

LEGISLATIVE DIGEST

[Levying Special Taxes - Community Facilities District No. 2016-1 (Treasure Island)]

**Ordinance levying special taxes within the City and County of San Francisco
Community Facilities District No. 2016-1 (Treasure Island).**

Existing Law

This is new legislation.

Background Information

The proposed Ordinance authorizes the levy of special taxes within City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island) to finance the cost of certain public capital improvements and services within the Treasure Island Development, as described below.

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 Development”) 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 Development 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 the Treasure Island Development site; constructing new roadways, utilities, and other public infrastructure to support the Treasure Island Development; and constructing new ferry facilities, a new police/fire public safety building, and other community facilities.

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

Under the Mello-Roos Community Facilities Act of 1982, constituting Chapter 2.5 of Part 1 of Division 2 of Title 5, commencing with Section 53311, of the California Government Code (“Mello-Roos Act”), the Board of Supervisors is authorized to establish community facilities districts (“CFDs”) and to act as the legislative body for such an CFD.

In accordance with the Mello-Roos Act, the City has taken legislative action and conducted public hearings, and considered evidence presented and determined to form City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island) (“CFD”), (ii) Improvement Area No. 1 of the City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island)” (“Improvement Area No. 1”), and (iii) City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island) (“Future Annexation Area”). The City has also authorized the issuance of special tax bonds (in the amount not to exceed \$5 billion) for such purposes.

By passage of this Ordinance, the City will authorize the levy of special taxes within Improvement Area No. 1, at the rate and in accordance with the rate and method formula set forth in the Resolution of Formation (as defined in the Ordinance). The special taxes will be used to repay any bonded indebtedness and other costs of the CFD, Improvement Area No. 1 and Future Annexation Area. The special taxes will be levied starting in fiscal year 2017-18 and in each fiscal year thereafter for the period provided in the rate and method formula to pay for the costs of public improvements, services, including all costs of administering the CFD.

Passage of the Ordinance would also provide for the (i) levy of special taxes on parcels in the Future Annexation Area that are annexed into the CFD (whether as part of a then-existing improvement area or as a newly-designated improvement area) at the rate or rates approved in the applicable Unanimous Approval and in accordance with the Annexation Approval Procedures described in the Resolution of Formation, and (ii) apportionment and collection of the special taxes approved pursuant to the applicable Unanimous Approval and the Annexation Approval Procedures in the manner specified in the Resolution of Formation.

Under the Ordinance, the Board of Supervisors delegates to the Controller’s Director of Public Finance to determine the specific special tax rate and amount to be levied for the next ensuing fiscal year for each parcel of real property within Improvement Area No. 1 and each Future Improvement Area, in the manner and as provided in the Resolution of Formation or the applicable Unanimous Approval.

The special tax authorized under the Ordinance would be collected in the same manner as *ad valorem* property taxes and have the same lien priority. State, federal or local government properties are exempt the special tax levy, except as provided in the rate and method formula.