



**Berkson
Associates**

Urban Economics
Policy Forensics & Forecasting
Planning & Policy Analysis

REPORT

FISCAL AND ECONOMIC ANALYSIS UPDATE

PIER 70 MIXED-USE DEVELOPMENT PROJECT

Prepared for the Port of San Francisco

Prepared by Berkson Associates

August 31, 2017



TABLE OF CONTENTS

EXECUTIVE SUMMARY 1

1. THE PROJECT & COSTS OF CONSTRUCTION 5

- Project Description
- Construction Costs and Assessed Value

2. AVAILABLE FUNDING FOR THE PROJECT 7

- Horizontal Development of Waterfront Site & Special Use District
- Vertical Development of Waterfront Site & Special Use District

3. FISCAL ANALYSIS: FUNDING OF INFRASTRUCTURE MAINTENANCE AND PUBLIC SERVICES 9

- Maintenance and Service Costs
- Public Revenues
- Development Impact Fees

4. DEBT LOAD TO BE CARRIED BY THE CFD, IFD AND IRFD..... 20

5. BENEFITS TO THE CITY AND PORT 21

- Fiscal Benefits
- Economic Benefits to the City
- Direct Financial Benefits to the Port
- New Public Access Facilities
- Other Public Benefits

Appendix A: Fiscal Analysis



FIGURES AND TABLES

Figure 1 Project Area.....	4
Table 1 Summary of Construction Costs and Assessed Value (2017\$\$).....	6
Table 2 Estimated Annual Net General Revenues and Expenditures (2017 \$\$).....	9
Table 3 Estimated One-Time Fees and Revenues (2017 \$\$)	10
Table 4 Annual Service Costs During Development (2017 \$\$)	11
Table 5 Summary of Economic Impacts (2017 \$\$)	22

EXECUTIVE SUMMARY

This report updates a 2013 evaluation of the fiscal feasibility of proposed development at Pier 70. The Project consists of three areas evaluated in this report: 1) the Pier 70 28-Acre Waterfront Site (the “Waterfront Site”); 2) the Port-owned property at 20th Street and Illinois Street (20th/Illinois); and 3) the PG&E-owned parcel further south known as the Hoedown Yard. The entire Project area encompasses the 69-acre Pier 70 Special Use District (“SUD”).

The Project’s Finance Plan includes the creation of two Mello-Roos financing districts, the designation of additional sub-project areas to an existing Infrastructure Financing District (“IFD”) that includes the Waterfront Site and 20th/Illinois parcels; and an Infrastructure Revitalization Financing District (IRFD) covering the Hoedown Yard. The districts will utilize portions of Project-generated property tax to fund Project infrastructure and affordable housing. To establish an IFD and IRFD, Port policies require the preparation of analysis to demonstrate that “the project area will result in a net economic benefit to the City.”¹ This update reports the number of jobs and direct and indirect financial benefits to the City, construction costs, available funding to pay project costs, ongoing operating and maintenance costs and public revenues, and debt service. The estimates are based on one possible development scenario; actual results will depend on future market conditions and the timing, mix and value of new development and the costs for infrastructure and facilities.

The Port of San Francisco (“Port”) owns the Waterfront Site, which it plans to develop in partnership with FC Pier 70, LLC (“Forest City”). The Port also owns the 20th/Illinois property; a portion of the property will be sold to raise funds to fund the Project’s infrastructure and other development costs. A description of the Project is provided in **Chapter 1** of this report, and **Chapters 2** and **4** describe financing. **Chapter 3** provides estimates of fiscal and economic benefits.

All dollar amounts are expressed in terms of 2017 purchasing power, unless otherwise noted. Certain values derived from the Finance Plan have been updated to 2017. Information and assumptions are based on data available as of August, 2017. Actual numbers may change depending on Project implementation and future economic and fiscal conditions.

¹ Guidelines for the Establishment and Use of an Infrastructure Financing District with Project Areas on Land under the Jurisdiction of the San Francisco Port Commission (Adopted April 23, 2013 by Resolution No. 123-13; File No. 130264)

FISCAL BENEFITS

The Pier 70 Waterfront Site, 20th/Illinois Street parcel and the Hoedown Yard will create approximately \$8.3 million in new, annual ongoing general tax revenues to the City net of tax increment, after deducting direct service costs, as described in **Chapter 3**. Additional one-time revenues, including construction-related sales tax and gross receipts tax, total \$7.5 million. A portion of Project-generated property taxes will help to pay for Project infrastructure and facilities. Special taxes paid by the Project will help fund public services.

Development impact fees to fund infrastructure improvements Citywide and to serve the Project total an estimated \$184.1 million. Certain development fees, including Jobs Housing Linkage fees and Affordable Housing In-lieu fees, will help to fund affordable housing at the Project.

The new general revenues will fund direct services needed by the Project, including police and fire/EMS services. Other services, including maintenance and security of parks, open space, road maintenance, and transit shuttle services will be funded directly by tenants of new Project vertical development. The estimated \$8.3 million in net City general revenues, after deducting service costs and Charter-mandated baseline allocations of general revenues, will be available to the City to fund improved or expanded Citywide infrastructure and services. **Chapter 3** further describes fiscal revenue and expenditures estimates.

ECONOMIC BENEFITS

The Project will provide a range of direct and indirect economic benefits to the City and the Port. These benefits include a range of economic benefits such as new jobs, economic activity, and increased public and private expenditures as described in **Chapter 5** and summarized below:

- 6,100 new jobs, plus another 5,300 additional indirect and induced jobs, for a total of 11,400 jobs in San Francisco resulting from new businesses and employees.
- \$2.1 billion of construction activity over a period of 15 to 20 years (including infrastructure and building development), resulting in 16,800 direct, indirect and induced construction-related job-years during construction.
- Over 2,000 new residential units, plus sites for an additional 322 affordable units in 100 percent affordable developments. This housing is critical to economic growth in San Francisco and the region.

The Project provides space for Arts and Light Industrial uses that can help to retain cultural activities in the City, and encourage innovation and growth of new small businesses in the crafts and arts trades, as well as high-tech industries.

DIRECT FINANCIAL BENEFITS TO THE PORT

The Port of San Francisco, as property owner, will participate in and benefit financially from development and ongoing leasing activities at the Project. Direct benefits totaling an estimated \$178 million in net present value (NPV, 2017 \$\$) are described in **Chapter 5** and include participation in financial returns, tax increment and special taxes generated by new development.

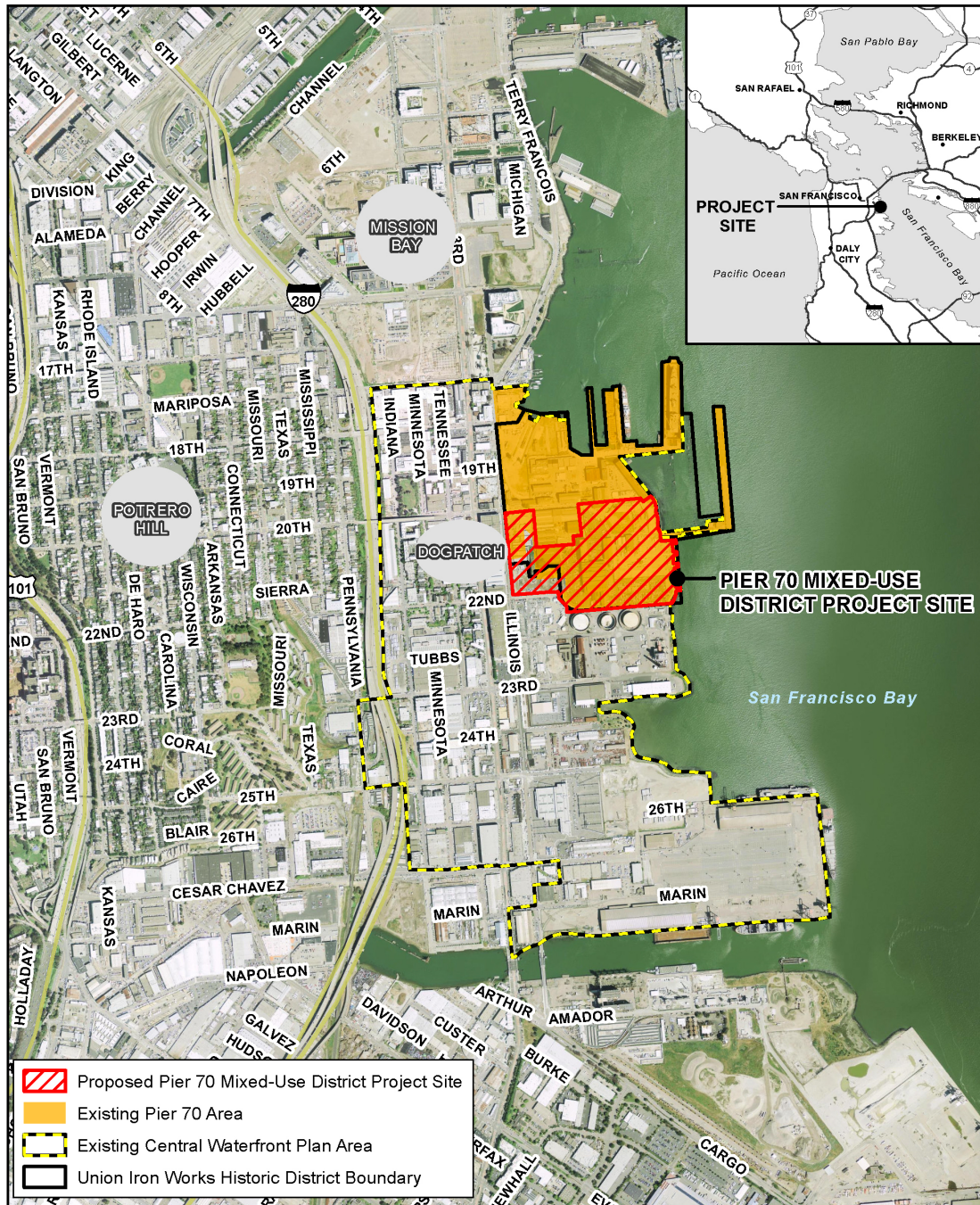
NEW PUBLIC ACCESS FACILITIES

The Project will provide a range of public parks, public access and open space, and a network of landscaped pedestrian connections and bicycle networks. These facilities will benefit San Francisco residents, and provide amenities to encourage retention and attraction of businesses, employees, and residents.

OTHER PUBLIC BENEFITS

Development of the Project represents an opportunity to complete an important component of the revitalization of the San Francisco waterfront, bringing a vital mix of uses that will support business, residential, retail, and recreational activities to an area now characterized by vacant and underutilized land and intermittent buildings. The Project will result in the rehabilitation of historic buildings, to be maintained by the building owners/tenants. The redevelopment of the Project will generate benefits for the City and community in the form of urban revitalization, employment and living opportunities, preservation of historic maritime facilities and structures, improved public waterfront access, delivery of affordable housing, improvements to Port property including sea level rise protections, new outdoor recreation opportunities, and City-wide fiscal and economic benefits as described in other sections of this report.

Figure 1 Project Area



Source: Turnstone Consulting/SWCA

1. THE PROJECT & COSTS OF CONSTRUCTION

The Project will be constructed over a period of 10 to 15 years (including infrastructure and building development), depending on future economic conditions and market demand. The Project and its development costs total an estimated \$2.1 billion, as described below. The Developer will be responsible for development of the Project; **Chapter 2** further describes sources of development funding.

PROJECT DESCRIPTION

The Project proposes a mixed-use development, with the ability for certain parcels to be constructed as either residential or commercial uses. For purposes of this analysis, a “midpoint” scenario is analyzed, which assumes a roughly equivalent distribution of residential and commercial uses. Taken together, the Pier 70 28-Acre Site and the 20th/Illinois Street Parcels are in the Pier 70 Special Use District (SUD) and comprise the Pier 70 Infrastructure Financing District (IFD). The Pier 70 SUD also includes the PG&E “Hoedown Yard”, which constitutes a separate Infrastructure Revitalization Financing District (IRFD).

The scenario evaluated in the fiscal and economic analysis includes the following uses for the total Project:

Office –For the purpose of analysis, this report assumes construction of 1.4 million gross square feet of office.

Retail, Arts and Light Industrial – For the purpose of analysis, this report assumes that 281,800 gross square feet of Retail, Arts and Light Industrial uses are constructed within the SUD. The uses are divided between traditional retail, and arts, culture and light industrial uses.

The traditional retail space includes restaurants and cafes, businesses and financial services, convenience items, and personal services.

The Arts and Light Industrial space will be oriented towards small-scale local production, arts and cultural uses, small business incubator uses, and other publically accessible and activating uses. The space will provide low-cost facilities to help grow local manufacturing and light industrial businesses and encourage collaboration and networking through shared facilities. These uses will provide economic vitality and create unique local character that will attract residents and office tenants to the Waterfront Site.

Residential – This fiscal and economic analysis assumes a scenario consisting of 2,042 total Project units in the SUD. Additional sites will be dedicated to affordable housing and accommodate 322 additional affordable units.

Affordable Housing– The Pier 70 Waterfront Site will provide 20% of rental units as inclusionary affordable units, producing about 177 affordable units. As noted above, additional sites will be dedicated to affordable housing and accommodate an additional 322 affordable units.

All condominiums, including those on the Illinois Street parcels, are assumed to pay in-lieu fees representing 28% of total condo units. These fees will help fund onsite affordable housing.

Parking – The number of parking spaces will be depend on the actual mix of uses constructed. The fiscal and economic analysis assumes approximately 1,900 parking spaces.

CONSTRUCTION COSTS AND ASSESSED VALUE

Table 1 summarizes development costs totaling approximately \$2.1 billion,² which will occur over 15 to 20 years of buildout (infrastructure and buildings) depending on future market conditions. These values provide the basis for estimates of various revenues and economic impacts.

Table 1 Summary of Construction Costs and Assessed Value (2017 \$\$)

Item	Development Cost	Assessed Value
Pier 70 28-acre Waterfront Site		
Infrastructure	\$260,535,000	<i>inc. in bldg.value</i>
Arts, Light Industrial (1)	\$29,647,000	\$14,391,000
Office (1)	\$636,626,000	\$728,073,000
Residential	\$768,753,000	\$990,362,000
Total	\$1,695,561,000	\$1,732,826,000
20th/Illinois		
Infrastructure	<i>see Pier 70 costs</i>	<i>inc. in bldg.value</i>
Residential	\$159,730,000	\$225,345,000
Total	\$159,730,000	\$225,345,000
Hoedown Yard		
Infrastructure	<i>see Pier 70 costs</i>	<i>inc. in bldg.value</i>
Residential	\$220,548,000	\$311,146,000
Total	\$220,548,000	\$311,146,000
TOTAL	\$2,075,839,000	\$2,269,317,000

(1) Mixed use retail is included in the values for other uses.
Office buildings include additional Arts, Light Industrial uses and value.

Sources: Forest City; Port of San Francisco; Berkson Associates

8/31/17

² Hard and soft development costs; land value included in assessed value.

2. AVAILABLE FUNDING FOR THE PROJECT

As described in the prior chapter, development costs are anticipated to total \$2.1 billion over the course of Project buildout. Several financing mechanisms and funding sources will assure development of the Project as summarized in this section.

HORIZONTAL DEVELOPMENT OF WATERFRONT SITE & SPECIAL USE DISTRICT

Under the Development and Disposition Agreement (“DDA”), Forest City will be responsible for horizontal development of the Waterfront Site, consisting of construction of infrastructure and other public facilities and site preparation for vertical development. The Port will reimburse Forest City for these infrastructure, public facility, and site preparation costs, including design and planning expenditures related to these improvements. Vertical construction of buildings will be the responsibility of the Developer.

Project-based sources of funding and/or reimbursement include the following:

- **Prepaid ground rent** that vertical developers pay to Forest City for improved and entitled land;
- **Net sales proceeds of the Port’s public offering of a portion of the 20th/Illinois Street** parcels adjacent to the Waterfront Site;
- **Mello-Roos Community Facilities District (CFD)** bond proceeds secured by CFD special taxes and tax increment – CFD bonds are expected to be the primary public financing mechanism for the funding of infrastructure costs.
- **CFD special taxes** not required for debt service may be used to fund Horizontal Development Costs on a “pay-as-you-go” basis. Special taxes could also fund a reserve for unanticipated increases in horizontal development costs or to fund planning and studies to develop plans for Shoreline Protection Facilities.
- **Infrastructure Financing District (IFD)** – The Board of Supervisors has previously formed a Port-wide IFD and a sub-project area over the Historic Core leasehold. The IFD would be authorized to pledge tax increment from the sub-project area to secure bonds issued by the CFD and to issue bonds secured by tax increment from the sub-project area for the purpose of infrastructure and public facilities construction. Tax increment includes the local and State portions of the tax increment from taxable parcels in the Waterfront

Site. Tax increment from the sub-project area not required for debt service may be used to fund horizontal development Costs on a “pay-as-you-go” basis.

- **Infrastructure Revitalization Financing District (IRFD)** -- The IRFD will allow the capture of property tax increment for affordable housing and to reimburse the Developer for eligible public infrastructure expenses. The tax increment only includes the local share of property taxes. Under the IRFD, the district will collect pay-go taxes up until the final bond is issued, and tax increment necessary to service bond debt, debt service coverage and bond reserves. Subsequently, any tax increment in excess of amounts required to service debt and fulfill requirements of bond covenants will flow to the General Fund.
- **Condominium Facility Tax** -- This is a CFD special tax that will be assessed on condominium units to initially provide an additional source of funding to pay for infrastructure and later available to the City to fund shoreline protection facilities.
- **Shoreline Tax** – A CFD special tax that will be assessed on all leased properties to fund shoreline improvements by the Port.

In addition to the CFD funding for infrastructure and public facilities, as noted in the **Chapter 3** fiscal analysis, CFD special taxes will be paid by new vertical development to fund a range of public services including parks and open space, street cleaning and street/sidewalk maintenance.

VERTICAL DEVELOPMENT OF WATERFRONT SITE & SPECIAL USE DISTRICT

Building developers will be responsible for all costs and funding of vertical construction of buildings.

One exception is Building E4. An arts special tax will be assessed to help fund construction of the E4 building, which is designated for arts/innovation/maker uses. The building would not be financially feasible without the additional funding.

3. FISCAL ANALYSIS: FUNDING OF INFRASTRUCTURE MAINTENANCE & PUBLIC SERVICES

Development of the Project will create new public infrastructure, including streets, parks and open space that will require ongoing maintenance. As described below, service costs will be funded through special taxes paid by new development. Other required public services, including additional police, fire and emergency medical services (EMS), will be funded by increased General Fund revenues from new development supplemented by charges for services.

Table 2 summarizes total annual general revenues created by the Project Project, excluding tax increment allocated to the IFD and IRFD. After deducting service costs, \$8.3 million is generated annually to the General Fund. Additional restricted revenues will be generated.

Table 2 Estimated Annual Net General Revenues and Expenditures (2017 \$\$)

Item	IFD				
	Pier 70 28-acre Waterfront Site	20th/Illinois St.	IFD Annual Total	IRFD Hoedown Yard	SUD Annual Total
Annual General Revenue					
Property Tax in Lieu of VLF	\$1,729,000	\$225,000	1,954,000	\$310,000	2,264,000
Property Transfer Tax	2,231,000	\$204,000	2,435,000	\$0	2,435,000
Sales Tax	772,000	\$96,000	868,000	\$129,000	997,000
Parking Tax (City 20% share)	0	\$0	0	\$0	0
Gross Receipts Tax	<u>7,007,000</u>	<u>\$2,000</u>	<u>7,009,000</u>	<u>\$44,000</u>	<u>7,053,000</u>
Subtotal, General Revenue	\$11,739,000	\$527,000	\$12,266,000	\$483,000	\$12,749,000
(less) 20% Charter Mandated Baseline	<u>(\$2,347,800)</u>	<u>(\$105,400)</u>	<u>(\$2,453,200)</u>	<u>(\$96,600)</u>	<u>(\$2,549,800)</u>
Net to General Fund	\$9,391,200	\$421,600	\$9,812,800	\$386,400	\$10,199,200
Public Services Expenditures					
Parks and Open Space					
Roads					
Police	(849,000)	(52,000)	(901,000)	(69,000)	(969,000)
Fire/EMS (net of fees and charges)	<u>(853,000)</u>	<u>(52,000)</u>	<u>(905,000)</u>	<u>(69,000)</u>	<u>(974,000)</u>
Subtotal, Services	(\$1,702,000)	(\$104,000)	(\$1,806,000)	(\$138,000)	(\$1,943,000)
NET General Revenues	\$7,689,200	\$317,600	\$8,006,800	\$248,400	\$8,256,200
Annual Other Dedicated and Restricted Revenue					
Public Safety Sales Tax	\$386,000	\$48,000	434,000	\$65,000	499,000
SF Cnty Transportation Auth'y Sales Tax	<u>\$386,000</u>	<u>\$48,000</u>	<u>434,000</u>	<u>\$65,000</u>	<u>499,000</u>
Subtotal	\$772,000	\$96,000	\$868,000	\$130,000	\$998,000
Possessory Interest/Property Taxes (1)	\$17,328,000	\$2,253,000	\$19,581,000	\$3,111,000	\$22,692,000
TOTAL, Net General + Other Revenues	\$25,789,200	\$2,666,600	\$28,455,800	\$3,489,400	\$31,946,200

(1) Until project infrastructure costs are fully paid, the full \$0.65 per property tax dollar generated from the site will be utilized to fund bond debt service and on a pay-go basis fund infrastructure costs through an IFD/IRFD approved by the Board of Supervisors. The \$0.65 represents the General Fund and dedicated funds share; total IFD revenues available for infrastructure will also include the State's share that currently is distributed to ERAF. The IRFD (Hoedown Yard parcels) will only receive the General Fund share to pay for Project costs.

Table 3 summarizes one-time fees and revenues. The impact fee revenue will be dedicated and legally required to fund infrastructure and facilities targeted by each respective fee. In the case of Transit Impact Development Fees, the revenue will offset facility costs (i.e., additional buses) directly attributable to Project. Jobs-Housing and Affordable Housing Fees paid by the Pier 70 development will fund affordable housing provided by the Project. Other impact fee revenues may be used Citywide to address needs created by new development.

Table 3 Estimated One-Time Fees and Revenues (2017 \$\$)

Item	IFD			IRFD Hoedown Yard	SUD Total
	Pier 70 28-acre Waterfront Site	20th/Illinois St.	IFD Total		
Development Impact Fees (1)					
Jobs Housing Linkage - \$413	\$37,443,000	\$157,000	37,600,000	\$0	37,600,000
Affordable Housing-- \$415 (1)	\$44,206,000	\$17,999,000	62,205,000	\$24,852,000	87,057,000
Child Care (2)	\$4,650,000	\$477,000	5,127,000	\$671,000	5,798,000
TSF - \$411A and TIDF-\$411.3 (3)	\$40,530,000	\$2,414,000	42,944,000	\$3,207,000	46,151,000
Total Development Impact Fees	\$126,829,000	\$21,047,000	\$147,876,000	\$28,730,000	\$176,606,000
Other One-Time Revenues					
Construction Sales Tax (1% Gen'l Fund)	\$2,798,000	\$264,000	3,062,000	\$364,000	3,426,000
Gross Receipts Tax During Construction	\$3,730,000	\$351,000	4,081,000	\$0	4,081,000
Total: Other One-Time Revenues	\$6,528,000	\$615,000	\$7,143,000	\$364,000	\$7,507,000
Total One-Time Revenues	\$133,357,000	\$21,662,000	\$155,019,000	\$29,094,000	\$184,113,000

(1) Impact fee rates as of Jan. 1, 2017.

(2) Childcare fees only apply to office and residential uses.

(3) Transportation Sustainability Fee (TSF) replaced TIDF in 2016; assumes entire Project pays TSF.

8/31/17

MAINTENANCE AND SERVICE COSTS

SERVICE COSTS DURING DEVELOPMENT

During development, the construction of new infrastructure will trigger a need for public services. **Table 4** estimates service costs by area during development, based on:

- No service costs will be incurred by the City prior to occupancy of buildings; the Developer will be responsible for facility maintenance prior to acceptance by the City.
- Parks and open space will be funded by assessments paid by building owners.
- Fire/EMS costs will be incurred prior to initial occupancy to provide ambulance services.
- Roads will require minor and major maintenance over time; these costs will be funded by special taxes paid by building owners.
- Police costs are phased as new development and occupancy occurs.

Actual costs will depend on the level of future service demands, and Citywide needs by City departments at the time of development and occupancy.



Table 4 Annual Service Costs During Development (2017 \$\$)

Area/Service	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
IFD											
Pier 70 28-acre Waterfront Site											
Parks and Open Space	<i>Funded by Project Assessments</i>										
Roads	<i>Funded by Project Assessments</i>										
Police	(33,364)	(117,608)	(200,072)	(228,817)	(228,817)	(377,175)	(466,786)	(532,781)	(699,767)	(744,419)	(849,000)
Fire/EMS	<u>(853,000)</u>	<u>(853,000)</u>	<u>(853,000)</u>	<u>(853,000)</u>	<u>(853,000)</u>	<u>(853,000)</u>	<u>(853,000)</u>	<u>(853,000)</u>	<u>(853,000)</u>	<u>(853,000)</u>	<u>(853,000)</u>
Total, Pier 70	(886,364)	(970,608)	(1,053,072)	(1,081,817)	(1,081,817)	(1,230,175)	(1,319,786)	(1,385,781)	(1,552,767)	(1,597,419)	(1,702,000)
20th/Illinois											
Parks and Open Space	<i>Funded by Project Assessments</i>										
Roads	<i>Funded by Project Assessments</i>										
Police	(52,000)	(52,000)	(52,000)	(52,000)	(52,000)	(52,000)	(52,000)	(52,000)	(52,000)	(52,000)	(52,000)
Fire/EMS	<u>(52,000)</u>	<u>(52,000)</u>	<u>(52,000)</u>	<u>(52,000)</u>	<u>(52,000)</u>	<u>(52,000)</u>	<u>(52,000)</u>	<u>(52,000)</u>	<u>(52,000)</u>	<u>(52,000)</u>	<u>(52,000)</u>
Total, 20th/Illinois	(104,000)	(104,000)	(104,000)	(104,000)	(104,000)	(104,000)	(104,000)	(104,000)	(104,000)	(104,000)	(104,000)
TOTAL IFD	(990,364)	(1,074,608)	(1,157,072)	(1,185,817)	(1,185,817)	(1,334,175)	(1,423,786)	(1,489,781)	(1,656,767)	(1,701,419)	(1,806,000)
IRFD											
Hoedown Yard											
Parks and Open Space	<i>Funded by Project Assessments</i>										
Roads	<i>Funded by Project Assessments</i>										
Police	(69,000)	(69,000)	(69,000)	(69,000)	(69,000)	(69,000)	(69,000)	(69,000)	(69,000)	(69,000)	(69,000)
Fire/EMS	<u>(69,000)</u>	<u>(69,000)</u>	<u>(69,000)</u>	<u>(69,000)</u>	<u>(69,000)</u>	<u>(69,000)</u>	<u>(69,000)</u>	<u>(69,000)</u>	<u>(69,000)</u>	<u>(69,000)</u>	<u>(69,000)</u>
Total, 20th/Illinois	(138,000)	(138,000)	(138,000)	(138,000)	(138,000)	(138,000)	(138,000)	(138,000)	(138,000)	(138,000)	(138,000)
TOTAL IRFD	(138,000)	(138,000)	(138,000)	(138,000)	(138,000)	(138,000)	(138,000)	(138,000)	(138,000)	(138,000)	(138,000)
TOTAL, SERVICE COSTS	(1,128,364)	(1,212,608)	(1,295,072)	(1,323,817)	(1,323,817)	(1,472,175)	(1,561,786)	(1,627,781)	(1,794,767)	(1,839,419)	(1,944,000)

8/31/17

Public Open Space

The Pier 70 SUD will include approximately 9 acres of public parks and open spaces.³ All of the Waterfront Site's at-grade parks and open spaces will be owned by, and will remain under the jurisdiction of, the Port and subject to conditions of the BCDC major permit applicable to portions of the Waterfront Site.

Maintenance of the parks and open spaces will be funded by special taxes imposed on Vertical Developers by a maintenance CFD upon issuance of Certificates of Occupancy. Preliminary estimates of annual maintenance costs to be funded by the special taxes total approximately \$2.9 million. The costs include administration, maintenance, and utility costs required for parks, open space and hardscape improvements, and roads.⁴ The costs include long-term, "life-cycle" replacement of facilities, including major surface reconstruction of roads.

Police

The SFPD will respond to police needs and calls for service generated by the Project. The Project area is located within the Bayview District of San Francisco Police Department (SFPD). The Port currently contracts with the SFPD to provide two officers that respond to calls for service on Port property. It is assumed that this current level of service by the contracted officers will continue.

The draft EIR states that the addition of Project residents and employees would require an additional patrol unit, which typically consist of up to five officers on staggered shifts.⁵ Police staffing increases are expected to occur over the next several years to meet the City Charter mandate for the number of sworn police officers; this increase will help to address needs created during development and at buildout of the Project.

Based on five officers at an average cost of \$189,000 per officer, the additional annual cost at buildout would total approximately \$968,700. This cost includes employee taxes and benefits, overtime and backfill during vacation, equipment, and the annual capitalized acquisition and maintenance cost of vehicles.⁶

Increased police costs will be offset by increases in General Fund revenues generated during Project development and at buildout.

³ Notice of Preparation, May 6, 2015, pg. 4

⁴ Maintenance Cost Projections 7/21/17, correspondence from Port of SF, 8/30/17.

⁵ DEIR, Section 4.L., Impact PS-1, Dec. 21, 2016.

⁶ Email correspondence from Carolyn Welch, Budget Manager San Francisco Police Dept., to Sarah Dennis-Phillips, San Francisco Office of Economic and Workforce Development, Sept. 21, 2016.

Fire and EMS

The San Francisco Fire Department (SFFD) deploys services from the closest station with available resources, supplemented by additional resources based on the nature of the call. The Project Site is within the first response area for Fire Station No. 37 in Battalion 10 located in the Potrero Hill neighborhood, about 0.75 miles west of the project site. Other stations within Battalion that would respond include Stations 4, 9, 17, 25 and 42; additional stations would respond if needed. Ambulances are “dynamically” deployed around the City depending on forecasts of need at any given time.

According to the draft EIR, the addition of Project residents and employees would require an additional ambulance, under both a Maximum Residential and Maximum Commercial scenario.⁷ Ambulances are staffed with an EMT and a paramedic who provide pre-hospital advanced medical and trauma care.⁸ For coverage 24/7, a fully staffed ambulance would require a total of 3.5 EMTs and 3.5 paramedics, at a total cost of \$1,248,300 including taxes and benefits, and including the annualized capital and maintenance cost for an ambulance.⁹

Increased fire service and EMS costs will be offset by increases in General Fund revenues generated during Project development and at buildout. Cost recovery from fees averages approximately 22%, which would provide \$274,600 of offsetting revenues, resulting in a net cost of \$973,700.

SFMTA

The Pier 70 SUD Transportation Plan provides a comprehensive transportation program to guide design, development, and eventual operation of transportation elements of the Project. The transportation plan presents goals, principles, and strategies to meet the travel demand needs of the site with an array of transportation options that meets the City’s future mobility and sustainability goals.¹⁰

A shuttle service is a key component of the Project. The shuttle would connect the Pier 70 SUD to regional transit hubs, like the Transbay Transit Center and 16th Street / Mission Street BART station. The service would be operated and maintained by a Pier 70 Transportation

⁷ DEIR, Section 4.L., Impact PS-2, Dec. 21, 2016.

⁸ DEIR, Section 4.L., pg. 4.L.7, Dec. 21, 2016.

⁹ Email correspondence from Mark Corso, Finance Division San Francisco Fire Department, Oct. 11, 2016, to Rebecca Benassini, Port of San Francisco

¹⁰ Pier 70 Transportation Plan Draft, 1/9/16.

Management Agency (TMA).¹¹ The TMA is likely to contract with a third-party shuttle operator. Fees collected from tenants of the Project would fund the shuttle service, which would be free to riders. Preliminary estimates indicate annual costs of approximately \$700,000 annually for operation of seven vehicles, a transportation coordinator, marketing and other costs.¹²

No changes to Muni system routes are proposed as a part of the project. Muni capital needs and operations would be funded through a combination of local, State and Federal sources as well as from fee revenues. Specific service increases and related funding have not been determined at this point in time.

DPW

The Project will create new roadway connections, and improve existing streets. All streets will have sidewalks, streetscape and street trees. Signalization improvements will be required. Special taxes imposed on Vertical Developers by a maintenance CFD will fund maintenance of streetscape improvements, landscaping and road maintenance. The CFD services budget includes both ongoing maintenance of facilities as well as periodic “life cycle” costs for repair and replacement of facilities over time.¹³

Public Health

Depending on the outcome of ongoing debates regarding the Affordable Care Act, it is possible that current revenues to the Dept. of Public Health could be reduced. The new residents added by the Project could increase demands on public health facilities, including San Francisco General, and incur additional costs not estimated in the current analysis. Funding for these costs could be derived from the net surpluses generated by the Project.

PUBLIC REVENUES

New tax revenues from the Project will include both ongoing annual revenues and one-time revenues, as summarized in the prior tables. The revenues represent direct, incremental benefits of the Project. These tax revenues will be available to help fund public improvements and services both within the Project and Citywide. The following sections describe key assumptions and methodologies employed to estimate each revenue.

¹¹ DEIR, pg. 4.E.44, Dec. 21, 2016.

¹² R.Berkson correspondence with Kelly Pretzer, Forest City, 10/18/16.

¹³ Maintenance Cost Projections 7/21/17, correspondence from Port of SF, 8/30/17.

Charter Mandated Baseline Requirements

The City Charter requires that a certain share of various General Fund revenues be allocated to specific programs. An estimated 20 percent of revenue is shown deducted from General Fund discretionary revenues generated by the Project (in addition to the share of parking revenues dedicated to MTA, shown separately).¹⁴ While these baseline amounts are shown as a deduction, they represent an increase in revenue as a result of the Project to various City programs whose costs aren't necessarily directly affected by the Project, resulting in a benefit to these services.

Possessory Interest and Property Taxes

Possessory interest tax or property tax at a rate of 1 percent of value will be collected from the land and improvements associated with the Project.¹⁵ The development on parcels transferred in fee will be charged property taxes, while the development on parcels under ground lease will be charged a "possessory interest tax" in an amount equivalent to property tax. Parcels on the Waterfront Site may be sold for residential condominium development. The 20th/Illinois Street Parcel is assumed sold for condominium development.

The City receives up to \$0.65 of every property or possessory interest tax dollar collected. The State's Education Revenue Augmentation Fund (ERAF) receives \$0.25 of every property or possessory interest tax dollar collected, although the State of California has authorized the capture of this tax increment through an IFD for purposes of furthering state interests at Pier 70, pursuant to AB 1199.¹⁶ The DDA proposes to use IFD tax increment revenues, including the ERAF share of tax increment, to fund predevelopment, horizontal development (site preparation, infrastructure, and site-wide amenities), and the development of parks and open space at the Waterfront Site. The IRFD on the Hoedown Yard will retain only the \$0.65 portion.

The remaining \$0.10 of every property or possessory interest tax dollar collected, beyond the City's \$0.65 share and the \$0.25 State ERAF share, is distributed directly to other local taxing entities, including the San Francisco Unified School District, City College of San Francisco, the Bay Area Rapid Transit District and the San Francisco Bay Area Air Quality Management District. These distributions will continue and will increase as a result of the Project.

¹⁴ Jamie Querubin, San Francisco Controllers Office, correspondence with consultant, August 25, 2017.

¹⁵ Ad valorem property taxes supporting general obligation bond debt in excess of this 1 percent amount are excluded for purposes of this analysis. Such taxes require separate voter approval and proceeds are payable only for uses approved by the voters.

¹⁶ Assembly member Ammiano, Chapter 664 of the statutes of 2010.

The DDA will provide that an 8 percent share of IFD taxes, not otherwise required for debt services or other Project costs, may be utilized for Port capital improvements elsewhere within Pier 70.

For the Waterfront Site and the 20th/Illinois Street Parcel, land (and the possessory interest in the land), buildings, and other improvements will be assessed and taxed. In the event of the sale of a parcel, the land will be assessed at the new transaction price; following development of buildings (and their sale, if applicable) the property will be re-assessed. The County Assessor will determine the assessed values; the estimates shown in this analysis are preliminary and may increase depending on future economic conditions and the type, amount and future value of development

The assessed value is assumed to grow at a 2 percent annual rate (or at CPI, whichever is less) as permitted by State law, unless a transaction occurs which would reset the assessed value to the transaction price, or unless depreciation or adverse economic conditions negatively affect assessed value. The analysis assumes that the overall growth in value, including increased assessed value due to resales, will keep pace with inflation.

It is likely that taxes will also accrue during construction of infrastructure and individual buildings, depending on the timing and method of assessment and tax levy.

Property Tax In-Lieu of Vehicle License Fees

The State budget converts a significant portion of former Motor Vehicle License Fee (VLF) subventions, previously distributed by the State using a per-capita formula, into property tax distributions. These distributions increase over time based on assessed value growth within each jurisdiction. These revenues to the City are projected to increase proportionately to the increase in the assessed value added by new development.

Sales Taxes

The City General Fund receives 1 percent of taxable sales. Sales taxes will be generated from several Project-related sources:

- Sales at new retail and restaurant uses
- Taxable sales by other businesses, including those in the Arts and Industrial space. Sales tax can also be generated by sales of businesses in the office space, but this has not been estimated
- Taxable expenditures by new residents and commercial tenants at the Project which are partially captured by retail and businesses at the Project

In addition to the 1 percent sales tax received by every city and county in California, voter-approved local taxes dedicated to transportation purposes are collected. Two special districts, the San Francisco County Transportation Authority and the San Francisco Public Financing Authority (related to San Francisco Unified School District) also receive a portion of sales taxes (0.50 and 0.25 percent, respectively) in addition to the 1 percent local portion. The City also receives revenues from the State based on sales tax for the purpose of funding public safety-related expenditures.

Sales Taxes from Construction

During the construction phases of the Project, one-time revenues will be generated by sales taxes on construction materials and fixtures. Sales tax will be allocated directly to the City and County of San Francisco in the same manner as described in the prior paragraph.

Transient Occupancy Tax (TOT)

Hotel Room Tax (also known as Transient Occupancy Tax or TOT) will be generated when hotel occupancies are enhanced by the commercial and residential uses envisioned for the Project. The City currently collects a 14 percent tax on room charges. However, given that no hotels are envisioned for the Project (out-of-town visitors to the site will likely stay at hotels elsewhere in the City), the impact will not be direct and is excluded from this analysis.

Parking Tax

The City collects tax on parking charges at garages, lots, and parking spaces open to the public or dedicated to commercial users. The tax is 25 percent of the pre-tax parking charge. The revenue may be deposited to the General Fund and used for any purpose, however as a matter of City policy the SFMTA retains 80 percent of the parking tax revenue; the other 20 percent is available to the General Fund for allocation to special programs or purposes. This analysis assumes that all new commercial parking spaces envisioned for the Project will generate parking tax. This analysis does not include any off-site parking tax revenues that may be generated by visitors to the Project that park off-site.

Property Transfer Tax

The City collects a property transfer tax ranging from \$5.00 on the first \$1,000 of transferred value on transactions up to \$250,000 to \$25.00 per \$1,000 on the amount of transactions above \$10 million. The fiscal estimates assume an effective rate applicable to an average condo transaction of \$1 million, and an average rental and office building transaction of \$20 million.

Several residential parcels could be sold to vertical developers and become condominiums, which will sell more frequently than residential rental and commercial properties. The fiscal analysis assumes that commercial property sells once every ten to twenty years, or an average of about once every 15 years. For estimating purposes, it is assumed that sales are spread

evenly over every year, although it is more likely that sales will be sporadic. An average tax rate has been applied to the average sales transactions to estimate the potential annual transfer tax to the City. Actual amounts will vary depending on economic factors and the applicability of the tax to specific transactions.

The residential units on the 20th/Illinois Street Parcel and Hoedown Yard are assumed to be condos, which can re-sell independently of one another at a rate more frequent than rental buildings, generating more transfer tax revenue than rental buildings. This analysis conservatively assumes that the average condominium will be sold to a new owner every seven years, on average.

Gross Receipts Tax

Estimated gross receipts tax revenues are generated from on-site businesses and rental income. This analysis does not estimate the “phase in” of this tax during the 2014 to 2017 period and assumes gross receipts taxes will substantially replace the existing payroll tax. Actual revenues from future gross receipt taxes will depend on a range of variables, including business types and sizes, share of activity within San Francisco, and other factors; the estimates generally assume the lower rates if a potential range exists for a given category in the analysis. It is likely that the majority of businesses in the retail, arts and light industrial (RALI) space will be small businesses and therefore exempt from the gross receipts tax.

DEVELOPMENT IMPACT FEES

The Project will generate a number of one-time City impact fees as a result of new development. Reuse of existing buildings is assumed to be exempt from the impact fees. Fees include:

- **Jobs Housing Linkage Program** (Planning Code Sec. 413) – A fee per each new square foot of commercial development to fund housing programs to meet affordable housing needs generated by new employment by the Project’s commercial uses. These fees will help fund affordable housing at the Project.
- **Affordable Housing** (Planning Code Sec. 415) – Condominiums on the site will meet affordable housing requirements by paying the affordable housing fee representing 28% percent of the market rate units. 20 percent of new rental developments will provide onsite inclusionary affordable units
- **Child Care** (Planning Code Sec. 414, 414A) – A fee per square foot will be paid by the office and residential uses, applicable to the extent that childcare facilities are not provided on-site.

- **Transit Sustainability Fee (TSF)** (Planning Code Sec. 411A) – This fee, effective December 25, 2015, replaced the Transit Impact Development Fee. It is a fee per square foot paid by residential, non-residential, and PDR uses. The fee estimates assume that new Project development pays 100 percent of the TSF fees.

In addition to the impact fees charged by the City, utility connection and capacity charges will be collected based on utility consumption and other factors. Other fees will include school impact fees to be paid to the San Francisco Unified School District. The Project will also pay various permit and inspection fees to cover City costs typically associated with new development projects.

4. DEBT LOAD TO BE CARRIED BY THE CFD, IFD AND IRFD

The Pier 70 Waterfront Site proposes to use a portion of newly created property tax funds from the Project, collected through an Infrastructure Financing District (IFD) on the Pier 70 Waterfront Site, and an Infrastructure and Revitalization Financing District (IRFD) on Hoedown Yard properties to help pay for the horizontal development costs required by the Project. The IFD and IRFD obligations will be secured by property taxes (and possessory interest taxes) paid by the Project lessees and property owners, and will not obligate the City's General Fund or the Port's Harbor Fund. In the IFD, the property tax increment will be used to fund Project infrastructure and/or to repay IFD bonds, or to pay debt service on CFD bonds, as described below. In the IRFD, the property tax increment will be used to finance affordable housing and/or to repay IRFD Bonds.

Although specific financing vehicles will be refined as the financial planning continues and market conditions change, it is expected that the annual IFD revenues will fund debt service on \$397 million of net proceeds from bonds (nominal dollars). IRFD bond proceeds are estimated to be approximately \$45.9 million (nominal dollars). The actual amount of bonds issued could be greater depending on the amount of tax increment generated in future years. For the purpose of specifying debt issuance limits, a contingency has been added to the anticipated required amounts and the amounts issued could be greater than the estimates noted above.

Although CFD bonds (paid by IFD revenues) currently are anticipated to be the primary source of debt proceeds, the specific mix of CFD and IFD bonds will be determined based on future market conditions, and on the appropriate mix necessary to minimize financing costs.

The formation documents for the IFD, IRFD and CFD, which are subject to approval by the Board of Supervisors, clarify that the debt incurred under these districts are obligations of the districts, and are not an obligation, responsibility or risk to the Port's Harbor Fund and the City's General Fund.

5. BENEFITS TO THE CITY AND PORT

The Project will provide a range of direct and indirect benefits to the City and the Port. These benefits include tax revenues that exceed service costs, as well as a range of other economic benefits such as new jobs, economic activity, and increased public and private expenditures.

FISCAL BENEFITS

As described in **Chapter 3**, the Project is anticipated to generate a net \$8.3 million annual general City tax revenues in excess of its estimated public service costs. These revenues would be available for expansion of local and/or Citywide services and public facilities.

ECONOMIC BENEFITS TO THE CITY

The construction of the Project on the Pier 70 Waterfront Site and Illinois Street Parcel and future economic activity of businesses and households that will occupy the Project will create short-term construction spending and jobs, as well as longer-term, permanent jobs and economic activity in San Francisco. The economic analysis provides estimates of these benefits, including the “multiplier” effects from expenditures by new businesses and households that in turn generate more business to suppliers and other industries supporting the new businesses at the Project.

Table 5 summarizes the potential economic benefits of the Project. The following analysis provides a description of the types of benefits and an “order of magnitude” of benefits.

Table 5 Summary of Economic Impacts (2017 \$\$)

Impact Category	IFD		IRFD	
	Pier 70 28-acre Waterfront Site	20th/Illinois	Hoedown Yard	TOTAL
<u>Ongoing Project Employment</u>				
Direct	6,050	30	10	6,090
Indirect	1,850	10	0	1,860
Induced	<u>3,380</u>	<u>20</u>	<u>10</u>	<u>3,410</u>
Total Employment	11,280	60	20	11,360
<u>Annual Economic Output</u>				
Direct	\$1,722,251,000	\$8,095,000	\$3,501,000	\$1,733,847,000
Indirect	516,451,000	2,427,000	1,050,000	519,928,000
Induced	<u>616,257,000</u>	<u>2,897,000</u>	<u>1,253,000</u>	<u>620,407,000</u>
Total Annual Economic Output	\$2,854,959,000	\$13,419,000	\$5,804,000	\$2,874,182,000
<u>Construction-Related Employment (Job-Years)</u>				
Direct	8,350	790	1,090	10,230
Indirect	2,450	230	320	3,000
Induced	<u>2,950</u>	<u>280</u>	<u>380</u>	<u>3,610</u>
Total Construction Employment (Job-Years)	13,750	1,300	1,790	16,840
<u>Economic Output from Construction</u>				
Direct	\$1,695,561,000	\$159,730,000	\$220,548,000	\$2,075,839,000
Indirect	482,990,000	45,500,000	62,824,000	591,314,000
Induced	<u>525,899,000</u>	<u>49,542,000</u>	<u>68,406,000</u>	<u>643,847,000</u>
Total Economic Output from Construction	\$2,704,450,000	\$254,772,000	\$351,778,000	\$3,311,000,000

Source: IMPLAN 2014; and Berkson Associates.

8/31/17

Employment

New permanent full and part-time jobs will be created by the Project. The number of jobs to San Francisco residents will depend on the ability of local residents to compete for Project employment opportunities and implementation of local hire policies.

The number and type of Arts and Light Industrial jobs depend on the potential mix of businesses and uses, and may include shared office and manufacturing work environments, arts and culture, and food-related uses. For purposes of analysis, this report assumes average job densities similar to office uses, consistent with the environmental analysis of the Project.¹⁷

¹⁷ DEIR, Table 4.C.5, pg. 4.C.27, Dec. 21, 2016.

Total Output

“Direct” output refers to the total income from all sources to the businesses located at the Project; these sources of income in turn are spent by the businesses on supplies, labor, and profit required to produce the goods and services provided by the businesses. In addition, Project businesses will spend money on goods, supplies, and services in San Francisco, which will generate additional “indirect” economic activity and support additional jobs at those suppliers. The San Francisco households holding those direct and indirect jobs will spend a portion of their income in the City, which is an additional source of “induced” output. Total output is the sum of direct, indirect, and induced business income in the City as a result of the Project.

New Households and Affordable Housing

Development of residential units at the Pier 70 Waterfront Site and 20th/Illinois Street Parcel will generate a small number of new jobs directly serving the residential buildings and occupants, for example building maintenance, janitorial and repair services, waste collection, domestic services, and childcare. Expenditures by the residents of the new units are not included in the economic impact numbers because the analysis projects economic activity generated by the Project due to onsite jobs, and the indirect and induced expenditures associated with those onsite jobs. However, the addition of a significant supply of residential units will help to ensure that induced expenditures are captured in San Francisco, and that expenditures by residents relocating from other communities are also spent in the City. These effects will be a substantial benefit to San Francisco business revenues. These potential taxable sales are included in the fiscal analysis of direct tax revenues created, but are not shown in the economic analysis.

As noted in **Chapter 1**, the Waterfront Site will provide 20 percent inclusionary affordable units on all rental projects. Condos are assumed to pay in-lieu fees per unit for 28 percent of total condo units. The availability of affordable housing will help San Francisco businesses retain employees critical to their ongoing operations in the City. Additional sites will be dedicated to development dedicated entirely to affordable housing. Fees paid by new Project development (e.g., the affordable housing in-lieu fees, and jobs-housing linkage fees) will help to fund the affordable housing.

Construction Impacts

\$2.1 billion of direct construction expenditures for site development and vertical construction will create a range of economic benefits to the City. In addition to generating “direct” construction activity and jobs on site, the construction expenditures will also generate new business and jobs “indirectly” for San Francisco firms serving the construction industry. Expenditures in San Francisco by the households of employees of companies benefiting from these direct and indirect expenditures will create additional “induced” benefits to the City. These benefits will occur over time during construction and through buildout of the Project.

As described in **Chapter 3**, construction activity will generate additional general revenues to the City, including sales tax on construction materials and gross receipts tax.

DIRECT FINANCIAL BENEFITS TO THE PORT

The Port will receive various revenues over the 99-year lease period and in conjunction with land sales; the estimates below provide the Port with approximately \$178 million in net present value (NPV, 2017 \$\$) of revenues that are projected to be generated to the Port over time, based on current financial projections based on the program assumptions described in **Chapter 1** of this report. Actual revenues will vary depending on the mix of land uses, Project costs and revenues, and future economic conditions, and will be generated over the life of the Project.

- Profit participation in land value, calculated as 55 percent of all horizontal cash flow after Forest City achieves an 18 percent return on its predevelopment and infrastructure investments, estimated at \$23.7 million (NPV, 2017 \$\$).
- Participation in modified gross rent from buildings, starting at 1.5 percent 30 years after construction and increasing to 2.5 percent 60 years after construction, estimated at \$22.8 million (NPV, 2017 \$\$).
- 1.5 percent of all net proceeds from sale or refinancing of properties, estimated at \$5.9 million (NPV, 2017 \$\$).
- A share of property tax increment, designated for capital improvements at Pier 70 including the release of reserves, estimated at \$38.9 million (NPV, 2017 \$\$).
- A \$0.08 share of each dollar of property tax increment from the amount collected annually, estimated at \$23.6 million (NPV, 2017 \$\$).
- Condominium Transfer Fee – paid upon every sale of a condominium unit, estimated at \$36.8 million (NPV, 2017 \$).
- Condominium Facility Tax – This tax will fund capital improvements and Pier 70 public services; the portion available after debts are paid will be applied to shoreline improvements, and is estimated at \$1.5 million (NPV, 2017 \$).
- Shoreline Tax – A portion of the CFD special tax not required for Project costs and reserves will be available to the Port after the Developer's required returns are paid; this is estimated at \$16.1 million (NPV, 2017 \$).
- Lease Revenues from Parcel C-1A – this site, originally programmed for a parking garage, will provide the Port with an estimated \$8.9 million (NPV, 2017 \$).

The Port will publicly offer the 20th/Illinois Street parcel for sale or 99-year ground lease at fair market value through a proprietary public offering as soon as practicable after project approval. The Port's net proceeds, or an amount equal to the parcel's appraised fair market value, will be used by the Port to reduce or pay off predevelopment costs and accrued return.

NEW PUBLIC ACCESS FACILITIES

The Project will provide a range of public parks, public access, and open space, consisting of approximately 9 acres of public parks, including a 4.5-acre Waterfront Park. A network of landscaped pedestrian connections and multiple classes of bicycle networks, from commuting lanes to recreational pathways, throughout the Project site will enhance accessibility. These facilities will benefit San Francisco residents, and provide amenities to encourage retention and attraction of businesses, employees, and residents.

As previously noted, maintenance of these facilities will be funded by a CFD. Maintenance special taxes levied against each taxable development parcel, separate from special taxes levied to pay for infrastructure, will provide pay-as-you-go funds for operating and maintenance costs of public access, roads, parks and open space areas.

OTHER PUBLIC BENEFITS

Development of the Project represents an opportunity to complete an important component of the revitalization of the San Francisco waterfront, bringing a vital mix of uses that will support business, residential, retail, and recreational activities to an area now characterized by vacant and underutilized land and intermittent buildings. The Project will result in the rehabilitation of historic buildings, to be maintained by the building owners/tenants. The redevelopment of the Project will generate benefits for the City and community in the form of urban revitalization, employment and living opportunities, preservation of historic maritime facilities and structures, improved public waterfront access, delivery of affordable housing, improvements to Port property including sea level rise protections, new outdoor recreation opportunities, and City-wide fiscal and economic benefits as described in other sections of this report.



APPENDIX A: FISCAL ANALYSIS

Table 1
Fiscal Results Summary, Ongoing Revenues and Expenditures
Pier 70 28-acre Waterfront Site, 20th/Illinois and Hoedown Yard

Item	IFD				
	Pier 70 28-acre Waterfront Site	20th/Illinois St.	IFD Annual Total	IRFD Hoedown Yard	SUD Annual Total
Annual General Revenue					
Property Tax in Lieu of VLF	\$1,729,000	\$225,000	1,954,000	\$310,000	2,264,000
Property Transfer Tax	2,231,000	\$204,000	2,435,000	\$0	2,435,000
Sales Tax	772,000	\$96,000	868,000	\$129,000	997,000
Parking Tax (City 20% share)	0	\$0	0	\$0	0
Gross Receipts Tax	7,007,000	\$2,000	7,009,000	\$44,000	7,053,000
Subtotal, General Revenue	\$11,739,000	\$527,000	\$12,266,000	\$483,000	\$12,749,000
(less) 20% Charter Mandated Baseline	(\$2,347,800)	(\$105,400)	(\$2,453,200)	(\$96,600)	(\$2,549,800)
Net to General Fund	\$9,391,200	\$421,600	\$9,812,800	\$386,400	\$10,199,200
Public Services Expenditures					
Parks and Open Space			<i>Funded by Project Assessments</i>		
Roads			<i>Funded by Project Assessments</i>		
Police	(849,000)	(52,000)	(901,000)	(69,000)	(969,000)
Fire/EMS (net of fees and charges)	(853,000)	(52,000)	(905,000)	(69,000)	(974,000)
Subtotal, Services	(\$1,702,000)	(\$104,000)	(\$1,806,000)	(\$138,000)	(\$1,943,000)
NET General Revenues	\$7,689,200	\$317,600	\$8,006,800	\$248,400	\$8,256,200
Annual Other Dedicated and Restricted Revenue					
Public Safety Sales Tax	\$386,000	\$48,000	434,000	\$65,000	499,000
SF Cnty Transportation Auth'y Sales Tax	\$386,000	\$48,000	434,000	\$65,000	499,000
Subtotal	\$772,000	\$96,000	\$868,000	\$130,000	\$998,000
Possessory Interest/Property Taxes (1)	\$17,328,000	\$2,253,000	\$19,581,000	\$3,111,000	\$22,692,000
TOTAL, Net General + Other Revenues	\$25,789,200	\$2,666,600	\$28,455,800	\$3,489,400	\$31,946,200

(1) Until project infrastructure costs are fully paid, the full \$0.65 per property tax dollar generated from the site will be utilized to fund bond debt service and on a pay-go basis fund infrastructure costs through an IFD/IRFD approved by the Board of Supervisors. The \$0.65 represents the General Fund and dedicated funds share; total IFD revenues available for infrastructure will also include the State's share that currently is distributed to ERAF. The IRFD (Hoedown Yard parcels) will only receive the General Fund share to pay for Project costs.

8/31/17

Table 1a
Annual Service Costs During Development
Pier 70 28-acre Waterfront Site, 20th/Illinois and Hoedown Yard

Area/Service	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
<u>IFD</u>											
Pier 70 28-acre Waterfront Site											
Parks and Open Space	<i>Funded by Project Assessments</i>										
Roads	<i>Funded by Project Assessments</i>										
Police	(33,364)	(117,608)	(200,072)	(228,817)	(228,817)	(377,175)	(466,786)	(532,781)	(699,767)	(744,419)	(849,000)
Fire/EMS	<u>(853,000)</u>	<u>(853,000)</u>	<u>(853,000)</u>	<u>(853,000)</u>	<u>(853,000)</u>	<u>(853,000)</u>	<u>(853,000)</u>	<u>(853,000)</u>	<u>(853,000)</u>	<u>(853,000)</u>	<u>(853,000)</u>
Total, Pier 70	(886,364)	(970,608)	(1,053,072)	(1,081,817)	(1,081,817)	(1,230,175)	(1,319,786)	(1,385,781)	(1,552,767)	(1,597,419)	(1,702,000)
20th/Illinois											
Parks and Open Space	<i>Funded by Project Assessments</i>										
Roads	<i>Funded by Project Assessments</i>										
Police	(52,000)	(52,000)	(52,000)	(52,000)	(52,000)	(52,000)	(52,000)	(52,000)	(52,000)	(52,000)	(52,000)
Fire/EMS	<u>(52,000)</u>	<u>(52,000)</u>	<u>(52,000)</u>	<u>(52,000)</u>	<u>(52,000)</u>	<u>(52,000)</u>	<u>(52,000)</u>	<u>(52,000)</u>	<u>(52,000)</u>	<u>(52,000)</u>	<u>(52,000)</u>
Total, 20th/Illinois	(104,000)	(104,000)	(104,000)	(104,000)	(104,000)	(104,000)	(104,000)	(104,000)	(104,000)	(104,000)	(104,000)
TOTAL IFD	(990,364)	(1,074,608)	(1,157,072)	(1,185,817)	(1,185,817)	(1,334,175)	(1,423,786)	(1,489,781)	(1,656,767)	(1,701,419)	(1,806,000)
<u>IRFD</u>											
Hoedown Yard											
Parks and Open Space	<i>Funded by Project Assessments</i>										
Roads	<i>Funded by Project Assessments</i>										
Police	(69,000)	(69,000)	(69,000)	(69,000)	(69,000)	(69,000)	(69,000)	(69,000)	(69,000)	(69,000)	(69,000)
Fire/EMS	<u>(69,000)</u>	<u>(69,000)</u>	<u>(69,000)</u>	<u>(69,000)</u>	<u>(69,000)</u>	<u>(69,000)</u>	<u>(69,000)</u>	<u>(69,000)</u>	<u>(69,000)</u>	<u>(69,000)</u>	<u>(69,000)</u>
Total, 20th/Illinois	(138,000)	(138,000)	(138,000)	(138,000)	(138,000)	(138,000)	(138,000)	(138,000)	(138,000)	(138,000)	(138,000)
TOTAL IRFD	(138,000)	(138,000)	(138,000)	(138,000)	(138,000)	(138,000)	(138,000)	(138,000)	(138,000)	(138,000)	(138,000)
TOTAL, SERVICE COSTS	(1,128,364)	(1,212,608)	(1,295,072)	(1,323,817)	(1,323,817)	(1,472,175)	(1,561,786)	(1,627,781)	(1,794,767)	(1,839,419)	(1,944,000)

Table 2
Fiscal Results Summary, One-Time Revenues
Pier 70 28-acre Waterfront Site, 20th/Illinois and Hoedown Yard

Item	IFD		IFD Total	IRFD Hoedown Yard	SUD Total
	Pier 70 28-acre Waterfront Site	20th/Illinois St.			
<u>Development Impact Fees (1)</u>					
Jobs Housing Linkage - §413	\$37,443,000	\$157,000	37,600,000	\$0	37,600,000
Affordable Housing-- §415 (1)	\$44,206,000	\$17,999,000	62,205,000	\$24,852,000	87,057,000
Child Care (2)	\$4,650,000	\$477,000	5,127,000	\$671,000	5,798,000
TSF - §411A and TIDF-§411.3 (3)	\$40,530,000	\$2,414,000	42,944,000	\$3,207,000	46,151,000
Total Development Impact Fees	\$126,829,000	\$21,047,000	\$147,876,000	\$28,730,000	\$176,606,000
<u>Other One-Time Revenues</u>					
Construction Sales Tax (1% Gen'l Fund)	\$2,798,000	\$264,000	3,062,000	\$364,000	3,426,000
Gross Receipts Tax During Construction	\$3,730,000	\$351,000	4,081,000	\$0	4,081,000
Total: Other One-Time Revenues	\$6,528,000	\$615,000	\$7,143,000	\$364,000	\$7,507,000
Total One-Time Revenues	\$133,357,000	\$21,662,000	\$155,019,000	\$29,094,000	\$184,113,000

(1) Impact fee rates as of Jan. 1, 2017.

(2) Childcare fees only apply to office and residential uses.

(3) Transportation Sustainability Fee (TSF) replaced TIDF in 2016; assumes entire Project pays TSF.

8/31/17

Table A-1
Project Description Summary (1)
Pier 70 28-acre Waterfront Site, 20th/Illinois and Hoedown Yard

Item	Gross Bldg. Sq.Ft.	Units or Spaces	Notes
Pier 70 28-acre Waterfront Site			
Retail	75,893	na	
Arts, Light Industrial	205,880	na	Inc. 115,700 sq.ft. Bldgs 12c, 21
Office	1,387,228	na	Inc. 60ksf Bldg 12a
Residential			
Apartments			
Market Rate		709 units	
Affordable		<u>177</u> units	
Total, Apts		886 units	
Condos			
Market Rate		587 units	
Affordable		units	
Total, Condos		587 units	
Total, Residential		1,473 units	
Parking		1,569 spaces	
20th/Illinois Street			
Retail	6,600		
Office	0	na	
Residential (condos)	248,615	239 units	
Parking		239 spaces	
Hoedown Yard			
Retail			
Office			
Residential (condos)	349,353	330 units	
Parking		126 spaces	
TOTAL			
Retail	82,493		
Arts, Light Industrial	205,880		
Office	1,387,228		
Residential			
Apartments			
Market Rate		709	
Affordable		<u>177</u>	
Total, Apts		886	
Condos			
Market Rate		1,156	
Affordable		<u>0</u>	
Total, Condos		1,156	
Total, Residential	1,614,106	2,042	
Market Rate		1,865	
Affordable		177	
Parking		1,934 spaces	

(1) From Financing Plan Base Case scenario (Updates 8/30/17).

Additional 100% affordable units can be constructed on dedicated sites.

Source: Forest City; Port of San Francisco; Berkson Associates

8/31/17

**Table A-2
Population and Employment
Pier 70 28-acre Waterfront Site, 20th/Illinois and Hoedown Yard**

Item	Assumptions	Total
Pier 70 28-acre Waterfront Site		
Population (1)	2.27 persons per unit	3,344
<u>Employment (FTEs)</u>		
Retail	350 sq.ft. per FTE (2)	217
Arts, Light Industrial	276 sq.ft. per FTE (2)	746
Office	276 sq.ft. per FTE (2)	5,026
Residential (4)	27.9 units per FTE (3)	53
Parking (2)	270 spaces per FTE (3)	<u>6</u>
Total		6,048
Total Service Population		9,391
Illinois Street Parcels (2)		
Population (1)	2.27 persons per unit	543
<u>Employment (FTEs)</u>		
Retail	350 sq.ft. per FTE (2)	19
Office	276 sq.ft. per FTE (2)	0
Residential (4)	27.9 units per FTE (3)	9
Parking (2)	270 spaces per FTE (3)	<u>1</u>
Total		28
Total Service Population		571
Hoedown Yard		
Population (1)	2.27 persons per unit	749
<u>Employment (FTEs)</u>		
Retail	350 sq.ft. per FTE (2)	0
Office	276 sq.ft. per FTE (2)	0
Residential (4)	27.9 units per FTE (3)	12
Parking (3)	270 spaces per FTE (3)	<u>0</u>
Total		12
Total Service Population		761
TOTAL		
Residents		4,635
Employees		<u>6,088</u>
Service Population		10,724
CITYWIDE		
Residents (5)		866,583
Employees (6)		<u>709,496</u>
Service Population		1,576,079

(1) Based on DEIR.

(2) DEIR, Table 4.C.5.

(3) DEIR, Table 4.C.5.

(4) Includes building management, janitorial, cleaning and repair, childcare, and other domestic services.

(5) Cal. Dept. of Finance, Rpt. E-1, 2016

(6) BLS QCEW State and County Map, 2016Q3.

8/31/17

**Table A-3
San Francisco City Development Impact Fee Estimate
Pier 70 28-acre Waterfront Site, 20th/Illinois and Hoedown Yard**

Item	Residential	Office	Retail	Arts, Light Industrial	TOTAL
New Development (sq.ft.) (1)	1,986,740	1,387,228	82,493	205,880	
New Residential Units	2,042				
Adaptive Reuse (Buildings 2, 12, 21)					
Units	107,736				
Sq.Ft.	107,616	60,000	0	115,700	
Net of Adaptive Reuse	1,529,771	1,327,228	82,493	90,180	
City Fees (per gross building sq.ft.) (2)					
Jobs Housing Linkage -\$413 (5)		\$33,831,042	\$1,961,684	\$1,807,207	\$37,599,932
Affordable Housing-\$415 (3)	\$87,056,973				\$87,056,973
Child Care-\$414 (4)	\$3,607,919	\$2,189,926	\$0	\$0	\$5,797,845
Transportation Sustainability Fee §411A (6)	\$17,250,361	\$26,531,288	\$1,649,035	\$720,538	\$46,151,222
TIDF-\$411.3 (6)		\$0	\$0	\$0	\$0
Total	\$107,915,252	\$62,552,256	\$3,610,719	\$2,527,745	\$176,605,972

(1) Residential fees assume avg. 900 sq.ft./unit.

(2) All impact fees are as of January 2017.

(3) Plans anticipate providing inclusionary rental units on Waterfront Site; Illinois Street assumed to be condos and pay an in-lieu fee. Assumes in-lieu fees of \$268,960 (avg. 1-bdrm) times 20% of onsite market-rate units.

(4) Childcare fee will not apply if child care facilities are constructed on site.

(5) Jobs-Housing fee for Arts/Light Industrial assumes rate for Integrated PDR and Small Enterprise Workspace.

(6) Transportation Sustainability Fee (TSF) replaced TIDF in 2016; analysis assumes all development pays 100% of TSF.

Arts, Light Industrial assumes PDR fee; retail fee for < 100,000 sq.ft.

Sources: City of San Francisco, and Berkson Associates.

8/31/17

Table A-3a
San Francisco City Development Impact Fee Estimate
Pier 70 28-acre Waterfront Site, 20th/Illinois and Hoedown Yard

Item	Residential	Office	Retail	Arts, Light Industrial	TOTAL
Pier 70 28-acre Waterfront Site					
New Development (sq.ft.) (1)	1,388,772	1,387,228	75,893	205,880	
New Residential Units	1,473				
Adaptive Reuse (buildings 2, 12, 21)					
Units	120				
Sq.Ft.	107,616	60,000		115,700	
Sq.Ft. Net of Adaptive Reuse	1,281,156	1,327,228	75,893	90,180	
Condos	587				
City Fees (per gross building sq.ft.) (2)					
Jobs Housing-§413 (5)		\$25.49	\$23.78	\$20.04	\$37,442,984
Affordable Housing-§415 (3)	\$268,960				\$44,206,266
Child Care-§414 (4)	\$1.92	\$1.65			\$4,649,746
Transportation Sustainability Fee §411A (6)	\$9.18	\$19.99	\$19.99	\$7.99	\$40,529,942
TIDF-§411.3 (6)					\$0
Total	\$58,427,100	\$62,552,256	\$3,321,837	\$2,527,745	\$126,828,938
20th/Illinois Street (2)					
New Development (sq.ft.) (1)	248,615	0	6,600	0	
New Residential Units	239				
Condos	239				
City Fees (per gross building sq.ft., except for "Affordable housing" (2)					
Jobs Housing-§413 (5)		\$25.49	\$23.78	\$20.04	\$156,948
Affordable Housing-§415 (3)	\$268,960				\$17,998,803
Child Care-§414 (4)	\$1.92	\$1.65			\$477,341
Transportation Sustainability Fee (6)	\$9.18	\$19.99	\$19.99	\$7.99	\$2,414,220
TIDF-§411.3 (6)					\$0
Total	\$20,758,430	\$0	\$288,882	\$0	\$21,047,312
Hoedown Yard (2)					
New Development (sq.ft.) (1)	349,353	0	0		
New Residential Units	330				
City Fees (per gross building sq.ft., except for "Affordable housing" (2)					
Jobs Housing-§413 (5)		\$25.49	\$23.78	\$20.04	\$0
Affordable Housing-§415 (3)	\$268,960				\$24,851,904
Child Care-§414 (4)	\$1.92	\$1.65			\$670,758
Transportation Sustainability Fee (6)	\$9.18	\$19.99	\$19.99	\$7.99	\$3,207,061
TIDF-§411.3 (6)					\$0
Total	\$28,729,722	\$0	\$0	\$0	\$28,729,722

Notes to Table A-3a:

- (1) Residential fees assume avg. 943 sq.ft./unit.
- (2) All impact fees are as of January 2017.
- (3) Plans anticipate providing inclusionary rental units on Waterfront Site; Illinois Street assumed to be condos and pay an in-lieu fee.
Assumes in-lieu fees of \$268,960 (avg. 1-bdrm) times 20% of onsite market-rate units.
- (4) Childcare fee will not apply if child care facilities are constructed on site.
- (5) Jobs-Housing fee for Arts/Light Industrial assumes rate for Integrated PDR and Small Enterprise Workspace.
- (6) Transportation Sustainability Fee (TSF) replaced TIDF in 2016; analysis assumes all development pays 100% of TSF.
Arts, Light Industrial assumes PDR fee; retail fee for < 100,000 sq.ft.

Sources: City of San Francisco, and Berkson Associates.

8/31/17

Table A-4
Assessed Value Estimate
Pier 70 28-acre Waterfront Site, 20th/Illinois and Hoedown Yard

Item	Development Cost	Assessed Value
Infrastructure	\$260,535,000	<i>none assumed</i>
Arts, Light Industrial	\$29,647,000	\$14,391,000
Office	\$636,626,000	\$728,073,000
Residential	\$1,149,031,000	\$1,526,853,000
Total	\$2,075,839,000	\$2,269,317,000

Table A-4a
Assessed Value Estimate
Pier 70 28-acre Waterfront Site, 20th/Illinois and Hoedown Yard

Item	Development Cost	Assessed Value
Pier 70 28-acre Waterfront Site		
Infrastructure	\$260,535,000	<i>inc. in bldg.value</i>
Arts, Light Industrial (1)	\$29,647,000	\$14,391,000
Office (1)	\$636,626,000	\$728,073,000
Residential	\$768,753,000	\$990,362,000
Total	\$1,695,561,000	\$1,732,826,000
<hr/>		
20th/Illinois		
Infrastructure	<i>see Pier 70 costs</i>	<i>inc. in bldg.value</i>
Residential	\$159,730,000	\$225,345,000
Total	\$159,730,000	\$225,345,000
Hoedown Yard		
Infrastructure	<i>see Pier 70 costs</i>	<i>inc. in bldg.value</i>
Residential	\$220,548,000	\$311,146,000
Total	\$220,548,000	\$311,146,000
TOTAL	\$2,075,839,000	\$2,269,317,000

(1) Mixed use retail is included in the values for other uses.

Office buildings include additional Arts, Light Industrial uses and value.

Sources: Forest City; Port of San Francisco; Berkson Associates

8/31/17

**Table A-5
 Possessory Interest and Property Tax Estimate
 Pier 70 28-acre Waterfront Site, 20th/Illinois and Hoedown Yard**

Item	Assumptions	Total
Gross Property Tax/Possessory Interest Tax	1.0% of new AV	\$22,693,000
Allocation of Tax (2)		
Net New General Fund (1)	65.00%	\$14,750,450
ERAF	25.33%	\$5,748,000
SF Unified School District	7.70%	\$1,747,000
Other	<u>1.97%</u>	<u>\$447,000</u>
	100.00%	\$22,692,450

Sources: City of San Francisco, and Berkson Associates

8/31/17

Table A-6
Property Tax in Lieu of VLF Estimate
Pier 70 28-acre Waterfront Site, 20th/Illinois and Hoedown Yard

Item	Assumptions	Total
Citywide Total Assessed Value (1)		\$212,173,326,106
Total Citywide Property Tax in Lieu of Vehicle License Fee (VLF) (2)		\$211,724,000
Pier 70 28-acre Waterfront Site		
Project Assessed Value		\$1,732,826,000
Growth in Citywide AV due to Project	0.82%	
Net New Property Tax in Lieu of VLF (3)		\$1,729,000
20th/Illinois Street		
Project Assessed Value		\$225,345,000
Growth in Citywide AV due to Project	0.11%	
Net New Property Tax in Lieu of VLF (3)		\$225,000
Hoedown Yard		
Project Assessed Value		\$311,146,000
Growth in Citywide AV due to Project	0.15%	
Net New Property Tax in Lieu of VLF (3)		\$310,000
		1.07%
TOTAL PROPERTY TAX IN LIEU OF VLF		\$2,264,000

- (1) Based on the CCSF FY2015-16 total taxable assessed value recorded by Controller's Office, City and County of San Francisco. Annual Report 2016, Office of the Assessor-Recorder (pg. 22).
(2) City and County of San Francisco Annual Appropriation Ordinance for Fiscal Year Ending June 30, 2017, page 126.
(3) Equals the increase in Citywide AV due to the Project multiplied by the current Citywide Property Tax In Lieu of VLF. No assumptions included about inflation and appreciation of Pier 70 or Citywide assessed values beyond 2016.

Sources: City of San Francisco, and Berkson Associates

8/31/17

Table A-7
Property Transfer Tax (2017 dollars)
Pier 70 28-acre Waterfront Site, 20th/Illinois and Hoedown Yard

Item	Assumptions	Total
Pier 70 28-acre Waterfront Site		
<u>Annual Transfer Tax From Building Sales</u>		
Residential Value (2)		
Residential Assessed Value (AV)	\$990,362,000 (avg. sale once/15 years)	
Avg. Sales Value (1)	6.7% annual turnover	\$66,024,000
Transfer Tax From Residential Buildings (2)	\$19.32 /\$1,000 (avg. \$20 mill. sale)	\$1,275,000
Commercial Value (2)		
Non-Residential Assessed Value (AV)	\$742,464,000 (avg. sale once/15 years)	
Avg. Sales Value (1)	6.7% annual turnover	\$49,498,000
Transfer Tax From Commercial Buildings (2)	\$19.32 /\$1,000 (avg. \$20 mill. sale)	\$956,000
Annual Average Transfer Tax		\$2,231,000
20th/Illinois Street		
<u>Annual Transfer Tax From Building Sales</u>		
Residential Value (2)		
Residential Assessed Value (AV)	\$225,345,000 (avg. sale once/7 years)	
Avg. Sales Value (1)	14.3% annual turnover	\$32,192,000
Transfer Tax From Residential Buildings (2)	\$6.35 /\$1,000 (avg. \$1 mill. sale)	\$204,000
Commercial Value (2)		
Non-Residential Assessed Value (AV)	(avg. sale once/15 years)	
Avg. Sales Value (1)	6.7% annual turnover	\$0
Transfer Tax From Commercial Buildings (2)	\$19.32 /\$1,000 (avg. \$20 mill. sale)	\$0
Annual Average Transfer Tax		\$204,000
Hoedown Yard		
<u>Annual Transfer Tax From Building Sales</u>		
Residential Value (2)		
Residential Assessed Value (AV)	\$311,146,000 (avg. sale once/7 years)	
Avg. Sales Value (1)	14.3% annual turnover	\$44,449,000
Transfer Tax From Residential Buildings (2)	\$6.35 /\$1,000 (avg. \$1 mill. sale)	\$282,000
Commercial Value (2)		
Non-Residential Assessed Value (AV)	\$0 (avg. sale once/15 years)	
Avg. Sales Value (1)	6.7% annual turnover	\$0
Transfer Tax From Commercial Buildings (2)	\$19.32 /\$1,000 (avg. \$20 mill. sale)	\$0
Annual Average Transfer Tax		282000
TOTAL ONGOING TRANSFER TAX		\$2,717,000

- (1) Waterfront Site assumes all residential buildings are rental units, and sales of all buildings average once every 15 years.
 Illinois Street Parcels assumed to be condos and sell once every 7 years.
 Commercial buildings assume sale once every 15 years.
- (2) Calculated estimate assumes rate on \$1 million average for condos, \$20 million for apartments and commercial buildings.
 Rates range from \$5/\$1,000 on first \$250,000 to \$25/\$1,000 on amounts above \$10 million.

8/14/17

Table A-8a
Sales Tax Estimates
Pier 70 28-acre Waterfront Site

Item	Assumptions	Total
Taxable Sales From New Residential Uses		
Average Annual Housing Payment	\$47,600 per household	
Housing as a % of Average Annual HH Income (1)	30%	\$158,700
Average HH Retail Expenditure (2)	27%	\$42,800
New Households		1,473
Total New Retail Sales from Households		\$63,044,000
New Taxable Retail Sales Captured in San Francisco	80% of retail expenditures	\$50,435,200
Net New Sales Tax to GF From Residential Uses	1.0% tax rate x taxable sales	\$504,000
Taxable Sales From Commercial Space		
Retail Sq.Ft.		
Innovation (3)	50%	102,940
Retail		75,893
Total		178,833
Retail Taxable Sales		
Innovation	\$300 per sq.ft.	\$30,882,000
Retail	\$300 per sq.ft.	\$22,767,900
Total		\$53,649,900
Sales Tax to San Francisco	1.0% tax rate x taxable sales	\$536,000
(less) New On-Site Residential Sales (4)	25% of commercial sales	(\$134,000)
(less) Shift From Existing Sales (5)	25%	(\$134,000)
Net New Sales Tax to GF from Retail Space		\$268,000
TOTAL Sales Tax to General Fund (1%)		\$772,000
Annual Sales Tax Allocation		
Sales Tax to the City General Fund (7)	1.00% tax rate x taxable sales	\$772,000
Other Sales Taxes		
Public Safety Sales Tax (6)	0.50% tax rate x taxable sales	\$386,000
San Francisco County Transportation Authority (6)	0.50% tax rate x taxable sales	\$386,000
SF Public Financing Authority (Schools) (6)	0.25% tax rate x taxable sales	\$193,000
One-Time Sales Taxes on Construction Materials and Supplies (rounded)		
Total Development Cost		\$1,695,561,000
Construction Costs (exc. Land, profit, soft costs, etc.)	55.00%	\$932,559,000
Supply/Materials Portion of Construction Cost	60.00%	\$559,535,000
San Francisco Capture of Taxable Sales	50.00%	\$279,767,500
Sales Tax to San Francisco General Fund	1.0% tax rate x taxable sales	\$2,798,000

- (1) Assumed average share of income allocated towards rent or mortgage.
(2) Based on blended assumptions with average household expenditure based on typical household spending as reported for the San Francisco MSA by the State Board of Equalization.
(3) Only a portion of the tenants of innovation space will generate sales taxes (50% assumed).
Innovation space will be distributed between shared office work environment, shared manufacturing, arts and culture, and food stall and kiosk retail uses. With the exception of food stall and kiosk retail, innovative retail uses are not assumed to generate substantial retail sales.
(4) A portion of new sales from San Francisco residents are assumed captured by retail in the Project (calculated above).
(5) Reflects a deduction of retail sales that could be captured elsewhere in San Francisco were the Project not built.
(6) Sales tax proportions for these entities as reported by Controller's Office.

Source: Berkson Associates

8/31/17

Table A-8b
Sales Tax Estimates
20th/Illinois Street

Item	Assumptions	Total
Taxable Sales From New Residential Uses		
Average Annual Housing Payment	\$50,000 per household	
Housing as a % of Average Annual HH Income (1)	30%	\$166,700
Average HH Retail Expenditure (2)	27%	\$45,000
New Households		239
Total New Retail Sales from Households		\$10,755,000
New Taxable Retail Sales Captured in San Francisco	80% of retail expenditures	\$8,604,000
Net New Sales Tax to GF from Residential Uses	1.0% tax rate x taxable sales	\$86,000
Taxable Sales From Commercial Space		
Retail Sq.Ft.		6,600
Retail Taxable Sales	\$300 per sq.ft.	\$1,980,000
Sales Tax to San Francisco	1.0% tax rate x taxable sales	\$20,000
(less) New On-Site Residential Sales (3)	25% of commercial sales	(\$5,000)
(less) Shift From Existing Sales (4)	25%	(\$5,000)
Net New Sales Tax to GF from Retail Space		\$10,000
TOTAL Sales Tax to General Fund (1%)		\$96,000
Annual Sales Tax Allocation		
Sales Tax to the City General Fund	1.00% tax rate x taxable sales	\$96,000
Other Sales Taxes		
Public Safety Sales Tax (5)	0.50% tax rate x taxable sales	\$48,000
San Francisco County Transportation Authority (5)	0.50% tax rate x taxable sales	\$48,000
SF Public Financing Authority (Schools) (5)	0.25% tax rate x taxable sales	\$24,000
One-Time Sales Taxes on Construction Materials and Supplies (rounded)		
Total Development Cost		\$159,730,000
Construction Costs (exc. Land, profit, soft costs, etc.)	55.00%	\$87,852,000
Supply/Materials Portion of Construction Cost	60.00%	\$52,711,000
San Francisco Capture of Taxable Sales	50.00%	\$26,356,000
Sales Tax to San Francisco General Fund	1.0% tax rate x taxable sales	\$264,000

(1) Assumed average share of income allocated towards rent or mortgage.

(2) Based on blended assumptions with average household expenditure based on typical household spending as reported for the San Francisco MSA by the State Board of Equalization.

(3) A portion of new sales from San Francisco residents are assumed captured by retail in the Project (calculated above).

(4) Reflects a deduction of retail sales that could be captured elsewhere in San Francisco were the Project not built.

(5) Sales tax proportions for these entities as reported by Controller's Office.

Source: Berkson Associates

8/14/17

Table A-8c
Sales Tax Estimates
Hoedown Yard

Item	Assumptions	Total
Taxable Sales From New Residential Uses		
Average Annual Housing Payment	\$50,000 per household	
Housing as a % of Average Annual HH Income (1)	30%	\$166,700
Average HH Retail Expenditure (2)	27%	\$45,000
New Households		330
Total New Retail Sales from Households		\$14,850,000
New Taxable Retail Sales Captured in San Francisco	80% of retail expenditures	\$11,880,000
Net New Sales Tax to GF from Residential Uses	1.0% tax rate x taxable sales	\$119,000
Taxable Sales From Commercial Space		
Retail Sq.Ft.		6,600
Retail Taxable Sales	\$300 per sq.ft.	\$1,980,000
Sales Tax to San Francisco	1.0% tax rate x taxable sales	\$20,000
(less) New On-Site Residential Sales (3)	25% of commercial sales	(\$5,000)
(less) Shift From Existing Sales (4)	25%	(\$5,000)
Net New Sales Tax to GF from Retail Space		\$10,000
TOTAL Sales Tax to General Fund (1%)		\$129,000
Annual Sales Tax Allocation		
Sales Tax to the City General Fund	1.00% tax rate x taxable sales	\$129,000
Other Sales Taxes		
Public Safety Sales Tax (5)	0.50% tax rate x taxable sales	\$65,000
San Francisco County Transportation Authority (5)	0.50% tax rate x taxable sales	\$65,000
SF Public Financing Authority (Schools) (5)	0.25% tax rate x taxable sales	\$32,000
One-Time Sales Taxes on Construction Materials and Supplies (rounded)		
Total Development Cost		\$220,548,000
Construction Costs (exc. Land, profit, soft costs, etc.)	55.00%	\$121,301,000
Supply/Materials Portion of Construction Cost	60.00%	\$72,781,000
San Francisco Capture of Taxable Sales	50.00%	\$36,391,000
Sales Tax to San Francisco General Fund	1.0% tax rate x taxable sales	\$364,000

(1) Assumed average share of income allocated towards rent or mortgage.

(2) Based on blended assumptions with average household expenditure based on typical household spending as reported for the San Francisco MSA by the State Board of Equalization.

(3) A portion of new sales from San Francisco residents are assumed captured by retail in the Project (calculated above).

(4) Reflects a deduction of retail sales that could be captured elsewhere in San Francisco were the Project not built.

(5) Sales tax proportions for these entities as reported by Controller's Office.

Source: Berkson Associates

8/31/17

**Table A-9
Parking Tax
Pier 70 28-acre Waterfront Site, 20th/Illinois and Hoedown Yard**

Item	Assumption	Total
Pier 70 28-acre Waterfront Site		
Total Spaces		1,569
Residential Spaces		1,569
Non-Residential Spaces (1)		0
<u>Parking Revenues</u>		
Annual Total (2)	\$5,928 per year	\$0
<u>San Francisco Parking Tax (3)</u>	25% of revenue	\$0
Parking Tax Allocation to General Fund/Special Programs	20% of tax proceeds	\$0
Parking Tax Allocation to Municipal Transp. Fund	80% of tax proceeds	\$0
<hr/>		
20th/Illinois Street		
Non-Residential Spaces (1)		
<u>Parking Revenues</u>		
Annual Total (2)	\$5,928 per day	\$0
<u>San Francisco Parking Tax</u>	25% of revenue	\$0
Parking Tax Allocation to General Fund/Special Programs	20% of tax proceeds	\$0
Parking Tax Allocation to Municipal Transp. Fund	80% of tax proceeds	\$0
<hr/>		
Hoedown Yard		
Non-Residential Spaces (1)		
<u>Parking Revenues</u>		
Annual Total (2)	\$5,928 per day	\$0
<u>San Francisco Parking Tax</u>	25% of revenue	\$0
Parking Tax Allocation to General Fund/Special Programs	20% of tax proceeds	\$0
Parking Tax Allocation to Municipal Transp. Fund	80% of tax proceeds	\$0

(1) This analysis assumes that all non-residential Project parking will generate parking tax; includes parking in commercial buildings.

(2) Including parking tax on monthly and daily rentals.

(3) 80 percent is transferred to the San Francisco Municipal Transportation Agency for public transit as mandated by Charter Section 16.110.

Source: Berkson Associates

8/31/17

Table A-10
Gross Receipts Tax Estimates (2017 dollars)
Pier 70 28-acre Waterfront Site, 20th/Illinois and Hoedown Yard

Item	Total Gross Receipts (GR)	GR Allocated to SF for GR Tax (1)	Gross Revenue Tier (2)				Gross Receipts Tax
			up to \$1m	\$1m - \$2.5m	\$2.5m - \$25m	\$25m+	
Pier 70 28-acre Waterfront Site							
<u>Business Income</u>							
Retail (net of shift) (4)	\$11,384,000	\$10,246,000	0.075%	0.100%	0.135%	0.160%	\$10,246
Arts, Light Industrial (3)	\$15,441,000	\$1,544,000	0.075%	0.100%	0.135%	0.160%	\$1,158
Office (4)	\$1,431,376,000	\$1,288,238,000	0.400%	0.460%	0.510%	0.560%	\$6,570,014
Parking	\$0	\$0	0.075%	0.100%	0.135%	0.160%	\$0
Subtotal	\$1,458,201,000	\$1,300,028,000					\$6,581,418
<u>Rental Income (5)</u>							
Retail	\$3,076,000	\$3,076,000					
Arts, Light Industrial	\$4,150,000	\$4,150,000	0.285%	0.285%	0.300%	0.300%	\$12,450
Office	\$88,736,000	\$88,736,000	0.285%	0.285%	0.300%	0.300%	\$266,208
Parking	\$8,836,000	\$8,836,000	0.285%	0.285%	0.300%	0.300%	\$26,508
Residential	\$40,027,000	\$40,027,000	0.285%	0.285%	0.300%	0.300%	\$120,081
Subtotal	\$144,825,000	\$144,825,000					\$425,247
Total Gross Receipts	\$1,603,026,000	\$1,444,853,000					\$7,006,665
<u>Project Construction</u>							
Total Development Value (6)	\$1,695,561,000	\$1,695,561,000					
Direct Construction Cost (7)	\$932,558,550	\$932,558,550	0.300%	0.350%	0.400%	0.450%	\$3,730,234
20th/Illinois Street							
<u>Business Income</u>							
Retail (net of shift) (4)	\$990,000	\$891,000	0.075%	0.100%	0.135%	0.160%	\$891
Office (4)	\$0	\$0	0.400%	0.460%	0.510%	0.560%	\$0
Parking (4)	\$0	\$0	0.075%	0.100%	0.135%	0.160%	\$0
Subtotal	\$990,000	\$891,000					\$891
<u>Rental Income (5)</u>							
Retail	\$267,000	\$267,486	0.285%	0.285%	0.300%	0.300%	\$802
Office	\$0	\$0	0.285%	0.285%	0.300%	0.300%	\$0
Parking	\$0	\$0	0.285%	0.285%	0.300%	0.300%	\$0
Residential	\$0	\$0	0.285%	0.285%	0.300%	0.300%	\$0
Subtotal	\$267,000	\$267,486					\$802
Total Gross Receipts	\$1,257,000	\$1,158,486					\$1,693

Table A-10
Gross Receipts Tax Estimates (2017 dollars)
Pier 70 28-acre Waterfront Site, 20th/Illinois and Hoedown Yard

Item	Total Gross Receipts (GR)	GR Allocated to SF for GR Tax (1)	Gross Revenue Tier (2)				Gross Receipts Tax
			up to \$1m	\$1m - \$2.5m	\$2.5m - \$25m	\$25m+	
<u>Project Construction</u>							
Total Development Value (6)	\$159,730,000	\$160,000,000					
Direct Construction Cost (7)	\$87,852,000	\$87,852,000	0.300%	0.350%	0.400%	0.450%	\$351,408
<hr/>							
Hoedown Yard							
<u>Business Income</u>							
Retail (net of shift) (4)	\$990,000	\$891,000	0.075%	0.100%	0.135%	0.160%	\$1,411
Office (4)	\$0	\$0	0.400%	0.460%	0.510%	0.560%	\$41,076
Parking (4)	\$0	\$0	0.075%	0.100%	0.135%	0.160%	\$0
Subtotal	\$1,568,000	\$9,465,300					\$42,487
<u>Rental Income (5)</u>							
Retail	\$0	\$0	0.285%	0.285%	0.300%	0.300%	\$1,234
Office	\$0	\$0	0.285%	0.285%	0.300%	0.300%	\$0
Parking	\$0	\$0	0.285%	0.285%	0.300%	0.300%	\$0
Residential	\$0	\$0	0.285%	0.285%	0.300%	0.300%	\$0
Subtotal	\$411,000	\$411,184					\$1,234
Total Gross Receipts	\$1,979,000	\$9,876,484					\$43,721
<hr/>							
<u>Project Construction</u>							
Total Development Value (6)	\$220,548,000	\$220,548,000					
Direct Construction Cost (7)	\$121,301,000	\$121,301,000	0.300%	0.350%	0.400%	0.450%	\$456,000

*Note: reflects tax implementation after the payroll tax is phased out.

(1) Rounded; gross receipts for retail, office, and manufacturing uses are based on direct output of onsite uses, from IMPLAN.

(2) Given uncertainty about business size among various categories, this analysis applies highlighted tax rate in tier for each use.

to \$25 million per business. The actual gross receipts will depend on the size of business in each category and their gross receipts generated within the City.

(3) 10% of gross receipts are assumed to be subject to the tax as small businesses and employment outside of San Francisco will be exempt. Rate based on retail; manufacturing w

(4) 90% of office gross receipts are assumed to be subject to the tax as small businesses and employment outside of San Francisco will be exempt.

Gross receipts based on output per employee of \$284,800 (IMPLAN). Tax rate based on Financial, Insurance, Professional, Scientific and Technical Services.

Parking business income based on gross revenues (net of parking tax) from garages and commercial spaces (see parking tax estimates). Parking rent for residential parking incl

(5) Pier 70 office and residential rents include rent from retail and non-structured parking components. Estimates are based on the Pier 70 Financial Plan.

(6) Based on vertical development cost plus infrastructure cost.

(7) As a planning estimate, approximately 55% is assumed to represent direct construction costs.

Sources: City of San Francisco; IMPLAN 2014; Berkson Associates.

8/31/17