

20th Street Historic Buildings at Pier 70 Rehabilitation Project, *Orton Development, Inc. (ODI)*

Request to Capital Planning Committee

On behalf of the Port of San Francisco, the Mayor's Office of Housing and Community Development, and Orton Development, Inc., the Office of Public Finance is requesting approval of a resolution authorizing the issuance of up to \$24,000,000 in Seismic Safety Loan Program (SSLP) General Obligation (G.O.)



Bonds and related supplemental appropriation. The net bond proceeds of approximately \$20.1 Million will be used to partially finance required seismic improvements and related soft costs at two unreinforced masonry buildings within the *20th Street Historic Buildings at Pier 70 Rehabilitation Project*.

Project Description

The proposed project is the rehabilitation and seismic strengthening of the 20th Street Historic Buildings, a set of six large historic buildings located on or near 20th Street at Pier 70. Some of the buildings date back to the 1880s, and all are in urgent need of repair. ODI will rehabilitate and operate the buildings through a public / private partnership under a long term ground lease with the Port of San Francisco. The goal of the project is to return the buildings to active use, and make them a vibrant, integral part of the surrounding community. 20th Street will be designed to accommodate safe pedestrian thoroughfare with links to Crane Cove Park. Both the atrium lobby of Building 113 and exterior courtyard will host frequent activities and events open to the public. Buildings will generally return to the modern equivalent of their historic uses; former office buildings will return to office use with the technological capabilities required for modern business, while historic industrial buildings will return to light industrial use with accessory office and retail uses. All work will be consistent with the Secretary of the Interior Standards for the Treatment of Historic Properties.

Project Challenges

- Buildings are red-tagged, uninsured and in urgent need of repair
- Buildings are not ADA compliant
- Building lack adequate fire protection
- High repair costs

Project Cost Summary

Sources & Uses	\$ (in millions)
Port Capital	1.75
Seismic Loan	20.1
Historic Tax Credit	14
Private Debt & Equity	40
Total Sources	75.85
Hard Costs	56
Soft Costs	14
Financing Costs	5.85
Total Uses	75.85

Seismic Safety Loan Program (SSLP)

- Established through 1992 General Obligation (G.O.) Bond
- Used to fund majority of seismic work in Buildings 113/114 and 104
- Repayment secured by ODI Leasehold; debt is a City credit
- SSLP Loan Committee approved a \$20.1 million loan on May 23, 2014
- Developer and Contractor have agreed to the SSLP contracting requirements

Project Benefits

- Rehabilitate & reuse 6 historic structures of nationwide importance
- Create new public spaces/extend Dogpatch to Pier 70
- Eliminate \$110 Million of unfunded costs from Port's Capital Plan
- Create \$50 to \$60 Million of new assessed value that can be bonded to provide IFD funding for public infrastructure
- ODI Agreed to LBE Goal of 17% for project work
- Construction of the project will employ an estimated 250 people over a 10-year period
- Creates between 400-500 permanent jobs when the project is complete and leased

Project Risk Protections

- City SSLP loan is structured as a second
- Developer has a completion guaranty to the Port on the improvements
- A default on SSLP is a default on the Lease
- Bond structure will include call provision that will mirror ODI's intent to pay off the SSLP loan early (after 8 years or possibly sooner) with permanent financing.