

Power Station Enhanced Infrastructure Finance District

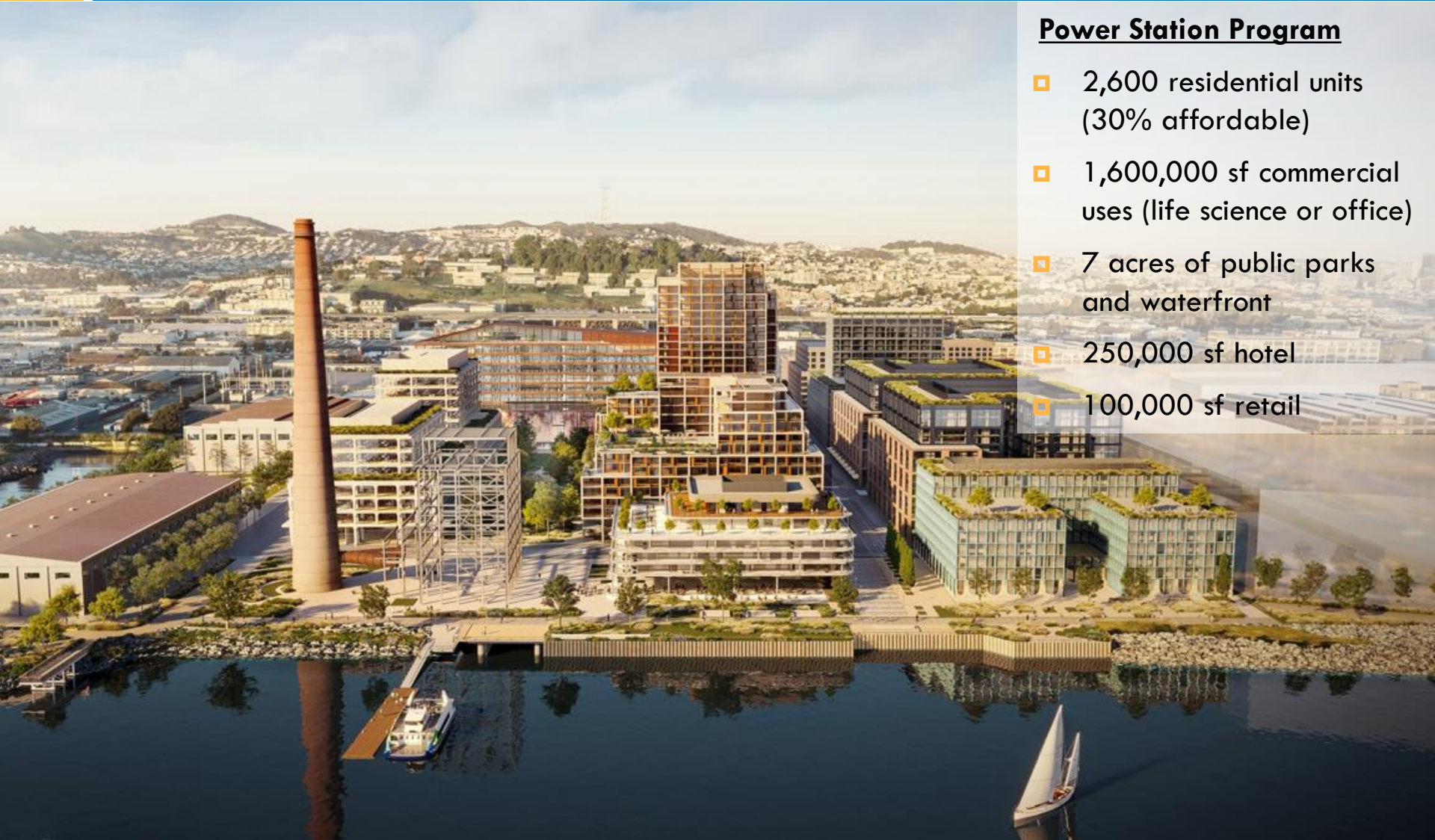
Controller's Office of Public Finance &
Office of Economic and Workforce Development

Board of Supervisors
Budget and Finance Committee

March 15, 2023

Power Station Project

2

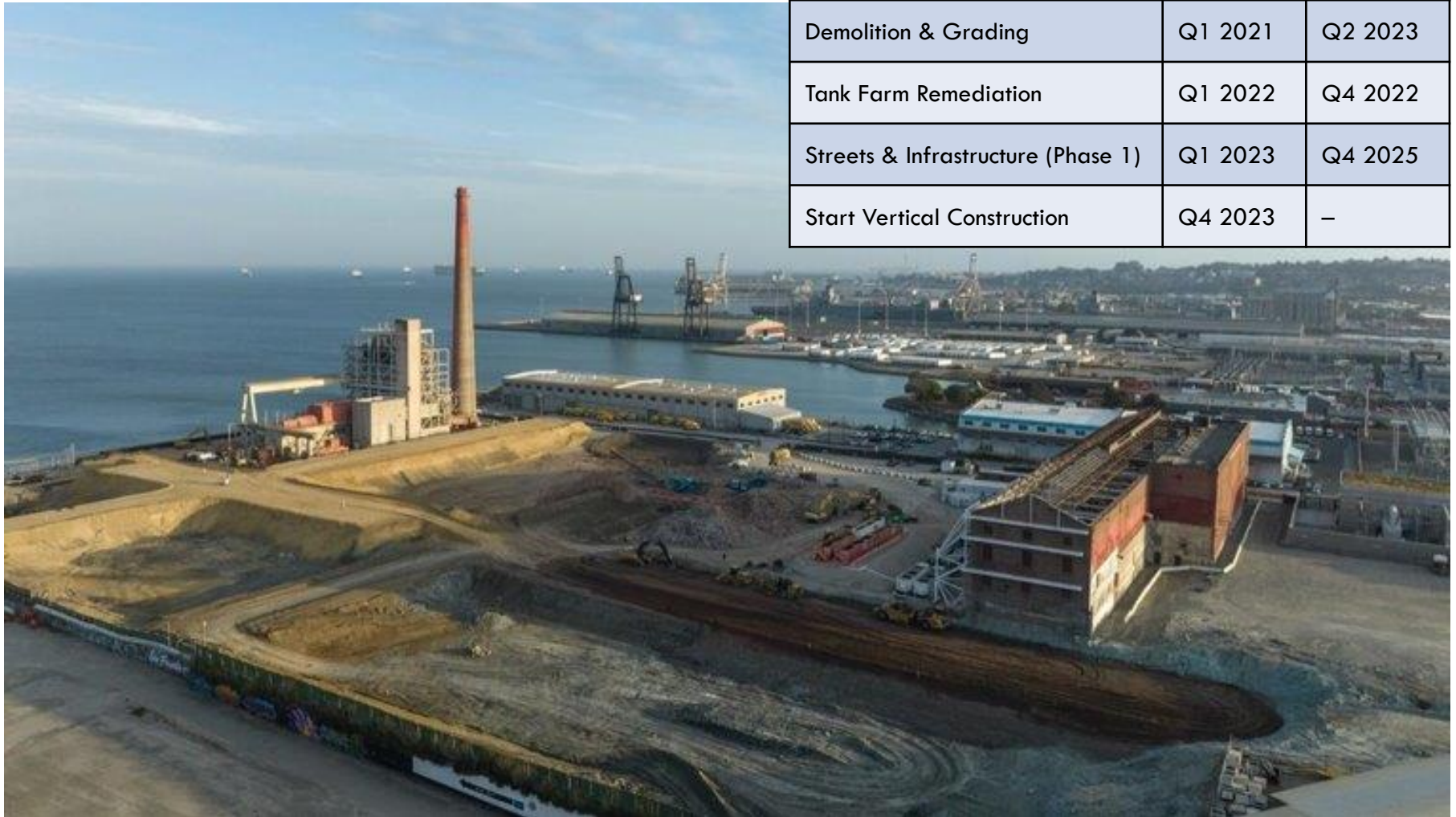


Power Station Program

- ❑ 2,600 residential units (30% affordable)
- ❑ 1,600,000 sf commercial uses (life science or office)
- ❑ 7 acres of public parks and waterfront
- ❑ 250,000 sf hotel
- ❑ 100,000 sf retail

Power Station Project

3



Milestones	Start	Completion
Demolition & Grading	Q1 2021	Q2 2023
Tank Farm Remediation	Q1 2022	Q4 2022
Streets & Infrastructure (Phase 1)	Q1 2023	Q4 2025
Start Vertical Construction	Q4 2023	–

Enhanced Infrastructure Financing District (EIFD)

4

- ❑ EIFD is a state-authorized public financing tool that pledges incremental property taxes within a specific geographic area to fund public capital facilities related to the development in the district.
- ❑ The Power Station EIFD complies with the citywide IFD guidelines established in 2011 and supplemented this year:
 - ❑ Limits IFD eligibility to large-scale projects with significant rezoning that address infrastructure deficiencies and contain long-term maintenance commitments.
 - ❑ Projects must maintain a net fiscal benefit to City. Projects can access 50% of annual tax increment for EIFD with remaining 50% disbursed to general fund.
 - ❑ New policy limits IFD debt across all IFDs such that total annual debt payments do not exceed 5% of annual property tax revenue.
 - ❑ New "use it or lose it" clause provides option for City to dissolve a district if minimum development milestones are not met (clause expires once debt is issued).

Net Fiscal Benefit Analysis

5

- ▣ EPS has prepared a fiscal impact report to demonstrate the Power Station project's net fiscal impact after the diversion of IFD revenues.
- ▣ On behalf of the Controller's Office and OEWD, the City's fiscal consultant Keyser Marston Associates has peer-reviewed the analysis and has confirmed that the project will generate a net fiscal benefit.
- ▣ A more detailed projected fiscal impact of the EIFD will be prepared during the creation of the Infrastructure Financing Plan, prior to adoption of the EIFD for the project.

Estimated Power Station Tax Increment	
Power Station Property Tax - General Fund Revenue	23,434,560
Power Station - Special Funds	3,794,169
Power Station - Property Tax in lieu of VLF	4,434,396
Total Power Station – TIF Revenue	31,663,125
Developer Share Property Tax – General Fund Revenue (50%)	11,717,280
Developer Share – Special Funds (50%)	1,897,084
Developer Share – Property Tax in lieu of VLF (50%)	2,217,198
Developer Share of Power Station TIF Revenue	15,831,563
City Share of Tax Increment	15,831,563

Next Steps

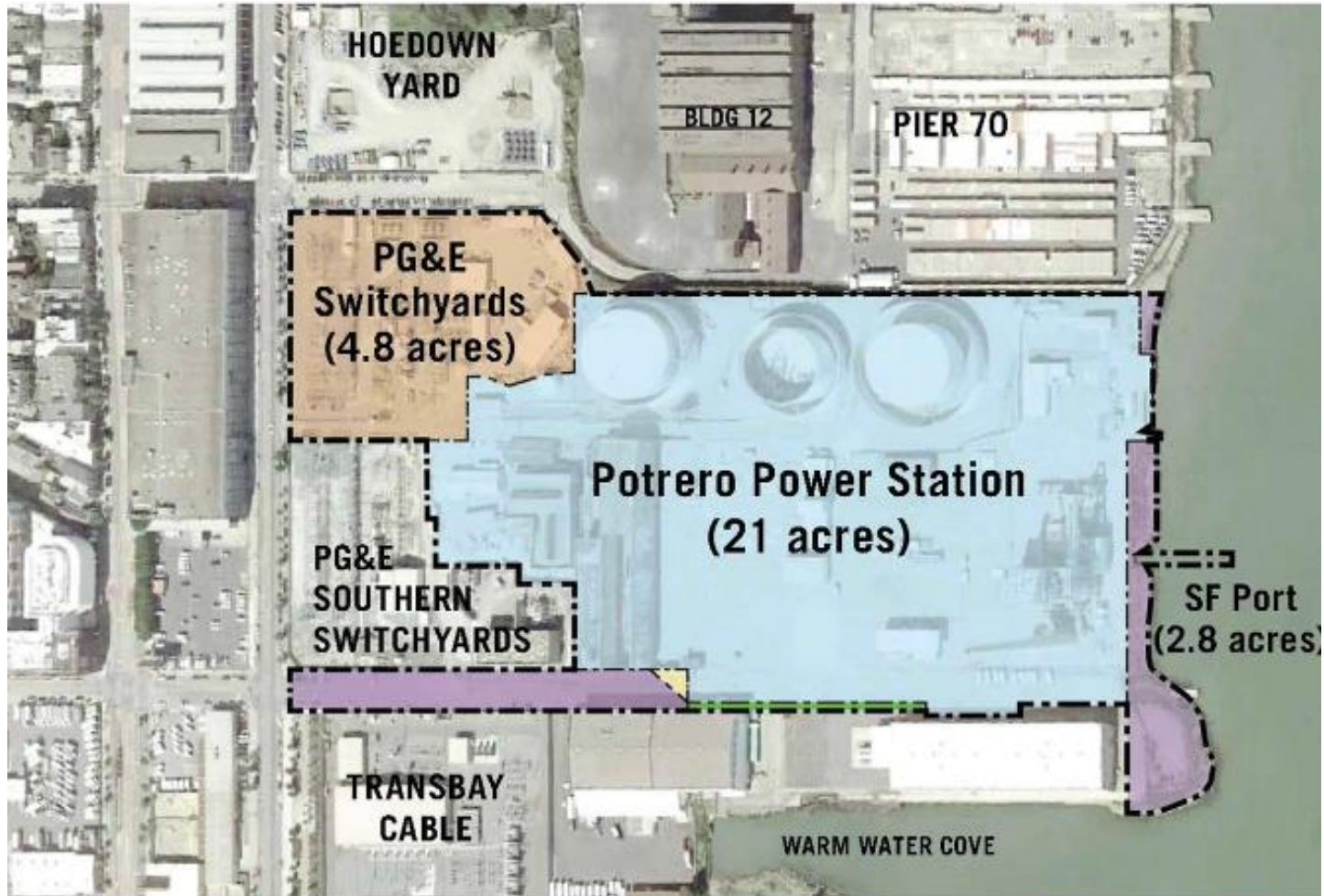
6

- ❑ Resolution of Intention to Establish the Power Station EIFD – Budget & Finance Committee
- ❑ EIFD Public Financing Authority (PFA) Ordinance - Rules Committee
 - ❑ EIFD law requires the City to establish a PFA to be the legislative body for the EIFD. The PFA will consist of three members of the Board of Supervisors and two public members. The PFA is responsible for reviewing and adopting the IFP.
- ❑ Subsequent action by the Board of Supervisors is required to approve the Power Station Infrastructure Financing Plan and division of taxes within the EIFD (via resolution, estimated at end of 2023).
- ❑ The Power Station project is committed to advancing early infrastructure and site preparation work this year, with a goal to begin vertical construction of the first housing project before the end of 2023.

Appendix

Power Station Project

8



Power Station Public Benefits

9

- Housing: 30% affordable in every phase (up to 780 total affordable units, two-thirds onsite)
- Transportation: bus stop and layover facilities, shuttle to BART, \$61M in transportation fees
- Workforce Development: robust First Source Hiring and LBE agreements – includes specific tech/biotech programs
- Open Space: 7 acres of new open space – includes passive and active recreation
- Community Facilities and Historic Preservation: space for new YMCA, on-site childcare facilities, retention of “Station A” complex
- Adaptation/Resiliency/Benefits to Port: improvements to shoreline areas never before open to public

EIFD Eligible Uses

10

Facilities

- ▣ Streets and Sidewalks
- ▣ 21st Century Infrastructure
- ▣ New Seawall and Shoreline Improvements
- ▣ Parks and Open Space
- ▣ Additional Community Facilities
- ▣ Privately-Owned, Publicly Accessible Community Improvements
- ▣ Preservation of Historic Structures
- ▣ Affordable Housing

Other

- ▣ Bond-related Expenses
- ▣ Administrative Fees
- ▣ Reimbursement of costs related to the formation of the EIFD and Project Area(s)