) and determining other matters in connection therewith, as**
7 **defined herein.**

8
9 WHEREAS, California Statutes of 1968, Chapter 1333 ("Burton Act") and San
10 Francisco Charter Section 4.114 and Appendix B, beginning at Section B3.581, empower the
11 City and County of San Francisco ("City"), acting through the San Francisco Port Commission
12 ("Port" or "Port Commission"), with the power and duty to use, conduct, operate, maintain,
13 manage, regulate, and control the lands within Port jurisdiction; and

14 WHEREAS, FC Pier 70, LLC, a Delaware limited liability company ("Master
15 Developer") and the City, acting by and through the San Francisco Port Commission, are
16 parties to a Disposition and Development Agreement ("DDA"), including a Financing Plan
17 ("Financing Plan"), that governs the disposition and development of approximately 28 acres of
18 land in the waterfront area of the City known as Pier 70 ("Project Site"); and

19 WHEREAS, In the general election held on November 4, 2014, an initiative entitled, the
20 "Union Iron Works Historic District Housing, Waterfront Parks, Jobs and Preservation
21 Initiative" ("Proposition F"), was approved by the voters in the City; and

22 WHEREAS, The DDA contemplates a project ("Project") under which the Port would
23 initially lease the Project Site to the Master Developer for infrastructure development, and,
24 ultimately, lease and sell parcels in the Project Site to vertical developers, for development of
25 a mixed-use project described in the DDA; and

1 WHEREAS, The City anticipates that, in addition to the public infrastructure and private
2 development described above, future improvements will be necessary to ensure that the
3 shoreline, public facilities, and public access improvements will be protected should sea level
4 rise in the vicinity of the Project Site, and the Board of Supervisors of the City ("Board of
5 Supervisors") desires to provide a mechanism to pay for the costs of such improvements; and

6 WHEREAS, Under Chapter 43, Article X of the San Francisco Administrative Code (as
7 it may be amended from time to time, "Code"), which Code incorporates by reference the
8 Mello-Roos Community Facilities Act of 1982, as amended ("Mello-Roos Act"), this Board of
9 Supervisors has this date adopted its "Resolution of Intention to establish City and County of
10 San Francisco Special Tax District No. 2019-1 (Pier 70 Condominiums) and a Future
11 Annexation Area, determining other matters in connection therewith and making findings
12 under the California Environmental Quality Act" ("Resolution of Intention to Establish"), stating
13 its intention to form (i) "City and County of San Francisco Special Tax District No. 2019-1 (Pier
14 70 Condominiums)" ("Special Tax District") and (ii) a future annexation area for the Special
15 Tax District ("Future Annexation Area") for the purpose of financing certain improvements
16 ("Facilities"), services and incidental expenses, as further provided in the Resolution of
17 Intention to Establish; and

18 WHEREAS, In the Resolution of Intention to Establish, this Board of Supervisors made
19 certain findings under the California Environmental Quality Act ("CEQA") about the Final
20 Environmental Impact Report ("FEIR") for the disposition and development of the Project Site,
21 and those findings are incorporated in this Resolution as if set forth in their entirety herein;
22 and

23 WHEREAS, This Board of Supervisors estimates the amount required for the financing
24 of the costs of the Facilities and incidental expenses in the territory of the Special Tax District
25 and the Future Annexation Area to be the sum of not to exceed \$1,697,600,000; and

1 WHEREAS, In order to finance the costs of the Facilities and incidental expenses it is
2 necessary to incur bonded indebtedness and other debt (as defined in the Mello-Roos Act) in
3 the amount of not to exceed \$1,697,600,000 ("Limit") on behalf of the Special Tax District; and

4 WHEREAS, Such debt may include an agreement by the Special Tax District (or the
5 City on behalf of the Special Tax District) to repay the City for one or more advances of land
6 proceeds and other sources of Port funding to pay the costs of the Facilities and incidental
7 expenses ("Advances"), which repayment obligation ("Repayment Obligation") may be
8 evidenced by a promissory note ratified or executed by the Special Tax District (or the City on
9 behalf of the Special Tax District) in favor of the Port Commission; and

10 RESOLVED, That in order to finance the costs of the Facilities and incidental
11 expenses, it is necessary for the City to incur bonded indebtedness and other debt (as defined
12 in the Mello-Roos Act) in one or more series in an aggregate amount not to exceed the Limit;
13 and, be it

14 FURTHER RESOLVED, That the bonded indebtedness and other debt is proposed to
15 be incurred for the purpose of financing the costs of the Facilities, including acquisition and
16 improvement costs, and all incidental expenses; and, be it

17 FURTHER RESOLVED, That this Board of Supervisors, acting as legislative body for
18 the Special Tax District, intends to authorize the issuance and sale of bonds and other debt in
19 one or more series in the maximum aggregate principal amount of not to exceed the Limit,
20 bearing interest payable semi-annually or in such other manner as this Board of Supervisors
21 shall determine, at a rate not to exceed the maximum rate of interest as may be authorized by
22 applicable law at the time of sale of such bonds and other debt, and maturing not later than 40
23 years from the date of the issuance of the bonds and other debt; and, be it

24 FURTHER RESOLVED, That because the City expects to repay the Repayment
25 Obligation with, among other sources, special taxes levied in the Special Tax District and

1 proceeds of bonded indebtedness and other debt incurred by or on behalf of the Special Tax
2 District, the Board of Supervisors hereby determines that (i) the Repayment Obligation shall
3 be included in the calculation of the Limit and (ii) any such bonded indebtedness or other debt
4 (as defined in the Mello-Roos Act) incurred by or on behalf of the Special Tax District to repay
5 the Repayment Obligation (and the related costs of issuance and costs of funding a debt
6 service reserve fund) shall not be included in the calculation of the Limit; and, be it

7 FURTHER RESOLVED, That January 14, 2020 at 3:00 p.m. or as soon as possible
8 thereafter, in the Board of Supervisors Chamber, 1 Dr. Carlton B. Goodlett Place, San
9 Francisco, California, are hereby fixed as the time and place when and where this Board of
10 Supervisors, as legislative body for the Special Tax District, will conduct a public hearing on
11 the proposed debt issue and consider and finally determine whether the public interest,
12 convenience and necessity require the issuance of bonds and other debt of the of the City on
13 behalf of the Special Tax District; and, be it

14 FURTHER RESOLVED, That the Clerk of the Board of Supervisors is hereby directed
15 to cause notice of the public hearing to be given by publication one time in a newspaper of
16 general circulation circulated within the Special Tax District, and the publication of the notice
17 shall be completed at least 7 days before the date specified above for the public hearing. The
18 notice shall be substantially in the form specified in Mello-Roos Act, Section 53346, with the
19 form summarizing the provisions hereof hereby specifically approved; and, be it

20 FURTHER RESOLVED, That notwithstanding the foregoing, because of the complexity
21 associated with the project and the financing plan described in the Resolution of Intention to
22 Establish, the Board of Supervisors hereby authorizes the Clerk of the Board of Supervisors to
23 determine that the public hearing should be held on a later date or time and to cause notice of
24 such later date or time to be given by publication one time in a newspaper published in the
25 area of the Special Tax District and the Future Annexation Area; and, be it

1 FURTHER RESOLVED, That this Board of Supervisors hereby waives any provisions
2 of the Amended and Restated Local Goals and Policies for Community Facilities Districts and
3 Special Tax Districts ("Goals and Policies") adopted by this Board of Supervisors by
4 Resolution No. 414-13 to the extent the Goals and Policies are inconsistent with the
5 provisions hereof or the DDA; and, be it

6 FURTHER RESOLVED, That this Resolution shall in no way obligate the Board of
7 Supervisors to form the Special Tax District or to authorize the issuance of bonds or other
8 debt for the Special Tax District. Issuance of the bonds and other debt shall be subject to the
9 approval of this Board of Supervisors by resolution following the holding of the public hearing
10 referred to above; and, be it

11 FURTHER RESOLVED, That if any section, subsection, sentence, clause, phrase, or
12 word of this resolution, or any application thereof to any person or circumstance, is held to be
13 invalid or unconstitutional by a decision of a court of competent jurisdiction, such decision
14 shall not affect the validity of the remaining portions or applications of this resolution, this
15 Board of Supervisors hereby declaring that it would have passed this resolution and each and
16 every section, subsection, sentence, clause, phrase, and word not declared invalid or
17 unconstitutional without regard to whether any other portion of this resolution or application
18 thereof would be subsequently declared invalid or unconstitutional; and, be it

19 FURTHER RESOLVED, That the Mayor, the Controller, the Director of the Controller's
20 Office of Public Finance, the Clerk of the Board of Supervisors and any and all other officers
21 of the City are hereby authorized, for and in the name of and on behalf of the City, to do any
22 and all things and take any and all actions, including execution and delivery of any and all
23 documents, assignments, certificates, requisitions, agreements, notices, consents,
24 instruments of conveyance, warrants and documents, which they, or any of them, may deem
25 necessary or advisable in order to effectuate the purposes of this Resolution; provided

1 however that any such actions be solely intended to further the purposes of this Resolution,
2 and are subject in all respects to the terms of the Resolution; and, be it

3 FURTHER RESOLVED, That all actions authorized and directed by this Resolution,
4 consistent with any documents presented herein, and heretofore taken are hereby ratified,
5 approved and confirmed by this Board of Supervisors; and, be it

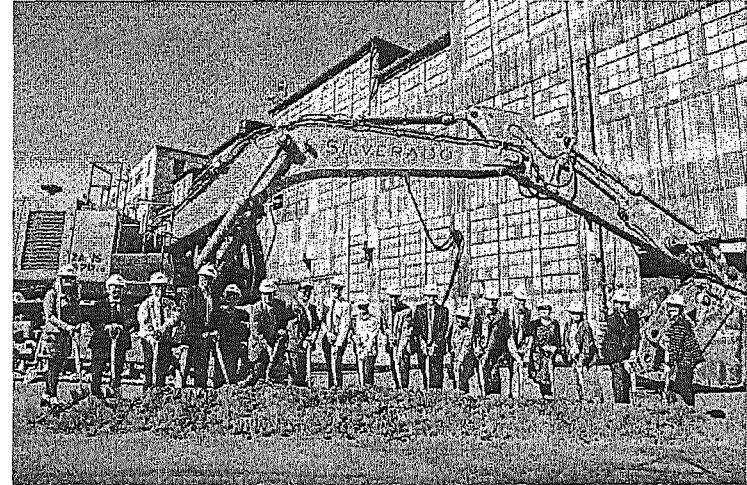
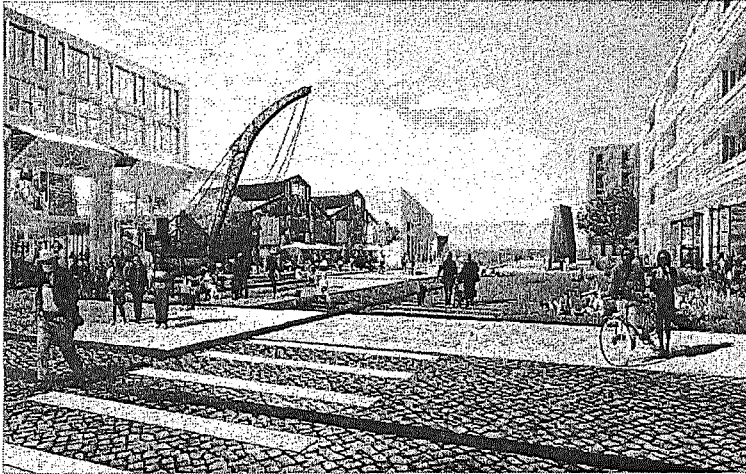
6 FURTHER RESOLVED, That this Resolution shall take effect upon its adoption.

7
8 APPROVED AS TO FORM:
9 DENNIS J. HERRERA, City Attorney

10
11 By: 

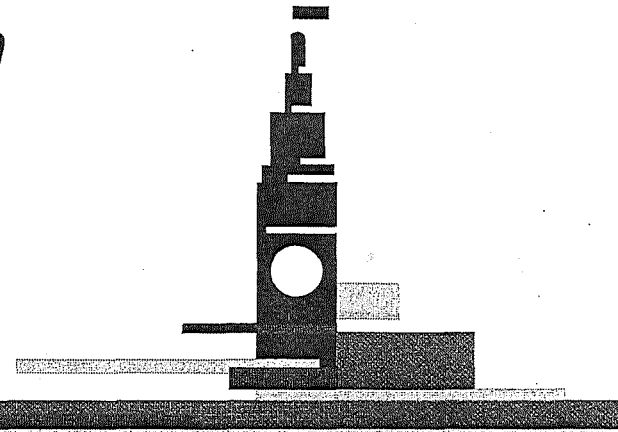
12 Mark D. Blake
13 Deputy City Attorney

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Pier 70 Condominium and Leased Properties Community Facilities Districts Formation *Resolutions of Intention*

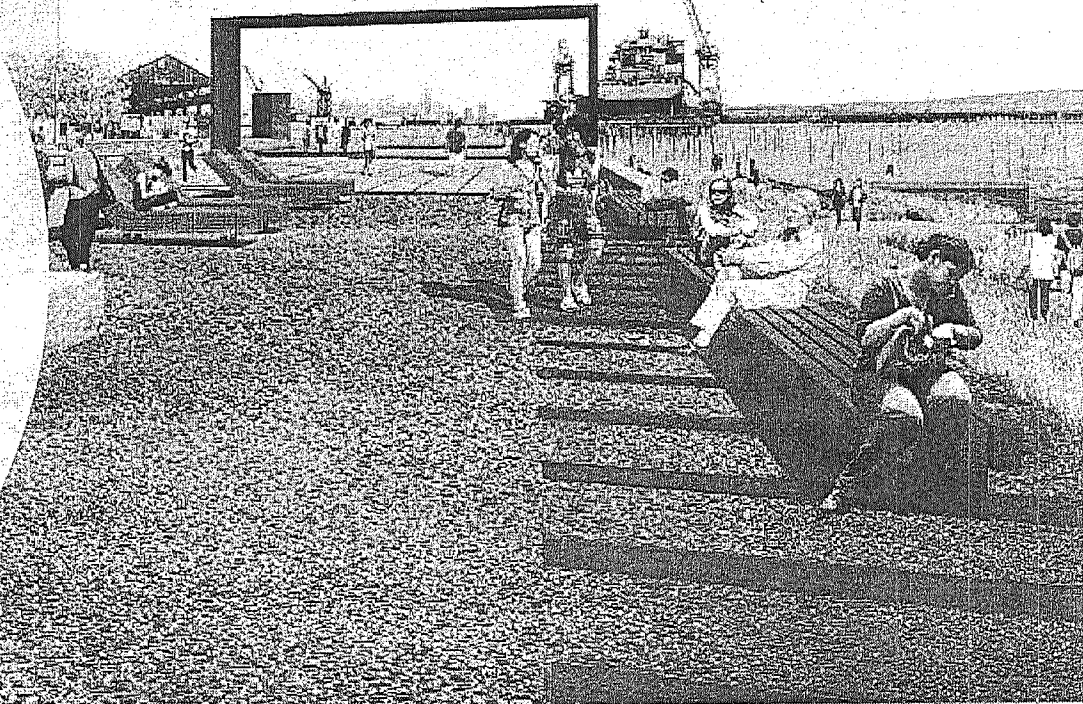
Government Audit and Oversight Committee
November 13, 2019
Wyatt Donnelly-Landolt
Port of San Francisco



Presentation Overview

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- Pier 70 Project
- Project Financing Structure
- Overview of Special Tax Districts
- Next steps



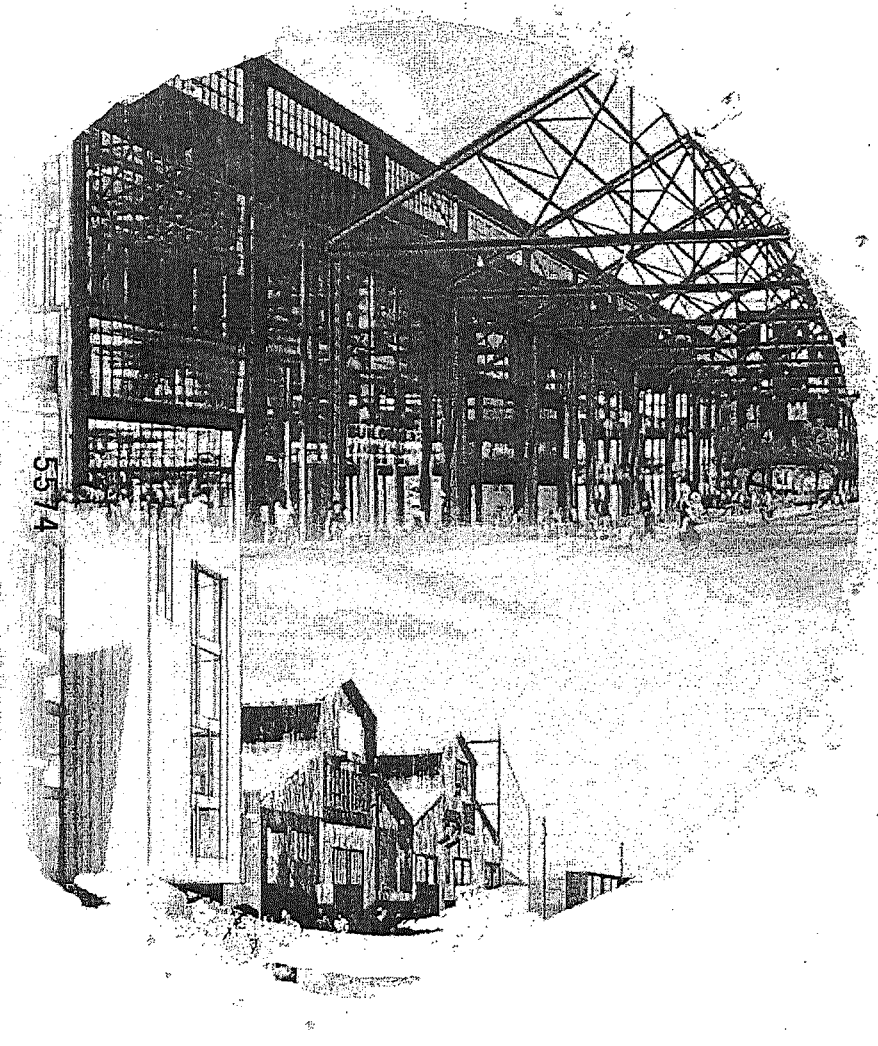
Pier 70 Project Overview

Overview

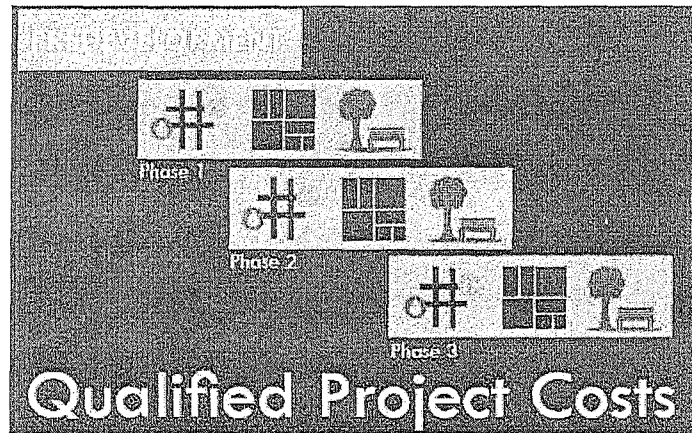
- Entitled Fall 2017
- 35 acres
- 1,645-3,025 residential units
- 1.1-1.75 million gsf commercial
- 9 acres open space

Public Benefits

- 30% onsite affordability
- First Source, Prevailing Wage, LBE
- TDM Program
- Historic Rehabilitation
- Sea Level Rise Protections
- Ongoing Sea Level Rise Revenue Stream
- 90,000 SF Arts Facility
- On-site Child Care



Project Financing Structures



- Possible sources to pay for qualified project costs:

- Developer or Port Capital
- Land Value
- CFD/IFD

- Goal is to limit Developer Capital and accrual of Developer Return by:

- Using CFD/IFD whenever possible
- When CFD/IFD not available, advance land value proceeds or Port Capital repaid with CFD/IFD once available

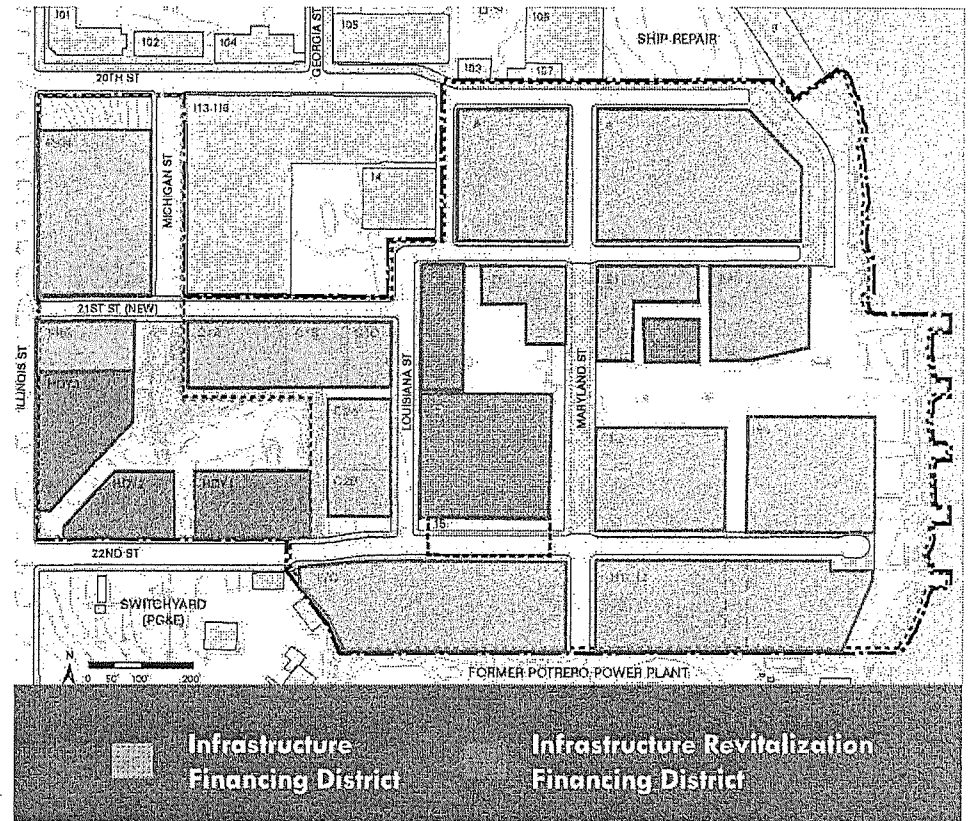
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Public Financing Actions to Date

The Board of Supervisors previously authorized:

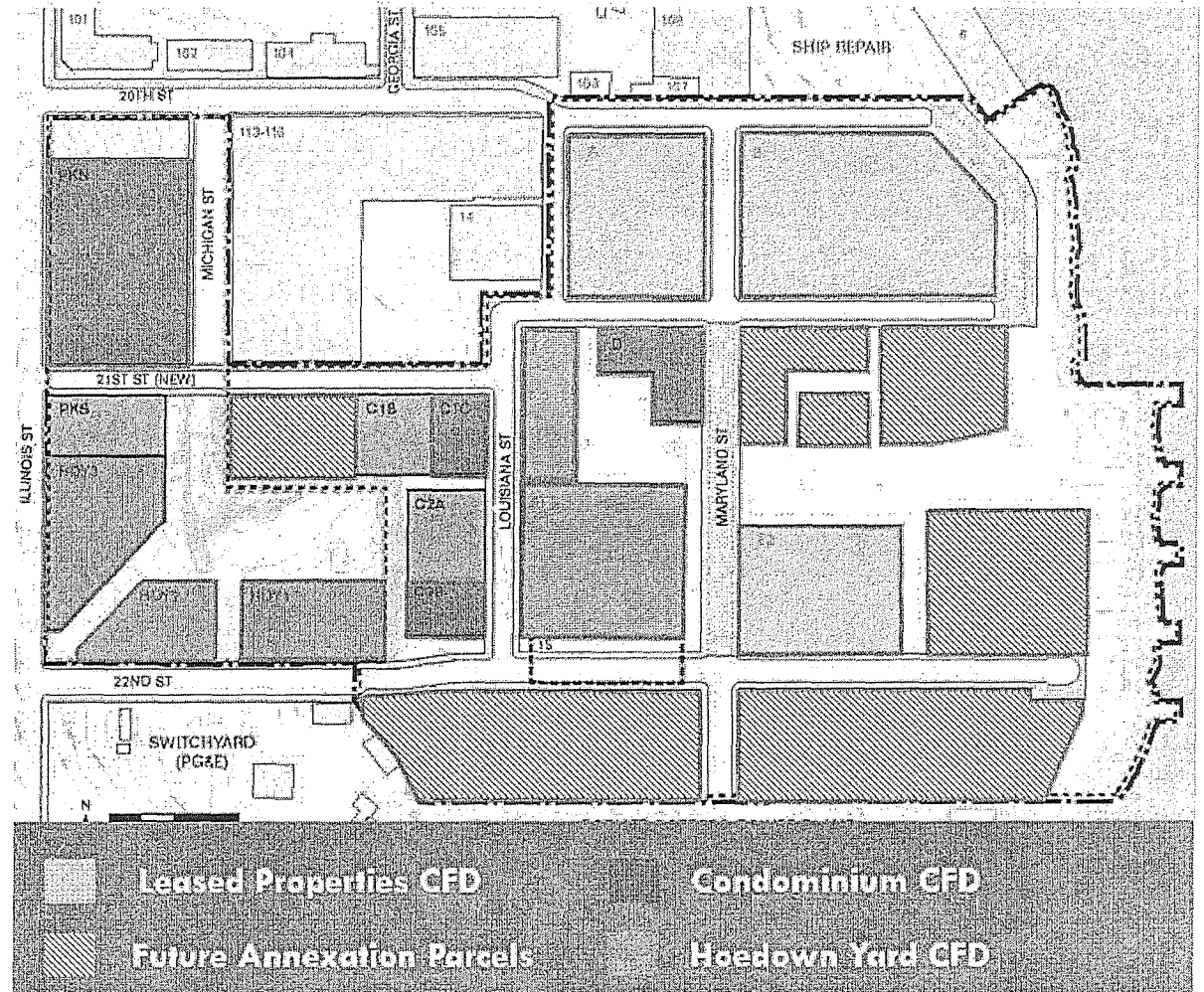
- Infrastructure Financing District (IFD) in September 2018
- Infrastructure and Revitalization Financing District (IRFD) in October 2018
- Amendments to the City's Special Tax Law to align to Pier 70 and Mission Rock projects in September 2019

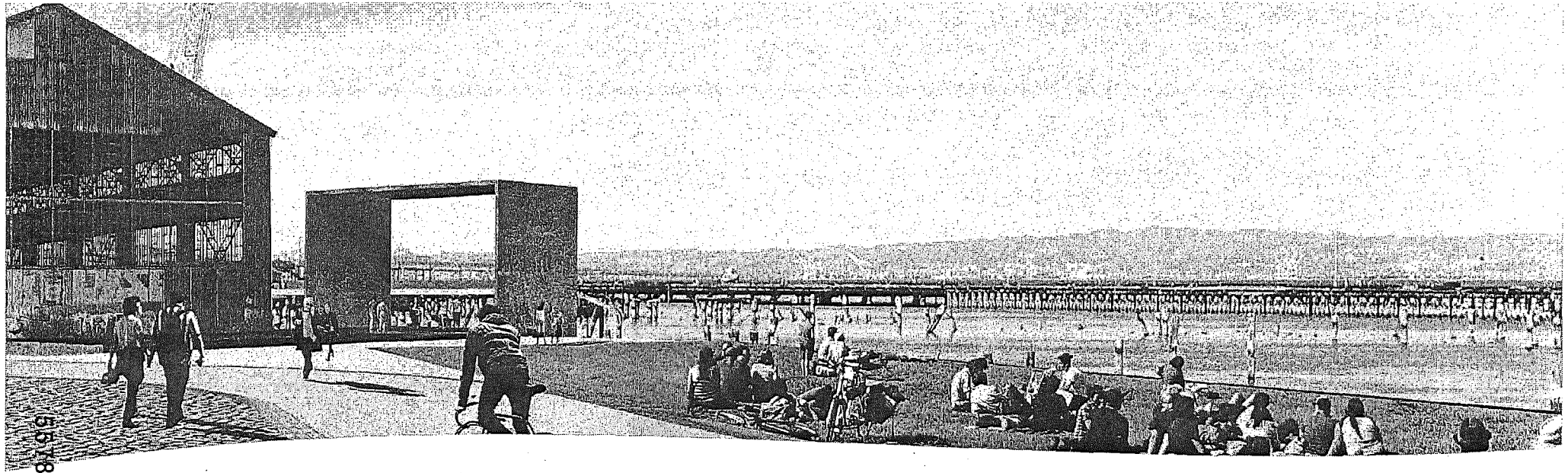
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Current CFD Resolutions of Intention

- Establishing Condominiums CFD, Special Tax District 2019-1
- Establishing Leased Properties CFD, Special Tax District 2019-2
- Incur Bonded Indebtedness for Condominium CFD
- Incur Bonded Indebtedness for Leased Properties CFD





Pier 70 CFD Uses

Facilities Tax

- Horizontal Infrastructure & Parks
- 40 years of bonding authority

Arts Tax

- Community Space and Arts Building
- 40 years of bonding authority

Shoreline Tax

- Shoreline protection studies and facilities
- 120 years

Services Tax

- Ongoing operations and maintenance for parks, streets, open space, etc.
- Perpetuity



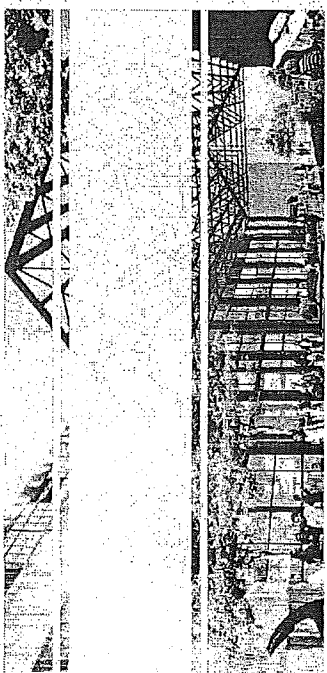
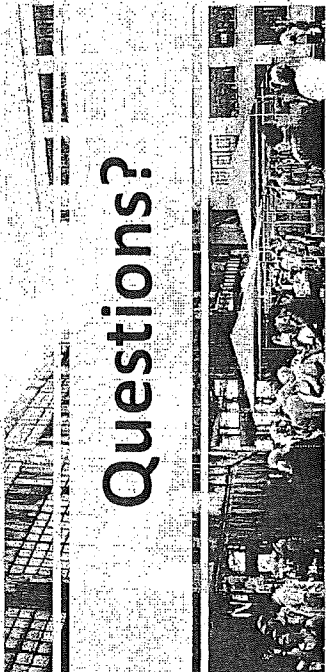
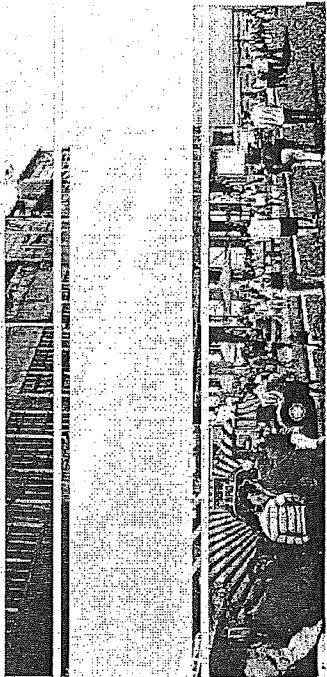
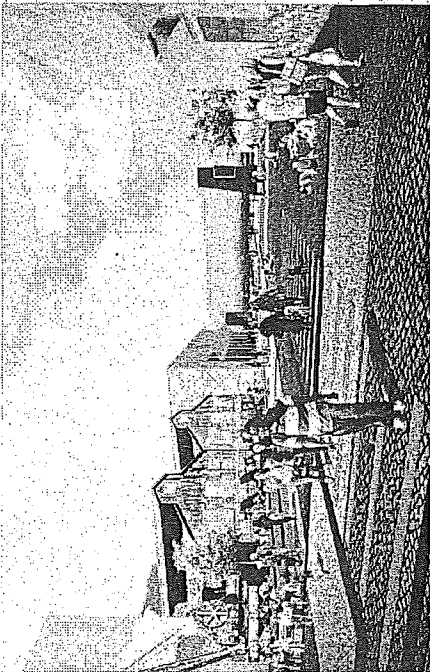
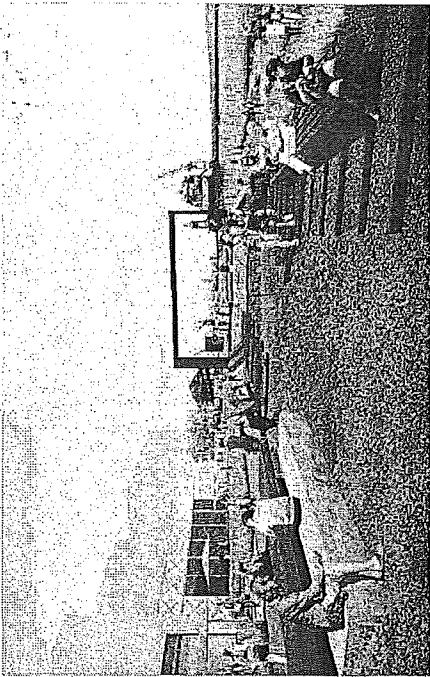
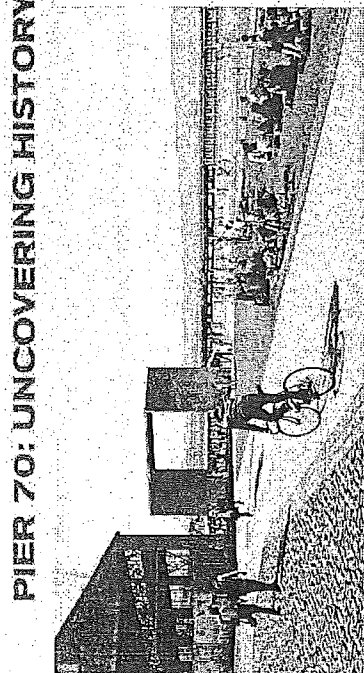
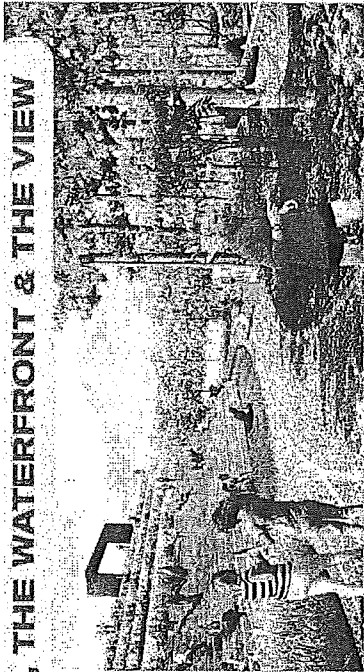
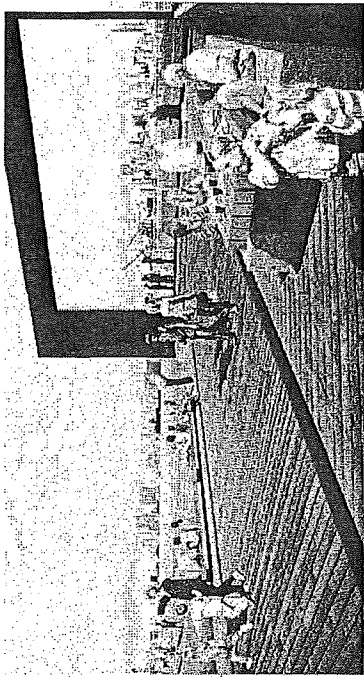
What's next?

- Form Community Facilities Districts by Special Election
- Issue CFD Bonds and levy special taxes for the maintenance of parks, open space, and shoreline improvements

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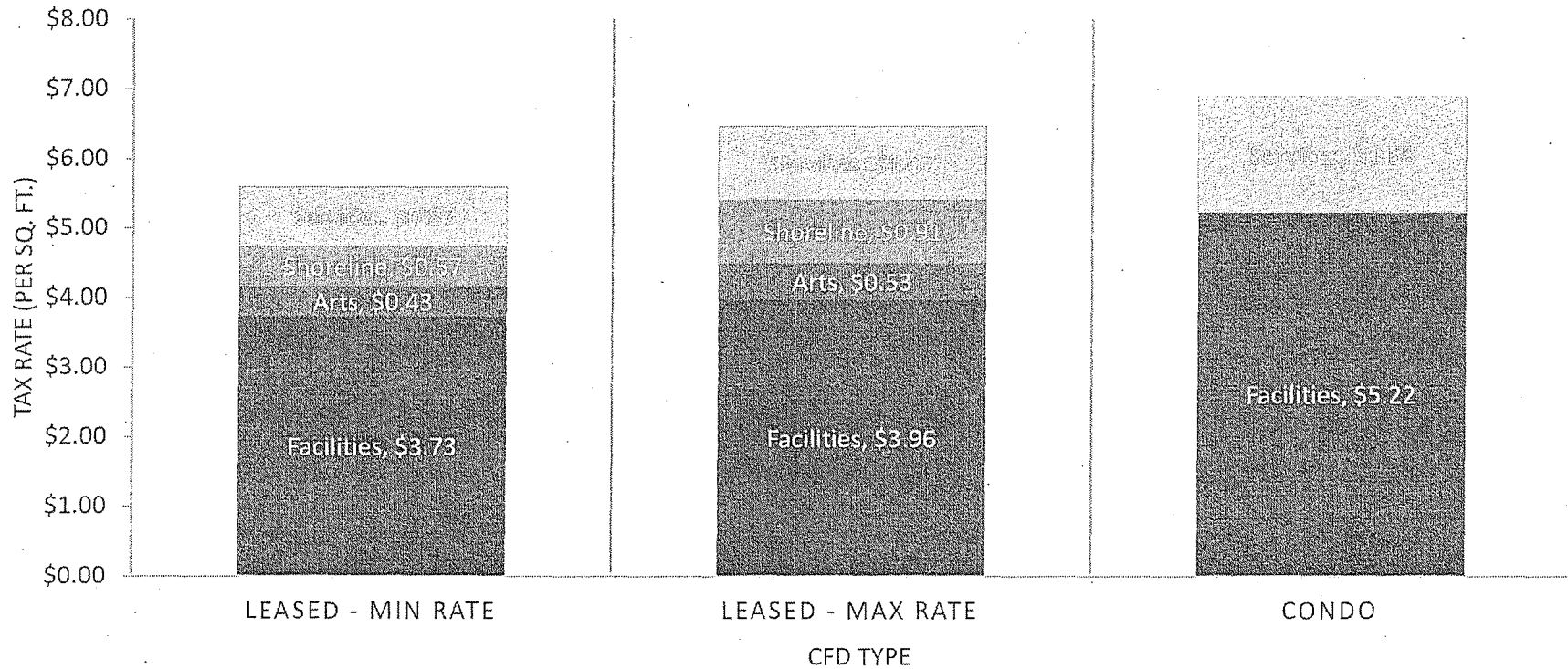
PIER 70: UNCOVERING HISTORY, THE WATERFRONT & THE VIEW



Questions?

Tax Rates

5581



Tax Rates

5582

	CFD	Parcels*	Facilities & Ops	Rates**
Leased Property CFD	Leased Property CFD / Tax Zone 1 & 2	28-Acre Site Phase 1 Residential Rental and Office Parcels	Facilities Tax	\$3.73-\$3.96/sf
			Arts Tax	\$0.43-\$0.53/sf
			Shoreline Tax	\$0.57 - \$0.91/sf
			Services Tax	\$0.87-\$1.07/sf
	Leased Property CFD / Tax Zone 3	28-Acre Site Historic Buildings 12 and 21	Facilities Tax	\$3.52 - \$3.64/sf
Condo CFD	Condo CFD / Tax Zone 1	Parcel K North	Facilities Tax	\$5.22/sf
			Services Tax	\$1.68/sf
	Condo CFD / Tax Zone 2	28-Acre Site Condominium Parcels	Facilities Tax	\$4.89/sf
			Arts Tax	\$0.66/sf
			Services Tax	\$1.34-\$2.02/sf

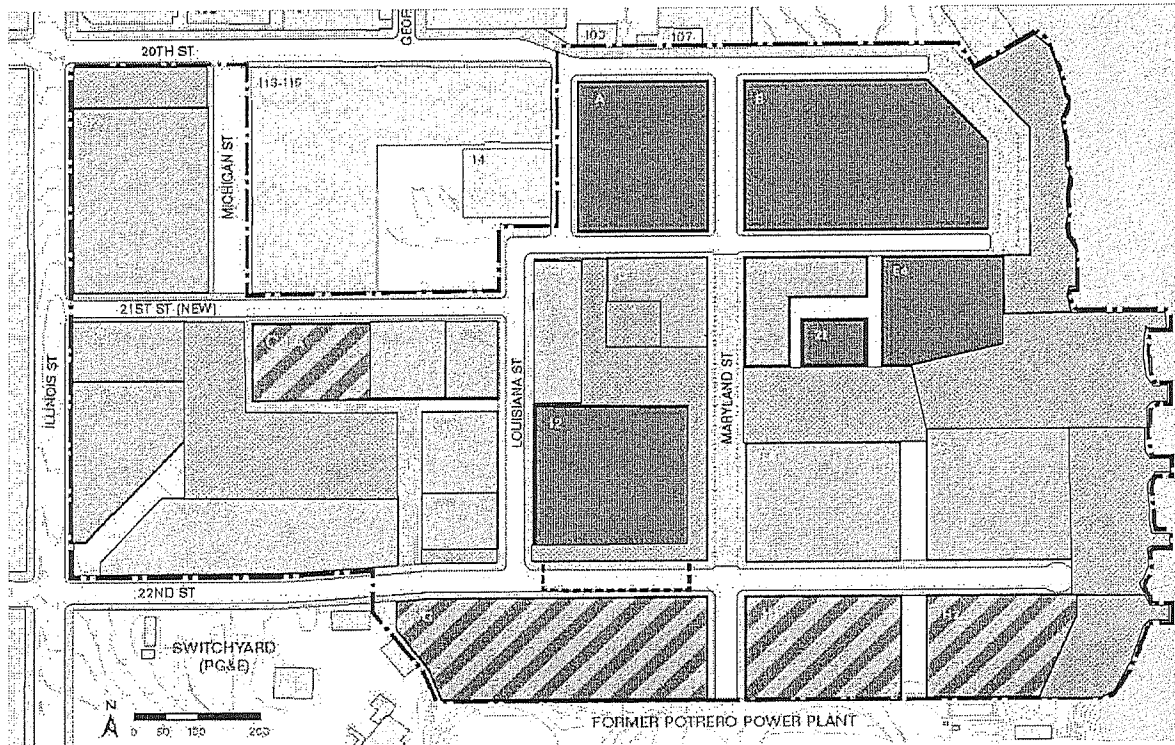
* Each of the CFDs include "annexation parcels", which will be annexed in to the CFD once it has been determined whether a parcel is to be leased or sold.

**Rates vary within in each Zone based on building type (residential, non-residential, historic), building height if residential, and location within or outside of the 28-Acre Site.







Special Use District Project Overview

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- **Open Space:**
9 acres
- **Retail, Arts + Light Industrial:**
480,000–486,000 gsf
- **Commercial Office:**
1.1M – 1.75M gsf
- **Residential:**
1,645 – 3, 025 units



 Residential	 Commercial-Office	 RALI	 Open Space
1,645-3,025 units	1.1M-1.75M gsf	480,000 gsf	9 acres

BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 554-5227

MEMORANDUM

TO: Elaine Forbes, Executive Director, Port of San Francisco
Ben Rosenfield, City Controller, Office of the Controller

FROM: John Carroll, Assistant Clerk, Government Audit and Oversight
Committee, Board of Supervisors

DATE: October 30, 2019

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Government Audit and Oversight Committee has received the following proposed legislation, introduced by Mayor Breed on October 22, 2019:

File No. 191077

Resolution declaring the intention of the Board of Supervisors to incur bonded indebtedness and other debt in an aggregate principal amount not to exceed \$1,697,600,000 for the City and County of San Francisco Special Tax District No. 2019-1 (Pier 70 Condominiums) and determining other matters in connection therewith, as defined herein.

If you have any comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

c: Daley Dunham, Port of San Francisco
Wyatt Donnelly-Landolt, Port of San Francisco
Amy Quesada, Port of San Francisco
Todd Rydstrom, Office of the Controller
Peg Stevenson, Office of the Controller

OFFICE OF THE MAYOR
SAN FRANCISCO



LONDON N. BREED
MAYOR

RECEIVED
10/22/19 @ 5:42 pm
S

Slc

TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: Sophia Kittler
RE: Resolution of Intention to Incur Bonded Indebtedness and Other Debt---
Special Tax District No. 2019-1 (Pier 70 Condominiums)
DATE: Tuesday, October 22, 2019

Resolution of intention to incur bonded indebtedness and other debt in an aggregate principal amount not to exceed \$1,697,600,000 for the City and County of San Francisco Special Tax District No. 2019-1 (Pier 70 Condominiums) and determining other matters in connection therewith.

Please note that Supervisor Walton is a co-sponsor of this legislation.

Should you have any questions, please contact Sophia Kittler at 415-554-6153.

1 DR. CARLTON B. GOODLETT PLACE, ROOM 200
SAN FRANCISCO, CALIFORNIA 94102-4681
TELEPHONE: (415) 554-6141

