

Power Station Special Tax District Formation *No. 2022-1 (Power Station)*

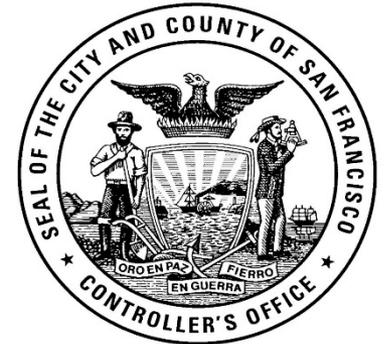
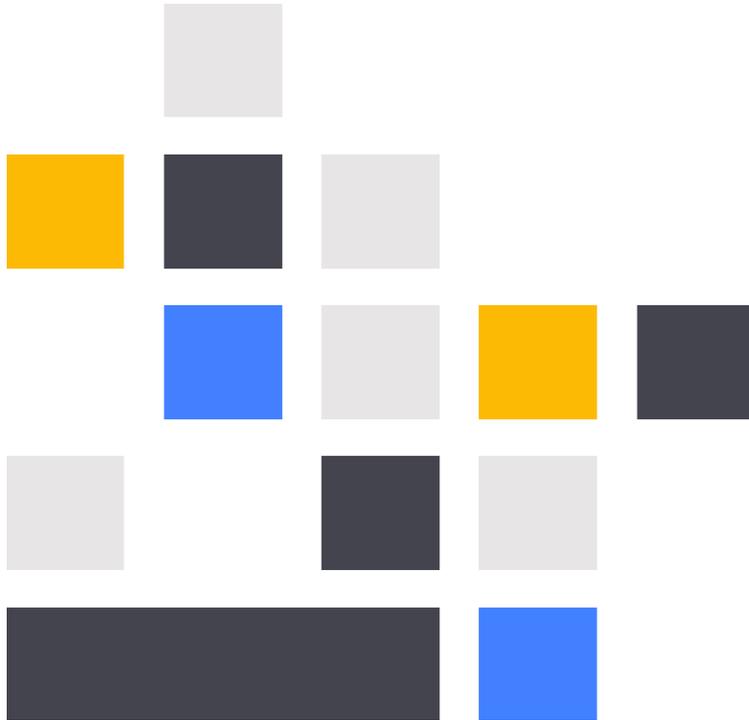
Resolution to Establish Special Tax District

Resolution to Incur Bonded Indebtness and Other Debt

Resolution Calling Special Election

Resolution Declaring Results of Special Election

Ordinance Levying Special Taxes



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

Board of Supervisors - Committee of the Whole

March 8, 2022

Presentation Overview

Project Overview

- Location, Programming, and Public Benefits

Proposed Special Tax District

- Tax Rates
- Proposed Uses

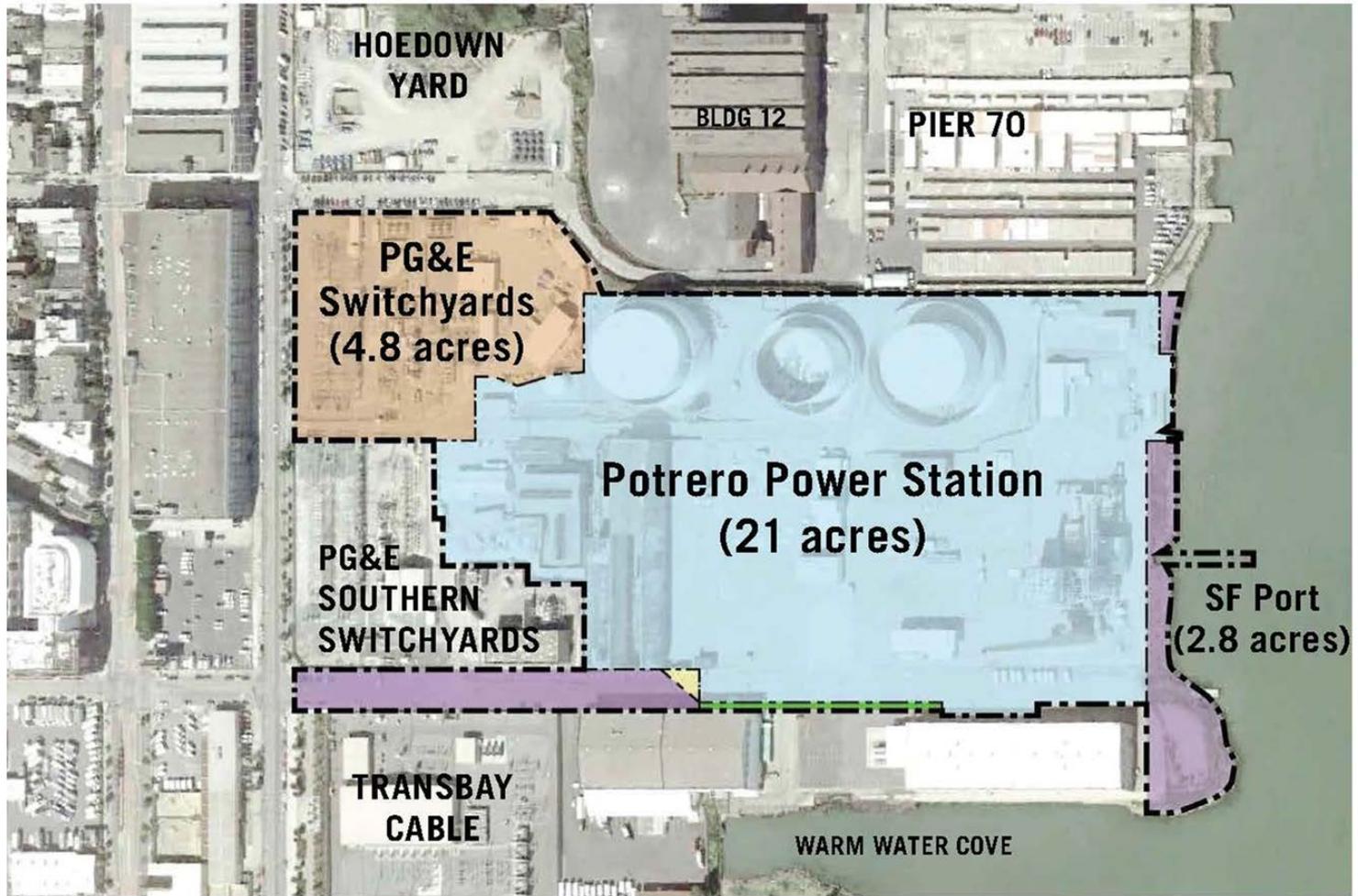
Timeline



Project Overview - Location



Project Overview - Size



Project Overview - Program



- **2,601 Residential Units**
- **1,459,978 GSF Office / Life Science/Lab**
- **241,574 GSF Hotel**
- **99,464 GSF Retail**



Project Overview – Public Benefits

- **Housing**
 - 30% BMR in every phase (780 total affordable units, two-thirds onsite)
- **Transportation**
 - Bus stop and layover facilities, shuttle to BART, \$65M in transportation fees
- **Workforce Development**
 - Robust First Source Hiring and LBE Agreements, specific tech/biotech programs
- **Open Space**
 - 7 acres of new open space – includes passive and active recreation
- **Community Facilities and Historic Preservation**
 - Space for new YMCA, on-site childcare facilities, retention of “Station A” complex
- **Adaptation/Resiliency/Benefits to Port**
 - Improvements to shoreline areas never before open to public
- **Special Tax District – funding mechanism for future SLR improvements**



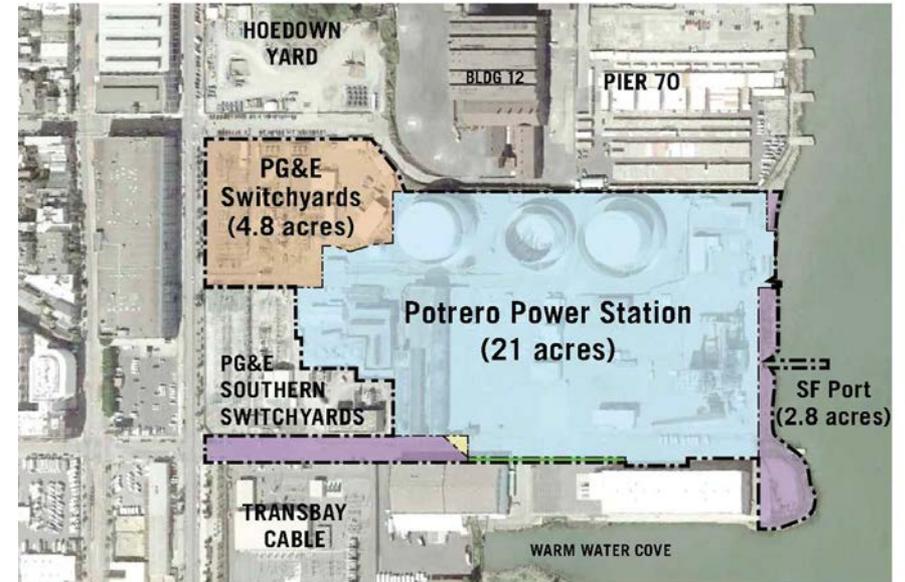
Project Overview – Project Features

PG&E Property

- Potential to annex “Northern Switchyard site” into project (Block 13 of development program)
- New PG&E facilities
- Percentage of affordable housing remains unchanged in either scenario

Contingent Services Tax

- Maintenance, repair, replacement and operation of improvements on shoreline parks and Craig Lane
- Contingent Tax provides “guarantee” to Port in the event of a default by Developer or HOA in providing these services



Special Tax District

- Per the Development Agreement between the City and the Master Developer, the City is introducing legislation to allow for the formation of a Special Tax District.
- The Rate and Method of Apportionment (RMA) provides for two taxes for this District:
 - Facilities
 - Contingent Services
- The proceeds from the Facilities Tax are expected to be leveraged for future bond issuances.
- The not-to-exceed bonded indebtedness limit is \$800 million with an additional \$63 million should the PG&E annexation occur.
- Initially Qualified Project Costs under the Development Agreement will be financed from bonds issued by the Special Tax District (First Tranche Bonds). At the earlier of (i) 42 years or (ii) after the First Tranche bonds have been repaid, the special taxes will be reduced to \$3.3 million (in FY 2019-20\$) and the City may issue debt to fund Additional Community Facilities, which includes Future Sea Level Rise Improvements and Shoreline Improvements.



Special Tax District – Tax Rates

Table 1 Base Facilities Special Tax	
Land Use Category	Base Facilities Special Tax (FY 2021-22) *
For-Sale Residential Square Footage	\$3.75 per Square Foot
Rental Residential Square Footage	\$1.00 per Square Foot
Taxable Non-Residential Square Footage	\$1.50 per Square Foot
Excess Exempt Square Footage	\$3.75 per Square Foot if For-Sale Residential Square Footage was reduced, \$1.00 per Square Foot if Rental Residential Square Footage was reduced, or \$1.50 per Square Foot if Taxable Non-Residential Square Footage was reduced.

Expected maximum Facilities Special Tax revenues of \$4,927,698 (in FY 2021-22 \$), not assuming a future PG&E annexation, and \$5,315,293 with the PG&E annexation, prior conversion. Annual escalator defined as 2%.



Special Tax District – Tax Rates

Table 2	
Base Contingent Services Special Tax	
Land Use Category	Base Contingent Services Special Tax (FY 2021-22) *
For-Sale Residential Square Footage	\$0.29 per Square Foot
Rental Residential Square Footage	\$0.29 per Square Foot
Taxable Non-Residential Square Footage	\$0.29 per Square Foot
Excess Exempt Square Footage	\$0.29 per Square Foot

If a Contingent Trigger Event occurs, the Contingent Services Special Tax would be levied to generate an estimate \$737,169 (in FY 2021-22 \$) with an annual escalator of the lesser of the change in CPI and 5%.



Special Tax District – Eligible Uses

Facilities

- Shoreline Improvements
- Future Sea Level Rise Improvements
- Additional Community Facilities
- Infrastructure
- Parks and Open Space
- Public Improvements
- Privately-Owned Community Improvements

Contingent Services Tax

- Maintenance, repair, replacement and operation of:
 - Infrastructure on Port Lease Property
 - Parks and Open Space on Port Lease Property
 - Public Improvements on Port Lease Property
 - Privately-Owned Community Improvements on Port Lease Property
 - Craig Lane

Other

- Bond related expenses
- Administrative fees
- Reimbursement of costs related to the formation of the Special Tax District and Improvement Area(s)



Timeline

Proposed Timeline of Legislation

First Legislative Packet

Capital Planning Committee

Board of Supervisors Introduction

Budget & Finance Committee Hearing

Board Approval of Resolutions and Selection of Public Hearing Date

Dates*:

December 13

December 14

January 12

January 25

Second Legislative Packet (*this hearing*)

Board of Supervisors Introduction

Public Hearing

Board Approval of Formation Resolutions

Election of Qualified Electors

Board Approval of Resolution Declaring Results of Election and 1st vote on Ordinance

Board Approval of Ordinance

January 25

March 8

March 8

March 21

March 22

April 5

*Please note that dates are preliminary and may change.





Questions?



Project Overview – Sustainability Features

Ecological Design

- All-electric project
- Project includes centralized Black Water Treatment facility
- All buildings will be LEED Gold Certified
- All buildings will meet or exceed Title 24
- Power Station is the first to pilot San Francisco Planning's Sustainable Neighborhood Framework

Sea Level Rise Resilience Strategy

- Sea level rise protection. Project will be elevated above 100-year storm and Sea Level Rise projections (6' above 100-year projections, 9' above current King Tides)
- Sea wall improvements
- Ongoing investments beyond the site

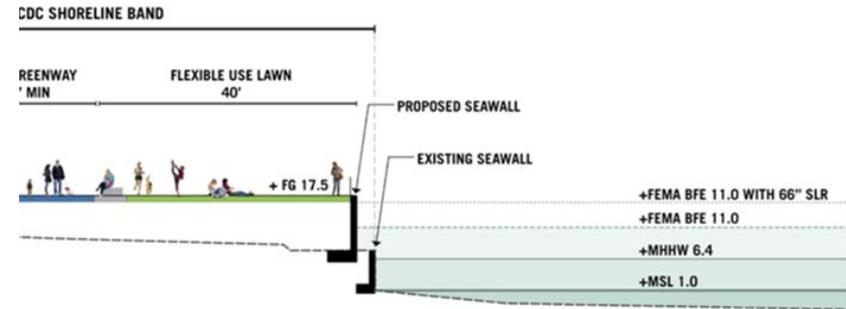


Figure 4.3.2 Projected Sea Level Rise of 3.5 feet and 6 feet with Proposed Grading and Seawall

