

File No. 191079

Committee Item No. 5

Board Item No. 32

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 Leased
2 Properties Tax District No. 2019-2 - Not to Exceed \$1,841,600,000]

3 **Resolution declaring the intention to incur bonded indebtedness and other debt in an**
4 **aggregate principal amount not to exceed \$1,841,600,000 for the City and County of**
5 **San Francisco Special Tax District No. 2019-2 (Pier 70 Leased Properties); and**
6 **determining other matters in connection therewith, as defined herein.**

7
8 WHEREAS, California Statutes of 1968, Chapter 1333 ("Burton Act") and San
9 Francisco Charter, Section 4.114 and Appendix B, beginning at Section B3.581, empower the
10 City and County of San Francisco ("City"), acting through the San Francisco Port Commission
11 ("Port Commission" or "Port"), with the power and duty to use, conduct, operate, maintain,
12 manage, regulate, and control the lands within Port jurisdiction; and

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

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

21 WHEREAS, The DDA contemplates a project ("Project") under which the Port would
22 initially lease the Project Site to the Master Developer for infrastructure development, and,
23 ultimately, lease and sell parcels in the Project Site to vertical developers, for development of
24 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. 2019-2 (Pier 70 Leased Properties) 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. 2019-2 (Pier
14 70 Leased Properties)" ("Special Tax District") and (ii) a future annexation area for the Special
15 Tax District ("Future Annexation Area") for the purpose of financing the costs of certain
16 improvements ("Facilities"), services and incidental expenses, as further provided in the
17 Resolution of 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 \$1,841,600,000; 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 \$1,841,600,000 ("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, acting by and through the Port, for
6 one or more advances of land proceeds and other sources of Port funding to pay the costs of
7 the Facilities and incidental expenses ("Advances"), which repayment obligation ("Repayment
8 Obligation") may be evidenced by a promissory note ratified or executed by the Special Tax
9 District (or the City on behalf of the Special Tax District) in favor of the Port; now, therefore, be
10 it

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

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

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

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

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

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

23 FURTHER RESOLVED, That notwithstanding the foregoing, because of the complexity
24 associated with the project and the financing plan described in the Resolution of Intention to
25 Establish, the Board of Supervisors hereby authorizes the Clerk of the Board of Supervisors to

1 determine that the public hearing should be held on a later date or time and to cause notice of
2 such later date or time to be given by publication one time in a newspaper published in the
3 area of the Special Tax District and the Future Annexation Area; and, be it

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

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

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

22 FURTHER RESOLVED, That the Mayor, the Controller, the Director of the Controller's
23 Office of Public Finance, the Clerk of the Board of Supervisors and any and all other officers
24 of the City are hereby authorized, for and in the name of and on behalf of the City, to do any
25 and all things and take any and all actions, including execution and delivery of any and all

1 documents, assignments, certificates, requisitions, agreements, notices, consents,
2 instruments of conveyance, warrants and documents, which they, or any of them, may deem
3 necessary or advisable in order to effectuate the purposes of this Resolution; provided
4 however that any such actions be solely intended to further the purposes of this Resolution,
5 and are subject in all respects to the terms of the Resolution; and, be it

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

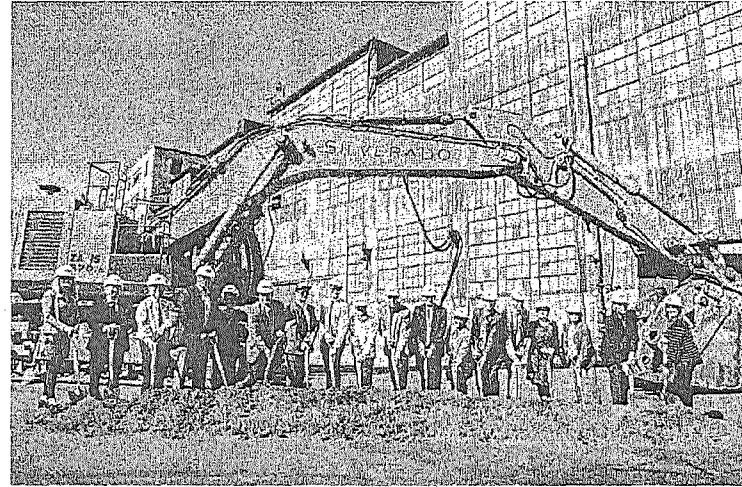
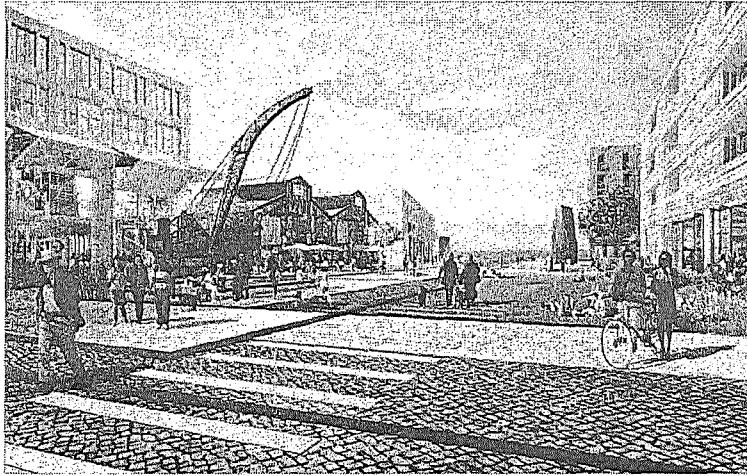
9 FURTHER RESOLVED, That this Resolution shall take effect upon its adoption.

10
11 APPROVED AS TO FORM:
12 DENNIS J. HERRERA, City Attorney

13
14 By: 

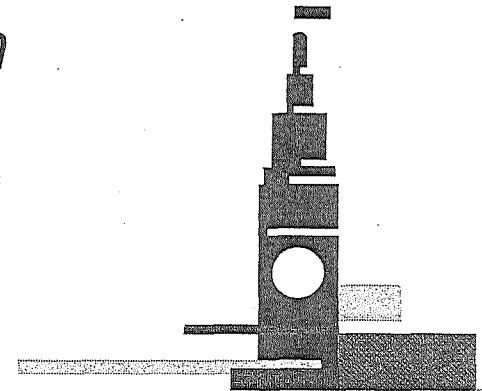
15 Mark D. Blake
16 Deputy City Attorney

17 n:\egana\as2019\2000155\01401024.docx



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

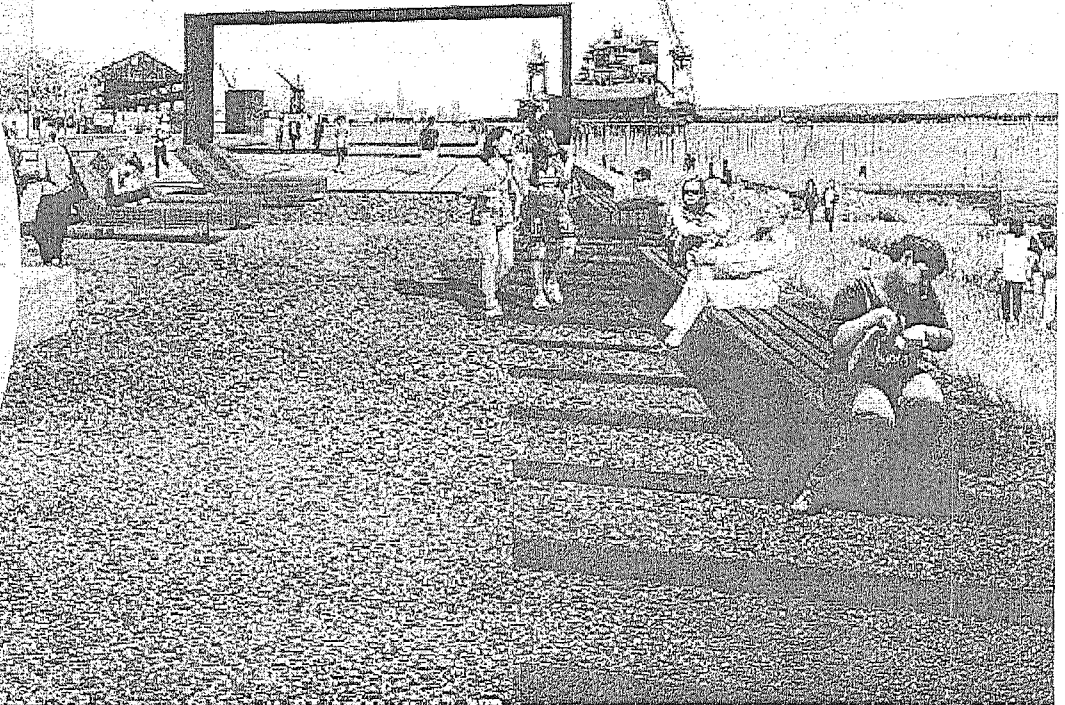
Government Audit and Oversight Committee
November 13, 2019
Wyatt Donnelly-Landolt
Port of San Francisco



Presentation Overview

5707

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



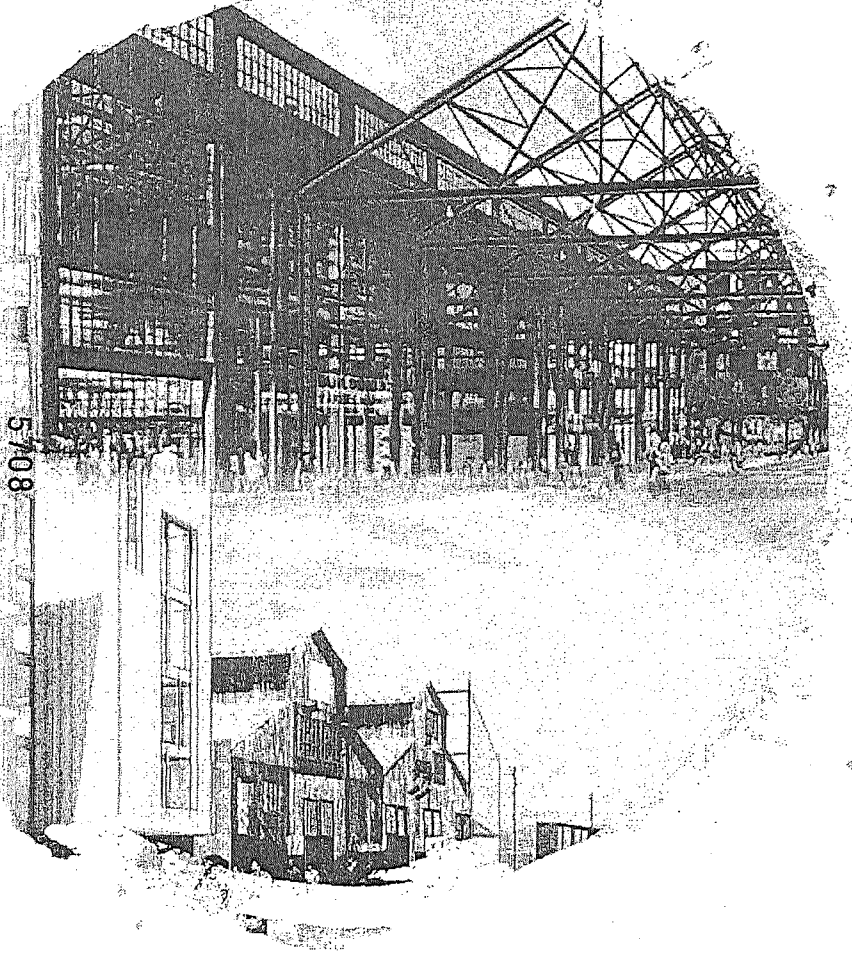
Pier 70 Project Overview

Overview

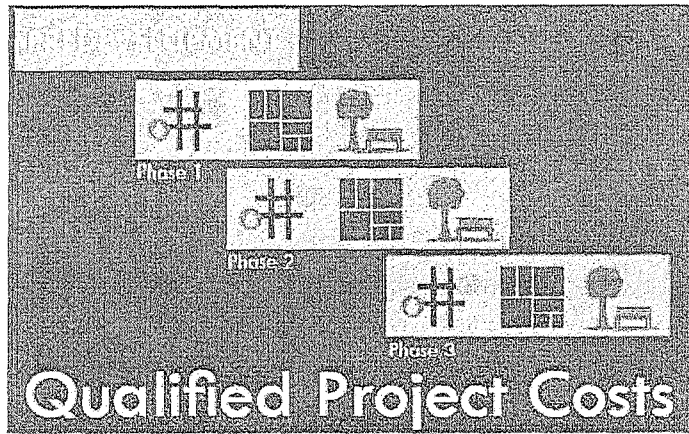
- Entitled Fall 2017
- 35 acres
- 1,645-3,025 residential units
- 1.1-1.75 million gsf commercial
- 9 acres open space

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



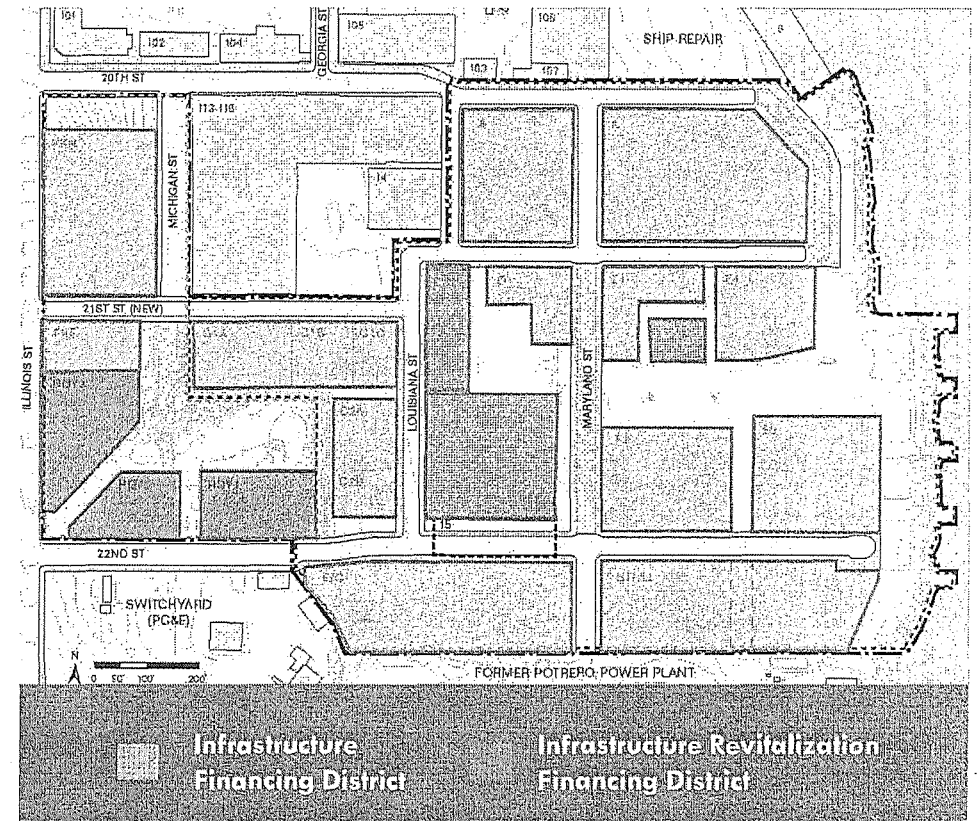
- Possible sources to pay for qualified project costs:
 - Developer or Port Capital
 - Land Value
 - CFD/IFD
- Goal is to limit Developer Capital and accrual of Developer Return by:
 - Using CFD/IFD whenever possible
 - When CFD/IFD not available, advance land value proceeds or Port Capital repaid with CFD/IFD once available

5709

Public Financing Actions to Date

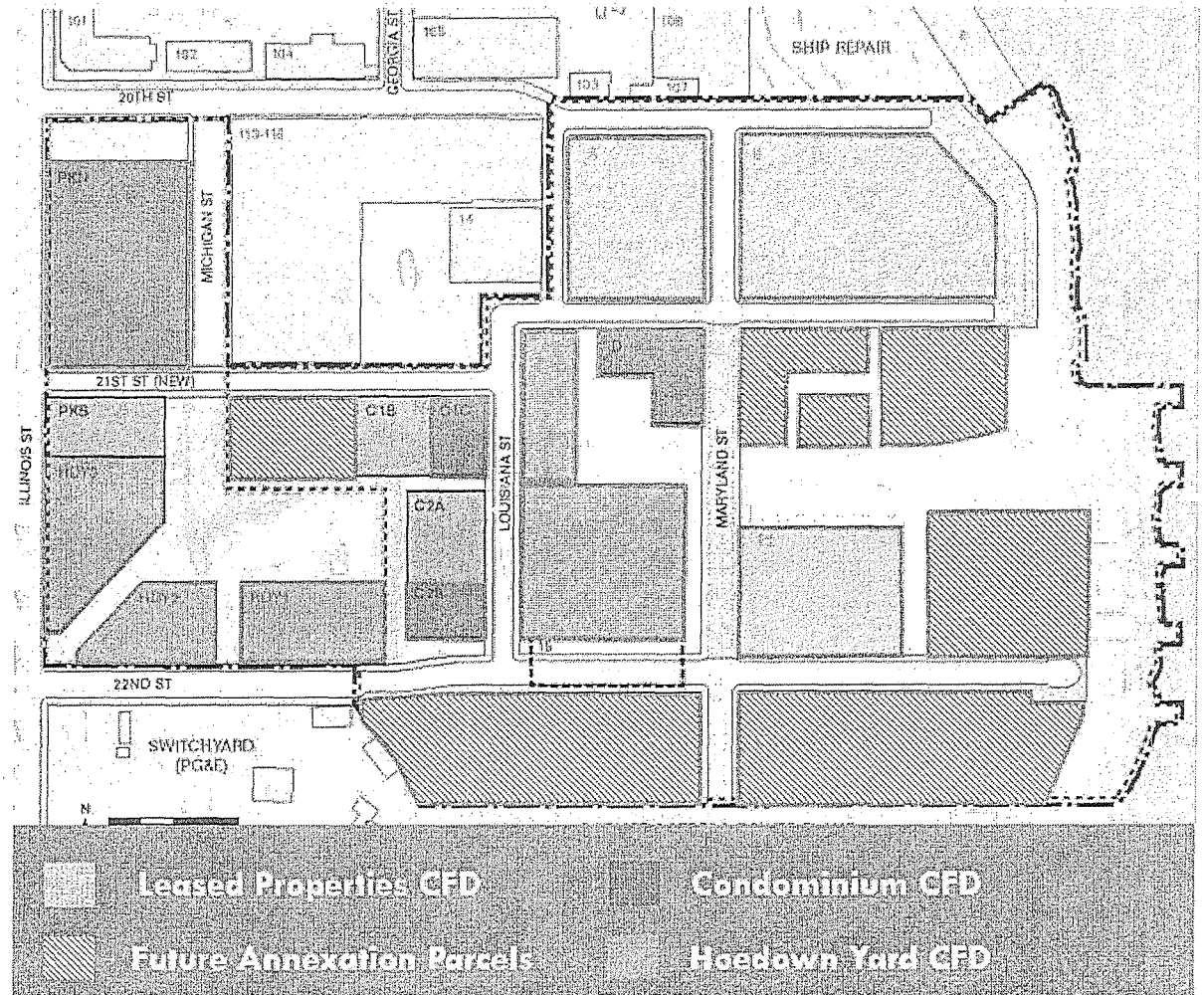
The Board of Supervisors previously authorized:

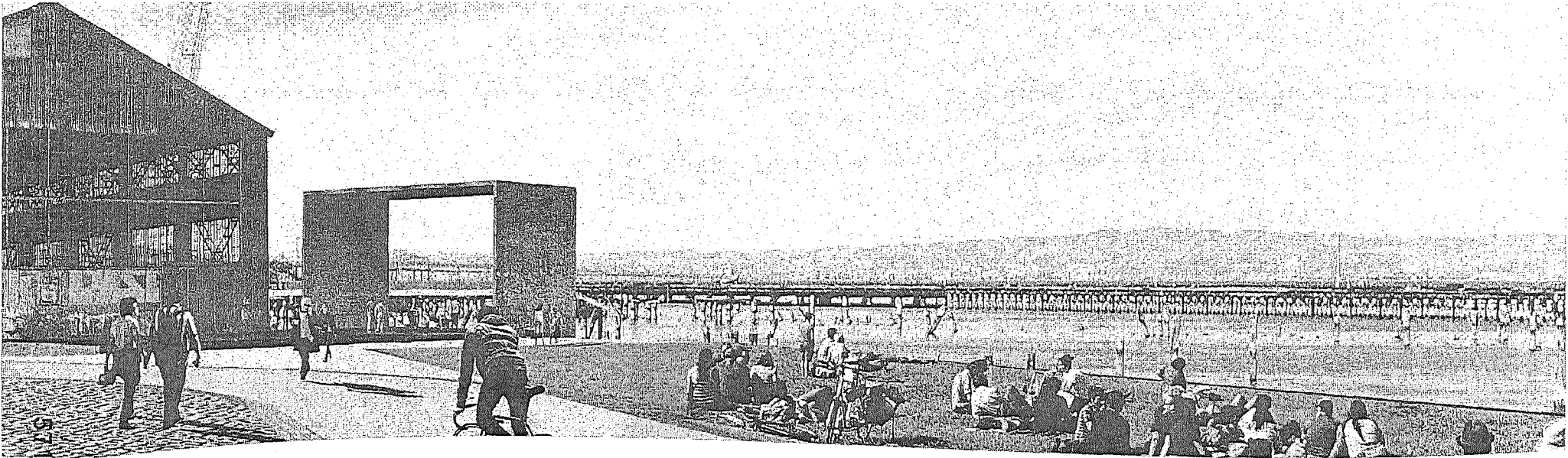
- Infrastructure Financing District (IFD) in September 2018
- Infrastructure and Revitalization Financing District (IRFD) in October 2018
- Amendments to the City's Special Tax Law to align to Pier 70 and Mission Rock projects in September 2019



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

Shoreline Tax

- Shoreline protection studies and facilities
- 120 years

Arts Tax

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

Services Tax

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



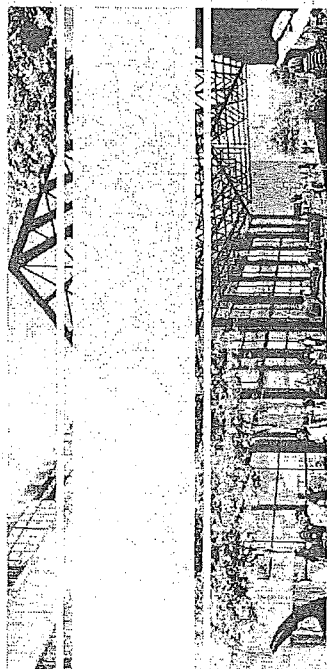
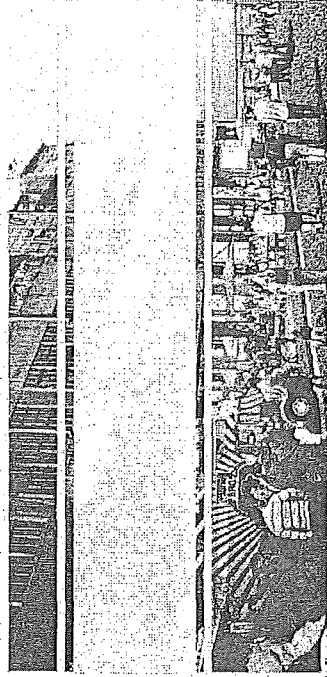
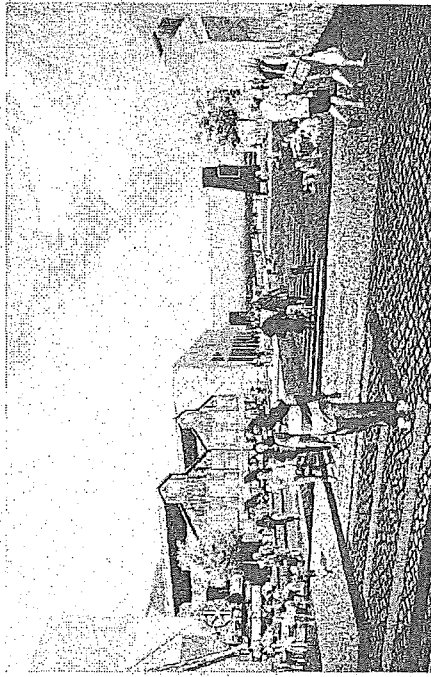
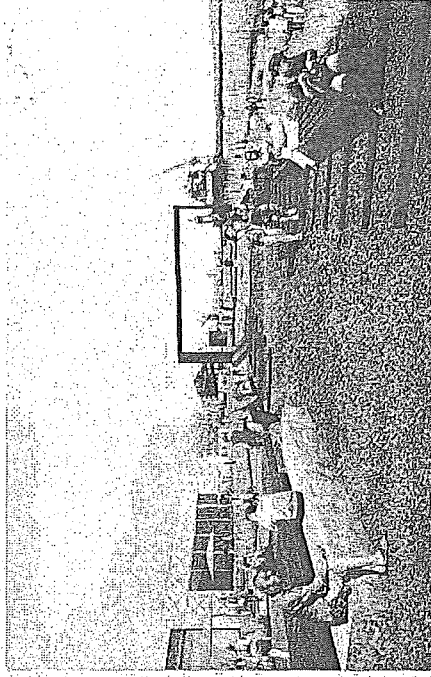
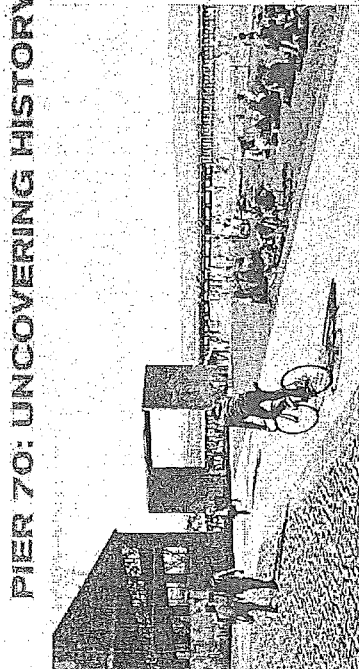
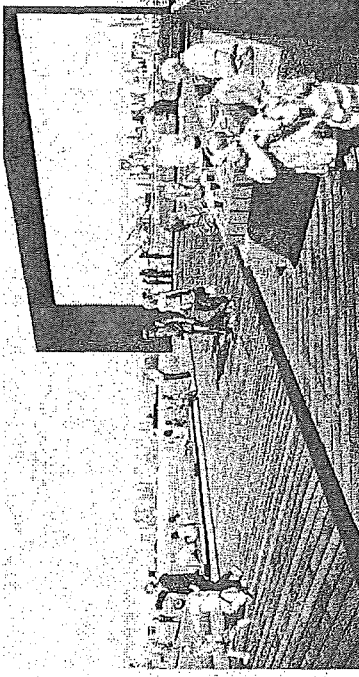
What's next?

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

5713

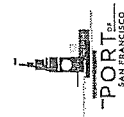
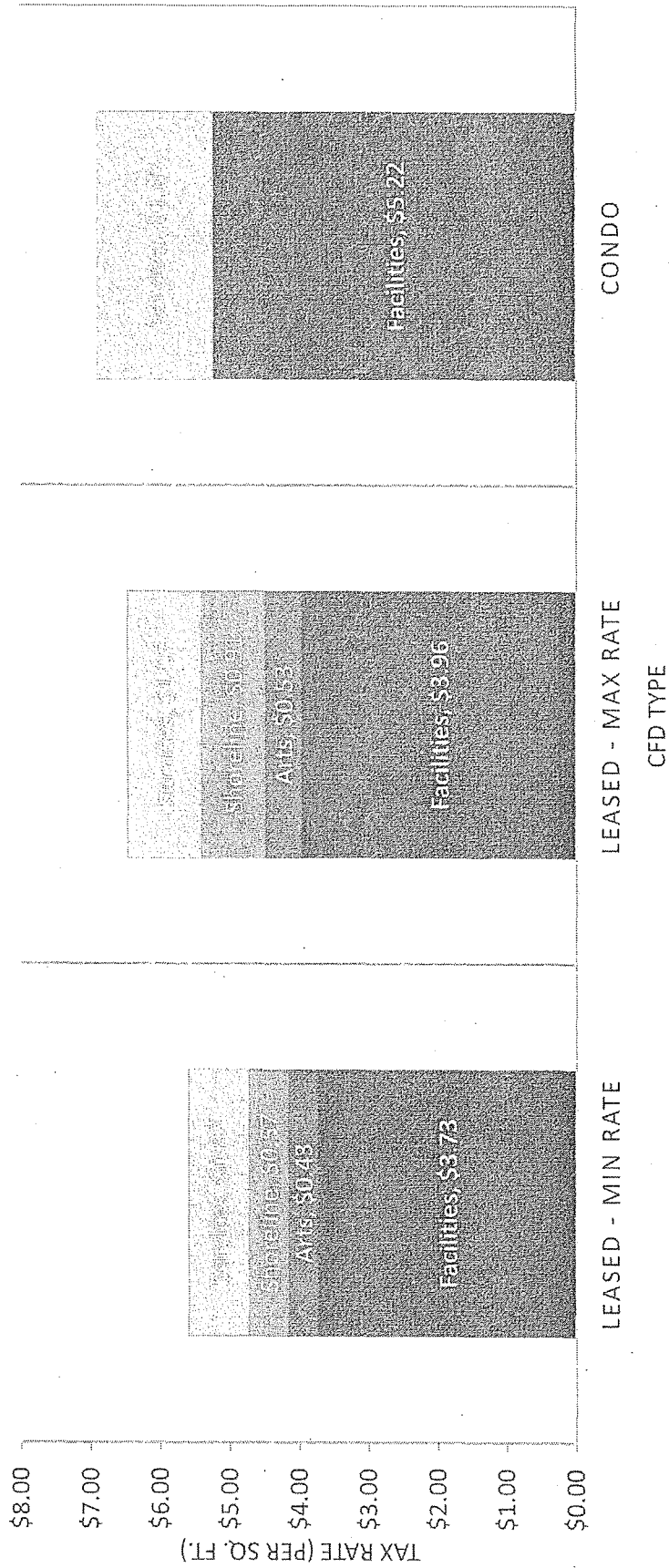


PIER 70: UNCOVERING HISTORY, THE WATERFRONT & THE VIEW



Questions?

Tax Rates



Tax Rates

5716

	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

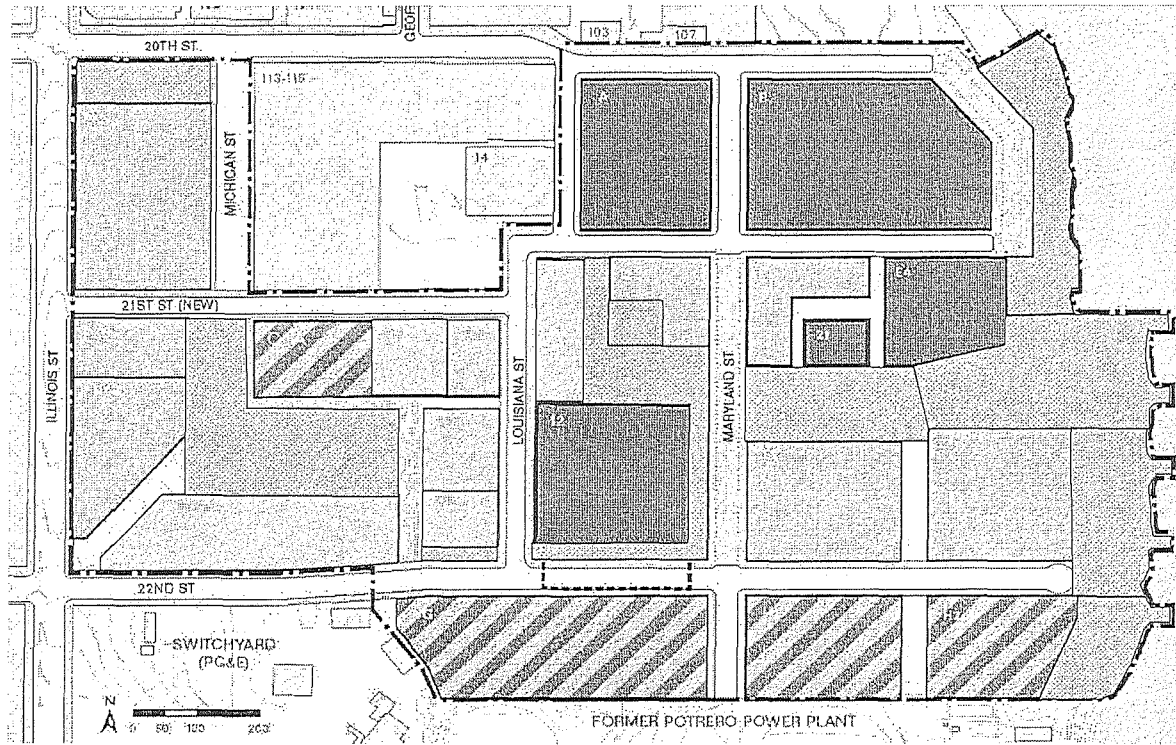
* Each of the CFDs include "annexation parcels", which will be annexed in to the CFD once it has been determined whether a parcel is to be leased or sold.

** 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

5717



- **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. 191079

Resolution declaring the intention to incur bonded indebtedness and other debt in an aggregate principal amount not to exceed \$1,841,600,000 for the City and County of San Francisco Special Tax District No. 2019-2 (Pier 70 Leased Properties); 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 @ 5:42pm
A

Sk

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. 2019-2 (Pier 70 Leased Properties)
DATE: Tuesday, October 22, 2019

Resolution of intention to incur bonded indebtedness and other debt in an aggregate principal amount not to exceed \$1,841,600,000 for the City and County of San Francisco Special Tax District No. 2019-2 (Pier 70 Leased Properties) 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

