

Transbay Transit Center Project

Controller's Office
April 2016



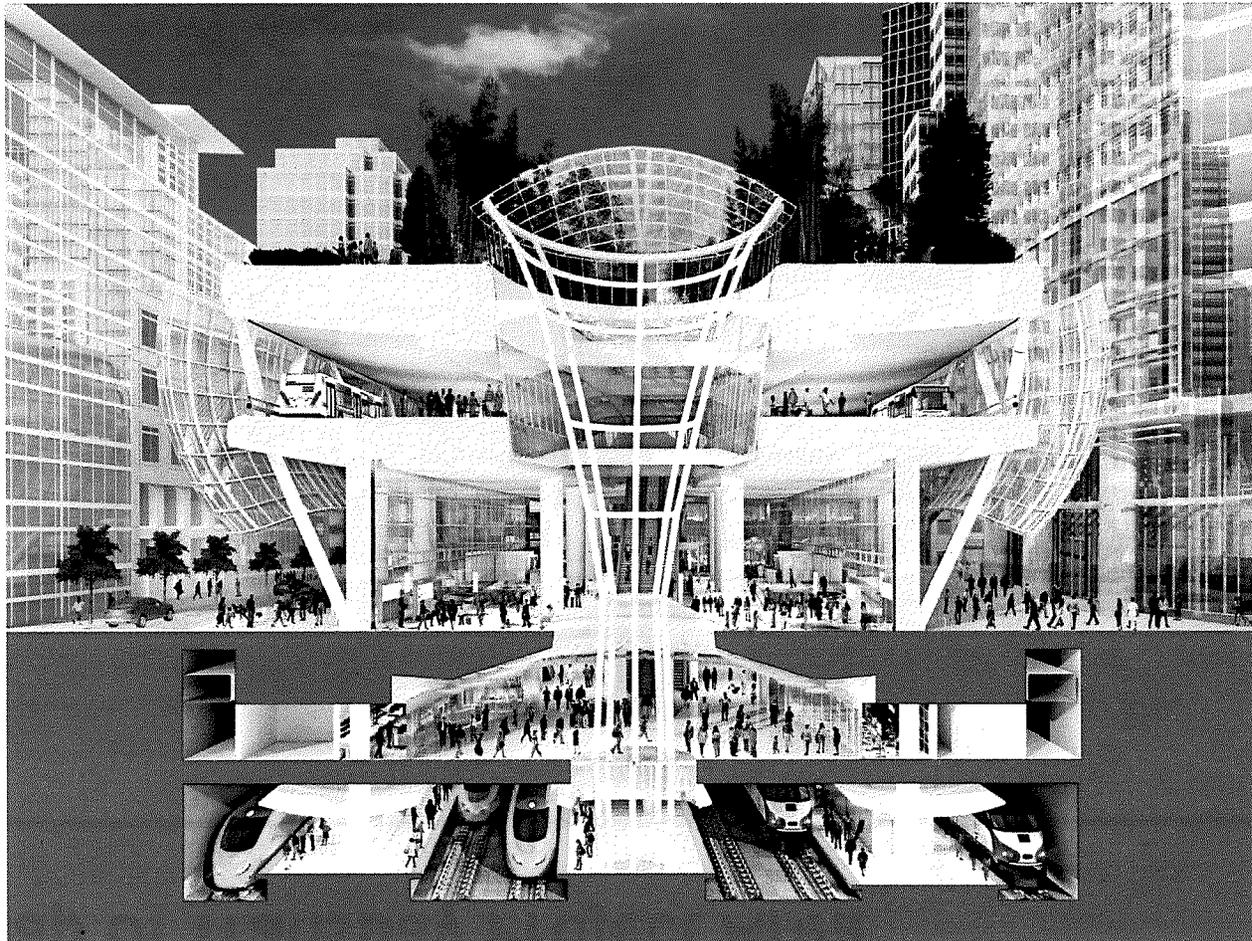
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Received in Controller's
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Request for Approval

- Resolution Approving and Authorizing the Execution and Delivery of Tax Exempt and/or Taxable Short-Term Certificates of Participation in a combined aggregate principal of amount of not to exceed \$260,000,000 Relating to Phase 1 of the Transbay Transit Center Project
- Appropriation of Proceeds from Short-Term Certificates of Participation \$260,000,000 for the Transbay Transit Center Project
- Resolution Determining Annexation of Property to City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center)

Transbay Transit Center Phase 1

Includes: Transit Center, Temporary Terminal, Bus Storage, Train Box component of the rail extension



Six-Story

Rooftop Park

Bus Deck

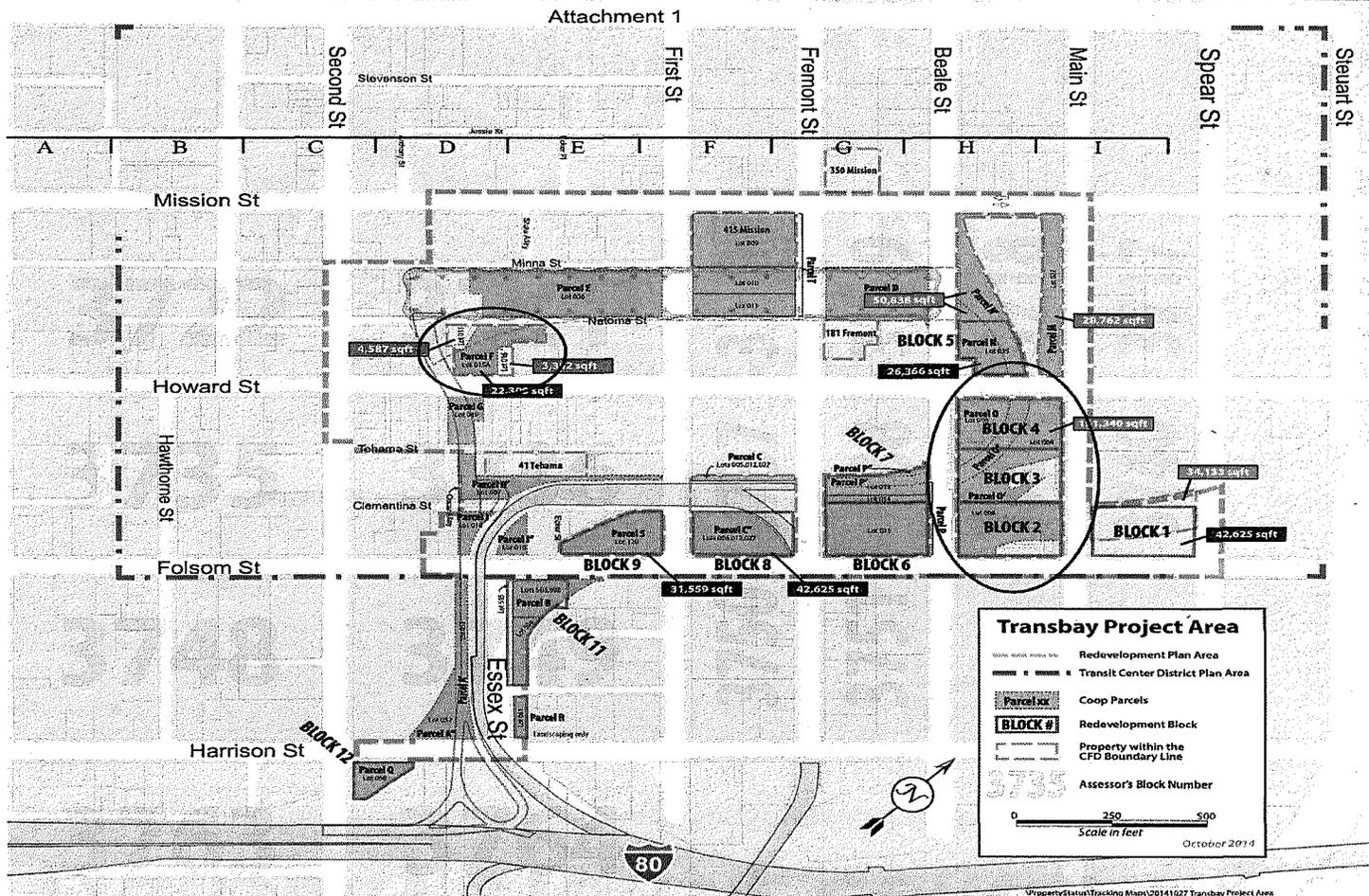
Second Level

Ground Level

Lower Concourse

Train Station
Platform

Map of Transbay Project Area



Controller's Office
City and County of San Francisco

Budget Growth in Recent Years

Project Budget History (\$ in millions)*

<u>Year</u>	<u>Budget Amount</u>	<u>Change from Prior Budget</u>	<u>% Change</u>
2008	1,189.0	-	
2010	1,589.0	400.0	34%
2013	1,899.4	310.4	20%
2016	2,259.4	360.0	19%

- The 2010 increase was a result of receiving \$400 million in ARRA grant for the Train Box. In 2015, TJPA board approved an interim revised budget of \$2,064.4 million.

MTC's Determination of Cost Increases

- Inaccurate engineer's estimate due to low unit costs, inaccurate quantities, and missed bid items/scope
- Complex design
- Optimistic production rates & escalation cost factor
- Lack of competitive bidders
- Higher bid margins
- Design changes
- Different risk model which did not fully assess the cost of each risk item for this project (FTA risk model vs MTC risk model)

Project Funding Sources

Funding Sources (\$ in millions)	
Bridge Loan	154.0
TIFIA Loan	171.0
SF Prop K Sales Tax	139.3
San Mateo Sales Tax	4.5
AC Transit Capital Contribution	39.6
Lease & Interest income	8.2
Other Local	4.5
Regional Measure 1	54.4
Regional Measure 2	143.0
AB 1171 (Other Bridge Tolls)	150.0
RTIP	10.2
Land Sales	515.6
FTA Section 1601	8.8
High Priority - Bus (#403 & 459)	29.1
PNRS (Projects of National Regional Significance)	24.5
ARRA	400.0
FRA Rail Relocation	2.7
OBAG	6.0
Tax Increment	0.0
CFD Special Taxes	146.6
Subtotal Funding Sources	<u>2,011.9</u>
City Financing	247.5
Total Funding Sources	<u>2,259.4</u>

Short-Term Cash Flow Needs

Short-Term Funding Required (\$ in millions)

TJPA Approved Budget (2013)	1,899.4
MTC Recommendation (2015)	2,259.4
Total Shortfall	<u>(360.0)</u>
Approved Parcel F Transaction Consideration	160.0
Net Shortfall	<u>(200.0)</u>
Plus CFD Special Tax Proceeds Shortfall ¹	<u>(47.5)</u>
Total Short-Term Certificates Required	(247.5)

¹ As part of the 2013 Budget, \$194.1 million in CFD special tax proceeds were projected to become available through 2017. Current projections of CFD special tax proceeds through 2017 are estimated to be \$146.6 million, \$47.5 million less than prior projections.

Current Cash Flow Gaps by Fiscal Year

Project Budget Funding Required (\$ millions)

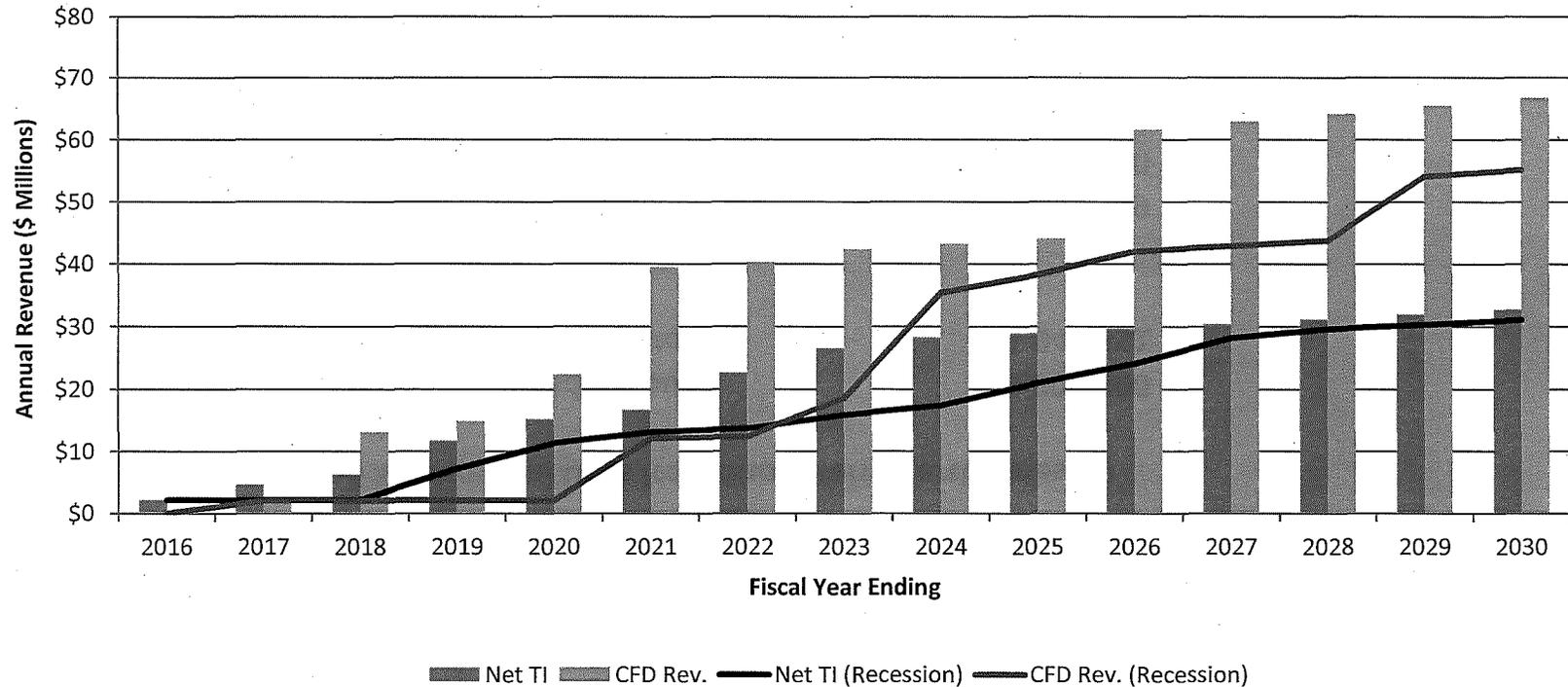
<u>Fiscal Year</u>	<u>Budget Shortfall</u>
2017	149.0
2018	98.5
	<u>247.5</u>

Plan of Finance

- The City, in partnership with MTC, is proposing to provide short-term interim financing of not to exceed \$260 million to cover the funding gap of approximately \$250 million for Phase 1 of the Transbay Transit Center Project
- The City would issue short-term variable rate certificates at times and in amounts necessary to meet the project construction draws
- A portion of the short-term certificates would be purchased by MTC and a portion of which would be privately placed with Wells Fargo Bank, N.A.
- On parity with TIFIA loan, including pledge of net tax increment
- The short-term certificates will be repaid from future net tax increment from State-owned Parcels and CFD special taxes in approximately 6-10 years
- If net tax increment and/or CFD special tax proceeds insufficient City's General Fund on steps in
- Remaining outstanding principal under the short-term certificates would be taken out with long-term financing by the TJPA or the City when the net tax increment revenues matures
- As part of the interim financing, the City and MTC will establish a Cost Review Committee and Public Works will provide construction management and oversight services to the TJPA

Transbay Revenue Analysis

- Net Tax Increment pays interest during term of the short-term certificates
 - Net Tax Increment revenues projected to cover MADS (\$14MM) by FY 2020
 - Recession delays this to FY 2023
- CFD Special Tax proceeds used to pay down outstanding short-term certificates, reducing amount of long-term take-out
 - CFD Special Tax revenues projected to cover MADS (\$31MM) by FY 2021
 - Recession delays this to FY 2024



Estimated Sources and Uses

Estimated Sources and Uses from Short-Term Certificates (\$)

Maximum Not to Exceed Amount	260,000,000
<i>Reserve for Market Uncertainty</i>	1,842,451
Sources:	
Certificate Par Amount (Wells Fargo)	158,157,549
Certificate Par Amount (MTC)	100,000,000
Total Sources:	258,157,549
Uses:	
Project Fund	247,500,000
Cost of Issuance	800,000
Capitalized Fees and Expenses	9,857,549
Total Uses	258,157,549
<i>Reserve for Market Uncertainty</i>	1,842,451
Maximum Not to Exceed Amount	260,000,000

⁽¹⁾ Represents capitalized fees and expenses through the term of each Short-term Certificates

Other Considerations

- Schedule of development within the district
- Other project cost unknowns?
- Implications for Future Project Phases

Annexation of Property to Community Facilities District No. 2014-1 (Transbay Transit Center)

- In 2014, the Board of Supervisors approved the formation of the Community Facilities District (CFD) No. 2014-1 and the necessity to incur bonded indebtedness in an amount not to exceed \$1.4 billion
- In 2015, the Board of Supervisors approved the levy of special taxes and issuance of bonds in an amount not to exceed \$1.4 billion to finance plan infrastructure
- The Board of Supervisors also approved the future annexation of parcels to the CFD
- Parcels may annex to the CFD only with unanimous approval
- The property owner by signing the unanimous approval has voted to be annexed to the CFD
- The Board of Supervisors is acknowledging the annexation by resolution

Questions
