

File No. 151119

Committee Item No. _____

Board Item No. 38

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: _____

Date: _____

Board of Supervisors Meeting

Date: January 26, 2016

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
| <input type="checkbox"/> | <input type="checkbox"/> | Resolution |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Ordinance |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input type="checkbox"/> | <input type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form |
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| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
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| <input type="checkbox"/> | <input type="checkbox"/> | Form 126 – Ethics Commission |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
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OTHER

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| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Port Memo - December 9, 2015</u> |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <u>DRAFT Infrastructure Financing Plan - December 9, 2015</u> |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Port Memo and Resolution Nos. 14-32 and 14-33 - May 9, 2014</u> |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Port Memo and Resolution No. 15-38 - October 8, 2015</u> |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <u>DRAFT Tax Administration Agreement</u> |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Hearing Notices</u> |

Prepared by: John Carroll

Date: January 21, 2016

Prepared by: _____

Date: _____

1 [Establishing an Infrastructure Financing District and Adopting an Infrastructure Financing
2 Plan (Port of San Francisco)]

3 **Ordinance establishing an Infrastructure Financing District (including Sub-Project**
4 **Area G-1 (Pier 70 – Historic Core) and adopting an Infrastructure Financing Plan**
5 **(including Appendix G-1) for City and County of San Francisco Infrastructure Financing**
6 **District No. 2 (Port of San Francisco); approving a Tax Administration Agreement;**
7 **affirming the Planning Department’s determination under the California Environmental**
8 **Quality Act; and approving other matters in connection therewith.**

9
10 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
11 **Additions to Codes** are in *single-underline italics Times New Roman font*.
12 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.
13 **Board amendment additions** are in double-underlined Arial font.
14 **Board amendment deletions** are in ~~strikethrough Arial font~~.
15 **Asterisks (* * * *)** indicate the omission of unchanged Code
16 subsections or parts of tables.

17 Be it ordained by the People of the City and County of San Francisco:

18 (a) Findings. The Board of Supervisors of the City and County of San Francisco
19 hereby finds, determines, and declares based on the record before it that:

20 (1) California Statutes of 1968, Chapter 1333 (Burton Act) and San Francisco
21 Charter Section 4.114 and Appendix B, beginning at Section B3.581, empower the City and
22 County of San Francisco (City), acting through the Port Commission, with the power and duty
23 to use, conduct, operate, maintain, manage, regulate, and control the lands within Port
24 Commission jurisdiction.

25 (2) Under California Government Code Sections 53395 et seq. (IFD Law),
the Board of Supervisors is authorized to establish an infrastructure financing district and to
act as the legislative body for such an infrastructure financing district. More specifically, the
Board of Supervisors is authorized to establish “waterfront districts” under Section 53395.8 of

1 the IFD Law, including a waterfront district for approximately 65 acres of waterfront land in the
2 area known as Pier 70 (a "Pier 70 district"), and approve "Pier 70 enhanced financing plans"
3 pursuant to Section 53395.81 of the IFD Law.

4 (3) Pursuant to Section 53395.8 of the IFD Law, a waterfront district may be
5 divided into project areas, each with distinct limitations under IFD Law.

6 (4) By Resolution No. 123-13, which the Board of Supervisors adopted on
7 April 23, 2013 and the Mayor approved on April 30, 2013, the City adopted "Guidelines for the
8 Establishment and Use of Infrastructure Financing Districts on Project Areas on Land under
9 Jurisdiction of the San Francisco Port Commission" (Port IFD Guidelines) relating to the
10 formation of infrastructure financing districts by the City on waterfront property in San
11 Francisco under the jurisdiction of the Port Commission.

12 (5) By Resolution No. 110-12, which the Board of Supervisors adopted on
13 March 27, 2012 and the Mayor approved on April 5, 2012 (Original Resolution of Intention to
14 Establish IFD), the City declared its intention to establish a waterfront district to be known as
15 "City and County of San Francisco Infrastructure Financing District No. 2 (Port of San
16 Francisco)" (IFD), and designated initial project areas within the IFD (Project Areas).

17 (6) By Resolution No. 227-12, which the Board of Supervisors adopted on
18 June 12, 2012 and the Mayor approved on June 20, 2012 (First Amending Resolution), the
19 City amended the Original Resolution of Intention to Establish IFD to propose, among other
20 things, an amended list of Project Areas.

21 (7) By Resolution No. 421-15, which the Board of Supervisors adopted on
22 November 17, 2015 and the Mayor approved on November 25, 2015 (Second Amending
23 Resolution, and together with the Original Resolution of Intention to Establish IFD and the
24 First Amending Resolution, the "Resolution of Intention to Establish IFD"), the City declared its
25 intention to establish Sub-Project Area G-1 (Pier 70 - Historic Core) within the Pier 70 district.

1 (8) Sub-Project Area G-1 (Pier 70 - Historic Core) is within the Pier 70 district
2 and includes property that the City, acting by and through the Port Commission, has leased to
3 Historic Pier 70, LLC (an affiliate of Orton Development, Inc.) pursuant to Lease No. L-15814,
4 dated as of July 29, 2015 (Lease), which property will be rehabilitated pursuant to a Lease
5 Disposition and Development Agreement, dated as of September 16, 2014, by and between
6 the City, acting by and through the Port Commission, and Historic Pier 70, LLC (LDDA).

7 (9) Sub-Project Area G-1 (Pier 70 - Historic Core) is within the Eastern
8 Neighborhoods Community Plan Area, for which the Planning Commission certified the
9 Eastern Neighborhoods Rezoning and Area Plans Final EIR (EN FEIR) (Planning Department
10 Case No. 2004.0160E).

11 (10) The Planning Department reviewed the Crane Cove Park project (Crane
12 Cove Project) and the project described in the LDDA (Historic Core Project) and determined
13 that a community plan exemption (CPE) under CEQA Guidelines Section 15183 would be
14 appropriate because the Historic Core Project and the Crane Cove Project are within the
15 scope of the EN FEIR and would not have any additional or significant adverse effects that
16 were not examined in the EN FEIR, nor has any new or additional information come to light
17 that will alter the conclusions of the EN FEIR. Thus, the Historic Core Project and the Crane
18 Cove Project will not have any new effects on the environment that were not previously
19 identified, nor will any environmental impacts be substantially greater than described in the
20 EN FEIR. No mitigation measures previously found infeasible have been determined to be
21 feasible, nor have any new mitigation measures or alternatives been identified but rejected by
22 the Port.

23 (11) Based on those findings, the Planning Department prepared a CPE for
24 the Historic Core Project (Historic Core CPE), which exemption was approved on May 7, 2014
25 (Planning Department Case No. 2013.1168E) and the Planning Department subsequently

1 prepared a CPE for the Crane Cove Project (Crane Cove CPE) on October 5, 2015 (Planning
2 Department Case No. 2015-001314ENV), copies of which are on file at File No. 151119 and
3 also available online through the Planning Department's web page.

4 (12) The Board of Supervisors has reviewed the EN FEIR (a copy of which is
5 on file at File No. 081133, and also available online through the Planning Department's web
6 page), the Historic Core CPE, and the Crane Cove CPE.

7 (13) All applicable mitigation measures from the EN FEIR have been
8 incorporated into the Historic Core CPE and Crane Cove CPE, or have been required as
9 conditions of approval through the Port Commission's adoption of the Mitigation Monitoring
10 and Reporting Program (MMRP) attached to Port Commission Resolutions 14-33 and 15-38
11 and the Board of Supervisors adoption of the Historic Core Project MMRP attached to
12 Resolution No. 273-14 in File No. 140729 on July 22, 2014.

13 (14) The Resolution of Intention to Establish IFD directed the Executive
14 Director of the Port (Executive Director) to prepare an infrastructure financing plan for the IFD
15 (Infrastructure Financing Plan) and Sub-Project Area G-1 consistent with the requirements of
16 the IFD Law.

17 (15) As required by the IFD Law, the Executive Director:

18 (A) Prepared the Infrastructure Financing Plan for the IFD as a whole,
19 describing the procedures by which property tax increment from project areas in the IFD will
20 be allocated to specific public facilities, which creates a government funding mechanism that
21 does not commit to any specific project that may result in a potentially significant physical
22 impact on the environment and therefore is exempt from CEQA; and,

23 (B) Prepared Appendix G-1 to the Infrastructure Financing Plan,
24 proposing an allocation of property tax increment from proposed Sub-Project Area G-1 (Pier
25 70 - Historic Core) to finance the public facilities described in Appendix G-1 to the

1 Infrastructure Financing Plan, which development and public facilities have been analyzed
2 under CEQA in the EN FEIR, the Historic Core CPE, and Crane Cove CPE; and,

3 (C) Sent the Infrastructure Financing Plan, including Appendix G-1,
4 along with the EN FEIR, the Historic Core CPE and Crane Cove CPE, to the City's Planning
5 Department and the Board of Supervisors.

6 (16) The Clerk of the Board of Supervisors made the Infrastructure Financing
7 Plan, including Appendix G-1, available for public inspection.

8 (17) On January 26, 2016, following publication of notice consistent with the
9 requirements of the IFD Law, the Board of Supervisors held a public hearing relating to the
10 proposed Infrastructure Financing Plan, including Appendix G-1.

11 (18) At the hearing any persons having any objections to the proposed
12 Infrastructure Financing Plan, including Appendix G-1, or the regularity of any of the prior
13 proceedings, and all written and oral objections, and all evidence and testimony for and
14 against the adoption of the Infrastructure Financing Plan, including Appendix G-1, were heard
15 and considered, and a full and fair hearing was held.

16 (19) There has been presented at this Board hearing a form of Tax
17 Administration Agreement (Tax Administration Agreement), by and between the City acting
18 through the Port Commission, on its own behalf and as agent of the IFD with respect to Sub-
19 Project Area G-1 (Pier 70 - Historic Core), and a corporate trustee to be identified in the future
20 by the Executive Director, that provides, among other things, for the administration and
21 disposition of tax increment revenues allocated to the IFD with respect to Sub-Project Area G-
22 1 (Pier 70 - Historic Core).

23 (b) CEQA Finding. The Board of Supervisors hereby finds that, pursuant to Title 14,
24 California Code of Regulations, Sections 15378 and 15060(c)(2), adoption of this ordinance,
25 the establishment of the IFD (excluding Sub-Project Area G-1 (Pier 70-Historic Core)), and

1 approval of the IFP (excluding Appendix G-1) are not “projects” under the California
2 Environmental Quality Act because they do not result in a physical change in the environment.
3 With respect to Appendix G-1, affirming by this reference the Historic Core CPE and the
4 Crane Cove CPE.

5 (c) Formation of IFD and Approval of IFP. By the passage of this Ordinance, the
6 Board of Supervisors hereby (i) declares the IFD described in the Infrastructure Financing
7 Plan, including Sub-Project Area G-1 (Pier 70 - Historic Core), to be fully formed and
8 established with full force and effect of law, (ii) approves the Infrastructure Financing Plan,
9 including Appendix G-1, subject to amendment as permitted by IFD Law, and (iii) establishes
10 the base year for Sub-Project Area G-1 (Pier 70 – Historic Core) as set forth in the
11 Infrastructure Financing Plan, all as provided in the proceedings for the IFD and in the IFD
12 Law. It is hereby found that all prior proceedings and actions taken by the Board of
13 Supervisors with respect to the IFD, including Sub-Project Area G-1 (Pier 70 – Historic Core),
14 were valid and in conformity with the IFD Law and the Port IFD Guidelines.

15 (d) Port as Agent. The Board of Supervisors hereby appoints the Port Commission to
16 act as the agent of the IFD with respect to Sub-Project Area G-1 (Pier 70 - Historic Core),
17 which agency shall include the authority to: (1) disburse tax increment from Sub-Project Area
18 G-1 (Pier 70 - Historic Core) as provided in Appendix G-1; (2) enter into one or more
19 acquisition agreements that would establish the terms and conditions under which the Port
20 and other City agencies would acquire the public facilities described in Appendix G-1; (3)
21 determine in collaboration with the Office of Public Finance whether and in what amounts the
22 IFD will issue or incur indebtedness for the purposes specified in Appendix G-1 and enter into
23 agreements related to such indebtedness; (4) if the IFD issues or incurs indebtedness, direct
24 the disbursement of the debt proceeds in conformance with Appendix G-1; (5) incur Qualified
25 Port Costs and Port Benefit Costs (as defined in the LDDA); and (6) prepare the annual

1 statement of indebtedness required by the IFD Law for Sub-Project Area G 1 (Pier 70 –
2 Historic Core).

3 (e) Tax Administration Agreement. The Tax Administration Agreement,
4 substantially in the form presented to the Board of Supervisors, a copy of which is on file with
5 the Clerk, in File No. 151119 is hereby approved. The Port Commission, on its own behalf
6 and as agent of the IFD with respect to Sub-Project Area G-1 (Pier 70 - Historic Core), is
7 hereby authorized to execute the Tax Administration Agreement with such changes, additions
8 and modifications as the Executive Director, upon consultation with the City Attorney, may
9 make or approve. The approval by the Executive Director of such modifications, changes and
10 additions shall be conclusively evidenced by the execution and delivery of the Tax
11 Administration Agreement.

12 (f) Severability. If any section, subsection, sentence, clause, phrase, or word of
13 this ordinance, or any application thereof to any person or circumstance, is held to be invalid
14 or unconstitutional by a decision of a court of competent jurisdiction, such decision shall not
15 affect the validity of the remaining portions or applications of the ordinance. The Board of
16 Supervisors hereby declares that it would have passed this ordinance and each and every
17 section, subsection, sentence, clause, phrase, and word not declared invalid or
18 unconstitutional without regard to whether any other portion of this ordinance or application
19 thereof would be subsequently declared invalid or unconstitutional.

20 (g) Publication. The Clerk of the Board of Supervisors shall cause this Ordinance
21 to be published within 5 days of its passage and again within 15 days after its passage, in
22 each case at least once in a newspaper of general circulation published and circulated in the
23 City.

24 (h) Effective Date. This ordinance shall become effective 30 days after enactment.
25 Enactment occurs when the Mayor signs the ordinance, the Mayor returns the ordinance

1 unsigned or does not sign the ordinance within 10 days of receiving it, or the Board of
2 Supervisors overrides the Mayor's veto of the ordinance.

3
4 APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

5 By: 
6 Grace Park
7 Deputy City Attorney

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LEGISLATIVE DIGEST

[Establishing an Infrastructure Financing District and Adopting an Infrastructure Financing Plan (Port of San Francisco)]

Ordinance establishing an Infrastructure Financing District (IFD) (including Sub-Project Area G-1 (Pier 70 - Historic Core) and adopting an Infrastructure Financing Plan (IFP) (including Appendix G-1) for City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco); approving a Tax Administration Agreement; affirming the Planning Department's determination under the California Environmental Quality Act; and approving other matters in connection with the IFD and IFP, as defined herein.

Existing Law

This is new legislation.

Background Information

Under California Government Code Sections 53395 et seq. ("IFD Law"), the Board of Supervisors is authorized to establish an infrastructure financing district and to act as the legislative body for such an IFD.

By passage of this Ordinance, the City will establish an infrastructure financing district that encompasses only lands owned by the Port of San Francisco ("Port IFD") and adopt an infrastructure financing plan for the Port IFD ("Port IFP"). Generally, creation of the Port IFD and adoption of a Port IFP are not "projects" under the California Environmental Quality Act because they do not result in a physical change in the environment.

The Ordinance will also establish a sub-project area within the Port IFD for the "Historic Core" of Pier 70 ("Sub-Project Area G-1"). The "Historic Core" is located generally along 20th Street, east of Illinois Street, and is within approximately 65 acres of waterfront land owned by the Port in the area known as Pier 70. Most of the buildings within the "Historic Core" will be rehabilitated by Port's development partner, Historic Pier 70, LLC pursuant to the terms of a Lease Disposition and Development Agreement and Lease.

The Ordinance will also adopt Appendix G-1 to the Port IFP. Appendix G-1 proposes how property tax increment from Sub-Project Area G-1 will be allocated to finance the public facilities described therein which include Crane Cove Park-Phase 2, Building 102 electrical work, and various street, sidewalk and traffic signal improvements. A community plan exemption was approved, and applicable mitigation measure adopted, for the public facilities described in Appendix G-1.

The Ordinance will also establish the base year for Sub-Project Area G-1 to calculate the tax increment available from Sub-Project Area G-1 to finance the public facilities described in Appendix G-1.

Under the Ordinance, the Board of Supervisors will appoint the Port Commission to act as the agent of the Port IFD with respect to Sub-Project Area G-1 and authorize the Port Commission to enter into a Tax Administration Agreement with respect to Sub-Project Area G-1. The Tax Administration Agreement will select a vendor to perform certain tax administration services for the Port Commission relative to the Port IFD.

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MEMORANDUM

December 9, 2015

TO: MEMBERS, Capital Planning Committee

FROM: Elaine Forbes, Deputy Director of Finance and Administration
Brad Benson, Director of Special Projects

SUBJECT: Request approval of an Infrastructure Financing Plan for the Pier 70 Historic Core (Subarea G-1) and approval to issue bonds in an amount not to exceed \$25.1 million

Executive Summary

On October 19, 2015, Port staff provided the Capital Planning Committee with an information presentation on a proposed Infrastructure Financing District (IFD) at Pier 70 that would include six historic buildings along 20th Street leased to Historic Pier 70, LLC (an affiliate of Orton Development, Inc.) If approved, the IFD would receive property taxes for 45 years to finance public infrastructure and public realm improvements necessary for reuse of the historic buildings and activation of the area.

Port staff requests review and approval of the Infrastructure Financing Plan (IFP) for the Pier 70 Historic Core IFD. The IFP describes the financing framework and limitations, gives a projection of tax revenue the IFD will receive, and describes the public infrastructure and public realm improvements the IFD will support. Appendix G-1 (see Attachment 3) provides more detailed projections and project descriptions. Port staff also requests approval to issue bonds in an amount not to exceed \$25.1 million. While bonds will not be issued until FY 2021-2022, bond counsel recommends approval now for the validation process. The bond sale will be subject to future approvals.

This IFP adheres to the *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* which the Board of Supervisors adopted on April 23, 2013, following Capital Planning Committee recommendation in November of 2012. Threshold Criteria 5 states "the Port must demonstrate the net fiscal impact of the proposed project area on the City's General Fund and show that the project area will result in a net economic benefit to the City, including the Port." Attachment 4 is a fiscal and economic impact analysis which Keyser Marston Associates prepared. This analysis evaluates the anticipated performance of the Orton Development to derive the fiscal benefit to the General Fund in a lower and higher revenue scenario.

Port Infrastructure Financing Districts

Port IFD Law operates in much the same way as former redevelopment law: when approved by the Board of Supervisors, the Port may form an infrastructure financing district and establish a base year, after which the Port may capture growth in property or possessory interest¹ taxes (“Tax Increment”), either annually (“pay-go”) or through the issuance of bonds, to fund facilities of “communitywide significance” as part of an approved Infrastructure Financing Plan.

The Port’s 10-Year Capital Plan has included projected proceeds from a Port IFD to fund major capital improvements since 2007. Subject to Board of Supervisors approval, the proposed Pier 70 - Historic Core IFP will be the first time the Port implements the Port IFD Law and realizes funding to address Port capital needs.

Within the Port IFD, the Port establishes “project areas” encompassing each project site, but only when the Board approves the related development. Port IFD Law generally allows the capture of property or possessory interest taxes for periods of up to 45 years; establishing different project areas allows the Port to set different 45 year “clocks” for each project area, thus maximizing capture of Tax Increment.

Port IFD law allows the following uses of Tax Increment:

- Repairs and upgrades to piers, docks and wharves and the Port’s seawall
- Installation of piles, both to support piers and to support buildings where soil is subject to liquefaction
- Parks and shoreline improvements, where the Port has been unable to secure General Obligation bond funding to fund new parks
- Utility infrastructure, including utility requirements to comply with standards imposed by the Regional Water Quality Control Board and/or the Bay Area Air Quality Management District
- Streets and sidewalks
- Seismic upgrades and improvements to the City’s seawall and other measures to address sea level rise
- Environmental remediation
- Historic rehabilitation
- Improvements to Port maritime facilities

Legislative Process

On October 6, 2015, Mayor Edwin M. Lee and Supervisor Malia Cohen sponsored two proposed resolutions to initiate the process to form the Pier 70 - Historic Core IFD which are now approved. These resolutions included:

1. A resolution Further Amending Resolution of Intention to Establish Infrastructure Financing District No. 2 for the City and County of San Francisco at the Port of San Francisco (File No. 151006).

¹ Possessory interest taxes are property tax levied against leasehold interests. Port tenants are responsible for paying possessory interest taxes to the City.

2. Resolution of Intention to Issue Bonds in an Amount Not to Exceed \$25,100,000 for City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco) (File No. 151007).

These resolutions provide the public with notice of the City's intent to form a Port IFD at Pier 70 and to issue bonds repaid by Tax Increment and direct City staff to prepare the Pier 70 - Historic Core IFP, which includes a detailed expenditure plan for available Tax Increment. The Board of Supervisors unanimously approved both resolutions.

Port staff with the City Attorney, the Controller and the Tax Collector has finalized following legislation, which will approve the formation of the Pier 70 - Historic Core IFP:

- Ordinance Forming the Infrastructure Financing District and Adopting the Infrastructure Financing Plan
- Resolution Authorizing the Issuance of Bonds
- Resolution Approving the Memorandum of Understanding between the Port, Controller and Tax Collector

The first two are before the Capital Planning Committee for review and approval. The MOU is not subject to Capital Planning Committee review because this is an agreement between the Port Commission, the Controller and the Tax Collector.

Pier 70 - Historic Core IFP

The IFP for the Pier 70 - Historic Core that describes the sources and uses of funding for the project. The funding plan for the Pier 70 - Historic Core IFP is shown in Table 1 below. The proposed IFP anticipates that Orton will initially fund public right-of-way improvements and the Port will fund replacement of electrical infrastructure (including removal of PCB transformers) in Building 102, and that Port will be, and Orton may be, repaid by the proposed Pier 70 - Historic Core IFD. The remaining Tax Increment will fund a portion of Crane Cove Park Phase 2.

Table 1: Pier 70 - Historic Core IFP Funding Plan		
Anticipated Uses	Est. Cost, 2015 Dollars	Target Completion Schedule
Crane Cove Park - Phase 2	\$13,899,000	Based on funding availability
Bldg. 102 electrical relocation/improvements	3,090,000	FY 2016/17
Street, sidewalk, traffic signal improvements	<u>1,271,000</u>	FY 2016/17 – FY 2017/18
Total	\$18,260,000	

The Pier 70 - Historic Core sub-project area will generate approximately \$720,000 annually in Tax Increment to the IFD at stabilization in FY 2019-20, which will increase overtime. The project is scheduled to be fully built-out and attain financial stabilization in 2021. At this point, the Port anticipates issuing bonds supported by the Tax Increment. Current estimates indicate the increment supports net bond proceeds of approximately \$6.6 million (in 2015 dollars).

The form of bonds issued to support the IFP will be a later decision for the Board of Supervisors, based on recommendations from the Controller’s Office of Public Finance and the Port Commission. The Port IFD Law permits issuance of IFD bonds, but these bonds have not yet been issued in the State of California. Lease No. L-15814 between the Port of San Francisco and Orton anticipates the possible use of Community Facilities District (“CFD”) bonds under the Mello-Roos Act, which may be part of a broader Pier 70 strategy.

Table 2: Pier 70 - Historic Core IFP Sources and Uses	
Sources / Uses	2015 Dollars
Port, developer advance, net of bonds	\$1,762,363
Bond proceeds	6,558,879
Allocated Tax Increment, portion	<u>15,090,670</u>
Total Sources	\$23,411,912
Projects funded by debt*	\$8,321,242
Projects funded by pay-go*	9,938,434
Interest expense	<u>5,152,236</u>
Total Uses	\$23,411,912

*Projects funded by debt and pay-go equal \$18.26 million consistent with Table 1

Resolution Authorizing Issuance of Bonds

The Resolution approving the issuance of bonds would authorize bonds in an amount not to exceed \$25.1 million and approve the form of Indenture and Pledge Agreement in substantial form. The Resolution further directs the judicial validation action with respect to the IFD. While bonds will not be issued until FY 2021-22, bond counsel recommends approval of the resolution authorizing issuance of the bonds now for the validation process. The maximum principal bond amount of \$25.1 million reflects the

total bonding capacity of the IFD assuming robust growth assumptions (30% higher than the projections in the IFP), more than one bond issuance, and interest rates which are lower than current rates.

Recommendation and Next Steps

Port staff recommends approval of IFP for Pier 70 Historic Core and the Resolution authorizing the issuance of bonds in an amount not to exceed \$25.1 million. Following this approval, the Board of Supervisors will consider the following legislation:

- Ordinance Forming the Infrastructure Financing District and Adopting the Infrastructure Financing Plan
- Resolution Authorizing the Issuance of Bonds
- Resolution Approving the Memorandum of Understanding (MOU) between the Port, Controller and Tax Collector

If the Board of Supervisors approves the legislation described above, Port staff will return to the Capital Planning Committee at a later date regarding the formation of any CFD over the Pier 70 Historic Core and for any proposed issuance of bonds pursuant to the IFP.

Attachments:

Attachment 1: Ordinance establishing an Infrastructure Financing District and adopting an Infrastructure Financing Plan for Infrastructure Financing District No. 2 (Pier 70 – Historic Core)

Attachment 2: Infrastructure Financing Plan for IFD No. 2

Attachment 3: Appendix G-1 (details on the IFP for the Pier 70 – Historic Core)

Attachment 4: Fiscal and Economic Impact Analysis

Attachment 5: Resolution authorizing the issuance of bonds in an amount not to exceed \$25.1 million

**CITY AND COUNTY OF SAN FRANCISCO
Infrastructure Financing District No. 2
(Port of San Francisco)**

INFRASTRUCTURE FINANCING PLAN

Originally adopted:

Date: _____, 20__

Ordinance No.: _____

Schedule of Amendments

Date of Amendment	Ordinance No.	Purpose of Amendment

LIST OF APPENDICES

Appendix	Related Project Area
A	A (Seawall Lot 330)
B	B (Piers 30-32)
C	C (Pier 28)
D	D (Pier 26)
E	E (Seawall Lot 351)
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G	G (Pier 70)
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- II. Description of Public Facilities
- III. Financing Section
- IV. Amendments

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Exhibit B – Description of Public Improvements and Facilities Required to Serve the Development Proposed in the IFD

Project Area-Specific Appendices

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CITY AND COUNTY OF SAN FRANCISCO
Infrastructure Financing District No. 2
(Port of San Francisco)

INTRODUCTION

IFD. On March 27, 2012, the Board of Supervisors (the “**Board of Supervisors**”) of the City and County of San Francisco (the “**City**”), pursuant to the provisions of Government Code Section 53395 et seq. (the “**IFD Law**”), and for the public purposes set forth therein, adopted its Resolution No. 110-12 (the “**Original Resolution of Intention**”), pursuant to which it declared its intention to conduct proceedings to establish the “City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco)” (the “**IFD**”), including project areas within the IFD (each, a “**Project Area**”).

Subsequently, (i) on June 12, 2012, the Board of Supervisors adopted its Resolution No. 227-12 (the “**First Amending Resolution**”), pursuant to which it ratified and amended the Original Resolution of Intention and (ii) on November 17, 2015, the Board of Supervisors adopted its Resolution No. 421-15 (the “**Second Amending Resolution**”), pursuant to which it ratified and amended the Original Resolution of Intention as previously amended by the First Amending Resolution. Together, the Original Resolution of Intention, the First Amending Resolution and the Second Amending Resolution are referred to in this Infrastructure Financing Plan as the “**Resolution of Intention.**”

In the Resolution of Intention, the Board of Supervisors declared its intention that the IFD will constitute a waterfront district (as defined in Section 53395.8 of the IFD Law), and that one or more of the Project Areas will constitute Pier 70 districts (as defined in Section 53395.8 of the IFD Law) or special waterfront districts (as defined in Section 53395.81 of the IFD Law).

Project Areas. Pursuant to Section 53395.8(g) of the IFD Law, an infrastructure financing district may be divided into project areas, each of which may be subject to distinct time limitations.

In the Resolution of Intention, the Board of Supervisors declared its intention to establish the following initial Project Areas:

- a. Project Area A (Seawall Lot 330). The Board of Supervisors declared its intent to establish Project Area A as a special waterfront district.
- b. Project Area B (Piers 30-32). The Board of Supervisors declared its intent to establish Project Area B as a special waterfront district.
- c. Project Area C (Pier 28). The Board of Supervisors declared its intent to establish Project Area C as a special waterfront district.
- d. Project Area D (Pier 26). The Board of Supervisors declared its intent to establish Project Area D as a special waterfront district .

- e. Project Area E (ASeawall Lot 351). The Board of Supervisors declared its intent to establish Project Area E as a waterfront district.
- f. Project Area F (Pier 48). The Board of Supervisors declared its intent to establish Project Area F as a waterfront district.
- g. Project Area G (Pier 70). The Board of Supervisors declared its intent to establish Project Area G as a Pier 70 district.
- h. Sub-Project Area G-1 (Pier 70 - Historic Core). The Board of Supervisors declared its intent to establish Project Area G as a Pier 70 district.
- i. Project Area H (Rincon Point-South Point Project Area). The Board of Supervisors declared its intent to establish Project Area H as a waterfront district.

In the Resolution of Intention, the Board of Supervisors also declared its intention to establish additional Project Areas within the boundaries of the IFD from time to time in compliance with the IFD Law. The Board of Supervisors will only allocate tax increment to the IFD with respect to territory that is in a Project Area after the Board of Supervisors has approved an appendix to this Infrastructure Financing Plan for the Project Area and with respect to which the Port and the City have entered into a memorandum of understanding relating to the Project Area.

Infrastructure Financing Plan Requirements. Pursuant to the Resolution of Intention, the Board of Supervisors ordered the executive director of the Port of San Francisco to prepare a proposed infrastructure financing plan that is consistent with the General Plan of the City. The Board of Supervisors also directed preparation of a Pier 70 enhanced financing plan (as such term is used in Section 53395.81 of the IFD Law) for Sub-Project Area G-1.

Pursuant to Sections 53395.8 and 53395.81 of the IFD Law, the infrastructure financing plan must include all of the following:

(a) A map and legal description of the proposed IFD, which may include all or a portion of the IFD designated by the Board of Supervisors in the Resolution of Intention.

(b) A description of the public improvements and facilities required to serve the development proposed in the IFD including those to be provided by the private sector, those to be provided by governmental entities without assistance under the IFD Law, those public facilities to be financed with assistance from the proposed IFD (the “**Facilities**”), and those to be provided jointly. The description shall include the proposed location, timing, and projected costs of the public improvements and facilities. The description may consist of a reference to the capital plan for the territory in the IFD that is approved by the Board of Supervisors, as amended from time to time.

(c) A financing section, which must contain all of the following information:

(1) A specification of the maximum portion of the incremental tax revenue of the City and of any affected taxing entity proposed to be committed to the IFD, and an affirmation that the infrastructure financing plan will not allocate any portion of the incremental tax revenue of the local educational agencies to the IFD. In the Resolution of Intention, the Board of Supervisors declared that the IFD will not use incremental

property tax revenue from any affected taxing entities to finance the Facilities, except to the extent permitted by Section 53395.8(h) of the IFD Law.

(2) Limitations on the use of levied taxes allocated to and collected by the IFD that are consistent with the IFD Law.

The IFD Law establishes certain set-aside requirements.

(a) For waterfront districts, Section 53395.8 requires that not less than 20% of the amount allocated to the IFD shall be set aside to be expended solely on shoreline restoration, removal of bay fill, or waterfront public access to or environmental remediation of the City's waterfront.

(b) For special waterfront districts that include one or more of Seawall Lot 330, Pier 19, Pier 23 and Pier 29, Section 53395.81 establishes a different set-aside in lieu of the set-aside requirement described in the previous sentence: it requires 20% in the aggregate of the special waterfront district Education Revenue Augmentation Fund ("ERAF") share allocated to a Port America's Cup district under Section 53395.81 to be set aside to finance costs of planning, design, acquisition and construction of improvements to waterfront lands owned by federal, state or local trustee agencies, such as the National Park Service or the California State Parks. Any improvements listed in the previous sentence do not need to be located in the IFD.

(3) A projection of the amount of incremental tax revenues expected to be received by the IFD, assuming that the IFD receives incremental tax revenues for a period ending no later than 45 years after the City projects that the IFD will have received \$100,000 in incremental tax revenues under the IFD Law.

(4) Projected sources of financing for the Facilities, including debt to be repaid with incremental tax revenues, projected revenues from future leases, sales, or other transfers of any interest in land within the IFD, and any other legally available sources of funds. The projection may refer to the capital plan for the territory in the IFD that is approved by the Board of Supervisors, as amended from time to time.

(5) A limitation on the aggregate number of dollars of levied taxes that may be divided and allocated to the IFD, subject to amendment of the infrastructure financing plan. The Project Areas may share this limit and the limit may be divided among any Project Areas or a separate limit may be established for a Project Area.

(6) The following time limits: (A) a date on which the effectiveness of the infrastructure financing plan and all tax allocations to the IFD will end and (B) a time limit on the IFD's authority to repay indebtedness with incremental tax revenues received under the IFD Law, not to exceed 45 years from the date the IFD actually received \$100,000 in incremental tax revenues under the IFD Law.

(7) An analysis of (A) the costs to the City for providing facilities and services to the IFD while the IFD is being developed and after the IFD is developed and (B) the taxes, fees, charges, and other revenues expected to be received by the City as a result of expected development in the IFD.

(8) An analysis of the projected fiscal impact of the IFD and the associated development upon any affected taxing entity. If no affected taxing entities exist within the IFD because the plan does not provide for collection by the IFD of any portion of property tax revenues allocated to any taxing entity other than the City, the IFD has no obligation to any other taxing entity.

(9) A statement that the IFD will maintain accounting procedures in accordance, and otherwise comply, with Section 6306 of the Public Resources Code for the term of the infrastructure financing plan.

(d) Section 53395.8(g)(3)(D) establishes additional requirements for a "Pier 70 enhanced financing plan." A Pier 70 enhanced financing plan must contain all of the following:

(1) A time limit on the issuance of new ERAF-secured debt to finance the Pier 70 district, which may not exceed 20 fiscal years from the fiscal year in which any Pier 70 district subject to a Pier 70 enhanced financing plan first issues debt. The ERAF-secured debt may be repaid over the period of time ending on the time limit established under paragraph (6) above. This time limit on the issuance of new ERAF-secured debt will not prevent a Pier 70 district from subsequently refinancing, refunding, or restructuring ERAF-secured debt as described in the IFD Law.

(2) A statement that the Pier 70 district shall be subject to a limitation on the number of dollars of the ERAF share that may be divided and allocated to the Pier 70 district pursuant to the Pier 70 enhanced financing plan, including any amendments to the plan, which shall be established in consultation with the county tax collector. The ERAF share will not be divided and shall not be allocated to the Pier 70 district beyond that limitation.

(e) Section 53395.81 requires the infrastructure financing plan for a special waterfront district to contain a provision substantially similar to a Pier 70 enhanced financing plan under Section 53395.8(g)(3)(D), with only those changes deemed necessary by the Board of Supervisors, as the legislative body of the special waterfront district, to implement the financing of the improvements described in Section 53395.81(c)(1). Accordingly, a special waterfront district enhanced financing plan must contain all of the following:

(1) A time limit on the issuance of new special waterfront district ERAF-secured debt, which may not exceed 20 fiscal years from the fiscal year in which the special waterfront district subject to a special waterfront district enhanced financing plan first issues debt. The special waterfront district ERAF-secured debt may be repaid over the period of time ending on the time limit established under paragraph (6) above. The 20-year time limit does not prevent a special waterfront district from subsequently refinancing, refunding, or restructuring special waterfront district ERAF-secured debt as described in the IFD Law.

(2) A statement that the special waterfront district is subject to a limitation on the number of dollars of the special waterfront ERAF share (as defined in Section 53395.81 of the IFD Law) that may be divided and allocated to the special waterfront district pursuant to the special waterfront district enhanced financing plan, including any amendments to the plan, which must be established in consultation with the county tax collector. Section 53395.81 declares that the maximum amount of the county ERAF portion of incremental tax revenues that may be committed to a special waterfront district

under Section 53395.81 may not exceed \$1,000,000 in any fiscal year, and declares that the special waterfront district ERAF share may not be divided and may not be allocated to the special waterfront district beyond that limitation.

In addition, Section 53395.81 of the IFD Law requires a special waterfront district enhanced financing plan for a Port America's Cup district to provide that the proceeds of special waterfront district ERAF-secured debt (as defined in Section 53395.81 of the IFD Law) are restricted for use to finance directly, reimburse the Port for its costs related to, or refinance other debt incurred in, the construction of the Port's maritime facilities at Pier 27, including public access and public open-space improvements, and for any other purposes for which the ERAF share can be used, subject to the set-aside requirements under the IFD Law (described above).

This Infrastructure Financing Plan for the IFD, including all exhibits and appendices (the "**Infrastructure Financing Plan**"), is intended to comply with the requirements of the IFD Law.

Infrastructure Financing Plan for Project Areas. This Infrastructure Financing Plan will include certain provisions that apply to only one or a limited subset of the Project Areas, some of which may conflict with or be supplemental to the more general provisions of this Infrastructure Financing Plan. Therefore, this Infrastructure Financing Plan shall include Project Area-specific appendices. This approach will allow the City to establish infrastructure financing plans and unique time limits on a Project Area-specific basis. In the event of any inconsistency between the general provisions of this Infrastructure Financing Plan and an appendix, the provisions of the appendix shall govern with respect to the affected Project Area.

The Board of Supervisors may, at various times, amend or supplement this Infrastructure Financing Plan by ordinance to establish new Project Areas, to address the unique details of an existing Project Area and for other purposes permitted by the IFD Law.

I. **Boundaries of Proposed IFD**

The boundaries of the proposed IFD, including the boundaries of the initial proposed Project Areas, are described in the map attached to this Infrastructure Financing Plan as Exhibit A. The legal description of the proposed IFD is also attached to this Infrastructure Financing Plan as Exhibit A.

Exhibit A also includes a map and a legal description of Sub-Project Area G-1 (Pier 70 - Historic Core). Similar maps and legal descriptions of other Project Areas will be added to Exhibit A at the same time as appendices for those Project Areas are added to this Infrastructure Financing Plan with the approval of the Board of Supervisors.

Exhibit A may be amended from time to time to reflect the establishment of new Project Areas.

II. **Description of Public Improvements and Facilities**

Exhibit A to the Resolution of Intention lists the type of public facilities proposed to be financed by the IFD. The public improvements and facilities required to serve the development proposed in the area of the IFD are described in Exhibit B, which initially consists of the Port of San Francisco 10-Year Capital Plan (FY 2015-2024). All of the public improvements and

facilities listed in the 10-Year Capital Plan are public capital facilities of communitywide significance and provide significant benefits to an area larger than the area of the IFD.

The improvements and facilities described in the 10-Year Capital Plan (FY 2015-2024) are likely to change as development plans for the area of the IFD change, and, consequently, the Board of Supervisors may amend the Infrastructure Financing Plan to incorporate the changes in the Port's capital planning.

Because the Board of Supervisors will not allocate tax increment to the IFD with respect to any territory that is not in a Project Area, the following information will be included in the appendix for any Project Area but is not included in this Infrastructure Financing Plan for the area of the IFD that is not in a Project Area:

- A. Public improvements and facilities to be provided by the private sector.
- B. Public improvements and facilities to be provided by governmental entities without assistance under the IFD Law.
- C. Facilities to be financed with assistance from the proposed IFD.
- D. Public improvements and facilities to be provided jointly by the private sector and governmental entities.

III. Financing Section

The following is the financing section for the proposed IFD.

A. Special Fund. Pursuant to Section 53396 of the IFD Law, the IFD will establish a special fund into which tax increment revenues allocated to the IFD will be deposited. In order to separately account for the tax increment revenues allocated to the IFD from each Project Area, the IFD will establish a sub-account within the special fund for each Project Area and, within each sub-account, an account to hold funds that are required to be set-aside for use for specific purposes, as set forth in Section 53395.8(g)(3)(C)(ii) and Section 53395.81(c)(3).

B. Base Year; Commencement of Tax Increment Allocation. The Base Year for each Project Area and the date on which tax increment from the Project Area will begin to be allocated to the IFD will be specified in the appendix for such Project Area. Because the Board of Supervisors will only allocate tax increment revenues to the IFD with respect to territory that is in a Project Area and after the Board of Supervisors has approved an appendix to this Infrastructure Financing Plan for the Project Area, this Infrastructure Financing Plan does not establish a base year for any territory that is not in a Project Area.

C. Maximum Portion of Incremental Tax Revenue.

The financing section must specify the maximum portion of the incremental tax revenue of the City and of each affected taxing entity proposed to be committed to the IFD. The maximum portion of incremental tax revenue of the City specified below is the maximum amount that may be allocated to the IFD; the actual amount of incremental tax revenue to be allocated to the IFD with respect to a specific Project Area will be specified in the appendix for the Project Area.

Maximum portion of incremental tax revenue of the City for each year: **100%**

Maximum portion of incremental tax revenue of other taxing entities for each year (not including any ERAF share (as defined in the IFD Law) that is allocated by the IFD Law to a Project Area): **0%**

This Infrastructure Financing Plan does not allocate any portion of the incremental tax revenue of the local educational agencies to the IFD.

Nothing in this Section III.C will prevent the IFD from exercising its rights under Section 53395.8(h) of the IFD Law or with respect to the ERAF share as permitted by the IFD Law.

D. Limitations on the Use of Incremental Tax Revenue.

Incremental tax revenue allocated to the IFD will be used within the IFD for the purposes authorized under the IFD Law and this Infrastructure Financing Plan.

There are two set-aside requirements established by the IFD Law:

(i) Pursuant to Section 53395.8(g)(3)(C)(ii), 20% of the tax increment generated in a Project Area that is a waterfront district that is allocated to the IFD must be set aside to be expended solely on shoreline restoration, removal of bay fill, or waterfront public access to or environmental remediation of the San Francisco waterfront. Except as described in clause (ii) below, this set-aside requirement applies to waterfront districts and Pier 70 districts.

(ii) Pursuant to Section 53395.81(c)(3), 20% in the aggregate of the special waterfront district ERAF share generated in a special waterfront district that includes one or more of Seawall Lot 330, Pier 19, Pier 23 and Pier 29 that is allocated to the IFD must be set aside to finance costs of planning, design, acquisition and construction of improvements to waterfront lands owned by federal, state or local trustee agencies, such as the National Park Service or the California State Parks. Any improvements listed in the previous sentence do not need to be located in the IFD.

To the extent permitted by law, and as set forth in the appendices for the affected Project Areas, the IFD may satisfy the set-aside requirements on a cross-Project Area basis.

E. Projection of Incremental Tax Revenue.

General. The financing section must include a projection of the amount of incremental tax revenues expected to be received by the IFD, assuming that the IFD receives incremental tax revenues for a period ending no later than 45 years after the City projects that the IFD will have received \$100,000 in incremental tax revenues under the IFD Law.

Portion of the IFD that is not initially in a Project Area. Because the Board of Supervisors will not allocate tax increment to the IFD with respect to any territory that is not in a Project Area, this Infrastructure Financing Plan does not contain a projection for that portion of the IFD that is not in an initial Project Area.

Project Areas. For the initial Project Areas and all subsequent Project Areas, the appendix for a Project Area includes the projection for such Project Area.

F. Projected Sources of Financing for the Public Facilities.

The financing section must include the projected sources of financing for the Facilities, including debt to be repaid with incremental tax revenues, projected revenues from future leases, sales, or other transfers of any interest in land within the IFD, and any other legally available sources of funds.

Because of the speculative nature of any future development and sources of financing in that portion of the IFD that is not in a Project Area, this Infrastructure Financing Plan only includes information about the projected sources of financing for the Facilities with respect to the Project Areas in each Project Area's respective appendix.

G. Incremental Property Tax Revenue Limit.

General. The financing section must include a limit on the total number of dollars of levied taxes that may be allocated to the IFD pursuant to the Infrastructure Financing Plan, subject to amendment of the Infrastructure Financing Plan.

Portion of the IFD that is not initially in a Project Area. Because the Board of Supervisors will not allocate tax increment to the IFD with respect to any territory that is not in a Project Area, the limit for the portion of the IFD that is not initially in a Project Area is initially established at \$0.

Project Areas. For the initial Project Areas and all subsequent Project Areas (including territory that initially is in the IFD but is not initially in a Project Area), the appendix for a Project Area includes the limit on the total number of dollars of levied taxes that may be allocated to the IFD with respect to such Project Area.

H. Time Limits.

General. The financing section must include the following time limits: (A) a date on which the effectiveness of the infrastructure financing plan and all tax allocations to the IFD will end and (B) a time limit on the IFD's authority to repay indebtedness with incremental tax revenues received under the IFD Law, not to exceed 45 years from the date the IFD actually received \$100,000 in incremental tax revenues under the IFD Law.

Portion of the IFD that is not initially in a Project Area. Because the Board of Supervisors will not allocate tax increment to the IFD with respect to any territory that is not initially in a Project Area, this Infrastructure Financing Plan does not establish time limits applicable to such territory.

Project Areas. For the initial Project Areas and all subsequent Project Areas (including territory that initially is in the IFD but is not initially in a Project Area), the appendix for a Project Area includes the time limits for such Project Area.

I. Cost and Revenue Analysis.

General. The financing section must include an analysis of (A) the costs to the City for providing facilities and services to the IFD while the IFD is being developed and after the IFD is

developed and (B) the taxes, fees, charges, and other revenues expected to be received by the City as a result of expected development in the IFD.

Portion of the IFD that is not initially in a Project Area. Because the Board of Supervisors will not allocate tax increment to the IFD with respect to any territory that is not initially in a Project Area, this Infrastructure Financing Plan does not include a cost and revenue analysis for such territory.

Project Areas. For the initial Project Areas and all subsequent Project Areas (including territory that initially is in the IFD but is not initially in a Project Area), the appendix for a Project Area includes a cost and revenue analysis. Each appendix will analyze the costs to San Francisco's general fund for providing facilities and services to the Project Area while the Project Area is being developed and after the Project Area is developed, and of the taxes, fees, charges and other revenues expected to be received by the City's general fund as a result of the expected development of the Project Area.

J. Fiscal Impact on Affected Taxing Entities.

The financing section must include an analysis of the projected fiscal impact of the IFD and the associated development upon any affected taxing entity, as that term is defined in Section 53395.8 of the IFD Law.

As explained above, the City is the only taxing entity that will allocate tax increment to the IFD, and the City is excluded from the definition of affected taxing entity. Accordingly, there is no affected taxing entity that will be impacted by the IFD.

Nothing in this Section III.J will prevent the IFD from exercising its rights under Section 53395.8(h) of the IFD Law or with respect to the ERAF share as permitted by the IFD Law.

K. Accounting Procedures.

The IFD will maintain accounting procedures in accordance with and otherwise comply with Section 6306 of the Public Resources Code for the duration of this Infrastructure Financing Plan.

L. Enhanced Financing Plans.

The IFD Law establishes additional requirements for a Pier 70 enhanced financing plan and for special waterfront district enhanced financing plans.

The appendix for each Project Area that is subject to an enhanced financing plan will address the additional requirements.

IV. Amendments

The Board of Supervisors reserves the right to amend this Infrastructure Financing Plan to the extent permitted by the IFD Law.

CONCLUSION

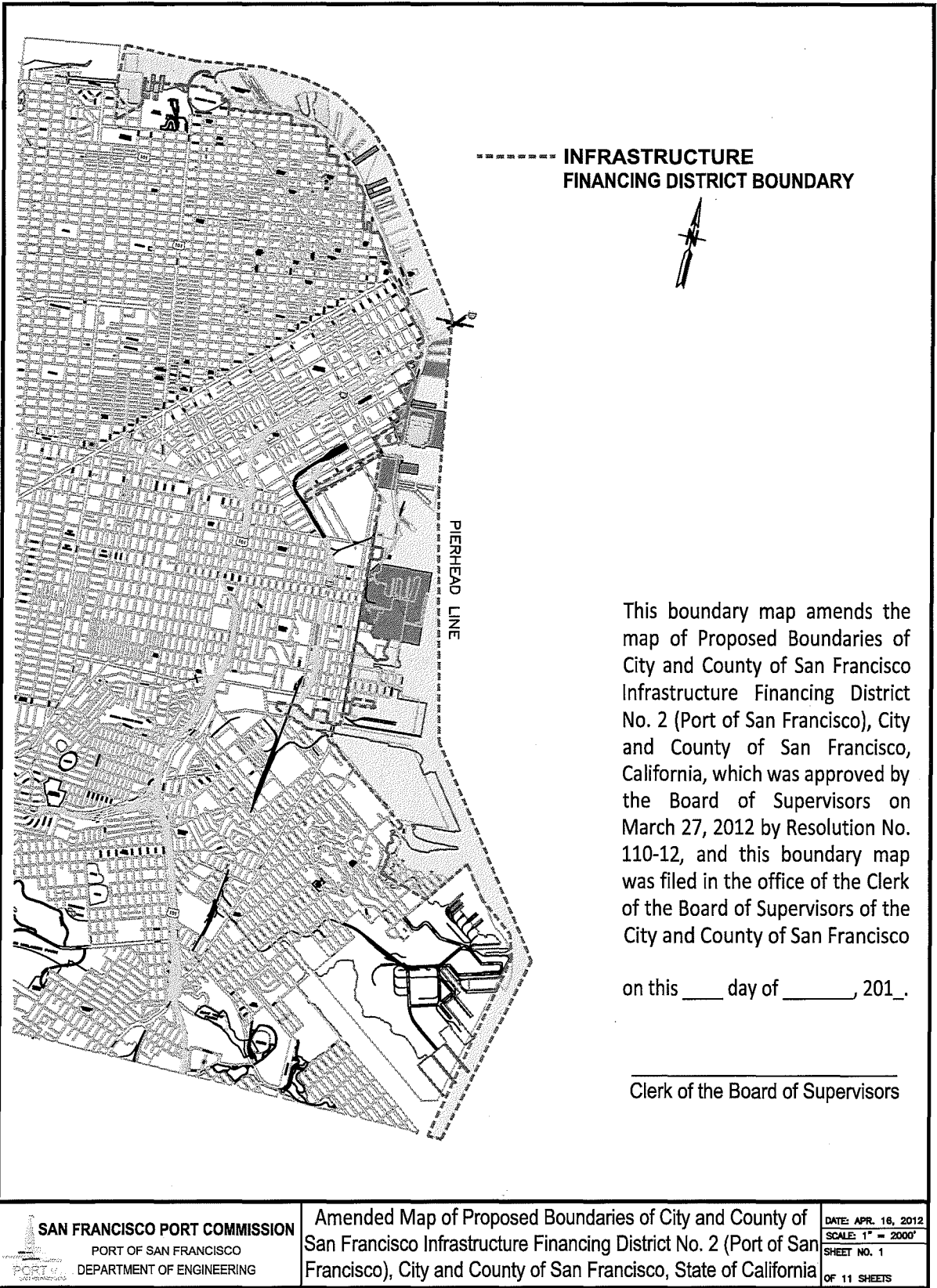
This Infrastructure Financing Plan meets the requirements of the IFD Law and shall be distributed as required by the Resolution of Intention and the IFD Law.

By: _____
Executive Director
Port of San Francisco

EXHIBIT A

PROPOSED BOUNDARIES OF INFRASTRUCTURE FINANCING DISTRICT

(Boundary map and legal descriptions to be attached.)



This boundary map amends the map of Proposed Boundaries of City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco), City and County of San Francisco, California, which was approved by the Board of Supervisors on March 27, 2012 by Resolution No. 110-12, and this boundary map was filed in the office of the Clerk of the Board of Supervisors of the City and County of San Francisco on this ____ day of _____, 201_.

Clerk of the Board of Supervisors

<p>SAN FRANCISCO PORT COMMISSION PORT OF SAN FRANCISCO DEPARTMENT OF ENGINEERING</p>	<p>Amended Map of Proposed Boundaries of City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco), City and County of San Francisco, State of California</p>	<p>DATE: APR. 16, 2012 SCALE: 1" = 2000' SHEET NO. 1 OF 11 SHEETS</p>
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EXHIBIT A
PROPOSED BOUNDARIES OF INFRASTRUCTURE FINANCING DISTRICT

Infrastructure Financing District Number 2 shall be the Jurisdiction of the Port of San Francisco, inside the United States Government pier-head line for the Port of San Francisco as shown on that Department of the Army Corps of Engineers map titled "San Francisco Bay, California - HARBOR LINES", approved on June 28 1948.

The Jurisdiction of the Port of San Francisco consists of the lands conveyed by the Burton Act, with The Pier 70 Area added, with the Western Pacific Site added, with Seawall Lot 354 added, with Texas Street removed, and with a portion of Seawall Lot 330 removed, each parcel described in detail below.

Lands Conveyed to the Port by the Burton Act

Commencing at the intersection of the center line of Lewis Street with the center line of Webster Street; running thence southerly along the center line of Webster Street to a point in the northerly line of Tide Land Survey #15, San Francisco County patented by the State of California to the North San Francisco Homestead and Railroad Association on June 23, 1864; thence easterly along said northerly line to the north-easterly corner of the lands patented to said association; thence southerly along the easterly line, and the extension thereof, to the shore line of San Francisco Bay as said shore line existed in 1850; thence easterly along the shore line of 1850 to the easterly line of Laguna Street; thence northerly along the easterly line of Laguna Street to the center line of Lewis Street; thence easterly along the center of Lewis street to a point distant 514.19 feet westerly from the westerly line of Van Ness Avenue; thence northerly 21.78 feet to a point distant 514.65 feet westerly from the westerly line of Van Ness Avenue; thence easterly 156.0 feet to a point distant 358.68 feet westerly from the westerly line of Van Ness Avenue and 25.02 feet northerly from the center line of Lewis Street; thence southerly 25.02 feet to a point on the center-line of Lewis Street distant 358.16 feet westerly from the westerly line of Van Ness Avenue; thence easterly along the center of Lewis Street to the center of Polk Street; thence southerly along the center of Polk Street to the southerly line of the Embarcadero; thence easterly along the southerly line of the Embarcadero to a point 275 feet west of the westerly line of Hyde Street measured at right angles thereto; thence southerly parallel with the westerly line of Hyde Street to a point 225 feet north of the northerly line of Jefferson Street; thence easterly parallel with the northerly line of Jefferson Street to the westerly line of Hyde Street; thence southerly along the westerly line of Hyde Street to the southerly line of Jefferson Street; thence Easterly along the southerly line of Jefferson Street to the westerly line of Powell Street; thence southerly along the westerly line of Powell Street to the southerly line of Beach Street; thence easterly along the southerly line of Beach Street to the westerly line of Grant Avenue; thence southerly along the westerly line of Grant Avenue to the southerly line of North Point Street; thence easterly along the southerly line of North Point Street to the westerly line of Kearny Street; thence southerly along the westerly line of Kearny Street to the shore line of 1850; thence southerly along the shore line of 1850 to the southerly

line of Francisco Street; thence easterly along the southerly line of Francisco Street to the Westerly line of Montgomery Street to the southerly line of Chestnut Street; thence easterly along the southerly line of Chestnut Street to the westerly line of Sansome Street; thence southerly along the westerly line of Sansome Street to the southerly line of Lombard Street; thence easterly along the southerly line of Lombard Street to the westerly line of Battery Street; thence southerly along the westerly line of Battery Street to the southerly line of Greenwich Street, thence easterly along the southerly line of Greenwich Street to the westerly line of the Embarcadero; thence southerly along the westerly line of the Embarcadero to the westerly line of Front Street; thence southerly along the westerly line of Front Street to the southerly line of Vallejo Street; thence easterly along the southerly line of Vallejo Street to the easterly line of Front Street; thence southerly along the easterly line of Front Street to the northerly line of Broadway; thence easterly along the northerly line of Broadway a distance of 137.5 feet; thence northerly parallel to Front Street to southerly line of Vallejo Street; thence easterly along the southerly line of Vallejo Street to the westerly line of Davis Street; thence southerly along the westerly line of Davis Street to the southerly line of Broadway; thence easterly along the southerly line of Broadway to the westerly line of Embarcadero; thence southerly along the easterly line of Embarcadero, formerly East Street, as shown on that certain map entitled "Monument Map of the Fifty Vara District of the City and County of San Francisco", to its intersection with the northerly line of Howard Street; thence westerly along the northerly line of Howard Street to the westerly line of Stuart Street; thence southerly along the westerly line of Stuart Street to the westerly line of the Embarcadero; thence southerly along the westerly line of the Embarcadero to a point 137.5 feet southerly from the southerly line of Harrison Street measured at right angles thereto; thence westerly parallel to Harrison Street to the westerly line of Spear Street; thence southerly along the westerly line of Spear Street to the northerly line of Bryant Street; thence westerly along the northerly line of Bryant Street to the westerly line of Beale Street; thence southerly along the westerly line of Beale Street to the northerly line of Brannan Street; thence westerly along the northerly line of Brannan Street to the westerly line of First Street; thence southerly along the westerly line of First Street to the northerly line of Townsend Street; thence westerly 550 feet along the northerly line of Townsend to the former westerly line of Gale Street; thence along said westerly line of Gale Street to the northerly line of King Street; thence westerly along the northerly line of King Street to the westerly line of Second Street.

Thence southerly along the westerly line of Second Street to the northerly line of Berry Street; thence westerly along the northerly line of Berry Street to the westerly line of Third Street; thence southerly along the westerly line of Third Street 275.00 feet to a point 35 feet southerly of the northerly line of Channel Street; thence westerly parallel to said Channel Street 825.00 to the easterly line of Fourth Street; thence northerly along the easterly line of Fourth Street 35.00 feet to the northerly line of Channel Street; thence westerly along the northerly line of Channel Street to a point 285 feet distant from the easterly line of Seventh Street; thence southwesterly to a point on the southerly line of Channel Street 170 feet distance from the easterly line of Seventh Street; thence southerly and parallel to Seventh Street to a point 100.00 feet distant from the southerly line of Channel Street; thence easterly parallel to the southerly line of Channel Street to the westerly line of Sixth Street; thence northerly along said westerly

line of Sixth Street 80.00 feet; thence at right angles to said westerly line 82.5 feet to a point on the easterly line of Sixth Street; thence southerly 80.00 feet along said easterly line; thence at right angles to said easterly line of Sixth Street and parallel to Channel Street to said a point on the westerly line of Fourth Street; thence northerly 100.00 feet along said westerly line of Fourth Street to the southerly line of Channel Street; thence easterly along the southerly line of Channel Street to the westerly line of Third Street; thence southerly along the westerly line of Third Street to the southwesterly line of Fourth Street; thence southeasterly along the southwesterly line of Fourth Street to the westerly line of Illinois Street; thence southerly along the westerly line of Illinois Street to a point on the line of ordinary high tide as established by the Board of Tideland Commissioners, between Butte, now Nineteenth Street and Napa, now Twentieth, Street in 1868; thence easterly, southerly and westerly along said high water mark to the westerly line of Illinois Street; thence southerly along the westerly line of Illinois Street to the center line of Twenty-fifth Street; thence easterly along the center line of Twenty-fifth Street to the easterly line of Massachusetts Street; thence southerly along the easterly line of Massachusetts Street to the center line of Twenty-Sixth Street; thence westerly along the center line of Twenty-Sixth Street to the westerly line of Maryland Street; thence southerly along the westerly line of Maryland Street to the northerly line of Army Street; thence westerly along the northerly line of Army Street to the westerly line of Michigan Street; thence southerly along the westerly line of Michigan Street to the northerly line of Marin Street; thence westerly along the northerly line of Marin Street to the westerly line of Illinois Street; thence southerly along the westerly line of Illinois Street to the northerly line of Tulare Street; thence westerly and northwesterly along the northerly line of Tulare Street to the northerly line of Marin Street; thence westerly along the northerly line of Marin Street to the center of Texas Street; thence southerly along the center of Texas Street produced to the southerly line of Islais Street produced westerly; thence easterly along the southerly line of Islais Street to the southwesterly line of Arthur Avenue; thence southeasterly along the southwesterly line of Arthur Avenue to the westerly line of Ingalls Street; thence southerly along the westerly line of Ingalls Street to the line of ordinary high tide of 1868, as established by the Board of Tideland Commissioners; thence southerly along the said line of ordinary high tide of 1868 to the northerly line of the State Patent to the South San Francisco Homestead and Railroad Association; thence easterly along said northerly line of the State Patent to the easterly line of Earl Street; thence northerly along the easterly line of Earl Street and its extension to the bulkhead line of 1948; thence along said bulkhead line to its intersection with the southern boundary of the City and County of San Francisco; thence along the southerly, easterly and northerly boundary lines of said city and county to a point due north of the place of commencement; thence south to the place of commencement. Together with that certain parcel of real property described as follows: Commencing at the intersection of the southwesterly line of Yosemite Avenue with the southeasterly line of Fitch Street; running thence northwesterly along the southwesterly line of Yosemite Avenue to the line of ordinary high tide, as established by the Board of Tideland Commissioners; thence northerly and easterly along said line of ordinary high tide to the southerly line of the State Patent to the South San Francisco Homestead and Railroad Association; thence easterly along said southerly line of the State Patent to the southeasterly line of Fitch Street; thence southwesterly along the southeasterly line of Fitch to the place of commencement.

The Pier 70 Area

Commencing at the point of intersection of the northerly line of Twentieth Street (66.00 feet wide) with the easterly line of Illinois Street (80.00 feet wide), as said point is described on that certain San Francisco Department of Public Works Monument Map No. 326, a copy of which is on file at the office of the Chief Harbor Engineer of the San Francisco Port Commission, running thence easterly along said northerly line at North $86^{\circ} 49' 20''$ East, 13.20 feet, to its intersection with the Von Leicht Pueblo Line of 1883, the True Point of Beginning; thence Along said Pueblo Line at North $30^{\circ} 25' 08''$ West, 36.23 feet; thence Continuing along said Pueblo Line, North $07^{\circ} 25' 33''$ West, 106.09 feet; thence Continuing along said Pueblo Line, North $32^{\circ} 40' 12''$ West, 92.23 feet; thence Continuing along said Pueblo Line, North $58^{\circ} 40' 13''$ West, 28.32 feet, to the westerly line of Illinois Street; thence Along said westerly line of Illinois Street North $3^{\circ} 10' 40''$ West, 990.59 feet; thence North $86^{\circ} 37' 29''$ East, 373.53 feet, to a point along the top edge of the existing embankment along the Central Basin; thence running along said top edge, through the following courses:

South $1^{\circ} 20' 44''$ West, 7.76 feet; thence South $1^{\circ} 38' 35''$ East, 11.26 feet; thence South $40^{\circ} 13' 42''$ East, 22.84 feet; thence North $84^{\circ} 09' 38''$ East, 9.64 feet; thence South $54^{\circ} 03' 28''$ East, 4.40 feet; thence South $66^{\circ} 58' 42''$ East, 14.04 feet; thence South $3^{\circ} 58' 56''$ West, 8.87 feet; thence South $40^{\circ} 41' 13''$ West, 10.59 feet; thence South $48^{\circ} 18' 22''$ West, 112.56 feet; thence South $65^{\circ} 39' 37''$ West, 31.48 feet; thence South $77^{\circ} 53' 28''$ West, 12.33 feet; thence South $83^{\circ} 28' 47''$ West, 30.12 feet; thence South $5^{\circ} 25' 41''$ East, 34.27 feet; thence North $83^{\circ} 49' 52''$ East, 69.07 feet; thence South $52^{\circ} 29' 10''$ East, 63.13 feet; thence leaving the said top edge of embankment and running along the existing fence line, North $38^{\circ} 37' 07''$ East, 9.09 feet; thence South $65^{\circ} 12' 52''$ East, 23.30 feet; thence South $17^{\circ} 35' 05''$ West, 4.22 feet; thence South $66^{\circ} 47' 12''$ East, 36.94 feet; thence South $54^{\circ} 34' 59''$ East, 58.20 feet; thence North $86^{\circ} 49' 20''$ East, 345.07 feet; thence South $3^{\circ} 10' 40''$ East, 316.06 feet; thence South $8^{\circ} 17' 47''$ East, 70.21 feet; thence South $16^{\circ} 44' 40''$ East, 13.46 feet; thence South $55^{\circ} 28' 50''$ East, 119.49 feet; thence North $86^{\circ} 49' 20''$ East, 118.13 feet; thence South $3^{\circ} 10' 40''$ East, 35.72 feet; thence North $86^{\circ} 49' 20''$ East, approximately 130 feet, to the Mean High Water Line of San Francisco Bay; thence Easterly, Southeasterly, and Southerly along said Mean High Water Line, to its intersection with a line drawn parallel with and distant 154.00 feet southerly from the southerly line of Twenty-Second Street; thence westerly, along said parallel line, South $86^{\circ} 49' 20''$ West, approximately 1,080 feet, to a point distant 60.00 feet northerly of the center line of Georgia Street, now closed; thence North $23^{\circ} 55' 19''$ West 56.47 feet, to a point on the easterly line of said Georgia Street, said point lying distant 101.20 feet southerly of the southerly line of Twenty-Second Street; thence North $41^{\circ} 30' 21''$ West, 129.27 feet, to the intersection of the southerly line of Twenty-Second Street and the westerly line of said Georgia Street; thence along said westerly line of Georgia Street, at North $3^{\circ} 10' 40''$ West, 66.00 feet, to the northerly line of Twenty-Second Street; thence North $86^{\circ} 49' 20''$ East, along the northerly line of Twenty-Second Street, 40.00 feet, to the center line of said Georgia Street; thence North $3^{\circ} 10' 40''$ West, along said center line of Georgia Street, 269.96 feet; thence South $86^{\circ} 49' 20''$ West, 240.00 feet, to the easterly line of Michigan Street; thence North $3^{\circ} 10' 40''$ West, along the

Easterly line of Michigan Street, 347.34 feet, to a point along the Von Leicht Pueblo Line of 1883; thence along said Pueblo Line, at North 68° 29' 53" West, 52.52 feet; thence continuing at North 44° 01' 43" West, along said Pueblo Line, 49.32 feet, to the westerly line of Michigan Street; thence South 3° 10' 40" East, along said westerly line of Michigan Street, 347.95 feet; thence South 86° 49' 20" West, 200.00 feet, to the easterly line of Illinois Street; thence North 3° 10' 40" West, along the easterly line of Illinois Street, 537.00 feet to the southerly line of Twentieth Street; thence North 86° 49' 20" East, 50.49 feet, to a point on the Von Leicht Pueblo Line of 1883; thence along said Pueblo Line, at North 34° 03' 04" West, 29.62 feet; thence continuing along said Pueblo Line, at North 31° 45' 00" West, 46.20 feet, to the True Point of Beginning; Containing an area of 2,717,640 square feet (62.39 acres) of land, more or less.

Western Pacific Site

Beginning at the point of intersection of the northerly line of army street with the easterly line of Illinois street; running thence easterly along said northerly line of army street and its easterly extension 240 feet to the center line of Michigan street; thence at a right angle northerly along said center line of Michigan street 161 feet; thence at a right angle easterly parallel with said northerly line of army street 840 feet to the center line of Maryland street; thence at a right angle northerly along said center line of Maryland street 39 feet; thence at a right angle easterly parallel with the former northerly line of army street, as said army street existed prior to any vacation thereof, a distance of 570 feet to the former center line of Massachusetts street, now vacated; thence at a right angle northerly along said former center line of Massachusetts street and along the present center line of Massachusetts street 233.138 feet to the center line of twenty-sixth street, extended easterly; thence at a right angle along the center line of twenty-sixth street easterly 250 feet to the direct extension southerly of the eastern line of Potrero Nuevo block no. 509; thence at a right angle along said extension, and along the eastern lines of said block 509, and Potrero Nuevo block 508, northerly 899.116 feet to the northern line of said block 508; thence along the last named line westerly 200 feet to the western line of said block 508; thence along the last named line southerly 77.744 feet; thence at a right angle westerly 620 feet to the center line of Maryland street; thence along the last named line southerly 355.233 feet to the center line of twenty-fifth street, formerly yolo street; thence along the last named line westerly 1080 feet to the direct extension northerly of the easterly line of Illinois street; thence along said extension and along the easterly line of Illinois street 899.277 feet to the point of beginning.

Being entire block nos. 433, 434, 440, 467, 474, 493 and 500; and portions of block nos. 439, 468, 473, 494 and 499; and also portions of Michigan street, Georgia street, Louisiana street Maryland street, Delaware street, Massachusetts street, twenty-fifth street and twenty-sixth street, as certain of said blocks and streets are delineated on that certain map entitle "map of golden city homestead association," recorded on December 12, 1865, in map book "c" and "d", at pages 20 and 21 in the office of the recorder of the city and county of San Francisco; all of said blocks and streets also being delineated on that certain map entitled "map of the salt marsh and tide lands and lands lying under water south of second street, and situate in the city and

county of San Francisco, recorded in map book w, at pages 46 and 47 in the office of the recorder of the City and County of San Francisco.

Also being blocks 508 and 509, and portions of blocks 492 and 501, of the Potrero Nuevo.

Excepting therefrom all minerals and mineral rights, but without the right of surface entry, as set forth and reserved in deed from union pacific railroad company, re-recorded June 19, 1987 as instrument e009928, in reel e367, image 748, official records.

Seawall Lot 354

Commencing at the true beginning point of intersection of the westerly line of Tennessee Street and the southerly line of Marin Street, as said point is described on that certain San Francisco Department of Public Works monument map number 318, with a copy on file at the Office of the Engineers of the San Francisco Port Commission; running thence southerly, along the westerly line of Tennessee Street; thence at a right angle westerly, along the northerly line of Tulare Street; thence at a right angle northerly, along the easterly line of Indiana street; thence at a right angle easterly, running along the southerly line of Marin street, to the true point of beginning.

Texas Street

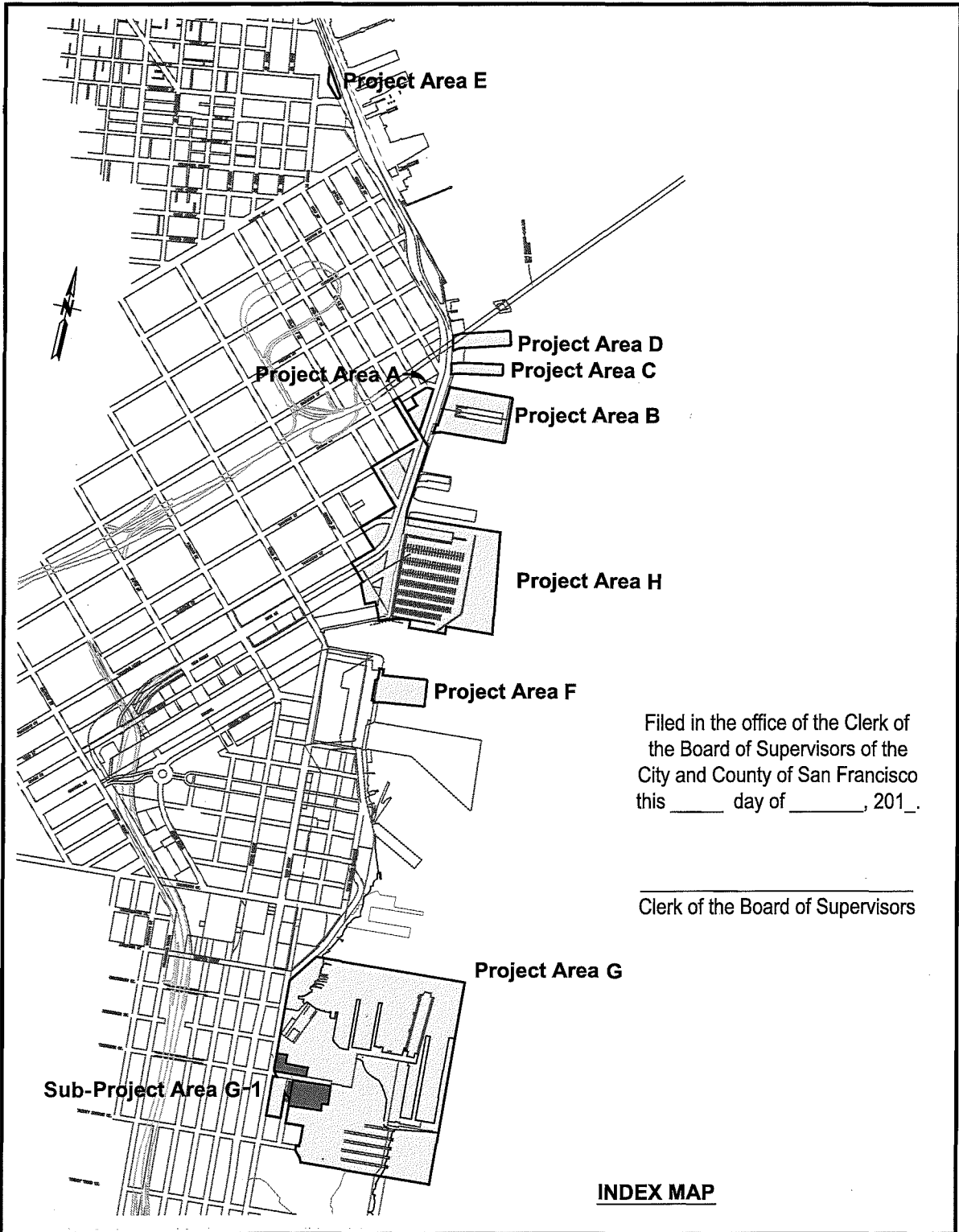
All that certain real property shown on the map entitled "Map of the Salt Marsh and Tidelands and Lands Lying Under Water South of Second Street and situate in the City and County of San Francisco," filed in Map Book W, pages 46 and 47 in the Office of the Recorder of the City and County of San Francisco, California, and described as follows:

All that portion of Texas Street, 80 feet wide, as shown on said map, lying northerly of the northerly pueblo boundary as shown on "Plat of the Pueblo Lands of San Francisco" finally confirmed to the City of San Francisco, approved May 15, 1884 where said boundary crosses said Texas Street between Sixteenth Street (shown as Center Street on said map) and Seventeenth Street (shown as Santa Clara Street on said map), and southerly of the southerly line of said Sixteenth Street.

That Portion of Seawall Lot 330 Removed from Port Jurisdiction

Commencing at the true beginning point of intersection of the northeasterly line of Beale Street and the southeasterly line of Bryant Street, as said point is described on that certain San Francisco Department of Public Works monument map number 318, with a copy on file at the Office of the Engineers of the San Francisco Port Commission; running thence northeasterly, along the southeasterly line of Bryant Street for a distance of 158.00 feet; thence at a right angle southeasterly, running parallel to Beale Street, for a distance of 143.00 feet; thence at a right

angle southwesterly, running parallel to Bryant Street, for a distance of 158.00 feet; thence at a right angle northwesterly, running along the northeasterly line of Beale Street, for a distance of 143.00 feet, to the true point of beginning, containing an area of 22,594 square feet of land, more or less.



Filed in the office of the Clerk of
 the Board of Supervisors of the
 City and County of San Francisco
 this ____ day of _____, 201_.

 Clerk of the Board of Supervisors

INDEX MAP

<p>SAN FRANCISCO PORT COMMISSION PORT OF SAN FRANCISCO DEPARTMENT OF ENGINEERING</p>	<p>Proposed Boundaries of City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco), City and County of San Francisco, State of California</p>	<p>DATE: DEC. 09, 2011 SCALE: 1" = 2000' SHEET NO. 1 OF 10 SHEETS</p>
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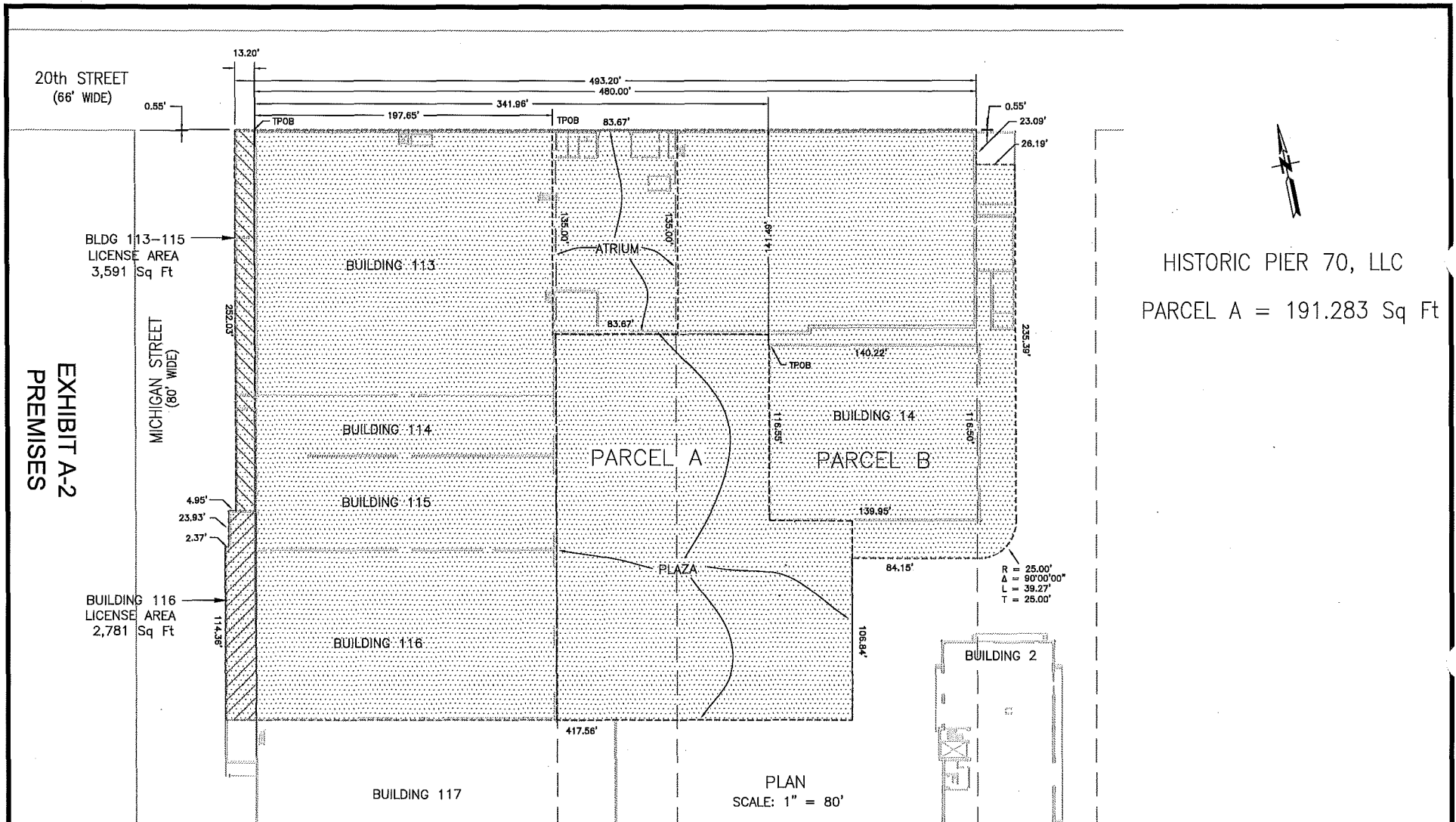



EXHIBIT A-2
PREMISES

HISTORIC PIER 70, LLC
PARCEL A = 191.283 Sq Ft

APPROVED BY
SAN FRANCISCO PORT COMMISSION
DATE _____

CHIEF HARBOR ENGINEER

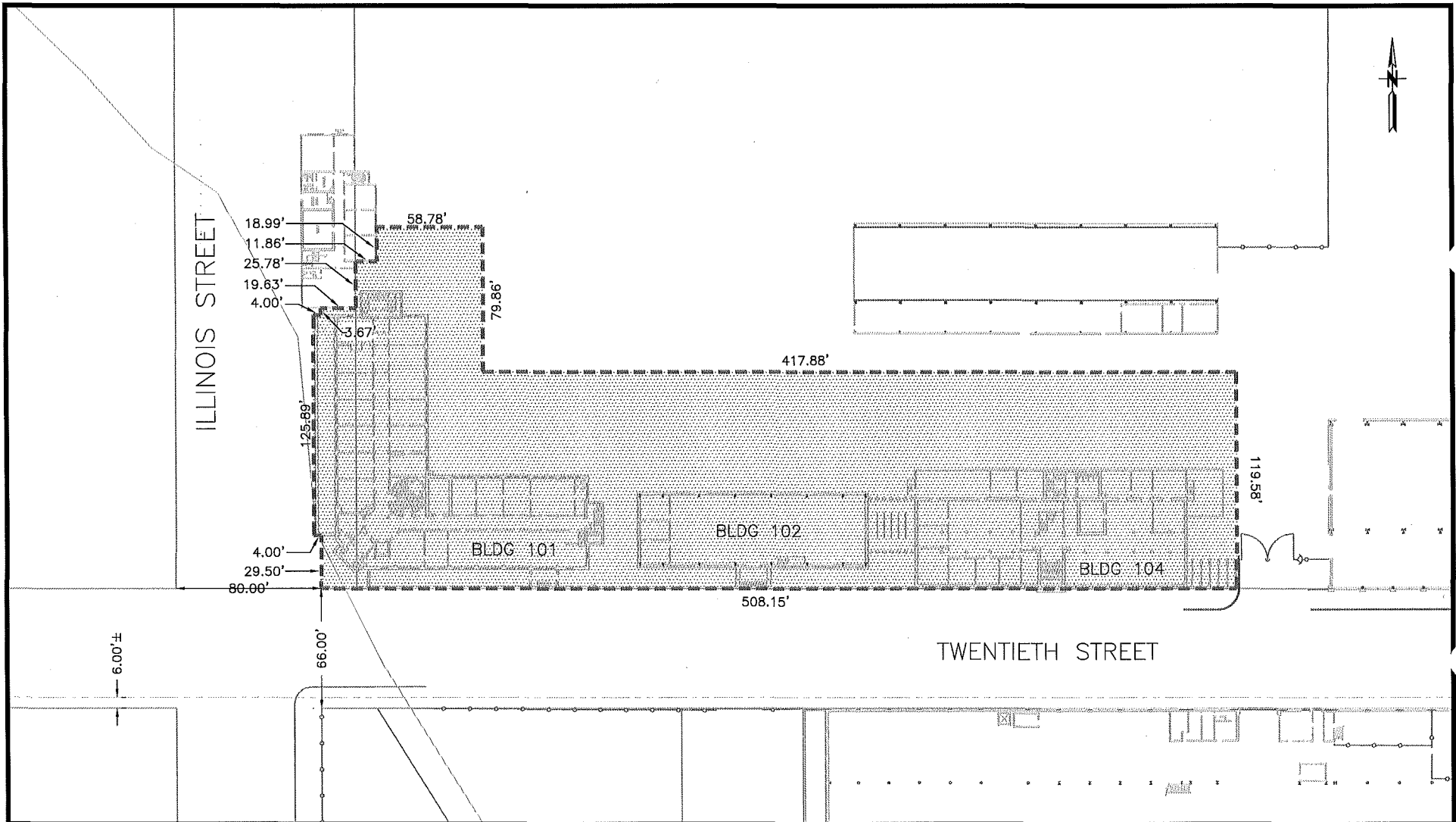
 SAN FRANCISCO PORT COMMISSION
PORT OF SAN FRANCISCO
DEPARTMENT OF ENGINEERING

HISTORIC PIER 70, LLC
A CALIFORNIA LIMITED LIABILITY COMPANY

PREPARED BY: ECC	CHECKED BY: P. WILLIAMSON
DRAWN BY: ECC	DATE: MAR 23, 2015
CONTRACT NO.	SCALE: 1" = 60'
DRAWING NO.	SHEET NO. OF SHEETS

SUB-PROJECT AREA G-1 (PIER 70 - HISTORIC CORE)

©:07 STAFF\ECUSTOD\temp\SWL349L.ease-adjusted.dwg



APPROVED BY
SAN FRANCISCO PORT COMMISSION
DATE _____

CHIEF HARBOR ENGINEER



SAN FRANCISCO PORT COMMISSION
PORT OF SAN FRANCISCO
DEPARTMENT OF ENGINEERING

HISTORIC PIER 70, LLC
A CALIFORNIA LIMITED LIABILITY COMPANY

PREPARED BY:	CHECKED BY:
DRAWN BY: ECC	DATE: OCT 29, 2015
CONTRACT NO.	SCALE: 1" = 50'
DRAWING NO.	SHEET NO.
	OF SHEETS

SUB-PROJECT AREA G-1 (PIER 70 - HISTORIC CORE)

PAGE 2 OF 2

G:\07 STAFF\ECUSTOD\temp\aw1349\bidg

PARCEL A :

ALL THAT CERTAIN REAL PROPERTY SITUATED IN THE CITY AND COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, BEING PARCELS A & B AS SHOWN ON THAT MAP TITLED "RECORD OF SURVEY 8565 ORTON LEASE AT PIER 70" RECORDED ON APRIL 30, 2015 ON MAP BOOK FF PAGES 59-61 OF SURVEY MAPS AT THE OFFICE OF THE RECORDER OF THE CITY AND COUNTY OF SAN FRANCISCO, DESCRIBED AS FOLLOWS;

BEGINNING AT A POINT ON THE NORTHERLY PROJECTION OF THE EASTERLY LINE OF MICHIGAN STREET (80.00 FEET WIDE) DISTANT 0.55 FOOT NORTHERLY FROM ITS INTERSECTION WITH THE SOUTHERLY LINE OF TWENTIETH STREET (66.00 FEET WIDE), AS SAID STREETS EXIST TODAY; RUNNING THENCE EASTERLY PARALLEL TO THE SOUTHERLY LINE OF TWENTIETH STREET 480.00 FEET; THENCE AT A RIGHT ANGLE SOUTHERLY 23.09 FEET; THENCE AT A RIGHT ANGLE EASTERLY 26.19 FEET; THENCE AT A RIGHT ANGLE SOUTHERLY 235.39 FEET; THENCE SOUTHWESTERLY ALONG A TANGENT CURVE CONCAVE TO THE SOUTHWEST HAVING A RADIUS OF 25.00 FEET, A CENTRAL ANGLE OF 90°00'00", AND AN ARC DISTANCE OF 39.27 FEET; CONTINUING THENCE WESTERLY TANGENT TO THE PRECEDING CURVE 84.15 FEET; THENCE AT A RIGHT ANGLE SOUTHERLY 106.84 FEET; THENCE AT A RIGHT ANGLE WESTERLY 417.56 FEET; THENCE AT A RIGHT ANGLE NORTHERLY 114.36 FEET; THENCE AT A RIGHT ANGLE EASTERLY 2.37 FEET; THENCE AT A RIGHT ANGLE NORTHERLY 23.93 FEET; THENCE AT A RIGHT ANGLE EASTERLY 4.95 FEET; THENCE AT A RIGHT ANGLE NORTHERLY 252.03 FEET; THENCE AT A RIGHT ANGLE EASTERLY 13.20 FEET TO THE TRUE POINT OF BEGINNING, CONTAINING 191,283 SQUARE FEET OF LAND, MORE OR LESS.

EXCEPTING THEREFROM ALL SUBSURFACE MINERAL DEPOSITS, INCLUDING OIL AND GAS DEPOSITS, TOGETHER WITH THE RIGHT OF INGRESS AND EGRESS ON SAID LAND FOR EXPLORATION, DRILLING AND EXTRACTION OF SUCH MINERAL, OIL AND GAS DEPOSITS, AS EXCEPTED AND RESERVED BY THE STATE OF CALIFORNIA IN THAT CERTAIN ACT OF LEGISLATURE (THE "BURTON ACT") SET FORTH IN CHAPTER 1333 OF THE STATUTES OF 1968 AND AMENDMENTS THERETO, AND UPON TERMS AND PROVISIONS SET FORTH THEREIN.


 SAN FRANCISCO PORT COMMISSION PORT OF SAN FRANCISCO DEPARTMENT OF ENGINEERING		HISTORIC PIER 70, LLC A CALIFORNIA LIMITED LIABILITY COMPANY		APPROVED _____ DATE _____	
IN CHARGE OF	MADE BY: EDC	TRACED BY	CHKD. BY	DATE	SCALE
				DRAWING NO. SHEET NO. OF	

PARCEL C:

ALL THAT CERTAIN REAL PROPERTY SITUATED IN THE CITY AND COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, BEING PARCELS C, D & E AS SHOWN ON THAT MAP TITLED "RECORD OF SURVEY 8565 ORTON LEASE AT PIER 70" RECORDED ON APRIL 30, 2015 ON MAP BOOK FF PAGES 59-61 OF SURVEY MAPS AT THE OFFICE OF THE RECORDER OF THE CITY AND COUNTY OF SAN FRANCISCO, DESCRIBED AS FOLLOWS:

COMMENCING AT THE POINT OF INTERSECTION OF THE NORTHERLY LINE OF TWENTIETH STREET (66.00 FEET WIDE) AND THE EASTERLY LINE OF ILLINOIS STREET (80.00 FEET WIDE), AS SAID STREETS EXIST TODAY, SAID POINT BEING THE TRUE POINT OF BEGINNING; RUNNING THENCE NORTHERLY ALONG THE EASTERLY LINE OF ILLINOIS STREET 29.50 FEET; THENCE AT A RIGHT ANGLE WESTERLY 4.00 FEET; THENCE AT A RIGHT ANGLE NORTHERLY 121.50 FEET; THENCE AT A RIGHT ANGLE EASTERLY 4.00 FEET; THENCE AT A RIGHT ANGLE NORTHERLY 3.67 FEET TO A POINT ON THE SOUTHERLY WALL OF BUILDING No. 40; THENCE AT A RIGHT ANGLE EASTERLY 19.63 FEET; THENCE AT A RIGHT ANGLE NORTHERLY 25.78 FEET; THENCE AT A RIGHT ANGLE EASTERLY 11.86 FEET; THENCE AT A RIGHT ANGLE NORTHERLY 18.99 FEET; THENCE AT A RIGHT ANGLE EASTERLY 58.78 FEET; THENCE AT A RIGHT ANGLE SOUTHERLY 79.86 FEET; THENCE AT A RIGHT ANGLE EASTERLY 417.88 FEET; THENCE AT A RIGHT ANGLE SOUTHERLY 119.58 FEET TO A POINT ON THE NORTHERLY LINE OF TWENTIETH STREET; THENCE AT A RIGHT ANGLE WESTERLY ALONG SAID NORTHERLY LINE OF TWENTIETH STREET 508.15 FEET TO THE TRUE POINT OF BEGINNING, CONTAINING 67,354± SQUARE FEET (1.546 Ac) OF LAND, MORE OR LESS.

EXCEPTING THEREFROM ALL SUBSURFACE MINERAL DEPOSITS, INCLUDING OIL AND GAS DEPOSITS, TOGETHER WITH THE RIGHT OF INGRESS AND EGRESS ON SAID LAND FOR EXPLORATION, DRILLING AND EXTRACTION OF SUCH MINERAL, OIL AND GAS DEPOSITS, AS EXCEPTED AND RESERVED BY THE STATE OF CALIFORNIA IN THAT CERTAIN ACT OF LEGISLATURE (THE "BURTON ACT") SET FORTH IN CHAPTER 1333 OF THE STATUTES OF 1968 AND AMENDMENTS THERETO, AND UPON TERMS AND PROVISIONS SET FORTH THEREIN.

 SAN FRANCISCO PORT COMMISSION PORT OF SAN FRANCISCO DEPARTMENT OF ENGINEERING		HISTORIC PIER 70, LLC A CALIFORNIA LIMITED LIABILITY COMPANY			APPROVED _____ DATE _____	
IN CHARGE OF	MADE BY: EDC	TRACED BY	CHECKED BY	DATE	SCALE	DRAWING NO.
						SHEET NO. OF

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EXHIBIT B

**DESCRIPTION OF PUBLIC IMPROVEMENTS AND FACILITIES
REQUIRED TO SERVE THE DEVELOPMENT PROPOSED IN THE IFD**

[See attached Ten-Year Capital Plan FY 2015-2024 Update]

Port of San Francisco



Ten-Year Capital Plan

FY 2016-2025 Update

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I. EXECUTIVE SUMMARY

The Capital Plan represents the guiding document for the Port's capital investments, and provides an assessment of capital needs, the investment required to meet those needs, and a plan to finance them. The FY2016-25 update of the plan reflects improvement from prior year plans in the Port's ability to address its capital needs over the next ten years. While the overall need is still substantial, some of the strategies the Port has put in place are beginning to yield results. 2014 included a number of major accomplishments:

- Completion and opening of the James R. Herman Cruise Terminal;
- Completion of Cruise Terminal Park and dedication of the Lucy and Fritz Jewett Grove;
- A comprehensive review of the Waterfront Land Use Plan ("Waterfront Plan") detailing major Port accomplishments since 1997, including a review of 120 major projects representing \$1.6 billion in public and private investment; and
- After 15 years, the successful disposition of the Port's Drydock #1.

Since its inception in 2006, the Capital Plan has provided a solid framework for the Port's investment to maintain and enhance its assets. In particular, the Port has utilized the plan's findings and priorities to guide issuance of its revenue bonds as well as preparations for the 34th America's Cup.

In the past four years, the Port has seen a dramatic uptick in capital investment, with approximately \$160 million expended for a variety of projects that have advanced the Port's maritime commerce mission, brought people to the waterfront, and made substantial progress toward reducing the Port's capital backlog. The James R. Herman Cruise Terminal project, park projects, and the City's commitment to host the 34th America's Cup drove much of the Port's recent investment.

These experiences yielded important insights that have advised this plan:

- As demonstrated by the James R. Herman Cruise Terminal and the rebuild of Pier 29 after a fire, the City has the expertise and capacity to direct major new investment within a very short timeframe;
- Port Maintenance staff are the Port's most cost-efficient and effective means of rebuilding most pier aprons and bringing pier sheds into code compliance;
- The Port excels at designing and building public parks and managing historic rehabilitation improvement projects; and
- In order to deliver major waterfront improvements, the Port requires a comprehensive strategy to obtain entitlements and regulatory approvals, particularly for in-water construction.

Pursuant to direction from the Port Commission, this year’s plan continues progress made in recent years to expand and stabilize capital funding from the Port’s operating budget. Port staff also has continued to refine the capital project scoring process, with an inter-divisional focus on project readiness and financial outcomes.

The strategic, ongoing challenges to the Port discussed in detail in this plan are ever present in the minds of the Port staff: seismic risk to the seawall and other Port facilities; tidal flooding and sea level rise; the Port’s yellow- and red-tagged facilities; ongoing problems posed by underpier utility infrastructure; revitalization of the southern waterfront; and the relentlessly increasing cost of dredging the Port’s berths. Daunting as these challenges may be, the Port staff has developed concrete strategies for addressing them.

With respect to the Port’s annual recalculation of needs, this plan identifies a total need of just over \$1.62 billion over the ten-year period (plus an additional \$476.3 million for conditional seismic work), primarily for deferred maintenance and subsystem renewal work required on Port facilities.

Changes From Prior Year Plan	State of Good Repair				Seismic (\$ millions)
	Backlog (\$ millions)	Renewal (\$ millions)	One-Time (\$ millions)	Total (\$ millions)	
<i>Prior Year (FY2015-24) Plan</i>	\$613.4	\$544.0	\$433.1	\$1,590.5	\$464.3
Updated project cost estimates, completions	(73.8)		(15.6)	(89.4)	(11.2)
Leased facility improvements (by tenants)		(6.3)		(6.3)	
New year ten (FY2025) project costs		48.0		48.0	
Escalation (5%)	30.7	27.2	21.66	79.53	23.2
FY2016-25 Plan	\$570.3	\$612.9	\$439.2	\$1,622.3	\$476.3

The total need of \$1.62 billion for state-of-good-repair projects includes an estimated \$612.9 million for capital renewal, which represents the amount needed over the next ten years to maintain facilities in a state-of-good-repair, as projected in the FRRM database. This plan shows an existing backlog for deferred maintenance of \$570.3 million, with another \$439.2 million for other one-time expenses. Investments for seismic repairs may or may not be required during the ten-year period; as such, the \$476.3 million cost of seismic work is not included in the total need, but is shown separately.

The plan projects total sources of \$853.7 million will be available during the ten-year period, of which the Port will use \$487.9 million to fund state-of-good-repair and \$365.8 million to fund capital enhancement projects (including seismic work). At the end of the ten-year period, the Port will reduce its state-of-good-repair needs by 30 percent from \$1.62 billion to \$1.13 billion and its conditional seismic needs from \$476 million to \$464.3 million.

As with last year’s plan, this plan separates internally- and externally-generated sources into separate discussions. Internally-generated funding sources include (1) Port capital funds, (2) Port revenue bonds, and (3) tenant obligations. Together, these sources are projected to generate \$344.7 million over the next ten years, of which the Port will apply \$328.1 million (or 95

percent) to state-of-good-repair projects and \$16.6 million (or 5 percent) to capital enhancement projects.

Internally-Generated Funding Sources	Repair (\$ millions)	Enhancement (\$ millions)	Total (\$ millions)
Port Capital Budget	\$139.5	\$16.6	\$156.1
Port Revenue Bonds & COPs	41.2		41.2
Port Tenant Improvements	147.4		147.4
Total	\$328.1	\$16.6	\$344.7

Externally generated sources include (1) development projects, (2) general obligation bonds, and (3) grants. This plan projects these sources to generate \$509.1 million, of which the Port will apply \$160.1 million (or 32 percent) to state-of-good-repair projects and \$349 million (or 68 percent) to enhancement projects.

Externally-Generated Funding Sources	Repair (\$ millions)	Enhancement (\$ millions)	Total (\$ millions)
General Obligation Park Bonds	\$5.6	\$55.5	\$61.1
Federal & State Grants	0.4	24.8	25.2
Federal Railway Administration	0.0	2.8	2.8
US Army Corps of Engineers	27.5	0.0	27.5
Prop 1B, RM2 (DTFT)	7.6	89.8	97.4
Development Projects	119.0	176.1	295.1
Total	\$160.1	\$349.0	\$509.1

The Port's Ten-Year Capital Plan continues to evolve since its inception nine years ago. The Port has used the information that the plan generates to develop and implement its legislative and financing strategies to redevelop the City's waterfront, fulfill its public trust mission, and guide the stewardship of its extensive assets.

Since the first plan in 2006, the Port has used this document to guide a total in investment in excess of nearly \$220 million in non-developer funding. Still, a persistent gap remains between the Port's available resources and ever growing need. It is a clear challenge, but one the Port has demonstrated it has the fortitude as an institution to meet. While the plan is a forward looking document, it is our history of continual improvement that has generated opportunity for growth, and leveraged even greater opportunity. It provides a solid framework and confidence-building, holistic view of the Port to interested constituents, as well as to general audiences.

This year, the Port Commission and Port staff will commence a public planning effort to update the Waterfront Plan with the help of the Planning Department, the Bay Conservation and Development Commission and the California State Lands Commission. This effort will be informed by the 10-Year Capital Plan in a way that was not possible in 1997 when the Waterfront Plan was first adopted. At the time, the Port had some understanding of the condition of its assets – but not the Portwide, strategic view afforded by the 10-Year Capital Plan. Through this planning effort, the Port Commission and the public will have an opportunity to align the 10-Year Capital Plan and the Waterfront Plan, as the Port strives to develop strategies to remain a strong steward of its aging historic resources in the face of major challenges including seismic risk and sea level rise.

II. INTRODUCTION

This report presents the Port of San Francisco's Ten-Year Capital Plan for Fiscal Year 2016 – 2025 (FY2016-25). The Ten-Year Capital Plan (Capital Plan) is updated annually and provides the public with reporting on the Port's capital strategy, including a comprehensive inventory of the Port's facilities, current conditions and capital needs, and available and projected capital resources over the next ten years. It is an important reference document that supports and guides capital expenditure and investment decisions by the Port Commission and staff, and also is included as a chapter of the Ten-Year Capital Plan of the City and County of San Francisco, which is updated biennially.

The Port produced the first ten-year outlook of its capital needs in 2006. That achievement was significant because it provided a complete inventory of the Port's facilities, which span 7½ miles of waterfront stretching from Fisherman's Wharf to India Basin in Bayview-Hunters Point, including piers, wharves, roadways and upland properties along San Francisco Bay. The Port undertook a laborious process of characterizing the general condition of each of its facilities in a newly defined capital portfolio, including generation of estimates for needed capital repair, proposed enhancements and seismic upgrades. This, together with a reporting of various existing and projected sources of funding, enabled the public to understand for the first time the magnitude of the Port's capital needs, as well as the limited resources available to address them. As reflected then and in this current update, existing and projected funding continues to fall short; the FY2016-25 plan identifies funding to address approximately 30 percent of the needed investment in "state-of-good-repair" work to maintain facilities over the next ten years.

As a routine matter, each year the Port staff has updated the Capital Plan to incorporate new information learned over the previous year and improve the Port's overall estimation of the condition of its capital assets. Over time, an increasingly valuable aspect of the capital planning process has been the review of emerging challenges and opportunities, and the public discourse around the values that guide capital decision-making at the Port of San Francisco.

The appeal of the San Francisco waterfront to the public is broad and varied, and creates a thicket of competing demands that sometimes are in conflict. In response to a 1990 voter-approved initiative (Proposition H), the Port Commission adopted the Waterfront Land Use Plan in 1997 – the Port Commission's principle planning document – which provides a framework to reconcile competing waterfront interests including public trust, maritime, public access, historic preservation, urban design, environmental, economic, and community values.

Because the Waterfront Land Use Plan is reviewed only every five years, the annual update of the Capital Plan has grown to reflect more frequent changes to the policy landscape. The Capital Plan, like the Port's two-year operating and capital budgets, is subject to cost estimate revisions, changes in City reporting conventions, and new capital needs that are often defined by changes in uses of Port property. While this year's Capital Plan reflects the Port's priorities for capital spending, each iteration reflects changes in both estimated need and available funding. The Capital Plan is also a repository for the changing financial tools and policy approaches Port staff is pursuing to revitalize the waterfront.

III. STRATEGIC OUTLOOK AND CONTINUING CHALLENGES

This year's plan reflects improvement in the Port's ability to address its capital needs over the next ten years. While the overall need is still substantial, some of the strategies the Port has put in place are beginning to yield results. A review of highlights from the last two years illustrates the Port's progress: the Exploratorium opened at Pier 15; the 34th America's Cup regattas were held on the San Francisco Bay; the Port completed major waterfront parks and shoreline improvements in Fisherman's Wharf, South Beach, Mission Bay, and Bayview Hunters Point; and Turner Construction completed construction of the James R. Herman Cruise Terminal and Northeast Wharf Plaza at Pier 27.

The Port's facilities are beautiful and iconic, but aging. The Port has historically relied on private investment and long-term master leasing to provide resources for new construction and major rehabilitation of its facilities. The Port's Waterfront Land Use Plan explicitly acknowledges this strategy by establishing the process by which the Port selects and partners with private developers. These public-private partnerships pursue mixed use development in designated areas of the waterfront, primarily using private equity and historic tax credits (where applicable). As indicated in prior capital plans, the Port staff has found this approach, on its own, is insufficient, and that additional tools are necessary for the Port to make real progress in its transition from its industrial past to a modern Port and City waterfront.

Increasingly, the Port relies on coordination with other public agencies at the federal, state, and local levels to fund major waterfront improvements. In 2013, the Capital Planning Committee recommended, and the Board of Supervisors formally adopted, guidelines for the use of Infrastructure Financing District (IFD) tax increment proceeds in association with major Port development projects, formalizing City policy as to how this powerful funding tool can be used along the waterfront. The Board of Supervisors also unanimously endorsed term sheets for master plan developments at Seawall Lot 337 & Pier 48 and at the Pier 70 Waterfront Site. The use of IFD tax increment proceeds both addresses the Port's existing backlog at these sites, and builds the accompanying enhancements that make these new developments possible. The size and complexity of these new development proposals garnered a significant level of public attention throughout much of 2013.

Controversy about height limits dominated the discussion about the waterfront in 2014. Local residents and environmental organizations who shared an intense concern about heights in several key instances – during the Broadway Hotel design process, the 8 Washington approval process, and during initial consideration of Piers 30-32 as a site for a Golden State Warriors pavilion – forged a coalition to pass Proposition B in June 2014, a measure requiring a public vote for any waterfront height increase on Port property. Proposition B passed by 59-41%. Proposition B has changed what was primarily a neighborhood planning discussion about appropriate heights into a Citywide discussion with statewide implications, as evidenced by the recent lawsuit that State Lands filed to challenge the measure.

Public planning for Seawall Lot 337 and Pier 70 has demonstrated a clear need to increase height limits to enable feasible redevelopment in these areas. Potential maritime industrial uses in the

Port's Southern Waterfront are also likely to require increases above existing height limits in some cases.

Following on the passage of Proposition B, Forest City California proposed and qualified Proposition F for the November 2014 ballot, authorizing an increase of heights at the 28 acre Pier 70 Waterfront Site from 40' to 90'. While this was lower than the heights of up to 230' that were contemplated by the Term Sheet for the site endorsed by the Port Commission and the Board of Supervisors in 2013, the proposal conformed to massing exercises the Port produced as part of the Pier 70 Preferred Master Plan. Proposition F passed by 73-21%, allowing environmental review and related site planning efforts to continue for the Pier 70 Waterfront Site.

In the past three years, the Port has seen a dramatic uptick in capital investment in projects that have advanced the Port's maritime commerce mission, engaged people at the waterfront, and made substantial progress toward reducing the Port's capital backlog. Much of the Port's own investment over the past two years was driven by the City's commitment to host the 34th America's Cup, which required targeted investments delivered by the Port and its contractors at Piers 30-32 and Piers 19, 19½, 23, 29 and 29½ to make these facilities safe for event participants and spectators. These included major reconstruction of the Pier 19 south apron, which now serves as dedicated open space, new power distribution in the Pier 23 shed, substantial substructure repair to Pier 29, ceiling truss repairs in the Pier 29 shed, and rehabilitation of structural elements at the marginal wharf underneath the Embarcadero at Piers 30-32.

These experiences have yielded important insights for future Port capital planning:

- As demonstrated by the James R. Herman Cruise Terminal and the rebuild of Pier 29 after a fire, the City has the expertise and capacity to direct major new investment within a very short timeframe;
- Port Maintenance staff are most often the Port's most cost-efficient and effective means of rebuilding most Port aprons and bringing Pier sheds into code compliance;
- The Port excels at designing and building public parks and managing historic rehabilitation improvement projects; and
- In order to deliver major waterfront improvements, the Port requires a comprehensive strategy to obtain entitlements and regulatory approvals, particularly for in-water construction.

Pursuant to direction from the Port Commission, this year's plan continues progress made in recent years to expand and stabilize capital funding from the Port's operating budget. Port staff also has continued to refine the capital project scoring process, with an inter-divisional focus on project readiness and financial outcomes.

Capital Project Investment Priorities

The projects and investments prioritized in this plan are guided by criteria the Port Commission believes respond to basic public safety and environmental needs, optimize resources that address the Port Commission's fiduciary responsibilities, and strike a balance among diverse public interests. Port staff used the following criteria to set investment priorities:

- Basic repairs and improvements to existing facilities that support continued leasing and revenue generation;
- Infrastructure improvements, including seawall, substructure, and utility repairs that respond to the shared objectives of protecting public safety, improving environmental quality, and responsible stewardship of historic resources along the waterfront;
- Improvements to retain and support San Francisco's diverse maritime and industrial tenants;
- Investments in waterfront parks and public open space that meet public trust needs and acknowledge the increasing role of Port lands in addressing City economic and quality-of-life objectives; and
- Strategic waterfront development that leverages private investment to support City policies and transform the waterfront, while reducing the Port's capital liability and enhancing land value.

Waterfront Land Use Plan Update

As described above, in the wake of several ballot measures adopted by voters to limit Port development and to require voter approval of waterfront height increases, Port staff has initiated efforts to review and update the Waterfront Land Use Plan ("Waterfront Plan") – the Port's guiding policy document – in keeping with the requirements of Proposition H (1990).

Port staff published the Draft Review of the Waterfront Land Use Plan, a report that documents 120 major Port development and capital project accomplishments since 1997, analyzes development projects that were initiated but were not completed to glean lessons learned, and makes preliminary recommendations to the public and the Port Commission about issues that should be considered in updates to the Waterfront Plan. The Port accepted public comment on the Draft Review through November 30, 2014, as the first phase in a broader public outreach effort to update the Waterfront Plan.

Port staff intends to develop detailed recommendations for Port Commission consideration for a public planning effort involving San Francisco Planning Department, BCDC and the California State Lands Commission to update the Waterfront Plan.

Through its 10-Year Capital Plan, the Port has established a process of prioritizing available public funding to finance improvements to Port assets based on criteria established by the Port Commission including return on investment, relationship of the project to the Port's maritime mission, public safety, regulatory requirements, protection of cultural and natural resources, etc. As part of the effort to update the Waterfront Plan, Port staff have begun assembling information and analysis about waterfront-wide issues including the age and construction type of the Port's historic piers, sea level rise, seismic risk, historic character of Port facilities, open space, the public realm and waterfront transportation to enable the Mayor, the Board of Supervisors, the Port Commission and the public to form a consensus about how to guide public and private investment on Port property going forward. Preliminary staff analysis developed to support this effort suggests some major themes:

- ***There is not that much Port land available for mixed-use development.*** Much of the Port's 670 acres has been developed for long-term uses or otherwise are dedicated for open space and maritime uses. Approximately 44% of Port property, or 298 acres, is used or reserved for maritime uses. Another 131 acres, or 20%, has been turned into open space, or is planned for open space. 18% of Port property (120 acres) has been developed for mixed uses or is leased. Approximately 8% of Port property (51 acres) is in various stages of planned mixed use development, including two new neighborhoods at Pier 70 and on Seawall Lot 337 in Mission Bay. Port staff has identified an **additional 5% of Port property that is still un-programmed, but is likely development sites;** another 7% of Port property is characterized by "engineering, economic and regulatory challenges" which could or could not be viable development sites pending further analysis and public dialogue.

While there has been significant public focus on waterfront development, as the waterfront matures, development will slow over time, and the Port will require more public funding to address key infrastructure requirements.

- ***Rising sea levels and the City's future flood protection needs pose a serious challenge to the Port's traditional model of redeveloping finger piers.*** Some piers are subject to current flood risk in a strong storm (100 Year Flood), and the piers will become more flood prone over time. With rising sea level, the construction window for repair and maintenance of substructure decks of finger piers will become shorter and shorter making it quite expensive to repair and maintain the substructure decks. The concrete degradation due to corrosive marine environment also is expected to accelerate. Considering all these facts, Port staff do not consider additional 66 year leases of the piers advisable without an identified solution to sea level rise; based on current projections of rising sea levels, 35 (or 30) year leases may be the longest advisable lease term. Lease provisions that allow early termination for sea level rise, or two way options to extend leases with solutions to sea level rise could provide a similar solution. Port staff needs to evaluate solutions to protect piers from flooding, such as flood walls or raised floor elevations. Other approaches to protecting the Port's historic finger piers, such as restoring bulkhead buildings for public use, and keeping pier sheds in light industrial use, also should be investigated.

- ***Addressing seismic risk to the seawall and the bulkhead buildings that mark the entrance to the Port's piers is a clear priority.*** The *Seawall Seismic Risk Analysis* will analyze seismic and liquefaction risk to the Port's seawall in a major temblor on a nearby fault. If the study identifies that the seawall is subject to significant movement during such an event, it could undermine the bulkhead structures along the Embarcadero, and damage utilities and the Embarcadero Roadway, including San Francisco Municipal Transportation Agency transit infrastructure. The study will also provide high level conceptual design solutions to mitigate this risk.
- ***There is strong public support for the Port to continue its plan implementation efforts at Pier 70 and Seawall Lot 337 in Mission Bay.*** Due to the Port's public planning efforts that preceded selection of development partners at these sites, and the close collaboration of Port development partners with the community during development master planning, it is clear that there is strong support to continue these development efforts. Both projects incorporate site and design measures to plan for sea level rise. They also will fulfill important community objectives of delivering new open space, rehabilitating historic resources, building new green infrastructure and providing market rate and affordable housing to address the City's housing crisis. The Seawall Lot 337 project will require voter approval of proposed height increases.
- ***Additional neighborhood planning is needed in the South Beach area and in the Northeast Waterfront at the foot of Telegraph Hill.*** These neighborhoods have recently experienced development controversy that warrants additional planning to rebuild trust, and are the primary locations where the Port's few remaining mixed use development opportunities exist. These neighborhood planning efforts will examine land use options for under-utilized piers and surface parking lots and related urban design, transportation and historic preservation considerations. The Port Commission has also directed Port staff to develop a Southern Waterfront maritime/eco-industrial master plan based on prior public planning to direct continuing staff efforts to develop its maritime terminals and adjacent backlands.

During the public process to update the Port's Waterfront Plan, Port staff intends to use the lessons learned from the 10-Year Capital Plan to enable the public and policymakers to understand the unique financing and engineering challenges associated with historic waterfront infrastructure and buildings. Developing a clear understanding of the limits of when and where public and private investment can be successful in upgrading existing assets will allow decision-makers to decide when historic assets are truly beyond their useful life, and when the Port should begin envisioning new maritime and public trust improvements that are resilient to sea level rise and can serve coming generations.

Continuing Challenges and Opportunities

In addition to the investments needed to maintain facilities in a state-of-good-repair, there are other issues that may pose significant challenges in the future. The most immediate concerns, and implications for this and future capital plans, are described below.

The Seawall: The seawall and adjoining marginal wharf¹ that run along The Embarcadero from Fisherman's Wharf southwest to Mission Bay constitute the City's primary flood control system along the Bay waterfront. Collectively, these interconnected structures form the essential foundation of The Embarcadero Promenade. Built in segments from 1876 to 1929, the Seawall was and still is a major engineering achievement, established through the creation of a reinforced rock dyke, supported by concrete and wooden piles. The Port has maintained ongoing efforts to repair the seawall, which is a contributing historic resource in the Embarcadero National Register Historic District.

These structures continue to function as originally designed. However, recent and planned Port construction projects, including the Pier 43½ Bay Trail Promenade and Brannan Street Wharf projects, have uncovered aged and damaged elements of the Seawall, which supplement the growing repair demands associated with maintaining the marginal wharf. Increasing concern among state policymakers, including the California State Lands Commission, the San Francisco Bay Conservation and Development Commission (BCDC) and the Joint Policy Committee,² in addition to knowledge gained through flood risk and sea level rise studies the Port has conducted or has underway, elevate the urgency of developing a City strategy.

In 2014, the Port Commission authorized an earthquake vulnerability study of the Great Seawall, which was awarded through a competitive process to a Joint Venture between GHD, Inc., an international professional services company with an office in San Francisco, and Geotechnical Consultants, Inc. The purpose of this study is to take a comprehensive look at the earthquake safety of this portion of the waterfront. Specific objectives of the study include:

- analysis of earthquake behavior of the seawall, bulkhead wharves, and adjacent infrastructure including the Embarcadero Roadway;
- assessment of earthquake damage and safety risks, including SFPUC, BART and MUNI infrastructure
- forecast of economic impacts;
- development of conceptual level earthquake retrofits for the seawall and bulkhead wharves; and
- prioritization of future improvements and/or further study needs.

Additionally, the study results will assist the Port in planning for and implementing adaptation measures necessary to address sea level rise and climate change. At the early conceptual stage of

¹ The marginal wharf, or bulkhead wharf, is a piled structure built parallel to the waterfront along the top of the seawall with the purpose of extending a deck over the water to provide berthing for ships along the seawall and as a connection point for the finger piers, which in many cases were built later. The marginal wharf was built in twenty one sections and varies in width and construction, the newer sections being constructed of concrete. The marginal wharf also supports the bulkhead buildings along The Embarcadero.

² The Joint Policy Committee is a forum where the three major regional policy entities, which include BCDC, the Metropolitan Transportation Commission and the Association of Bay Area Governments, resolve competing policy objectives in order to provide unified policy guidance to Bay Area local governments, The Joint Policy Committee has been charged by the three agencies with further analysis and public policy guidance to local governments that are exposed to risks of sea level rise.

this effort, Port engineers are suggesting a wide potential range of costs to strengthen the seawall, ranging from \$50 million (for relatively minor strengthening in a few locations) to \$4 billion (for complete replacement). Costs in this range are beyond the port's ability to fund with its own resources, and a combination of sources will likely be required to fund this work, including local, state and federal sources. A major goal of this study is to produce a conceptual seismic design for the seawall and bulkhead wharves that can be incorporated in the City's 10-Year Capital Plan.

Tidal Flooding and Sea Level Rise: In 2011, the Port completed a URS study of sea level rise along the northern waterfront, analyzing potential flooding impacts assuming 16" of sea level rise by 2050 and 55" by 2100. In 2013-14, the Port participated in an inter-departmental task force called SF Adapt, formed at Mayor Edwin Lee's direction, to assess the potential impacts of climate change on the City. A Sea Level Rise Committee of SF Adapt was tasked with developing guidelines for incorporating sea level risk into capital planning for the City. Port staff participated in this Sea Level Rise Committee, which developed *Guidance for Incorporating Sea Level Rise into Capital Planning in San Francisco: Assessing Vulnerability, Risk and Adaptation*. This guide is intended to be a "how to" guide for capital planners, presents the most up to date science on sea level rise and lays out four steps in the process for incorporating sea level rise into capital planning: 1) Science review; 2) Vulnerability assessment; 3) Risk assessment; and 4) Adaptation planning.

The Port and BCDC also initiated the Mission Creek Adaptation Project as part of an international collaboration between the Netherlands-based Stichting Delta Alliance, several City departments including the San Francisco Public Utilities Commission, the Planning Department, the Department of Public Works and San Francisco Environment, BCDC and SPUR to develop sea level rise adaptation alternatives for the Mission Creek waterfront area of San Francisco. Mission Creek is one of the City's lowest-lying areas and is vulnerable to flooding from sea level rise. This Project seeks to build the capacity of San Francisco to address the risks of flooding from sea level rise and storms by developing adaptation alternatives for the Mission Creek area and continuing the exchange of knowledge and information between the Netherlands and California. The primary objective of the project is to develop sea level rise and storm water adaptation alternatives for the Mission Creek area portion of the City's waterfront based on the findings of a high-level vulnerability assessment. This study will also provide the Port with concepts that could address future flood risk along Islais Creek and other parts of the waterfront.

BCDC-Port Cooperative Planning. As part of the planning and permitting process to entitle the Pier 27 Cruise Terminal project in 2012, the Port and BCDC have been managing a cooperative joint planning process to identify additional public benefit opportunities along the San Francisco waterfront. This work relates closely, and will be integrated with Port efforts to update the Waterfront Land Use Plan. Public benefits include the improvement or creation of new public open spaces and public realm, and improved connections that create continuous public access and enjoyment of the waterfront. One of the priority opportunities is to create landscaped improvements to the Ferry Building Plaza on the bay side of the Ferry Building, where the Farmer's Market occurs every Saturday. It has become a major public gathering space and should be improved to be an attractive addition to the Port's waterfront open space system. Planning work is in the early phases and there is no design yet, or cost estimates. Any significant improvement to create this public plaza is anticipated to require substantial resources. The Port would evaluate tax increment proceeds from Infrastructure Finance District, tenant contributions, future General Obligation Bond funding, along with grants and other funding options as part of developing an implementation strategy.

At-Risk Facilities. The Engineering Division regularly conducts inspections of all Port facilities and records and categorizes the condition of more than 350 structures, including piers, wharves, and buildings. Based on the structural condition of the facilities, the division makes recommendations for occupancy loads, load restrictions, barricades, and warning signs. The inspection findings also are used to document maintenance and repair needs.

In 2013, the Engineering Division updated the Port Commission on the status of facilities that are load-restricted (yellow-tagged) or fully restricted (red-tagged), based on the Facility Assessment Program.³ The Engineering Division has updated this report, which will be heard before the Port Commission on February 10, 2015.

Yellow-tagging and red-tagging are engineering risk management strategies designed to protect the public, Port tenants and Port staff. Red-tagging involves closure of a facility for use and occupancy until safe occupancy can be restored. The red-tagging and closure of some of these facilities could have a negative impact on the Port's operating revenues, which in turn would impact the ability to fund other capital improvements.

The 2015 engineering report lists 35 facilities as yellow-tagged, with at least another 10 years of adequate performance, and 22 facilities as red-tagged, predicted to fail within approximately five years. The Engineering Division will continue to monitor these facilities and impose further restrictions as necessary until repairs are made. Consistent with the Port Commission's investment criteria, revenue-generating yellow-tagged facilities will continue to receive priority in future capital planning and allocation decisions.

While there are no revenues generated by red-tagged assets, nevertheless they pose a risk of failing and triggering an emergency repair or demolition, and possible closure of an adjoining green or yellow-tagged facility. In some cases, red-tagged facilities may impair the Port's ability

³ "Informational Presentation on the Port's Load Restricted (Yellow with Green Hatching-Tagged) and Fully Restricted (Red-Tagged) Facilities," February 7, 2013.

to utilize an adjacent green or yellow-tagged facility to greater potential by restricting access (especially fire egress). While some of the red-tagged facilities may never be repaired, others may still be brought back into productive use with sufficient capital investment. The Capital Plan reflects efforts to address three of the 22 red-tagged facilities:

Facility	Remediation Plan
Pier 31	Port Engineering is preparing design plans for architectural, structural and utility improvements. Project will be bid in 2015.
Pier 38	A private development partner has been selected who will refurbish the bulkhead and portion of adjoining shed; possible phase two refurbishment may be added to address remainder of shed and north and south aprons (including seismic strengthening of shed and substructure)
Pier 19 North Apron	Port Engineering is 90% complete with creation of structural repair plans. Repair to begin in the summer of 2015.

As part of the Facility Assessment Program, the Engineering Division will continue to monitor red-tagged facilities to preclude the possibility of a significant collapse without warning. Repairs to additional red-tagged facilities will be funded in future capital plans as revenue sources are identified.

Under Pier Utility Infrastructure. To ensure compliance with regulatory standards, the Port instituted an under pier utility inspection and response program. The objectives of the program are to: (1) ensure that all under pier water and sewer utilities are inspected annually (consistent with the Port’s permit requirements); (2) identify active leaks or highly vulnerable conditions that could lead to pipe failure; and (3) take corrective action to stop leaks and prevent failures which could result in an illegal discharge into the Bay.

The Port’s Maintenance Division created a scorecard to record observations and assess conditions based on visual inspections. The Division has documented a response protocol that will be followed to address the findings from inspections. Work orders will be generated to address detected leaks or critical conditions that pose an immediate threat to water and sewer infrastructure. Non-critical conditions will be documented and scheduled for follow-up inspections on an annual basis. The Maintenance Division initiated inspections of all piers in 2013. Funding in the amount of \$250,000 annually for the inspection and response program is included in the two-year Capital Budget, and anticipated to continue throughout the entire period of the Ten-Year Capital Plan. Larger repairs (such as completely replacing water and sewer lines) are beyond the scope of the inspection and response program. Instead, those needs will be incorporated into larger plans for pier improvements, such as the development projects described elsewhere in this report.

Southern Waterfront Revitalization. The Port continues land use planning and maritime market outreach to update plans for improving Piers 80 to 96, including the Piers 90-94 Backlands in the Southern Waterfront. Much of this area is underutilized and represents a major

opportunity for increased maritime commerce and complementary industrial uses. This is the remaining primary area within City and Port jurisdiction that can support the unique operational and transportation access requirements of maritime commerce public trust uses.

A recent economic benefits study highlights the value of maintaining and expanding industrial uses on Port property. The report⁴ estimated that Port industrial and maritime tenants generated over \$785 million in annual economic activity in San Francisco, and employed roughly 2,400 workers (2011 data). The report also noted the policy benefits that accrue to the City from the Port's industrial and maritime property, including: retention of targeted production, distribution, and repair (PDR) jobs; a concentration of potential incubator space for fast-growing "creative industries" and innovative business ventures; and positive environmental outcomes from businesses operating in close proximity to their customers. Additionally, the report found that wages in industrial jobs such as those located on Port property were, on average, 24 percent higher than retail and personal services jobs in San Francisco. Operational benefits to the Port include diversification of the real estate portfolio (which helps manage risk) and uses that are consistent with the Public Trust Doctrine.

In 2011, the Federal Railroad Administration (FRA) awarded the Port a \$3 million grant for signaling and freight rail track upgrades to the Quint Street Lead, a one-mile stretch of track that connects the Caltrain main line to the Port of San Francisco Rail Yard on Cargo Way. The Port is focused on enhancing freight rail access to and from San Francisco to reduce freight truck trips on regional highways and city streets. Freight rail is also an important element of the City's emergency response plan to serve city evacuation and clean-up requirements in the aftermath of a disaster.

Given the size and location of the Port's Southern Waterfront assets (including unimproved land and underutilized piers), Port staff are pursuing a number of key initiatives to improve the area. These include a joint project with the Department of Public Works to competitively bid an asphalt and concrete batching plant to supply City paving projects and an iron ore export terminal at Pier 96. There have been expressions of interest for these and other uses, but significant improvements to infrastructure and environmental restoration must be undertaken to make the area viable. The Port's proposed \$19.5 million request to fund capital projects includes notable expenditures to improve the area, including \$8.5 million to fund the Backlands Project which will grade a 17 acre underutilized area, pave a portion of the land, construct a roadway and install solar lighting, fire hydrants, composting, restrooms, and a natural based storm water management infrastructure. Improvements will accommodate the site for leasing for construction laydown, vehicle parking and storage types of uses.

Any such improvements to Port Southern Waterfront property must undergo environmental review pursuant to requirements under the California Environmental Quality Act (CEQA) and Chapter 31 of the San Francisco Administrative Code, under the direction of the San Francisco Planning Department. Given the types of improvements contemplated for these Southern Waterfront properties, the Port anticipates the requirement for an addendum to the Southern

⁴ "Economic Benefits of Port Maritime and Industrial Uses," prepared by BAE Urban Economics, December 2013.

Waterfront Environmental Impact Report (SEIR) and has commenced work with the San Francisco Planning Department on this effort..

IV. CAPITAL NEED ESTIMATES

The FY2016-25 update of the Port's Ten-Year Capital Plan identifies a total need of just over \$1.62 billion (plus an additional \$476 million for conditional seismic work), primarily for deferred maintenance and subsystem renewal work required on Port facilities. For purposes of this plan, "need" is defined as projects required to maintain Port property in a state-of-good-repair for existing use over the next ten years. In this context, need excludes seismic upgrades (which may or may not be triggered by code requirements) and capital enhancements (such as building new infrastructure or parks along the waterfront). This distinction among different project types is a part of the architecture of the Port's capital modeling software, the Facilities Renewal and Reinvestment Model (FRRM), which is also used by the City to project all General Fund departments' capital needs.

This \$1.62 billion in need is approximately \$39 million more than the need identified in the Port's prior year (FY2015-24) capital plan (excluding conditional seismic work, which was \$464 million in the prior year). Each year the capital plan cost estimates are updated to reflect the following changes:

1. Completed projects are removed from the backlog (including projects undertaken by the Port and by tenants, where the tenant has responsibility for facility maintenance);
2. Project costs are updated to reflect more recent estimates, where available (e.g., as a result of a more extensive engineering analysis, design and/or third-party cost estimates);
3. A new year ten (FY2025) is rolled into the plan, and most of previous plan's year one (FY2015) costs are rolled into the backlog, if the project was not funded; and
4. Costs are escalated annually by the Controller's office based on various construction indexes, with a 5 percent escalation applied this year (the escalation factor is built into FRRM).

Table 1 summarizes adjustments to the Port's capital need estimates. Completed projects help to lower the need, while inflation and the addition of a new tenth year add to the projected need over the next ten years. Updated project cost estimates are based on more detailed engineering designs for development projects at Piers 30-32 and Pier 70.

Table 1 -- Port Capital Need Estimates

Changes From Prior Year Plan	State of Good Repair				Seismic (\$ millions)
	Backlog (\$ millions)	Renewal (\$ millions)	One-Time (\$ millions)	Total (\$ millions)	
<i>Prior Year (FY2015-24) Plan</i>	\$613.4	\$544.0	\$433.1	\$1,590.5	\$464.3
Updated project cost estimates, completions	(73.8)		(15.6)	(89.4)	(11.2)
Leased facility improvements (by tenants)		(6.3)		(6.3)	
New year ten (FY2025) project costs		48.0		48.0	
Escalation (5%)	30.7	27.2	21.66	79.53	23.2
FY2016-25 Plan	\$570.3	\$612.9	\$439.2	\$1,622.3	\$476.3

As Table 1 illustrates, the total need of \$1.62 billion for state-of-good-repair projects includes an estimated \$612.9 million for capital renewal, which represents the amount needed over the next 10 years to maintain facilities in a state-of-good-repair, as projected in the FRRM database. This plan shows an existing backlog for deferred maintenance of \$570.3 million, with another \$439.2 million for other one-time expenses.⁵ Investments for seismic repairs may or may not be required during the ten-year period, as described below; as such, the cost of seismic work is not included in the total need, but is shown separately. Appendix A provides a detailed breakdown of the need shown in Table 1, by Port facility.

Seismic Costs

Since the publication of the Port’s first capital plan in 2006, the Port has maintained a policy decision to assume as a need all seismic repair even where that need exceeds code-driven requirements. In consideration of the fact that many of the Port’s structures are 100 years old, the Port’s original capital plan adopted a standard that all properties should be upgraded to modern seismic standards.

The City’s Capital Planning Committee has provided direction to City departments to report need (defined as projects required to maintain property in a state of good repair) separately from seismic work.⁶ To conform to City convention, the FY2012-21 Capital Plan instituted a policy of

⁵ One-time needs are generally utilized in FRRM for non-cyclical needs, which are typically driven by changes in code requirements. The Port’s capital modeling also includes a large number of the structures at Pier 70 in this category, as they are condemned and entirely in a state of deferred maintenance. For these structures, partial rehabilitation is not a viable option, and any rehabilitation will trigger substantial seismic work. Until they are rehabilitated and enter a capital maintenance cycle, the entire rehabilitation cost for these buildings are modeled as one-time costs.

⁶ The City’s modeling of capital needs differs from the Port’s in one very important respect, which is related to the fact that only the Port must account for pile supported pier structures. The City’s calculation of “need” is entirely centered around renewal of building subsystems at the end of their usable life. As a result, there are no state-of-good-repair projects carried in the City Plan that could trigger a seismic upgrade to the structure in which they are contained. For that reason, the City classifies all seismic upgrade projects as capital enhancements. The Port’s modeling of its capital assets is distinct from the City’s in that the Port includes structural elements of buildings –

programming funding for seismic work only where a change of use or major rehabilitation is taking place, consistent with building code requirements. The FY2016-25 Capital Plan further distinguishes between the Port's aggregate capital need and capital need inclusive of contingent seismic costs by separating out seismic costs from state-of-good-repair. Over the next ten years, that seismic need totals \$476 million.⁷

The seismic work identified in this plan represents a kind of worst-case scenario in terms of potential impacts to capital expenditure planning. Port engineers believe that a number of the pier and wharf structures along the waterfront may be structurally repaired in a manner that does not trigger seismic work. Additionally, depending on the way in which a given pier was constructed (as nearly all were constructed approximately 100 years ago), costs associated with full seismic upgrade can be prohibitive, where the amortization period for the associated investment would exceed the useable life of the pier (in particular, the cost of mitigating the effects of sea level rise and overtopping of lower elevation piers complicate the economics of investment recovery on these facilities).

the piles and decking of piers. Repair to these pier structure elements will under some circumstances trigger seismic work, so the Port categorizes seismic projects as conditional or caveated need (as opposed to capital enhancement).

⁷ This number excludes Pier 70, where the costs for seismic work are rolled into "full rehabilitation" estimates, where seismic-only costs cannot be separated out (see footnote #5).

V. CAPITAL EXPENDITURES

This plan identifies funds that are projected to be available during the ten-year period from FY2016 through FY2025. The expenditure of those funds is broken into two categories: (1) capital projects that help maintain the Port's facilities in a state-of-good-repair, and (2) enhancement projects that add value to the Port property (some enhancement projects also include work to address seismic conditions). Table 2 provides a breakdown of capital expenditures and funding sources by fiscal year.

Table 2 -- Ten-Year Capital Expenditure Plan

Spending Plan	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021-25	Total	
State of Good Repair								<i>Deferred SOGR:</i> 1,133.0
Emergency Facility Repair	0.1	0.1	0.1	0.1	0.1	0.5	1.0	
ADA		0.1	0.1	0.1	0.1	0.5	0.9	
Dredging	18.9	6.0	6.0	6.0	6.0	30.0	72.9	<i>Deferred Seismic:</i> 464.5
Emerging Needs								
Repair / Reinvestment	60.4	52.9	44.8	49.4	21.2	184.5	413.2	
<i>State of Good Repair Subtotal:</i>	<i>79.4</i>	<i>59.1</i>	<i>51.0</i>	<i>55.6</i>	<i>27.4</i>	<i>215.5</i>	<i>487.9</i>	
Enhancements								
Parks and Open Space	10.5	12.8	0.8			32.4	56.5	
Facility Improvements	2.0	6.5	5.3	4.2	4.4	20.4	42.9	
Development Project Areas		5.3	59.6	62.5	15.1	33.5	176.1	
Ferry Terminal Expansion Project	9.4	10.2	9.7	38.6		22.4	90.3	
<i>Enhancements Subtotal:</i>	<i>22.0</i>	<i>34.9</i>	<i>75.4</i>	<i>105.3</i>	<i>19.5</i>	<i>108.7</i>	<i>365.8</i>	
Spending Total:	101.3	93.9	126.4	160.9	47.0	324.2	853.7	

Funding Sources	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021-25	Total
Port Capital Budget	12.8	19.8	22.2	15.9	15.5	69.9	156.1
Port Revenue Bonds and	1.2					40.0	41.2
General Obligation Park	11.4	13.9	0.8			35.0	61.1
Federal & State Grants	2.0	3.8	2.0	2.2	2.5	12.6	25.2
Federal Railway	2.8						2.8
US Army Corps of Engineers	0.3	7.0				20.2	27.5
DTFT - State Proposition 1B	5.4	6.1	10.3	38.6		22.4	82.8
DTFT - Local Sources (RM2)	5.4	6.1	3.1				14.6
Port Tenant Improvements	29.4	5.5	8.9	29.4	13.8	60.4	147.4
Development Projects	30.7	31.8	79.0	74.7	15.1	63.7	295.1
Funding Total:	101.3	93.9	126.4	160.9	47.0	324.2	853.7

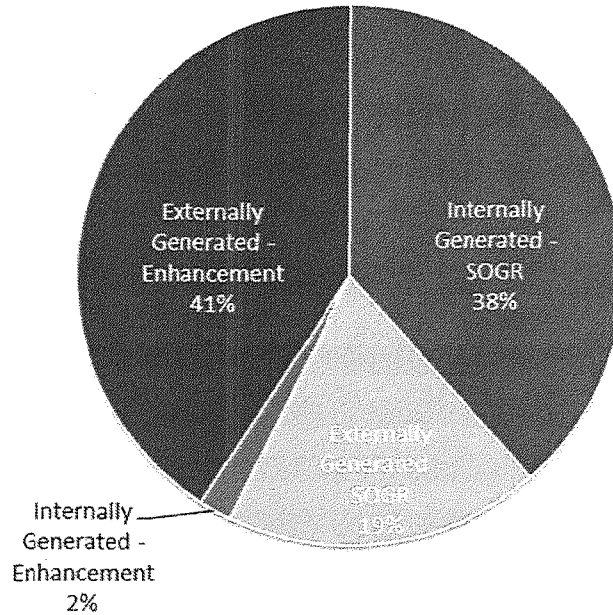
Balance/ (Shortfall):	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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Additional Funding Sources	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021-25	Total
US Army Corps WRDA 2020						40.0	40.0
City Match to WRDA 2020						20.0	20.0
Transferrable Development						23.9	23.9
Additional Funding Sought						83.9	83.9

As Table 2 illustrates, a total of \$853.7 million is projected to be available during the ten-year period, of which the Port will apply \$487.9 million to state-of-good-repair needs and \$365.8 million to capital enhancement projects (including seismic work). At the end of the ten-year period, the Port will reduce its state-of-good-repair needs by 30 percent from \$1.62 billion to \$1.13 billion and its conditional seismic needs from \$476 million to \$464.3 million.⁸ Fluctuations in year-to-year spending are driven by the timing of repair and renewal activities, the availability of grant funding for dredging the Central Basin, and development project schedules, as reflected in project term sheets and other planning documents.

Overall, the plan reflects a balanced expenditure of funds, with most of the Port’s internally generated funding sources directed towards state-of-good-repair (SOGR) projects, whereas enhancement projects are more dependent on externally generated funds, as described in the next section and illustrated below:

Figure 1 – All Funds, Sources and Uses



While the plan projects \$853.7 million in capital investments over the next ten years, at the end of that period the Port will still face a backlog of \$1.13 billion for needed improvements, and possibly another \$464.5 million in conditional seismic work. The Port must continue to explore ways to address these unfunded needs, including building partnerships to attract new sources of

⁸ A small amount of seismic conditions will be addressed by development projects (Pier 48 and Pier 70) and the Downtown Ferry Terminal project. For the most part, project plans assume that conditional seismic requirements are not triggered. The capital plan will continue to carry conditional seismic costs in project inventory unless and until there is a definitional change or investments are made that remove the cost.

funds. Some pier sheds, such as Piers 26, 28, and 54, do not appear viable for rehabilitation with present day financing tools (although rehabilitation of the bulkhead structures appears feasible). Piers 26 and 28 are contributing resources to the Embarcadero Historic District listed on the National Register of Historic Places. If the Piers 26 and 28 sheds cannot be rehabilitated in their entirety (as prior predevelopment investigation at Pier 26 suggests), Port staff believe that there may be an approach to saving and rehabilitating the historic Piers 26 and 28 bulkhead buildings, with their distinctive Spanish-Mediterranean facades underneath the Bay Bridge. The Port will work with historic rehabilitation experts and the public to determine the future of these facilities.

The bottom of Table 2 lists additional funding sources that the Port is actively pursuing. These funding sources are too speculative to include in the current expenditure plan, but reflect the Port's ongoing strategy for outside funding sources. As the Port obtains additional federal, state or local legislative authorization or grant awards, these funding sources will be added to future capital plans. It is also likely that estimations of need will change as the Port investigates these funding opportunities. For example, it is only after the Port conducts preliminary engineering analysis of the seawall that staff will be able to accurately reflect costs to strengthen the seawall in the capital plan.

VI. PLAN OF FINANCE

The purpose of the plan of finance is to map out how the Port intends to utilize existing and potential financing mechanisms to maintain its assets in a state-of-good-repair and to enhance its portfolio through strategic investments. The plan presents a strategy that will fund \$853.7 million in state-of-good-repair and enhancements over the ten-year period (FY2016-25). The first two years of this plan employ the two-year capital budget as a starting point. The two-year capital budget will be considered for adoption separately by the Port Commission; subsequent years' capital spending will go before the Port Commission for approval as part of the biennial budget process.

This report breaks discussion of funding sources into two categories: (1) internally-generated funds, and (2) externally-generated funds. The funding sources within each category are described more fully below, along with a discussion of the proposed uses of those funds. Table 2 summarizes the amounts projected from each of these sources over the next ten years.

A. Internally-Generated Funding Sources

Internally-generated funding sources include those sources that are primarily within the Port's control, utilizing existing assets, with a fairly high degree of confidence in their projected value. These sources include (1) Port capital funds, (2) Port revenue bonds, and (3) tenant obligations. Together, these sources are projected to generate \$344.7 million over the next ten years, of which the Port will apply \$328.1 million (or 95 percent) to state-of-good-repair projects (including dredging) and \$16.6 million (or 5 percent) to capital enhancement projects:

Internally-Generated Funding Sources	Repair (\$ millions)	Enhancement (\$ millions)	Total (\$ millions)
Port Capital Budget	\$139.5	\$16.6	\$156.1
Port Revenue Bonds & COPs	41.2		41.2
Port Tenant Improvements	147.4		147.4
Total	\$328.1	\$16.6	\$344.7

The sources and uses of internally-generated funds are illustrated below:

Figure 2 – Internal Funding Sources

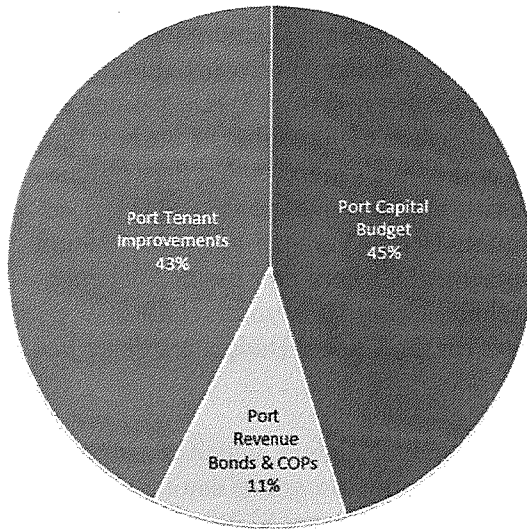
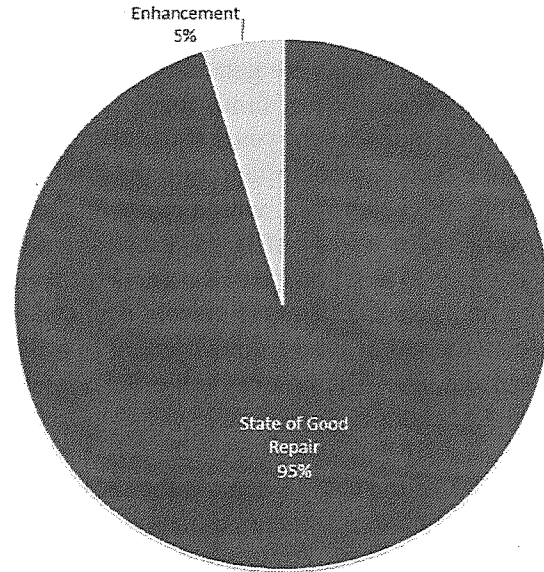


Figure 3 – Uses of Internal Funds



A.1 Port Capital Funds

In 2012, the Port Commission adopted a policy designating a minimum amount of operating revenues for capital projects. Pursuant to this policy, on an annual basis, a minimum of no less than 20 percent of Port operating revenues shall be set aside in the Port’s operating budget to fund capital expenditures (increasing to 25 percent beginning in FY2019). This minimum funding requirement shall be met through (1) an annual appropriation for current capital expenditures (“Capital Budget”) and (2) a designation of current estimated revenues for future capital expenditures, consistent with the Ten-Year Capital Plan. The policy is intended to (1) ensure that the Port has stable and growing operating resources dedicated to capital expenditures, (2) constrain the operating budget to achieve the funding requirement goal of operating revenues for capital, (3) require staff and Port Commission trade-off decisions between operating growth and capital needs, and (4) reduce the credit risk associated with unfunded capital obligations.

The policy is an attempt to reverse the Port’s historical trend of underinvestment in maintaining its assets in a state-of-good-repair. Based on certain analyses, the Port should reinvest in its pier substructures a minimum amount of 0.75 percent of the value of those substructures each year.⁹ According to this formula, the Port should spend \$23.3 million annually in substructure repairs

⁹ The level of need is calculated based on the cyclical replacement of portions of pier substructures, based on construction type and exposure to tidal action. For example, Port engineers estimate that the Port should rehabilitate 15 percent of the Port’s pre-1920s era concrete piers every 20 years.

alone. Over the last ten years the annual appropriation for the Capital Budget has averaged just over \$10 million.¹⁰ The size of the Port's annual capital budgets combined with the deferred backlog has meant that the capital budgets have primarily funded dredging, deferred maintenance and emergency needs, and have not addressed renewal needs adequately.

Port capital funds are generally allocated to the following program areas: (1) emergency facility repair (a set-aside of funds for unforeseen situations, available for the most pressing capital needs in subsequent years if the programmed year remains emergency-free); (2) renovations to make facilities compliant with the Americans with Disabilities Act; (3) dredging of the bay floor along the waterfront, which maintains the depth of berths at the Port's piers so that they remain suitable for water traffic; (4) emerging needs, where planning and design of projects are funded in order to position them for non-Port sources of construction funds; (5) repair and reinvestment to maintain facilities for current use; and (6) capital enhancements, where new assets are being constructed or where development of a facility includes rehabilitation far beyond return to current use. The process and criteria used to select projects for the Capital Budget are described in Appendix B.

Year 1 of the Capital Plan is the second year of the two-year Capital Budget, which is adopted by the Port Commission on a biennial basis. For FY2016, that allocation programs capital funding at \$12.8 million. An unplanned surplus of funds has provided an additional \$19.4 million for assorted projects, which the report discusses below, bringing the FY2016 total to an unprecedented \$28.1 million in Port Capital funds. The next four years of the plan (FY2017-FY2020) are based on forecasts included in the Port's five-year financial plan, and reflect a modest increase in capital funding each year. The capital plan assumes an average available capital budget of \$17.2 million per year for the remaining five years of the plan (FY2021-2025). Overall, capital funding from the Port's operating budget reflects a notable improvement from the average annual appropriation levels of past plans.

The projects currently proposed to be funded by the additional funds include:

- Port development of the Backlands, \$8,500,000;
- BAE Electrical Service Separation, \$3,000,000;
- Matching the US Army Corps of Engineers to dredge the Central Basin, \$2,900,000;
- Pier 23 Roof Replacement, \$2,833,151;
- Additional funding for the Quint Street Lead, \$1,000,000;
- Seawall Study and Repairs, \$1,000,000; and
- Pier 39 Sediment Investigation, \$250,000.

Each of the listed projects is described in detail in the February 6, 2015 staff report requesting approval to seek the aforementioned \$19.4 million supplemental appropriation.

¹⁰ The range of funds available for annual reinvestment during this ten-year period is from a low of \$6.4 million in FY2005 to a high of \$15.4 million in FY2012; however the amounts prior to adoption of the Capital Policy do not reflect a natural growth over the period but instead show a wide variation in the allocation.

A.2 Port Revenue Bonds

The Port finances its larger scale capital projects, addressing significant deferred maintenance and enhancing property, in part, through the issuance of debt. The Port's revenue bonds, secured by the net revenues of the Port as defined in the bond indenture, present an opportunity to accelerate the delivery of much-needed capital investments. Bond proceeds are used to fund new projects that offer a significant return on investment, as well as repair of critical infrastructure needed to sustain the Port's operating revenues and protect future bonding capacity.

Over the last five years, the Port has gone out to the capital markets on three separate occasions to raise funds for its capital program. In 2010 the Port issued \$36.7 million of revenue bonds, in 2013 the City issued \$37.7 million of Certificates of Participation (COPs) on behalf of the Port, (which the Port is responsible to repay), and in 2014 the Port issued \$22.7 million of revenue bonds.

The majority of the proceeds from these three debt issues have been expended or committed primarily for the construction of the new James R. Herman Cruise Terminal, rehabilitation of Piers 31 and 33, repairs and improvements to the Port's historic pier structures located in the Northern Waterfront, and for capital expenditures related to preparing venues for the 34th America's Cup regattas.

Port staff will periodically revisit its remaining debt capacity, based on then current projections of operating revenues and expenditures. When considering additional bond sales, it will be important to factor in the impact of increased debt service on the amount of funds available to pay for repair and replacement projects from operating revenues. Port staff will assess the trade-offs between pay-as-you-go and accelerated funding via bonds. This plan reserves any remaining bonding capacity for projects with early returns on investments that generate revenues in excess of the amount required to service debt costs. This approach is necessary for expanding sources for the repair and replacement capital budget, as well as for expanding the Port's bonding capacity in order to make future investments in maritime commerce projects. As no projects have been identified as ready for funding, this plan assumes no additional Port bond revenues over the next ten years. Port staff may revisit this assumption if the SWL 337 or Pier 70 waterfront site projects begin generating sufficient net revenues to fund improvements to the Port's historic finger piers (as anticipated by SB 815) in the next ten years.

A.3 Tenant Obligations

The Port has a number of properties that are under long-term leases (for example, a master tenant agreement of up to 66 years). Often, a condition of those leases is that the tenant assumes responsibility for maintenance and capital improvements to the property, including both the superstructure and substructure. The Port's asset database (FRRM) identifies the facilities where responsibility is assigned to Port tenants, and for those facilities, this plan assumes that those

tenants maintain the facility in a state-of-good-repair, according to the capital replacement schedule.¹¹ Over the next ten years, FRRM projects tenant obligations to be \$147.4 million.

B. Externally-Generated Funding Sources

For purposes of this year's plan, externally-generated funding sources represent those sources that require some form of partnership with an external party in order to be realized. Those partners may include developers, federal or state agencies, or other departments within the City and County of San Francisco. While partnerships often require considerably more effort to build and maintain, and are not entirely within Port's control, ultimately they have far greater potential in the long-term than traditional internally-generated sources. The plan of finance relies significantly on these sources to fund both state-of-good-repair and enhancement projects over its ten-year period. These sources include (1) development projects, (2) general obligation bonds, (3) grants, and (4) transferable development rights.

Together, this plan programs these sources as generating \$509.1 million, of which the Port will apply \$160.1 million (or 32 percent) to state-of-good-repair projects and \$349.0 million (or 68 percent) to enhancement projects.¹²

Externally-Generated Funding Sources	Repair (\$ millions)	Enhancement (\$ millions)	Total (\$ millions)
General Obligation Park Bonds	\$5.6	\$55.5	\$61.1
Federal & State Grants	0.4	24.8	25.2
Federal Railway Administration	0.0	2.8	2.8
US Army Corps of Engineers	27.5	0.0	27.5
Prop 1B, RM2 (DTFT)	7.6	89.8	97.4
Development Projects	119.0	176.1	295.1
Total	\$160.1	\$349.0	\$509.1

¹¹ The Port characterizes repairs for facilities where tenants have ten years or more left on their lease agreement as sourced to tenants, recognizing that short-term tenants are unlikely to make major capital investments with little time left to amortize those improvements.

¹² Enhancement projects include an estimated \$78.5 million in seismic work at Piers 30-32, Pier 48, Pier 70, and the Downtown Ferry Terminal expansion.

The sources and uses of externally-generated funds are illustrated below:

Figure 4 – External Funding Sources

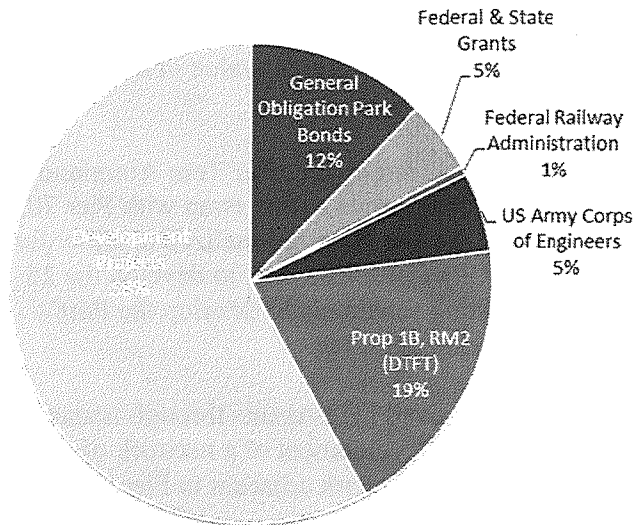
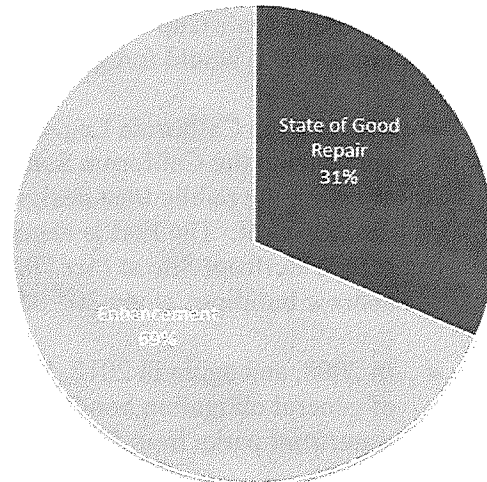


Figure 5 – Uses of External Funds



B.1 Legislative Program

The Port has adopted policies and pursued options to attract partners and external funding through an aggressive legislative program. The following is a summary of the results of recent legislative efforts:

- In 2005, the California Legislature adopted SB 1085 (Senator Carole Migden), permitting the Board of Supervisors to form Infrastructure Financing Districts (IFD) on Port property that allow the capture of growth in property (or possessory interest) tax increment to fund public improvements along the waterfront.
- In 2007, the California Legislature adopted SB 815 (Senator Carole Migden), authorizing the Port to lease certain seawall lots south of Market Street and north of Pier 50 for non-trust (i.e., commercial and residential) purposes, with net proceeds to fund rehabilitation of Port historic resources and parks required by the San Francisco Bay Conservation and Development Commission (“BCDC”). The largest of these is Seawall Lot 337 in Mission Bay, the site of the Port’s current negotiations with Seawall Lot 337 Associates, LLC, to develop a new neighborhood south of AT&T Park.
- In 2010, the California Legislature adopted AB 1199 (Assemblymember Tom Ammiano), permitting the Port to establish a Pier 70 IFD that may issue debt repayable with both the local share of possessory interest tax and the state’s share of possessory interest tax (permitted by AB 1199).
- In 2011, the California Legislature adopted AB 664 (Assemblymember Tom Ammiano), with technical amendments following in 2012 (AB 2259), authorizing the Port to capture

up to \$1 million annually in state tax revenue to fund the James R. Herman Cruise Terminal and related improvements, if the City demonstrates that the state will earn revenue in excess of this amount from the 34th America's Cup. This legislation applies to the following locations: SWL 330, and Piers 19, 23 and 29. The California Infrastructure Financing Bank (I-Bank) must first find that the net present value of tax benefits of the 34th America's Cup to the State of California exceeds the net present value of tax increment it would forego from these sites.

- In 2011, the California Legislature adopted AB 418 (Assemblymember Tom Ammiano) authorizing the California State Lands Commission to approve a trust swap with Pier 70, allowing the public trust designation of land within the site to be rationalized to allow for development. The Port is negotiating with Forest City California, Inc. to develop the 25 acre Waterfront Site at Pier 70. The Port is negotiating separately to develop the Port's historic buildings along 20th Street with Orton Development, Inc.
- In 2008, and again in 2012, San Francisco voters approved investments through issuance of general obligation bonds totaling \$68 million in the development of a network of waterfront parks from Fisherman's Wharf to Heron's Head Park adjacent to Pier 96.

B.2 Infrastructure Financing Districts

Building on the authority granted by state legislation and working with the San Francisco Board of Supervisors, the Port is now in the process of forming a second Port Infrastructure Financing District.¹³ Government Code Sections 53395 et seq. ("IFD Law") allow public agencies to finance public infrastructure improvements by capturing and bonding against property tax increment generated in the IFD after it is established. To do so, the public agency must follow a multi-step process that includes approval of a financing and infrastructure plan by the Board of Supervisors.

IFD Law was crafted to allow IFDs to function much like redevelopment project areas. In this regard, IFDs do not increase tax rates; rather, they rely on increases in the property tax base within the IFD. Like redevelopment, the fundamental justification for tax increment financing is the notion that but for public and private investment made possible by tax increment financing, development and the resulting property tax increases would not occur. In contrast to redevelopment law, the IFD Law does not require the public agency to make a finding of blight or require a set-aside of a portion of the tax increment for affordable housing (except when the projects to be financed through the IFD displace housing).

¹³ IFDs function in a manner similar to redevelopment, by allowing local jurisdictions to establish a geographical district within which all growth in property and possessory interest tax above an established base year (typically referred to as "tax increment") can be pledged to service debt on bonds issued to fund capital improvements of communitywide significance. Note that although this mechanism uses property tax increment, it does not rely on a redevelopment agency structure and is not impacted by the recent elimination of redevelopment agencies in California.

By Resolution 110-12, the Board of Supervisors adopted a Resolution of Intention to Establish an Infrastructure Financing District for the City and County of San Francisco (Infrastructure Financing District No. 2, the "District") for multiple sites on Port property, including Seawall Lot (SWL) 330, Piers 30-32, Pier 26, Pier 28, Pier 48, and Pier 70. Resolution 227-12 amended the District to include SWL 351 as a project area.

Port staff will likely recommend removal of Piers 26 and 28 from the District, because these piers are no longer likely development sites. Concurrent with recommending a Disposition and Development Agreement for the proposed development of SWL 337 and Pier 48 in conjunction with the Port's development partner, Port staff will recommend that the Board of Supervisors amend Resolution 227-12 to include SWL 337. Concurrent with recommending a Disposition and Development Agreement for the Pier 70 Waterfront Site, it is likely that Port staff will also recommend adding 3 acres of adjacent private property owned by Pacific Gas and Electric, Inc. to the Pier 70 project area.

As Port staff advances individual development projects, there will be an associated Infrastructure Finance Plan for the Board's consideration as the next step in forming the District. The Finance Plan will include a detailed description of the development plan for each project area and specify the type of projects eligible for IFD monies and the estimated value of the tax increment over the life of the projects. The development projects currently being negotiated are summarized below.¹⁴

In 2013, the Board of Supervisors adopted Resolution 123-13, adopting 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 (Port IFD Guidelines). Consistent with IFD law applicable to the proposed Port IFD, proposed uses of the Port IFD proceeds can include:

- Repairs and upgrades to piers, docks and wharves and the Port's seawall;
- Installation of piles, both to support piers and to support buildings where soil is subject to liquefaction;
- Parks and shoreline improvements, where the Port has been unable to secure General Obligation bond funding to fund new parks;
- Utility infrastructure, including utility requirements to comply with standards imposed by the Regional Water Quality Control Board and/or the Bay Area Air Quality Management District;
- Streets and sidewalks;
- Seismic upgrades and improvements to the City's seawall and other measures to address sea level rise;
- Environmental remediation;

¹⁴ Each of the development projects is subject to ongoing real estate negotiations which include the allocation of IFD to infrastructure costs. When City staff publishes each project term sheet for public review and consideration by the Port Commission and the Board of Supervisors, City staff will publish more detailed cost information related to the use of IFD.

- Historic rehabilitation; and
- Improvements to Port maritime facilities.

The Port IFD Guidelines establish minimum criteria regarding the formation of IFD project areas on Port property. These guidelines can be found in Appendix C. IFD Law is the subject of frequent legislative action in wake of California's repeal of community redevelopment law. This year, Governor Jerry Brown has signaled his openness to amendments to IFD Law that would permit its use for affordable housing in addition to infrastructure and facilities of communitywide significance. If the Legislature enacts such a change (or similar changes), the Port and the Board of Supervisors may need to consider further amendments to the Port IFD Guidelines.

B.3 Development Projects

Since the 1970s, the Port's primary tool for redeveloping property has been public-private partnerships. In exchange for long-term leases (50-66 years) and other financial consideration (including rent credits, land value and IFD tax increment, for example), private developers assume much of the responsibility for rehabilitating and improving Port property for designated uses. This includes upgrades to meet current seismic building code requirements, repairs to adjoining segments of the seawall, and climate change adaptation improvements. The Port typically limits its contribution to development projects to existing facility improvements, along with Port staff, attorneys, and other consultants needed to coordinate and assist the developer. By engaging a development partner and allowing them to make a reasonable return on their investment, the Port is able to generate substantially more resources to address the Port's backlog of capital investment needs.

As noted in Table 2, development projects are forecast to be the largest financial source to address both state-of-good-repair (\$119 million) and enhancement (\$176.1 million) in the plan. The vast majority of enhancements that are contemplated are investments in new, publicly-owned parks and infrastructure, largely to support new neighborhoods planned at SWL 337 and Pier 70. A portion of expenditures on enhancements will also address seismic conditions.

The Port is engaged in an exclusive negotiations process with a private investor or partner in several project areas. The developers will make significant investments to rehabilitate and enhance these properties; however, the ten-year plan reflects only that portion of the investment necessary to repair or replace facilities to continue operating them for their current use, or for enhancements that benefit the general public. Funding for these projects may come from a number of both private and public sources; however, for purposes of this plan, all development project generated funds are shown on a single line item in Table 2.

Two of these projects (SWL 337 and Pier 70 Waterfront Site) involve proposed height increases that are likely to be subject to significant local debate. SWL 337 and the Pier 70 Waterfront Site are just starting the process of environmental review and urban design planning.

The teams working on these projects plan to entitle them within the current real estate market cycle. If any of the projects are not entitled within expected timeframes, Port staff will make corresponding adjustments to future capital plans.

Pier 70 Area: Pier 70 is located on San Francisco's Central Waterfront, an approximately 65-acre site, generally between 18th and 22nd Streets, east of Illinois Street. For over 150 years, some portion of the site has been in use for ship building and repair or steel production, as well as for other supporting heavy industrial uses. The Port completed an environmental investigation and risk assessment of the project area. Findings from the completed risk assessment do not indicate any immediate need for soil or groundwater remediation. Following a three-year community planning process, the Port Commission endorsed the Pier 70 Master Plan in May 2010. The Plan balances sustained ship repair, historic preservation, new waterfront parks and new development. It identifies over 3 million square feet of new building potential and 700,000 square feet of buildings to be rehabilitated. On April 17, 2014, the National Park Service approved the Port's nomination for the Union Iron Works Historic District at Pier 70 and listed the district in the National Register of Historic Places. Port staff continues to work with the State Lands Commission on public trust matters that impact the Pier 70 area.

The Port Commission authorized a developer solicitation for the Waterfront Site as well as a second solicitation for Historic Buildings:

Pier 70 Waterfront Site: Following a competitive process, the Port Commission selected Forest City California, Inc. as its development partner for the Waterfront Site and on July 12, 2011 authorized an ENA. This project area requires significant infrastructure investment and new land use approvals to redeploy a largely vacant portion of Pier 70 for new uses in new buildings. The ENA provides for a five-year period to develop plans for the project, negotiate required agreements, and secure required approvals. In May 2013, the Port Commission endorsed a non-binding term sheet describing the fundamental deal terms for the project. The Board of Supervisors, in June 2013, added its endorsement of the term sheet and, in accordance with Administrative Code, Chapter 29, determined the proposed development fiscally feasible. Negotiations between the Port and the developer continue on the transaction details and documents, including the ground leases, the development and disposition agreement and financing plans.

In response to Proposition B (June 2014), Forest City redesigned its development concept for the Waterfront Site and drafted and qualified Proposition F for voter consideration on the November 4, 2014 ballot. As described above, San Francisco voters approved Proposition F to increase site zoning from 40 to 90 feet, which is not higher than the tallest point at the tallest historic building already at this project site. Subject to all required public review processes, this initiative encourages a development project and sets policy direction for identified major uses and supporting infrastructure improvements. The measure sets forth major uses to include: (i) nine acres of waterfront parks, playgrounds and recreation opportunities on and adjacent to the Project Site; (ii) below market-rate homes, representing 30% of all new housing units; (iii) construction of between approximately 1,000 and 2,000 new housing units, a majority of which will be

rental homes; (iv) restoration and reuse of currently deteriorating historic structures essential to the creation of a new Union Iron Works Historic District; (v) substantial new and renovated space for arts, cultural, small-scale manufacturing, local retail and neighborhood services; (vi) preservation of the artist community currently located in the Noonan Building; (vii) between approximately 1,000,000 and 2,000,000 square feet of new commercial and office space (which is in addition to reuse of historic structures); and (viii) accessory parking facilities and other transportation infrastructure.

Forest City's development concept for the Waterfront Site is subject to review and approval under CEQA. Forest City has filed an environmental application for CEQA review which commenced in late 2014, with potential consideration of final transaction documents and a Waterfront Site Special Use District by the Port Commission, the Planning Commission and the Board of Supervisors in 2016.

20th Street Historic Buildings: The 20th Street Historic Buildings are six buildings on or near 20th Street at Pier 70. These historic resources, some dating to the 1880s, are in need of substantial investment to return to active use. Following a competitive solicitation process, in May 2012, the Port entered into an exclusive negotiations agreement with Orton Development Inc. for a public/private partnership to rehabilitate these buildings. In September 2014, the project's Lease Disposition and Development Agreement ("LDDA") was executed. The LDDA is the document that describes the obligations of each party to implement the rehabilitation project including a detailed schedule of performance describing a phased construction schedule.

The Port and Orton Development expect to close escrow and execute a lease to convey the site to Orton in 2015. In total, these buildings have over 250,000 square feet of building space with potential in some cases, for additional mezzanine construction. The current capital cost estimate is \$76 million. The Port will contribute \$1.5 million to the project (repositioning funds previously committed to a temporary shoring of one of the buildings). Orton will invest up to \$14 million of equity in the project and secure the remainder of the funding from leasehold mortgage, historic tax credit investors and a Seismic Safety Loan administered by the Mayor's Office of Housing and Community Development. The Port defers its rent from the project until Orton's equity investment is repaid.

BAE Ship Repair: The BAE Ship Repair leasehold is 15.1 acres of leasable land and 17.4 acres of leasable water on the northeastern edge of Piers 68 and 70. It includes 19 buildings, six functional cranes, and two floating drydocks. It is under a lease to BAE generating approximately \$1.8 million dollars in annual revenues to the Port. A capital improvement plan is being developed for further improvements to infrastructure that will sustain the Ship Repair facility for the next 25 years. These improvements will be reflected in future capital plans upon completion of negotiations with BAE.

Seawall Lot 337 & Pier 48: In September 2010, following a one-year community planning and developer selection process, the Port entered into an exclusive negotiation agreement (ENA)

with Seawall Lot 337 Associates, LLC (an affiliate of the San Francisco Giants) for the mixed-use development of Seawall Lot 337 (SWL 337) and the adjacent Pier 48. Pursuant to the ENA, the developer submitted its Revised Proposal in March 2012 which contemplates a flexible mixed-use development at the site balancing residential, office, retail, exhibition and parking uses distributed over a network of city blocks – with expectation that the combination of uses will evolve to meet market demands and to reflect community and regulatory concerns, and be responsive to certain requirements to ensure mixed-use diversity.

In March 2013, the Port Commission endorsed a non-binding term sheet describing the fundamental negotiated elements and proposed financial terms for the lease and development of the project site and, in May 2013, the Board of Supervisors added its endorsement of the term sheet and also found the proposed development to be fiscally feasible under Administrative Code, Chapter 29. Following these approvals, the ENA allows the developer three years to complete the project entitlement process. The total cost of the project, as planned, is estimated at \$1.8 billion.

The project team is pursuing project entitlements including a thorough environmental review in accordance with the California Environmental Quality Act ("CEQA"). The Port anticipates that this project could generate new lease revenues and result in higher property values. The project schedule previously anticipated completing the CEQA process and gaining project approvals in early 2015 with lease payments commencing on sub parcels beginning in 2016. However, Proposition B (June 2014) requires voter approval of the height increases required for the project, as proposed (per the non-binding terms endorsed by the Port and City). In light of Proposition B, Seawall Lot 337 Associates, LLC is re-examining the proposed heights and density with the expectation that the Project would be presented to the voters for approval on a future ballot.

8 Washington/Seawall Lot 351: This two-thirds of an acre site is currently a surface parking lot located along the Ferry Building waterfront at The Embarcadero and Washington Street. It is to be merged with the adjacent 2½ acre tennis and swim club property in a \$345 million residential-commercial development agreement between the Port and San Francisco Waterfront Partners ("SFWP"), including dedicated public parking for the Ferry Building area, improvements to approximately ½ acre of public open space and \$5 million in public funding for sidewalk widening and street furnishings recommended in the Northeast Embarcadero Study ("NES").

As described above, the approved project is the subject of a recently passed legislative referendum rescinding the increase in building height granted the development. SFWP, therefore, is considering its options to reevaluate the proposed development, including project funding structure. The Port is awaiting the developer's decision on proceeding with this project following its reevaluation.

Pier 38 Bulkhead Rehabilitation: Pursuant to Port Commission authorization, the Port issued a request for proposals ("RFP") for the Pier 38 Bulkhead in November 2012, seeking a development entity to rehabilitate the Pier 38 bulkhead building and limited shed improvements for re-occupancy in the near-term. Responses were received in March 2013 and the Port

Commission selected TMG Partners in December 2013. Lease negotiations consistent with the Port Commission's goal to expeditiously rehabilitate and re-tenant the bulkhead building are nearing completion. Under the proposed agreement, TMG would invest approximately \$7.2 million to correct code violations, improve public access and upgrade the float on the north side of the pier. The Port expects the lease to commence in 2015.

B.4 General Obligation Bonds

The Port Commission and Port staff remain grateful for the infusion of funding approved by voters to create waterfront open space through the 2008 and 2012 Clean and Safe Waterfront Parks General Obligation Bonds. The following bond-funded projects, totaling \$34.7 million are in various stages of conceptual development and permitting:

- **Crane Cove Park, Phase 1:** Crane Cove Park is an approximately 9 acre Blue Greenway waterfront park located in the Central Waterfront generally between 19th and Mariposa Streets east of Illinois Street. Initial park concepts include shoreline cleanup and stabilization, restoration of historic cranes, historic interpretation, bay access, and a facility for human powered boats. The total cost for the entire project is expected to be \$45 million dollars, which is greater than the current available funding. As a result, the project will be phased as funding is secured. Available funding for the 1st phase of the project is \$23.3 million, including (a) \$10 million from 2008 Clean and Safe Neighborhood Park G.O. Bonds, (b) \$10 million from 2012 Clean and Safe Neighborhood Parks G.O. Bonds, (c) \$1 million from grants from the Metropolitan Transportation Commission and California Coastal Conservancy, and (d) \$3.3 million in other Port funds.

This Blue Greenway Project benefits from significant planning conducted through the development of the Port's Pier 70 Preferred Master Plan and the Blue Greenway Planning and Design Guidelines community planning process. The Park Master Plan and Schematic Design were approved by the City's Waterfront Design Advisory Committee and the BCDC Design Review Board in July 2014. Phase 1 of the project, comprising approximately 5 acres, will start construction in 2016 and is expected to be complete by 2017.

- **Bayview Gateway:** The \$3.9 million Bayview Gateway Project will create a new one acre public open space along the southern bank of Islais Creek in San Francisco's southeast waterfront. The project site is bound by Islais Creek on the north, Cargo Way on the south, 3rd Street on the west, and Illinois Street on the east. The project will demolish the existing timber wharf, rehabilitate the seawall, and transform the asphalt lot into a public park with walkways, plaza spaces and green spaces from which to enjoy the Bay. In addition, the project will serve as both a gateway to and an amenity for the Bayview neighborhood. The project is under construction, and is expected to be completed in 2015.

- **Aqua Vista Park:** The \$2.5 million 20,000 square foot Aqua Vista park within 2,000 linear feet of shoreline access will be renovated and connected to the recently improved edge of Bayfront Park (with 2008 Neighborhood Parks bond proceeds). When completed, Aqua Vista Park and the future Bayfront Park combined are expected to include 2,000 linear feet of new shoreline access, continuous walking and bike paths, and dramatic views of ships being worked on at the Pier 70 ship yard and dry dock. Improvements may include new pathways, seating areas, interpretation and fishing facility improvements. Aqua Vista is a waterfront park at the southern edge of Mission Bay located on Terry Francois Boulevard at 16th Street that was originally improved in the 1970s. The project is expected to be completed in 2017.
- **Islais Creek Improvements:** The Islais Creek Shoreline Access improvement project is expected to complete the pathway system along the northern shore of Islais Creek from I-280 to Illinois Street. New public access would connect the Islais Creek Promenade at Tennessee Street to the historic Third Street Bridge. Improvements budgeted at \$2 million are expected to include a new waterfront walkway and scenic look out points. This site currently is partially unimproved, but improvements would close a gap in the Islais Creek system of open spaces, the Blue Greenway, and Bay Trail. The project is expected to be completed in 2017.
- **Warm Water Cove Park:** This existing 2 acre park is located along the bay's edge. Currently, it has a walking path, sitting areas, and native shoreline plantings. This park is expected to be renovated and expanded as a bay-side open space for gathering, walking, picnicking and historic interpretation, at a cost of \$1.5 million. Originally improved in the 1970s, the park is in need of new plantings, site furnishings, pathways and lighting. The park also is expected to be expanded to connect with 25th Street to close a gap in the Blue Greenway and San Francisco Bay Trail network. The project is expected to be completed in 2017.
- **Fisherman's Wharf Plaza:** The Port and the San Francisco Bay Conservation and Development Commission are conducting a community planning process to define improvements for a public plaza in Fisherman's Wharf. Improvements will complement the existing Pier 43 Bay Trail Promenade. The area will offer places to sit, picnic or stroll, along with dramatic views of the historic Pier 43 Ferry Arch and Alcatraz Island. The \$1.5 million plaza will be in the heart of Fisherman's Wharf, connecting and expanding upon shoreline open space.

B.5 Grants, Direct Appropriations and Other Funding Sources

As part of the plan of finance for the Port's capital requirements, Port staff is working with local, state, and federal governments and organizations to identify and secure grants and other contributions. Table 2 above lists several sources of funding that will support both state-of-good-repair and enhancement projects.

- ***U.S. Department of Transportation, Federal Railway Administration*** – In 2012 the Port was awarded \$3 million to improve reliability and efficiency of rail movement through

track and switching upgrades to the Port's primary rail spur, the Quint Street Lead. The award is strategically important for the Port, as it supports the larger goal of (and is a necessary component to) creating a robust export terminal at Pier 96 serviced by six-axle locomotives. The project assumes iron ore as the export commodity, with appropriate weight capacity and resiliency built in to associated infrastructure improvements. The remaining \$3.8 million in funding (which includes \$1 million in additional Port capital funds allocated by this year's proposed supplemental appropriation) will be expended by the Port in FY2016.

- ***USACE, Continuing Authorities Program Section 107, Central Basin Dredging*** – The Central Basin is the approach to the Pier 70 Shipyard's primary drydock facility. Dredging of this area is critical to operations of the shipyard. While the drydock itself is the largest privately operated repair facility of its kind on the west coast of the Americas, the increasingly restrictive siltation in the Central Basin is limiting the number and type of vessels that can access it. In September 2009, the Port requested dredging assistance from the Army Corps under Continuing Authorities Program Section 107. A 35' depth Central Basin dredge project has been approved and is scheduled for construction in 2016. The Army Corps will provide up to \$10 million in federal funding, which is 63 percent of the \$15.8 million estimated cost of the dredge project. The Port's proposed supplemental appropriation for this year includes \$2.9 million and BAE will provide \$2.9 million to fund the project, providing for a \$5.8 million local match. After this initial dredge, the Army Corps will then assume all costs for future dredging of the Central Basin, which will require several million dollars of federal funding every decade..
- ***USACE, Water Resources Development Act of 2007 (WRDA07)*** – In 2006, Port staff worked with Mayor Gavin Newsom's Office to successfully petition the Office of House of Representatives Speaker Nancy Pelosi to carry a new bill for federal authorization of a number of the Port's facilities. WRDA07 was approved by Congress and, in Section 5051 authorizes USACE, in cooperation with the Port of San Francisco, to seek appropriation of \$25 million for "...repair and removal, as appropriate, of Piers 30-32, 35, 36, 70 (including Wharves 7 and 8), and 80 in San Francisco, California, substantially in accordance with the Port's redevelopment plan." In 2011, Congress appropriated \$4.8 million of this authorization for removal of Pier 36, leaving \$20.2 million in authorization remaining. All funding from this source requires a 2:1 match from the Port. The Port has traditionally been the only City department with projects eligible for funding from the Army Corps.

In 2008 Congress placed a hold on project-based authorization, determining them to be "earmarks." As of the writing of this plan, the United States Congress continues to operate under a two-year moratorium on congressionally directed spending, i.e., direct "project" funding. However, because this moratorium has a differential impact across funding sources – in particular, the budget for the USACE is more affected than others – there is a great deal of speculation that the definition of "earmark" may be revised. The Capital Plan assumes that the remaining authorization of \$20.2 million will be appropriated in the FY2020-24 period.

- Department of Homeland Security, Port Security Grants*** – Since 2007, the Port’s Homeland Security Division has applied for and been awarded over \$28 million in State and Federal Port Security grant Programs. Over the next five years, the Port plans to apply for an additional \$6.3 million in federal funding provided by FEMA under the PSGP (Port Security Grant Program). PSGP funding will provide enhanced security capabilities, establish boundaries, and provide controlled access where required and authorized, as well as enhance threat detection and prevention, and increase security measures for berth and passenger terminals that are consistent with Department of Homeland Security and United States Coast Guard requirements. It is expected that FEMA will continue to require a 25 percent match, which the Port will provide from the capital budget. Individual security projects may include lighting, high security fencing, closed-circuit television (CCTV) cameras, intrusion detection systems, and vessels.
- San Francisco Bay Area Water Emergency Transportation Authority (WETA)*** – WETA is proposing to utilize federal and state funding to support a two-phased project to improve the Downtown Ferry Terminal (DTFT) at the San Francisco Ferry Building. WETA and the Port have entered into a Memorandum of Understanding (MOU) to undertake a coordinated planning effort for the DTFT expansion project in accordance with the Port’s objectives for stewardship of the San Francisco waterfront and WETA’s mission to provide ferry service and emergency operations. The project would expand the number of ferry gates, improve pedestrian circulation and ferry patron boarding, and enhance emergency response capabilities to evacuate people from San Francisco in the event of a major catastrophic event. The remaining work in the project plan includes funding from state and local sources, including California Proposition 1B, Proposition K (½ cent sales tax) and RM2 (bridge tolls) and addresses \$7.6 million in state-of-good-repair and \$2.1 million in seismic needs.

The Water Emergency Transportation Authority (“WETA”) is now pursuing Phase 2 of the Downtown Ferry Terminal to add up to three new ferry gates, weather-protected areas for queuing, and a new public plaza between the Ferry Building and the Agriculture Building, which also will support emergency staging and evacuation in the event of a major catastrophe. Construction of Phase 2, at an estimated cost of \$97 million, is expected to begin in 2016 and be completed by 2020.
- Environmental Clean-up and Open Space Projects*** – As part of a settlement agreement with the Cosco Busan following a collision with the Bay Bridge in 2012, the Port and Department of Recreation and Parks were awarded \$1.37 million in funding to be used for environmental clean-up and open space projects. The Port will use its \$685,000 share of the award to stabilize the shoreline at the future site of Crane Cove Park in the Port’s Pier 70 area.
- California Coastal Conservancy Grant*** – The California Coastal Conservancy has awarded the Port \$620,000 for repair to the Port’s historic Copra Crane, and for related removal of portions of Pier 84. The Copra Crane, operated by Longshoremen, was last utilized in 1974 to remove copra (dried coconut) imported from the Philippines from cargo vessels. It is an important part of Port labor history, as it is the last remnant of

manually operated machinery for loading and unloading cargo on the San Francisco waterfront.

Table 2 lists several additional sources of funding that the Port staff has identified, but not yet secured, that could contribute significantly to future capital plans. Staff will make a concerted effort to realize these funding sources.

- ***City Match to USACE WRDA 2020, Seawall Repair*** – Though WRDA legislation is intended to be biennial, as a matter of practice these new authorizations are passed into law much less frequently. For the next WRDA, Port staff will submit language to amend the Port's existing WRDA07 authorization to increase the amount of funding authorized, and to make eligible appropriations for seawall construction or repair and removal of derelict pilings. This Authorization assumes a conservative estimate of \$60 million for a comprehensive rehabilitation and modernization of the San Francisco seawall. The USACE share of this project would be two-thirds, or \$40 million. The balance of funds, or local match for the seawall rehabilitation described above, is one-third, or \$20 million. Because this capital requirement is so high relative to the Port's capital budget, and because the beneficiaries of this project extend far beyond the Port, the plan assumes that financing for the local share of the project would come from a general fund source that recognizes its City-wide benefit.

B.6 Transferrable Development Rights

Each of the pier sheds and associated bulkhead buildings on the Port's historic finger piers are collectively recognized as part of the Embarcadero Waterfront Historic District listed on the National Register of Historic Places. Any alteration or historic rehabilitation undertaken for these resources is required under Port Commission policy to comply with U.S. Secretary of the Interior Standards for Historic Rehabilitation (Secretary Standards). The Port has relied on the Federal Historic Tax Credit Program as one essential financing tool to assist in paying for the high cost of rehabilitation to meet the Secretary Standards. However, given the age of the piers and increasing costs of repair, structural and/or seismic interventions necessary to meet current codes, other financing strategies are required to save these historic resources and continue the Port's waterfront revitalization efforts.

The Port has initiated discussions with the Board of Supervisors, Planning Department, San Francisco Architectural Heritage and other preservation stakeholders to consider allowing the City's Transfer of Development Rights (TDR) program to be applied to historic rehabilitation projects defined by the Port Commission that would rehabilitate historic resources in the Embarcadero Historic District. TDR is an historic preservation incentive tool that allows unused development air rights on sites containing recognized historic resources of public value to be sold and applied to other development "receptor" sites. The City's TDR program requirements and provisions are contained in the San Francisco Planning Code and administered by the San Francisco Planning Department. Any historic building that receives benefit from the TDR program would require that the allowable development of that site be reduced by the amount sold through the TDR program.

The Port sees TDR as an important financing tool that could generate significant funding to support historic rehabilitation costs of its historic pier resources, particularly at Piers 19, 23 and 29 in the Northern Waterfront.

In 2013, the Port participated with City Planning in a study of the current program to determine how the current TDR market is functioning and to what extent the addition of Port piers into the program would impact the existing market. The study concluded that there is some limited capacity in the local TDR market for addition of publicly-owned buildings, and that the City should remain open to the Port's proposal to use TDR for Piers 19, 23 and 29.

In 2013, the Planning Department and Capital Planning Committee endorsed the use of TDR for designated historic Civic Center Buildings including the War Memorial, only the second time in the history of the program that TDR has been used to help finance rehabilitation of publicly-owned historic buildings. The Planning Department and the Capital Planning Committee have determined that further use of TDR for publicly-owned buildings (including the Port's piers) should wait until market impacts of the War Memorial TDR allocation can be determined.

If the War Memorial allocation indicates that there is sufficient market demand to accommodate the Port's finger piers, the Board of Supervisors would have to adopt legislation authorizing the Port to participate in the TDR program. The Port has already succeeded in gaining State authorization to participate in the local TDR program through enactment of AB 2649 (Assemblymember Tom Ammiano).

VII. CONCLUSIONS

The Port's Ten-Year Capital Plan continues to evolve since its inception nine years ago. The Port has employed the information that the Plan generates to develop and implement its legislative and financing strategies to redevelop the City's waterfront, fulfill its public trust mission, and reconnect the City with its waterfront.

Since the first plan in 2006, the Port has used this document to guide a total in investment exceeding \$220 million in non-developer funding. Still, a persistent gap remains between the Port's available resources and its ever growing need. It is a clear challenge, but one the Port has demonstrated it has the fortitude as an institution to meet. While the plan is a forward looking document, it is our history of continual improvement that has generated opportunity for growth, and leveraged even greater opportunity. The plan was integral to the Port's issuance of its revenue bonds as well as to the Port's preparations for the 34th America's Cup. It provides a solid framework and confidence-building, holistic view of the Port to interested constituents, as well as to general audiences.

As a road-map, the plan has enabled stronger application for federal grant funding, and stronger footing for inclusion in future City-sponsored general obligation bonds. The plan also served a vital role in supporting legislative changes to the Port's ability to develop Seawall Lot 337 and Pier 70 by securing tax increment to pay for public infrastructure investments in these proposed development project areas.

The Port's review of the Waterfront Land Use Plan highlighted that the Port is more unified with its waterfront than it has ever been, with industry, commerce and residence all existing in a harmony of contrasts. A South Beach resident might walk from her home to attend a San Francisco Giants game, and between innings, watch from her seat as one of the largest ships in the world is lifted out of the water for repair at the Port's Pier 70 shipyard. However united we are as a Port, we continue to need to grow in our connection with those away from the shore.

The controversy around height limits that so dominated discussion around the waterfront in 2014 changed the prism through which the Port must view development. With the passage of Proposition B, the community that is actively weighing in on the Port's development is no longer nearby and neighborhood in character, but rather an entire City of civic-minded voters. Moving forward, the Port must be ever mindful of the larger presence our work has in the San Francisco consciousness.

The next big capital planning challenge for the Port is to involve sister City agencies and regulatory partners in examining the Port's 100-year-old seawall to address its structural stability facing both a seismic event and future sea level rise. The long-range improvements to the City's seawall and marginal wharf will require a coordinated planning and funding strategy that will need to be reflected in future updates of the Port's Capital Plan.

Finally, the preliminary success of the Port-BCDC planning study and the Port's desire to reposition its northern waterfront piers for different uses through a public process underscore the need for strong public outreach and comprehensive planning. The Port must always take care to

ensure that there is a strong local and regional public consensus regarding the future of one of the most beautiful public waterfronts in the world.

APPENDIX A – Ten-Year Capital Needs, By Facility

Definitions

Building Type: This is the fundamental structure type, where a ‘simple’ building is a warehouse or garage structure with limited subsystems, a ‘basic’ building is a standard commercial structure with appropriate subsystems, ‘small’ buildings are less than 5,000 square feet (and as such, the method for estimating costs for these structures is simplified), and a ‘pier’ is a pile supported over-water foundation structure (as distinct from a shed building that sit atop a pier).

Backlog: The accumulation of all overdue needed repair work, as of year one of this Plan.

Ten-Year Renewals: Costs for replacing building subsystems that will reach the end of their life between year one and year ten of this plan.

One-Time Costs: Costs that are singular in nature, such as a seismic upgrade, as differentiated from the cyclical costs of replacing building subsystems at the end of their lifetime (e.g., many roofs at the Port are 30-year roofs, and as such, are on a 30-year replacement schedule).

Bldg. No.	Building Name	Building Type	Backlog	10 Year Renewals	One-Time	Total
000	Leased Piers	Port Wide	\$0	\$46,664	\$0	\$46,664
0000	Equipment	BASIC	\$0	\$0	\$10,664	\$10,664
0000	Port-wide Projects	Port Wide	\$0	\$324,482	\$208,220	\$532,702
1001	Downtown Ferry Terminal	BASIC	\$760	\$0	\$2,621	\$3,381
1010	Pier 1	Piers	\$0	\$88	\$0	\$88
1010	Pier 1 - Office Building	BASIC	\$0	\$3,481	\$0	\$3,481
1015	Pier 1 1/2	Piers	\$0	\$0	\$0	\$0
1015	Pier 1 1/2 - Bulkhead/Shed Building	BASIC	\$0	\$467	\$0	\$467
1020	Pier 2	Piers	\$4,631	\$0	\$2,210	\$6,841
1030	Pier 3	Piers	\$8,476	\$0	\$6,558	\$15,034
1030	Pier 3 - Bulkhead/Shed Building	BASIC	\$0	\$754	\$0	\$754
1050	Pier 5	Piers	\$0	\$0	\$0	\$0
1055	Pier 5 1/2 - Bulkhead Building	BASIC	\$0	\$553	\$0	\$553
1070	Pier 7 Public Pier	Piers	\$0	\$0	\$0	\$0
1075	Pier 7 - The Waterfront Restaurant	BASIC	\$319	\$113	\$178	\$609
1075	Pier 7 1/2	Piers	\$0	\$0	\$0	\$0
1090	Pier 9	Piers	\$12,724	\$0	\$10,590	\$23,314
1090	Pier 9 Bulkhead/Shed Building	BASIC	\$9,580	\$7,044	\$3,780	\$20,404
1095	Pier 9 1/2	Piers	\$835	\$0	\$687	\$1,522
1140	Pier 14 (Public Pier)	Piers	\$0	\$0	\$0	\$0
1150	Pier 15	Piers	\$141	\$0	\$0	\$141
1150	Pier 15 - Bulkhead/Shed Building (contains trailer)	SIMPLE	\$3,239	\$597	\$4,098	\$7,934
1155	Pier 15/17 - Office on Marginal Wharf	SMALL	\$0	\$0	\$0	\$0
1155	Pier 15/17 Valley - demolition	Piers	\$9,527	\$0	\$0	\$9,527
1170	Pier 17	Piers	\$105	\$0	\$0	\$105
1170	Pier 17 - Shed Building	SIMPLE	\$3,350	\$883	\$3,439	\$7,672
1175	Pier 17 1/2	Piers	\$1,552	\$0	\$510	\$2,062

Bldg. No.	Building Name	Building Type	Backlog	10 Year Renewals	One-Time	Total
1190	Pier 19	Piers	\$4,415	\$0	\$6,850	\$11,265
1190	Pier 19 - Bulkhead/Shed Building	SIMPLE	\$1,416	\$179	\$2,882	\$4,477
1195	Pier 19 1/2	Piers	\$5,522	\$0	\$3,049	\$8,571
1195	Pier 19 1/2 - Bulkhead/Shed	SIMPLE	\$671	\$82	\$1,289	\$2,043
1225	Pier 22 1/2	Piers	\$2,483	\$0	\$1,074	\$3,557
1225	Pier 22 1/2 - Fire Station	BASIC	\$715	\$0	\$146	\$861
1225	Pier 22 1/2 - Maintenance / Recreation	SMALL	\$0	\$0	\$0	\$0
1230	Pier 23	Piers	\$6,557	\$0	\$10,870	\$17,427
1230	Pier 23 - Bulkhead/Shed Building	SIMPLE	\$666	\$0	\$2,956	\$3,622
1235	Pier 23 1/2	Piers	\$3,068	\$0	\$504	\$3,572
1235	Pier 23 1/2 Pier 23 Cafe	SMALL	\$0	\$0	\$0	\$0
1245	Pier 24 1/2	Piers	\$4,723	\$0	\$3,701	\$8,424
1245	Pier 24 1/2 -Bulkhead/Shed Building	SIMPLE	\$647	\$0	\$824	\$1,471
1260	Pier 26	Piers	\$16,147	\$0	\$16,224	\$32,371
1260	Pier 26 - Bulkhead/Shed	SIMPLE	\$3,141	\$2,349	\$3,786	\$9,276
1265	Pier 26 1/2	Piers	\$3,558	\$0	\$2,869	\$6,427
1265	Pier 26.5 - Bulkhead	BASIC	\$2,330	\$952	\$0	\$3,282
1270	Pier 27	Piers	\$0	\$0	\$0	\$0
1270	Pier 27 - Office Annex	SMALL	\$588	\$0	\$0	\$588
1280	Pier 28	Piers	\$10,371	\$0	\$15,303	\$25,674
1280	Pier 28 - Bulkhead/Shed Building	SIMPLE	\$2,465	\$405	\$2,266	\$5,136
1285	Pier 28 1/2	Piers	\$510	\$0	\$387	\$897
1285	Pier 28 1/2 - Hivive Restaurant	SMALL	\$216	\$0	\$0	\$216
1290	Pier 29	Piers	\$10,207	\$0	\$0	\$10,207
1290	Pier 29 - *Bulkhead/Shed Building	SIMPLE	\$0	\$0	\$4,564	\$4,564
1295	Pier 29 1/2	Piers	\$0	\$0	\$0	\$0
1295	Pier 29 1/2 - Bulkhead Building	SIMPLE	\$1,508	\$100	\$1,547	\$3,155
1310	Pier 31	Piers	\$5,132	\$0	\$17,408	\$22,540
1310	Pier 31 - Bulkhead/Shed Building	SIMPLE	\$3,145	\$1,446	\$2,801	\$7,393
1315	Pier 31 1/2	Piers	\$3,834	\$0	\$3,152	\$6,986
1320	Pier 30 and 32	Piers	\$43,903	\$295	\$57,582	\$101,780
1325	Pier 32 1/2 Marginal Wharf (Brannan St)	Piers	\$0	\$0	\$0	\$0
1330	Pier 33	Piers	\$6,801	\$0	\$11,337	\$18,138
1330	Pier 33 - Bulkhead/Shed Building	SIMPLE	\$2,055	\$1,951	\$2,620	\$6,625
1335	Pier 33 1/2	Piers	\$0	\$0	\$495	\$495
1335	Pier 33 1/2 - Bulkhead Building	BASIC	\$114	\$0	\$0	\$114
1345	Pier 34 1/2 Marginal Wharf	Piers	\$0	\$0	\$0	\$0
1350	Pier 35 - Bulkhead/Shed Building	BASIC	\$5,801	\$13,836	\$5,372	\$25,008
1350	Pier 35 Cruise Terminal	Piers	\$42,791	\$274	\$10,031	\$53,095
1355	Pier 35 1/2	Piers	\$0	\$0	\$5,402	\$5,402
1380	Pier 38	Piers	\$19,106	\$0	\$16,933	\$36,039
1380	Pier 38 - Bulkhead/Shed Building	SIMPLE	\$411	\$1,850	\$3,269	\$5,531
1385	Pier 38 1/2	Piers	\$656	\$0	\$539	\$1,195
1390	Pier 39	Piers	\$0	\$0	\$0	\$0
1390	Pier 39 - Retail Shops	BASIC	\$4,337	\$4,879	\$7,699	\$16,915
1390	Pier 39 - Underwater World	BASIC	\$313	\$854	\$0	\$1,167
1395	Pier 39 1/2 Marginal Wharf	Piers	\$0	\$0	\$0	\$0
1400	Pier 40	Piers	\$5,487	\$0	\$10,887	\$16,374

Bldg. No.	Building Name	Building Type	Backlog	10 Year Renewals	One-Time	Total
1400	Pier 40 - Shed Building	SIMPLE	\$274	\$728	\$1,353	\$2,356
1400	Pier 40 Restaurant & Robert Steck Chandelry	BASIC	\$55	\$228	\$235	\$519
1405	Pier 40 1/2 (S Beach Harbor Wharf)	Piers	\$2,899	\$0	\$477	\$3,376
1405	Pier 40 1/2 - Java House	SMALL	\$0	\$0	\$0	\$0
1410	Pier 41	Piers	\$0	\$0	\$3,376	\$3,376
1415	Pier 41 1/2	Piers	\$2,195	\$0	\$0	\$2,195
1415	Pier 41 1/2 - Blue&Gold Bldg.	BASIC	\$0	\$1,359	\$435	\$1,794
1430	Pier 43	Piers	\$0	\$0	\$316	\$316
1430	Pier 43 - Arch	SMALL	\$248	\$0	\$0	\$248
1435	Pier 43 1/2	Piers	\$0	\$0	\$0	\$0
1435	Pier 43 1/2 - Franciscan Restaurant	BASIC	\$659	\$267	\$421	\$1,347
1435	Pier 43 1/2 - Red & White Tours	SMALL	\$0	\$35	\$0	\$35
1450	Pier 45	Piers	\$1,130	\$2,696	\$0	\$3,825
1450	Pier 45 - Shed A	SIMPLE	\$732	\$1,447	\$2,133	\$4,312
1450	Pier 45 - Shed B	SIMPLE	\$736	\$1,455	\$2,145	\$4,336
1450	Pier 45 - Shed C	SIMPLE	\$1,033	\$1,210	\$2,184	\$4,427
1450	Pier 45 - Shed D	SIMPLE	\$728	\$1,252	\$1,937	\$3,916
1461	Pier 46B China Basin Ferry Terminal	Piers	\$958	\$0	\$0	\$958
1470	Pier 47 - Guardinos Storage Bldg	SMALL	\$0	\$64	\$0	\$64
1470	Pier 47 - Scoma / Fish Prep Bldg	SMALL	\$0	\$0	\$0	\$0
1470	Pier 47 - Scoma Storage Bldg	SMALL	\$0	\$103	\$0	\$103
1470	Pier 47 - Scomas Restaurant	BASIC	\$387	\$1,221	\$365	\$1,973
1470	Pier 47 - Scomas Storage Shed	SMALL	\$0	\$0	\$0	\$0
1470	Pier 47 - Wharf J6, J7, J8	Piers	\$1,963	\$0	\$4,565	\$6,528
1470	Pier 47 WF Albert Seafoods Proc Bldg	SIMPLE	\$143	\$92	\$192	\$427
1480	Pier 48	Piers	\$10,461	\$0	\$1,598	\$12,059
1480	Pier 48 - Shed A	SIMPLE	\$2,031	\$443	\$0	\$2,474
1480	Pier 48 - Shed B	SIMPLE	\$2,086	\$455	\$0	\$2,542
1485	Pier 48 1/2 - Jellys restaurant	SMALL	\$0	\$0	\$0	\$0
1490	Pier 49 - Aliotos Restaurant (Wharf J-1)	BASIC	\$0	\$436	\$355	\$791
1490	Pier 49 - Fishermans Grotto No. 9 (Wharf J-1)	BASIC	\$0	\$678	\$552	\$1,230
1490	Pier 49 - Fishermans Memorial Chapel	SMALL	\$0	\$166	\$0	\$166
1490	Pier 49 - Guardinos (Wharf J-1)	SMALL	\$0	\$0	\$0	\$0
1490	Pier 49 - Sabella & Latorre (Wharf J-1)	SMALL	\$0	\$0	\$0	\$0
1490	Pier 49 - Tarantinos Restaurant (Wharf J-1)	BASIC	\$0	\$377	\$210	\$587
1490	Pier 49 - The Crab Station (Wharf J-1)	SMALL	\$0	\$0	\$0	\$0
1490	Pier 49 Nicks Lighthouse (Wharf J-1)	SMALL	\$0	\$185	\$0	\$185
1490	Wharfs J-1 and J-3 (Pier 49)	Piers	\$0	\$906	\$3,485	\$4,391
1500	Pier 50	Piers	\$24,943	\$1,973	\$20,445	\$47,361
1500	Pier 50 - Shed A	SIMPLE	\$2,375	\$953	\$2,190	\$5,518
1500	Pier 50 - Shed B	SIMPLE	\$1,233	\$1,234	\$2,221	\$4,688
1500	Pier 50 - Shed C	SIMPLE	\$1,847	\$1,441	\$2,668	\$5,957
1500	Pier 50 - Shed D	SIMPLE	\$1,515	\$1,018	\$3,081	\$5,615
1505	Pier 50 1/2	Piers	\$0	\$0	\$393	\$393
1520	Pier 52	Piers	\$0	\$0	\$4,515	\$4,515
1540	Pier 54	Piers	\$27,870	\$0	\$9,374	\$37,244

Bldg. No.	Building Name	Building Type	Backlog	10 Year Renewals	One-Time	Total
1540	Pier 54 - Office Bldg	SMALL	\$554	\$0	\$0	\$554
1540	Pier 54 - Oil Shed	SMALL	\$132	\$0	\$0	\$132
1540	Pier 54 - Shed Building	SIMPLE	\$433	\$350	\$725	\$1,508
1540	Pier 54 - Storage Shed	SMALL	\$0	\$0	\$0	\$0
1600	Pier 60 - Wharf - wood piles	Piers	\$1,218	\$0	\$527	\$1,745
1620	Third Street Bridge House	SMALL	\$0	\$27	\$0	\$27
1640	Pier 64	Piers	\$3,010	\$0	\$300	\$3,310
1645	Pier 64 1/2 Kelly Mission Rock Resort Restnt	BASIC	\$0	\$460	\$0	\$460
1680	Pier 68	Piers	\$7,919	\$43,104	\$7,855	\$58,878
1680	Pier 70 - Pier 68 - Bathrooms Bldg. #141	SMALL	\$0	\$66	\$0	\$66
1680	Pier 70 - Pier 68 - Beth Street Substation #2, Bldg. #50	SMALL	\$0	\$0	\$9	\$9
1680	Pier 70 - Pier 68 - Beth Street Warehouse Bldg. #30	SMALL	\$0	\$0	\$70	\$70
1680	Pier 70 - Pier 68 - Blast Shed Bldg. #150	SMALL	\$0	\$0	\$0	\$0
1680	Pier 70 - Pier 68 - Boiler/Steam Power House - #103	SMALL	\$308	\$0	\$241	\$549
1680	Pier 70 - Pier 68 - Building #149	SMALL	\$0	\$0	\$0	\$0
1680	Pier 70 - Pier 68 - Cable/Electric Shop - Bldg.#38	SIMPLE	\$0	\$0	\$450	\$450
1680	Pier 70 - Pier 68 - Checkhouse #1, Bldg. #122	SMALL	\$0	\$0	\$197	\$197
1680	Pier 70 - Pier 68 - Checkhouse #2, Bldg. #123	SMALL	\$0	\$0	\$95	\$95
1680	Pier 70 - Pier 68 - Equipment Building #36	SIMPLE	\$352	\$48	\$2,732	\$3,132
1680	Pier 70 - Pier 68 - Machine Shop - Bldg. #105	SIMPLE	\$538	\$49	\$4,403	\$4,990
1680	Pier 70 - Pier 68 - near checkhouse #2, Building #51	SMALL	\$66	\$0	\$0	\$66
1680	Pier 70 - Pier 68 - Office Bldg (#127)	SMALL	\$0	\$0	\$0	\$0
1680	Pier 70 - Pier 68 - Office Bldg Annex to #101, Bldg. #40	BASIC	\$0	\$0	\$177	\$177
1680	Pier 70 - Pier 68 - Office Building #101	BASIC	\$7,231	\$0	\$5,736	\$12,967
1680	Pier 70 - Pier 68 - Office Building #104	BASIC	\$4,568	\$0	\$5,127	\$9,695
1680	Pier 70 - Pier 68 - Office/Warehouse Bldg.- Bldg #111	BASIC	\$6,397	\$1,447	\$11,695	\$19,539
1680	Pier 70 - Pier 68 - Ops. Bldg #102	BASIC	\$1,087	\$0	\$2,067	\$3,154
1680	Pier 70 - Pier 68 - Pipe Rack, Bldg. #120	SMALL	\$0	\$0	\$51	\$51
1680	Pier 70 - Pier 68 - Pipe Storage Bldg #107	SMALL	\$0	\$0	\$0	\$0
1680	Pier 70 - Pier 68 - Sheet Metal/Tools Bldg #109	SIMPLE	\$1,488	\$803	\$2,210	\$4,500
1680	Pier 70 - Pier 68 - Shipwright Building #108	BASIC	\$6,733	\$0	\$11,937	\$18,670
1680	Pier 70 - Pier 68 - Steel Shop Office (bldg #121)	SMALL	\$0	\$102	\$0	\$102
1680	Pier 70 - Pier 68 - Substation #4 (bldg #58)	SMALL	\$0	\$0	\$157	\$157
1680	Pier 70 - Pier 68 - Substation #6, Bldg. #64	SMALL	\$331	\$0	\$1,124	\$1,455

Bldg. No.	Building Name	Building Type	Backlog	10 Year Renewals	One-Time	Total
1680	Pier 70 - Pier 68 - Substation #7 (bldg #68)	SMALL	\$0	\$0	\$87	\$87
1680	Pier 70 - Pier 68 - Warehouse & 6-ton crane, Bldg. #49	SIMPLE	\$0	\$0	\$500	\$500
1680	Pier 70 - Pier 68 - Yard Washroom, Bldg. #110	SMALL	\$0	\$0	\$1,000	\$1,000
1680	Pier 70 - Pier 68 - Yard Washroom, Bldg. #119	SMALL	\$0	\$0	\$25	\$25
1700	Pier 70	Piers	\$55,359	\$0	\$49,864	\$105,223
1800	Pier 80	Piers	\$11,505	\$1,468	\$67,804	\$80,777
1800	Pier 80 - Entry Canopy	SIMPLE	\$270	\$0	\$325	\$595
1800	Pier 80 - Gear & Maintenance Building	SIMPLE	\$1,227	\$129	\$1,147	\$2,503
1800	Pier 80 - Office Bldg #2	SMALL	\$116	\$0	\$0	\$116
1800	Pier 80 - Service Building	SIMPLE	\$1,341	\$1,408	\$911	\$3,660
1800	Pier 80 - Shed A	SIMPLE	\$0	\$1,857	\$25,275	\$27,132
1800	Pier 80 - Shed D	SIMPLE	\$3,289	\$1,400	\$4,970	\$9,659
1800	Pier 80 - Terminal Office	SMALL	\$294	\$0	\$0	\$294
1800	Pier 80 Office Bldg #1	SMALL	\$116	\$0	\$0	\$116
1840	Copra Crane	BASIC	\$896	\$0	\$0	\$896
1900	Pier 90	Piers	\$11,737	\$0	\$0	\$11,737
1900	Pier 90 - Fire Department Building	BASIC	\$81	\$29	\$184	\$294
1900	Pier 90 - Maintenance Bldg	SMALL	\$0	\$0	\$0	\$0
1900	Pier 90 - Old Powerhouse	SMALL	\$0	\$0	\$0	\$0
1900	Pier 90 - Storage Bldg	SMALL	\$0	\$39	\$0	\$39
1900	Pier 90 - Truck Pits	SMALL	\$0	\$108	\$0	\$108
1920	Pier 92	Piers	\$4,483	\$0	\$0	\$4,483
1940	Pier 94 - 96 wharf area	Piers	\$5,582	\$0	\$8,387	\$13,969
1940	Pier 94 - Wharfside Building	SMALL	\$0	\$66	\$0	\$66
1960	Pier 96 - Administration Building	BASIC	\$1,147	\$633	\$457	\$2,236
1960	Pier 96 - Entry Canopy	SIMPLE	\$244	\$0	\$294	\$538
1960	Pier 96 - Exit Canopy	SIMPLE	\$145	\$0	\$174	\$319
1960	Pier 96 - Gatehouse Bldg	SMALL	\$0	\$240	\$0	\$240
1960	Pier 96 - Maintenance Building	BASIC	\$1,540	\$1,123	\$890	\$3,554
1960	Pier 96 - Office/Restroom	SMALL	\$0	\$0	\$0	\$0
1960	Pier 96 - Recycling/LASH Terminal	SIMPLE	\$2,626	\$4,865	\$5,483	\$12,974
1960	Pier 96 - Storage	SMALL	\$0	\$159	\$0	\$159
1960	Pier 96 - Truck Scales	SMALL	\$0	\$41	\$0	\$41
1980	Herons Head Park	BASIC	\$0	\$0	\$226	\$226
2000	Fac. 2000 - Ferry Plaza	Piers	\$633	\$390	\$0	\$1,024
2500	Hyde Street Pier	Piers	\$0	\$0	\$0	\$0
2500	Hyde Street Pier - Storage Buildings (3)	SMALL	\$0	\$166	\$0	\$166
2505	Pier 50 Administration Building	BASIC	\$2,019	\$546	\$573	\$3,138
2740	Fac. 200 - World Trade Club Restaurant	BASIC	\$338	\$1,156	\$883	\$2,378
2750	Fac. 274-175 - Ferry Building Clock Tower	BASIC	\$0	\$484	\$360	\$844
2750	Fac. 274-275 Ferry Building	BASIC	\$0	\$12,995	\$8,772	\$21,767
2750	Ferry Building: Fac. 274 - 275	Piers	\$0	\$0	\$0	\$0
2770	Pier 2 - Sinbads	BASIC	\$0	\$0	\$0	\$0
2780	Fac. 278 Agriculture Bldg Substructure	Piers	\$5,668	\$0	\$3,107	\$8,775

Bldg. No.	Building Name	Building Type	Backlog	10 Year Renewals	One-Time	Total
2780	Fac. 278 Agriculture Building	BASIC	\$3,729	\$288	\$652	\$4,669
2800	Pier 80 Administration Building	BASIC	\$4,874	\$1,450	\$2,309	\$8,633
3010	SWL 301 - Andre Boudin Pavilion	SMALL	\$0	\$0	\$0	\$0
3010	SWL 301 - Andre Boudin Restaurant	BASIC	\$0	\$460	\$0	\$460
3020	Street - Pier 47, Fish Alley, Al Scoma Way	Street	\$417	\$0	\$0	\$417
3020	SWL 302 - Alioto Fish Co.	BASIC	\$0	\$1,735	\$465	\$2,200
3020	SWL 302 - Castagnola/Storage Bldg	SMALL	\$0	\$142	\$0	\$142
3020	SWL 302 - Crab Boat Owners Asso.	BASIC	\$404	\$0	\$79	\$483
3020	SWL 302 - Firewood Cafe	BASIC	\$0	\$409	\$117	\$526
3020	SWL 302 - Pompeis Grotto	BASIC	\$0	\$324	\$121	\$445
3020	SWL 302 - Port Harbor Office	SMALL	\$0	\$63	\$0	\$63
3020	SWL 302 - Scomas (Smoke House)	BASIC	\$0	\$177	\$141	\$318
3020	SWL 302 - United Shellfish Warehouse	SMALL	\$0	\$0	\$0	\$0
3020	SWL 302 Castagnola Rest.	BASIC	\$0	\$534	\$435	\$969
3020	SWL 302 Coast Marine Supply Mat. Storage Bldg	SIMPLE	\$0	\$485	\$615	\$1,100
3020	SWL 302 Costal Marine Retail Space	SMALL	\$0	\$301	\$0	\$301
3020	SWL 302 D&G Co. d.b.a. Lou Blues	SMALL	\$0	\$610	\$0	\$610
3020	SWL 302 Franks Fisherman Supply	BASIC	\$102	\$431	\$241	\$773
3020	SWL 302 Substructure (Wharf J-9)	Piers	\$5,833	\$0	\$2,055	\$7,888
3020	SWL 302 United Shellfish Processing	SIMPLE	\$0	\$45	\$50	\$95
3030	Street - Hyde Alley, Fish Alley	Street	\$309	\$0	\$0	\$309
3030	SWL 302 Cal Shell Fish Shed	SMALL	\$0	\$122	\$0	\$122
3030	SWL 303 - Alioto Fish Co.	BASIC	\$266	\$710	\$216	\$1,192
3030	SWL 303 - Cal Shell Fish	BASIC	\$156	\$172	\$144	\$472
3030	SWL 303 - Cioppinos/(Hoppe)	BASIC	\$0	\$748	\$336	\$1,084
3030	SWL 303 - Franceschis Restaurant	BASIC	\$0	\$195	\$109	\$304
3030	SWL 303 - GP Resources	SMALL	\$34	\$0	\$0	\$34
3030	SWL 303 - SP Trantino/Martell Ins	SMALL	\$0	\$0	\$0	\$0
3030	SWL 303 - The Bay Company, Hoppe, Arthur N.	BASIC	\$0	\$439	\$245	\$684
3110	SWL 311 Pier 39 Garage	SIMPLE	\$0	\$942	\$7,121	\$8,063
3130	SWL 313 Embarcadero Triangle Lot Assn.	SIMPLE	\$0	\$428	\$3,376	\$3,804
3150	SWL 315 Office Bulding (HHC Investment limited)	BASIC	\$0	\$8,241	\$3,889	\$12,130
3160	SWL 316 Houstons Restaurant	BASIC	\$0	\$1,056	\$371	\$1,427
3170	SWL 317 Office Building	BASIC	\$0	\$9,047	\$4,268	\$13,315
3180	SWL 318 Roundhouse One	BASIC	\$367	\$923	\$592	\$1,882
3180	SWL 318 Roundhouse Two	BASIC	\$1,115	\$181	\$804	\$2,100
3180	SWL 318 Sandhouse	SMALL	\$0	\$238	\$0	\$238
3190	SWL 319 Fog City Diner	BASIC	\$0	\$163	\$137	\$300
3220	SWL 322 ABC TV	BASIC	\$0	\$6,341	\$4,984	\$11,325
3270	Epic Roasthouse	BASIC	\$0	\$149	\$0	\$149
3270	Waterbar Restaurant	BASIC	\$0	\$149	\$0	\$149
3310	SWL 331 & 332 Delancey Street Foundation	BASIC	\$0	\$6,007	\$4,820	\$10,827
3450	Pier 70 - SWL 345 - Kneass Boatworks, Main Office/boat storage	SIMPLE	\$0	\$0	\$1,862	\$1,862

Bldg. No.	Building Name	Building Type	Backlog	10 Year Renewals	One-Time	Total
3450	Pier 70 - SWL 345 - Kneass, Pier 66 Boatyard Office	SMALL	\$331	\$0	\$0	\$331
3450	SWL 345 - SF Boat Works Office/Shop	BASIC	\$206	\$275	\$227	\$708
3450	SWL 345 - SF Boat Works Storage/The Ramp	SIMPLE	\$175	\$24	\$188	\$387
3490	Pier 70 - SWL 349 - Auto Yard Shop Bldg #19	SIMPLE	\$211	\$0	\$1,243	\$1,454
3490	Pier 70 - SWL 349 - Beth Street Stress Relieving, Bldg. #16	SIMPLE	\$297	\$0	\$1,383	\$1,680
3490	Pier 70 - SWL 349 - Beth Street Warehouse, Bldg. #32	SIMPLE	\$384	\$0	\$1,704	\$2,088
3490	Pier 70 - SWL 349 - Beth Street Washroom & Locker, Bldg. #24	SMALL	\$568	\$0	\$790	\$1,358
3490	Pier 70 - SWL 349 - Beth Street Washroom & Locker, Bldg. #25	SMALL	\$0	\$247	\$60	\$307
3490	Pier 70 - SWL 349 - Beth Street Washroom & Locker, Bldg. #29	SMALL	\$612	\$0	\$938	\$1,550
3490	Pier 70 - SWL 349 - Brass Foundry, Bldg. #115	SIMPLE	\$577	\$0	\$2,404	\$2,981
3490	Pier 70 - SWL 349 - Foundry, Bldg. #116	SIMPLE	\$577	\$0	\$5,184	\$5,761
3490	Pier 70 - SWL 349 - Test Room, Bldg. #23	SMALL	\$721	\$0	\$281	\$1,002
3490	Pier 70 - SWL 349 - UIW Machine Shop, Bldg. #114	SIMPLE	\$288	\$0	\$4,731	\$5,019
3490	Pier 70 - SWL 349 Building #6 (condemned)	SIMPLE	\$1,234	\$0	\$7,652	\$8,886
3490	Pier 70 - SWL 349 Equipment Bldg - Bldg #14	SIMPLE	\$517	\$0	\$2,531	\$3,048
3490	Pier 70 - SWL 349 Heavy Machine Shop - Bldg #113	SIMPLE	\$2,758	\$0	\$21,765	\$24,523
3490	Pier 70 - SWL 349 Office Building - Bldg. #11 Noonan	BASIC	\$0	\$0	\$531	\$531
3490	Pier 70 - SWL 349 SF Shipyard Training Bldg 117	SIMPLE	\$0	\$0	\$464	\$464
3490	Pier 70 - SWL 349 Shop Building - Bldg #21	SIMPLE	\$0	\$0	\$4,062	\$4,062
3490	Pier 70 - SWL 349 Traffic Department Bldg. #12 & #15	BASIC	\$0	\$0	\$33,321	\$33,321
3490	Pier 70 - SWL 349 Traffic Dept. Shed - Bldg #66	SIMPLE	\$734	\$0	\$649	\$1,383
3490	Pier 70 - SWL 349 Warehouse - Bldg.2	SIMPLE	\$0	\$0	\$18,395	\$18,395
3520	SWL 352 - Backlands Redevelopment Street - Hyde N of Jefferson to Hyde St Pier	BASIC	\$2,748	\$0	\$0	\$2,748
4001	Street - Jefferson from Leavenworth to Hyde	Street	\$250	\$0	\$0	\$250
4002	Street - R.H. Dana Dr. (Leavenworth) N of Jefferso	Street	\$135	\$0	\$348	\$483
4003	Street - Jefferson btw Jones and Leavenworth	Street	\$130	\$0	\$0	\$130
4004	Street - Taylor Street btw. Jefferson and Embarcadero	Street	\$319	\$0	\$301	\$620
4008	Street - Embarcadero from Taylor to	Street	\$0	\$586	\$0	\$586

Bldg. No.	Building Name	Building Type	Backlog	10 Year Renewals	One-Time	Total
	Powell					
4017	Street - Lombard btw Sansome and Embarcadero	Street	\$187	\$0	\$0	\$187
4020	Street - Green between Davis and Front	Street	\$175	\$0	\$0	\$175
4022	Street - Broadway btw Embarcadero & Vallejo	Street	\$527	\$0	\$0	\$527
4033	Street - T. Francois along China Basin	Street	\$525	\$0	\$0	\$525
4034	Street - T. Francois btw China Basin and Mission R	Street	\$5,494	\$0	\$0	\$5,494
4036	Street - 20th east of Illinois	Street	\$479	\$0	\$0	\$479
4038	Street - 24th from Michigan to Maryland	Street	\$667	\$410	\$596	\$1,673
4040	Street - Marin east of Michigan	Street	\$175	\$0	\$0	\$175
4041	Street - TN, IN, MN btw Tulare and Marin	Street	\$918	\$0	\$0	\$918
4043	Street - Amador and extension	Street	\$2,117	\$442	\$0	\$2,558
5470	Wharf J-4	Piers	\$0	\$0	\$0	\$0
5470H	Joint Operations Center / Hyde Harbor Office	SIMPLE	\$0	\$0	\$0	\$0
5470H	Wharf J-11	Piers	\$0	\$0	\$0	\$0
6020	Freight Yard - Intermodal Container Transfer Facility	Street	\$4,003	\$11,738	\$5,041	\$20,782
PORT TOTAL			\$569,376	\$570,186	\$956,320	\$2,095,883

APPENDIX B - Allocation Strategy for Port Capital Funds

The Port's process for allocating its own limited capital funding involves a series of meetings with designated representatives from each of the Port's seven Divisions – the Capital Projects Working Group (“CP Group”). The CP Group developed the Port's evaluation criteria for capital projects, and weighting for each criterion. Annually, the CP Group allocates a total score to each capital project proposed by Port staff.

These first set of criteria address public safety concerns and conformance with the Port's mission, as set out in the Burton Act and Transfer Agreement of 1969, and are scored as follows:

<u>Review Criterion</u>	<u>Maximum Score</u>
Does the project address a code or regulatory issue?	20
Does the project significantly reduce liability to the Port?	15
Does the project promote maritime commerce, navigation or fisheries?	10
Does the project attract people to the waterfront?	10
Does the project protect natural or cultural resources?	15

The review process also employs two complimentary ways of scoring capital projects that would bring in additional revenue and/or reduce operating costs, the first intended to capture the efficiency of the investment, the second the scale of the financial impact:

What is the payback period, if 10 years or less?	10
What is the total ten-year financial benefit to the Port?	20

Where a project would pay for itself in 10 years, that project was scored by subtracting the payback period, in years, from 11. For example, a project with a payback period of three years would score 8 points in this category.

To determine the score assigned for the ten-year financial benefit, the CP Group took the real benefits, as recorded in dollars, and then considered the distribution of all the values returned for projects at the end of the review process. The results were a rather even distribution, which made appropriate a simple method of scaling, where a project received 1 point for every \$500,000 worth of benefit within the ten-year period. For example, a \$4 million project that would generate \$1 million per year in new revenues would score 12 points in this category $[(\$10 \text{ million} - \$4 \text{ million}) / \$500,000]$.

Finally, Port staff reviewed all projects to determine if they fell into one or more of the four major categories listed below. The CP Group determined that a project belonging to one of these groups was worthy of separate consideration either before or after other projects, depending on the category.

Prioritization Category

- Is the project required to address an emergency, defined as an immediate threat to human health or the environment?
- Is the project legally mandated by a regulatory order or legal judgment?

- Is the project substantially matched by outside funding sources?

De-prioritization Category

- Is the project non-revenue generating and does it have less than 25% in outside matching funds?

The project review process concludes with a proposed programming of Port capital funds over two years based on the above evaluation, which becomes the Port's two-year capital budget. For the remaining years of the ten-year capital plan, expenditures are assumed to be proportional to the categories funded in the two-year budget.

APPENDIX C – Criteria for Formation of Port IFD Project Areas

The Port IFD Guidelines establish the following minimum criteria regarding the formation of IFD project areas on Port property:

1. **Port land.** Consistent with the IFD law, the Port IFD may initially be formed only with Port land.
2. **Annexing non-Port land.** If an owner of non-Port land petitions to add adjacent property to a waterfront district in accordance with the IFD law, the City will consider on a case-by-case basis whether to annex such property and to what extent tax increment generated in the non-Port land but not used for waterfront district infrastructure should be subject to the City IFD Guidelines.
3. **CEQA.** Although the City may initially form the Port IFD to include all of the Port land, neither the Port IFD nor any project-specific project area will be authorized to use property tax increment until the City has completed environmental review of the proposed development project and any proposed public facilities to be financed with property tax increment from the project area.
4. **Priority of improvements.** Waterfront districts must finance improvements that are consistent with the IFD law, the Port's then-applicable Waterfront Land Use Plan, the Public Trust (if constructed on trust property), and the Port's 10-Year Capital Plan.
5. **Economic benefit.** The Infrastructure Financing Plan ("IFP") developed for the Port IFD will include a projection for each project area/waterfront district of the amount of total revenue that the City's General Fund is projected to receive as a result of the proposed development project and the number of jobs and other economic development benefits the waterfront district is projected to produce, similar to the type of analysis that City staff and consultants perform to comply with Chapter 29 of the Administrative Code to determine that projects requiring public funding are fiscally feasible and responsible.
6. **State and City matching contributions.** In those cases where the IFD Law authorizes the allocation of the State's share of property tax increment to a waterfront district in proportion to the City's allocation of tax increment to the waterfront district, the City will allocate to the waterfront district the amount of tax increment that will maximize the amount of the State's tax increment that is available to fund eligible projects in the waterfront district.
7. **Amount of increment allocated.** The waterfront districts will fund eligible waterfront improvements necessary for each proposed development project in an amount up to \$0.65 per property tax dollar, or, where permitted by State law, up to \$0.90 per property tax dollar, until the costs of required infrastructure are fully paid or reimbursed. The allocation should be sufficient to enable the Port to (a) obtain fair market rent for Port leases, and (b) enable proposed development projects to attract private equity. No

increment will be used to pay a developer's return. The Board of Supervisors in its discretion may allocate additional increment to other waterfront projects that require funding. Increment will be disbursed to the project area to fund (a) debt service and debt service coverage for bonds issued under the Mello-Roos Act ("Community Facilities District Bonds" or "CFD Bonds") or IFD bonds, and/or (b) eligible costs on a pay-as-you-go basis.¹⁵

8. **Excess increment.** Tax increment not required to fund eligible project-specific infrastructure will be allocated to the City's General Fund or to improvements to the City's seawall and measures to protect against sea level rise.
9. **Port annual capital program.** If the Port issues Port revenue bonds¹⁶ repaid by tax increment revenue generated in one or more waterfront districts, to further the purposes of Port Commission Resolution No. 12-22, adopting the Port's Policy for Funding Capital Budget Expenditures, the Port will annually invest in its annual Capital Program any tax increment revenue allocated to the waterfront district for the purpose of providing debt service coverage on Port revenue bond debt payable from tax increment.
10. **Funding for infrastructure maintenance.** Tax increment will be allocated to the Port IFD from a waterfront district only when the Port has identified a source of funding for the maintenance of any infrastructure to be financed. This source could be in the form of: (a) private financing mechanisms, such as a homeowners' association assessment; (b) a supplemental special tax (such as a community facilities district formed under the Mello-Roos Act) or assessment district (such as a community benefit district); or (c) the Port's maintenance budget or other allocation of the Port Harbor Fund.

¹⁵ For example, one vehicle for efficiently leveraging tax increment to finance public infrastructure would involve (i) formation of a community facilities district ("CFD") under the Mello-Roos Act and an IFD project area -- the boundaries of which are coterminous with the boundaries of the private development -- prior to construction of the public infrastructure, (ii) issuance of CFD bonds early in the development cycle, i.e., prior to generation of significant tax increment that can be allocated to the IFD, (iii) application of special taxes levied in the CFD to pay debt service as long as tax increment is not available and (iv) use of tax increment, when available, to pay debt service on the bonds, which allows a reduction in the amount of special taxes levied for that purpose.

¹⁶ City staff currently assumes that the preferred method for debt issuance would be a CFD bond repaid with IFD proceeds.

APPENDIX A FOR PROJECT AREA A

(To be Attached.)

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APPENDIX B FOR PROJECT AREA B

(To be Attached.)

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APPENDIX C FOR PROJECT AREA C

(To be Attached.)

APPENDIX D FOR PROJECT AREA D

(To be Attached.)

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APPENDIX E FOR PROJECT AREA E

(To be Attached.)

APPENDIX F FOR PROJECT AREA F

(To be Attached.)

APPENDIX G FOR PROJECT AREA G

(To be Attached.)

Appendix G-1
Sub-Project Area G-1
(Pier 70 - Historic Core)

This Appendix supplements and amends the main body of the Infrastructure Financing Plan (the "IFP") as it relates to Sub-Project Area G-1. In the event of any inconsistency between the main body of this Infrastructure Financing Plan and this Appendix, the provisions of this Appendix shall govern with respect to Sub-Project Area G-1.

The boundaries of the proposed IFD, including the boundaries of Sub-Project Area G-1, are described in the map attached to the main body of the Infrastructure Financing Plan as Exhibit A. The legal description of Sub-Project Area G-1 is also attached to the main body of the Infrastructure Financing Plan as Exhibit A.

Sub-Project Area G-1 is a "Pier 70 district," as defined in Section 53395.8(c)(11) of the IFD Law, and this Appendix constitutes a "Pier 70 enhanced financing plan" as defined in Section 53395.8(c)(12) of the IFD Law. Other initially-capitalized terms used but not defined in this Appendix have the meanings ascribed to them in the IFD Law or the IFP.

A. Base Year; Commencement of Tax Increment Allocation

The "**Base Year**" for Sub-Project Area G-1 is the fiscal year in which the assessed value of taxable property in Sub-Project Area G-1 was last equalized prior to the effective date of the ordinance adopted to create Sub-Project Area G-1 or a subsequent fiscal year. The Base Year for Sub-Project Area G-1 is FY 2015-2016.

Tax increment may begin to be allocated to the IFD from Sub-Project Area G-1 beginning in the fiscal year following the Base Year: FY 2016-2017.

B. Allocation of Tax Increment

- (1) The annual allocation of tax increment generated in Sub-Project Area G-1 to the IFD for purposes of Section 53396(b) of the IFD Law will be the amount appropriated in each fiscal year by the Board of Supervisors for deposit in the special fund established for Sub-Project Area G-1.
- (2) The Board of Supervisors will appropriate 100 percent of the "Allocated Tax Increment" (as defined below) for allocation to the IFD until the City and County of San Francisco (the "**City**") acting by and through the San Francisco Port Commission (the "**Port**") repays all debt (as defined in the IFD Law) payable from Allocated Tax Increment to fund the capital facilities (the "**Facilities**") authorized by Section 53395.8(d) and listed in Table 1 of this Appendix G-1, including payment on a pay-go of all Facilities costs.

(3) In order for the Facilities to be developed concurrently with the Historic Core buildings, and because there will be some lag time between the construction of the Facilities and availability of Allocated Tax Increment, multiple sources of debt financing will be needed, and some of them will be repaid or payable from Allocated Tax Increment. The Port intends to finance the Facilities through a combination of:

- funds to be advanced by Historic Pier 70, LLC (the “Developer”), the master tenant of certain property in Sub-Project Area G-1, and repaid from Allocated Tax Increment;
- funds to be advanced by the Port to the IFD and repaid from Allocated Tax Increment;
- proceeds from bonds that would be issued by the IFD and/or a community facilities district that would be established by the City to include the property in Sub-Project Area G-1. Repayment of the bonds would be, in any case, secured by and payable Allocated Tax Increment; and
- directly from annual deposits of Allocated Tax Increment.

(4) For purposes of this Appendix G-1, Capitalized Terms are defined as follows:

“Gross Tax Increment” is 100% of the revenue produced by the application of the 1% ad valorem tax rate to the Incremental Assessed Property Value of property within Sub-Project Area G-1;

“Incremental Assessed Property Value” is, in any year, the difference between the assessed value of the property within Sub-Project Area G-1 for that fiscal year and the assessed value of the property within the Sub-Project Area G-1 in the Base Year, to the extent that the difference is a positive number;

“ERAF Tax Increment” is 25.33% of Gross Tax Increment. This “ERAF share” (as defined in Section 53395.8(c)(8) of the IFD Law) is available to be allocated to the IFD because Sub-Project Area G-1 is a Pier 70 district.

“City Share of Tax Increment” is 64.59% of Gross Tax Increment;

“Allocated Tax increment” is the sum of ERAF Tax Increment and City Share of Tax Increment.

C. Maximum Portion of Tax Increment Revenue of San Francisco and Affected Taxing Agencies to be Committed to Sub-Project Area G-1

100% of the City Share of Tax Increment and ERAF Tax Increment shall be allocated to Sub-Project Area G-1:

- City Share: 64.59% of every dollar of Gross Tax Increment;
- ERAF Tax Increment: 25.33% of every dollar of Gross Tax Increment. Section 53395.8(g)(3)(D) of the IFD Law provides that the portion of incremental property tax revenue of the City to be allocated to the IFD from Sub-Project Area G-1 must be equal to the portion of the incremental tax revenue of the ERAF share proposed to be committed to Sub-Project Area G-1.

The plan will not allocate any portion of tax increment of the local educational agencies to Sub-Project Area G-1.

D. Projection of Tax Increment Revenue to Sub-Project Area G-1

The financing section must include a projection of the amount of tax increment expected to be allocated to the IFD from Sub-Project Area G-1, assuming an allocation period of 45 years beginning on the date on which the City projects that the IFD will have received \$100,000 of tax increment from Sub-Project Area G-1 under the IFD Law.

The projection of Allocated Tax Increment from Sub-Project Area G-1 to be allocated to Sub-Project Area G-1 is attached as Rider #1 to this Appendix.

E. Tax Increment Limit

The financing section must include a limit on the total number of dollars of tax increment that may be allocated to the IFD pursuant to the Infrastructure Financing Plan, subject to amendment of the Infrastructure Financing Plan.

The tax increment limit for Sub-Project Area G-1 is initially established at \$64,000,000. This limit reflects the projected total Allocated Tax Increment of \$49,220,000 plus a contingency factor of 30%.

F. Pier 70 ERAF Allocation Limit

In accordance with Section 53395.8(g)(3)(D)(ii)(II) of the IFD Law, Sub-Project Area G-1 is subject to a limitation on the number of dollars of the ERAF share to be divided and allocated to the IFD from Sub-Project Area G-1 pursuant to this financing plan, which shall be established in consultation with the county tax collector.

The limit on the ERAF Tax Increment to be divided and allocated to the IFD from Sub-Project Area G-1 is initially established at \$18,000,000, which reflects the projected ERAF Tax Increment allocation to Sub-Project Area G-1 plus a contingency factor of 30%.

G. 20% Waterfront Set-Aside Requirement for Waterfront Districts

Pursuant to Section 53395.8(g)(3)(C)(ii) of the IFD Law, 20% of the Allocated Tax (“**Set-Aside**”) must be set aside to be expended solely on shoreline restoration, removal of bay fill, or waterfront public access to or environmental remediation of the San Francisco waterfront (“**Authorized Set-Aside Uses**”). The development of Phase 2 of Crane Cove Park involves shoreline restoration and will provide public access to the waterfront; consequently, the costs associated with Phase 2 of Crane Cove Park are an Authorized Set-Aside Use. On a cumulative basis, it is estimated that approximately 64% of the Allocated Tax Increment to the IFD from Sub-Project Area G-1 will be used for Authorized Set-Aside Uses. The IFD Law allows the Set-Aside Requirement applicable to Project Area G (Pier 70) to be met on an Project Area G (Pier 70)-wide basis rather than on a Sub-Project Area basis. As such, the fact that the Port is spending more than 20% of the Allocated Tax Increment from Sub-Project Area G-1 on Authorized Set-Aside Uses would allow the Port, at its discretion, to spend less than 20% of Allocated Tax Increment from other Sub-Project Areas in Project Area G on Authorized Set-Aside Uses.

H. Time Limits

The financing section must include the following time limits:

(A) a date on which the effectiveness of the infrastructure financing plan and all tax increment allocations to Sub-Project Area G-1 will end not to exceed 45 years from the date the IFD actually received \$100,000 in incremental tax revenues from Sub-Project Area G-1 under the IFD Law;

(B) a time limit on the IFD’s authority to repay indebtedness with incremental tax revenues received in Sub-Project Area G-1 under the IFD Law, not to exceed 45 years from the date the IFD actually received \$100,000 in incremental tax revenues from Sub-Project Area G-1 under the IFD Law; and

(C) A time limit on the issuance of new ERAF-secured debt (as defined in Section 53395.8(c)(7) of the IFD law) to finance the Facilities, which (with certain exceptions described in the IFD Law) may not exceed 20 fiscal years from the fiscal year in which any Pier 70 district subject to a Pier 70 enhanced financing plan first issues debt.

For Sub-Project Area G-1, the following are the applicable time limits:

Date on which the effectiveness of the infrastructure financing plan with respect to Sub-Project Area G-1 and all tax increment allocations to Sub-Project Area G-1 will end: ***45 years from the date the IFD actually receives \$100,000 of Allocated Tax Increment from Sub-Project Area G-1 under the IFD Law.***

Date after which the IFD may no longer repay indebtedness with incremental tax revenues received under the IFD Law from Sub-Project Area G-1: **45 years from the date the IFD actually receives \$100,000 of Allocated Tax Increment from Sub-Project Area G-1 under the IFD Law.**

Date after which the IFD may not issue new ERAF-secured debt with respect to Sub-Project Area G-1: **June 30, 2037.** The IFD law allows the IFD to issue ERAF-secured debt after this date in certain circumstances, and this Appendix incorporates those provisions by this reference as if they were fully incorporated herein.

I. Description of Public Improvements and Facilities

The IFD Law requires an infrastructure financing plan to contain the following information with respect to Sub-Project Area G-1.

(1) Public improvements and facilities to be provided by the private sector.

Under the terms of the Lease Disposition and Development Agreement (LDDA) between the Port and the Developer, the Developer is responsible for developing an outdoor plaza/venue and an indoor lobby/atrium in Building 113, both of which will be made accessible to the public. The plaza will be a multi-use space available for public plaza uses, special events, loading, and tenant yard uses.

These costs will not be repaid to the Developer from Allocated Tax Increment generated in Sub-Project Area G-1.

(2) Public improvements and facilities to be provided by governmental entities without assistance under the IFD Law.

The Port is currently in the process of designing Crane Cove Park and intends to construct the park in two phases. Phase I, with a budget of \$31.48 million, will consist of: the creation of a beach shoreline to the north, two new pier overlooks, a sediment cap to contain contamination, a new multi-purpose lawn area, children's play area, a sun deck, adaptive reuse of Building 49 for a human powered aquatic center, a dog play area, landscape beds, pathways, site interpretation including artifacts, site furnishings, and ship building slipway 4 and its components including two new cranes. The Port has secured funds for Phase 1 and does not anticipate seeking funding from the IFD for Phase 1.

(3) Facilities to be financed with assistance from Sub-Project Area G-1.

The Facilities that will be funded with Sub-Project Area G-1's Allocated Tax Increment are listed in Table 1. The Facilities are Infrastructure, Public Facilities and Shoreline Protection Facilities as defined in Lease No. L-15814 between the Developer and the Port. These improvements can be grouped into three general categories:

- a) Improvements to adjacent streets and sidewalks that will serve Pier 70. The street and sidewalk improvements need to be completed in the near term to serve the new Pier 70 tenants.
- b) The relocation of electrical systems now in Building 102 that serve the BAE shipyard (located in Project Area G, north of Sub-Project Area G-1) that the Port is responsible to undertake pursuant to the terms of the LDDA.
- c) Phase 2 improvements to Crane Cove Park. Phase 2 will include the adaptive reuse of historic Building 109, shoreline clean-up on the eastern shoreline and a sediment cap, a new pier overlook, new native shoreline landscape areas, pathways, site interpretation and artifacts, and furnishings. These improvements will comply with the Port's Remedial Action Plan for Pier 70, which the Regional Water Quality Control Board approved in 2012. The schedule for Phase 2 will be driven by the availability of funding. It is anticipated that the IFD will provide approximately \$13.9 million of the \$30 million budgeted for the Phase 2 improvements. Given that it is anticipated that the IFD will not generate sufficient funding for all of the Phase 2 improvements, the Port will need to secure other funding to complete Phase 2.

Exhibit G-1a

Facilities to be funded by IFD	Estimated Cost, 2015 Dollars	Target Completion Schedule
Street, sidewalk, traffic signal improvements	\$1,271,000	FY 2016/2017 – FY 2017/2018
Bldg. 102 Electrical Relocation/Improvements	\$3,090,000	FY 2016/2017
Phase 2 of Crane Cove Park	\$13,899,000 ¹	No set date – driven by availability of funding
Total	\$18,260,000	

(4) Public improvements and facilities to be provided jointly by the private sector and governmental entities

There are no improvements or facilities that will be jointly provided by the private and governmental entities.

J. Projected Sources of Financing for the Public Facilities

The financing section must include the projected sources of financing for the Facilities, including debt to be repaid with Allocated Tax Increment, projected revenues from future

¹ This reflects the amount of funding anticipated to be available from Sub-Project Area G-1 for Crane Cove Park. Phase 2 costs are anticipated to total \$30 million, which exceeds the amount of available funding from Sub-Project Area G-1.

leases, sales, or other transfers of any interest in land within Sub-Project Area G-1, and any other legally available sources of funds.

The financing plan is presented in Table 2. As summarized in Exhibit G-1b, it is anticipated that the Facilities will be financed with a combination of bridge financing to be advanced by the Developer (to be repaid by the IFD with Allocated Tax Increment from Sub-Project G-1), bridge financing to be advanced by the Port (to be repaid by the IFD with Allocated Tax Increment from Sub-Project G-1), Allocated Tax Increment from Sub-Project Area G-1 and used on a pay-go basis, and bond proceeds. At this time, it is contemplated that either IFD bonds or CFD bonds will be issued; in both cases, Allocated Tax Increment will be used to pay debt service. The type of bond to be issued will be determined based on market conditions approaching the time of issuance.

Exhibit G-1b

Anticipated Sources and Uses of Funds		
	2015/16 Dollars	Nominal Dollars
Anticipated Sources of Funds		
Developer Loan for Street Improvements	\$746,000	\$783,000
Port Loan for Bldg.102 and 20 th Street Sidewalk improvements	\$3,110,000	\$3,203,000
IFD or CFD Bond Proceeds	\$6,559,000	\$7,832,000
Port Loan for Street Improvements funded by Required Developer Reimbursements	\$504,000	\$526,000
Allocated Tax Increment	\$23,412,000	\$49,220,000
Total Sources	\$34,331,000	\$61,564,000
Uses of Funds (Facilities)		
Phase 2 Crane Cove Park	\$13,899,000	\$31,490,000
Streetscape Improvements	\$1,271,000	\$1,329,000
Bldg. 102 Electrical Improvements	\$3,090,000	\$3,183,000
Repay Developer Loan	\$806,000	\$887,000
Repay Port Loans	\$3,999,000	\$4,684,000
Bond Debt Service	\$11,267,000	\$19,991,000
Total Uses	\$34,331,000	\$61,564,000

Under the terms of the LDDA, the Port may ask the Developer to advance funds to pay for certain public improvements (aka “Other Tasks” or “Potential Port Benefit Tasks”). Approximately \$746,000 of the streetscape improvements to be funded by the IFD are eligible “Other Tasks” and the Port will request the Developer to advance funds for those improvements². The Developer will be repaid with interest from Allocated Tax Increment. This advance is referenced in this IFP Appendix as the “Developer Loan.” The Developer Loan will accrue interest at the rate equal to the rate set forth in the most senior construction loan for the improvements to be undertaken by the Developer. The Developer’s most recent

² Table 8.

project pro forma estimates this rate at 4.5% per annum. It is anticipated that the Developer Loan will be fully repaid from Allocated Tax Increment by FY 2019-2020.

The Port will be advancing \$3.1 million to fund the Building 102 electrical improvements and construction of a sidewalk on the north side of 20th Street. This advance is referenced in this IFP Appendix as a component of the "Port Loan". The Port Loan will be due and payable in 15 years and will accrue interest at the rate of 4.4%. The Port Loan will be repaid from a combination of annual Allocated Tax Increment and bond proceeds. It is anticipated that the Port Loan will be fully repaid after bond proceeds are available in FY 2021-2022.

Under the terms of the LDDA, the Developer is also obligated to advance funds for all Required ODI Tasks (aka "Required Port Benefit Tasks"). Although the Port is obligated under the LDDA to reimburse the Developer for the advance, any such reimbursement will be reduced by 100% of the outstanding Deferred Port Transaction Costs. It is estimated that approximately \$504,000 of the streetscape improvements to be funded by the IFD are Required Port Benefit Tasks. Given that accrued Deferred Port Transaction Costs currently total approximately \$800,000, the funding of the streetscape improvements will be credited against the owed balance of \$800,000 and the Developer will not be reimbursed for the advance. The dedication of the \$504,000 of funds (which are owed to the Port for transaction costs) is effectively an advance from the Port and is a component of the "Port Loan."

As shown in Table 2, in order to serve the Historic Core Pier 70 development, approximately \$3.8 million of Facilities will need to be constructed in FY 2016-2017 and \$708,000 in FY 2017-2018. While Allocated Tax Increment is anticipated to be allocated to the IFD from Sub-Project Area G-1 starting in FY 2016-2017 as a result of supplemental assessments, deposits through FY 2018-2019 will not be sufficient to pay the scheduled public facility costs in a timely manner. The Developer Loan and the Port Loan will be repaid from Allocated Tax Increment and a portion of the net proceeds of the IFD or CFD bonds. It is anticipated that the bonds will be issued at the beginning of FY 2021-2022, after the assessed value of the taxable property in Sub-Project Area G-1 has reached stabilization. It is estimated that the bonds will yield approximately \$7.8 million of net proceeds, which will be sufficient to retire the outstanding balance on the Port Loan and contribute \$4.7 million towards the development of Phase 2 of Crane Cove Park. 100% of the debt service on the bonds will be paid with Allocated Tax Increment from Sub-Project Area G-1.

The obligation of the IFD to use the Allocated Tax Increment as described in this Appendix constitutes "debt" as defined in the IFD Law. The IFD will include the total amount of such debt in each applicable Statement of Indebtedness for the IFD. The Port will act as the agency of the IFD to implement this Appendix.

K. Accounting Procedures

The Sub-Project Area G-1 will maintain accounting procedures in accordance, and otherwise comply, with Section 6306 of the Public Resources Code for the term of this Appendix.

L. Cost and Revenue Analysis

The financing section must include an analysis of: (A) the costs to the City's General Fund for providing facilities and services to Sub-Project Area G-1 while Sub-Project Area G-1 is being developed and after it is developed and (B) the taxes, fees, charges, and other revenues expected to be received by the City's General Fund as a result of expected development in Sub-Project Area G-1.

(1) Costs to the City's General Fund for providing facilities and services to Sub-Project Area G-1 while it is being developed and after Sub-Project Area G-1 is developed.

Estimates of costs to the City's General Fund for providing facilities and services to Sub-Project Area G-1 while it is being developed and after it is developed are detailed in Attachment 1: "Fiscal and Economic Impact Analysis – Historic Core Pier 70" and summarized in the following Exhibit G-1c. As shown, the annual cost to the City's General Fund to provide services to the project will approximate \$91,000 upon anticipated build-out in FY 2018-2019. Service costs during the entire construction period are estimated at \$76,000. General Fund costs are comprised of costs to provide police, fire, and emergency medical services to the project. The cost of maintaining and operating Crane Cove Park and other spaces/facilities will not be funded by the General Fund. 100% of these costs will be funded by the combination of a CFD maintenance tax and the Developer.

(2) Taxes, fees, charges and other revenues expected to be received by the City's General Fund as a result of expected development in Sub-Project Area G-1.

Taxes, fees, charges and other revenues expected to be received by the City's General Fund as a result of expected development in Sub-Project Area G-1 are detailed in Attachment 1: "Fiscal and Economic Impact Analysis – Historic Core Pier 70" and summarized in the following Exhibit G-1c. As shown, upon stabilization in FY 2018-2019, the Project is anticipated to annually generate from \$264,000 to \$425,000 of revenue to the City's General Fund. The range of revenues reflects differing assumptions about the average level of gross receipts of the businesses to locate within the Project, which impacts the calculation of gross receipts taxes.

As shown in Exhibit G-1c, it is estimated that the Historic Core Pier 70 development will annually generate a net fiscal surplus to the City's General Fund ranging from \$174,000 to \$334,000 per year, expressed in nominal dollars. After discounting the projection for

inflation and the value of time, the present value of the annual General Fund surplus approximates \$142,000 to \$273,000.

Exhibit G-1c

Estimated General Fund Revenue / Expenditure	Lower Revenue Scenario - Gross Receipts Tax Does Not Apply			Higher Revenue Scenario - Gross Receipts Tax Applies to All		
	During Construction FY 15 - FY 17	Post Construction FY 2018/19	Total IFD Term	During Construction FY 15 - FY 17	Post Construction FY 2018/19	Total IFD Term
Revenues						
Possessory Interest Tax Not Deposited in IFD	\$0	\$0	\$0	\$0	\$0	\$0
Gross Receipts Tax	0	0	0	\$119,400	\$193,400	\$17,343,100
Sales Tax	\$78,300	\$68,300	\$6,156,700	\$78,300	\$68,300	\$6,156,700
Utility Users Tax	\$42,700	\$51,300	\$4,607,600	\$42,700	\$51,300	\$4,607,600
Prop. Tax In-Lieu of VLF	\$46,900	\$63,900	\$5,835,500	\$46,900	\$63,900	\$5,835,500
Business Registration Fee	\$48,900	\$58,100	\$5,225,400	\$21,000	\$24,900	\$2,239,500
Property Transfer Tax	\$0	\$0	\$0	\$0	\$0	\$0
Other Taxes and Fees	\$114,500	\$22,800	\$2,144,200	\$114,500	\$22,800	\$2,144,200
Total Revenues	\$331,300	\$264,400	\$23,969,400	\$422,800	\$424,600	\$38,326,600
Expenditures						
Police	\$17,500	\$20,900	\$1,881,300	\$17,500	\$20,900	\$1,881,300
Fire and EMS	\$58,100	\$69,800	\$6,271,400	\$58,100	\$69,800	\$6,271,400
Total Expenditures	\$75,600	\$90,700	\$8,152,700	\$75,600	\$90,700	\$8,152,700
Net General Fund Impact						
<i>Nominal Dollars</i>	\$256,000	\$174,000	\$15,817,000	\$347,000	\$334,000	\$30,174,000
<i>\$2015 (3% discount)</i>	\$234,000	\$159,000	\$7,392,000	\$318,000	\$306,000	\$13,929,000
<i>NPV (7% discount)</i>	\$209,000	\$142,000	\$5,117,000	\$283,000	\$273,000	\$8,041,000

(1) The Assessor is currently determining the magnitude of transfer tax due as a result of the lease. Given that the amount has not yet been established, this analysis does not include any transfer tax revenue.

Appendix G-1

Rider No 1

PROJECTION OF ALLOCATED TAX INCREMENT, PROJECT AREA G-1 (PIER 70 – HISTORIC CORE)

FY 2015/16	Base Year - \$0
FY 2016/17	\$36,000
FY 2017/18	\$359,000
FY 2018/19	\$539,000
FY 2019/20	\$719,000
FY 2020/21	\$733,000
FY 2021/22	\$749,000
FY 2022/23	\$762,000
FY 2023/24	\$779,000
FY 2024/25	\$794,000
FY 2025/26	\$811,000
FY 2026/27	\$827,000
FY 2027/28	\$841,000
FY 2028/29	\$876,000
FY 2029/30	\$895,000
FY 2030/31	\$911,000
FY 2031/32	\$930,000
FY 2032/33	\$948,000
FY 2033/34	\$968,000
FY 2034/35	\$986,000
FY 2035/36	\$1,008,000
FY 2036/37	\$1,027,000
FY 2037/38	\$1,047,000
FY 2038/39	\$1,069,000
FY 2039/40	\$1,089,000
FY 2040/41	\$1,112,000
FY 2041/42	\$1,123,000

Appendix G-1
Rider No 1 Continued

FY 2042/43	\$1,135,000
FY 2043/44	\$1,157,000
FY 2044/45	\$1,179,000
FY 2045/46	\$1,202,000
FY 2046/47	\$1,227,000
FY 2047/48	\$1,253,000
FY 2048/49	\$1,277,000
FY 2049/50	\$1,302,000
FY 2050/51	\$1,328,000
FY 2051/52	\$1,356,000
FY 2052/53	\$1,381,000
FY 2053/54	\$1,409,000
FY 2054/55	\$1,438,000
FY 2055/56	\$1,467,000
FY 2056/57	\$1,496,000
FY 2057/58	\$1,525,000
FY 2058/59	\$1,556,000
FY 2059/60	\$1,587,000
FY 2060/61	\$1,619,000
FY 2061/62	\$1,651,000
Cumulative Total, Rounded	\$49,220,000

Table 1
Appendix G-1
Improvements to be Funded by IFD
IFD Public Facility Improvement Schedule
Infrastructure Financing Plan
Infrastructure Financing District No. 2, Sub-Project Area G-1 (Pier 70 - Historic Core)

<u>Location of Improvements</u>	<u>Description of Improvements</u>	<u>2015/16 Cost Est.</u>
Illinois St., in front of Bldgs. 101 and 40	East sidewalk - Upgrade curb ramps to meet ADA standards, replace historical fence, remove fence around Bldg. 101, remove asphalt	\$27,517 ¹
20th and Illinois	Upgrade traffic signal - 20% share of cost	\$70,643 ²
20th St., north side (west of Georgia)	North sidewalk - Patch concrete segments, fix historical fence, remove chain link fence	\$31,165 ¹
20th St. at Georgia	North sidewalk - Install Ped/ADA path of travel improvements, install crosswalk and ADA-compliant ramps	\$31,937 ¹
20th, east of Georgia	North sidewalk - Overlay asphalt sidewalk, shoring of Bldg. 103, and remove chain-link fence	\$20,125 ¹
20th and Louisiana	Intersection - Add ADA-compliant curb ramps, remove SW corner of Bldg. 113 landing, rebuild concrete sidewalk, install bollards on the north side, add crosswalks (west and south), and add stop signs	\$54,477 ¹
Louisiana Street	Add overlay of new asphalt pavement, regrade parking area, install retaining wall, install asphalt sidewalk with cur on eas side, install crosswalk and ada-compliant curb cut, install ped/ADA path of travel, remove and install chank-link fence, modify electreical equipment at NE face of Bldg 113	\$340,809 ¹
20th St, south side	South sidewalk - Install ramp and stairs adjacent to weest end of bldg. 113, patch sidewalk btwn Michigan and Bldg 1113 entrance, patch sidewalk btwn bldg 113 and louisiana, install ADA-compliant curb ramps at Bldg. 113 entry and at Michigan, add railing along edge, add crosswalk at west of Bldg 113	\$97,486 ¹
Michigan Street	Add ped/ADA path of travel on west side, add asphalt overlay, add crosswalk at south end and curb and gutter on east side	\$284,252 ¹
Louisiana, Georgia, Michigan, 20th	Install street lighting	\$312,142 ¹
Building 102	Remove PCBs and transformers from ODI option parcel, increase power reliability to BAE, purchase & install new transformers & switchgear, remove & dispose of old transformers, install new electric feeder lines east of ODI leasehold	\$3,090,000 ³
Crane Cove Park	Phase 2. Construct public park and removal of bay fill. Work will include adaptive reuse of bldg. 109, shoreline cleanup, sediment cap, new pier overlook, new native shoreline landscape areas, pathways, site interpretaion and artifacts, and furnishings. Improvements will comply with the Port's Remedial Action Plan.	Ph. 2 cost = \$30 million. IFD's funding capacity est. at \$13.9 mil. ⁴
Est. Improvement Costs to be Funded by IFD		\$18,259,676

¹ Based on cost 2014 estimate prepared by CHS Consulting, provided as Table 3. 2015/16 cost estimate reflects 3% inflation adjustment.

² Required mitigation measure of the project. ODI will fund 20% of project to be reimbursed. Balance is being funded by SFMTA.

³ Work is needed for the BAE shipyard. Port has already budgeted this task inits supplemental FY 2015/16 budget.

⁴ Cost estimate prepared by Port staff. It is estimated that IFD will generate sufficient funds for approximately 46% of the costs of Phase 2. Funding for the balance will be secured from other sources.

Table 2
Appendix G-1
Sources and Uses of Funds
Infrastructure Financing Plan
Infrastructure Financing District No. 2, Sub-Project Area G-1 (Pier 70 - Historic Core)
Port of San Francisco

		Total 2015/16 Dollars	Total Nominal Dollars	IFD Year ¹ FY 16/17	Year 1 FY 17/18	Year 2 FY 18/19	Year 3 FY 19/20	Year 4 FY 20/21	Year 5 FY 21/22	Year 6 FY 22/23	Year 7 FY 23/24	Year 8 FY 24/25	Year 9 FY 25/26
Available Property /Possessory Interest Tax Increment Revenue to IFD²													
General Fund	100%	\$16,815,978	\$35,354,000	\$26,000	\$258,000	\$387,000	\$516,000	\$526,000	\$538,000	\$547,000	\$560,000	\$570,000	\$583,000
ERAF	100%	\$6,595,934	\$13,866,000	\$10,000	\$101,000	\$152,000	\$203,000	\$207,000	\$211,000	\$215,000	\$219,000	\$224,000	\$228,000
Annual Total		\$23,411,912	\$49,220,000	\$36,000	\$359,000	\$539,000	\$719,000	\$733,000	\$749,000	\$762,000	\$779,000	\$794,000	\$811,000
IFD Sources of Funds													
Annual Tax Increment		\$23,411,912	\$49,220,000	\$36,000	\$359,000	\$539,000	\$719,000	\$733,000	\$749,000	\$762,000	\$779,000	\$794,000	\$811,000
Developer Loan - Not Required Tasks ³		\$746,350	\$782,777	\$300,844	\$481,933	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Port Loan, Bldg. 102 + 20th St. Sidewalk ³		\$3,110,125	\$3,203,429	\$3,203,429	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Port Loan of Required Dev. Rmbmts ³		\$504,079	\$525,776	\$300,049	\$225,726	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Bond Proceeds ³		\$6,558,879	\$7,831,644	\$0	\$0	\$0	\$0	\$0	\$7,831,644	\$0	\$0	\$0	\$0
Prior Year Net Balance		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Sources of Funds		\$34,331,344	\$61,563,625	\$3,840,322	\$1,066,659	\$539,000	\$719,000	\$733,000	\$8,580,644	\$762,000	\$779,000	\$794,000	\$811,000
IFD Uses of Funds													
Bond Debt Service ³		\$11,266,552	\$19,990,909	\$0	\$0	\$0	\$0	\$0	\$666,364	\$666,364	\$666,364	\$666,364	\$666,364
Repay Developer Loan ⁴		\$806,218	\$886,720	\$18,000	\$179,500	\$269,500	\$419,720	\$0	\$0	\$0	\$0	\$0	\$0
Repay Port Loan ⁴		\$3,998,898	\$4,684,291	\$18,000	\$179,500	\$269,500	\$299,280	\$733,000	\$3,185,011	\$0	\$0	\$0	\$0
Crane Cove Park Improvements		\$13,899,123	\$31,489,724	\$0	\$0	\$0	\$0	\$0	\$4,729,269	\$95,636	\$112,636	\$127,636	\$144,636
Building 102 Electrical Improvements		\$3,090,000	\$3,182,700	\$3,182,700	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Streetscape Improvements		\$1,270,553	\$1,329,281	\$621,622	\$707,659	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Uses of Funds		\$34,331,344	\$61,563,625	\$3,840,322	\$1,066,659	\$539,000	\$719,000	\$733,000	\$8,580,644	\$762,000	\$779,000	\$794,000	\$811,000
Net IFD Fund Balance		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cumulative Waterfront Expenditures as a % of													
Cumulative IFD Increment Deposits				0%	0%	0%	0%	0%	151%	124%	106%	93%	83%

¹ Term is 45 years from the date that Project Area E1 receives one hundred thousand (\$100,000) in incremental property tax revenue.

² Projection of Assessed Value is provided in Table 4. Projection of possessory interest/property tax increment is provided in Table 5.

³ Table 6.

⁴ Table 7.

Table 2
Appendix G-1
Sources and Uses of Funds
Infrastructure Financing Plan
Infrastructure Financing District No. 2, Sub-Project Area G-1 (Pier 70 - Historic Core)
Port of San Francisco

	Year 10 FY 26/27	Year 11 FY 27/28	Year 12 FY 28/29	Year 13 FY 29/30	Year 14 FY 30/31	Year 15 FY 31/32	Year 16 FY 32/33	Year 17 FY 33/34	Year 18 FY 34/35	Year 19 FY 35/36	Year 20 FY 36/37	Year 21 FY 37/38	
Available Property /Possessory Interest Tax Inc													
General Fund	100%	\$594,000	\$604,000	\$618,000	\$629,000	\$643,000	\$654,000	\$668,000	\$681,000	\$695,000	\$708,000	\$724,000	\$738,000
ERAF	100%	\$233,000	\$237,000	\$242,000	\$247,000	\$252,000	\$257,000	\$262,000	\$267,000	\$273,000	\$278,000	\$284,000	\$289,000
Annual Total		\$827,000	\$841,000	\$860,000	\$876,000	\$895,000	\$911,000	\$930,000	\$948,000	\$968,000	\$986,000	\$1,008,000	\$1,027,000
IFD Sources of Funds													
Annual Tax Increment		\$827,000	\$841,000	\$860,000	\$876,000	\$895,000	\$911,000	\$930,000	\$948,000	\$968,000	\$986,000	\$1,008,000	\$1,027,000
Developer Loan - Not Required Tasks ³		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Port Loan, Bldg. 102 + 20th St. Sidewalk ²		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Port Loan of Required Dev. Rmbmts ³		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Bond Proceeds ³		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Prior Year Net Balance		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Sources of Funds		\$827,000	\$841,000	\$860,000	\$876,000	\$895,000	\$911,000	\$930,000	\$948,000	\$968,000	\$986,000	\$1,008,000	\$1,027,000
IFD Uses of Funds													
Bond Debt Service ³		\$666,364	\$666,364	\$666,364	\$666,364	\$666,364	\$666,364	\$666,364	\$666,364	\$666,364	\$666,364	\$666,364	\$666,364
Repay Developer Loan ⁴		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Repay Port Loan ⁴		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Crane Cove Park Improvements		\$160,636	\$174,636	\$193,636	\$209,636	\$228,636	\$244,636	\$263,636	\$281,636	\$301,636	\$319,636	\$341,636	\$360,636
Building 102 Electrical Improvements		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Streetscape Improvements		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Uses of Funds		\$827,000	\$841,000	\$860,000	\$876,000	\$895,000	\$911,000	\$930,000	\$948,000	\$968,000	\$986,000	\$1,008,000	\$1,027,000
Net IFD Fund Balance		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cumulative Waterfront Expenditures as a % of Cumulative IFD Increment Deposits		76%	70%	65%	61%	58%	56%	54%	52%	51%	50%	49%	48%

¹ Term is 45 years from the date that Project Area E1 receives one hundred thousand (\$100,000) in incremental property tax revenue.

² Projection of Assessed Value is provided in Table 4. Projection of possessory interest/property tax increment is provided in Table 5.

³ Table 6.

⁴ Table 7.

Table 2
Appendix G-1
Sources and Uses of Funds
Infrastructure Financing Plan
Infrastructure Financing District No. 2, Sub-Project Area G-1 (Pier 70 - Historic Core)
Port of San Francisco

	Year 22 FY 38/39	Year 23 FY 39/40	Year 24 FY 40/41	Year 25 FY 41/42	Year 26 FY 42/43	Year 27 FY 43/44	Year 28 FY 44/45	Year 29 FY 45/46	Year 30 FY 46/47	Year 31 FY 47/48	Year 32 FY 48/49	Year 33 FY 49/50	
Available Property /Possessory Interest Tax Inc													
General Fund	100%	\$752,000	\$768,000	\$782,000	\$799,000	\$816,000	\$831,000	\$847,000	\$863,000	\$881,000	\$900,000	\$917,000	\$935,000
ERAF	100%	\$295,000	\$301,000	\$307,000	\$313,000	\$319,000	\$326,000	\$332,000	\$339,000	\$346,000	\$353,000	\$360,000	\$367,000
Annual Total		\$1,047,000	\$1,069,000	\$1,089,000	\$1,112,000	\$1,135,000	\$1,157,000	\$1,179,000	\$1,202,000	\$1,227,000	\$1,253,000	\$1,277,000	\$1,302,000
IFD Sources of Funds													
Annual Tax Increment		\$1,047,000	\$1,069,000	\$1,089,000	\$1,112,000	\$1,135,000	\$1,157,000	\$1,179,000	\$1,202,000	\$1,227,000	\$1,253,000	\$1,277,000	\$1,302,000
Developer Loan - Not Required Tasks ³		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Port Loan, Bldg. 102 + 20th St. Sidewalk ³		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Port Loan of Required Dev. Rmbmts ³		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Bond Proceeds ³		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Prior Year Net Balance		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Sources of Funds		\$1,047,000	\$1,069,000	\$1,089,000	\$1,112,000	\$1,135,000	\$1,157,000	\$1,179,000	\$1,202,000	\$1,227,000	\$1,253,000	\$1,277,000	\$1,302,000
IFD Uses of Funds													
Bond Debt Service ³		\$666,364	\$666,364	\$666,364	\$666,364	\$666,364	\$666,364	\$666,364	\$666,364	\$666,364	\$666,364	\$666,364	\$666,364
Repay Developer Loan ⁴		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Repay Port Loan ⁴		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Crane Cove Park Improvements		\$380,636	\$402,636	\$422,636	\$445,636	\$468,636	\$490,636	\$512,636	\$535,636	\$560,636	\$586,636	\$610,636	\$635,636
Building 102 Electrical Improvements		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Streetscape Improvements		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Uses of Funds		\$1,047,000	\$1,069,000	\$1,089,000	\$1,112,000	\$1,135,000	\$1,157,000	\$1,179,000	\$1,202,000	\$1,227,000	\$1,253,000	\$1,277,000	\$1,302,000
Net IFD Fund Balance													
		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cumulative Waterfront Expenditures as a % of													
Cumulative IFD Increment Deposits		47%	47%	46%	46%	46%	45%	45%	45%	45%	45%	46%	46%

¹ Term is 45 years from the date that Project Area E1 receives one hundred thousand (\$100,000) in incremental property tax revenue.

² Projection of Assessed Value is provided in Table 4. Projection of possessory interest/property tax increment is provided in Table 5.

³ Table 6.

⁴ Table 7.

Table 2
Appendix G-1
Sources and Uses of Funds
Infrastructure Financing Plan
Infrastructure Financing District No. 2, Sub-Project Area G-1 (Pier 70 - Historic Core)
Port of San Francisco

	Year 34 FY 50/51	Year 35 FY 51/52	Year 36 FY 52/53	Year 37 FY 53/54	Year 38 FY 54/55	Year 39 FY 55/56	Year 40 FY 56/57	Year 41 FY 57/58	Year 42 FY 58/59	Year 43 FY 59/60	Year 44 FY 60/61	Year 45 FY 61/62	
Available Property /Possessory Interest Tax Inc													
General Fund	100%	\$954,000	\$974,000	\$992,000	\$1,012,000	\$1,033,000	\$1,054,000	\$1,075,000	\$1,095,000	\$1,118,000	\$1,140,000	\$1,163,000	\$1,186,000
ERAF	100%	\$374,000	\$382,000	\$389,000	\$397,000	\$405,000	\$413,000	\$421,000	\$430,000	\$438,000	\$447,000	\$456,000	\$465,000
Annual Total		\$1,328,000	\$1,356,000	\$1,381,000	\$1,409,000	\$1,438,000	\$1,467,000	\$1,496,000	\$1,525,000	\$1,556,000	\$1,587,000	\$1,619,000	\$1,651,000
IFD Sources of Funds													
Annual Tax Increment		\$1,328,000	\$1,356,000	\$1,381,000	\$1,409,000	\$1,438,000	\$1,467,000	\$1,496,000	\$1,525,000	\$1,556,000	\$1,587,000	\$1,619,000	\$1,651,000
Developer Loan - Not Required Tasks ³		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Port Loan, Bldg. 102 + 20th St. Sidewalk ³		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Port Loan of Required Dev. Rmbmts ³		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Bond Proceeds ³		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Prior Year Net Balance		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Sources of Funds		\$1,328,000	\$1,356,000	\$1,381,000	\$1,409,000	\$1,438,000	\$1,467,000	\$1,496,000	\$1,525,000	\$1,556,000	\$1,587,000	\$1,619,000	\$1,651,000
IFD Uses of Funds													
Bond Debt Service ³		\$666,364	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Repay Developer Loan ⁴		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Repay Port Loan ⁴		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Crane Cove Park Improvements		\$661,636	\$1,356,000	\$1,381,000	\$1,409,000	\$1,438,000	\$1,467,000	\$1,496,000	\$1,525,000	\$1,556,000	\$1,587,000	\$1,619,000	\$1,651,000
Building 102 Electrical Improvements		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Streetscape Improvements		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Uses of Funds		\$1,328,000	\$1,356,000	\$1,381,000	\$1,409,000	\$1,438,000	\$1,467,000	\$1,496,000	\$1,525,000	\$1,556,000	\$1,587,000	\$1,619,000	\$1,651,000
Net IFD Fund Balance		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cumulative Waterfront Expenditures as a % of Cumulative IFD Increment Deposits		46%	48%	50%	52%	54%	55%	57%	59%	60%	61%	63%	64%

¹ Term is 45 years from the date that Project Area E1 receives one hundred thousand (\$100,000) in incremental property tax revenue.

² Projection of Assessed Value is provided in Table 4. Projection of possessory interest/property tax increment is provided in Table 5.

³ Table 6.

⁴ Table 7.

Table 3
Appendix G-1
Cost Estimate for Streetscape Improvements
Infrastructure Financing Plan
Infrastructure Financing District No. 2, Sub-Project Area G-1 (Historic Core, Pier 70)
Port Of San Francisco

ITEMS	QUANTITY	UNIT	BASE UNIT COST	DESIGN COST (10%)	PROJECT			TOTAL UNIT COST	AMOUNT
					MANAGEMENT (5%)	CONTINGENCY (30%)			
Illinois St. East Sidewalk (in front of Bldgs 101 and 40)									
Remove chain-link fence around Bldg 101	145	linear feet	\$10.00	\$1.00	\$0.50	\$3.00	\$14.50	\$2,103	
Replace historic fence around Bldg 101	145	linear feet	\$20.00	\$2.00	\$1.00	\$6.00	\$29.00	\$4,205	
Remove Asphalt	40	square feet	\$10.00	\$1.00	\$0.50	\$3.00	\$14.50	\$580	
Upgrade curb ramps at the east side of Illinois at 20th to meet ADA standards	4	each	\$3,000.00	\$300.00	\$150.00	\$900.00	\$4,350.00	\$17,400	
									Subtotal
									\$24,288
									Estimate Permit Costs
	10%								\$2,429
									Total Cost
									\$26,716
20th St. North Side (West of Georgia)									
Patch concrete segments and clean up debris (20% of total square feet)	1,120	square feet	\$11.00	\$1.10	\$0.55	\$3.30	\$15.95	\$17,864	
Fix historical fence (Bldg 101)	170	linear feet	\$30.00	\$3.00	\$1.50	\$9.00	\$43.50	\$7,395	
Remove chain link fence (Bldg 104)	155	linear feet	\$10.00	\$1.00	\$0.50	\$3.00	\$14.50	\$2,248	
									Subtotal
									\$27,507
									Estimate Permit Costs
	10%								\$2,751
									Total Cost
									\$30,257
20th St. at Georgia									
Ped/ADA path of travel improvements leading north to the parking lot with bollards AND truncated domes (no curb and gutters)	90	linear feet	\$100.00	\$10.00	\$5.00	\$30.00	\$145.00	\$13,050	
Install a continental style crosswalk (north) per Sherwood plan dated 3/6/14	35	linear feet	\$18.00	\$1.80	\$0.90	\$5.40	\$26.10	\$914	
Install a continental style crosswalk (west) per Sherwood plan dated 3/6/14	45	linear feet	\$18.00	\$1.80	\$0.90	\$5.40	\$26.10	\$1,175	
Install ADA-compliant curb ramps per Sherwood plan	3	each	\$3,000.00	\$300.00	\$150.00	\$900.00	\$4,350.00	\$13,050	
									Subtotal
									\$28,188
									Estimate Permit Costs
	10%								\$2,819
									Total Cost
									\$31,007
20th St. north Side (east of Georgia)									
Remove chain-link fence	225	linear feet	\$10.00	\$1.00	\$0.50	\$3.00	\$14.50	\$3,263	
Shoring of Bldg 103 to open sidewalk	215	linear feet	N/A					N/A	
Overlay asphalt sidewalk and clean up debris (100%)	2,500	square feet	\$4.00	\$0.40	\$0.20	\$1.20	\$5.80	\$14,500	
									Subtotal
									\$17,763
									Estimate Permit Costs
	10%								\$1,776
									Total Cost
									\$19,539
20th and Louisiana Intersection									
Add ADA-compliant curb ramps per Sherwood plan	4	each	\$3,000.00	\$300.00	\$150.00	\$900.00	\$4,350.00	\$17,400	
Add crosswalk (west) per Sherwood plan	45	linear feet	\$18.00	\$1.80	\$0.90	\$5.40	\$26.10	\$1,175	
Install bollards on the north side (spaced 5' OC) to prevent parking	9	each	\$400.00	\$40.00	\$20.00	\$120.00	\$580.00	\$5,220	
Add crosswalk (south) per Sherwood plan	50	linear feet	\$18.00	\$1.80	\$0.90	\$5.40	\$26.10	\$1,305	
Partial removal of Bldg 113 landing at the SW corner (approximately 23' from building corner), should align with gap between 1st and 2nd window	1,725 (25*23*3)	cubic feet	\$5.00	\$0.50	\$0.25	\$1.50	\$7.25	\$12,506	
Rebuild concrete sidewalk at the SW corner	575	square feet	\$11.00	\$1.10	\$0.55	\$3.30	\$15.95	\$9,171	
Add stop signs at 20th and Louisiana	3	each	\$300.00	\$30.00	\$15.00	\$90.00	\$435.00	\$1,305	
									Subtotal
									\$48,082
									Estimate Permit Costs
	10%								\$4,808
									Total Cost
									\$52,890

Louisiana St.								
Regrade parking area	8,700 (290*20*1.5)	cubic feet	\$3.50	\$0.35	\$0.18	\$1.05	\$5.08	\$44,153
Install retaining wall	260	linear feet	\$60.00	\$6.00	\$3.00	\$18.00	\$87.00	\$22,620
Install 10' wide asphalt sidewalk with a 6" curb on the east side only	3,000	square feet	\$4.00	\$0.40	\$0.20	\$1.20	\$5.80	\$17,400
Modify electrical equipment at the NE face of Bldg 113	1	each	\$1,000.00	\$100.00	\$50.00	\$300.00	\$1,450.00	\$1,450
Add an overlay new asphalt pavement	10,000	square feet	\$10.00	\$1.00	\$0.50	\$3.00	\$14.50	\$145,000
Remove chain-link fence	350	linear feet	\$10.00	\$1.00	\$0.50	\$3.00	\$14.50	\$5,075
Install chain-link fence	300	linear feet	\$20.00	\$2.00	\$1.00	\$6.00	\$29.00	\$8,700
Install crosswalk at south side of Bldg 14	50	linear feet	\$18.00	\$1.80	\$0.90	\$5.40	\$26.10	\$1,305
Install ADA-compliant curb cut at southeast of Bldg 14	1	each	\$3,000.00	\$300.00	\$150.00	\$900.00	\$4,350.00	\$4,350
Install ped/ADA path of travel toward courtyard (bollards and truncated domes)	350	linear feet	\$100.00	\$10.00	\$5.00	\$30.00	\$145.00	\$50,750
Subtotal								\$300,803
Estimate Permit Costs	10%							\$30,080
Total Cost								\$330,883
20th St. South Side								
Patch concrete sidewalk between Michigan and Bldg 113 entrance (50%)	1,500	square feet	\$11.00	\$1.10	\$0.55	\$3.30	\$15.95	\$23,925
Patch asphalt sidewalk between Bldg 113 and Louisiana (100%)	3,000	square feet	\$4.00	\$0.40	\$0.20	\$1.20	\$5.80	\$17,400
Install ADA-compliant curb ramps at Bldg 113 entry	2	each	\$3,000.00	\$300.00	\$150.00	\$900.00	\$4,350.00	\$8,700
Install a 2-5% ramp adjacent to street at west end of Bldg 113	800	cubic feet	\$18.00	\$1.80	\$0.90	\$5.40	\$26.10	\$20,880
Install stairs adjacent to West end of Bldg 113	50	cubic feet	\$18.00	\$1.80	\$0.90	\$5.40	\$26.10	\$1,305
Add railing along edge where drop off exceeds 18"	60	linear feet	\$50.00	\$5.00	\$2.50	\$15.00	\$72.50	\$4,350
Add ADA-compliant curb ramps at Michigan	2	each	\$3,000.00	\$300.00	\$150.00	\$900.00	\$4,350.00	\$8,700
Add a crosswalk at west of Bldg 113	30	linear feet	\$18.00	\$1.80	\$0.90	\$5.40	\$26.10	\$783
Subtotal				\$0.00	\$0.00	\$0.00	\$0.00	\$86,043
Estimate Permit Costs	10%							\$8,604
Total Cost								\$94,647
Michigan St.								
Add a ped/ADA path of travel on west side of street	360	linear feet	\$100.00	\$10.00	\$5.00	\$30.00	\$145.00	\$52,200
Add asphalt overlay	12,500	square feet	\$10.00	\$1.00	\$0.50	\$3.00	\$14.50	\$181,250
Add a crosswalk at south end of Michigan	28	linear feet	\$18.00	\$1.80	\$0.90	\$5.40	\$26.10	\$731
Curb and gutter for the east side of Michigan	360	linear feet	\$32.00	\$3.20	\$1.60	\$9.60	\$46.40	\$16,704
Subtotal								\$250,885
Estimate Permit Costs	10%							\$25,088
Total Cost								\$275,973
Install Street Lighting (spaced 140' OC)								
Louisiana	3	each	\$10,000.00	\$1,000.00	\$500.00	\$3,000.00	\$14,500.00	\$43,500
Georgia	1	each	\$10,000.00	\$1,000.00	\$500.00	\$3,000.00	\$14,500.00	\$14,500
Michigan	3	each	\$10,000.00	\$1,000.00	\$500.00	\$3,000.00	\$14,500.00	\$43,500
20th	12	each	\$10,000.00	\$1,000.00	\$500.00	\$3,000.00	\$14,500.00	\$174,000
Subtotal								\$275,500
Estimate Permit Costs	10%							\$27,550
Total Cost								\$303,050
Phase 1 Project Improvements Total								\$1,164,962

PIER 70 INFRASTRUCTURE FINANCING DISTRICT PHASE 2 IMPROVEMENTS

COST ESTIMATES

ITEMS	QUANTITY	UNIT	BASE UNIT COST	DESIGN COST (10%)	PROJECT		TOTAL UNIT COST	AMOUNT
					MANAGEMENT (5%)	CONTINGENCY (30%)		
Illinois St. East Sidewalk (in front of Bldgs 101 and 40)								
Upgrade traffic signal at 20th/Illinois (new pole, signal head, and controller box), and remove abandoned equipment (poles, conduit, and utility boxes)	1	lump sum	\$215,000.00	\$21,500.00	\$10,750.00	\$64,500.00	\$311,750.00	\$311,750
Subtotal								\$311,750
Estimate Permit Costs	10%							\$31,175
Total Cost								\$342,925
Phase 2 Project Improvements Total								\$342,925
Pier 70 Infrastructure Financing District Improvements Total								\$1,507,887

Table 4
Appendix G-1
Assessed Value and Possessory Income Tax Projection - Capitalized Income Approach to Valuation
Infrastructure Financing Plan
Infrastructure Financing District No. 2, Sub-Project Area G-1 (Pier 70 - Historic Core)
Port of San Francisco

	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
Total Revenue per 3/27/15 pro forma, 2018					\$7,995,755									
Expenses					\$2,398,537									
Adjusted NOI					\$5,597,218									
Cap Rate					7.00%									
Assessed Value (\$000)		\$3,998	\$39,980	\$59,970	\$79,960	\$81,559	\$83,191	\$84,854	\$86,552	\$88,283	\$90,048	\$91,849	\$93,686	\$95,560
Escalation factor		0.05	0.5	0.75	1	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02
Sale of Leasehold		0	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0
AV for projection		\$3,998	\$39,980	\$59,970	\$79,960	\$81,559	\$83,191	\$84,854	\$86,552	\$88,283	\$90,048	\$91,849	\$93,686	\$95,560

Table 4
Appendix G-1
Assessed Value and Possessory Income Tax Projection - Capitalized Income Approach to Valuation
Infrastructure Financing Plan
Infrastructure Financing District No. 2, Sub-Project Area G-1 (Pier 70 - Historic Core)
Port of San Francisco

FY 29/30 FY 30/31 FY 31/32 FY 32/33 FY 33/34 FY 34/35 FY 35/36 FY 36/37 FY 37/38 FY 38/39 FY 39/40 FY 40/41 FY 41/42 FY 42/43 FY 43/44 FY 44/45 FY 45/46

Total Revenue per 3/27/15 pro forma,																	
Expenses																	
Adjusted NOI																	
Cap Rate																	
Assessed Value (\$000)	\$97,471	\$99,421	\$101,409	\$103,437	\$105,506	\$107,616	\$109,768	\$111,964	\$114,203	\$116,487	\$118,817	\$121,193	\$123,617	\$126,089	\$128,611	\$131,183	\$133,807
Escalation factor	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02
Sale of Leasehold	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
AV for projection	\$97,471	\$99,421	\$101,409	\$103,437	\$105,506	\$107,616	\$109,768	\$111,964	\$114,203	\$116,487	\$118,817	\$121,193	\$123,617	\$126,089	\$128,611	\$131,183	\$133,807

Table 4
Appendix G-1
Assessed Value and Possessory Income Tax Projection - Capitalized Income Approach to Valuation
Infrastructure Financing Plan
Infrastructure Financing District No. 2, Sub-Project Area G-1 (Pier 70 - Historic Core)
Port of San Francisco

	FY 46/47	FY 47/48	FY 48/49	FY 49/50	FY 50/51	FY 51/52	FY 52/53	FY 53/54	FY 54/55	FY 55/56	FY 56/57	FY 57/58	FY 58/59	FY 59/60	FY 60/61	FY 61/62
Total Revenue per 3/27/15 pro forma,																
Expenses																
Adjusted NOI																
Cap Rate																
Assessed Value (\$000)	\$136,483	\$139,213	\$141,997	\$144,837	\$147,734	\$150,688	\$153,702	\$156,776	\$159,912	\$163,110	\$166,372	\$169,700	\$173,094	\$176,555	\$180,087	\$183,688
Escalation factor	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02
Sale of Leasehold	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
AV for projection	\$136,483	\$139,213	\$141,997	\$144,837	\$147,734	\$150,688	\$153,702	\$156,776	\$159,912	\$163,110	\$166,372	\$169,700	\$173,094	\$176,555	\$180,087	\$183,688

Table 5
Appendix G-1
Assessed Value and Property Tax Projection
Infrastructure Financing Plan
Infrastructure Financing District No. 2, Sub-Project Area G-1 (Pier 70 - Historic Core)
Port of San Francisco

Property Tax Projection	NPV²	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28
Incremental AV on Tax Roll (\$1,000s) ¹		\$3,998	\$39,980	\$59,970	\$79,960	\$81,559	\$83,191	\$84,854	\$86,552	\$88,283	\$90,048	\$91,849	\$93,686
Property Tax Increment at 1% 1.00%	\$26,036,766	\$39,980	\$399,801	\$599,702	\$799,603	\$815,595	\$831,907	\$848,545	\$865,516	\$882,826	\$900,482	\$918,492	\$936,862
Property Tax Distributed to IFD													
General Fund 64.59%	\$16,815,784	\$25,800	\$258,000	\$387,000	\$516,000	\$526,000	\$538,000	\$547,000	\$560,000	\$570,000	\$583,000	\$594,000	\$604,000
ERAF 25.33%	\$6,596,031	<u>\$10,100</u>	<u>\$101,000</u>	<u>\$152,000</u>	<u>\$203,000</u>	<u>\$207,000</u>	<u>\$211,000</u>	<u>\$215,000</u>	<u>\$219,000</u>	<u>\$224,000</u>	<u>\$228,000</u>	<u>\$233,000</u>	<u>\$237,000</u>
Total 89.92%	\$23,411,815	\$35,900	\$359,000	\$539,000	\$719,000	\$733,000	\$749,000	\$762,000	\$779,000	\$794,000	\$811,000	\$827,000	\$841,000

¹ Table 4

Table 5
Appendix G-1
Assessed Value and Property Tax Projection
Infrastructure Financing Plan
Infrastructure Financing District No. 2, Sub-Project Area G-1 (Pier 70 - Historic Core)
Port of San Francisco

Property Tax Projection	NPV²	FY 28/29	FY 29/30	FY 30/31	FY 31/32	FY 32/33	FY 33/34	FY 34/35	FY 35/36	FY 36/37	FY 37/38	FY 38/39	FY 39/40
Incremental AV on Tax Roll (\$1,000s) ¹		\$95,560	\$97,471	\$99,421	\$101,409	\$103,437	\$105,506	\$107,616	\$109,768	\$111,964	\$114,203	\$116,487	\$118,817
Property Tax Increment at 1% 1.00%	\$26,036,766	\$955,599	\$974,711	\$994,205	\$1,014,089	\$1,034,371	\$1,055,059	\$1,076,160	\$1,097,683	\$1,119,637	\$1,142,029	\$1,164,870	\$1,188,167
Property Tax Distributed to IFD													
General Fund 64.59%	\$16,815,784	\$618,000	\$629,000	\$643,000	\$654,000	\$668,000	\$681,000	\$695,000	\$708,000	\$724,000	\$738,000	\$752,000	\$768,000
ERAF 25.33%	\$6,596,031	\$242,000	\$247,000	\$252,000	\$257,000	\$262,000	\$267,000	\$273,000	\$278,000	\$284,000	\$289,000	\$295,000	\$301,000
Total 89.92%	\$23,411,815	\$860,000	\$876,000	\$895,000	\$911,000	\$930,000	\$948,000	\$968,000	\$986,000	\$1,008,000	\$1,027,000	\$1,047,000	\$1,069,000

¹ Table 4

Table 5
Appendix G-1
Assessed Value and Property Tax Projection
Infrastructure Financing Plan
Infrastructure Financing District No. 2, Sub-Project Area G-1 (Pier 70 - Historic Core)
Port of San Francisco

Property Tax Projection	NPV ²	FY 40/41	FY 41/42	FY 42/43	FY 43/44	FY 44/45	FY 45/46	FY 46/47	FY 47/48	FY 48/49	FY 49/50	FY 50/51	FY 51/52	
Incremental AV on Tax Roll (\$1,000s) ¹		\$121,193	\$123,617	\$126,089	\$128,611	\$131,183	\$133,807	\$136,483	\$139,213	\$141,997	\$144,837	\$147,734	\$150,688	
Property Tax Increment at 1% 1.00%	\$26,036,766	\$1,211,931	\$1,236,169	\$1,260,893	\$1,286,111	\$1,311,833	\$1,338,069	\$1,364,831	\$1,392,127	\$1,419,970	\$1,448,369	\$1,477,337	\$1,506,884	
Property Tax Distributed to IFD														
General Fund	64.59%	\$16,815,784	\$782,000	\$799,000	\$816,000	\$831,000	\$847,000	\$863,000	\$881,000	\$900,000	\$917,000	\$935,000	\$954,000	\$974,000
ERAF	25.33%	\$6,596,031	\$307,000	\$313,000	\$319,000	\$326,000	\$332,000	\$339,000	\$346,000	\$353,000	\$360,000	\$367,000	\$374,000	\$382,000
Total	89.92%	\$23,411,815	\$1,089,000	\$1,112,000	\$1,135,000	\$1,157,000	\$1,179,000	\$1,202,000	\$1,227,000	\$1,253,000	\$1,277,000	\$1,302,000	\$1,328,000	\$1,356,000

¹ Table 4

Table 5
Appendix G-1
Assessed Value and Property Tax Projection
Infrastructure Financing Plan
Infrastructure Financing District No. 2, Sub-Project Area G-1 (Pier 70 - Historic Core)
Port of San Francisco

Property Tax Projection	NPV²	FY 52/53	FY 53/54	FY 54/55	FY 55/56	FY 56/57	FY 57/58	FY 58/59	FY 59/60	FY 60/61	FY 61/62
Incremental AV on Tax Roll (\$1,000s) ¹		\$153,702	\$156,776	\$159,912	\$163,110	\$166,372	\$169,700	\$173,094	\$176,555	\$180,087	\$183,688
Property Tax Increment at 1% 1.00%	\$26,036,766	\$1,537,021	\$1,567,762	\$1,599,117	\$1,631,099	\$1,663,721	\$1,696,996	\$1,730,935	\$1,765,554	\$1,800,865	\$1,836,883
Property Tax Distributed to IFD											
General Fund 64.59%	\$16,815,784	\$992,000	\$1,012,000	\$1,033,000	\$1,054,000	\$1,075,000	\$1,095,000	\$1,118,000	\$1,140,000	\$1,163,000	\$1,186,000
ERAF 25.33%	\$6,596,031	\$389,000	\$397,000	\$405,000	\$413,000	\$421,000	\$430,000	\$438,000	\$447,000	\$456,000	\$465,000
Total 89.92%	\$23,411,815	\$1,381,000	\$1,409,000	\$1,438,000	\$1,467,000	\$1,496,000	\$1,525,000	\$1,556,000	\$1,587,000	\$1,619,000	\$1,651,000

¹Table 4

Table 6
Appendix G-1
Loan Advances to be Repaid by IFD
Infrastructure Financing Plan
Infrastructure Financing District No. 2, Sub-Project Area G-1 (Pier 70 - Historic Core)
Port of San Francisco

Loan Terms	Interest Rate	Term	DCR	Issuance Costs
	Port Loan	4.41%	15	
Developer Loan	¹ 4.50%	15		1%
IFD or CFD Bond	6.50%	30	110%	10%

Interest rate shall be rate set forth in the most senior construction loan for the initial improvements. ODI pro forma dated 3/27/15 reflects a construction loan rate of 4.5%.

	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22	Total
Gross Loan Amounts							
Port Loan for Bldg. 102	\$3,203,429	\$0	\$0	\$0	\$0	\$0	\$3,203,429
Developer Required Reimbursements to Port (Amounts to be credited against outstanding Deferred Port Transaction Costs. Effectively a Port Loan to IFD)	\$300,049	\$225,726	\$0	\$0	\$0	\$0	\$525,776
Developer Loan for "Not Required/Other Tasks"	\$303,883	\$486,801	\$0	\$0	\$0	\$0	\$790,684
IFD or CFD Bonds				\$0	\$0	\$8,701,827	\$8,701,827
Net Loan Proceeds							
Port Loan for Bldg. 102	\$3,203,429	\$0	\$0	\$0	\$0	\$0	\$3,203,429
Developer Required Reimbursements to Port (Effectively a Port Loan to IFD)	\$300,049	\$225,726	\$0	\$0	\$0	\$0	\$525,776
Developer Loan for "Not Required Tasks"	\$300,844	\$481,933	\$0	\$0			\$782,777
IFD or CFD Bonds	\$0	\$0	\$0	\$0	\$0	\$7,831,644	\$7,831,644

Table 7
Appendix G-1
Amortization of Developer and Port Loans
Infrastructure Financing Plan
Infrastructure Financing District No. 2, Sub-Project Area G-1 (Pier 70 - Historic Core)
Port of San Francisco

	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22
Developer Loan #1 - Other Tasks						
Beginning Balance	\$303,883	\$299,558	\$133,538	\$0	\$0	
Payments	\$18,000	\$179,500	\$139,547	\$0	\$0	
Interest	\$13,675	\$13,480	\$6,009	\$0	\$0	
Remaining Balance	\$299,558	\$133,538	\$0	\$0	\$0	
Developer Loan #2 - Other Tasks						
Beginning Balance		\$486,801	\$508,707	\$401,646	\$0	
Payments		\$0	\$129,953	\$419,720	\$0	
Interest		\$21,906	\$22,892	\$18,074	\$0	
Remaining Balance		\$508,707	\$401,646	\$0	\$0	
Port Loan #1 - Bldg 102						
Beginning Balance	\$3,203,429	\$3,326,700	\$3,293,907	\$3,169,669	\$3,010,171	\$2,409,920
Payments	\$18,000	\$179,500	\$269,500	\$299,280	\$733,000	\$2,516,197
Interest	\$141,271	\$146,707	\$145,261	\$139,782	\$132,749	\$106,277
Remaining Balance	\$3,326,700	\$3,293,907	\$3,169,669	\$3,010,171	\$2,409,920	\$0
Port Loan #2 - Reqd Reimbursement , 2016/17						
Beginning Balance	\$300,049	\$313,281	\$327,097	\$341,522	\$356,583	\$372,308
Payments	\$0	\$0	\$0	\$0	\$0	\$388,727
Interest	\$13,232	\$13,816	\$14,425	\$15,061	\$15,725	\$16,419
Remaining Balance	\$313,281	\$327,097	\$341,522	\$356,583	\$372,308	\$0
Port Loan #3 - Reqd Reimbursement , 2017/18						
Beginning Balance		\$225,726	\$235,681	\$246,075	\$256,926	\$268,257
Payments		\$0	\$0	\$0	\$0	\$280,087
Interest		\$9,955	\$10,394	\$10,852	\$11,330	\$11,830
Remaining Balance		\$235,681	\$246,075	\$256,926	\$268,257	\$0

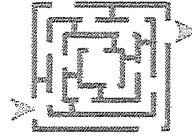
Table 8
Appendix G-1
IFD Public Facility Improvement Schedule
Infrastructure Financing Plan
Infrastructure Financing District No. 2, Sub-Project Area G-1 (Pier 70 - Historic Core)
Port of San Francisco

Public Facilities to be Funded by IFD

	<u>Total Cost</u> <u>2015/16</u>	<u>Est.</u> <u>Completion</u>	<u>Party to</u> <u>Advance</u> <u>Funds</u>	<u>ODI Funding</u> <u>Requirements per DDA¹</u>	<u>Estimated Allocation</u>	
					<u>Required</u>	<u>Other</u>
Illinois St., East Sidewalk	\$27,517	FY 2016/17	ODI	Required/Other	\$13,759	\$13,759
Traffic Signal at 20th /Illinois ²	\$70,643	FY 2017/18	ODI	Required	\$70,643	
20th St., north side (west of Georgia)	\$31,165	FY 2016/17	ODI	Required	\$31,165	
20th St. at Georgia	\$31,937	FY 2016/17	ODI	Other task		\$31,937
20th St., north side (east of Georgia)	\$20,125	FY 2016/17	Port			
20th and Louisiana Intersection	\$54,477	FY 2016/17	ODI	Required/Other	\$27,239	\$27,239
Louisiana Street	\$340,809	FY 2016/17	ODI	Required/Other	\$170,405	\$170,405
20th Street, south side	\$97,486	FY 2016/17	ODI	Required/Other	\$48,743	\$48,743
Michigan Street	\$284,252	FY 2017/18	ODI	Required/Other	\$142,126	\$142,126
Street Lighting	\$312,142	FY 2017/18	ODI	Other task	0	\$312,142
Bldg. 102 Electrical Improvements	\$3,090,000	FY 2016/17	Port		\$504,079	\$746,350
Total facilities, before Crane Cove Park	\$4,360,553					
Crane Cove Park Improvements	\$13,899,123					
Total Public Facilities to be funded by IFD	\$18,259,676					

¹ Under the DDA, Orton must advance funds to pay for all Required ODI Tasks (aka Required Port Benefit Tasks). Although Orton will be reimbursed for the Certified Port Benefit Costs, such costs will be reduced by 100% of the outstanding deferred Port Transaction Costs, if any, and the remaining balance of Certified Port Benefit Costs after application of any outstanding Deferred Port Transaction Costs ("Outstanding Port Benefit Cost") will accrue simple interest on a monthly basis at a rate equal to the monthly interest rate set forth in the most senior construction loan for the initial improvements. Port Transaction Costs total \$1 million. Given that Required Port Benefit Tasks total approximately \$504,000, it is assumed that ODI's advance of these funds will be credited against the Port Transaction Cost obligation.

**ATTACHMENT 1:
FISCAL AND ECONOMIC IMPACT ANALYSIS
PIER 70 – HISTORIC CORE**



KEYSER MARSTON ASSOCIATES

FISCAL AND ECONOMIC IMPACT ANALYSIS PIER 70 – HISTORIC CORE

Prepared for
Port of San Francisco

Prepared by:
Keyser Marston Associates, Inc.

November 4, 2015

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I. EXECUTIVE SUMMARY

This report has been prepared to comply with Threshold Criteria 5 of the adopted and amended “Guidelines for the Establishment and Use of an Infrastructure Financing District (IFD) with Project Areas on Land under the Jurisdiction of the San Francisco Port Commission”. Pursuant to the Guidelines, the financing plan for each Port IFD must: 1) demonstrate that the Project will generate a net economic benefit; and 2) project the net fiscal impact to the City’s General Fund over the term of the IFD.¹

The subject Project is the rehabilitation of the 20th Street historic buildings on Pier 70 to be undertaken by Historic Pier 70, LLC, which is a development entity formed by Orton Development, Inc. (ODI). A more detailed description of the Project is provided in Section IIA. The Port and ODI have executed a series of transaction documents, including a Lease Disposition and Development Agreement (LDDA) and Lease No. L-15814 to govern the construction and operation of the property over the 66-year lease term. This analysis reflects the terms of the governing agreements and the operating projections contained in the development pro forma submitted by ODI on March 27, 2015, which is the most recent available pro forma.

This analysis is an update of the fiscal and economic impact estimates contained in the “Fiscal Responsibility and Feasibility” report submitted by the Port for the Pier 70 – Historic Core Project, which was adopted by the Board of Supervisors in 2012.

- 1. Fiscal Benefits to the City of San Francisco.** The rehabilitated buildings are anticipated to generate a significant annual net surplus to the City’s General Fund. On-going revenues to the City directly generated by the Project include new gross receipts taxes, sales taxes, property taxes in-lieu of motor vehicle license fees, utility user taxes, and other taxes. General Fund expenses generated by the Project will be comprised of police, fire, and emergency medical services. It is estimated that the net present value of the surplus over the Infrastructure Financing District (IFD) term to the City’s General Fund will total from \$5.1 million to \$8.0 million, depending on the magnitude of gross receipts tax to be generated by the Project’s tenants. On an annual basis, it is estimated that upon stabilization, the Project will generate an annual net General Fund Surplus of \$142,000 to \$273,000 per year.
- 2. Direct, Indirect, and Induced Economic Benefits to the City.** It is estimated that the Project will create approximately 460 full-time jobs, with an average annual payroll of \$31 million and output of \$72 million. In addition to the direct benefits to be generated by the Project, the new businesses and employees will support other businesses in San Francisco and the region through expenditures on materials, retail goods, and services. Total direct,

¹ Threshold Criteria 6,7, and 8 of the Guidelines, which relate to the share to tax increment allocated to the City and ERAF and ERAF’s excess share of tax increment are addressed in the Infrastructure Financing Plan for Pier 70 – Historic Core.

indirect, and induced impacts are anticipated to be 780 jobs with annual payroll of \$50 million and output of \$106 million. Project construction is expected to generate a total direct, indirect, and induced impact of 705 jobs, \$45 million of payroll, and \$115 million of output during the construction period.

3. **Long-Term Project Operating and Maintenance Costs.** The Project will generate an additional demand for police, fire, and emergency medical services from the City of San Francisco. Fire department costs are estimated to total \$2.9 million and police department costs are estimated to total \$900,000 over the term of the IFD. The Project will not generate any new maintenance costs to be borne by the City. The cost to operate and maintain Crane Cover Park is estimated at \$400,000 per year but 100% of these costs will be funded through a Maintenance Community Facilities District. The cost of maintaining the public plaza within the Historic Core leasehold will be privately funded by the tenant.
4. **Debt Load to be Carried by the City or the Port.** The public investment is \$24 million from the City through its Seismic Safety Loan program, which is funded via a general obligation bond, and \$1.5 million to be provided by the Port for Building 113 seismic improvements and \$3 million to be advanced by the Port for improvements to Building 102 to serve the BAE shipbuilding operation. The Port's contribution will be funded from available cash resources.

II. INTRODUCTION

This report has been prepared to comply with Threshold Criteria 5 of the adopted and amended “Guidelines for the Establishment and Use of an Infrastructure Financing District (IFD) with Project Areas on Land under the Jurisdiction of the San Francisco Port Commission”. Pursuant to the Guidelines, the financing plan for each Port IFD must: 1) demonstrate that the Project will generate a net economic benefit; and 2) project the net fiscal impact to the City’s General Fund over the term of the IFD.

This report evaluates the anticipated performance of the proposed rehabilitation project of the 20th Street historic buildings on Pier 70 to be undertaken by Orton Development, Inc. (ODI) relative to these two criteria.

The Port and ODI have executed a series of transaction documents, including a Lease Disposition and Development Agreement (LDDA) and Lease No. L-15814 to govern the construction and operation of the property over the 66-year lease term. This analysis reflects the terms of the governing agreements and the operating projections contained in the development pro forma submitted by ODI on March 27, 2015, which is the most recent available pro forma.

Project Description

The Project focuses on the rehabilitation and tenanting of eight historic structures on Pier 70. These buildings are in need of substantial investment. Several are “red-tagged” due to structural problems and unusable in their current state. Two are unreinforced masonry buildings. All need full system replacements to provide new electrical, fire safety, phone, data, water, sewer and gas utilities. The buildings need to be modernized to address current code requirements for structural stability, exiting, accessibility, and life safety. New roofs are required in most cases as well as remediation of asbestos, lead paint and other hazardous building conditions. A recent Port 10 year Capital Plan estimated that returning these buildings to their current use would cost \$109 million. Transferring this obligation to ODI and bringing these buildings back to productive use is the primary public, financial, and fiscal benefit of this project.

As detailed below, the buildings to be rehabilitated by ODI total 267,000 square feet. The Developer will return the buildings to profitable use while maintaining their historic fabric. As proposed, the Project will be occupied by a mix of light industrial, office, health care, and restaurant uses. Building 101 and 104, as former Bethlehem steel and Union Ironworks office buildings, will return to office use with the technological capabilities required for modern businesses. The former powerhouse (Building 102) will become a restaurant. The Union Ironworks Machine shop (Building 113) will be occupied by health care uses. Surrounding warehouses (Buildings 114/115/116 and Building 14) will return to industrial and educational use as food technology and artisanal production centers, mirroring the high-quality “maker” type

businesses currently thriving in the Dogpatch neighborhood. It is assumed that the tenant mix will be similar in nature to that occupying the neighboring American Industrial Center.

Exhibit 1

Proposed Development Program			
Rehabilitation of 20th Street Historic Buildings at Pier 70			
Building	Land Use	Gross SF	Net SF
Building 101	Office / Light Industrial	61,311	58,245
Building 102	Restaurant	11,266	10,703
Building 104	Office	45,759	43,471
Building 113	Healthcare	77,530	60,743
Building 114	Light Industrial	16,088	15,444
Building 115	Light Industrial	13,078	12,555
Building 116	Light Industrial	25,270	24,259
Building 14	Light Industrial	16,315	15,662
Total		266,617	241,082

III. FINANCIAL BENEFITS

A. Fiscal Benefits to the General Fund of the City of San Francisco

1. Net General Fund Fiscal Impacts

While the primary objective of the Project is to rehabilitate the historic buildings and make them a vibrant part of the surrounding community, the Project is also anticipated to generate a significant amount of annual net revenue to the General Fund of the City and County of San Francisco. As summarized below, it is estimated that in the first year of stabilization (FY 2018/19), the Project will generate approximately \$174,000 in a lower revenue scenario and \$304,000 in a higher revenue scenario, to the General Fund. The net present value of the General Fund surplus over the term of the IFD is estimated to range from \$5.1 million to \$8.04 million.

Exhibit 2

Estimated General Fund Revenue / Expenditure	Lower Revenue Scenario - Gross Receipts Tax Does Not Apply			Higher Revenue Scenario - Gross Receipts Tax Applies to All		
	During Construction FY 15 - FY 17	Post Construction FY 2018/19	Total IFD Term	During Construction FY 15 - FY 17	Post Construction FY 2018/19	Total IFD Term
Revenues						
Possessory Interest Tax Not Deposited in IFD	\$0	\$0	\$0	\$0	\$0	\$0
Gross Receipts Tax	0	0	0	\$119,400	\$193,400	\$17,343,100
Sales Tax	\$78,300	\$68,300	\$6,156,700	\$78,300	\$68,300	\$6,156,700
Utility Users Tax	\$42,700	\$51,300	\$4,607,600	\$42,700	\$51,300	\$4,607,600
Prop. Tax In-Lieu of VLF	\$46,900	\$63,900	\$5,835,500	\$46,900	\$63,900	\$5,835,500
Business Registration Fee	\$48,900	\$58,100	\$5,225,400	\$21,000	\$24,900	\$2,239,500
Property Transfer Tax	\$0	\$0	\$0	\$0	\$0	\$0
Other Taxes and Fees	\$114,500	\$22,800	\$2,144,200	\$114,500	\$22,800	\$2,144,200
Total Revenues	\$331,300	\$264,400	\$23,969,400	\$422,800	\$424,600	\$38,326,600
Expenditures						
Police	\$17,500	\$20,900	\$1,881,300	\$17,500	\$20,900	\$1,881,300
Fire and EMS	\$58,100	\$69,800	\$6,271,400	\$58,100	\$69,800	\$6,271,400
Total Expenditures	\$75,600	\$90,700	\$8,152,700	\$75,600	\$90,700	\$8,152,700
Net General Fund Impact						
<i>Nominal Dollars</i>	\$256,000	\$174,000	\$15,817,000	\$347,000	\$334,000	\$30,174,000
<i>\$2015 (3% discount)</i>	\$234,000	\$159,000	\$7,392,000	\$318,000	\$306,000	\$13,929,000
<i>NPV (7% discount)</i>	\$209,000	\$142,000	\$5,117,000	\$283,000	\$273,000	\$8,041,000

*Parking tax; payroll tax; license, permit, and franchise fees; and fines, forfeitures, and penalties.

The greatest of the anticipated General Fund revenue sources is gross receipts taxes, which could potentially account for 45% of expected revenues. Since businesses generating less than

\$1 million of gross receipts are exempt from the tax and the exact nature of future Project businesses is not known, KMA has analyzed a lower revenue scenario in which the Project businesses are exempt from the gross receipts tax and a higher revenue scenario in which all businesses generate sufficient receipts to be subject to the tax.

The net revenues are made up of Project-generated gross receipts taxes, sales taxes, property taxes in-lieu of motor vehicle license fees, utility users taxes, business registration taxes, parking taxes, and other taxes less anticipated Project service costs attributed to Police, Fire and Emergency Medical Services, as further described below.

2. General Fund Revenues

The Project is estimated to generate approximately \$264,000 to \$425,000 of General Fund revenues in the first stabilized year (FY 2018/19). Over the term of the IFD, General Fund revenues are estimated to total \$11 million to \$18 million, expressed in 2015 dollars. Gross receipts taxes (in the higher revenue scenario), followed by sales taxes, property tax in-lieu of motor vehicle license fees, utility users taxes, and business registration fees, are expected to be the leading categories of General Fund revenue to be generated by the Project. One hundred percent (100%) of General Fund property tax revenues will be dedicated to the Project's IFD, and will not be available to the General Fund until FY 2062/63.

- **Gross Receipts Tax Revenues** – In November 2012, San Francisco voters approved Proposition E instituting a gross receipts tax on businesses operating in the City and County and changing business registration fees. The gross receipts tax replaces the City and County's payroll tax, and phases in from 2014 to 2018.

Businesses generating less than \$1 million each year in gross receipts are exempt from the tax. Since exact information on the operations of businesses to occupy Pier 70 is not available at this time, KMA has estimated General Fund revenues under two scenarios. In the lower revenue scenario the Project businesses are exempt from the tax, and in the higher revenue scenario they are not.

The gross receipts tax is a share of total gross receipts. KMA estimates gross receipts of \$76 million at 100% occupancy based on the relationship between gross receipts and employees determined by the Minnesota IMPLAN Group for San Francisco County. The Minnesota IMPLAN Group produces economic flow models that track inputs and outputs within given geographic areas. KMA then adjusts estimated total gross receipts to reflect Project occupancy in each year of the projection, as outlined in Orton Development Inc.'s 20th Street Historic Buildings Pro Forma. Gross receipts are further adjusted by a 75% factor to reflect certain tax exclusions, such as for receipts generated outside San Francisco, and for bio-tech and clean-tech activities in the first years the tax is in place. The gross receipts phase-in rate is then applied, starting at 25% in 2015 and increasing to 100% in 2018. The gross receipts tax is calculated based on an estimated rate of 0.341% of gross receipts. Per the San

Francisco Business and Tax Regulations Code, Article 12-A-1: Gross Receipts Tax, the tax rate varies by business type and by the amount of gross receipts generated. The 0.341% rate is an average of the rates for business types that we believe are representative of those expected to occupy the Project (retail, wholesale, and services; manufacturing / transportation / warehousing, information, biotechnology, clean technology, and food services; private education / health, administrative, and miscellaneous; and financial / insurance, professional, scientific, and technical services). The average is taken at the most conservative tax rate tier, for gross receipts between \$1 million and \$2.5 million.

Gross receipts taxes are estimated to total \$7.9 million throughout the IFD term (expressed in uninflated dollars), with approximately \$193,000 of gross receipts taxes accruing to the General Fund in FY 2018/19.

- **Sales Tax Revenues** – Sales tax revenues will be generated from Project employee expenditures and restaurant sales. Employee expenditures have been estimated based on weekly urban worker spending in the vicinity of office employment centers as reported in ICSC’s 2012 report, “Office-Worker Retail Spending in a Digital Age.” Restaurant sales have been estimated using an assumed sales productivity level of \$500 per square foot of rentable area. Total employee food spending has been adjusted to eliminate overlap with the projection of gross restaurant sales. The City General Fund portion of sales tax is 1% of taxable sales. This is estimated to generate \$68,000 in FY 2018/19.
- **Property Tax In-Lieu of Motor Vehicle License Fees** – The Project is estimated to generate approximately \$64,000 of property taxes in-lieu of motor vehicle license fees for the General Fund in the first year of stabilization. In accordance with SB 1096 and data from the California State Controller’s Office, revenue from the Project is based on the marginal growth of assessed value.
- **Assessed Value, Tax Increment and Possessory Interest** – The property’s assessed value in FY 2015/16 is zero (\$0). Future assessed value has been estimated based on the capitalized value of the Project’s net operating income upon stabilization, as projected in the Developer’s pro forma. This approach to valuation is based on discussions with representatives of the County’s tax assessor’s office. Given that the property is publicly owned, the private tenant will be responsible for paying possessory interest tax on the property. Because the lease term is longer than 35 years, it has been assumed that the leasehold interest will be valued as equivalent to fee interest for purposes of determining the possessory interest tax obligation. Based on this approach, it is estimated that the property’s assessed value will approximate \$80 million in FY 2019/20 and increase thereafter at the Prop. 13 statutory rate of 2% per year. It is assumed that 100% of the General Fund’s and ERAF’s share of annual possessory interest (tax increment) will be allocated to the IFD for the entire term of the IFD. Table 2a.

- **Utility Users Tax Revenues** – The City and County of San Francisco imposes a 7.5% tax on charges for certain utilities services. These include non-residential telephone, electricity, natural gas, steam, and water services, and both residential and non-residential cellular telephone services. For purposes of this analysis, the utility user’s tax has been estimated based on City and County of San Francisco budget factors for FY 2015/16. The budget factors have been calculated on a per employee basis for electricity, natural gas, steam, and water taxes, and on a per service population basis for telephone services. It is estimated that utility users taxes will generate \$51,000 in the first year of stabilization.

- **Business Registration Fee Revenues** – Per the San Francisco Business and Tax Regulations Code, Article 12: Business Registration, the fee per business is charged by tier based on the level of gross receipts generated. The number of businesses in the Project is calculated using the number of employees per business at the American Industrial Center, which has a similar tenant mix to that proposed by Orton Development Inc. The American Industrial Center is adjacent to the Project and includes 800,000 square feet of a mix of office and light industrial uses. Dun and Bradstreet data indicate that this complex houses approximately 200 businesses with 1,200 employees, or 6 employees per business. Business registration fees are expected to total \$25,000 to \$58,000 in FY 2018/19.

- **Property Transfer Tax Revenues** – The assessor’s office is currently in the process of determining the transfer tax obligation resulting from the execution of the lease. A future sale of the leasehold interest would also generate property transfer tax revenue. Transfer tax revenues have not been included in this analysis given that the obligation has not yet been established.

- **Other Tax Revenues** – The San Francisco City and County General Fund receives a 20% share of the 25% parking tax paid on parking fees per San Francisco Business and Tax Regulations Code Article 9: Tax on Occupancy of Parking in Parking Stations, and 2007’s Proposition A. Monthly fees per parking space are estimated at \$100 for 285 parking spaces. Business and Tax Regulations Code Article 12-A: Payroll Expense Tax specifies that the payroll tax is based on business payroll generated in San Francisco and will be phased out by 2018 as the gross receipts tax is phased in. Licenses, permits, and franchise fees, and fines, forfeitures, and penalties are estimated based on an extrapolation of the current per service population amount generated by San Francisco’s residents and employment base.

- **Escalation** – Gross receipts, employee spending and restaurant sales, utility user spending, parking fees, payroll, licenses, permits, and franchise fees, and fines, forfeitures, and penalties are estimated to increase at an annual rate of 3% per year. The San Francisco Business and Tax Regulations Code specifies that business registration fees are to be adjusted annually according to the increase in the Consumer Price Index for All Urban Consumers in San Francisco / Oakland / San Jose, and this is estimated to be a 3% annual

increase as well. Assessed property values for the purposes of estimating property taxes in lieu of motor vehicle license fees are based on IFD assessed value projections. Assessed values are limited to a maximum increase of 2% per year under Proposition 13.

- ***Inflation Adjustments and Net Present Value*** – In order to measure the revenue projection on a comparable basis across revenue sources, each annual revenue estimate has been converted to 2015 dollars based on a discount rate of 3% per year. To account for the impact of time, net revenues have also been discounted at a rate of 7%.
- ***Employment and Service Population*** – The number of jobs in the Project is estimated based on an average density of two employees per 1,000 square feet. For purposes of estimating Project service population, the analysis assumes that an employee is equivalent to approximately one third of a resident in terms of revenue and expenditure generation. Employment and service population are calculated on Appendix Table A-2.

3. General Fund Expenditures

In the first stabilized year, the Project is estimated to generate \$70,000 of Fire and EMS costs that will impact the City and County General Fund. The Project is also anticipated to generate Police service costs of \$21,000 per year. The cost of maintaining the Project's open space will be funded by the tenant. The cost to operate and maintain Crane Cove Park is estimated to total \$400,000 per year, but this cost will be funded through the establishment of a Maintenance Community Facilities District, which is funded by private tenants. The General Fund will not be responsible for funding the operation/maintenance of Crane Cove Park or public spaces within the Project.

Fire and EMS, and Police expenditures have been estimated from factors based on the cost and service population analysis contained in Economic & Planning Systems, Inc.'s Findings of Fiscal Responsibility and Feasibility - Pier 70 Waterfront Site and Illinois Street Parcel Report from May 21, 2013.

- ***Fire and EMS Expenditures*** – According to the EPS report, the allocation of costs for the new Public Safety Building in Mission Bay (Station 4) to the Pier 70 Waterfront and Illinois Street parcels is \$2.4 million per year. Based on the service population estimated from the EPS analysis, KMA's analysis uses a factor of \$394 per unit of service population to calculate Fire and EMS costs.
- ***Police Expenditures*** – The factor for Police expenditures is \$118 per unit of service population, based on the cost of one patrol unit needed to serve the Pier 70 Waterfront and Illinois Street parcels in EPS's report.

- **Public Open Space** – The Project’s tenant will be responsible for maintaining the Project’s open space. Crane Cove Park will be maintained through the establishment of a Maintenance CFD to be funded by private tenants.
- **Employment and Service Population** – As for the Project revenue estimates, the number of jobs is estimated based on two employees per 1,000 square feet, and the service population assumes one employee is equivalent to one third of a resident.

B. Economic Benefits to the City and County of San Francisco

It is estimated that the Project will create approximately 460 direct full-time jobs, with an average annual payroll of \$31 million and output of \$72 million, on an on-going basis once it is complete. In addition to the direct benefits, the new businesses and the employees will support other businesses in San Francisco and the region through expenditures on materials, retail goods, and services. Including these indirect and induced economic impacts, the Project is anticipated to result in a total of 780 jobs, \$50 million of annual payroll, and \$106 million of output city- and county-wide.

The construction of the Project is estimated to create 471 direct jobs, \$32 million of direct payroll, and \$79 million of direct output over the 3-year period during which building takes place. Total direct, indirect, and induced construction period impacts are expected to be approximately 707 jobs, \$45 million of payroll, and \$115 million of output.

Direct jobs are calculated based on project size, occupancy, and a density of 2 employees per 1,000 square feet. Direct payroll combines employment with the average Employment Development Department wages for occupations likely to be represented in the Project. Annual direct output is based on the relationship between jobs and output in San Francisco County according to the Minnesota IMPLAN Group.

Indirect and induced employment impacts are estimated using IMPLAN multipliers for San Francisco County which have been developed by the Minnesota IMPLAN Group. IMPLAN multipliers are applied to estimated direct economic impacts to arrive at the total direct, indirect, and induced impacts to be produced by the Project.

Exhibit 3

Economic Benefits to the City and County of San Francisco	On-Going			Construction Period		
	Jobs	Payroll (\$M)	Output (\$M)	Jobs	Payroll (\$M)	Output (\$M)
Direct	458	\$31.4	\$71.8	471	\$31.6	\$79.0
Indirect and Induced	321	\$19.0	\$34.7	236	\$13.4	\$36.4
Total Direct, Indirect, and Induced	779	\$50.4	\$106.5	707	\$45.0	\$115.4

Table 1
Recurring City General Fund Revenues and Expenditures
Fiscal and Economic Impact Analysis
Pier 70 - Historic Core
Port of San Francisco

November 4, 2015

Revenue / Expenditure	\$2015 ⁴	Total IFD Term	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26	FY 26/27
General Fund Revenues¹														
Property Tax Not Deposited to IFD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Property Tax In-Lieu of VLF	\$2,775,600	\$5,835,500	\$0	\$4,300	\$42,600	\$63,900	\$85,200	\$86,900	\$88,700	\$90,500	\$92,300	\$94,100	\$96,000	\$97,900
Property Transfer Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales Tax	\$2,822,800	\$6,156,700	\$0	\$14,700	\$63,600	\$68,300	\$70,300	\$72,400	\$74,600	\$76,800	\$79,100	\$81,500	\$84,000	\$86,500
Parking Tax	\$735,400	\$1,602,400	\$0	\$4,400	\$17,200	\$17,800	\$18,300	\$18,800	\$19,400	\$20,000	\$20,600	\$21,200	\$21,800	\$22,500
Payroll Tax	\$83,900	\$88,600	\$0	\$13,700	\$74,900	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gross Receipts Tax	\$7,901,000	\$17,343,100	\$0	\$6,900	\$112,500	\$193,400	\$199,200	\$205,200	\$211,400	\$217,700	\$224,200	\$231,000	\$237,900	\$245,000
Business Registration Fee	\$0	\$0												
If Gr Receipts < \$1 M	\$2,387,000	\$5,225,400	\$0	\$4,300	\$44,600	\$58,100	\$59,900	\$61,700	\$63,500	\$65,400	\$67,400	\$69,400	\$71,500	\$73,600
If Gr Receipts > \$1 M	\$1,023,000	\$2,239,500	\$0	\$1,900	\$19,100	\$24,900	\$25,700	\$26,400	\$27,200	\$28,000	\$28,900	\$29,700	\$30,600	\$31,600
Utility Users Tax	\$2,104,500	\$4,607,600	\$0	\$3,600	\$39,100	\$51,300	\$52,800	\$54,400	\$56,000	\$57,700	\$59,400	\$61,200	\$63,000	\$64,900
License, Permit, Franchise Fees	\$177,200	\$387,900	\$0	\$300	\$3,300	\$4,300	\$4,400	\$4,600	\$4,700	\$4,900	\$5,000	\$5,200	\$5,300	\$5,500
Fines, Forfeitures, Penalties	\$29,800	\$65,300	\$0	\$100	\$600	\$700	\$700	\$800	\$800	\$800	\$800	\$900	\$900	\$900
	\$0	\$0												
Total If Avg Gr Receipts < \$1 M	\$11,116,200	\$23,969,400	\$0	\$45,400	\$285,900	\$264,400	\$291,600	\$299,600	\$307,700	\$316,100	\$324,600	\$333,500	\$342,500	\$351,800
Total If Avg Gr Receipts > \$1 M	\$17,653,200	\$38,326,600	\$0	\$49,900	\$372,900	\$424,600	\$456,600	\$469,500	\$482,800	\$496,400	\$510,300	\$524,800	\$539,500	\$554,800
General Fund Expenditures²														
Police	\$859,300	\$1,881,300	\$0	\$1,500	\$16,000	\$20,900	\$21,600	\$22,200	\$22,900	\$23,600	\$24,300	\$25,000	\$25,700	\$26,500
Fire and EMS	\$2,864,400	\$6,271,400	\$0	\$4,900	\$53,200	\$69,800	\$71,900	\$74,000	\$76,200	\$78,500	\$80,900	\$83,300	\$85,800	\$88,400
Portion of Crane Cove Park	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0												
Total General Fund Expend.	\$3,723,800	\$8,152,700	\$0	\$6,400	\$69,200	\$90,700	\$93,500	\$96,200	\$99,100	\$102,100	\$105,200	\$108,300	\$111,500	\$114,900
Net General Fund Impact														
If Average Gr Receipts < \$1 M	\$7,392,400	\$15,816,700	\$0	\$39,000	\$216,700	\$173,700	\$198,100	\$203,400	\$208,600	\$214,000	\$219,400	\$225,200	\$231,000	\$236,900
If Average Gr Receipts > \$1 M	\$13,929,400	\$30,173,900	\$0	\$43,500	\$303,700	\$333,900	\$363,100	\$373,300	\$383,700	\$394,300	\$405,100	\$416,500	\$428,000	\$439,900

¹ Table 4a.

² Table 6. Police and Fire protection services are the project's major service impacts. The project's public plaza will be privately maintained by the lessee. Crane Cove Park will be maintained through a CFD maintenance district. The project is not creating any new public infrastructure that is to be maintained by the General Fund. It is assumed that City service costs including Community Health, Human Welfare, and Culture and Recreation services are generated by residents and do not apply to the project.

⁴ Discounted at 3%.

Table 1
Recurring City General Fund Revenues and Expenditures
Fiscal and Economic Impact Analysis
Pier 70 - Historic Core
Port of San Francisco

Revenue / Expenditure	2015 ⁴	Total IFD Term	FY 27/28	FY 28/29	FY 29/30	FY 30/31	FY 31/32	FY 32/33	FY 33/34	FY 34/35	FY 35/36	FY 36/37	FY 37/38	FY 38/39
General Fund Revenues¹														
Property Tax Not Deposited to IFD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Property Tax In-Lieu of VLF	\$2,775,600	\$5,835,500	\$99,900	\$101,900	\$103,900	\$106,000	\$108,100	\$110,300	\$112,500	\$114,700	\$117,000	\$119,400	\$121,700	\$124,200
Property Transfer Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales Tax	\$2,822,800	\$6,156,700	\$89,100	\$91,700	\$94,500	\$97,300	\$100,200	\$103,200	\$106,300	\$109,500	\$112,800	\$116,200	\$119,700	\$123,300
Parking Tax	\$735,400	\$1,602,400	\$23,200	\$23,900	\$24,600	\$25,300	\$26,100	\$26,900	\$27,700	\$28,500	\$29,300	\$30,200	\$31,100	\$32,100
Payroll Tax	\$83,900	\$88,600	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gross Receipts Tax	\$7,901,000	\$17,343,100	\$252,400	\$259,900	\$267,700	\$275,800	\$284,000	\$292,600	\$301,300	\$310,400	\$319,700	\$329,300	\$339,200	\$349,300
Business Registration Fee	\$0	\$0												
If Gr Receipts < \$1 M	\$2,387,000	\$5,225,400	\$75,900	\$78,100	\$80,500	\$82,900	\$85,400	\$87,900	\$90,600	\$93,300	\$96,100	\$99,000	\$101,900	\$105,000
If Gr Receipts > \$1 M	\$1,023,000	\$2,239,500	\$32,500	\$33,500	\$34,500	\$35,500	\$36,600	\$37,700	\$38,800	\$40,000	\$41,200	\$42,400	\$43,700	\$45,000
Utility Users Tax	\$2,104,500	\$4,607,600	\$66,900	\$68,900	\$71,000	\$73,100	\$75,300	\$77,500	\$79,900	\$82,300	\$84,700	\$87,300	\$89,900	\$92,600
License, Permit, Franchise Fees	\$177,200	\$387,900	\$5,600	\$5,800	\$6,000	\$6,200	\$6,300	\$6,500	\$6,700	\$6,900	\$7,100	\$7,300	\$7,600	\$7,800
Fines, Forfeitures, Penalties	\$29,800	\$65,300	\$900	\$1,000	\$1,000	\$1,000	\$1,100	\$1,100	\$1,100	\$1,200	\$1,200	\$1,200	\$1,300	\$1,300
	\$0	\$0												
Total If Avg Gr Receipts < \$1 M	\$11,116,200	\$23,969,400	\$361,500	\$371,300	\$381,500	\$391,800	\$402,500	\$413,400	\$424,800	\$436,400	\$448,200	\$460,600	\$473,200	\$486,300
Total If Avg Gr Receipts > \$1 M	\$17,653,200	\$38,326,600	\$570,500	\$586,600	\$603,200	\$620,200	\$637,700	\$655,800	\$674,300	\$693,500	\$713,000	\$733,300	\$754,200	\$775,600
General Fund Expenditures²														
Police	\$859,300	\$1,881,300	\$27,300	\$28,100	\$29,000	\$29,800	\$30,700	\$31,700	\$32,600	\$33,600	\$34,600	\$35,600	\$36,700	\$37,800
Fire and EMS	\$2,864,400	\$6,271,400	\$91,000	\$93,800	\$96,600	\$99,500	\$102,500	\$105,500	\$108,700	\$112,000	\$115,300	\$118,800	\$122,400	\$126,000
Portion of Crane Cove Park	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0												
Total General Fund Expend.	\$3,723,800	\$8,152,700	\$118,300	\$121,900	\$125,600	\$129,300	\$133,200	\$137,200	\$141,300	\$145,600	\$149,900	\$154,400	\$159,100	\$163,800
Net General Fund Impact														
If Average Gr Receipts < \$1 M	\$7,392,400	\$15,816,700	\$243,200	\$249,400	\$255,900	\$262,500	\$269,300	\$276,200	\$283,500	\$290,800	\$298,300	\$306,200	\$314,100	\$322,500
If Average Gr Receipts > \$1 M	\$13,929,400	\$30,173,900	\$452,200	\$464,700	\$477,600	\$490,900	\$504,500	\$518,600	\$533,000	\$547,900	\$563,100	\$578,900	\$595,100	\$611,800

¹ Table 4a.

² Table 6. Police and Fire protection services are the project's major service impacts. The project's public plaza will be privately maintained by the lessee. Crane Cove Park will be maintained through a CFD maintenance district. The project is not creating any new public infrastructure that is to be maintained by the General Fund. It is assumed that City service costs including Community Health, Human Welfare, and Culture and Recreation services are generated by residents and do not apply to the project.

⁴ Discounted at 3%.

Table 1
Recurring City General Fund Revenues and Expenditures
Fiscal and Economic Impact Analysis
Pier 70 - Historic Core
Port of San Francisco

Revenue / Expenditure	\$2015 ⁴	Total IFD Term	FY 39/40	FY 40/41	FY 41/42	FY 42/43	FY 43/44	FY 44/45	FY 45/46	FY 46/47	FY 47/48	FY 48/49	FY 49/50	FY 50/51
General Fund Revenues ¹														
Property Tax Not Deposited to IFD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Property Tax In-Lieu of VLF	\$2,775,600	\$5,835,500	\$126,700	\$129,200	\$131,800	\$134,400	\$137,100	\$139,800	\$142,600	\$145,500	\$148,400	\$151,400	\$154,400	\$157,500
Property Transfer Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales Tax	\$2,822,800	\$6,156,700	\$127,000	\$130,800	\$134,700	\$138,800	\$142,900	\$147,200	\$151,600	\$156,200	\$160,900	\$165,700	\$170,700	\$175,800
Parking Tax	\$735,400	\$1,602,400	\$33,000	\$34,000	\$35,000	\$36,100	\$37,200	\$38,300	\$39,400	\$40,600	\$41,800	\$43,100	\$44,400	\$45,700
Payroll Tax	\$83,900	\$88,600	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gross Receipts Tax	\$7,901,000	\$17,343,100	\$359,800	\$370,600	\$381,700	\$393,200	\$405,000	\$417,100	\$429,600	\$442,500	\$455,800	\$469,500	\$483,600	\$498,100
Business Registration Fee	\$0	\$0												
If Gr Receipts < \$1 M	\$2,387,000	\$5,225,400	\$108,100	\$111,400	\$114,700	\$118,200	\$121,700	\$125,400	\$129,100	\$133,000	\$137,000	\$141,100	\$145,300	\$149,700
If Gr Receipts > \$1 M	\$1,023,000	\$2,239,500	\$46,300	\$47,700	\$49,200	\$50,600	\$52,200	\$53,700	\$55,300	\$57,000	\$58,700	\$60,500	\$62,300	\$64,200
Utility Users Tax	\$2,104,500	\$4,607,600	\$95,400	\$98,200	\$101,200	\$104,200	\$107,300	\$110,600	\$113,900	\$117,300	\$120,800	\$124,400	\$128,200	\$132,000
License, Permit, Franchise Fees	\$177,200	\$387,900	\$8,000	\$8,300	\$8,500	\$8,800	\$9,000	\$9,300	\$9,600	\$9,900	\$10,200	\$10,500	\$10,800	\$11,100
Fines, Forfeitures, Penalties	\$29,800	\$65,300	\$1,400	\$1,400	\$1,400	\$1,500	\$1,500	\$1,600	\$1,600	\$1,700	\$1,700	\$1,800	\$1,800	\$1,900
	\$0	\$0												
Total If Avg Gr Receipts < \$1 M	\$11,116,200	\$23,969,400	\$499,600	\$513,300	\$527,300	\$542,000	\$556,700	\$572,200	\$587,800	\$604,200	\$620,800	\$638,000	\$655,600	\$673,700
Total If Avg Gr Receipts > \$1 M	\$17,653,200	\$38,326,600	\$797,600	\$820,200	\$843,500	\$867,600	\$892,200	\$917,600	\$943,600	\$970,700	\$998,300	\$1,026,900	\$1,056,200	\$1,086,300
General Fund Expenditures ²														
Police	\$859,300	\$1,881,300	\$38,900	\$40,100	\$41,300	\$42,600	\$43,800	\$45,100	\$46,500	\$47,900	\$49,300	\$50,800	\$52,300	\$53,900
Fire and EMS	\$2,864,400	\$6,271,400	\$129,800	\$133,700	\$137,700	\$141,800	\$146,100	\$150,500	\$155,000	\$159,600	\$164,400	\$169,400	\$174,400	\$179,700
Portion of Crane Cove Park	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0												
Total General Fund Expend.	\$3,723,800	\$8,152,700	\$168,700	\$173,800	\$179,000	\$184,400	\$189,900	\$195,600	\$201,500	\$207,500	\$213,700	\$220,200	\$226,700	\$233,600
Net General Fund Impact														
If Average Gr Receipts < \$1 M	\$7,392,400	\$15,816,700	\$330,900	\$339,500	\$348,300	\$357,600	\$366,800	\$376,600	\$386,300	\$396,700	\$407,100	\$417,800	\$428,900	\$440,100
If Average Gr Receipts > \$1 M	\$13,929,400	\$30,173,900	\$628,900	\$646,400	\$664,500	\$683,200	\$702,300	\$722,000	\$742,100	\$763,200	\$784,600	\$806,700	\$829,500	\$852,700

¹ Table 4a.

² Table 6. Police and Fire protection services are the project's major service impacts. The project's public plaza will be privately maintained by the lessee. Crane Cove Park will be maintained through a CFD maintenance district. The project is not creating any new public infrastructure that is to be maintained by the General Fund. It is assumed that City service costs including Community Health, Human Welfare, and Culture and Recreation services are generated by residents and do not apply to the project.

⁴ Discounted at 3%.

Table 1
Recurring City General Fund Revenues and Expenditures
Fiscal and Economic Impact Analysis
Pier 70 - Historic Core
Port of San Francisco

Revenue / Expenditure	2015 ⁴	Total IFD Term	FY 51/52	FY 52/53	FY 53/54	FY 54/55	FY 55/56	FY 56/57	FY 57/58	FY 58/59	FY 59/60	FY 60/61	FY 61/62
General Fund Revenues¹													
Property Tax Not Deposited to IFD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Property Tax In-Lieu of VLF	\$2,775,600	\$5,835,500	\$160,600	\$163,800	\$167,100	\$170,500	\$173,900	\$177,400	\$180,900	\$184,500	\$188,200	\$192,000	\$195,800
Property Transfer Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales Tax	\$2,822,800	\$6,156,700	\$181,000	\$186,500	\$192,100	\$197,800	\$203,800	\$209,900	\$216,200	\$222,700	\$229,300	\$236,200	\$243,300
Parking Tax	\$735,400	\$1,602,400	\$47,100	\$48,500	\$49,900	\$51,400	\$53,000	\$54,600	\$56,200	\$57,900	\$59,600	\$61,400	\$63,300
Payroll Tax	\$83,900	\$88,600	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gross Receipts Tax	\$7,901,000	\$17,343,100	\$513,000	\$528,400	\$544,300	\$560,600	\$577,400	\$594,700	\$612,600	\$630,900	\$649,900	\$669,400	\$689,400
Business Registration Fee	\$0	\$0											
If Gr Receipts < \$1 M	\$2,387,000	\$5,225,400	\$154,200	\$158,800	\$163,600	\$168,500	\$173,500	\$178,700	\$184,100	\$189,600	\$195,300	\$201,200	\$207,200
If Gr Receipts > \$1 M	\$1,023,000	\$2,239,500	\$66,100	\$68,100	\$70,100	\$72,200	\$74,400	\$76,600	\$78,900	\$81,300	\$83,700	\$86,200	\$88,800
Utility Users Tax	\$2,104,500	\$4,607,600	\$136,000	\$140,000	\$144,200	\$148,600	\$153,000	\$157,600	\$162,400	\$167,200	\$172,200	\$177,400	\$182,700
License, Permit, Franchise Fees	\$177,200	\$387,900	\$11,400	\$11,800	\$12,100	\$12,500	\$12,900	\$13,300	\$13,700	\$14,100	\$14,500	\$14,900	\$15,400
Fines, Forfeitures, Penalties	\$29,800	\$65,300	\$1,900	\$2,000	\$2,000	\$2,100	\$2,200	\$2,200	\$2,300	\$2,400	\$2,400	\$2,500	\$2,600
	\$0	\$0											
Total If Avg Gr Receipts < \$1 M	\$11,116,200	\$23,969,400	\$692,200	\$711,400	\$731,000	\$751,400	\$772,300	\$793,700	\$815,800	\$838,400	\$861,500	\$885,600	\$910,300
Total If Avg Gr Receipts > \$1 M	\$17,653,200	\$38,326,600	\$1,117,100	\$1,149,100	\$1,181,800	\$1,215,700	\$1,250,600	\$1,286,300	\$1,323,200	\$1,361,000	\$1,399,800	\$1,440,000	\$1,481,300
General Fund Expenditures²													
Police	\$859,300	\$1,881,300	\$55,500	\$57,200	\$58,900	\$60,700	\$62,500	\$64,400	\$66,300	\$68,300	\$70,300	\$72,400	\$74,600
Fire and EMS	\$2,864,400	\$6,271,400	\$185,100	\$190,600	\$196,300	\$202,200	\$208,300	\$214,600	\$221,000	\$227,600	\$234,400	\$241,500	\$248,700
Portion of Crane Cove Park	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0											
Total General Fund Expend.	\$3,723,800	\$8,152,700	\$240,600	\$247,800	\$255,200	\$262,900	\$270,800	\$279,000	\$287,300	\$295,900	\$304,700	\$313,900	\$323,300
Net General Fund Impact													
If Average Gr Receipts < \$1 M	\$7,392,400	\$15,816,700	\$451,600	\$463,600	\$475,800	\$488,500	\$501,500	\$514,700	\$528,500	\$542,500	\$556,800	\$571,700	\$587,000
If Average Gr Receipts > \$1 M	\$13,929,400	\$30,173,900	\$876,500	\$901,300	\$926,600	\$952,800	\$979,800	\$1,007,300	\$1,035,900	\$1,065,100	\$1,095,100	\$1,126,100	\$1,158,000

¹ Table 4a.

² Table 6. Police and Fire protection services are the project's major service impacts. The project's public plaza will be privately maintained by the lessee. Crane Cove Park will be maintained through a CFD maintenance district. The project is not creating any new public infrastructure that is to be maintained by the General Fund. It is assumed that City service costs including Community Health, Human Welfare, and Culture and Recreation services are generated by residents and do not apply to the project.

⁴ Discounted at 3%.

Table 2
Development Program and Employment Estimate
Fiscal and Economic Impact Analysis
Pier 70 - Historic Core
Port of San Francisco

November 4, 2015

Source: 20th Street Historic Bldgs Proforma 03/27/15 (Orton Development Inc.)

Project Program	Land Use	Building Size		Taxable Net SF		% Occupancy ¹				Occupied Net Square Feet			
		Gross SF	Net SF	%	SF	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 15/16	FY 16/17	FY 17/18	FY 18/19
Building 101	Office / Light Industrial	61,311	58,245	100.0%	58,245	0%	25%	70%	95%	0	14,561	40,772	55,333
Building 102	Restaurant	11,266	10,703	100.0%	10,703	0%	25%	95%	95%	0	2,676	10,168	10,168
Building 104	Office - Non Profit	45,759	43,471	100.0%	43,471	0%	0%	75%	95%	0	0	32,603	41,297
Building 113	Healthcare - Non Profit	77,530	60,743	100.0%	60,743	0%	0%	75%	95%	0	0	45,557	57,706
Building 114	Light Industrial	16,088	15,444	100.0%	15,444	0%	0%	75%	95%	0	0	11,583	14,672
Building 115	Light Industrial	13,078	12,555	100.0%	12,555	0%	0%	75%	95%	0	0	9,416	11,927
Building 116	Light Industrial	25,270	24,259	100.0%	24,259	0%	0%	75%	95%	0	0	18,194	23,046
Building 14	Light Industrial - Non Profit	16,315	15,662	100.0%	15,662	0%	0%	75%	95%	0	0	11,747	14,879
		266,617	241,082	100.0%	241,082					0	17,237	180,040	229,028
Piazza / Parking / Site	Parking Spaces (ODI = 75; Port = 210)		285							-	75	210	0
Cumulative Employment										FY 15/16	FY 16/17	FY 17/18	FY 18/19
Employees / Jobs	2.00 per 1,000 net sf									-	34	360	458
Service Population	0.33 per employee									-	11	120	153

¹ Based on ODI proforma; KMA adjusted to match construction completion to fiscal years.

Table 3
Revenue Assumptions
Fiscal and Economic Impact Analysis
Pier 70 - Historic Core
Port of San Francisco

November 04, 2015

Global Escalation Assumptions

Assessed Value Annual Growth	2%
Other Revenues Annual Growth	3%

2015 City/County Service Population Estimate for Averages

Resident Population ¹	845,602
Employment Base ²	613,200
Service Population ³	1,050,002

City and County General Fund

Possessory Interest Tax ⁴ 0% share remaining after IFD

Property Tax in Lieu of VLF ⁵

Property Tax Based Revenue 2004-05 ⁵	\$109,881,177
2004-05 City of San Francisco Gross Assessed Value ⁶	\$103,076,295,556
Property Tax in Lieu of VLF per \$1,000 in AV Growth	\$1.07

Property Transfer Tax

Year of Sale ⁷	9
Sale Value in Year of Sale ⁷	\$87,000,000
Tax Rate per \$500 of value ⁸	\$12.50

Sales Tax

Sales Tax Rate ⁹ 1.00%

Employee Spending

Potential Non-Restaurant Weekly Spending ¹⁰	\$45.52
Weeks at Work per Year ¹¹	50
Potential Annual Non-Restaurant Spending	\$2,276
San Francisco Capture ¹¹	100%
Potential Annual Non-Restaurant Spending per Employee	\$2,276
Potential Restaurant Weekly Spending ¹⁰	\$26.29
Weeks at Work per Year ¹¹	50
Potential Annual Restaurant Spending	\$1,315
San Francisco Capture ¹¹	100.00%
Employee Spending at Project Restaurant ¹¹	80%
Potential Annual Non-Project Rest. Spending per Employee	\$263

Taxable Sales by Project Restaurant

Rentable Square Feet	10,703
Sales per Rentable SF ¹¹	\$500

Table 3
Revenue Assumptions
Fiscal and Economic Impact Analysis
Pier 70 - Historic Core
Port of San Francisco

November 04, 2015

City and County General Fund (continued)

Parking Tax

Revenue per Space per Month ⁷	\$100
Parking Occupancy Rate ⁷	95%
San Francisco Parking Tax Rate ¹²	25%
Parking Tax Revenue Allocation to General Fund ¹³	20%

Payroll Expense and Gross Receipts Tax ¹⁴

Eligibility

Project Rentable Square Feet ¹⁵	241,082
Project Occupied Rentable Square Feet at 5% Vacancy	229,028
Average Number of Employees per Business ¹⁶	6
Employees per 1,000 Square Feet	2
Square Foot per Business	3,000
Occupied Businesses in Project	76
Estimated Total Project Payroll at 95% Occupancy ¹⁷	\$31,406,000
Estimated Total Project Payroll at 100% Occupancy ¹⁸	\$33,058,947
Payroll > \$260,000 per Business for Payroll Tax ¹⁹	\$411,382 (eligible)
Estimated Total Project Gross Receipts at 95% Occupancy ¹⁷	\$71,789,000
Estimated Total Project Gross Receipts at 100% Occupancy ¹⁸	\$75,567,368
Gross Receipts > \$1,000,000 per Gross Receipts Tax ²⁰	\$940,353 (not eligible)

Payroll Expense Tax

Exemptions and Adjustment for San Francisco-based Payroll ²¹	75%
2015 Rate ¹⁹	1.125%
2016 Rate ¹⁹	0.750%
2017 Rate ¹⁹	0.375%
2018 Rate ¹⁹	0.000%

Gross Receipts Tax

Exemptions and Adjustment for San Francisco-based Receipts ²¹	75%
Retail, Wholesale, and Services Rate for \$1 to \$2.5 M ²⁰	0.100%
Manufacturing / Transportation / Warehousing, Information, Biotech, Clean Tech, Food Services Rate for \$1 to \$2.5 M ²⁰	0.205%
Private Education / Health, Admin., Misc. Rate for \$1 to \$2.5 M ²⁰	0.550%
Finance, Insurance, Profssnl, Scientific, Tech Rate for \$1 to \$2.5 M ²⁰	<u>0.460%</u>
Estimated Average for Pier 70 Businesses	0.329%
2015 Phase-In ²⁰	25%
2016 Phase-In ²⁰	50%
2017 Phase-In ²⁰	75%
2018 Phase-In ²⁰	100%

Table 3
Revenue Assumptions
Fiscal and Economic Impact Analysis
Pier 70 - Historic Core
Port of San Francisco

November 04, 2015

City and County General Fund (continued)

Business Registration Fee

Rate per business earning from \$750,000 to \$1 M ²²	\$700
Rate per business earning from \$1 M to \$2.5 M ²²	\$300

Other General Fund Revenues ²³

	Amount FY	Avg.
	2015/16	Factor
		Average Basis
Utility Users Tax ²⁴		
Water Users Tax	\$3,740,000	\$6.10 per employee
Gas Electric Steam Users Tax	\$40,620,000	\$66.24 per employee
Telephone Users Tax	\$49,190,000	\$46.85 per service populatio
Access Line Tax	\$45,594,000	\$43.42 per service populatio
Licenses, Permits, and Franchise Fees	\$27,162,891	\$25.87 per service populatio
Fines, Forfeitures	\$4,577,144	\$4.36 per service populatio

Other City and County Funds

Sales Tax ²⁵

Public Safety Sales Tax	0.50%
SF County Transportation Authority	0.50%
SF County Public Finance Authority	0.25%

Parking Tax

SF County Municipal Transportation Agency ¹³	80%
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Table 3
Revenue Assumptions
Fiscal and Economic Impact Analysis
Pier 70 - Historic Core
Port of San Francisco

November 04, 2015

Notes:

- ¹ State of California, Department of Finance, E-5 Population and Housing Estimates for Cities, Counties and the State — January 1, 2015.
- ² California Department of Transportation San Francisco County Economic Forecast.
- ³ Resident population plus one-third the San Francisco employment base.
- ⁴ 100% of General Fund property tax will be deposited into the IFD to pay
- ⁵ Per SB 1096, growth of property tax in lieu of VLF is proportional to growth in AV since 2004/05.
- ⁶ Values for City and County of San Francisco. California State Controller's Office.
- ⁷ 20th Street Historic Bldgs Proforma 3/27/15(Orton Development Inc.).
- ⁸ San Francisco Business and Tax Regulations Code, Article 12-C: Real Property Transfer Tax. Rate for buildings valued above \$10 M.
- ⁹ San Francisco Business and Tax Regulations Code, Article 12-D: Uniform Local Sales and Use Tax.
- ¹⁰ Based on employee food and goods and services spending in the vicinity of the office, as reported in the ICSC report, "Office-Worker Retail Spending in a Digital Age" (2012), for urban workers.
- ¹¹ KMA assumption.
- ¹² San Francisco Business and Tax Regulations Code, Article 9: Tax on Occupancy of Parking Space in Parking Stations. Per the City and County of San Francisco Controller's Office, since the 25% parking tax is usually already included in the posted parking rate, this results in 20 percent of the patron's total parking charges being attributed to the parking tax. However, Orton pro forma assumes 25% tax on top of a \$100 per month parking fee.
- ¹³ Proposition A, passed in November 2007, specified that beginning in FY 2008-09, the Parking Tax be allocated between the General Fund (20%) and MTA (80%). City and County of San Francisco Controller's Office.
- ¹⁴ Starting in 2014, the payroll expense tax will be phased out and replaced with the gross receipts tax.
- ¹⁵ Table 2.
- ¹⁶ Based on information for the American Industrial Center, a comparable existing business facility.
- ¹⁷ Table 7.
- ¹⁸ Adjustment to 100% occupancy for payroll and gross receipts calculations, Table 4b.
- ¹⁹ San Francisco Business and Tax Regulations Code, Article 12-A: Payroll Expense Tax Ordinance.
- ²⁰ San Francisco Business and Tax Regulations Code, Article 12-A-1: Gross Receipts Tax Ordinance.
- ²¹ The Payroll Expense and Gross Receipts Tax ordinances apply only to business activities performed in San Francisco. In addition, for a limited number of years the ordinances exclude certain bio-tech and clean-tech activities, as well as certain stock-based compensation. The adjustment factor is applied to the estimates to take into account these provisions.
- ²² San Francisco Business and Tax Regulations Code Article 12: Business Registration Fee.
- ²³ These factors are based on the methodology used in the Infrastructure Financing Plan, Infrastructure Financing District No. 1 (Rincon Hill Area) updated with data from the Adopted 2015/16 budget.
- ²⁴ Per San Francisco Business and Tax Regulations Code Article 10: Utility Users Tax, non-residential users pay telephone, water, gas, electric, and steam users utility taxes; residential and non-residential users pay cellular telephone and access line taxes. It has been assumed for purposes of these estimates that most residential users use cellular rather than land-line telephone service.
- ²⁵ Per the report Pier 70 Waterfront Site and Illinois Street Parcel Development Projects: Findings of Fiscal Responsibility and Feasibility, by Economic Planning Systems in May 2013, and Board of Equalization.

Table 4a
General Fund Revenues Estimate
Fiscal and Economic Impact Analysis
Pier 70 - Historic Core
Port of San Francisco

												<i>November 4, 2015</i>	
Revenue Source	Measure ¹	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26	FY 26/27
AV on Tax Roll (\$1,000s) ²		\$0	\$3,998	\$39,980	\$59,970	\$79,960	\$81,559	\$83,191	\$84,854	\$86,552	\$88,283	\$90,048	\$91,849
Non-AV Revenue Escalation ¹	3.0%	100.0%	103.0%	106.1%	109.3%	112.6%	115.9%	119.4%	123.0%	126.7%	130.5%	134.4%	138.4%
Employees ³		0	34	360	458	458	458	458	458	458	458	458	458
Restaurant SF ³		0	2,676	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168
Parking Spaces ³		0	75	285	285	285	285	285	285	285	285	285	285
Leasable SF ³		0	17,237	180,040	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028
Service Population ³		0	11	120	153	153	153	153	153	153	153	153	153
<hr/>													
Possessory Interest Tax Not Deposited into IFD ²		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Property Tax In-Lieu of VLF	\$1.07 /\$1,000 AV	\$0	\$4,262	\$42,619	\$63,929	\$85,239	\$86,943	\$88,683	\$90,456	\$92,266	\$94,111	\$95,993	\$97,913
Property Transfer Tax	\$12.50 /\$500 AV	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales Tax													
Employee Non- Restaurant	1.00% \$2,276/empl	\$0	\$797	\$8,693	\$11,391	\$11,732	\$12,084	\$12,447	\$12,820	\$13,205	\$13,601	\$14,009	\$14,429
Employee Restaurant	1.00% \$263/empl	\$0	\$92	\$1,004	\$1,316	\$1,355	\$1,396	\$1,438	\$1,481	\$1,525	\$1,571	\$1,618	\$1,667
Project Restaurant	1.00% \$500 psf	\$0	\$13,780	\$53,935	\$55,553	\$57,220	\$58,937	\$60,705	\$62,526	\$64,402	\$66,334	\$68,324	\$70,373
		\$0	\$14,669	\$63,632	\$68,260	\$70,308	\$72,417	\$74,589	\$76,827	\$79,132	\$81,506	\$83,951	\$86,470
Parking Tax													
Total Revenues	\$100/sp 95% occ	\$0	\$88,065	\$344,686	\$355,027	\$365,678	\$376,648	\$387,948	\$399,586	\$411,574	\$423,921	\$436,638	\$449,738
General Fund Taxes	25% 20% to GF	\$0	\$4,403	\$17,234	\$17,751	\$18,284	\$18,832	\$19,397	\$19,979	\$20,579	\$21,196	\$21,832	\$22,487
Payroll Tax ⁴		\$0	\$13,694	\$74,856	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gross Receipts Tax ⁴		\$0	\$6,861	\$112,504	\$193,418	\$199,220	\$205,197	\$211,353	\$217,694	\$224,224	\$230,951	\$237,880	\$245,016
Business Registration Fee													
Businesses	3,000 sf per bus.	0	6	60	76	76	76	76	76	76	76	76	76
If Gross Receipts \$0.75 to \$1 M	\$700 per business	\$0	\$4,326	\$44,558	\$58,133	\$59,877	\$61,673	\$63,524	\$65,429	\$67,392	\$69,414	\$71,496	\$73,641
If Gross Receipts \$1 to \$2.5 M	\$300 per business	\$0	\$1,854	\$19,096	\$24,914	\$25,662	\$26,431	\$27,224	\$28,041	\$28,882	\$29,749	\$30,641	\$31,561
Utility Users Tax													
Water Users Tax	\$6.10 per empl	\$0	\$214	\$2,329	\$3,052	\$3,144	\$3,238	\$3,335	\$3,436	\$3,539	\$3,645	\$3,754	\$3,867
Gas Electric Steam Users Tax	\$66.24 per empl	\$0	\$2,320	\$25,300	\$33,152	\$34,147	\$35,171	\$36,227	\$37,313	\$38,433	\$39,586	\$40,773	\$41,996
Telephone Users Tax	\$46.85 per svc popn	\$0	\$547	\$5,964	\$7,815	\$8,050	\$8,291	\$8,540	\$8,796	\$9,060	\$9,332	\$9,612	\$9,900
Access Line Tax	\$43.42 per svc popn	\$0	\$507	\$5,528	\$7,244	\$7,461	\$7,685	\$7,916	\$8,153	\$8,398	\$8,650	\$8,909	\$9,176
		\$0	\$3,587	\$39,121	\$51,264	\$52,802	\$54,386	\$56,018	\$57,698	\$59,429	\$61,212	\$63,048	\$64,940
License, Permit, Franchise Fees	\$25.87 per svc popn	\$0	\$302	\$3,293	\$4,316	\$4,445	\$4,578	\$4,716	\$4,857	\$5,003	\$5,153	\$5,308	\$5,467
Fines, Forfeitures, Penalties	\$4.36 per svc popn	\$0	\$51	\$555	\$727	\$749	\$771	\$795	\$818	\$843	\$868	\$894	\$921
<hr/>													
Total General Fund Revenue if Avg. Gross Receipts < \$1 M		\$0	\$45,295	\$285,869	\$264,380	\$291,703	\$299,602	\$307,721	\$316,065	\$324,644	\$333,460	\$342,522	\$351,838
Total General Fund Revenue if Avg. Gross Receipts > \$1 M		\$0	\$49,684	\$372,912	\$424,579	\$456,708	\$469,557	\$482,775	\$496,371	\$510,358	\$524,746	\$539,547	\$554,773

¹ Table 3.

³ Table 2.

² Table 2a.

⁴ Table 4b.

Table 4a
General Fund Revenues Estimate
Fiscal and Economic Impact Analysis
Pier 70 - Historic Core
Port of San Francisco

Revenue Source	Measure ¹	FY 27/28	FY 28/29	FY 29/30	FY 30/31	FY 31/32	FY 32/33	FY 33/34	FY 34/35	FY 35/36	FY 36/37	FY 37/38	FY 38/39
AV on Tax Roll (\$1,000s) ²		\$93,686	\$95,560	\$97,471	\$99,420	\$101,409	\$103,437	\$105,506	\$107,616	\$109,768	\$111,963	\$114,203	\$116,487
Non-AV Revenue Escalation ¹	3.0%	142.6%	146.9%	151.3%	155.8%	160.5%	165.3%	170.2%	175.4%	180.6%	186.0%	191.6%	197.4%
Employees ³		458	458	458	458	458	458	458	458	458	458	458	458
Restaurant SF ³		10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168
Parking Spaces ³		285	285	285	285	285	285	285	285	285	285	285	285
Leasable SF ³		229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028
Service Population ³		153	153	153	153	153	153	153	153	153	153	153	153
Possessory Interest Tax Not Deposited into IFD ²		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Property Tax In-Lieu of VLF	\$1.07 /\$1,000 AV	\$99,871	\$101,868	\$103,906	\$105,984	\$108,103	\$110,266	\$112,471	\$114,720	\$117,015	\$119,355	\$121,742	\$124,177
Property Transfer Tax	\$12.50 /\$500 AV	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales Tax													
Employee Non-Restaurant	1.00% \$2,276/empl	\$14,862	\$15,308	\$15,767	\$16,240	\$16,728	\$17,229	\$17,746	\$18,279	\$18,827	\$19,392	\$19,974	\$20,573
Employee Restaurant	1.00% \$263/empl	\$1,717	\$1,768	\$1,821	\$1,876	\$1,932	\$1,990	\$2,050	\$2,111	\$2,175	\$2,240	\$2,307	\$2,376
Project Restaurant	1.00% \$500 psf	<u>\$72,485</u>	<u>\$74,659</u>	<u>\$76,899</u>	<u>\$79,206</u>	<u>\$81,582</u>	<u>\$84,030</u>	<u>\$86,550</u>	<u>\$89,147</u>	<u>\$91,821</u>	<u>\$94,576</u>	<u>\$97,413</u>	<u>\$100,336</u>
		\$89,064	\$91,736	\$94,488	\$97,322	\$100,242	\$103,249	\$106,347	\$109,537	\$112,823	\$116,208	\$119,694	\$123,285
Parking Tax													
Total Revenues	\$100/sp 95% occ	<u>\$463,230</u>	<u>\$477,127</u>	<u>\$491,440</u>	<u>\$506,184</u>	<u>\$521,369</u>	<u>\$537,010</u>	<u>\$553,121</u>	<u>\$569,714</u>	<u>\$586,806</u>	<u>\$604,410</u>	<u>\$622,542</u>	<u>\$641,218</u>
General Fund Taxes	25% 20% to GF	\$23,161	\$23,856	\$24,572	\$25,309	\$26,068	\$26,851	\$27,656	\$28,486	\$29,340	\$30,220	\$31,127	\$32,061
Payroll Tax ⁴		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gross Receipts Tax ⁴		\$252,366	\$259,937	\$267,736	\$275,768	\$284,041	\$292,562	\$301,339	\$310,379	\$319,690	\$329,281	\$339,159	\$349,334
Business Registration Fee													
Businesses	3,000 sf per bus.	76	76	76	76	76	76	76	76	76	76	76	76
If Gross Receipts \$0.75 to \$1 M	\$700 per business	\$75,850	\$78,126	\$80,470	\$82,884	\$85,370	\$87,931	\$90,569	\$93,287	\$96,085	\$98,968	\$101,937	\$104,995
If Gross Receipts \$1 to \$2.5 M	\$300 per business	\$32,507	\$33,483	\$34,487	\$35,522	\$36,587	\$37,685	\$38,815	\$39,980	\$41,179	\$42,415	\$43,687	\$44,998
Utility Users Tax													
Water Users Tax	\$6.10 per empl	\$3,983	\$4,102	\$4,225	\$4,352	\$4,483	\$4,617	\$4,756	\$4,898	\$5,045	\$5,197	\$5,352	\$5,513
Gas Electric Steam Users Tax	\$66.24 per empl	\$43,256	\$44,554	\$45,891	\$47,267	\$48,685	\$50,146	\$51,650	\$53,200	\$54,796	\$56,440	\$58,133	\$59,877
Telephone Users Tax	\$46.85 per svc popn	\$10,197	\$10,503	\$10,818	\$11,143	\$11,477	\$11,821	\$12,176	\$12,541	\$12,917	\$13,305	\$13,704	\$14,115
Access Line Tax	\$43.42 per svc popn	<u>\$9,452</u>	<u>\$9,735</u>	<u>\$10,027</u>	<u>\$10,328</u>	<u>\$10,638</u>	<u>\$10,957</u>	<u>\$11,286</u>	<u>\$11,624</u>	<u>\$11,973</u>	<u>\$12,332</u>	<u>\$12,702</u>	<u>\$13,083</u>
		\$66,888	\$68,895	\$70,961	\$73,090	\$75,283	\$77,541	\$79,868	\$82,264	\$84,732	\$87,274	\$89,892	\$92,588
License, Permit, Franchise Fees	\$25.87 per svc popn	\$5,631	\$5,800	\$5,974	\$6,153	\$6,338	\$6,528	\$6,724	\$6,925	\$7,133	\$7,347	\$7,567	\$7,794
Fines, Forfeitures, Penalties	\$4.36 per svc popn	\$949	\$977	\$1,007	\$1,037	\$1,068	\$1,100	\$1,133	\$1,167	\$1,202	\$1,238	\$1,275	\$1,313
Total General Fund Revenue if Avg. Gross Receipts < \$1 M		\$361,414	\$371,258	\$381,377	\$391,779	\$402,473	\$413,466	\$424,767	\$436,385	\$448,330	\$460,609	\$473,234	\$486,214
Total General Fund Revenue if Avg. Gross Receipts > \$1 M		\$570,437	\$586,552	\$603,130	\$620,185	\$637,730	\$655,781	\$674,352	\$693,458	\$713,114	\$733,338	\$754,144	\$775,551

¹ Table 3.

³ Table 2.

² Table 2a.

⁴ Table 4b.

Table 4a
General Fund Revenues Estimate
Fiscal and Economic Impact Analysis
Pier 70 - Historic Core
Port of San Francisco

Revenue Source	Measure ¹	FY 39/40	FY 40/41	FY 41/42	FY 42/43	FY 43/44	FY 44/45	FY 45/46	FY 46/47	FY 47/48	FY 48/49	FY 49/50	FY 50/51
AV on Tax Roll (\$1,000s) ²		\$118,816	\$121,193	\$123,617	\$126,089	\$128,611	\$131,183	\$133,807	\$136,483	\$139,212	\$141,997	\$144,837	\$147,733
Non-AV Revenue Escalation ¹	3.0%	203.3%	209.4%	215.7%	222.1%	228.8%	235.7%	242.7%	250.0%	257.5%	265.2%	273.2%	281.4%
Employees ³		458	458	458	458	458	458	458	458	458	458	458	458
Restaurant SF ³		10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168
Parking Spaces ³		285	285	285	285	285	285	285	285	285	285	285	285
Leasable SF ³		229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028
Service Population ³		153	153	153	153	153	153	153	153	153	153	153	153
Possessory Interest Tax Not Deposited into IFD ²		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Property Tax In-Lieu of VLF	\$1.07 /\$1,000 AV	\$126,660	\$129,194	\$131,778	\$134,413	\$137,101	\$139,843	\$142,640	\$145,493	\$148,403	\$151,371	\$154,398	\$157,486
Property Transfer Tax	\$12.50 /\$500 AV	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales Tax													
Employee Non- Restaurant	1.00% \$2,276/empl	\$21,190	\$21,826	\$22,480	\$23,155	\$23,850	\$24,565	\$25,302	\$26,061	\$26,843	\$27,648	\$28,478	\$29,332
Employee Restaurant	1.00% \$263/empl	\$2,448	\$2,521	\$2,597	\$2,675	\$2,755	\$2,837	\$2,923	\$3,010	\$3,101	\$3,194	\$3,289	\$3,388
Project Restaurant	1.00% \$500 psf	\$103,346	\$106,446	\$109,639	\$112,929	\$116,317	\$119,806	\$123,400	\$127,102	\$130,915	\$134,843	\$138,888	\$143,055
		\$126,983	\$130,793	\$134,717	\$138,758	\$142,921	\$147,209	\$151,625	\$156,174	\$160,859	\$165,685	\$170,655	\$175,775
Parking Tax													
Total Revenues	\$100/sp 95% occ	\$660,455	\$680,268	\$700,677	\$721,697	\$743,348	\$765,648	\$788,618	\$812,276	\$836,644	\$861,744	\$887,596	\$914,224
General Fund Taxes	25% 20% to GF	\$33,023	\$34,013	\$35,034	\$36,085	\$37,167	\$38,282	\$39,431	\$40,614	\$41,832	\$43,087	\$44,380	\$45,711
Payroll Tax ⁴		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gross Receipts Tax ⁴		\$359,814	\$370,609	\$381,727	\$393,179	\$404,974	\$417,123	\$429,637	\$442,526	\$455,802	\$469,476	\$483,560	\$498,067
Business Registration Fee													
Businesses	3,000 sf per bus.	76	76	76	76	76	76	76	76	76	76	76	76
If Gross Receipts \$0.75 to \$1 M	\$700 per business	\$108,145	\$111,389	\$114,731	\$118,173	\$121,718	\$125,369	\$129,130	\$133,004	\$136,994	\$141,104	\$145,337	\$149,697
If Gross Receipts \$1 to \$2.5 M	\$300 per business	\$46,348	\$47,738	\$49,170	\$50,645	\$52,165	\$53,730	\$55,342	\$57,002	\$58,712	\$60,473	\$62,287	\$64,156
Utility Users Tax													
Water Users Tax	\$6.10 per empl	\$5,678	\$5,849	\$6,024	\$6,205	\$6,391	\$6,583	\$6,780	\$6,984	\$7,193	\$7,409	\$7,631	\$7,860
Gas Electric Steam Users Tax	\$66.24 per empl	\$61,673	\$63,523	\$65,429	\$67,392	\$69,414	\$71,496	\$73,641	\$75,850	\$78,126	\$80,470	\$82,884	\$85,370
Telephone Users Tax	\$46.85 per svc popn	\$14,539	\$14,975	\$15,424	\$15,887	\$16,363	\$16,854	\$17,360	\$17,881	\$18,417	\$18,970	\$19,539	\$20,125
Access Line Tax	\$43.42 per svc popn	\$13,476	\$13,880	\$14,296	\$14,725	\$15,167	\$15,622	\$16,091	\$16,574	\$17,071	\$17,583	\$18,110	\$18,654
		\$95,366	\$98,227	\$101,174	\$104,209	\$107,335	\$110,555	\$113,872	\$117,288	\$120,807	\$124,431	\$128,164	\$132,009
License, Permit, Franchise Fees	\$25.87 per svc popn	\$8,028	\$8,269	\$8,517	\$8,773	\$9,036	\$9,307	\$9,586	\$9,874	\$10,170	\$10,475	\$10,789	\$11,113
Fines, Forfeitures, Penalties	\$4.36 per svc popn	\$1,353	\$1,393	\$1,435	\$1,478	\$1,523	\$1,568	\$1,615	\$1,664	\$1,714	\$1,765	\$1,818	\$1,873
Total General Fund Revenue if Avg. Gross Receipts < \$1 M		\$499,558	\$513,279	\$527,385	\$541,889	\$556,801	\$572,134	\$587,900	\$604,111	\$620,779	\$637,918	\$655,542	\$673,664
Total General Fund Revenue if Avg. Gross Receipts > \$1 M		\$797,576	\$820,236	\$843,552	\$867,540	\$892,222	\$917,618	\$943,748	\$970,634	\$998,298	\$1,026,763	\$1,056,052	\$1,086,190

¹ Table 3.

³ Table 2.

² Table 2a.

⁴ Table 4b.

Table 4a
General Fund Revenues Estimate
Fiscal and Economic Impact Analysis
Pier 70 - Historic Core
Port of San Francisco

Revenue Source	Measure ¹	FY 51/52	FY 52/53	FY 53/54	FY 54/55	FY 55/56	FY 56/57	FY 57/58	FY 58/59	FY 59/60	FY 60/61	FY 61/62
AV on Tax Roll (\$1,000s) ²		\$150,688	\$153,702	\$156,776	\$159,911	\$163,109	\$166,372	\$169,699	\$173,093	\$176,555	\$180,086	\$183,688
Non-AV Revenue Escalation ¹	3.0%	289.8%	298.5%	307.5%	316.7%	326.2%	336.0%	346.1%	356.5%	367.1%	378.2%	389.5%
Employees ³		458	458	458	458	458	458	458	458	458	458	458
Restaurant SF ³		10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168
Parking Spaces ³		285	285	285	285	285	285	285	285	285	285	285
Leasable SF ³		229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028
Service Population ³		153	153	153	153	153	153	153	153	153	153	153
Possessory Interest Tax Not Deposited into IFD ²		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Property Tax In-Lieu of VLF	\$1.07 /\$1,000 AV	\$160,636	\$163,849	\$167,126	\$170,468	\$173,878	\$177,355	\$180,902	\$184,520	\$188,211	\$191,975	\$195,814
Property Transfer Tax	\$12.50 /\$500 AV	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales Tax												
Employee Non-Restaurant	1.00% \$2,276/empl	\$30,212	\$31,118	\$32,052	\$33,013	\$34,004	\$35,024	\$36,075	\$37,157	\$38,272	\$39,420	\$40,602
Employee Restaurant	1.00% \$263/empl	\$3,490	\$3,594	\$3,702	\$3,813	\$3,928	\$4,046	\$4,167	\$4,292	\$4,421	\$4,553	\$4,690
Project Restaurant	1.00% \$500 psf	\$147,346	\$151,767	\$156,320	\$161,009	\$165,840	\$170,815	\$175,939	\$181,217	\$186,654	\$192,253	\$198,021
		\$181,048	\$186,479	\$192,074	\$197,836	\$203,771	\$209,884	\$216,181	\$222,666	\$229,346	\$236,227	\$243,313
Parking Tax												
Total Revenues	\$100/sp 95% occ	\$941,651	\$969,900	\$998,997	\$1,028,967	\$1,059,836	\$1,091,631	\$1,124,380	\$1,158,111	\$1,192,855	\$1,228,640	\$1,265,500
General Fund Taxes	25% 20% to GF	\$47,083	\$48,495	\$49,950	\$51,448	\$52,992	\$54,582	\$56,219	\$57,906	\$59,643	\$61,432	\$63,275
Payroll Tax ⁴		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gross Receipts Tax ⁴		\$513,009	\$528,399	\$544,251	\$560,579	\$577,396	\$594,718	\$612,560	\$630,936	\$649,865	\$669,360	\$689,441
Business Registration Fee												
Businesses	3,000 sf per bus.	76	76	76	76	76	76	76	76	76	76	76
If Gross Receipts \$0.75 to \$1 M	\$700 per business	\$154,188	\$158,814	\$163,578	\$168,486	\$173,540	\$178,747	\$184,109	\$189,632	\$195,321	\$201,181	\$207,216
If Gross Receipts \$1 to \$2.5 M	\$300 per business	\$66,081	\$68,063	\$70,105	\$72,208	\$74,374	\$76,606	\$78,904	\$81,271	\$83,709	\$86,220	\$88,807
Utility Users Tax												
Water Users Tax	\$6.10 per empl	\$8,096	\$8,339	\$8,589	\$8,847	\$9,112	\$9,386	\$9,667	\$9,957	\$10,256	\$10,564	\$10,880
Gas Electric Steam Users Tax	\$66.24 per empl	\$87,931	\$90,569	\$93,286	\$96,085	\$98,967	\$101,936	\$104,995	\$108,144	\$111,389	\$114,730	\$118,172
Telephone Users Tax	\$46.85 per svc popn	\$20,729	\$21,351	\$21,991	\$22,651	\$23,330	\$24,030	\$24,751	\$25,494	\$26,258	\$27,046	\$27,858
Access Line Tax	\$43.42 per svc popn	\$19,213	\$19,790	\$20,383	\$20,995	\$21,625	\$22,273	\$22,942	\$23,630	\$24,339	\$25,069	\$25,821
		\$135,969	\$140,048	\$144,250	\$148,577	\$153,035	\$157,626	\$162,354	\$167,225	\$172,242	\$177,409	\$182,731
License, Permit, Franchise Fees	\$25.87 per svc popn	\$11,446	\$11,790	\$12,144	\$12,508	\$12,883	\$13,270	\$13,668	\$14,078	\$14,500	\$14,935	\$15,383
Fines, Forfeitures, Penalties	\$4.36 per svc popn	\$1,929	\$1,987	\$2,046	\$2,108	\$2,171	\$2,236	\$2,303	\$2,372	\$2,443	\$2,517	\$2,592
Total General Fund Revenue if Avg. Gross Receipts < \$1 M		\$692,299	\$711,462	\$731,167	\$751,431	\$772,270	\$793,699	\$815,736	\$838,399	\$861,706	\$885,675	\$910,326
Total General Fund Revenue if Avg. Gross Receipts > \$1 M		\$1,117,201	\$1,149,111	\$1,181,945	\$1,215,732	\$1,250,500	\$1,286,276	\$1,323,091	\$1,360,974	\$1,399,958	\$1,440,075	\$1,481,358

¹ Table 3.

³ Table 2.

² Table 2a.

⁴ Table 4b.

Table 4b
Payroll and Gross Receipts Taxes
Fiscal and Economic Impact Analysis
Pier 70 - Historic Core
Port of San Francisco

Payroll / Gross Receipts Tax Calculation			FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31
Occupancy ¹																		
Building 101			0%	25%	75%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Building 102			0%	25%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Building 104			0%	0%	75%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Building 113			0%	0%	75%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Building 114			0%	0%	75%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Building 115			0%	0%	75%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Building 116			0%	0%	75%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Building 14			0%	0%	75%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Occupied Square Feet in Taxable Businesses																		
	<i>taxable</i>	<i>sf.</i> ²																
Building 101		58,245	0	14,561	43,684	55,333	55,333	55,333	55,333	55,333	55,333	55,333	55,333	55,333	55,333	55,333	55,333	55,333
Building 102		10,703	0	2,676	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168
Building 104		43,471	0	0	32,603	41,297	41,297	41,297	41,297	41,297	41,297	41,297	41,297	41,297	41,297	41,297	41,297	41,297
Building 113		60,743	0	0	45,557	57,706	57,706	57,706	57,706	57,706	57,706	57,706	57,706	57,706	57,706	57,706	57,706	57,706
Building 114		15,444	0	0	11,583	14,672	14,672	14,672	14,672	14,672	14,672	14,672	14,672	14,672	14,672	14,672	14,672	14,672
Building 115		12,555	0	0	9,416	11,927	11,927	11,927	11,927	11,927	11,927	11,927	11,927	11,927	11,927	11,927	11,927	11,927
Building 116		24,259	0	0	18,194	23,046	23,046	23,046	23,046	23,046	23,046	23,046	23,046	23,046	23,046	23,046	23,046	23,046
Building 14		15,662	0	0	11,747	14,879	14,879	14,879	14,879	14,879	14,879	14,879	14,879	14,879	14,879	14,879	14,879	14,879
		241,082	0	17,237	182,952	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028
Taxable Occupied sf % of Total			241,082	<i>total sf</i>	0.0%	7.1%	75.9%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Payroll Tax																		
Taxable Payroll (\$1,000s) ³	\$33,059	3.0% <i>escln</i>	\$0	\$2,435	\$26,616	\$34,318	\$35,348	\$36,408	\$37,500	\$38,625	\$39,784	\$40,978	\$42,207	\$43,473	\$44,777	\$46,121	\$47,504	\$48,930
Taxable SF Payroll (\$1,000s) ³		75%	\$0	\$1,826	\$19,962	\$25,739	\$26,511	\$27,306	\$28,125	\$28,969	\$29,838	\$30,733	\$31,655	\$32,605	\$33,583	\$34,591	\$35,628	\$36,697
Payroll Tax Rate			1.125%	0.750%	0.375%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Total Tax			\$0	\$13,694	\$74,856	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gross Receipts Tax																		
Taxable Gr. Receipts (\$1,000s) ³	\$75,567	3.0% <i>escln</i>	\$0	\$5,565	\$60,839	\$78,446	\$80,799	\$83,223	\$85,720	\$88,291	\$90,940	\$93,668	\$96,478	\$99,373	\$102,354	\$105,425	\$108,587	\$111,845
Taxable SF Gr. Receipts (\$1,000s) ³		75%	\$0	\$4,174	\$45,629	\$58,834	\$60,599	\$62,417	\$64,290	\$66,219	\$68,205	\$70,251	\$72,359	\$74,530	\$76,765	\$79,068	\$81,440	\$83,884
Gross Receipts Phase-In Rate ³			25%	50%	75%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Total Tax ³			\$0	\$6,861	\$112,504	\$193,418	\$199,220	\$205,197	\$211,353	\$217,694	\$224,224	\$230,951	\$237,880	\$245,016	\$252,366	\$259,937	\$267,736	\$275,768

¹ 20th Street Historic Bldgs Proforma 3/27/15 (Orton Development Inc.) with KMA adjustments to match construction completion to fiscal years from 2015 to 2017.

² Table 2.

³ Table 3.

Table 4b
Payroll and Gross Receipts Taxes
Fiscal and Economic Impact Analysis
Pier 70 - Historic Core
Port of San Francisco

Payroll / Gross Receipts Tax Calculation			FY 31/32	FY 32/33	FY 33/34	FY 34/35	FY 35/36	FY 36/37	FY 37/38	FY 38/39	FY 39/40	FY 40/41	FY 41/42	FY 42/43	FY 43/44	FY 44/45	FY 45/46	FY 46/47
Occupancy ¹																		
Building 101			95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Building 102			95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Building 104			95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Building 113			95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Building 114			95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Building 115			95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Building 116			95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Building 14			95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Occupied Square Feet in Taxable Businesses																		
	<i>taxable</i>																	
	<i>sf</i> ²																	
Building 101	58,245		55,333	55,333	55,333	55,333	55,333	55,333	55,333	55,333	55,333	55,333	55,333	55,333	55,333	55,333	55,333	55,333
Building 102	10,703		10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168
Building 104	43,471		41,297	41,297	41,297	41,297	41,297	41,297	41,297	41,297	41,297	41,297	41,297	41,297	41,297	41,297	41,297	41,297
Building 113	60,743		57,706	57,706	57,706	57,706	57,706	57,706	57,706	57,706	57,706	57,706	57,706	57,706	57,706	57,706	57,706	57,706
Building 114	15,444		14,672	14,672	14,672	14,672	14,672	14,672	14,672	14,672	14,672	14,672	14,672	14,672	14,672	14,672	14,672	14,672
Building 115	12,555		11,927	11,927	11,927	11,927	11,927	11,927	11,927	11,927	11,927	11,927	11,927	11,927	11,927	11,927	11,927	11,927
Building 116	24,259		23,046	23,046	23,046	23,046	23,046	23,046	23,046	23,046	23,046	23,046	23,046	23,046	23,046	23,046	23,046	23,046
Building 14	15,662		14,879	14,879	14,879	14,879	14,879	14,879	14,879	14,879	14,879	14,879	14,879	14,879	14,879	14,879	14,879	14,879
	241,082		229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028
Taxable Occupied sf % of Total	241,082 total sf		95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Payroll Tax																		
Taxable Payroll (\$1,000s) ³	\$33,059	3.0% eschn	\$50,397	\$51,909	\$53,467	\$55,071	\$56,723	\$58,424	\$60,177	\$61,982	\$63,842	\$65,757	\$67,730	\$69,762	\$71,855	\$74,010	\$76,231	\$78,518
Taxable SF Payroll (\$1,000s) ³		75%	\$37,798	\$38,932	\$40,100	\$41,303	\$42,542	\$43,818	\$45,133	\$46,487	\$47,881	\$49,318	\$50,797	\$52,321	\$53,891	\$55,508	\$57,173	\$58,888
Payroll Tax Rate			0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Total Tax			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gross Receipts Tax																		
Taxable Gr. Receipts (\$1,000s) ³	\$75,567	3.0% eschn	\$115,200	\$118,656	\$122,216	\$125,882	\$129,659	\$133,549	\$137,555	\$141,682	\$145,932	\$150,310	\$154,820	\$159,464	\$164,248	\$169,175	\$174,251	\$179,478
Taxable SF Gr. Receipts (\$1,000s) ³		75%	\$86,400	\$88,992	\$91,662	\$94,412	\$97,244	\$100,162	\$103,166	\$106,261	\$109,449	\$112,733	\$116,115	\$119,598	\$123,186	\$126,882	\$130,688	\$134,609
Gross Receipts Phase-In Rate ³			100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Total Tax ³	0.329%		\$284,041	\$292,562	\$301,339	\$310,379	\$319,690	\$329,281	\$339,159	\$349,334	\$359,814	\$370,609	\$381,727	\$393,179	\$404,974	\$417,123	\$429,637	\$442,526

¹ 20th Street Historic Bldgs Proforma 3/27/15 (Orton Development Inc.) with KMA adjustments to match construction completion to fiscal years from 2015 to 2017.

² Table 2.

³ Table 3.

Table 4b
Payroll and Gross Receipts Taxes
Fiscal and Economic Impact Analysis
Pier 70 - Historic Core
Port of San Francisco

Payroll / Gross Receipts Tax Calculation		FY 47/48	FY 48/49	FY 49/50	FY 50/51	FY 51/52	FY 52/53	FY 53/54	FY 54/55	FY 55/56	FY 56/57	FY 57/58	FY 58/59	FY 59/60	FY 60/61
Occupancy ¹															
Building 101		95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Building 102		95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Building 104		95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Building 113		95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Building 114		95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Building 115		95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Building 116		95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Building 14		95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Occupied Square Feet in	<i>taxable</i>														
Taxable Businesses	<i>sf</i> ²														
Building 101	58,245	55,333	55,333	55,333	55,333	55,333	55,333	55,333	55,333	55,333	55,333	55,333	55,333	55,333	55,333
Building 102	10,703	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168
Building 104	43,471	41,297	41,297	41,297	41,297	41,297	41,297	41,297	41,297	41,297	41,297	41,297	41,297	41,297	41,297
Building 113	60,743	57,706	57,706	57,706	57,706	57,706	57,706	57,706	57,706	57,706	57,706	57,706	57,706	57,706	57,706
Building 114	15,444	14,672	14,672	14,672	14,672	14,672	14,672	14,672	14,672	14,672	14,672	14,672	14,672	14,672	14,672
Building 115	12,555	11,927	11,927	11,927	11,927	11,927	11,927	11,927	11,927	11,927	11,927	11,927	11,927	11,927	11,927
Building 116	24,259	23,046	23,046	23,046	23,046	23,046	23,046	23,046	23,046	23,046	23,046	23,046	23,046	23,046	23,046
Building 14	15,662	14,879	14,879	14,879	14,879	14,879	14,879	14,879	14,879	14,879	14,879	14,879	14,879	14,879	14,879
	241,082	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028	229,028
Taxable Occupied sf % of Total	241,082 <i>total sf</i>	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Payroll Tax															
Taxable Payroll (\$1,000s) ³	\$33,059 3.0% <i>escln</i>	\$80,873	\$83,299	\$85,798	\$88,372	\$91,023	\$93,754	\$96,567	\$99,464	\$102,448	\$105,521	\$108,687	\$111,947	\$115,306	\$118,765
Taxable SF Payroll (\$1,000s) ³	75%	\$60,655	\$62,474	\$64,349	\$66,279	\$68,267	\$70,316	\$72,425	\$74,598	\$76,836	\$79,141	\$81,515	\$83,960	\$86,479	\$89,074
Payroll Tax Rate		0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Total Tax		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gross Receipts Tax															
Taxable Gr. Receipts (\$1,000s) ³	\$75,567 3.0% <i>escln</i>	\$184,863	\$190,408	\$196,121	\$202,004	\$208,065	\$214,306	\$220,736	\$227,358	\$234,178	\$241,204	\$248,440	\$255,893	\$263,570	\$271,477
Taxable SF Gr. Receipts (\$1,000s) ³	75%	\$138,647	\$142,806	\$147,091	\$151,503	\$156,048	\$160,730	\$165,552	\$170,518	\$175,634	\$180,903	\$186,330	\$191,920	\$197,677	\$203,608
Gross Receipts Phase-In Rate ³		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Total Tax ³	0.329%	\$455,802	\$469,476	\$483,560	\$498,067	\$513,009	\$528,399	\$544,251	\$560,579	\$577,396	\$594,718	\$612,560	\$630,936	\$649,865	\$669,360

¹ 20th Street Historic Bldgs Proforma 3/27/15 (Orton Development Inc.) with KMA adjustments to match construction completion to fiscal years from 2015 to 2017.

² Table 2.

³ Table 3.

Table 4c
Other Fund Revenues Estimate
Fiscal and Economic Impact Analysis
Pier 70 - Historic Core
Port of San Francisco

Revenue Source	Measure ¹	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26	FY 26/27
Revenue Escalation ¹	3.0%	100.0%	103.0%	106.1%	109.3%	112.6%	115.9%	119.4%	123.0%	126.7%	130.5%	134.4%	138.4%
Employees ²		0	34	360	458	458	458	458	458	458	458	458	458
Restaurant SF ²		0	2,676	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168
Parking Spaces ²		0	75	285	285	285	285	285	285	285	285	285	285

Sales Tax

Taxable Spending (\$1,000s)

Employee Non- Rest.	\$2,276 per empl	\$0	\$80	\$869	\$1,139	\$1,173	\$1,208	\$1,245	\$1,282	\$1,320	\$1,360	\$1,401	\$1,443
Employee Restaurant	\$263 per empl	\$0	\$9	\$100	\$132	\$136	\$140	\$144	\$148	\$153	\$157	\$162	\$167
Project Restaurant	\$500 per sf	<u>\$0</u>	<u>\$1,378</u>	<u>\$5,394</u>	<u>\$5,555</u>	<u>\$5,722</u>	<u>\$5,894</u>	<u>\$6,070</u>	<u>\$6,253</u>	<u>\$6,440</u>	<u>\$6,633</u>	<u>\$6,832</u>	<u>\$7,037</u>
		\$0	\$1,467	\$6,363	\$6,826	\$7,031	\$7,242	\$7,459	\$7,683	\$7,913	\$8,151	\$8,395	\$8,647
Public Safety Sales Tax	0.50%	\$0	\$7,335	\$31,816	\$34,130	\$35,154	\$36,208	\$37,295	\$38,414	\$39,566	\$40,753	\$41,975	\$43,235
SF County Transportation	0.50%	\$0	\$7,335	\$31,816	\$34,130	\$35,154	\$36,208	\$37,295	\$38,414	\$39,566	\$40,753	\$41,975	\$43,235
SF County Public Finance	0.25%	\$0	\$3,667	\$15,908	\$17,065	\$17,577	\$18,104	\$18,647	\$19,207	\$19,783	\$20,376	\$20,988	\$21,617
MTA Parking Tax													
Total Revenues	\$100/sp 95% occ	<u>\$0</u>	<u>\$88,065</u>	<u>\$344,686</u>	<u>\$355,027</u>	<u>\$365,678</u>	<u>\$376,648</u>	<u>\$387,948</u>	<u>\$399,586</u>	<u>\$411,574</u>	<u>\$423,921</u>	<u>\$436,638</u>	<u>\$449,738</u>
MTA Taxes	25% 80% MTA	\$0	\$17,613	\$68,937	\$71,005	\$73,136	\$75,330	\$77,590	\$79,917	\$82,315	\$84,784	\$87,328	\$89,948

¹ Table 3.

² Table 2.

Table 4c
Other Fund Revenues Estimate
Fiscal and Economic Impact Analysis
Pier 70 - Historic Core
Port of San Francisco

Revenue Source	Measure ¹	FY 27/28	FY 28/29	FY 29/30	FY 30/31	FY 31/32	FY 32/33	FY 33/34	FY 34/35	FY 35/36	FY 36/37	FY 37/38	FY 38/39
Revenue Escalation ¹	3.0%	142.6%	146.9%	151.3%	155.8%	160.5%	165.3%	170.2%	175.4%	180.6%	186.0%	191.6%	197.4%
Employees ²		458	458	458	458	458	458	458	458	458	458	458	458
Restaurant SF ²		10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168
Parking Spaces ²		285	285	285	285	285	285	285	285	285	285	285	285

Sales Tax

Taxable Spending (\$1,000s)

Employee Non- Rest.	\$2,276 per empl	\$1,486	\$1,531	\$1,577	\$1,624	\$1,673	\$1,723	\$1,775	\$1,828	\$1,883	\$1,939	\$1,997	\$2,057
Employee Restaurant	\$263 per empl	\$172	\$177	\$182	\$188	\$193	\$199	\$205	\$211	\$217	\$224	\$231	\$238
Project Restaurant	\$500 per sf	<u>\$7,248</u>	<u>\$7,466</u>	<u>\$7,690</u>	<u>\$7,921</u>	<u>\$8,158</u>	<u>\$8,403</u>	<u>\$8,655</u>	<u>\$8,915</u>	<u>\$9,182</u>	<u>\$9,458</u>	<u>\$9,741</u>	<u>\$10,034</u>
		\$8,906	\$9,174	\$9,449	\$9,732	\$10,024	\$10,325	\$10,635	\$10,954	\$11,282	\$11,621	\$11,969	\$12,328

Public Safety Sales Tax	0.50%	\$44,532	\$45,868	\$47,244	\$48,661	\$50,121	\$51,625	\$53,173	\$54,768	\$56,412	\$58,104	\$59,847	\$61,642
SF County Transportation	0.50%	\$44,532	\$45,868	\$47,244	\$48,661	\$50,121	\$51,625	\$53,173	\$54,768	\$56,412	\$58,104	\$59,847	\$61,642
SF County Public Finance	0.25%	\$22,266	\$22,934	\$23,622	\$24,331	\$25,060	\$25,812	\$26,587	\$27,384	\$28,206	\$29,052	\$29,924	\$30,821

MTA Parking Tax

Total Revenues	\$100/sp 95% occ	<u>\$463,230</u>	<u>\$477,127</u>	<u>\$491,440</u>	<u>\$506,184</u>	<u>\$521,369</u>	<u>\$537,010</u>	<u>\$553,121</u>	<u>\$569,714</u>	<u>\$586,806</u>	<u>\$604,410</u>	<u>\$622,542</u>	<u>\$641,218</u>
MTA Taxes	25% 80% MTA	\$92,646	\$95,425	\$98,288	\$101,237	\$104,274	\$107,402	\$110,624	\$113,943	\$117,361	\$120,882	\$124,508	\$128,244

¹ Table 3.

² Table 2.

Table 4c
Other Fund Revenues Estimate
Fiscal and Economic Impact Analysis
Pier 70 - Historic Core
Port of San Francisco

Revenue Source	Measure ¹	FY 39/40	FY 40/41	FY 41/42	FY 42/43	FY 43/44	FY 44/45	FY 45/46	FY 46/47	FY 47/48	FY 48/49	FY 49/50	FY 50/51
Revenue Escalation ¹	3.0%	203.3%	209.4%	215.7%	222.1%	228.8%	235.7%	242.7%	250.0%	257.5%	265.2%	273.2%	281.4%
Employees ²		458	458	458	458	458	458	458	458	458	458	458	458
Restaurant SF ²		10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168
Parking Spaces ²		285	285	285	285	285	285	285	285	285	285	285	285

Sales Tax

Taxable Spending (\$1,000s)

Employee Non- Rest.	\$2,276 per empl	\$2,119	\$2,183	\$2,248	\$2,315	\$2,385	\$2,457	\$2,530	\$2,606	\$2,684	\$2,765	\$2,848	\$2,933
Employee Restaurant	\$263 per empl	\$245	\$252	\$260	\$267	\$275	\$284	\$292	\$301	\$310	\$319	\$329	\$339
Project Restaurant	\$500 per sf	<u>\$10,335</u>	<u>\$10,645</u>	<u>\$10,964</u>	<u>\$11,293</u>	<u>\$11,632</u>	<u>\$11,981</u>	<u>\$12,340</u>	<u>\$12,710</u>	<u>\$13,092</u>	<u>\$13,484</u>	<u>\$13,889</u>	<u>\$14,305</u>
		\$12,698	\$13,079	\$13,472	\$13,876	\$14,292	\$14,721	\$15,162	\$15,617	\$16,086	\$16,568	\$17,066	\$17,577
Public Safety Sales Tax	0.50%	\$63,492	\$65,396	\$67,358	\$69,379	\$71,460	\$73,604	\$75,812	\$78,087	\$80,429	\$82,842	\$85,328	\$87,887
SF County Transportation	0.50%	\$63,492	\$65,396	\$67,358	\$69,379	\$71,460	\$73,604	\$75,812	\$78,087	\$80,429	\$82,842	\$85,328	\$87,887
SF County Public Finance	0.25%	\$31,746	\$32,698	\$33,679	\$34,690	\$35,730	\$36,802	\$37,906	\$39,043	\$40,215	\$41,421	\$42,664	\$43,944

MTA Parking Tax

Total Revenues	\$100/sp 95% occ	<u>\$660,455</u>	<u>\$680,268</u>	<u>\$700,677</u>	<u>\$721,697</u>	<u>\$743,348</u>	<u>\$765,648</u>	<u>\$788,618</u>	<u>\$812,276</u>	<u>\$836,644</u>	<u>\$861,744</u>	<u>\$887,596</u>	<u>\$914,224</u>
MTA Taxes	25% 80% MTA	\$132,091	\$136,054	\$140,135	\$144,339	\$148,670	\$153,130	\$157,724	\$162,455	\$167,329	\$172,349	\$177,519	\$182,845

¹ Table 3.

² Table 2.

Table 4c
Other Fund Revenues Estimate
Fiscal and Economic Impact Analysis
Pier 70 - Historic Core
Port of San Francisco

Revenue Source	Measure ¹	FY 51/52	FY 52/53	FY 53/54	FY 54/55	FY 55/56	FY 56/57	FY 57/58	FY 58/59	FY 59/60	FY 60/61
Revenue Escalation ¹	3.0%	289.8%	298.5%	307.5%	316.7%	326.2%	336.0%	346.1%	356.5%	367.1%	378.2%
Employees ²		458	458	458	458	458	458	458	458	458	458
Restaurant SF ²		10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168	10,168
Parking Spaces ²		285	285	285	285	285	285	285	285	285	285
Sales Tax											
Taxable Spending (\$1,000s)											
Employee Non-Rest.	\$2,276 per empl	\$3,021	\$3,112	\$3,205	\$3,301	\$3,400	\$3,502	\$3,607	\$3,716	\$3,827	\$3,942
Employee Restaurant	\$263 per empl	\$349	\$359	\$370	\$381	\$393	\$405	\$417	\$429	\$442	\$455
Project Restaurant	\$500 per sf	<u>\$14,735</u>	<u>\$15,177</u>	<u>\$15,632</u>	<u>\$16,101</u>	<u>\$16,584</u>	<u>\$17,081</u>	<u>\$17,594</u>	<u>\$18,122</u>	<u>\$18,665</u>	<u>\$19,225</u>
		\$18,105	\$18,648	\$19,207	\$19,784	\$20,377	\$20,988	\$21,618	\$22,267	\$22,935	\$23,623
Public Safety Sales Tax	0.50%	\$90,524	\$93,240	\$96,037	\$98,918	\$101,886	\$104,942	\$108,090	\$111,333	\$114,673	\$118,113
SF County Transportation	0.50%	\$90,524	\$93,240	\$96,037	\$98,918	\$101,886	\$104,942	\$108,090	\$111,333	\$114,673	\$118,113
SF County Public Finance	0.25%	\$45,262	\$46,620	\$48,018	\$49,459	\$50,943	\$52,471	\$54,045	\$55,667	\$57,337	\$59,057
MTA Parking Tax											
Total Revenues	\$100/sp 95% occ	<u>\$941,651</u>	<u>\$969,900</u>	<u>\$998,997</u>	<u>\$1,028,967</u>	<u>\$1,059,836</u>	<u>\$1,091,631</u>	<u>\$1,124,380</u>	<u>\$1,158,111</u>	<u>\$1,192,855</u>	<u>\$1,228,640</u>
MTA Taxes	25% 80% MTA	\$188,330	\$193,980	\$199,799	\$205,793	\$211,967	\$218,326	\$224,876	\$231,622	\$238,571	\$245,728

¹ Table 3.

² Table 2.

**Table 5
Operating Expenditure Assumptions
Fiscal and Economic Impact Analysis
Pier 70 - Historic Core
Port of San Francisco**

November 4, 2015

Global Escalation Assumption 3%

Pier 70 Waterfront Site and Illinois Street Parcel Population Factors ¹

Population		2,559
Employees		10,585
Service Population	0.33	6,087

General Fund Expenditures

Police \$763,848 cost of one patrol unit ¹
 6,087 service population

 \$125.48 cost per service population

Fire and EMS \$2,546,160 share of Mission Bay Public Safety Building ¹
 6,087 service population

 \$418.27 cost per service population

Public Open Space The lessee will be responsible for maintaining the project's public plaza. It will not be an obligation of the General Fund.

Crane Cove Park The total annual cost to maintain the park is estimate to approximate \$400,000 per year. The park's maintenance cost will be funded through a CFD maintenance district.

Public Works - Streets and Sidewalks The project is not creating any new new public right of way improvements and therefore, it is assumed that the project is not creating any significant new new mainenance costs.

Community Health, Public Protection (non Police and Fire), Human Welfare, and Culture and Recreation Service costs are typically generated by residential uses, which are not included in the project program

¹ Economic & Planning Systems, Inc.; Findings of Fiscal Responsibility and Feasibility - Pier 70 Waterfront Site and Illinois Street Parcel Report May 21, 2013. Expense has been adjusted for inflation.

Table 6
General Fund Expenditures Estimate
Fiscal and Economic Impact Analysis
Pier 70 - Historic Core
Port of San Francisco

Expenditure	Estimating Factor ¹	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31
Non-AV Revenue Eschn. ¹	3.0%	100.0%	103.0%	106.1%	109.3%	112.6%	115.9%	119.4%	123.0%	126.7%	130.5%	134.4%	138.4%	142.6%	146.9%	151.3%	155.8%
Service Population ²		0	11	120	153	153	153	153	153	153	153	153	153	153	153	153	153
Police ³	\$125.48 per svc pop	\$0	\$1,465	\$15,975	\$20,933	\$21,561	\$22,208	\$22,874	\$23,561	\$24,267	\$24,995	\$25,745	\$26,518	\$27,313	\$28,132	\$28,976	\$29,846
Fire and EMS ⁴	\$418.27 per svc pop	\$0	\$4,883	\$53,249	\$69,777	\$71,871	\$74,027	\$76,248	\$78,535	\$80,891	\$83,318	\$85,817	\$88,392	\$91,044	\$93,775	\$96,588	\$99,486
Total Expenditures		\$0	\$6,347	\$69,224	\$90,711	\$93,432	\$96,235	\$99,122	\$102,096	\$105,158	\$108,313	\$111,563	\$114,909	\$118,357	\$121,907	\$125,565	\$129,332

¹ Table 5.

² Table 2.

³ Methodology described in Table 5. Cost factors based on police department's estimates of the cost to serve the Waterfront Pier 70 project.

⁴ Methodology described in Table 5. Cost factors based on the per capita service costs for operating the Mission Bay Fire Station.

Table 6
General Fund Expenditures Estimate
Fiscal and Economic Impact Analysis
Pier 70 - Historic Core
Port of San Francisco

Expenditure	Estimating Factor ¹	FY 31/32	FY 32/33	FY 33/34	FY 34/35	FY 35/36	FY 36/37	FY 37/38	FY 38/39	FY 39/40	FY 40/41	FY 41/42	FY 42/43	FY 43/44	FY 44/45	FY 45/46	FY 46/47
Non-AV Revenue Eschn. ¹	3.0%	160.5%	165.3%	170.2%	175.4%	180.6%	186.0%	191.6%	197.4%	203.3%	209.4%	215.7%	222.1%	228.8%	235.7%	242.7%	250.0%
Service Population ²		153	153	153	153	153	153	153	153	153	153	153	153	153	153	153	153
Police ³	\$125.48 per svc pop	\$30,741	\$31,663	\$32,613	\$33,592	\$34,599	\$35,637	\$36,707	\$37,808	\$38,942	\$40,110	\$41,313	\$42,553	\$43,829	\$45,144	\$46,499	\$47,894
Fire and EMS ⁴	\$418.27 per svc pop	\$102,470	\$105,545	\$108,711	\$111,972	\$115,331	\$118,791	\$122,355	\$126,026	\$129,806	\$133,701	\$137,712	\$141,843	\$146,098	\$150,481	\$154,996	\$159,646
Total Expenditures		\$133,212	\$137,208	\$141,324	\$145,564	\$149,931	\$154,429	\$159,062	\$163,833	\$168,748	\$173,811	\$179,025	\$184,396	\$189,928	\$195,626	\$201,494	\$207,539

¹ Table 5.

² Table 2.

³ Methodology described in Table 5. Cost factors based on police department's estimates of the cost to serve the Waterfront Pier 70 project.

⁴ Methodology described in Table 5. Cost factors based on the per capita service costs for operating the Mission Bay Fire Station.

Table 6
General Fund Expenditures Estimate
Fiscal and Economic Impact Analysis
Pier 70 - Historic Core
Port of San Francisco

Expenditure	Estimating Factor ¹	FY 47/48	FY 48/49	FY 49/50	FY 50/51	FY 51/52	FY 52/53	FY 53/54	FY 54/55	FY 55/56	FY 56/57	FY 57/58	FY 58/59	FY 59/60	FY 60/61	FY 61/62
Non-AV Revenue Escln. ¹	3.0%	257.5%	265.2%	273.2%	281.4%	289.8%	298.5%	307.5%	316.7%	326.2%	336.0%	346.1%	356.5%	367.1%	378.2%	389.5%
Service Population ²		153	153	153	153	153	153	153	153	153	153	153	153	153	153	153
Police ³	\$125.48 per svc pop	\$49,330	\$50,810	\$52,335	\$53,905	\$55,522	\$57,188	\$58,903	\$60,670	\$62,490	\$64,365	\$66,296	\$68,285	\$70,333	\$72,443	\$74,617
Fire and EMS ⁴	\$418.27 per svc pop	\$164,435	\$169,368	\$174,449	\$179,682	\$185,073	\$190,625	\$196,344	\$202,234	\$208,301	\$214,550	\$220,987	\$227,616	\$234,445	\$241,478	\$248,723
Total Expenditures		\$213,765	\$220,178	\$226,784	\$233,587	\$240,595	\$247,813	\$255,247	\$262,904	\$270,792	\$278,915	\$287,283	\$295,901	\$304,778	\$313,922	\$323,339

¹ Table 5.

² Table 2.

³ Methodology described in Table 5. Cost factors based on police department's estimates of the cost to serve the Waterfront Pier 70 project.

⁴ Methodology described in Table 5. Cost factors based on the per capita service costs for operating the Mission Bay Fire Station.

Table 7
Economic Benefits
Fiscal and Economic Impact Analysis
Pier 70 - Historic Core
Port of San Francisco

November 4, 2015

Project Direct, Indirect, and Induced Economic Benefits for the City and County of San Francisco		Direct Impact	Indirect and Induced Multiplier ¹	Indirect and Induced Impact	Total Impact
On-Going Economic Impacts					
Employment ²		458	1.70158	321	779
Payroll ³	\$68,571 avg pay	\$31,406,000	1.60617	\$19,037,000	\$50,443,000
Output ¹	\$1 M / 6.38 empl	\$71,789,000	1.48345	\$34,706,000	\$106,495,000
Construction Period Economic Impacts					
Construction Hard Costs ⁴		\$78,960,000	1.46124	\$36,420,000	\$115,380,000
Construction Payroll ⁵	40% constr. cost	\$31,584,000	1.42574	\$13,446,000	\$45,030,000
Construction Employment					
Total person years ^{3,6}	\$67,000 avg pay	471	1.50141	236	707
Full time equivalent jobs for 3-year period ⁶	3 years	157	1.50141	79	236

¹ Minnesota IMPLAN Group model - 2012 County Level Data for San Francisco County. Average multiplier for the following industries: manufacturing; wholesaling and retail; warehousing and storage; media and software; information services; architecture, engineering, and design; computer programming and design; science, research, and development; and administrative services. On-going output estimate is based on the IMPLAN multiplier relating jobs to million dollars of output.

² Table 2.

³ Table 8.

⁴ Total hard costs per Orton Development Inc. proforma.

⁵ Estimated ratio of payroll to total construction work.

⁶ A person year of employment is equivalent to full time employment of one person for one year.

Table 8
Estimated Average Payroll per Employee
Fiscal and Economic Impact Analysis
Pier 70 - Historic Core
Port of San Francisco

November 4, 2015

Potential Occupation	OES Survey Occupation ¹	Mean Annual Wage ¹
On-Going Occupied Project ²		
Engineer	Architecture and Engineering	\$106,000
Programmer	Computer and Mathematical	\$108,000
Designer	Arts, Design, Entertainment, Sports, Media	\$74,000
Builder/Manufacturer	Production	\$43,000
Warehousing/Shipping/Receiving	Transportation and Material Moving	\$43,000
Related Support/Administration	Office and Administrative Support	\$48,000
Related Support/Sales	Sales and Related	\$58,000
Average for all On-Going Occupations		\$68,571
Construction Period		
Construction Worker	Construction and Extraction	\$67,000

¹ California Employment Development Department Occupational Employment Statistics Survey, 1st QTR 2015.

² Based on sample list of occupations provided by Orton Development, Inc. in their Response to RFP for Pier 70: 20th Street Historic Buildings.

Table 9
Construction Period Revenues
Fiscal and Economic Impact Analysis
Pier 70 - Historic Core
Port of San Francisco

Construction Period Revenues				FY 15/16	FY 16/17	FY 16/17	Total
Payroll Tax							
Taxable San Francisco Payroll	\$31,584,000 total ¹	75% SF adj. ²		\$7,896,000	\$7,896,000	\$7,896,000	\$23,688,000
Payroll Tax Rate ²				1.350%	1.125%	0.750%	
Total Payroll Tax				\$106,600	\$88,800	\$59,200	\$254,600
Gross Receipts Tax							
Taxable San Francisco Gr. Receipts	\$78,960,000 total ¹	75% SF adj. ²		\$19,740,000	\$19,740,000	\$19,740,000	\$59,220,000
Gross Receipts Phase-In Rate ²				10%	25%	50%	
Total Gross Receipts Tax ²		0.329% avg rate ²		\$6,500	\$16,200	\$32,400	\$55,100
Sales Taxes							
Material Costs	\$78,960,000 total ¹	60% materials ³					\$47,376,000
Qualified Subcontractor Amount		50% qualified ³					\$23,688,000
Base 1% Sales Tax		1.00% SF share ²					\$237,000
Public Safety Sales Tax		0.50% tax rate ²					\$118,000
SF County Transportation		0.50% tax rate ²					\$118,000
SF County Public Finance		0.25% tax rate ²					\$59,000

¹ Table 7.

² Table 3.

³ KMA assumption.

APPENDIX H FOR PROJECT AREA H

(To be Attached.)

MEMORANDUM

May 9, 2014

TO: MEMBERS, PORT COMMISSION
Hon. Leslie Katz, President
Hon. Willie Adams, Vice President
Hon. Kimberly Brandon
Hon. Mel Murphy
Hon. Doreen Woo Ho

FROM: Monique Moyer
Executive Director

SUBJECT: Request approval of the Second Amendment to Exclusive Negotiation Agreement with Orton Development, Inc., a California corporation, to extend the term of the ENA until December 31, 2014, in connection with the rehabilitation and redevelopment of the six 20th Street Historic Buildings (located on or near 20th and Illinois Streets at Pier 70). (Resolution No. 14-32)

Request Adoption of California Environmental Quality Act Findings and a Mitigation Monitoring and Reporting Program and Approval of the (1) Lease Disposition and Development Agreement, and (2) Lease No. L-15814 for a term of 66 years, both with Orton Development, Inc. or its affiliate, Historic Pier 70, LLC, a California limited liability company, and (3) Schematic Drawings, all in connection with the lease, rehabilitation and redevelopment of the six 20th Street Historic Buildings (located on or near 20th and Illinois Streets at Pier 70). (Resolution No. 14-33)

DIRECTOR'S RECOMMENDATION: Approve the Attached Resolutions

EXECUTIVE SUMMARY

This Memorandum covers the above items, which will be presented together at the May 13, 2014 Port Commission hearing. The Port Commission is requested to (1) adopt findings under the California Environmental Quality Act ("CEQA") and to adopt the Mitigation Monitoring and Reporting Program, and (2) approve Lease Disposition and

THIS PRINT COVERS CALENDAR ITEM NO. 12A

Development Agreement, Lease No. 15814, other transaction documents contemplated in such agreements (collectively, "**Transaction Documents**"), and the Schematic Drawings in connection with the lease of the six 20th Street Historic Buildings and the historic rehabilitation and redevelopment of same ("**Project**") by Orton Development, Inc. or its affiliate, Historic Pier 70, LLC, a California limited liability company ("**Developer**").

An Informational Presentation on the proposed project was provided during the Port Commission's last meeting on April 22, 2014 and accompanied by a Memorandum dated April 19, 2014. Material updates to the April 19, 2014 Memorandum are presented herein as underlined text.

The Project will return these cherished historic buildings to vibrancy. On October 9, 2012, the Port Commission endorsed the Term Sheet establishing the conceptual agreement between the parties of the terms of a transaction to realize the Project¹. Subsequently on December 4, 2012, the Board of Supervisors also endorsed the term sheet and conceptual Project plans.

The Project includes an aggregate of approximately 267,000 square feet spread throughout 6 existing buildings. The Project will add up to approximately 70,000 square feet of new space, primarily in the build out of new mezzanines. Once rehabilitated, these historic office and industrial buildings will be used for a range of businesses including light industrial, technology, life science, office, artisan/artist studios and showrooms, and restaurant uses. The Project will also create an indoor lobby/atrium in Building 113, and an outdoor plaza/venue, both of which would be made accessible to the public.

The Project's many public benefits include the re-use of the Site to support rehabilitation of Pier 70's unique and important historic resources. This has been a fundamental goal around which the Port has been able to build community consensus for the land use changes and development necessary to finance historic rehabilitation, public open space, infrastructure and other amenities. Developer has committed to rehabilitate the 20th Street Historic Buildings in accordance with the Secretary of the Interior's Standards for the Treatment of Historic Properties and adaptively reuse the buildings for office and light industrial uses. Additionally, Developer will provide access into and around these buildings for the public to experience the historic district.

BACKGROUND

Pier 70 History

The Pier 70 area is one of the most important intact maritime industrial complexes west of the Mississippi. It is the oldest continuously operating shipyard on the west coast. For over 150 years, some portion of the Pier 70 site has been in use for shipbuilding

¹ Background on Term Sheet as well as the land use planning, competitive solicitation, and ENA authorization prior to the Term Sheet with Developer, as discussed in Item 9C on the October 9, 2012 agenda: <http://www.sfport.com/index.aspx?page=2132>

and repair, steel production, and supporting heavy industrial uses. With the arrival of the Union Iron Works (“**UIW**”) in the 1880s, the site became a major national and international shipbuilding center, launching, for example, the first steel-hulled ship built on the Pacific Rim. The shipyard at Pier 70, later acquired by the Bethlehem Steel Corporation, built both merchant ships and warships, and was a major supplier for the United States Navy during the Spanish-American War and both world wars. Its development was a key step in the spread of industrialization to the Pacific Coast. Ships built at Pier 70 served the United States military from the Spanish-American War in the late-1800s through the two World Wars and into the 1970s. Previous uses include: Main Office/Administration Building, Power House, UIW Headquarters, UIW Machine Shop, foundry, new foundry and mold room, and warehouse. In the 1980s, Bethlehem Steel sold the shipyard to the Port of San Francisco for one dollar. Since 2004, the Project Site has been largely vacant with the exception of a few minor interim uses.

Pier 70 Planning

In April 2010, the Port published its Preferred Master Plan (“**Master Plan**”) for the approximately 65-acre Pier 70 area after an extensive community planning and technical feasibility analysis effort. The Pier 70 Master Plan provides a vision balancing sustained ship repair, historic preservation, new waterfront parks, and new development. On May 11, 2010, the Port Commission authorized two efforts to attract development partners for Pier 70 (Resolution 10-27).²

As described in more detail below, Developer’s Project adheres to the Master Plan vision by rehabilitating six historic structures, preserving the important industrial and maritime contributions of this site and honoring the skilled labor that helped build a city and nation. The Project will support 650 construction jobs and 400 to 600 permanent, on-site jobs while creating new public access showcasing the Port’s rich maritime history in a renovated and rejuvenated industrial environment.

Historic District and Plan Implementation

The Port’s effort to create a historic district at Pier 70 is in part intended to assist its development partners, including Developer, by availing access to the Federal Rehabilitation Tax Credit Program to provide an important financing tool for rehabilitation of Pier 70’s historic buildings. This builds on the Port’s successes in the northern waterfront with the creation of the Embarcadero Historic District and rehabilitation of a number of historic pier facilities, including the Ferry Building, Pier 1, Piers 1½, 3 & 5 and the Exploratorium at Pier 15. The Union Iron Works Historic District (which includes all of the Project Site) has been officially listed in the National Register of Historic Places in April of this year.

Developer Solicitation Process

In this context, on October 4, 2011, the Port issued a RFP for the 20th Street Historic Buildings to ten pre-selected parties. Four parties responded to the RFP as presented to the Port Commission on January 20, 2012³. On February 28, 2012, the Port

2 Item 10B on this agenda: <http://www.sfport.com/index.aspx?page=1412>

3 Item 9B on this agenda: <http://www.sfport.com/index.aspx?page=1983>

Commission awarded the opportunity to Developer ⁴ and directed staff to negotiate an Exclusive Negotiating Agreement (“**ENA**”) for the Project. On April 24, 2012, the Port Commission approved the ENA terms⁵.

These buildings are in poor condition at the present with two red-tagged and none currently leased. Given the conditions of these buildings the RFP did not set a minimum rent or any other minimum financial requirements. In fact, it acknowledged the urgency and import of saving these buildings and that public funding sources could be required for this effort.

On July 10, 2012, Developer presented its project concept to the Port Commission⁶ and received supportive feedback on its approach to this site. The uses proposed – light industrial, education, recreation, office, and commercial – are, with the addition of potential education and recreation components, the same as the proposal that the Port Commission considered when selecting Developer.

PROJECT DESCRIPTION

The purpose of this Project is to rehabilitate the 20th street Historic Buildings, identified as the Historic Core in Exhibit A attached to this Memorandum (the “**Project Site**”) and make them once again a vibrant, integral part of the surrounding community. Developer will return the buildings to profitable use while maintaining their historic fabric. The proposed work includes repair and maintenance, seismic and structural upgrades, security measures to combat an atmosphere of neglect and criminal opportunity, and abatement of hazardous environmental conditions.

The Project Site is located along northern and southern portions of 20th Street between Illinois Street in San Francisco’s Central Waterfront. The Project Site spans several parcels and currently contains eight buildings and four small associated structures. These twelve buildings on the Project Site range in size from approximately 535 square feet to 93,330 sq. ft.

The previous uses, current uses and occupancy of the 6 buildings included in the Project vary. The current uses and building sizes include the following, but generally include approximately 267,000 gross square feet (GSF) of vacant PDR space.

Table 1 - North of 20th Street

Location	Year Built	Existing Use	Existing Sq. Ft.	Proposed Use	Proposed Sq. Ft.
Building 101- Bethlehem Steel Office Building	1917	Vacant– formerly office use and one	475 (residential) and 56,925 (office) =	New residential unit New office	58,300 sq. ft. total

4 Item 10 C on this agenda: <http://www.sfport.com/index.aspx?page=2003>

5 Item 9B on this agenda: <http://www.sfport.com/index.aspx?page=2063>

6 Item 9B on this agenda: <http://www.sfport.com/index.aspx?page=2088>

		residential unit	57,400 sq. ft. total	use	
Building 102 – Power House	1912	PDR ¹	11,265 sq. ft.	New restaurant or New other commercial	16,405 sq. ft.
Building 104 – UIW Headquarters	1896	Vacant–formerly PDR use	43,000 sq. ft.	New medical and office	44,590 sq. ft.
TOTAL			111,665 sq. ft.		119,295 sq. ft.

South of 20th Street

Location	Year Built	Existing Use	Existing Sq. Ft.	Proposed Use	Proposed Sq. Ft.
Building 14	1941	Storage – formerly warehouse	16,315 sq. ft.	PDR/"New American Workplace" ²	22,780 sq. ft.
Building 113/114- Union Iron Works Machine Shop	1885/1886	Vacant, formerly PDR use	93,300 sq. ft.	PDR/"New American Workplace"	126,580 sq. ft.
Building 115/116	1916/1917	Storage – formerly warehouse	37,550 sq. ft.	PDR/"New American Workplace"	48,815 sq. ft.
Plaza	N/A	Courtyard	45,000 sq. ft.	Publically accessible open space, loading	45,000 sq. ft.
TOTAL			192,165 sq. ft.		243,175 sq. ft.

Notes:

1. PDR (**Production, Distribution and Repair**): Refers to a very wide variety of activities which have traditionally occurred in industrially zoned areas.
2. PDR/"New American Workplace": Expands on PDR to include additional industrial uses such as food, technology, life science, biotech, education and arts production centers, similar to the high quality "maker" type businesses currently existing in the adjacent Dogpatch neighborhood, with ancillary office, showroom, and retail. Such flexible hybrid-use space consolidates all business activities (design, prototyping, manufacturing, wholesaling, office, and sales/retail) under one roof.



In general, the proposed Project will rehabilitate the 20th Street Historic Buildings to satisfy seismic, structural, and code requirements, implement security measures to combat an atmosphere of neglect and criminal opportunity, and abate hazardous





environmental conditions. The Project will meet the Secretary of the Interior Standards for Treatment of Historic Buildings (the “**Secretary’s Standards**”) and other codes, and all other applicable requirements. The proposed Project could add up to approximately 70,000 GSF of new space, primarily in interior mezzanines for a total of 318,780 GSF onsite.

Once rehabilitated, these historic office and industrial buildings will be subleased to a range of businesses, including light industrial, technology, life science, office, artisan/artist studios and showrooms, and restaurant uses (see table 2 below). Developer has aggressively marketed the Project to a diverse group of prospective tenants. In addition, Developer has had continued discussions with manufacturers including members of SF Made, with a goal of incorporating variously sized, local manufacturing uses on portions of the site.

The proposed Project will also create an indoor lobby/atrium in Building 113, and an outdoor plaza/venue (“**Plaza**”), both of which will be made accessible to the public. The Plaza will be a multi-use space available for public plaza uses, loading, tenant yard uses (including loading docks, cooling towers and other outdoor equipment) and special events. Finally, the proposed Project will demolish approximately 1,500 GSF of existing structures, including two small structures known as Buildings 23 and 24 appended to the eastern side of Building 113.

Table 2 – Building Rehabilitation Plans

<p>Building 113/114 The Union Iron Works Machine Shop consists of two masonry buildings built from 1885-1888, later joined by a concrete connector in 1914. The brick sections of Building 113 will be split into two wings and be used as light industrial/flex space with ancillary office, showroom, and retail uses, while the historic foundry (Building 114) will remain a separate space for light manufacturing with ancillary office and retail. The center connector building will become a publically accessible lobby and walkway to an exterior Plaza.</p>	
<p>Buildings 115/116 The Union Iron Works Foundry & Warehouse was constructed in 1916/1917 and comprises a three-bay reinforced concrete structure. The spaces will return to industrial use as light manufacturing with ancillary retail and office.</p>	

<p>Building 101 Building 101, the 61,311 square foot former Bethlehem Steel Office building, will return to office use on the top four floors. The historic commissary on the park level floor is expected to return to industrial food production use or ancillary office uses.</p>	
<p>Building 102 Building 102, the 11,266 square foot former Compressor House, currently houses BAE Ship Repair's electrical distribution. The Port has the responsibility to remove the electrical facilities, following that Developer will redevelop the building as a restaurant.</p>	
<p>Building 104 The 45,237 square foot former Union Ironworks office building was built in 1896 and will return to single tenant office or medical office use.</p>	
<p>Building 14 Building 14 is a 16,315 square foot double-gable metal warehouse constructed in 1944. The space will return to industrial use as a warehouse with ancillary office space.</p>	

CEQA

California Environmental Quality Act (“CEQA”) Guidelines Section 15183 provides an exemption from environmental review for projects that are consistent with the development density established by existing zoning, community plan or general plan policies for which an environmental impact report (“EIR”) was certified, except as might be necessary to examine whether there are project-specific effects which are peculiar to the proposed project or its site. Section 15183 specifies that examination of such a project’s environmental effects shall be limited to those effects that: a) are peculiar to the project or parcel on which the project would be located; b) were not analyzed as significant effects in a prior EIR on the zoning action, general plan or community plan with which the project is consistent; c) are potentially significant off-site and cumulative impacts which were not discussed in the underlying EIR; or d) are previously identified in the EIR, but which are determined to have a more severe adverse impact than that discussed in the underlying EIR. Section 15183(c) specifies that if an impact is not peculiar to the parcel or to the proposed project, then an EIR need not be prepared for the project solely on the basis of that impact.

The proposed Project is within the Eastern Neighborhoods Community Plan Area, for which the San Francisco Planning Commission certified the *Eastern Neighborhoods*

Rezoning and Area Plans Final EIR (“EN FEIR”) (Planning Department Case No. 2004.0160E and State Clearinghouse No. 2005032048). Thus, the Planning Department reviewed the proposed Project to determine if a community plan exemption under CEQA Guidelines Section 15183 would be appropriate and determined that the EN FEIR incorporated and adequately addressed all potential impacts of the proposed Project. The Planning Department determined that the proposed Project would not have any additional or significant adverse effects that were not examined in the EN FEIR, nor has any new or additional information come to light that will alter the conclusions of the EN FEIR. Thus, the proposed Project will not have any new effects on the environment that were not previously identified, nor will any environmental impacts be substantially greater than described in the EN FEIR. No mitigation measures previously found infeasible have been determined to be feasible, nor have any new mitigation measures or alternatives been identified but rejected by Developer. Therefore the Project is exempt from further environmental review under CEQA.

Thus, the San Francisco Planning Department prepared a Community Plan Exemption (“CPE”) for the proposed Project, which was approved on May 7, 2014. A copy of the approved CPE is on file with the Port Commission Secretary and is also available online at http://sfmea.sfplanning.org/2013.1168E_CPE.pdf. All applicable mitigation measures from the EN FEIR have been incorporated into the proposed Project or will be required as conditions of approval through the Port Commission’s adoption of the Mitigation Monitoring and Reporting Program (“MMRP”) attached as part of Exhibit B.

MITIGATION MONITORING AND REPORTING PROGRAM (MMRP)

The CPE identifies certain mitigation measures identified in the FEIR to avoid potential significant negative effects. The Port will be responsible for implementing and in certain instances monitoring the following measures which are fully described in the MMRP attached as Exhibit B to this Memorandum:

- Traffic Signal Installation
- Interior Noise Levels
- Siting of Noise-Generating Uses
- Hazardous Building Materials
- Develop Additional Pedestrian and Roadway Treatments
- Designate Safe, Accessible, and Convenient Bicycle Parking
- Designate Loading Dock Manager
- Require Traffic Controllers/Flaggers for Larger Deliveries
- Limit Peak Hour Truck Movements
- Develop Construction Management Plan
- Adopt Transportation Management Plan

PUBLIC TRUST ANALYSIS

In 2011, California’s Legislature passed Assembly Bill 418, introduced by Assembly

member Tom Ammiano and signed into law by Governor Brown. This bill authorized several changes at Pier 70 including allowing non-trust uses of historic buildings if necessary to finance rehabilitation of the buildings consistent with the Secretary Standards. This authorization was subject to findings from the State Lands Commission ("**State Lands**") Executive Officer that the reuse and rehabilitation included ample public access to these buildings and a finding that rehabilitation of the building is not economically feasible solely based on trust uses.

All the historic buildings related to the Project are used for Port storage needs or are currently vacant, shuttered and not suitable for occupancy in their current state. Some of the historic buildings are in such disrepair that immediate seismic and structural reinforcement are needed. The Port sought a third party analysis regarding the feasibility of reuse based solely on trust uses. This analysis found that a reuse program reliant upon trust uses is not economically viable. These historic buildings are not built for nor are conducive to current maritime or public trust uses. Almost all maritime industrial uses in San Francisco Bay require close access to the waterfront (such as a berthing facility to load/unload materials/ equipment). There is limited demand for maritime tenants and those tenants have limited needs for these industrial shed/warehouse facilities due to condition and location. Historic buildings at Pier 70, particularly the Union Ironworks buildings, are much larger than will be needed by most maritime tenants.

Port staff has sought feedback regarding the proposed public access from State Lands staff. Based on their initial review of the Access Map, State Lands staff is comfortable with the level of public access allowing the public to experience the interior and exterior of the historic Buildings on 20th Street in conjunction with the Plaza including public access connecting Louisiana Street to the Plaza. State Lands staff supports this public access plan with requirements to:

- Include interpretive signage that help educate the public about the historic buildings and their contribution to the maritime history of Pier 70
- Include signage that alerts the public to the interior public access
- Expand the interior public access space, if feasible
- Additional lobbies built in the office buildings (Buildings 101 and 104), if any, should include glass walls or large windows to help expand access to views of the interior of the historic structures, based on tenanting and feasibility

Based on third party analysis and feedback from State Lands staff, rehabilitation of the buildings consistent with the Secretary Standards is not feasible with only public trust uses. Additionally, State Lands staff has noted that the Project includes ample public access to these buildings.

SUMMARY OF FINANCIAL/BUSINESS TERMS

The financial terms of Transaction Documents obligates Developer to rehabilitate and operate the Project buildings, including securing needed investment, in exchange for a 66-year lease and a \$1.5 million capital contribution from the Port. Up to an additional \$250,000 may be contributed from a State grant secured by the Port. Revenues from the Project will first fund operating costs, then debt service and, until Developer's equity

is recovered, Developer will receive a 14% return (on a simple interest basis) on its investment. Developer and the Port will share equally in net cash flow on a 50/50 basis after Developer's equity and return and Port's \$1.5 million and return are repaid.

Regardless of the schedule of Developer equity repayment, an annual minimum rent of \$240,000 will commence no later than 20 years after commencement of the Lease. This structure achieves the Port's long-envisioned goal of rehabilitating these buildings as soon as possible and provision of new workplaces for up to 600 jobs.

The Port Commission endorsed the Term Sheet with Developer in October 2012. A summary of key financial terms that remain primarily unchanged include:

- Developer will rehabilitate the buildings to meet the Secretary's Standards. Given the age and dilapidation of the structures, this involves extensive repair and replacement of building systems, structural upgrades, and life safety improvements. Developer is also providing public access in the Plaza and atrium of Building 113.
- The Port will redeploy the \$1.5 million of capital funding budgeted in FY2011/12 for interim shoring of the Union Ironworks Machine Shop (Building 113) as a contribution to the full seismic retrofit for this structure. (A grant secured in 2013 increases the Port's contribution to \$1.75 million.)
- Developer will invest up to \$14 million of equity in the Project and secure Project debt and historic tax credit investors for the remaining funds.
- Net revenue from the Project after debt service will
 - first pay Developer a 14% return (on a simple interest basis)
 - then repay Developer's equity
 - then repay Port's equity and associated return
 - and finally be split equally with the Port ("**Participation Rent**").
- Port will participate in equal participation through equal sharing of any refinancing proceeds and in 10% participation in the net proceeds from a sale or assignment of the Lease.
- Port will receive anticipated annual minimum rent in Year 20 of \$240,000, even if Developer has not yet recovered its equity investment.
- Parking for the Project will be provided as part of an area parking strategy on sites to be determined and the Port, not Developer, will receive parking income from off-premises parking.
- The Port is responsible for the costs of relocating the electrical systems now in Building 102 that serve the shipyard. Such costs are estimated at between \$3 and \$5 million depending on the relocation site and other engineering variables.

In the 18 months since endorsement of the Term sheet, staff and Developer have continued to negotiate transaction terms. A summary of financial terms that reflect new concepts developed or fill in areas unaddressed by the Term Sheet include:

- In February 2013, the ENA was amended to defer payment of Port's transaction

costs in excess of \$80,000 until Project revenues can support repayment on par with payments to Developer, which obligations are further refined in the Lease. Deferring Developer's reimbursement obligation reduces the Project front-end costs and lowers the required equity investment that would accrue at a 14% return.

- As a protection from unknown Project elements that could not have been discovered through reasonable due diligence, provisions have been included to remove buildings from the Project and/or defer the minimum rent if unforeseen conditions are discovered. Unforeseen conditions must meet a threshold of \$1 million.
- Port is responsible for upgrades of adjacent streets and sidewalks ("**Public Realm**") to accommodate the Project. Port will use infrastructure financing district funds, if available, to fund this Public Realm work. Developer can undertake Port Public Realm construction efforts, as a mutual option, and be repaid first from a credit against deferred transaction costs and second over time from the Port's Participation Rent.
- Additional costs for tenant build-outs over and above "cold shell" will be funded: 1) through a side agreement between Developer and subtenant (thus reducing the sublease rent), or 2) amortized over the sublease term at Developer's cost of funds.
- After repayment of Developer Equity, the Port will receive repayment of its \$1.5 million contribution over 10 years in equal installments that includes a return on Port's capital equivalent to the Port revenue bond interest rate as of May 2014 (not to exceed 7%). Developer has the right to pre-pay outstanding Port Equity and return. Minimum rent will be delayed if Port Equity is outstanding.
- If the Port Participation Rent exceeds the amounts forecast in the Port approved proforma and attached to the Lease, Developer receives an incentive payment of 20% of the excess above these projections. This bonus only applies after Developer's equity is repaid and is only in effect after a 2 year construction period for 20 years of the Lease.

PROJECTED SOURCES AND USE OF FUNDS

Based on further investigation and engineering analysis, Developer has refined the Project cost estimates and anticipates total Project cost of \$74 million (an increase from the prior \$58 million estimate). Hard construction costs have increased due to three factors:

- 1) addition of \$1.8 M of costs for the Plaza and site work,
- 2) additional building repair complexity after further due diligence and analysis, and
- 3) rising construction costs in the market.

Even with the increased costs, Developer anticipates that the combination of strong revenues and pre-leasing of a significant portion of the Project will allow them to secure favorable debt terms, allowing the Project to remain feasible despite the higher costs.

Table 3 below shows the sources and uses of funds for the Developer Project. Notable additions consist of (i) participation in the City's Seismic Safety Loan Program, discussed below as a source, and (ii) the greater Port contribution of \$1.75 million, reflecting State grant proceeds of \$250,000. At this time, Developer is arranging its bank and other financing so the table combines debt and equity until debt terms are refined.

Table 3 - Sources and Uses

Sources	\$ Millions
<u>Port Capital Funds+\$250,000 grant</u>	<u>1.75</u>
Seismic Safety Loan	20.2
Historic Tax Credit Equity	14.9
Private Debt & Equity	37.8
<hr/> Total Sources	<hr/> \$74.65
 Uses	
<u>Hard Costs</u>	
Building 101	10.3
Building 102	2.5
Building 104	7.7
Building 113	20.0
Building 114	4.2
Building 115	2.4
Building 116	4.7
Building 14	2.3
Site/Plaza	1.9
<hr/> Total Hard Costs	<hr/> 56.0
Soft Costs	11.5
Financing Costs	6.2
Deferred Port Transaction Costs	0.8
<hr/> Total Uses	<hr/> \$74.5

Notes:

Source Developer cost estimate and pro-forma. Values continually being refined.

Port funds include a State Grant of \$250,000

Construction costs do not include tenant specific improvements.

Seismic Safety Loan Program

In recognition of the economic benefits of lower cost financing, Developer is applying for a loan from the City's Unreinforced Masonry Building (URM) Seismic Safety Loan Program (SSLP), which is administered through the Mayor's Office of Housing and

Community Development (“MOHCD”).

The interest rate on the Seismic Loan, currently assumed at 7.5% for pro forma purposes, is much lower than the 14% return on Developer equity specified in the Term Sheet. The Seismic Loan proceeds will be used to fund the majority of the seismic upgrade costs for Buildings 113/114 and 104, the former Union Ironworks Machine Shop and office building respectively. Those costs are currently estimated at \$26 million.

The SSLP was established through a 1992 voter approved general obligation (“G.O.”) bond measure to provide loans to private owners of unreinforced masonry buildings. To provide funds for borrowers, the City issues G.O. bonds. The loan is to be used for seismic strengthening costs plus a 25% allowance for disabled access/life safety improvements. Eligible soft costs include legal, title/escrow, permit fees, architecture/engineering, and environmental site investigations. Seismic Loans for non-residential buildings, including these Pier 70 buildings, fall under the program’s Market Rate Loan program. The following are some of the key criteria for Market Rate Loan underwriting:

Table 4. Seismic Loan Market Rate Term Summary

Loan Term	20 years fully amortizing
Interest Rate	City’s cost of funds + 1%
Loan to Value	90% to 95% LTV
Debt Service Coverage Ratio	1.05x to 1.10x

Developer is requesting authorization for a total Seismic Loan up to approximately \$26 million which is the maximum based on eligible development costs. However, Developer’s pro forma currently assumes a Seismic Loan amount of approximately \$20 million based on the loan to value and debt service coverage requirements of the program.

The Seismic Loan committee typically provides a conditional loan commitment subject to the borrower satisfying key Project milestones such as submitting the final appraisal, securing building permits for the construction work, having firm commitments from all sources of Project financing and obtaining signed leases from major building tenants. Final approval of the loan and the actual amount of the loan will therefore be determined subsequent to the loan committee’s initial, conditional approval at such time as Developer has satisfied the loan conditions and construction is ready to begin. This is expected to occur in August 2014. Specifically, the Project still has several key milestones to achieve before the Project is ready to begin construction:

- An appraisal that supports the underwriting criteria specified for Seismic Loans;
- Financing commitments equal to or exceeding the total development cost of the Project;

- The construction loan and Seismic Loan have closed or will close simultaneously with close of escrow and delivery of the Lease;
- All required insurance is in place;
- Building permits are ready to be issued;
- A performance bond or completion guaranty is in place;
- A guaranteed maximum price construction contract is in place for the proposed rehabilitation of the Project;
- A minimum level of preleasing of the buildings has been secured.

The current estimated interest rate is 7.5% assuming a taxable G.O. bond issue at 6.5%. The use of this loan will result in payments to the City greater than the costs to repay the bonds, avoiding any impact on the General Fund. The loan will be secured by Developer's leasehold interest with the Port, but subordinate to any senior lender. The Seismic Loan will provide a critical portion of the Project's total funding requirement since this loan can provide construction financing for the seismic components, replacing costly developer equity.

Before MOHCD can enter into a loan agreement with Developer, and in advance of the City selling new G.O. bonds, the following actions will need to occur:

- 1) Seismic Loan committee review and consideration of the loan application to determine the application meets statutory underwriting requirements
- 2) Capital Planning Committee approval of the bond issuance
- 3) CEQA clearance of the Project
- 4) Port Commission and Board of Supervisors review and approval of the Lease
- 5) Board of Supervisors review and approval of the use of the SSLP and the required bond indebtedness
- 6) Developer meets all development agreement requirements and loan committee conditions, and enters into the Lease

INFRASTRUCTURE FINANCING DISTRICT

State law authorizes the establishment of a Port Infrastructure Financing District (IFD) to finance public improvement projects along the San Francisco waterfront. The Port IFD may finance the same types of improvement projects that are financed by non-Port IFDs (open space, parks, and street improvements), as well as projects specific to the Port, including removal of bay fill, storm water management facilities, shoreline restoration, and maritime facility improvements. Increased property tax revenues resulting from certain Port development projects (tax increment) may be redirected from the General Fund to the Port IFD in order to finance public improvements, subject to Board of Supervisors approval. In 2013, the Board of Supervisors approved a resolution of intention (1) to establish the Port IFD consisting of eight project areas; and (2) directing the Port Executive Director to prepare a financing plan, subject to Board of Supervisors' approval.

The Port intends to submit the IFD proposal for the proposed development of the 20th Street Historic Buildings to the Board of Supervisors for approval concurrent with the

LDDA and Lease in the coming months. To that end, Port staff, assisted by a team of consultants led by Keyser Marston Associates (“**KMA**”), is currently preparing an infrastructure financing plan (IFP), which will be the foundation of an IFD to be formed pursuant to State and local IFD legislation to fund a portion of public infrastructure improvements supporting the rehabilitation of the historic buildings at Pier 70 related to this lease. The IFP is expected to fund the following improvements with a combined estimated cost of approximately \$5 million:

- Upgrade traffic signal at 20th and Illinois Street
- Temporary pedestrian access along Georgia, Michigan and Louisiana Streets
- Repair of sidewalk along 20th and Illinois Streets
- Street lighting and ADA access ramps on each of the streets above
- Shoring and repair of Building 105 (to allow safe access to 20th Street south sidewalk to Louisiana Street)
- Replacement of the electrical equipment serving the BAE shipyard (currently in Building 102).

The Project is expected to generate an estimated \$450,000 annually in property taxes. Many of the improvements listed above need to be in place when the Project opens and before significant tax increment is generated. The Port and Developer may have to advance funds for these improvements and be repaid from IFD funds generated after the Project is opened.

TRANSACTION DOCUMENTS

Developer Entity Signing the Documents

The ENA contemplates that Developer may assign its rights under the ENA to an affiliate owned or controlled by Orton Development, Inc. or J.R. Orton, III. J.R. Orton, III is the President of Orton Development, Inc. Such assignment can take place without the Port’s prior consent. Accordingly, the Transaction Documents may be entered into between Port and an affiliate of Orton. Orton is proposing that Historic Pier 70, LLC, an entity that is or will be newly formed by Orton, be the signatory to the Transaction Documents. Port staff will confirm prior to entering into any of the Transaction Documents with an entity other than Developer, that such entity is a Developer affiliate.

Legal Effect of the Documents

The Lease Disposition and Development Agreement will be signed by the Port following its approval by the Port Commission and following approval of the form of Lease No. 15814 (“**Lease**”) by the Port Commission and Board of Supervisors. The LDDA will go into effect immediately upon execution by the Port and Developer, but the Lease will not go into effect until certain conditions are met. Once these conditions have been satisfied, the Lease will be executed and delivered to both parties through an escrow. Some of the conditions are discussed below.

The Lease will become effective immediately upon delivery to Developer and expire 66 years after the commencement date. The LDDA will expire upon completion of

construction and recording of a Certificate of Completion. Until the recording of the Certificate of Completion, both the Lease and the Development Agreement will be in effect.

Lease Disposition and Development Agreement (“LDDA”)

The purpose of the LDDA is to set forth the requirements for the rehabilitation and re-development of the Site, and the conditions for delivery of the Lease to the Developer. The Port will deliver the Lease to Developer if the conditions are satisfied. The LDDA provides Developer with the certainty it needs to invest further in the design, construction documents and approval process for the Project and to finalize the Project financing. The LDDA protects the Port because the Port is not obligated to deliver the Lease unless and until the conditions in the LDDA are satisfied or waived by Port. After Developer completes construction of the improvements described in the Scope of Development, the Port will issue a Certificate of Completion, which upon recordation will terminate the LDDA. Port Commission approval of the LDDA is required because it concerns a major development on Port property and sets forth requirements for delivering the Lease.

Development of the Site

Under the LDDA, Developer will have the following obligations for development of the Site:

1. Accept the Site in its "as is" condition, perform due diligence investigations, , comply with laws and regulations and obtain all regulatory approvals necessary to undertake the planned development;
2. Construct the improvements in conformance with the Scope of Development and Schematic Drawings and within the timeframes set forth in the Schedule of Performance. These documents will be attached as Exhibits to the LDDA. The improvements must comply with the Secretary's Standards;
3. Secure a Letter of Intent from a major bank for \$35- \$40 million construction finance loan secured by a personal guaranty from J.R. Orton, III, an individual, also known as Eddie Orton, the President of Orton Development, Inc., and subject to ongoing liquidity requirements of J.R. Orton, III;
4. Comply with the Mitigation Monitoring and Reporting Program;
5. Carry insurance and indemnify the Port;
6. Reimburse the Port for costs of staff time and legal fees incurred during the term of the LDDA and any outstanding costs incurred during the term of the ENA;
7. Furnish Port with "Record Documents" documenting all improvements after completion of the improvements;
8. If the LDDA terminates prior to close of escrow (for any reason other than a title defect, casualty or a termination caused by a Port event of default), Developer will be required to pay a termination fee of \$200,000 to the Port;

Conditions to Close of Escrow

The following conditions, among others, must be satisfied in order for escrow to close, at which time the Lease and Site will be delivered to Developer:

1. The Port Commission shall have approved the Transaction Documents, and the

Board of Supervisors shall have approved the Lease;

2. The Port shall have approved the development budget and evidence of adequate financing for the Project, including evidence of Developer's ability to meet debt service obligation(s) and evidence of a commitment letter from a lender, if applicable. The Port also must have approved Developer's statement of sources and uses of funds, which must be sufficient to demonstrate that Developer has or will have funds equal to or exceeding the total development cost of the improvements and that such funds have been spent for uses described in the development budget or are committed and available for that purpose;
3. The Port shall have approved Developer's guaranteed maximum price contract for construction of the improvements;
4. The Port shall have approved the Schematic Drawings, materials and color samples and Final Construction Documents and is ready to issue a building permit;
5. Developer shall have submitted evidence satisfactory to Port that the improvements are consistent with the Secretary's Standards;
6. Developer shall have obtained all regulatory approvals required to commence construction of the improvements. These approvals include a letter of determination from the Executive Officer of the State Lands Commission ("State Lands") that the restoration and preservation of any of the historic buildings within the Project where non-Public Trust uses are contemplated cannot be feasibly financed with available Public Trust uses, and that the non-Public Trust uses or Lease are part of an overall program that furthers Public Trust purposes.-
7. Developer shall have deposited exaction fees that are required to be paid prior to close of escrow; and
8. J.R. Orton, III shall have provided a personal guaranty to the Port guaranteeing the completion of core and shell improvements for each of the buildings within the leased premises.

Phasing

In lieu of Port leasing to Developer the entire historic core at close of escrow, Developer will initially lease buildings 113, 114, 115, and 116 (the "Initial Site"). The LDDA contemplates that the Initial Site will be expanded to include the other buildings within the historic core (each an "Expansion Site") within three years following Lease execution, with construction to follow soon thereafter. Developer may, however, remove one of the Expansion Sites if there is an unforeseen condition that would increase the cost by \$1 million or more to develop that specific Expansion Site.

Key Exhibits to the LDDA

The following exhibits to the LDDA highlight key enforceable instruments that delineate Developer's obligations to Port.

Scope of Development

The Scope of Development sets forth the improvements that are to be constructed on the Site by Developer.

Schedule of Performance

The Schedule of Performance sets forth the deadlines by which the parties are required to submit or approve documents prior to close of escrow and deadlines by which the parties are required to act during the construction phase of the Project. All deadlines are subject to force majeure.

Schematic Drawings

Schematic Drawings, consisting of site plans and elevations, will be attached to the LDDA. The full set of Schematic Drawings is on file with the Port Commission Secretary.

Development Budget

The Development Budget for the Project, showing a total development cost of \$75 million.

Lease (“Lease”)

The Lease between the Port and Developer will be delivered through an escrow when the conditions of the LDDA are satisfied. Port Commission approval of the Lease is required because it concerns a major development on Port property and has a term of 66 years. Developer will be referred to in this section as “Tenant.”

The following business terms have been negotiated between Port Staff and Tenant:

Term

66 years.

Commencement Date

The Lease commences when the Project closes escrow.

Termination Date

66 years from the Commencement Date.

Premises

Initial Site: Buildings 113, 114, 115 and 116 and the adjacent Plaza.

Expansion Site: As provided in the LDDA, the Premises may be expanded from time to time to include additional land and buildings within the historic core

The “Premises” means collectively the Initial Site and any Expansion Sites that are added to the Premises in accordance with the LDDA.

Uses

Tenant will use the Premises for the following uses and for no other use without the prior written approval of Port, not to be unreasonably withheld, which Permitted Uses may include:

Building 101: general office use, cafeteria, showroom, PDR, arts and arts production, research, development, design, restaurant, or industrial kitchen, and residential use of an existing penthouse residential unit located on the top floor, and related ancillary uses only.

Building 104: general office or medical office use showroom, PDR, arts and arts production, research, development, design, and related ancillary uses.

Building 102: restaurant or commercial uses, food production, industrial kitchen use, showroom and related ancillary uses.

Buildings 113, 114, 115, 116 and 14: Design, production (which may include any non-office uses that integrate multimedia, information technology, or software development functions;), light manufacturing, research, recreation, education, life science, warehousing, manufacturing, industrial kitchen and food production, and arts-related activities and related ancillary uses, including ancillary office, showroom, and retail.

Atriums and Plazas: Public and private events, food service, loading, and retail. Retail and other ancillary uses would be allowed in ancillary structures or shipping containers subject to review of the Port staff. The Lease rules and guidelines would allow up to 100 major event days annually with up to 25 event days with complete closure of the Plaza and 15 events days resulting in complete closure of the Atrium. The Port would need to review and consent to any additional events proposed by the Tenant. A portion of the building edge of the Plaza (one third of the frontage) would be allowed for use by subtenant yard activities subject to Port review and the provisions of the Lease.

A Project office for Tenant's use may be located within any one of the on the Premises.

Subleasing

Tenant will not Sublease any portion of the Premises without the prior written consent of Port, which consent will not be unreasonably withheld. However in the Lease the Port pre-approves a broad range of subleases so long as they are arm's length transactions and structured at market rental rate and comply with the provisions of the Lease. In addition to pre-approved subleases, Port retains sublease approval rights for subleases of greater than 100,000 square feet in the aggregate to a single user or Subtenant and its affiliates. The Port also retains sublease approval rights of initial Subleases to be executed for all or substantially all of the east and west wings of Building 113.

Signs

Tenant does not have the right to place, construct or maintain any Sign on the exterior of any Buildings within the Premises without Port's prior written consent.

Required Public Access Areas

Tenant must maintain throughout the Term, dedicated public access areas within the Premises, including areas within the Buildings where non-Public Trust uses are contemplated in compliance with the California State Lands Commission's Executive Officer's determination related to the Project, to permit the public to view the interior and exterior historic architectural amenities, the Historic Fabric, and other amenities to educate the public about such Historic Building and its contribution to maritime history.

Minimum Rent

An annual minimum rent of \$240,000 will commence no later than 20 years after commencement of the Lease.

Adjustments to Minimum Rent:

5-Year Adjustment to Minimum Rent: On each Adjustment Date, the Minimum Rent payable under this Lease will be adjusted to equal the greater of (i) the Minimum Rent in effect immediately prior to such Adjustment Date, or (ii) one hundred percent (100%) of the amount determined by multiplying the Minimum Rent in effect immediately prior to such Adjustment Date by a fraction, the numerator of which is the Current Index and the denominator of which is the Prior Index.

Periodic 10-Year Adjustment to Minimum Rent:

On each Periodic 10-Year Adjustment Date, the Minimum Rent payable under this Lease will be adjusted to equal the higher of (i) the Minimum Rent then in effect, or (ii) the amount obtained by adding all of the Participation Rent due for the five (5) year period immediately prior to the applicable Periodic 10-Year Adjustment Date as further described in the Lease.

Application of Net Revenues Until Repayment in Full of Developer Equity and Return & Port Capital Contribution and Return.

One hundred percent (100%) of net revenues will be applied to pay off outstanding Developer Equity and return, any deferred Port transaction costs, and outstanding Port equity and return, until fully paid,

Participation Rent

From and after the Developer Equity Repayment Date and repayment in full of Port Capital Contribution and Port Capital Return and throughout the Term thereafter, subject to a cash flow bonus, Tenant will pay to Port participation rent on a monthly basis equal to (i) fifty percent (50%) of Net Revenues (ii) less the Minimum Rent due and payable for the applicable calendar quarter ("**Participation Rent**").

Cash Flow Bonus

If Tenant meets all of the following conditions, Tenant will be entitled to a Cash Flow Bonus from the Net Revenues generated from the Premises equivalent to 20% of the excess above pro forma projections until the calendar year that includes the 22nd Anniversary Date (the "**Potential Bonus Period**") subject to the following conditions:

(i) Tenant has complied with its agreement with the Contract Monitoring Division and CityBuild regarding the hiring of LBEs and local residents in connection with the development of the Project.

(ii) All outstanding Developer Equity and return has been fully repaid;

(iii) All outstanding Deferred Port Transaction Costs and any Transaction Costs due and payable to Port under the LDDA have been fully repaid;

(iv) All outstanding Port Capital and return has been fully repaid;

(v) Net Revenues exceed the Cash Flow Bonus Threshold; and

(vi) There is no uncured or outstanding Tenant Event of Default.

During the Potential Bonus Period, Tenant will include (i) in each Monthly Net Revenues Statement, Tenant's estimate of the amount of Cash Flow Bonus it will be entitled to at the end of the applicable calendar year, and (ii) in each Annual Net Revenues Statement, the actual amount of Cash Flow Bonus Tenant is entitled to for the applicable calendar year, accompanied by documentation to support its position. Subject to Port receiving the Annual Net Revenue Statement in accordance and in compliance with the Lease, Tenant will be entitled to a Cash Flow Bonus set forth in such Annual Net Revenue Statement. The Cash Flow Bonus will be deducted from Net Revenues immediately prior to calculating the Participation Rent due to Port at the end of each calendar year. In no event will the amount of Net Revenues or the Cash Flow Bonus Threshold used to calculate Cash Flow Bonus include any Transfer Proceeds.

Port's Participation in Transfer Proceeds

Tenant and all subsequent assignees will pay to Port ten percent (10%) of the Net Transfer Proceeds, if any, from a Transfer of the Lease that occurs during the Term.

Port Participation in Refinancing Proceeds

Tenant and all subsequent assignees will pay to Port fifty percent (50%) of the Net Refinancing Proceeds, if any, from close of escrow for each Refinancing that occurs during the Term.

Improvements & Subsequent Construction

Tenant is obligated to construct the improvements set forth in the Scope of Development and has the right to construct additional improvements throughout the term of the Lease. All improvements must comply with the Secretary's Standards.

Repairs and Maintenance

Throughout the Term, Tenant will maintain and repair the Premises and all Improvements thereon in substantially the condition the Improvements were completed pursuant to the terms and conditions of the LDDA, less reasonable wear and tear,

Management and Operating Covenants

Tenant is required to: (i) manage and operate the Premises at no cost to Port and to maintain the Premises consistent with a first-class light industrial/restaurant project located in San Francisco; (ii) keep the atrium open to the public during business hours; (iii) install and fly a Port flag on the all roofs; (iv) obtain Port's consent for exterior improvements; (v) obtain Port's consent for outdoor exhibits unless certain criteria defined in the Lease are met, in which case prior Port consent is not required; (vi) remove graffiti promptly from the Premises; (vii) abide by the Mitigation Monitoring and Reporting Program attached to the Lease; and (viii) comply with the Pier 70 Risk Management Plan attached to the Lease.

Subleasing of Premises and Reporting of Leasing Activity

Tenant will engage one or more leasing agents for the subleasing of the Premises in accordance with the Lease. Tenant will provide Port with monthly leasing activity reports at the Site.

Utilities

Tenant is responsible for providing all utilities to the Premises, including installation and connection, and for separating utilities from adjacent properties.

Insurance

Tenant will be required to carry a complete package of insurance on the Premises, which has been approved by the City's Risk Manager.

Damage or Destruction

In the event of a casualty, Tenant may not terminate the Lease or stop paying rent, and must restore the Premises, except in the following circumstances: if there is a "major casualty" (meaning the cost of damage exceeds 60% of the cost to replace) occurring in the last ten years of the term, or if there is an "uninsured casualty" (as defined in the Lease) occurring anytime during the term, then Tenant may elect either to restore the Premises or terminate the Lease.

Security Deposit

Tenant shall pay to Port a security deposit for the Premises in an amount equal to \$40,000 equivalent to the 2 months of the projected \$240,000 annual minimum rent at year 20 of the Lease.

Environmental Financial Performance Deposit

Tenant will deliver to Port an environmental financial performance deposit in an amount to be determined by Port as adequate for protecting the Port from the increased potential environmental liability arising out of Tenant's activities.

Environmental Oversight Deposit

Tenant will deliver to Port an environmental oversight deposit in cash, in an amount equaling Ten Thousand Dollars (\$10,000), as security for Port's recovery of costs of inspection, monitoring, enforcement, and administration of Tenant's performance of its obligations relating to hazardous materials.

Assignment

Tenant may not assign the Lease without the prior written consent of the Port (which consent may be withheld in Port's sole discretion prior to issuance of the Certificate of Completion and in Port's reasonable discretion after issuance of the Certificate of Completion) except to a permitted mortgagee, to an entity for the purpose of taking advantage of historic preservation tax credits or tax-exempt bonds, or to an entity affiliated with Tenant.

Indemnification and Waiver:

The Lease contains standard general indemnification and hazardous materials indemnification provisions.

Defaults and Remedies

If Tenant defaults under the Lease, Port has all rights available at law or in equity, including the right to keep the Lease in effect and collect rent and the right to terminate

the Lease. If the Port defaults under the Lease above, Tenant has the exclusive right to offset or deduct only from the Rent becoming due hereunder, the amount of all actual damages incurred by Tenant as a direct result of the Port Event of Default, but only after obtaining a final, unappealable judgment in a court of competent jurisdiction for such damages in accordance with applicable Law and the provisions of this Lease, or equitable relief.

Leasehold Mortgages

Tenant will be permitted to mortgage its leasehold interest (but not the fee) in the Premises, with Port's prior consent. A mortgage may be given only to an institutional lender or a lender approved by Port in its sole discretion.

City Requirements

Tenant is required to comply with all City policies and ordinances now in effect.

Other Transaction Documents

Port and Developer anticipate executing other documents including licenses for Port property adjacent to the Project, such documents being necessary to provide Developer with means of ingress and egress to the Project and for other purposes required by the Project.

Second Amendment to Exclusive Negotiation Agreement ("Amended ENA")

Port and Developer previously entered into an Exclusive Negotiation Agreement ("ENA") dated as of May 16, 2012 setting forth the terms and conditions under which Port and Developer would negotiate a Term Sheet, a LDDA, a Lease and other Transaction Documents required to implement the Project. The Port and Developer amended the ENA by the First Amendment dated as of March 20, 2013. The ENA term currently expires on June 20, 2014.

Port and Developer now seek a Second Amendment to extend the term of the ENA to provide adequate time to secure all required project approvals necessary to execute the LDDA. The term of the Amended ENA will be extended and shall expire upon the earlier of December 31, 2014, or the effectiveness of the LDDA, as further described in the ENA on file with the Port Commission Secretary.

LOCAL CONTRACTING AND HIRING COMMITMENTS

Developer is working with the City's CityBuild program and the Contract Monitoring Division to ensure that local disadvantaged businesses ("LBE") and local residents participate in this Project.

The Seismic Safety Loan Program requires 25% of total worker hours be completed by economically disadvantaged workers earning 50% or less of the local median income; this requirement will apply for the estimated \$20 million of Project costs funded through the loan. Developer has agreed to use local workers for 25% of total worker hours and a LBE participation goal of 17%.

The SSLP requires the Developer to seek at least one bid for the structural work from a Local Business Enterprise (LBE), certified as such by the Contract Monitoring Division.

However, while the loan program does not require a specific target for LBE participation in the Project, the Contract Management Division reviewed the types of construction work needed for this specialized Project and after review by CMD and Developer, the Developer has agreed to the aforementioned 17% goal for all Project work to be performed by LBEs.

The Lease will require Developer and its subtenants to participate in the City's First Source Hiring Program (San Francisco Administrative Code Sections 83.1 et seq.) which establishes specific requirements, procedures and monitoring for first source hiring of qualified economically disadvantaged individuals for entry-level positions.

COMMUNITY OUTREACH

Since being selected as the Port's development partner for the Project, Developer has met on numerous occasions with neighbors and stakeholders. Comments and observations generated through these outreach efforts have shaped and informed the Project plans.

On March 19, 2014, Developer provided a Project update to the Central Waterfront Advisory Group ("**CWAG**"). On April 16, 2014 Developer presented CWAG further details on prospective tenanting plans and parameters for the publically-accessible portions of the Project – the Plaza and atrium. The membership is very interested in the Project and on April 22, 2014, the CWAG submitted an email to the Port Commission supporting the Project, copy of which is attached as Exhibit C to this Memorandum.

On March 18, 2014, Developer met with San Francisco Architectural Heritage ("**Heritage**") to present the Project's approach to preserving the historic fabric of the site. On April 21, 2014, Heritage staff submitted a letter to the Port Commission offering its support for the Project, a copy of which is attached as Exhibit D to this Memorandum.

Developer has also met with the Dogpatch Neighborhood Association, the Potrero Boosters and the Heritage Preservation Commission. These groups and numerous individual members of the neighborhood have expressed enthusiastic and wide-spread support for the Project.

FISCAL ANALYSIS

Development Economics

Since being selected as the successful respondent to the RFP in 2012, Developer has been performing predevelopment due diligence with regard to the development economics of the Project. These activities have included: (1) working with their design and engineering team to develop an approach to the rehabilitation of the buildings, (2) working with Developer's general contractor, Nibbi Brothers, to refine the construction cost estimate, (3) estimating market rental rates and operating expenses, and (4) assembling the necessary financing. Developer has made significant progress in understanding the Project's economics and has prepared a development pro forma that contains their best estimates of Project economics as they stand today. The pro forma is designed to err on the conservative side; going forward Developer will continue to refine the cost and revenue projections based on further due diligence. Therefore, the

final development economics of the Project will likely deviate somewhat from those summarized in this Memorandum.

Development Costs

The Project's development costs can be broken down into the following main categories: (1) direct costs of construction, (2) indirect or soft costs, and (3) financing costs. In total, the Project is estimated to cost approximately \$74 million (as shown on Table 3 above) to complete or \$279 per square foot of gross building area.

The direct construction cost estimate is based on estimates from Developer's general contractor, Nibbi Brothers, ("**Nibbi**") and includes standard general contractor costs such as general conditions, contractor insurance, and contractor overhead/profit.

The rehabilitation of the Project buildings is required to be consistent with the Secretary of the Interior's standards for historic buildings. The construction costs are based on build out of the space to a cold shell condition (i.e. individual tenants will have to install additional improvements to suit their needs). Subsequent lease negotiations with individual tenants will ultimately determine what level of tenant improvements will be made. Developer has included in their pro forma a tenant allowance of roughly \$5 per square foot to be provided to tenants for specialized build-out of their space.

In the subsequent months leading up to the targeted summer construction start, the Project will go out to bid, after which there will be a guaranteed maximum price (GMP) construction contract. In addition, the LDDA will require that the Project have a performance and payment bond from Nibbi and a completion guaranty furnished by J.R. Orton, III in order to protect against the Project not being completed.

Operating Income

Operating income from the Project will be derived from leasing of the buildings to light industrial, office, retail and restaurant tenants. Based on their discussions with prospective tenants and on current market conditions for similar space, Developer is projecting total gross rental income from the Project at approximately \$5.97 million per year. This equates to almost \$25 per square foot of net leaseable area on average. Higher rents are projected for the office and restaurant space and lower rents to the light industrial space.

Sources of Funds

The following is a brief summary of the various sources of funds in the financing plan (in no particular order):

- *Port Contribution.* The Port is committing a \$1.5 million capital contribution for the Project and an additional \$250,000 in grant funds from the California Cultural Equity Endowment. In addition, the Port is deferring most of its transaction-related costs until they can be repaid from Project cash flow.
- *Developer Equity.* Developer is committing up to \$14 million in equity. However, it is advantageous for the financing plan to utilize lower cost financing when

available. The current financing plan includes approximately \$6 million in Developer equity during construction, which is repaid out of a combination of operating cash flow and permanent (take-out) financing.

- *Historic Tax Credits & Bridge Loan.* Because the buildings are listed on the National Historic Register, the Project can qualify for historic tax credits to fund a portion of the rehabilitation costs. Developer estimates that approximately \$13 million in historic tax credit equity can be raised. A bank bridge loan might be used as temporary construction financing until the tax credit equity is in place.
- *Bank Construction Loan.* A \$35 million bank construction loan will fund nearly half of the Project's costs. The bank will require a personal guaranty from J.R. Orton, III and certain pre-leasing requirements prior to funding of the loan.
- *Seismic Safety Loan Program (Seismic Loan).* This City sponsored financing source is described in detail in the following section of this report. Currently MOHCD's loan committee is underwriting a \$20 million loan. Developer may utilize this loan as construction financing (taking draws based on ongoing construction expenditures) but the pro forma presumes that the loan will remain in place for a total of eight years after which it will be repaid with permanent take-out financing.
- *Permanent Take-Out Financing.* Once the Project is complete and the operating income stabilized, Developer will take out the bank construction loan with permanent financing. Developer is proposing to utilize industrial revenue bonds for permanent take-out financing, which generally offers more favorable terms for long-term debt. As currently projected, there will be two tranches of permanent financing. The first tranche is estimated to be available immediately following construction completion (estimated in 2017) and will be used to repay the bank construction loan. The second tranche will be used to repay the Seismic Loan in 2021 (approximately eight years into the 20-year Seismic Loan term, in order to conform to the City's requirement that eight years pass before bond-backed debt is repaid). If the Seismic Loan is not prepaid prior to the 20-year term, the second tranche of permanent financing would not be required.

Projected Port Rent

Base Rent

The Lease requires minimum base rent of \$240,000 per year no later than 20 years after Lease execution (projected to be in 2034).

Participation Rent

The Port will also receive Participation Rent based on net Project income after Developer has been repaid its equity and has received a 14% simple return on its equity investment. Based on current projections, the Participation Rent will begin as early as 2022 and will far exceed the amount of the Base Rent. Based on the "base case" pro forma projection, Developer will provide an upfront approximate \$6 million equity investment into the Project which will be repaid by 2022 from net debt Project cash flow

and residual permanent financing proceeds. Once Developer's equity and return have been paid, and Port's Capital and return have been paid, the Project's net income is split 50/50 with the Port.

Based on the base case pro forma, Port Equity repayment and Participation Rent will commence in 2022. Port Equity and Return will amount to \$298,000 annually for ten years and Port's Participation Rent is estimated at \$115,000 in 2022, rising to \$930,000 in 2034. The net present value discounted at 6% of all Port revenue including Port Equity and Returns, and Base and Participation Rent is estimated at \$18.6 million for the 66 year term of the Lease.

Risk Analysis

A development project of the complexity of the Project has many challenges that could affect the financial outcomes to the Port. In recognition of the fact that the Project's ultimate development economics can vary from the pro forma, Developer has run sensitivity analyses to test the economic impacts of changes to certain pro forma assumptions. The three risk factors tested were: (A) delayed construction of Buildings 101, 102, and 104, (B) 15% higher rehabilitation costs, and (C) 15% lower rents. These sensitivity analyses are based on the March 2014 pro forma analysis and were reviewed by KMA.

- *Sensitivity A: Delayed Phasing.* As mentioned, the first phase of the Project must include Buildings 113, 114, 115, and 116 (the industrial buildings on the south side of 20th Street) but not buildings 101, 102, and 104 on the north side of 20th. Since the base case pro forma and underwriting is based on the whole Project being built in one phase, this scenario results in a delay in Project revenues. The results of this sensitivity are that the Port's rent would be delayed by eight years (to 2030) and total rent would be about 10% less than currently projected.
- *Sensitivity B: 15% Higher Cost.* This sensitivity tests the impacts of a 15% increase in capital costs, or a roughly \$10.8 million increase. Barring other sources of funds that might be identified, this change would require Developer to contribute about \$8.4 million more equity to complete the Project (the difference is made up mostly from higher tax credits, which are tied directly to costs). Since the Port's Participation Rent is calculated after Developer has achieved its equity return, in this scenario the Port's rent would be delayed by 12 years (2034) and total rent would be about 40% less than currently projected. Per the Term Sheet, the Port's Base Rent would begin no later than Year 20 of the Lease regardless of whether Developer has received its equity return.
- *Sensitivity C: 15% Lower Rents.* In this scenario gross rental income is assumed to be 15% lower than projected. The results of this scenario would be that the Port's rent would be delayed by 12 years (2034) and total rent would be about 60% less than currently projected.

DEVELOPER FINANCIAL CAPACITY

The Developer has secured a Letter of Intent from a major bank for \$35- \$40 million

construction finance loan secured by a personal guaranty from J.R. Orton, III and subject to ongoing liquidity requirements of J.R. Orton, III. As described above, MOHCD's loan committee is currently underwriting a \$20 million seismic safety loan. Between these capital sources, the Port's commitment of up to \$1.75 million and the Developer's commitment of up to \$14 million, the Developer has secured ample financing for the Project as summarized below:

Port Capital Funds+\$250,000 grant	\$1.75
Seismic Safety Loan	20.2
Historic Tax Credit Equity	14.9
Private Debt & Equity	37.8

KMA has undertaken a review of the latest annual financial statements provided for J.R. Orton, III and Orton Development, Inc. As of December 31, 2013, J.R. Orton, III had cash or cash equivalent assets sufficient to: (1) fund the \$14 million maximum equity contribution for the 20th Street Historic Buildings, and (2) satisfy the liquidity requirements of the proposed bank construction loan. Port staff conducted additional due diligence to assess the financial wherewithal of J.R. Orton, III and it has concluded the KMA analysis remains relevant to date.

The financial statements list liabilities representing a small percentage of total listed assets. Additionally there are some contingent liabilities in the form of J.R. Orton, III personal guarantees for several property loans in his property portfolio. These personal guarantees represent of small portion of the overall asset base analyzed. As discussed above, prior to the Close of Escrow, Developer will:

1. Have Port approve the development budget and confirm evidence of adequate financing for the Project, including evidence of Developer's ability to meet debt service obligation(s) and evidence of a commitment letter from a lender, if applicable;
2. Have Port approve its statement of sources and uses of funds, which must be sufficient to demonstrate that it has or will have funds equal to or exceeding the total development cost of the improvements and that such funds have been spent for uses described in the development budget or are committed and available for that purpose;
3. Have Port approve its guaranteed maximum price contract for construction of the improvements;
4. Have Port approve the Schematic Drawings, materials and color samples and Final Construction Documents and confirm Port is ready to issue a building permit;
5. Have deposited exaction fees that are required to be paid prior to close of escrow; and
6. J.R. Orton, III shall have provided a personal guaranty to the Port guaranteeing the completion of core and shell improvements for each of the buildings within the leased premises.

In summary, the Developer has demonstrated adequate capital sources for the Project and the financial capacity to deliver its commitments under the LDDA and Lease.

NEXT STEPS

If the Port Commission confirms the CEQA findings and approves the Transaction Documents, the following additional steps need to happen for final approval of the Project, including the Seismic Loan and IFD:

- 1) May 2014: Seismic Loan committee review and consideration of the loan application to determine the application meets statutory underwriting requirements;
- 2) May or June 2014: Capital Planning Committee approval of the IFD, Seismic Loan, and bond issuance;
- 3) June or July 2014: The Board's Budget and Finance Committee consideration of the Project including review of the Lease, IFD, Seismic Loan and the required bond indebtedness by the Budget Analyst;
- 4) July 2014 Board of Supervisors review and approval of the Lease, IFD, Seismic Loan and the required bond indebtedness; and
- 5) August 2014 If Developer meets all LDDA requirements and loan committee conditions, then Port and Developer enter into the Lease.

PROJECT BENEFITS

Rehabilitation of these historic structures and enabling of their reuse and public enjoyment is both the primary outcome of the project and the primary community benefit. The challenging nature of the Pier 70 project as a whole, with a particular focus on the historic resources, was well understood by the public and policymakers in November 2008 when 68 percent of voters supported Proposition D amending San Francisco's Charter to facilitate the Pier 70 project. As discussed above, Developer's project will include a public plaza and spaces to foster the community's enjoyment of Pier 70's heritage.

These buildings will provide 400-500 jobs when the project is complete and leased. Construction of the project, over a two year period, will employ an estimated 250 workers (full time equivalents). In both the construction of the project and in its long-run operation, Developer is committed to working closely with the City to employ San Franciscans and use local businesses to accomplish the following important goals:

1. Saving an extraordinary collection of historic buildings from potential collapse. The Port's Capital plan has approximately \$110 million of unfunded costs for these structures. Transferring responsibility for these buildings to Developer will reduce the Port's unfunded capital requirements and positively affect the Port's credit outlook.
2. Adding to the value of Port Property. This effort will create about \$50 - \$60 million of new assessed value that would provide up to \$40 million of future

tax increment that can be reinvested in Pier 70 through the infrastructure financing district.

3. Improving the Port's operating cash flow.
4. Reducing the Port's security costs and repair costs due to vandalism of these buildings.
5. Providing Port revenue, in the longer-term.

CONCLUSION:

Today's hearing and Port Commission's action is a major step forward in the process of returning the Pier 70 historic core to use as a vibrant part of the waterfront. The benefits of enlivening these buildings with active, new uses will be enjoyed for many generations by workers, residents and visitors alike. The Port's dilapidated facilities will be rehabilitated and add vitality to the neighborhood. Approval today will allow the Project approvals to proceed to the Board of Supervisors for review and approval and to move forward to obtain other required approvals.

Thanks are due to the Port Commission and to many members of Port Staff who assisted on this Project.

RECOMMENDATION:

As more fully described above, Port staff respectfully request:

- 1) Approval of the Second Amendment to ENA;
- 2) Adoption of the environmental findings under CEQA and the Mitigation Monitoring and Reporting Program; and
- 3) Approval of the Transaction Documents, in conformance with the terms described above; and
- 4) Approval of the Schematic Drawings; and

Prepared by: Phil Williamson, Project Manager
James Hurley, Feasibility Analyst

Through: Jonathan Stern, Assistant Deputy Director
Waterfront Development

For: Byron Rhett, Deputy Director
Planning & Development

Exhibits

- A. Location Map and Premises
- B. Mitigation Measures and Mitigation Monitoring and Reporting Program
- C. Email of Support from Central Waterfront Advisory Group, April 22, 2014
- D. Letter of Support from SF Heritage, April 21, 2014

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO
RESOLUTION NO. 14-32**

- WHEREAS, Charter Section B3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of the City and County of San Francisco; and
- WHEREAS, By Resolution No. 10-27, the Port Commission authorized Port staff to issue a Request for Proposals (the "**RFP**") to solicit proposals from qualified parties to rehabilitate the Pier 70 historic core, consisting of six historic buildings on 20th Street within the "Historic Core" of Pier 70, as further described on Exhibit A attached to the Memorandum for Agenda Item 12A for the Port Commission meeting on May 13, 2014 (the "**Project Site**"); and
- WHEREAS, The RFP was issued on October 4, 2011, and two respondents submitted timely proposals, including Orton Development, Inc, ("**Orton**"); and
- WHEREAS, The two submitted proposals were reviewed and analyzed by Port staff, an independent real estate economics consultant, and an evaluation review panel with experience in real estate economics, land use planning and architecture/urban design; and
- WHEREAS, The Port Commission (i) reviewed and evaluated the summary and analyses of each of the two proposals prepared by Port staff, its independent real estate economics consultant, and the evaluation panel, (ii) reviewed the Port staff recommendations set forth in the Memorandum accompanying Resolution 12-18, (iii) considered the public testimony on Orton's proposal given to the Port Commission, and (iv) awarded to Orton an exclusive right to negotiate with the Port to develop the Project Site; and
- WHEREAS, On April 24, 2012, by Resolution 12-36, the Port Commission authorized the Executive Director to enter into an Exclusive Negotiating Agreement (as may be amended from time to time, "**ENA**") with Orton. Port and Orton entered into the ENA dated in May of 2012. The ENA sets forth the process, terms and conditions upon which the Port and Orton agree to negotiate certain transaction documents for the development of the Project Site and requires the Port and Orton to negotiate a Term Sheet to describe the basic elements of the proposed project, site plan, use program, economic parameters, and other fundamental terms that serves as the basis for negotiating the transaction documents; and
- WHEREAS, By Resolution 13-11, the Port Commission approved a First Amendment

to the Exclusive Negotiating Agreement for the purposes of extending the ENA term and deferring payment of Port's transaction costs incurred during the ENA term; and

WHEREAS, The term of the ENA expires on June 20, 2014, and Orton has requested an extension of the ENA term in order to give the parties sufficient time to obtain all required Project approvals necessary to execute a lease disposition and development agreement; and

WHEREAS, The parties have negotiated a Second Amendment to the ENA ("**Second Amendment**"), a copy of which is on file with the Commission Secretary, extending the ENA term to the earlier of December 31, 2014 or the effectiveness of the LDDA, unless in each case, such dates are extended or terminated in accordance with the Second Amendment; and

WHEREAS, Port staff recommends that the Port Commission approve the Second Amendment, which amendment is outlined in the in the Memorandum for Agenda Item 12A for the Port Commission meeting of May 13, 2014; now, therefore be it

RESOLVED, That the Port Commission hereby approves the terms of the Second Amendment and authorizes and directs the Executive Director of the Port, or her designee, to execute the Second Amendment, with the understanding that the final terms and conditions of any lease disposition and development agreement, lease or related documents negotiated between the Port and Orton during the exclusive negotiation period will be subject to the approval of the Port Commission and as required, the Board of Supervisors; and be it further

RESOLVED, That approval of the Second Amendment does not commit the Port Commission to approval of the transaction documents and that the Port Commission shall not take any discretionary actions committing it to the Project until the Port Commission has reviewed and considered environmental documentation prepared in compliance with the California Environmental Quality Act (CEQA); and be it further

RESOLVED, That the Port Commission hereby extends the Exclusive Negotiation Period to the earlier of December 31, 2014 or the effectiveness of the lease disposition and development agreement, unless in each case, such dates are extended or terminated in accordance with the Second Amendment.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of May 13, 2014.



Secretary

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 14-33

- WHEREAS, Charter Section B3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of the City and County of San Francisco; and
- WHEREAS, By Resolution No. 10-27, the Port Commission authorized Port staff to issue a Request for Proposals (the "**RFP**") to solicit proposals from qualified parties to rehabilitate the Pier 70 historic core, consisting of six historic buildings on 20th Street (the "**Project Site**"); and
- WHEREAS, The RFP was issued on October 4, 2011, and two respondents submitted timely proposals, including Orton Development, Inc, ("**Orton**"); and
- WHEREAS, The submitted proposals were reviewed and analyzed by Port staff, an independent real estate economics consultant, and an evaluation review panel with experience in real estate economics, land use planning and architecture/urban design; and
- WHEREAS, The Port Commission (i) reviewed and evaluated the summary and analyses of the two proposals prepared by Port staff, its independent real estate economics consultant, and the evaluation panel, (ii) reviewed the Port staff recommendations set forth in the Staff Report accompanying Resolution 12-18, (iii) considered the public testimony on Orton's proposal given to the Port Commission, and (iv) awarded to Orton an exclusive right to negotiate with the Port to develop the Project Site (the "**Project**"); and
- WHEREAS, On April 24, 2012, by Resolution 12-36, the Port Commission authorized the Executive Director to enter into an Exclusive Negotiating Agreement, (as may be amended from time to time, "**ENA**") with Orton. Port and Orton entered into the ENA in May of 2012. The ENA sets forth the process, terms and conditions upon which the Port and Orton agreed to negotiate certain transaction documents for the development of the Project Site and requires the Port and Orton to negotiate a Term Sheet to describe the basic elements of the proposed project, site plan, use program, economic parameters, and other fundamental terms that serves as the basis for negotiating the transaction documents; and
- WHEREAS, On October 9, 2012, by Resolution No. 12-78, the Port Commission approved the Term Sheet containing the business terms for the proposed Project; and

- WHEREAS, Port staff and Orton have negotiated the terms of the (1) Lease Disposition and Development Agreement ("**LDDA**"), (2) form of Lease No. L-15814, and (3) such other documents related to the Project as contemplated in the foregoing documents and (4) the Schematic Drawings (collectively, the "**Transaction Documents**"), described in the Memorandum for Agenda Item 12A for the Port Commission meeting of May 13, 2014, copies of which are on file with the Commission Secretary; and
- WHEREAS, City and Port staff and consultants have conducted substantial economic analysis of the Project impacts and benefits on the Port and City; and
- WHEREAS, The Project will generate additional significant public benefits for the Port and the City, including: (i) the rehabilitation and reuse of historic buildings that are currently vacant and dilapidated; (ii) the creation of new public access areas within historic buildings; (iii) the creation of significant new jobs and economic development; and (iv) both minimum rent and ongoing participation in the Project's revenue stream for the Port to help the Port continue to promote Public Trust uses and purposes; and
- WHEREAS, In order to develop the proposed Project, the Executive Officer of the California State Lands Commission ("**State Lands**") must have made a determination that the restoration and preservation of any of the historic buildings within the Project where non-Public Trust uses are contemplated cannot be feasibly financed with available Public Trust uses, and that the non-Public Trust uses or lease are part of an overall program that furthers Public Trust purposes; and
- WHEREAS, Based on the third party analysis and feedback from State Lands staff, the rehabilitation of the buildings within the Project Site consistent with the Secretary Standards is not feasible with only public trust uses; and
- WHEREAS, Port and Orton have identified public financing mechanisms described herein, as additional funding sources for the Project including: (1) the submittal by Orton of an application to the City's Seismic Safety Loan Program ("**SSLP**") to fund the seismic work for Buildings 113/114 and 104, and (2) the adoption of an Infrastructure Financing Plan ("**IFP**") to fund public realm enhancements within the Pier 70 subarea of the Port wide Infrastructure Financing District ("**IFD**")
- WHEREAS, The Project is within the Eastern Neighborhoods Community Plan Area, for which the San Francisco Planning Commission certified the *Eastern Neighborhoods Rezoning and Area Plans Final EIR* ("**EN FEIR**") (Planning Department Case No. 2004.0160E); and

- WHEREAS, The Planning Department reviewed the Project and determined that a community plan exemption under CEQA Guidelines Section 15183 would be appropriate because the Project is within the scope of the EN FEIR and would not have any additional or significant adverse effects that were not examined in the EN FEIR, nor has any new or additional information come to light that will alter the conclusions of the EN FEIR and the proposed Project will not have any new effects on the environment that were not previously identified in the EN FEIR, nor will any environmental impacts be substantially greater than described in the EN FEIR and no mitigation measures previously found infeasible have been determined to be feasible, nor have any new mitigation measures or alternatives been identified but rejected by Developer; and
- WHEREAS, The San Francisco Planning Department prepared a Community Plan Exemption for the proposed Project, which exemption was approved on May 7, 2014, and which this Port Commission has reviewed; and
- WHEREAS, A copy of the Community Plan Exemption is on file with the Port Commission Secretary and is also available online at http://sfmea.sfplanning.org/2013.1168E_CPE.pdf; and
- WHEREAS, All applicable mitigation measures from the EN FEIR have been incorporated into the proposed Project or will be required as conditions of approval through the adoption of the attached Mitigation Monitoring and Reporting Program (“**MMRP**”); and
- WHEREAS, The proposed action is the Approval Action as defined by S.F. Administrative Code Chapter 31; now, therefore be it
- RESOLVED, That the Port Commission adopts and incorporates by reference as though fully set forth herein the MMRP, attached as Exhibit B to the Memorandum for Agenda Item 12A for the Port Commission meeting on May 13, 2014; and be it further
- RESOLVED, That the Port Commission approves the form and the substance of the Transaction Documents, including all attachments and exhibits thereto, and the transactions and other agreements which such Transaction Documents contemplate, incorporating the material business terms set forth in the Memorandum for Agenda Item 12A for the Port Commission meeting on May 13, 2014; and be it further
- RESOLVED, That the Port Commission hereby approves the Schematic Drawings of the proposed Project on file with the Port Commission Secretary and the representative Schematic Drawings of the buildings within the Project Site, as shown in the attachment to the Memorandum for Agenda Item 12A for the Port Commission meeting on May 13, 2014, and authorizes the Executive Director to approve non-material changes in

the Schematic Drawings; and be it further

RESOLVED, That the Port Commission authorizes and directs the Executive Director of the Port ("**Executive Director**") to forward Lease No. L-15814 to the Board of Supervisors for approval pursuant to its authority under Charter Section 9.118, and upon the effectiveness of such approval, to execute the LDDA, and subject to the terms of the LDDA, as applicable, execute the Lease in substantially the form of such agreements on file with the Port Commission Secretary, and in such final form as is approved by the Executive Director in consultation with the City Attorney; and be it further

RESOLVED, That the Port Commission hereby endorses the use of public financing mechanisms described herein, including: (1) the submittal by either Orton of an application to the City's SSLP administered by the Mayor's Office of Housing and Community Development, and (2) the adoption of an IFP to fund public realm enhancements within the Pier 70 subarea of the Port wide IFD; and authorizes and directs the Executive Director of the Port, or her designee, to present the IFP to the Board of Supervisors for their approval; and be it further

RESOLVED, That the Port Commission authorizes the Executive Director to enter into other agreements, encroachment permits, easement agreements, and other related covenants and property documents necessary to implement the transactions contemplated by the Transaction Documents, and to enter into any additions, amendments or other modifications to the Transaction Documents including preparation and attachment of, or changes to, any or all of the attachments and exhibits that the Executive Director, in consultation with the City Attorney, determines are in the best interests of the City, do not materially decrease the benefits or otherwise materially increase the obligations or liabilities of the City or Port, and are necessary or advisable to complete the transactions that the Transaction Documents contemplate and effectuate the purpose and intent of this resolution, such determination to be conclusively evidenced by the execution and delivery by the Executive Director of such other agreements, easement agreements and other related covenants and property documents, and/or additions, amendments or other modifications to the Transaction Documents; and be it further

RESOLVED, That the Port Commission authorizes the Executive Director and any other appropriate officers, agents or employees of the City to take any and all steps (including the execution and delivery of any and all certificates, agreements, notices, consents, escrow instructions, closing documents and other instruments or documents) as they or any of them deems necessary or appropriate, in consultation with the City Attorney, in order to consummate the transactions contemplated under the Transaction Documents, in accordance with this resolution, or to

otherwise effectuate the purpose and intent of this resolution, such determination to be conclusively evidenced by the execution and delivery by any such person or persons of any such documents; and be it further

RESOLVED, That the Port Commission approves, confirms and ratifies all prior actions taken by the officials, employees and agents of the Port Commission or the City with respect to the Transaction Documents.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of May 13, 2014.



Secretary

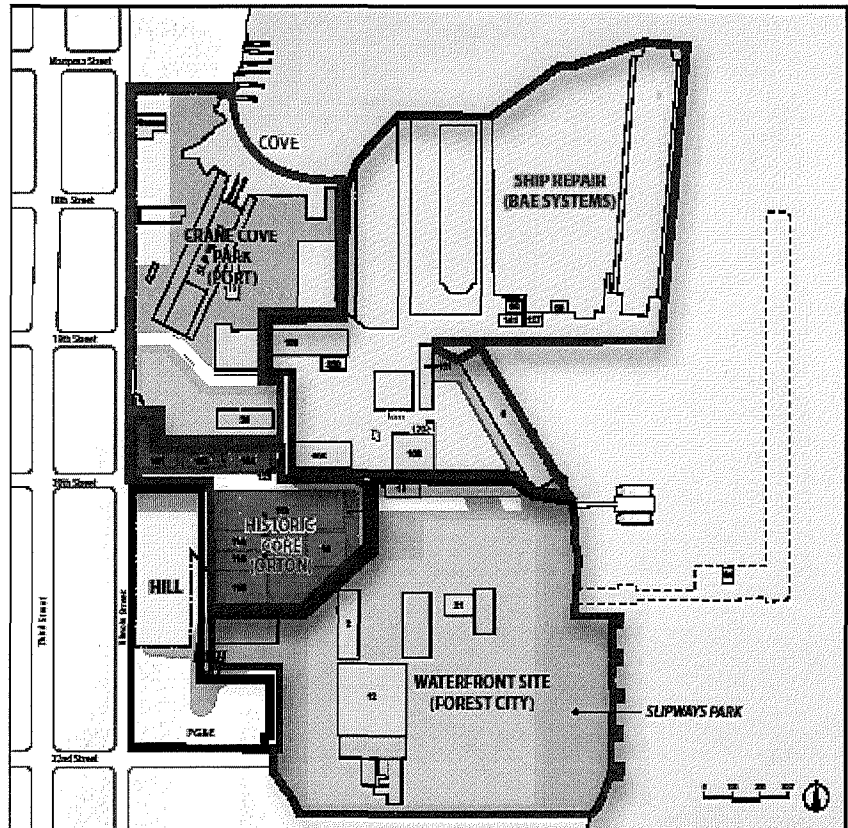
EXHIBIT A: PIER 70 PROJECTS

	HISTORIC BUILDINGS
	SHIP REPAIR (HISTORIC USE)
	OFFICE, BIOTECH, COMMERCIAL, R&D, PDR
	MIXED USE-RESIDENTIAL ALLOWED
	COMMERCIAL/SPECIAL USE-HISTORIC CORE
	OPEN SPACE
	BUILDING PROPOSED FOR REMOVAL
	PIER 70 AREA BOUNDARY

PIER 70 PROJECT SUB-AREAS

	SHIP REPAIR
	FOREST CITY WATERFRONT SITE*
	ORTON - HISTORIC CORE*
	COVE
	HILL

*NOTE: BOUNDARIES BETWEEN PROJECTS ARE CONCEPTUAL. VARY SLIGHTLY FROM THE EXCLUSIVE NEGOTIATING AGREEMENT TERMS, AND WILL BE REFINED AS LEASE DETAILS ARE NEGOTIATED.



SEPTEMBER 2012

G:\05-Southern Waterfront\Pier 70\Master Plan\Graphics\April 2010 Plan Maps\PDF Maps (for print)\p70_Exhibit-A-v.1_9-20.pdf

MEMORANDUM

October 8, 2015

TO: MEMBERS, PORT COMMISSION
Hon. Leslie Katz, President
Hon. Willie Adams, Vice President
Hon. Kimberly Brandon
Hon. Doreen Woo Ho

FROM: Monique Moyer
Executive Director

SUBJECT: Request approval i) of the Crane Cove Park project; ii) to include \$8,695,000 in the fourth sale of 2008 Clean and Safe Neighborhood Parks General Obligation Bonds for the Crane Cove Park project; and iii) of adoption of California Environmental Quality Act Findings and a Mitigation Monitoring and Reporting Program in connection with the construction of Crane Cove Park project (located within the Pier 70 area and portions of Sea Wall Lot 345, east of Illinois Street between 19th and Mariposa Streets) (This action constitutes the Approval Action for the project for the purposes of CEQA, pursuant to Section 31.04(h) of the San Francisco Administrative Code)

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

EXECUTIVE SUMMARY

Port staff is seeking authorization from the Port Commission to approve the Crane Cove Park Project (Project) and issue bonds through the City's Office of Public Finance, pursuant to voter authorization of the 2008 General Obligation Clean and Safe Parks (CSP) Bonds. This will be the Port's fourth and final sale of the Series 2008 CSP Bonds and net proceeds from the sale will be allocated towards construction of Crane Cove Park. Crane Cove Park is to be located within the Pier 70 area and is one of the signature new parks within the Port's portion of the Blue Greenway.

Strategic Plan Objective: The Project is consistent with the Port's strategic plan objective identifying and prioritizing the Pier 70 and Blue Greenway projects as vehicles to create vibrant new neighborhoods for residents, commercial and industrial/production

THIS PRINT COVERS CALENDAR ITEM NO. 10C

distribution and repair (PDR) businesses. The Blue Greenway project, which includes Crane Cove Park, incorporates major new parks and public access while maintaining the integrity of industrial maritime berthing and ship repair operations.

BACKGROUND

On February 5, 2008, San Francisco’s voters approved a \$185 million General Obligation bond measure entitled the 2008 Clean and Safe Neighborhood Parks General Obligation Bond (“2008 GO Bond”) of which \$33.5 million is allocated to the Port for waterfront parks. The Bond Ordinance (No. 237-07), passed on October 24, 2007 which placed the 2008 GO Bonds on the ballot, requires that the Port Commission approve each project prior to expenditure of bond funds.

The purpose of this item is to request Port Commission approval to apply the remaining funds from the 2008 GO Bond measure to the Project (*see Exhibits 1 - 5, Crane Cove Park Schematic Plan and Perspective Views*) and for the Port Commission to approve the Project. If approved, this would be the fourth and final sale of Series 2008 bonds, which the City expects to take place in November of 2015 (*for more details see Exhibit 6 Bond Accountability Report, 4th Sale, September 2015*).

The 2008 GO Bond project allocations were initially planned as follows:

Pier 43 ½ Promenade	\$ 7,655,330
Brannan Street Wharf	2,941,050
Blue-Greenway Projects	22,114,772
○ Bayfront Park	
○ Tulare Park	
○ Crane Cove Park	
○ Bayview Gateway	
○ Warm Water Cove	
○ Heron’s Head Park	
○ Blue-Greenway Design Guidelines	
○ Blue Greenway Signage and Site Furnishings	
CEQA Review and Permitting	444,040
 Total Project Allocations:	 33,155,192
Bond Issuance Costs	<u>344,808</u>
 <i>Total Allocation to Waterfront Parks Projects</i>	 <i>\$33,500,000</i>

Through the Blue Greenway community planning process and the development of the Blue Greenway Planning and Design Guidelines, specific funding amounts were appropriated for each of the Blue Greenway projects. The Tulare Park and Warm Water Cove projects were deprioritized because of cost, the need for coordination with sister city agencies on underground utilities and a determination that the investment is too early based upon surrounding land use conditions.

On July 8, 2008, the Port Commission approved the Port's projects for inclusion in the City and County of San Francisco's first issuance of the 2008 GO Bonds, which took place in August 2008. The Port received in the first issuance \$3.64 million. Those bond proceeds funded all required environmental review for each Port project and certain pre-construction costs, with the exception of the Brannan Street Wharf project.

On December 8, 2009, the Port Commission authorized the issuance of the second sale of 2008 GO Bonds¹. The Port received \$10.62 million for the Pier 43 Bay Trail Link, Blue Greenway and the Bayfront Park shoreline projects. The bond sale occurred in March of 2010. This bond sale funded the majority of the construction of both Pier 43½ and Bayfront Park edge, as well as complete purchase and installation of all signage and wayfinding for the Blue-Greenway, completing the Blue-Greenway Design Standards project.

On January 20, 2012, the Port Commission authorized the issuance of the third sale of 2008 GO Bonds². The Port received \$10.39 million for the Brannan Street Wharf and Blue Greenway projects. The bond sale occurred in March of 2012. This bond sale primarily funded the construction of the Brannan Street Wharf, Heron's Head Park, and the Bayview Gateway, with additional funding allocated towards the design of Crane Cove Park and the Blue Greenway Public Art.

Bond Sale	Date	Amount
1	August, 2008	\$ 3.64 million
2	March, 2010	\$10.62 million
3	March, 2012	\$10.39 million
4	November, 2015 ³	\$ 8.69 million
Total		\$33.34 million

To date, the Port has spent or encumbered 95% of the \$24.66 million in bond proceeds from the first, second, and third sales.

Crane Cove Park Construction for the Fourth Bond Sale

Port staff proposes that the bond proceeds be used for the construction of Crane Cove Park in the amount shown below:

Crane Cave Park	\$8,499,467
Bond Issuance Costs	178,534
CSA Audit Fee	<u>16,999</u>
Total Fourth Sale	\$8,695,000

¹ See Port Commission Staff report at: <http://www.sfport.com/ftp/uploadedfiles/meetings/supporting/Item%20B%20AGO%20Bond%20Report.pdf>

² See Port Commission Staff report: <http://www.sfport.com/modules/showdocument.aspx?documentid=3233>

³ Sale anticipated for November 2015

The table below shows the total project budgets, and contributions from the four issuances of 2008 General Obligation Clean and Safe Parks Bonds, including the upcoming 4th and final sale.

**2008 Clean and Safe Neighborhood Park G.O. Bond
Waterfront Parks Program Revenue and Bond Sale Summary**

Project Name	Current Budget (All Sources)	2008 Clean and Safe Parks Bond				Bond Issue Total
		1 st Sale	2 nd Sale	3 rd Sale	4 th Sale	
Pier 43 Bay Trail Link	10,169,038	1,293,946	6,333,584	27,800	-	7,655,330
Brannan Street Wharf Park	25,004,079	-	-	2,941,050	-	2,941,050
Blue Greenway Design Standards	325,472	325,472	-	-	-	325,472
Blue Greenway Signage and Site Furnishings	998,912	275,195	-	723,717	-	998,912
Blue Greenway Improvements						
Bayfront Park	2,330,367	426,043	1,904,324	-	-	2,330,367
Tulare Park	199,853	-	65,016	134,837	-	199,853
Crane Cove Park	31,259,058	155,389	1,269,013	608,779	8,499,467	10,532,648
Bayview Gateway	4,792,520	174,353	869,375	3,648,792	-	4,692,520
Heron's Head Park	2,397,861	550,000	-	1,801,000	-	2,351,000
Blue Greenway Public Art	684,000	-	175,000	509,000	-	684,000
CEQA Review and Permitting	444,040	444,040	-	-	-	444,040
Bond Issuance Costs*	344,808	32,509	50,579	66,187	195,533	344,808
WATERFRONT PARKS PROGRAM TOTAL	78,950,008	3,676,947	10,666,891	10,461,162	8,695,000	33,500,000

*Includes \$16,999 for the City Services Auditor (CSA) Audit fee

CRANE COVE PARK PROJECT PLAN AND DESIGN

The Crane Cove Park project (the Project) has undergone thorough review by the Port Commission, the public and was approved by the City's Waterfront Design Advisory Committee and the San Francisco Bay Conservation and Development Commission (BCDC) Design Review Board in July 2014.

The project will be constructed in two or more phases with an initial phase budget of \$31,475,904 as described in more detail below. The Port anticipates putting the project out for the first bid packages for construction in early 2016, and having final awards bid in August of 2016 (see *Delivery* section below for more discussion).

The Project is a long-standing project of the Port, and was first identified as a project in the Port's Waterfront Land Use Plan adopted in 1997. The project was further articulated in the Port's Pier 70 Preferred Master Plan endorsed by the Port Commission in 2010, the City's Eastern Neighborhoods, Central Waterfront Plan approved by the Planning Commission in 2008 and the Blue Greenway Planning and Design Guidelines.

The Port Commission has received periodic updates as to the status of the Crane Cove Park Project including at the September 14, 2014 Port Commission meeting.⁴

⁴ (see Port Commission Staff Report: <http://www.sfport.com/modules/showdocument.aspx?documentid=8678>)

The park program includes adaptive reuse of the ship building slipway and cranes as a plaza and park entry, construction of a sandy shoreline for human powered boats, a human powered boating aquatic center, a large multi-purpose lawn, children’s play areas, park pavilion, native planting areas and an extension of 19th Street to serve as a park entrance and access for the ship repair yard and future connection of the Blue Greenway to the eastern shoreline of Pier 70 (see Exhibits 1-5 Schematic Design and Perspective Views). Phase I will deliver approximately five acres of an eventual 10 acre park. Once completed the park will serve a variety of users including boaters, children, families, bicyclists, historians, light recreation and could host a variety of special events.

The design of the project takes into consideration future Sea Level Rise (SLR). The current design elevations of the Crane Cove Park project responds to projected SLR calculations based upon 16” rise by 2055 and 55” by 2100 with an expected project design of 50 years thus accommodating sea level rise to a minimum of 2065 (+28”). The project design anticipates that beginning in 2065 some park access restrictions, and significant maintenance, will be required during and after extreme storm events during high tides. To some extent, improvements at Crane Cove Park will also help in protecting other City assets including Illinois Street and properties to the west.

The initial phase of the project is to construct the western portions of the site, including the adaptive reuse of slipway #4 (See Exhibit 7, Proposed Phasing Plan).

PROJECT FUNDING, DELIVERY AND SCHEDULE

Funding

The Crane Cove Park Project will be delivered in multiple phases with the first phase of funding coming from the following sources:

• 2008 G.O. Parks Bond	\$10,532,648 ⁵
• 2012 G.O. Parks Bond	\$14,300,000
• Transbay Cable Community Benefits Funds	\$ 4,353,139
• Pier 70 Sediment Cap	\$ 300,000
• MTC Priority Conservation Area Grant	\$ 1,000,000
• Pier 70 Federal Economic Developmental Administration Funds	\$ 535,663
• 2008 Parks Bond Interest	\$ 454,454
Total	\$31,475,904

The total Crane Cove Park project is currently estimated at \$61 million in 2015 dollars. Port staff will continue to pursue various funding options to complete future phases of Crane Cove Park, including use of Tax Increment Financing through the creation of an Infrastructure Financing District within Pier 70, future G.O. Bonds and potentially grants or philanthropic resources.

Delivery

The Project is complex due to scope and site conditions, which include the rehabilitation of the historic resources, the geotechnical constraints of being on bay fill, site and sediment contamination which requires remediation and shoreline improvements. Due

⁵ \$1,837,648 sold at the 3rd Bond sale remaining; \$8,695,000 to be sold in 4th (this) sale

to this complexity, the Port is considering multiple delivery options, including through the use of: 1) Construction Management - General Contractor (CMGC) delivery mechanism similar to how the Port delivered the Pier 27 James R. Herman Cruise Terminal and Cruise Terminal Plaza; 2) multiple design/bid/build construction contract packages; and 3) utilizing standard city practice of a single design/bid/build construction contract.

The CMGC method improves the ability to design and deliver a project within the established budget and schedule by engaging a contractor during the design process that can assist in constructability and cost estimating, thereby reducing design and bidding risk. Using a traditional approach, multiple bid packages can accelerate the overall schedule by allowing work to begin on grading and ground improvement while design of topside improvements is being finalized. Additionally, this method allows work to begin on certain areas of the park that do not require United States Army Corps of Engineer Permits (USACOE) that could potentially cause schedule delays. Bidding some work early would be particularly beneficial on portions of the site that need to be surcharged to address and reduce future site settlement due to geotechnical conditions. The standard single bid process results in the latest project delivery date.

Schedule

The project schedule is dependent upon the project delivery method chosen as described above and the securing of necessary permits as described further below. The Port anticipates putting the first bid packages out in early 2016 with completion by late 2017. The 2008 GO Bond proceeds will be directed to this early work.

PERMITS AND APPROVALS

The Crane Cove Park project requires three regulatory permits: a Major Permit from BCDC anticipated to be issued in February 2016; a 401 Water Quality Certificate from the California Bay Area Regional Water Quality Control Board (RWQCB) which is expected by September 2016; and an Individual Project Permit from the USACOE, which is expected by November 2016. All three permits are required for in-water work; in addition the BCDC permit is required for improvements within 100' of the shoreline as measured from Mean High Water. Portions of the project fall outside of these permit jurisdictions, which would allow some work to occur prior to issuance of these permits.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

California Environmental Quality Act Guidelines Section 15183 provides an exemption from environmental review for projects that are consistent with the development density established by existing zoning, community plan or general plan policies for which an environmental impact report (EIR) was certified, except as might be necessary to examine whether there are project-specific effects which are peculiar to the proposed project or its site. Section 15183 specifies that examination of such a project's environmental effects shall be limited to those effects that: a) are peculiar to the project or parcel on which the project would be located; b) were not analyzed as significant effects in a prior EIR on the zoning action, general plan or community plan with which the project is consistent; c) are potentially significant off-site and cumulative impacts which were not discussed in the underlying EIR; or d) are previously identified in the

EIR, but which are determined to have a more severe adverse impact than that discussed in the underlying EIR. Section 15183(c) specifies that if an impact is not peculiar to the parcel or to the proposed project, then an EIR need not be prepared for the project solely on the basis of that impact.

The proposed Project is within the Eastern Neighborhoods Community Plan Area, for which the San Francisco Planning Commission certified the *Eastern Neighborhoods Rezoning and Area Plans Final EIR* (EN FEIR) (Planning Department Case No.2004.0160E and State Clearinghouse No.2005032048). Thus, the Planning Department reviewed the proposed Project to determine if a community plan exemption under CEQA Guidelines Section 15183 would be appropriate and determined that the EN FEIR incorporated and adequately addressed all potential impacts of the proposed Project. The Planning Department determined that the proposed Project would not have any additional or significant adverse effects that were not examined in the EN FEIR, nor has any new or additional information come to light that will alter the conclusions of the EN FEIR. Thus, the proposed Project will not have any new effects on the environment that were not previously identified, nor will any environmental impacts be substantially greater than described in the EN FEIR. No mitigation measures previously found infeasible have been determined to be feasible, nor have any new mitigation measures or alternatives been identified but rejected by the Port. Therefore the Project is exempt from further environmental review under CEQA.

Thus, the San Francisco Planning Department prepared a Community Plan Exemption (CPE) for the proposed Project, which was approved on October 5, 2015. A copy of the approved CPE is on file with the Port Commission Secretary and is also available online through the Planning Department's web page. All applicable mitigation measures from the EN FEIR have been incorporated into the proposed Project or will be required as conditions of approval through the Port Commission's adoption of the Mitigation Monitoring and Reporting Program (MMRP) attached herein Exhibit 8.

The CPE identifies certain mitigation measures identified in the EN FEIR to avoid potential significant negative effects. The Port will be responsible for implementing and in certain instances monitoring the measures which are fully described in the MMRP attached as Exhibit 8 to this Memorandum.

The Community Plan Exemption was issued for all phases of the project and included Mitigation and Improvement Measures (see *Exhibit 8, MMRP*). This CPE concludes the environmental review of the project consistent with CEQA and allows the Port Commission to take action on the Project.

If the Port Commission approves the proposed Project through the attached Resolution based on the CPE, its action constitutes the "Approval Action" (as defined in S.F. Administrative Code Chapter 31, as amended, Board of Supervisors Ordinance Number 161-13). As such, the CPE prepared in support of this Approval Action will be subject to

appeal within the time frame specified in S.F. Administrative Code Section 31.16. Typically, an appeal must be filed within 30 calendar days of the Approval Action.⁵

ACTION REQUESTED

Port staff request that the Port Commission approve the attached resolution approving the Project for inclusion in and authorizing the fourth and final sale of the 2008 General Obligation Clean and Safe Parks Bonds and the allocation of proceeds towards construction of Crane Cove Park.

Prepared by: James Hurley, Feasibility Analyst, Planning & Development
David Beaupre, Waterfront Planner, Planning & Development

For: Elaine Forbes, Deputy Director, Finance and Administration
Byron Rhett, Deputy Director, Planning and Development

Exhibits:

- 1 – 5. Crane Cove Park Schematic Plan and Perspective Views
6. Bond Accountability Report, 4th Sale, September 2015
7. Crane Cove Park Phasing
8. Crane Cove Park CPE MMRP

⁵ For information on filing an appeal under Chapter 31, see the Port Commission agenda under NOTICES and contact the Clerk of the Board of Supervisors at City Hall, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco, CA 94102, or call (415) 554-5184

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 15-38

- WHEREAS, On February 5, 2008 San Francisco's voters approved a \$185 million Clean and Safe Neighborhood Parks General Obligation bond measure (the "2008 GO Bonds"); and
- WHEREAS, the Crane Cove Park project (Project) (located within the Pier 70 area and portions of Sea Wall Lot 345, east of Illinois Street between 19th and Mariposa Streets) is consistent with the Port's strategic plan objective to prioritize the Pier 70 and Blue Greenway projects; and
- WHEREAS, the 2008 GO Bonds include \$33.5 million for waterfront park projects on Port property; and
- WHEREAS, the 2008 Parks Bond Ordinance (No. 237-07) which placed the question on the February 5, 2008 ballot requires Port Commission review and approval of projects prior to the expenditure of bond funds; and
- WHEREAS, the fourth and final 2008 GO Bond issuance will include \$8,695,000 for Crane Cove Park inclusive of issuance and City Services Auditor (CSA) audit costs; and
- WHEREAS, the Project is a long standing project of the Port and was first identified as a project in the Port's Waterfront Land Use Plan adopted in 1997; and
- WHEREAS, the Project has undergone thorough review by the Port Commission, the public and was approved by the City's Waterfront Design Advisory Committee and the San Francisco Bay Conservation and Development Commission Design Review Board in July 2014; and
- WHEREAS the Project was further articulated in the Port's Pier 70 Preferred Master Plan endorsed by the Port Commission in 2010 and the Blue Greenway Planning and Design Guidelines; and
- WHEREAS the Project includes adaptive reuse of the ship building slipway and cranes as a plaza and park entry, construction of a sandy shoreline for human powered boats, a human powered boating aquatic center, a large multi-purpose lawn, children's play areas, park pavilion, native planting areas and an extension of 19th Street to serve as a park entrance and access for the ship repair yard; and
- WHEREAS, The Project is within the Eastern Neighborhoods Community Plan Area, for which the San Francisco Planning Commission certified the

Eastern Neighborhoods Rezoning and Area Plans Final EIR (EN FEIR)
(Planning Department Case No. 2004.0160E); and

WHEREAS, The Planning Department reviewed the Project and determined that a community plan exemption under CEQA Guidelines Section 15183 would be appropriate because the Project is within the scope of the EN FEIR and would not have any additional or significant adverse effects that were not examined in the EN FEIR, no new or additional information came to light that will alter the conclusions of the EN FEIR and the proposed Project will not have any new effects on the environment that were not previously identified in the EN FEIR, the environmental impacts will not be substantially greater than described in the EN FEIR and no mitigation measures previously found infeasible have been determined to be feasible, and no new mitigation measures or alternatives been identified but rejected by the Port; and

WHEREAS, The San Francisco Planning Department prepared a Community Plan Exemption (2015-001314ENV) for the proposed Project, which was approved on October 5, 2015, and which this Port Commission has reviewed; and

WHEREAS, A copy of the Community Plan Exemption is on file with the Port Commission Secretary and is also available online at the SF Planning department; and

WHEREAS, All applicable mitigation measures from the EN FEIR have been incorporated into the proposed Project or will be required as conditions of approval through the adoption of the attached Mitigation Monitoring and Reporting Program (MMRP); and

WHEREAS, The proposed action is the Approval Action as defined by S.F. Administrative Code Chapter 31; now, therefore be it

RESOLVED, That the Port Commission adopts and incorporates by reference as though fully set forth herein the MMRP, attached as Exhibit 8 to the Memorandum for Agenda Item 10D for the Port Commission meeting on October 13, 2015; and be it further

RESOLVED, that the Port Commission hereby approves the Crane Cove Park project and the allocation to the project of \$8,695,000 of proceeds from the fourth and final sale of the 2008 GO Bonds.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of October 13, 2015.

Amy Quesada Digitally signed by Amy Quesada
DN: cn=Amy Quesada, o=Port of San Francisco, ou=Port
Secretary, email=amy.quesada@portofsanfrisco.com, c=US
Date: 2015.10.09 14:05:28 -0800

Secretary

TAX ADMINISTRATION AGREEMENT

City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco); Sub-Project Area G-1 (Pier 70 - Historic Core)

City and County of San Francisco Community Facilities District No. ____ (Pier 70 - Historic Core Facilities)

City and County of San Francisco Community Facilities District No. ____ (Pier 70 - Operation and Maintenance Costs)

This Tax Administration Agreement, dated as of _____, 20__ (the "**Agreement**"), is by and between the City and County of San Francisco acting by and through the San Francisco Port Commission (the "**Port**"), as agent of the IFD, Facilities CFD and Services CFD referenced below, and [Trustee Bank], a national banking association organized and existing under the laws of the United States of America (the "**Trustee**").

RECITALS

This Agreement is made with reference to the following facts and circumstances:

A. Under California Government Code Section 53395 et seq. (the "**IFD Law**") and Ordinance No. _____, adopted by the Board on _____, 20__ (the "**IFD Ordinance**"), the City and County of San Francisco (the "City"), acting through its Board of Supervisors (the "Board"), established City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco) (the "**IFD**") and approved an Infrastructure Financing Plan for the IFD (the "**IFP**").

B. Also under the IFD Law and the IFD Ordinance, the Board established Project Area G (Pier 70) ("**Project Area G**") and Sub-Project Area G-1 (Pier 70 - Historic Core) ("**Sub-Project Area G-1**") in the IFD, and approved Appendix G-1 to the IFP as a Pier 70 enhanced financing plan for Sub-Project Area G-1.

C. Under the IFD Law, the IFD is a legally constituted governmental entity established for the sole purpose of financing public facilities and a "district" within the meaning of Section 1 of Article XIII A of the California Constitution.

D. Sub-Project Area G-1 consists of approximately __ acres in Pier 70 covering seven significant historic buildings commonly referred to as Buildings 101, 102, 104, 113, 114, 115, 116, and 14 located on 20th Street within Pier 70 commonly known as "**Historic Core**." Historic Pier 70, LLC, a California limited liability company ("**Developer**"), has obtained certain project approvals for the rehabilitation and reuse of the historic buildings within the Historic Core (the "**Project**").

E. Among other Project approvals, the Port approved a Lease Development and Disposition Agreement, dated as of September 16, 2014 (the "**LDDA**"), by and between Developer and the City, acting by and through the Port, and the Port and the Board approved Lease No. L-

15814 dated as July 29, 2015, between the City, operating by and through the Port, and Developer (the "**Lease**").

F. Appendix G-1 authorizes the IFD to use Allocated Tax Increment (as defined in Appendix G-1) and to issue debt secured by Allocated Tax Increment for the purposes and subject to the limitations described in Appendix G-1. Appendix G-1 also specifies the permitted uses of Allocated Tax Increment and any such debt.

G. Under the terms of the LDDA, Developer is required to advance funds for the costs of certain Required Port Benefit Tasks and certain other Port Benefit Tasks, which, at the request of the Port, Developer elects to perform on behalf of the Port. Port Benefit Tasks consist of certain capital improvements including improvements to certain streets and sidewalks and relocation of electrical systems as more fully described in the LDDA, on behalf of the Port, to satisfy the Port's obligations to construct or acquire such capital improvements under the LDDA.

H. Under the Mello-Roos Community Facilities Act of 1982 (California Government Code §§ 53311 - 53368) (the "**Mello-Roos Act**"), the Board established two community facilities districts:

(i) City and County of San Francisco Community Facilities District No. ____ (Pier 70 - Public Facilities) (the "**Facilities CFD**"), which is authorized to levy special taxes ("**Facilities Special Taxes**") and issue bonds (the "**CFD Bonds**") to provide financing for the acquisition and construction of Pier 70 wide Infrastructure, Public Facilities and Shoreline Protection Facilities; and

(ii) City and County of San Francisco Community Facilities District No. ____ (Pier 70 - Operation and Maintenance Costs) (the "**Services CFD**") that would levy special taxes ("**Services Special Taxes**"; together with Facilities Special Taxes, "**Special Taxes**") to finance ongoing operation and maintenance costs for Pier 70 wide Infrastructure, Public Facilities, and Shoreline Protection Facilities financed by the Facilities CFD (the "**Services**").

I. In the IFD Ordinance, the Board appointed the Port to act as the agent of the IFD with respect to the administration of Allocated Tax Increment after it has been allocated in accordance with the City's budget procedures and a Memorandum of Understanding, dated as of ____, 20__ (the "**Memorandum of Understanding**"), by and among the City acting by and through the San Francisco Controller (the "**Controller**"), the City acting by and through the San Francisco Treasurer and Tax Collector (the "Treasurer-Tax Collector"), and the Port. In this role, the Port will be responsible for directing the disbursement of Allocated Tax Increment and any proceeds of debt secured by any such funds to implement the IFP, the LDDA, the Lease, Appendix G-1 and the MOU.

J. In its Resolution No. ____, effective ____, 20__ (the "**MOU Resolution**"), the Board approved the designation of the Port as the agent of the City with respect to the Facilities CFD and the Services CFD and the administration of the Facilities Special Taxes and the Services Special Taxes and any proceeds of debt secured by any the Facilities Special Taxes. In this role, the Port will be responsible for directing the disbursement of the Facilities Special Taxes and the Services Special Taxes and any proceeds of debt secured by the Facilities Special Taxes to implement the LDDA, the Lease and the MOU.

K. In the MOU Resolution, the Board authorized the Port to enter into this Agreement to govern the receipt, deposit and expenditure of Allocated Tax Increment, Facilities Special Taxes and, if determined to be necessary by the Port, Services Special Taxes.

L. The Port expects to receive Allocated Tax Increment attributable to Sub-Project Area G-1 primarily in [December, April and June] of each Fiscal Year during the term of this Agreement commencing _____, 20__.

M. Under the IFP, the Board of Supervisors, as legislative body of the IFD, may issue Tax Allocation Debt (as defined below) and, as legislative body of the Facilities CFD, it may issue CFD Bonds (as defined below), each payable from Allocated Tax Increment. A pledge of Allocated Tax Increment to the CFD Bonds would be accomplished pursuant to a pledge agreement between the Port, as agent of the IFD, and the Facilities CFD, and a trustee for the CFD Bonds may also be an authorized party (a "**Pledge Agreement**").

N. Allocated Tax Increment will also constitute a source of funds to acquire, construct, finance or refinance facilities authorized under Appendix G-1 and the Resolution of Formation for the Facilities CFD, to the extent that Tax Increment is not otherwise needed to pay debt service on any Tax Allocation Debt or CFD Bonds.

O. The Port, on its own behalf and as agent of the IFD with respect to Sub-Project Area G-1, the Facilities CFD and the Services CFD, now desires to enter into this Agreement with the Trustee in order to provide for the administration and disposition of Allocated Tax Increment, Facilities Special Taxes and Services Special Taxes consistent with the terms of the LDDA, IFP, Appendix G-1 and MOU.

AGREEMENT

Accordingly, in consideration of the matters described in the foregoing recitals, the covenants contained in this Agreement, and for other consideration the receipt and sufficiency of which is hereby acknowledged, the Port and the Trustee agree as follows:

1. Definitions. Unless the context otherwise clearly requires, or unless defined in the Recitals above or elsewhere in this Agreement, the capitalized terms used in this Agreement shall have the following meanings:

Annual Allocated Tax Increment Revenues means the Allocated Tax Increment received by the Port, as agent of the IFD, in a Fiscal Year.

CFD Bond Debt Service Requirement means the portion of the Annual Allocated Tax Increment Revenues received in any Fiscal Year necessary to pay debt service on any outstanding CFD Bonds that are (i) coming due prior to the next expected Receipt Date, or (ii) otherwise not expected to be paid from future Annual Allocated Tax Increment Revenues to be received in such Fiscal Year. The CFD Bond Debt Service Requirement includes Annual Allocated Tax Increment Revenues received in one Fiscal Year necessary to pay debt service on any outstanding CFD Bonds in the next Fiscal Year coming due before the first expected Receipt Date of Annual Allocated Tax Increment Revenues for such next Fiscal Year.

CFD Bonds means a debt obligation of the Facilities CFD that is secured by a pledge (or otherwise payable from a contribution) of Allocated Tax Increment and/or Facilities Special Taxes (as defined in the Financing Plan), the net proceeds of which are used to finance or refinance Facilities.

CFD Fiscal Agent Agreement means an indenture of trust, fiscal agent agreement, paying agent agreement, loan agreement or other instrument governing the repayment of CFD Bonds.

Facilities has the meaning given that term in Appendix G-1. Facilities include Pier 70 wide Infrastructure, Public Facilities and Shoreline Protection Facilities.

Facilities CFD Administrative Costs has the meaning given the term “Administrative Expenses” in the rate and method of apportionment of special taxes for the Facilities CFD.

Facilities CFD Resolution of Formation means, with respect to the Facilities CFD, Resolution No. ____, effective ____, 20__, pursuant to which the Board of Supervisors established the Facilities CFD.

Facilities Costs mean all costs related to the construction of Facilities (or reimbursement for costs of Facilities), such as costs of design, engineering, construction monitoring, subdivision improvement bonds, demolition, environmental remediation, reasonable developer overhead and profit and construction financing costs, consistent with applicable law.

Fiscal Year means the fiscal year of the Port.

IFD Administrative Costs means the reasonable costs and expenses actually incurred and paid by the Port, as agent of the IFD, not inconsistent with the purposes of the IFP, including costs and fees of the City pursuant to Section 53369.5, reasonable costs and fees of third-party professionals necessary for the Port to perform its duties under the LDDA, MOU, Tax Administration Agreement and Appendix G-1, costs incurred and paid by the Port to the City, excluding therefrom general and administrative costs or overhead of the Port except for costs directly attributable to performing its duties under the LDDA, MOU, Tax Administration Agreement and Appendix G-1.

Receipt Date means each date that the Port, as agent of the IFD, the Facilities CFD or the Services CFD, receives Allocated Tax Increment, Facilities Special Taxes or Services Special Taxes from the City.

Services CFD Administrative Costs has the meaning given the term “Administrative Expenses” in the rate and method of apportionment of special taxes for the Services CFD.

Services CFD Resolution of Formation means, with respect to the Services CFD, Resolution No. ____, effective ____, 20__, pursuant to which the Board of Supervisors established the Facilities CFD.

Tax Allocation Debt Service Requirement means the portion of the Annual Allocated Tax Increment Revenues received in any Fiscal Year and necessary to pay debt service on Tax Allocation Debt: (i) coming due prior to the next expected Receipt Date, (ii) otherwise not expected to be paid from Annual Allocated Tax Increment Revenues expected to be received in such Fiscal Year due to the priorities in this Agreement, or (iii) otherwise required under the documents for the Tax Allocation Debt to be set aside for the payment of such Tax Allocation Debt. The Tax Allocation Debt Service Requirement includes Annual Allocated Tax Increment Revenues received in one Fiscal Year necessary to pay debt service on any outstanding Tax Allocation Debt in the next Fiscal Year coming due before

the first expected Receipt Date of Annual Allocated Tax Increment Revenues for such next Fiscal Year.

Tax Allocation Debt means a debt obligation of the IFD with respect to Sub-Project Area G-1, not including CFD Bonds, that is secured by a pledge (or otherwise payable from a contribution) of Allocated Tax Increment, the net proceeds of which are used to finance or refinance Facilities. A Pledge Agreement will constitute Tax Allocation Debt.

2. Effective Date; Termination of Agreement.

(a) This Agreement shall become effective on the date first written above and shall terminate on the date determined in accordance with Section 2(b).

(b) This Agreement shall terminate on the date of the latest of the following to occur:

(i) When all of the Allocated Tax Increment and Special Taxes have been disbursed in accordance with the Mello-Roos Act, IFD Law and Appendix G-1.

(ii) The date specified in the Facilities CFD Resolution of Formation and the Services CFD Resolution of Formation as the last date on which Facilities Special Taxes and Services Special Taxes may be levied within the Facilities CFD and the Services CFD, respectively.

(iii) When all Tax Allocation Debt and CFD Bonds and other debt of the IFD with respect to Sub-Project Area G-1 has been defeased and the proceeds thereof have been expended.

The parties may agree to terminate this Agreement on any date that they determine by agreement pursuant to Section 18 below.

3. Allocation and Disposition of Allocated Tax Increment.

(a) The Port shall direct the Trustee in writing to allocate the amount of any payment of Annual Allocated Tax Increment Revenues in the following order of priority, each item to be fully satisfied before the item next in priority:

(i) First, on a pro rata basis, to the Tax Allocation Debt Service Requirement for deposit in the Tax Allocation Debt Account and to the CFD Bond Debt Service Requirement for deposit in the CFD Bond Account. The Port shall calculate the CFD Bond Debt Service Requirement and the Tax Allocation Debt Service Requirement without taking into account any capitalized interest available to pay such debt service; *provided, however*, that the Port shall take into account any such capitalized interest to the extent necessary to ensure the exclusion from gross income for federal tax purposes of the owners of the CFD Bonds and the Tax Allocation Debt of interest on the CFD Bonds and the Tax Allocation Debt, as applicable, and to comply with the federal tax law-related covenants set forth in legal documents for the CFD Bonds and the Tax Allocation Debt, as applicable.

(ii) Second, on a pro rata basis, to replenish a debt service reserve fund for any outstanding CFD Bonds and any outstanding Tax Allocation Debt to the

applicable funding requirement. Amounts required for this purpose shall be deposited in the Tax Allocation Debt Account and the CFD Bond Account, as applicable.

(iii) Third, to pay for Facilities Costs, upon receipt from the Port of a written requisition therefor in substantially the form of Exhibit A. Amounts required for this purpose shall be deposited in the G-1 Facilities Costs Account.

(iv) [discuss priority of payment of IFD Administrative Costs]

(b) All Annual Allocated Tax Increment Revenues remaining after the allocations prescribed by Section 3(a) shall be allocated to the Contingency Account.

(c) The Port shall transfer or cause to be transferred all Allocated Tax Increment to the Trustee no later than fifteen (15) calendar days after its Receipt Date, accompanied by a written order of the Port specifying the amounts, if any, to be deposited in the Tax Allocation Debt Account, the CFD Bond Account, the G-1 Facilities Costs Account and the Contingency Account.

4. Allocation and Disposition of Facilities Special Taxes.

(a) After depositing in a special fund held by the Port the amount required to pay Facilities CFD Administrative Costs in that Fiscal Year, the Port shall transfer or cause to be transferred all Facilities Special Taxes to the Trustee no later than fifteen (15) calendar days after their Receipt Date, accompanied by a written order of the Port specifying the deposit of such amount in the CFD Facilities Costs Fund.

(b) The Port shall direct the Trustee in a written requisition therefor in substantially the form of Exhibit B to allocate the amount of any Facilities Special Taxes to pay for Facilities Costs.

(c) Upon the issuance of any CFD Bonds, the Port may (i) may transfer all Facilities Special Tax to the trustee or fiscal agent for the CFD Bonds, and direct such trustee or fiscal agent to transfer any Facilities Special Taxes not required in connection with the CFD Bonds to be transferred to the Trustee for deposit in the CFD Facilities Costs Fund or (ii) direct the Trustee that the provisions of this Section 4 shall be of no further force or effect.

5. Allocation and Disposition of Services Special Taxes.

(a) After depositing in a special fund held by the Port the amount required to pay Services CFD Administrative Costs in that Fiscal Year, the Port shall transfer or cause to be transferred all Services Special Taxes to the Trustee no later than fifteen (15) calendar days after their Receipt Date, accompanied by a written order of the Port specifying the deposit of such amount in the CFD Services Fund.

(b) The Port shall direct the Trustee in a written requisition therefor in substantially the form of Exhibit C to allocate the amount of any Services Special Taxes to pay for authorized Services.

(c) The Port may direct the Trustee that the provisions of this Section 5 shall be of no further force or effect in its sole discretion.

6. Establishment of Special Funds and Accounts.

(a) Funds and Accounts Related to Allocated Tax Increment. The Trustee shall establish, maintain and hold in trust a separate fund designated as the "Sub-Project Area G-1 Special Fund" (the "G-1 Special Fund"), which shall constitute the special fund required by Section 53396(b) of the IFD Law.

Within the G-1 Special Fund, the Trustee shall establish, maintain and hold the following accounts: the "Tax Allocation Debt Account," the "CFD Bond Account," the "G-1 Facilities Costs Account" and the "Contingency Account."

The G-1 Special Fund and the accounts therein shall be held by the Trustee for the benefit of the IFD and shall be applied by the Trustee in accordance with this Agreement.

(b) Funds and Accounts Related to Facilities Special Taxes. So long as Section 4 of this Agreement is in effect (i) the Trustee shall establish, maintain and hold in trust a separate fund designated as the "CFD Facilities Costs Fund," which shall constitute the special fund for the Facilities CFD required by Government Code Section 50075.1 and (ii) the CFD Facilities Costs Fund shall be held by the Trustee for the benefit of the Facilities CFD and shall be applied by the Trustee in accordance with this Agreement.

(c) Funds and Accounts Related to Services Special Taxes. So long as Section 5 of this Agreement is in effect (i) the Trustee shall establish, maintain and hold in trust a separate fund designated as the "CFD Services Fund," which shall constitute the special fund for the Services CFD required by Government Code Section 50075.1 and (ii) the CFD Services Costs Fund shall be held by the Trustee for the benefit of the Services CFD and shall be applied by the Trustee in accordance with this Agreement.

7. Tax Allocation Debt Account.

(a) At the written direction of the Port, amounts deposited in the Tax Allocation Debt Account shall be transferred by the Trustee from time to time, to pay debt service on Tax Allocation Debt under and pursuant to the terms of the documents pursuant to which the Tax Allocation Debt was issued, as in effect from time to time. In the event amounts in the Tax Allocation Debt Account are insufficient to pay amounts due under the documents evidencing Tax Allocation Debt, the Trustee shall withdraw the amount of the deficiency from the following accounts in the following order to the extent of the available moneys in each said account: (i) the Contingency Account and (ii) the G-1 Facilities Costs Account.

(b) Prior to June 30, of each year, the Port shall calculate the Tax Allocation Debt Service Requirement as of June 30, and shall provide the Trustee with a certificate of the Port (the "Year-End Tax Allocation Debt Certificate") directing the Trustee to transfer to the appropriate debt service accounts established by the documents evidencing the Tax Allocation Debt the amounts set forth in the Year-End Tax Allocation Debt Certificate. The Year-End Tax Allocation Debt Certificate shall state the sum of the amounts to be transferred to debt service accounts pursuant to the Year-End Tax Allocation Debt Certificate, which shall equal the Tax Allocation Debt Service Requirement as of said June 30. The Year-End Tax Allocation Debt Certificate shall also state that, providing the Trustee has made all the transfers required to be made in accordance with the Year-End Tax Allocation Debt Certificate, on the first Business Day following said June 30, the Trustee shall make the transfers described in Section 7(c).

(c) Upon compliance with the conditions stated in Section 7(b), the Trustee shall transfer all amounts remaining in the Tax Allocation Debt Account to the CFD Bond Account, as necessary to make up any deficiencies in such account for the then immediately preceding Fiscal Year, and (ii) any remaining amount to the G-1 Facilities Costs Account.

8. CFD Bond Account.

(a) At the written direction of the Port, amounts in the CFD Bond Account shall be transferred by the Trustee from time to time, to pay debt service on CFD Bonds or as otherwise required under the documents pursuant to which any such CFD Bonds have been issued. In the event amounts in the CFD Bond Account are insufficient to pay amounts due under the documents evidencing CFD Bonds, the Trustee shall withdraw the amount of the deficiency from the following accounts in the following order to the extent of the available moneys in each said account: (i) the Contingency Account, (ii) the G-1 Facilities Costs Account and (iii) the CFD Facilities Costs Fund.

(b) Prior to June 30, of each year, the Port shall calculate the CFD Bond Debt Service Requirement as of June 30, and shall provide the Trustee with a certificate of the Port (the "Year-End CFD Bond Debt Certificate") directing the Trustee to transfer to the appropriate debt service accounts established by the documents evidencing the CFD Bonds the amounts set forth in the Year-End CFD Bond Debt Certificate. The Year-End Bond Debt Certificate shall state the sum of the amounts to be transferred to debt service accounts pursuant to the Year-End CFD Bond Debt Certificate, which shall equal the CFD Bond Debt Service Requirement as of said June 30. The Year-End CFD Bond Debt Certificate shall also state that, if the Trustee has made all the transfers required to be made in accordance with the Year-End CFD Bond Debt Certificate, on the first Business Day following said June 30, the Trustee shall make the transfers described in Section 8(c).

(c) Upon compliance with the conditions stated in Section 8(b), the Trustee shall transfer all remaining amounts in the CFD Bond Account to the CFD Facilities Costs Fund.

9. G-1 Facilities Costs Account.

(a) The Trustee shall withdraw and apply moneys in the G-1 Facilities Costs Account in accordance with a written requisition of the Port in substantially the form of Exhibit A.

(b) The Trustee shall maintain records as to the date of each deposit to the G-1 Special Fund, and shall use a first-in, first-out method of accounting in respect of the use of amounts so deposited for purposes of Section 8(a).

(c) The Trustee shall transfer any amounts in the G-1 Facilities Costs Account to the Tax Allocation Debt Account or the CFD Bond Account to the extent and at the times required to comply with the provisions of Section 7(a) and Section 8(a).

9. Contingency Account.

(a) Amounts in the Contingency Account shall be used to satisfy deficiencies in any Fiscal Year in amounts needed (i) to pay IFD Administrative Costs, (ii) to meet the requirements of the Tax Allocation Debt Account, (iii) to meet the requirements of the CFD Bond Account, and (iv) the to pay Facilities Costs to the extent that moneys in the G-1

Facilities Costs Account and the CFD Facilities Costs Fund are insufficient for that purpose. Amounts in the Contingency Account shall be disbursed as provided in Section 7(a) or Section 8(a) or upon the written request of the Port.

(b) On the last day of each Fiscal Year, any amounts remaining on deposit in the Contingency Account shall be transferred by the Trustee to the G-1 Facilities Costs Account.

(c) Amounts in the Contingency Account are not pledged to the payment of debt service on Tax Allocation Debt or CFD Bonds and are available for the purposes described in Section 9.

11. Investment of Funds; Reporting of Earnings and Balances.

(a) Investment of Funds. The Trustee shall invest amounts on deposit in the funds and accounts established under this Agreement at the written direction of the Port in any lawful investment for Port funds. The Trustee may rely on the written direction of the Port as to the legality of any such investment. In the absence of any such written direction, the Trustee shall hold such moneys uninvested. The Trustee shall not be responsible for any loss on any investment made at the written direction of the Port or otherwise made in accordance with this Section 11(a).

(b) Reporting of Earnings and Balances. The Trustee shall provide monthly reports to the Port with a copy to Owner setting forth a list of all assets in each of the accounts and funds established under this Agreement, all deposit and withdrawal activity for the funds and accounts, any investment gain or loss on amounts in such funds and accounts, and the ending balance, as of the end of the preceding month, of each such account.

12. General Provisions Regarding the Trustee.

The following provisions shall pertain to the performance by the Trustee of its duties under this Agreement:

(a) Duties, Immunities and Liabilities of Trustee. The Trustee shall perform such duties and only such duties as are specifically set forth in this Agreement. The Trustee shall exercise the rights and powers vested in it by this Agreement, and use the some degree of care and skill in their exercise, as a reasonable person would exercise or use under the circumstances in the conduct of his or her own affairs.

(b) Merger or Consolidation of Trustee. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding. The Trustee shall give written notice to the Port of any such merger or consolidation and of any name change.

(c) Liability of Trustee. The recitals of facts herein shall be taken as statements of the Port and the Trustee assumes no responsibility for the correctness of the some, or shall incur any responsibility with respect to this Agreement, other than in connection with the duties or obligations herein or imposed upon it. The Trustee shall not be liable (i) in connection with the performance of its respective duties hereunder, except for its own

negligence or willful misconduct; (ii) for any error of judgment made in good faith, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts; (iii) with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Port the relating to the time, method and place of exercising any trust or power conferred upon the Trustee under this Agreement; or (iv) for any action taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Agreement.

(d) Payment, Reimbursement, Indemnification. The Port agrees:

(i) to pay the Trustee, from time to time reasonable compensation for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(ii) except as otherwise expressly provided herein, to reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Agreement (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to the Trustee's negligence or willful misconduct; and

(iii) to indemnify the Trustee for, and to hold it harmless against, any loss, liability, cost, claim or expense of any kind whatsoever, including those of its attorneys, incurred without negligence or willful misconduct on the Trustee's part, arising out of or in connection with the acceptance or administration of this trust or the performance of its duties hereunder, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder. The provisions of this Section 12(d)(iii) shall survive the termination of this Agreement.

(e) Expenditure of Trustee's Funds. No provision of this Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(f) Agents, Co-Trustees. The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, co-trustees or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent, co-trustee or attorney appointed with due care by it hereunder.

(g) No Personal Liability. In acting as Trustee hereunder, the Trustee acts solely in its capacity as Trustee, and not in its individual, personal or corporate capacity.

(h) Right of Trustee to Rely on Documents. The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, requisition, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, debenture, coupon or other paper or document, but the Trustee, in its discretion, may make such further investigation or inquiry into such facts of matters as it may deem fit.

The Trustee shall be protected in acting upon any notice, resolution, request, direction, requisition, consent, order, certificate, report, opinion, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith. The Trustee may conclusively rely upon any direction or instruction received by it from the Port as to the deposit and withdrawal of moneys in the funds and accounts established under this Agreement and shall not be responsible as to the correctness of the amounts received, or the use or allocation thereof, but its responsibility shall be limited to the accounting for such funds as it shall actually receive.

Whenever in the administration of the trusts imposed upon it by this Agreement the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a statement of the Port and such statement shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Agreement in reliance upon such statement, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may deem reasonable.

(i) Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this Agreement shall be retained in its possession and shall be subject at all reasonable times upon reasonable prior notice to the inspection of the Port and its respective agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions.

Section 13. Resignation or Removal of Trustee.

(a) The Trustee may resign at any time by giving written notice to the Port, and the Port shall promptly appoint a successor trustee.

(b) The Port may remove the Trustee at any time without cause by giving written notice to the Trustee and appointing a successor trustee.

(c) Notwithstanding any other provision of this Agreement, no resignation or removal of the Trustee shall take effect until the acceptance of appointment and assumption of duties by the successor trustee.

Section 14. Section Headings and References. The headings or titles of the several Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Agreement.

All references herein to "Sections" and other subsections are to the corresponding Sections or subsections of this Agreement; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Section or subsection hereof; and words of any gender shall mean and include words of the other genders.

Section 15. Execution in Several Counterparts. This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Port and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 16. Governing Law. This Agreement shall be construed in accordance with and governed by the Constitution and laws of the State of California, applicable to the contracts made and performed in such State.

Section 17. Notices. Unless otherwise expressly stated herein, any notice or demand which by any provision of this Agreement is required or permitted to be given or served by any party may be given or served by being sent by any generally recognized express service, hand delivery, or deposited postage prepaid in a post office letter box addressed (until another address is specified by a party, and then, that address) as follows:

The Port:	Pier 1 San Francisco Port Commission San Francisco, CA 94111 Attention: Executive Director
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The Trustee:	[Trustee Bank] [address to come]
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Section 18. Amendments. This Agreement may not be effectively amended, changed, modified, altered or terminated except in writing, executed by the Port and the Trustee. The Trustee shall execute any amendment to this Agreement as requested by the Port except that the Trustee shall have the right to refuse to execute any amendment to this Agreement to the extent it materially and adversely affects the rights of the Trustee hereunder.

IN WITNESS WHEREOF, Port, as agent of the IFD, Facilities CFD and Services CFD, has caused this Agreement to be signed in its name by its duly authorized officer, and the Trustee has caused this Agreement to be signed in its name by its duly authorized officer, all as of the day and year first above written.

CITY AND COUNTY OF SAN FRANCISCO ACTING
BY AND THROUGH THE SAN FRANCISCO PORT
COMMISSION, AS AGENT OF THE IFD, THE
FACILITIES CFD AND THE SERVICES CFD

By: _____

Its: _____

[TRUSTEE BANK], as Trustee

By: _____

Its: _____

EXHIBIT A
FORM OF REQUISITION
G-1 FACILITIES COSTS ACCOUNT

EXHIBIT B
FORM OF REQUISITION
CFD FACILITIES COSTS FUND

EXHIBIT C
FORM OF REQUISITION
SERVICES CFD FUND

BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 554-5227

NOTICE OF PUBLIC HEARING

BOARD OF SUPERVISORS OF THE CITY AND COUNTY OF SAN FRANCISCO

NOTICE IS HEREBY GIVEN THAT the Board of Supervisors of the City and County of San Francisco will hold a public hearing to consider the following proposal and said public hearing will be held as follows, at which time all interested parties may attend and be heard:

Date: Tuesday, January 26, 2016

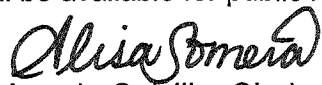
Time: 3:00 p.m.

Location: Legislative Chamber, Room 250, located at City Hall
1 Dr. Carlton B. Goodlett Place, San Francisco, CA

Subject: File No. 151120. Hearing of persons interested in or objecting to a proposed Ordinance (File No. 151119) establishing an Infrastructure Financing District, an Infrastructure Financing Plan, a Tax Administration Agreement, and approving other matters in connection with establishing City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco); a proposed Resolution (File No. 151118) approving a Memorandum of Understanding Relating to Infrastructure Financing District No. 2 (Port of San Francisco), Sub-Project Area G-1 (Pier 70 – Historic Core), and approving other matters in connection therewith; and a proposed Resolution (File No. 151117) approving issuance of bonds in an amount not to exceed \$25,100,000 for City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco), with respect to Sub-Project Area G-1 (Pier 70 - Historic Core), approving an Indenture of Trust and Pledge Agreement, and approving other matters in connection therewith.

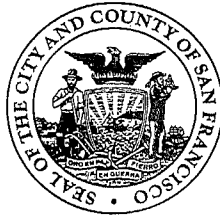
The proposed City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco) ("District") is described in the Infrastructure Financing Plan ("Plan") described above, which is on file with the Clerk of the Board of Supervisors in File No. 151119. The Plan describes the public facilities to be financed by the District and the proposed financial arrangements to be undertaken by the District, including the proposed commitment of incremental tax revenue by the City and County of San Francisco. The boundaries of the proposed District are described in the Plan.

In accordance with Administrative Code, Section 67.7-1, persons who are unable to attend the hearing on this matter may submit written comments to the City prior to the time the hearing begins. These comments will be made part of the official public record in this matter, and shall be brought to the attention of the members of the Board of Supervisors. Written comments should be addressed to Angela Calvillo, Clerk of the Board, City Hall, 1 Dr. Carlton Goodlett Place, Room 244, San Francisco, CA 94102. Information relating to this matter is available in the Office of the Clerk of the Board. Agenda information relating to this matter will be available for public review on Friday, January 22, 2016.


f Angela Calvillo, Clerk of the Board

DATED: December 23, 2015

PUBLISHED/MAILED/POSTED: December 29, 2015 & January 5, 12, and 19, 2016



NOTIFICACIÓN DE AUDIENCIA PÚBLICA

JUNATA DE SUPERVISORES DE LA CIUDAD Y CONDADO DE SANFRANCISCO

- Fecha:** Martes, 26 de enero de 2016
- Hora:** 3:00 p.m.
- Lugar:** Cámara Legislativa, Sala 250 del Ayuntamiento
1 Dr. Carlton B. Goodlett Place, San Francisco, CA
- Asunto:** Expediente Núm. 151120. Audiencia a las personas interesadas en, o que se oponen a, una Ordenanza propuesta (Expediente Núm. 151117) que establece un Distrito de Financiamiento de Infraestructura, un Plan de Financiamiento de Infraestructura, un Acuerdo de Administración Tributaria, y que aprueba otros asuntos relacionados con el establecimiento del Distrito Núm. 2 de Financiamiento de Infraestructura de la Ciudad y Condado de San Francisco (Puerto de San Francisco); una Resolución propuesta (Expediente Núm. 151118) que aprueba un Memorando de Entendimiento Relacionado con el Distrito Núm. 2 de Financiamiento de Infraestructura (Puerto de San Francisco), Área del Subproyecto G-1 (Muelle 70 - Centro Histórico), y que aprueba otros asuntos relacionados con el mismo; y una Resolución propuesta (Expediente Núm. 151119) que aprueba la emisión de bonos por un monto que no exceda en \$25,100,000 para el Distrito Núm. 2 de Financiamiento de Infraestructura de la Ciudad y Condado de San Francisco (Puerto de San Francisco), con respecto al Área del Subproyecto G-1 (Muelle 70 - Sitio Histórico), que aprueba una Escritura de Fideicomiso y Contrato de Pignoración, y aprueba otros asuntos relacionados con los mismos.


f Angela Calvillo, Secretaria de la Junta

FECHADO: 23 de diciembre de 2015

ANUNCIADO/PUBLICADO: 29 de diciembre de 2015, y 5, 12, y 19 de enero de 2016



公聽會通知

三藩市市及縣市參事委員會

- 日期: 2016年1月26日星期二
- 時間: 下午3時
- 地點: 市政廳，立法會議廳250室，1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102
- 議題: 檔案號碼 151120。聆訊感興趣或反對人士對建議條例 (File No. 151119) 的意見，此項條例確立基建金融區、基建金融計劃、稅務管理協議及批准設立三藩市市及縣基建金融區No.2 (三藩市港口) 的其它相關事項；建議決議 (File No. 151118) 批准與基建金融區No.2 (三藩市港口)、次計劃區G-1 (Pier 70 - 歷史核心) 有關的諒解備忘錄 (Memorandum of Understanding)，並通過其它與此相關的事宜；以及建議決議 (File No. 151117) 批准為三藩市市及縣基建金融區No.2 (三藩市港口) 發行債券，款額不超過\$25,100,000，至於對次計劃區G-1 (Pier 70 - 歷史核心)，則須批准信托契約 (Indenture of Trust) 及質押協議 (Pledge Agreement)，以及通過其它與此相關的事宜。


Angela Calvillo
市參事委員會書記

日期: December 23, 2015

公佈/郵寄/張貼: December 29, 2015 & January 5, 12, and 19, 2016

CALIFORNIA NEWSPAPER SERVICE BUREAU

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Alisa Somera
CCSF BD OF SUPERVISORS (OFFICIAL NOTICES)
1 DR CARLTON B GOODLETT PL #244
SAN FRANCISCO, CA 94102

COPY OF NOTICE

Notice Type: GPN GOVT PUBLIC NOTICE
Ad Description AS - 01.26.15 Board COW - Port IFD

To the right is a copy of the notice you sent to us for publication in the SAN FRANCISCO EXAMINER. Thank you for using our newspaper. Please read this notice carefully and call us with ny corrections. The Proof of Publication will be filed with the County Clerk, if required, and mailed to you after the last date below. Publication date(s) for this notice is (are):

12/29/2015 , 01/05/2016 , 01/12/2016 , 01/19/2016

The charge(s) for this order is as follows. An invoice will be sent after the last date of publication. If you prepaid this order in full, you will not receive an invoice.

Table with 2 columns: Description, Amount. Rows: Publication \$1665.00, Publication \$-166.50, Total \$1498.50

EXM# 2829579

NOTICE OF PUBLIC HEARING
BOARD OF SUPERVISORS OF THE CITY AND COUNTY OF SAN FRANCISCO
JANUARY 26, 2016 - 3:00 PM
LEGISLATIVE CHAMBER, ROOM 250, CITY HALL
1 DR. CARLTON B. GOODLETT PLACE, SAN FRANCISCO, CA

NOTICE IS HEREBY GIVEN THAT the Board of Supervisors of the City and County of San Francisco will hold a public hearing to consider the following proposal and said public hearing will be held as follows, at which time all interested parties may attend and be heard: File No. 151120. Hearing of persons interested in or objecting to a proposed Ordinance (File No. 151119) establishing an Infrastructure Financing District, an Infrastructure Financing Plan, a Tax Administration Agreement, and approving other matters in connection with establishing City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco); a proposed Resolution (File No. 151118) approving a Memorandum of Understanding Relating to Infrastructure Financing District No. 2 (Port of San Francisco), Sub-Project Area G-1 (Pier 70 - Historic Core), and approving other matters in connection therewith; and a proposed Resolution (File No. 151117) approving issuance of bonds in an amount not to exceed \$25,100,000 for City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco), with respect to Sub-Project Area G-1 (Pier 70 - Historic Core), approving an Indenture of Trust and Pledge Agreement, and approving other matters in connection therewith. The proposed City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco) ("District") is described in the Infrastructure Financing Plan ("Plan") described above, which is on file with the Clerk of the Board of Supervisors in File No. 151119. The Plan describes the public facilities to be financed by the District and the proposed financial arrangements to be undertaken by the District, including the proposed commitment of incremental tax revenue by the City and County of San Francisco.

The boundaries of the proposed District are described in the Plan. In accordance with Administrative Code, Section 67.7-1, persons who are unable to attend the hearing on this matter may submit written comments to the City prior to the time the hearing begins. These comments will be made part of the official public record in this matter, and shall be brought to the attention of the members of the Committee. Written comments should be addressed to Angela Calvillo, Clerk of the Board, City Hall, 1 Dr. Carlton Goodlett Place, Room 244, San Francisco, CA 94102. Information relating to this matter is available in the Office of the Clerk of the Board. Agenda information relating to this matter will be available for public review on Friday, January 22, 2016. Angela Calvillo, Clerk of the Board



* A 0 0 0 0 0 3 9 6 7 2 0 5 *

OFFICE OF THE MAYOR
SAN FRANCISCO



EDWIN M. LEE

TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: *for* Mayor Edwin M. Lee *NE*
RE: Authorizing Execution of a Memorandum of Understanding Relating to
Infrastructure Financing District No. 2
DATE: December 15, 2015

Attached for introduction to the Board of Supervisors is a resolution approving a Memorandum of Understanding relating to Sub-Project Area G-1 (Pier 70 - Historic Core) of City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco); and approving other matters in connection therewith.

Please note that this legislation is co-sponsored by Supervisor Malia Cohen.

Should you have any questions, please contact Nicole Elliott (415) 554-7940.