

Items 9, 10, 11, and 12 Files 11-0226, 11-0289, 11-0290, and 11-0291	Department: Treasure Island Development Authority (TIDA)
EXECUTIVE SUMMARY	
Legislative Objectives	
<ul style="list-style-type: none"> • File 11-0226 is an ordinance that would approve the Treasure Island Development Agreement between the City and County of San Francisco and Treasure Island Community Development, LLC (TICD), for certain real property on Treasure Island and Yerba Buena Island (together Treasure Island), exempting certain sections of Administrative Code Chapter 6, Chapter 14B, and Chapter 56; and adopting findings under CEQA, findings of consistency with the City’s General Plan and with the Eight Priority Policies of Planning Code Section 101.1(b), and findings relating to the formation of infrastructure financing districts. • File 11-0289 is a resolution that would approve the Amended and Restated Base Closure Homeless Assistance Agreement between the Treasure Island Development Authority (TIDA) and the Treasure Island Homeless Development Initiative (TIHDI); and adopt findings that this Agreement is consistent with the City’s General Plan and the Eight Priority Policies of City Planning Code Section 101.1(b). • File 11-0290 is a resolution that would approve the Economic Development Conveyance Memorandum of Agreement (EDC MOA) for the transfer of Treasure Island from the U.S. Navy (Navy) to TIDA; and adopt findings that this Agreement is consistent with the City’s General Plan and Eight Priority Policies of City Planning Code Section 101.1(b). • File 11-0291 is a resolution that would approve the Disposition and Development Agreement (DDA) and Interagency Cooperation Agreement between TIDA and TICD, for certain real property located on Treasure Island; and adopt findings that these Agreements are consistent with the City’s General Plan and Eight Priority Policies of City Planning Code Section 101.1(b). 	
Key Points	
<ul style="list-style-type: none"> • Files 11-0226, 11-0289, 11-0290, and 11-0291 are four of eleven pieces of legislation related to the development of Treasure Island that are currently being considered by the Board of Supervisors. If all eleven pieces of legislation are approved by the Board of Supervisors, the first phase of construction could begin in 2012, with full build-out completed in approximately 20 years, or by 2030. • TIDA, which would oversee the transfer and development of Treasure Island, previously conducted a competitive process under which TICD was selected to be the master developer. • The EDC MOA (File 11-0290) sets the financial and legal terms for transfer of Treasure Island from the Navy to TIDA, for which TIDA will pay \$55,000,000 to the Navy, plus interest expected to total \$12,375,000 and additional consideration projected to cost an additional \$50,000,000, for a total cost for the Treasure Island property projected to be \$117,375,000. • TIDA will then incrementally convey the property to TICD. TICD will make improvements to the property to enable future residential and commercial development. The Development Agreement (File 11-0226) includes specifications regarding land uses, phasing, infrastructure, transportation, sustainability, housing, jobs and equal opportunity programs, community facilities, and project 	

financing. The DDA (File 11-0291) sets the financial and legal terms for the conveyance of Treasure Island property from TIDA to TICD.

- TICD would sell improved development parcels to private developers in order to recoup a portion of TICD's construction costs, and would provide other parcels to TIDA, which would coordinate the development of 1,684 below-market rate housing units (File 11-0289). TIHDI would oversee the development of 435 of the below-market rate housing units.
- An Infrastructure Financing District (IFD), to be created for Treasure Island by the City, and Community Facility Districts (CFDs), to be created by TICD, would provide Property Tax increment against which debt will be issued by the City to fund the development of Treasure Island.
- Shifting the financing from State Redevelopment to the IFD model results in \$130 million less revenue for the Treasure Island Development Project. TIDA has proposed replacing 400 below-market rate housing units with 400 market rate housing units to offset the \$130 million.
- Based on current market conditions, TICD's development proforma includes plans for the construction of 5,655 market rate housing units, a reduction of 345 units, or 5.75 percent from the 6,000 market rate housing units under the EIR.

Fiscal Impacts

- Under Files 11-0226 and 11-0291 according to analysis from Economic and Planning Systems, Inc. the Treasure Island Development Project's first 20 years are projected to generate \$236,809,628 in gross General Fund revenue and \$156,799,687 in costs, for a net General Fund revenue total of \$80,009,941.
- Under File 11-0289, TIDA would commit subsidies of at least \$12,750,000 to TIHDI to develop below-market rate housing on the parcels improved by TICD.
- As noted above, under File 11-0290, TIDA would commit to pay the Navy \$117,375,000, including interest and additional consideration, for the Treasure Island property.
- Under IFDs, according to Economic and Planning Systems, Inc., the Development Project is projected to generate additional Property Tax revenues for the City's General Fund of up to \$3.3 million annually at build-out, projected to be in 2030, and \$30 million per year once financing the project is complete.
- Under the current TICD development proforma, the total number of market rate housing units would be reduced by 345 housing units from 6,000 to 5,655, which would reduce long-term Property Tax revenues to the City's General Fund, by more than \$1.8 million per year.

Recommendations

- Approval of Files 11-0226, 11-0289, 11-0290, and 11-0291 are policy matters for the Board of Supervisors.

MANDATE STATEMENT AND BACKGROUND

Mandate Statement

In accordance with Charter Section 9.118(c), any agreement for a period of ten or more years or that has anticipated revenue greater than \$1,000,000 is subject to Board of Supervisors approval.

Background

Treasure Island and Yerba Buena Island (together Treasure Island) is a former U.S. Navy military base. In 1993, the Treasure Island military base was selected for closure under the Federal Base Realignment and Closure Act. Under the State Treasure Island Conversion Act of 1997 (AB 699), the California State Legislature (a) granted the San Francisco Board of Supervisors the authority to designate the Treasure Island Development Authority (TIDA) as a redevelopment agency under California Community Redevelopment Law; and (b) vested in TIDA the authority to administer the Public Trust.¹

As a result, TIDA has (a) overseen the Navy's toxic remediation activities, (b) worked to negotiate the conveyance of Treasure Island from the Navy to the City and (c) is responsible for planning, redevelopment, reconstruction, rehabilitation, reuse, and conversion of Treasure Island.

The Federal Base Closure Community Redevelopment and Homeless Assistance Act of 1994 requires TIDA to provide for homeless assistance in any Treasure Island redevelopment plans. The Treasure Island Homeless Development Initiative, Inc. (TIHDI) is a collaboration of non-profit organizations that was formed in June 1994 to provide homeless assistance and affordable housing services on Treasure Island. In 1996, the City and TIHDI developed the Base Closure Homeless Assistance Agreement, which outlined the terms for TIHDI's use of Treasure Island facilities and resources to provide assistance to homeless individuals and families.

In 2000, TIDA initiated a competitive selection process, culminating in the selection of Treasure Island Community Development, LLC (TICD) in March 2003 to serve as master developer to the Treasure Island Development Project. TIDA and TICD cooperatively prepared the Development Plan and Term Sheet for the Redevelopment of Treasure Island. In 2006, the Board of Supervisors approved the Development Plan and Term Sheet for the Redevelopment of Treasure Island (File 06-1498), which established the development goals and funding strategy for Treasure Island.

In 2010, TIDA and the Board of Supervisors approved an update to the 2006 Development Plan and Term Sheet, that incorporated (a) an Economic Development Conveyance Memorandum of Agreement (EDC MOA) for the conveyance of the former Naval Station Treasure Island from the Navy to the City (File 10-0432), and (b) a Term Sheet between TIDA and TIHDI for the replacement and construction of new affordable housing units (File 10-0428). Three key

¹ All State tidelands and submerged lands are considered to be in Public Trust for the purposes of commerce, navigation, and fisheries. Before it was created, Treasure Island was formerly tidelands, and therefore was and continues to be subject to the Public Trust. Under the Conversion Act, TIDA is the only legal entity that can accept title to the Treasure Island Public Trust lands from the federal government.

documents: (1) the Development Plan and Term Sheet, (2) the EDC MOA, and (3) the Term Sheet between TIDA and the TIHDI form the plan for transition of Treasure Island from a former military base to a new San Francisco residential and commercial development.

On April 21, 2011, the City's Planning Commission approved the various specific pieces of legislation comprising the Treasure Island Development Project.

Additional Legislation before the Board of Supervisors

Files 11-0226, 11-0289, 11-0290, and 11-0291, which are the subject of this Budget and Legislative Analyst report, are part of a package of eleven total specific pieces of legislation related to the Treasure Island Development Project. Attachment I to this report summarizes the following additional seven pieces of legislation that were submitted to the Board of Supervisors, but were determined to not have fiscal impact and therefore were not submitted to the Budget and Finance Sub-Committee: (1) File 11-0227, amending the City's zoning map, (2) File 11-0228, amending the City's General Plan, (3) File 11-0229, amending the City's Planning Code, (4) File 11-0230, amending the City's Subdivision Code, (5) File 11-0328, adopting findings under CEQA, (6) File 11-0340, approving the Public Trust Exchange Agreement, and (7) File 11-0517, approving the Treasure Island Transportation Implementation Plan.

The Shift Away from State Redevelopment Financing

As noted above, TIDA is designated as a redevelopment agency pursuant to Community Redevelopment Law of the State of California. The City originally intended to fund the redevelopment of Treasure Island under the State Redevelopment model. However, in 2011, the Governor of California introduced legislation that would eliminate State funding for Redevelopment Agencies. As of the writing of this report, the Governor's redevelopment bill has not obtained the two-thirds majority vote necessary for passage.

According to Mr. Rich Hillis, Treasure Island Project Director for the Office of Economic and Workforce Development (OEWD), even if State funding of Redevelopment Agencies survives this year's State budget negotiations, the future of State-funded redevelopment and the reliability of tax increment financing are highly uncertain. Therefore, the City, TIDA, and TICD are proposing to use alternative financing structures in Infrastructure Financing Districts (IFDs) to create revenue streams using Property Tax increment to repay the debt service on revenue bonds that would be sold to finance the development of Treasure Island. The IFD and CFD funding models are explained in the Fiscal Impact section below.

DETAILS OF PROPOSED LEGISLATION

As noted above, the proposed four pieces of legislation before the Budget and Finance Sub-Committee are part of a package of eleven pieces of legislation that require Board of Supervisors approval to complete the Treasure Island Development Project. If all eleven pieces of legislation are approved by the Board of Supervisors, the first phase of construction could begin in 2012, consisting primarily of infrastructure improvements to Treasure Island to enable future residential and commercial construction. Table 1 below, based on data provided by OEWD and

Economic and Planning Systems, Inc.,² summarizes overall highlights of the Treasure Island Development Project. The “Entitlement Amount” column shows those development features that are maximum entitlements under the Treasure Island Development Project EIR. The “Estimated Proforma Amount” column shows the quantities of development features that are currently envisioned by TICD to ensure a fiscally feasible project.

Table 1: Highlights of the Treasure Island Development Project

Development Features	Entitlement Amount	Estimated Proforma Amount
Residences	8,000 units	7,637 units
Hotel Rooms	500 units	250 units
New Retail/Office Space (includes historic building reuse)	551,000 square feet	352,591 square feet
Parks and Open Space	300 acres	300 acres
Roadways	10 miles	10 miles
Residents	18,640	17,794
New Jobs	2,604	2,580

Sources: Economic and Planning Systems, Inc. and OEWD

The complete build-out of the Treasure Island Development Project is anticipated to take approximately 20 years. Attachment II to this report, provided by OEWD, is an annual development schedule from 2011 through 2030.

In summary, when all of the Navy’s requirements have been met, the Navy will transfer the Treasure Island property to TIDA (File 11-0290). TIDA will then incrementally convey the property to TICD, who will make infrastructure and other improvements to the property (the “horizontal development”) to make future residential and commercial development possible (Files 11-0226 and 11-0291). TICD would then sell specified improved development parcels to private developers in order to recoup a portion of the horizontal development construction costs. Five specified infrastructure improved parcels would also be allocated to TIHDI, who would coordinate the development of 1,587 below-market rate housing units (File 11-0289). TICD would provide the initial funding for the project and assume the financial risk, and in return, according to Mr. Hillis, is projected to yield approximately 19 percent internal rate of return on the project.

File 11-0226: Treasure Island Development Agreement

File 11-0226 is a proposed ordinance that would approve the Treasure Island Development Agreement between the City and County of San Francisco and the private developer Treasure Island Community Development, LLC (TICD), for certain real property on Treasure Island,

² Economic and Planning Systems, Inc. is a private consultant firm retained by TIDA to complete an analysis of the Project’s fiscal impacts to the City. Economic and Planning Systems describes itself as “a land economics consulting firm experienced in the full spectrum of services related to real estate development market analysis, public/private partnerships, and the financing of government services and public infrastructure.”

exempting certain sections of Administrative Code Chapter 6, Chapter 14B and Chapter 56; and adopting findings, including findings under CEQA, findings of consistency with the City's General Plan and with the Eight Priority Policies³ of Planning Code Section 101.1(b), and findings relating to the formation of Infrastructure Financing Districts (IFDs).

File 11-0226 would exempt Administrative Code Chapter 6: Public Works Contracting and Procedures, other than the payment of prevailing wages, and Chapter 14B: Local Business Enterprise and Non-Discrimination in Contracting Ordinance. According to Mr. Hillis, these exemptions are included because the Treasure Island Development Project is not a public work under the Administrative Code. Mr. Hillis adds that the same exemptions were made for the City's Mission Bay and Shipyard Development Projects.

The Development Agreement includes specifications regarding land uses, phasing, infrastructure, transportation, sustainability, housing, jobs and equal opportunity programs, community facilities, and project financing. Under the proposed Development Agreement, the City agrees to (a) take no action or impose new conditions that would impede Project Approvals, and (b) expedite processing of any subsequent Project approvals. The term of the proposed Development Agreement would commence on the effective date of the subject ordinance, and expire upon completion of the full build-out of Treasure Island as defined in the Disposition and Development Agreement (DDA) (File 11-0291).

File 11-0289: Base Closure Assistance Agreement with TIHDI

File 11-0289 is a proposed resolution that would approve the Amended and Restated Base Closure Homeless Assistance Agreement between TIDA and TIHDI; and adopt findings that this Agreement is consistent with the City's General Plan and the Eight Priority Policies of City Planning Code Section 101.1(b).

The Amended and Restated Base Closure Homeless Assistance Agreement has four main components: (a) Housing, (b) Economic Development and Support Facilities, (c) Employment, and (d) Support. Under the proposed Agreement:

- TIHDI will continue to utilize 250 units of former military housing on an interim basis to provide transitional housing for formerly homeless individuals and families.
- TICD will provide TIHDI with approximately five developable lots for the development of 475 of the 1,684 units of below-market rate housing.
- TIDA and TIHDI will work collaboratively on financing plans for construction of each TIHDI development lot. TIDA will provide construction subsidies to each

³ Proposition M, passed by San Francisco voters on November 4, 1986, requires the City's Master Plan to comply with the Eight Priority Principles laid out in City Planning Code Section 101.1, which mandate: (1) preserving landmarks and historic buildings, (2) protecting parks and open space from development, (3) preparing the City for earthquakes, (4) encouraging a diverse economic base, (5) maintaining and increasing the City's supply of affordable housing, (6) preserving existing housing and neighborhood character, (7) preserving and enhancing neighborhood-serving retail uses, and (8) ensuring that commuter traffic will not impede Muni transit service or overburden City streets or neighborhood parking.

developer of a TIHDI housing development in a minimum amount of \$51,000 per unit per 250-unit development, for a minimum subsidy of \$12,750,000. TICD will fund these subsidies.

- TIHDI will be responsible for pursuing outside financing sources, though TIDA will provide TIHDI with other financing, loans, or grants for development, moving, and transition costs.
- TIDA will adopt a Jobs and Equal Opportunity Policy to create new construction and permanent employment, professional service contracts, and economic development opportunities for TIHDI's members.
- TIDA will identify and secure community facilities for TIHDI.

The term of the Amended and Restated Base Closure Homeless Assistance Agreement commences the later of (1) the date the Agreement is executed and delivered by TIDA and TIHDI, (2) the effective date of the TIDA Board approving the Agreement, or (3) the effective date that File 11-0289 is adopted by the Board of Supervisors, and expires upon completion of the full build-out of Treasure Island as defined under the DDA (File 11-0291).

File 11-0290: Economic Development Conveyance Memorandum of Agreement

File 11-0290 is a proposed resolution that would approve an Economic Development Conveyance Memorandum of Agreement (EDC MOA) to transfer Treasure Island from the Navy to TIDA; and adopt findings that this Agreement is consistent with the City's General Plan and Eight Priority Policies of City Planning Code Section 101.1.

Under the EDC MOA, the Navy will transfer the former Naval Station Treasure Island to TIDA within 60 days of the Navy's 18 closing conditions detailed in Section 3.7.1 of the EDC MOA (the Initial Closing). In exchange, TIDA commits to paying the Navy \$55,000,000 for the Treasure Island Property, to be paid in ten annual \$5.5 million payments, plus interest⁴, projected to total \$12,375,000. The first payment is due from TIDA to the Navy upon the Initial Closing of the EDC MOA. In the event of any default of payment from TIDA to the Navy, outstanding payments would accrue interest at the Default Interest Rate,⁵ and the Navy may delay conveyances of additional Treasure Island parcels until TIDA is no longer in default.

Under Section 4.3 the EDC MOA, TIDA would also be required to pay the Navy additional consideration, projected to total an additional \$50,000,000, if revenues from the sale of developable lots achieve certain financial benchmarks above 18 percent internal rate of return to be realized by TICD. Although the EDC MOA is an Agreement between TIDA and the Navy, under the EDC MOA, TICD may make such payments on TIDA's behalf directly to the Navy.

⁴ The EDC MOA sets the interest rate as "the interest rate payable on ten year Treasury Notes in effect as of the month that this Agreement is entered into plus one hundred fifty basis points (150 bps), which Interest Rate will be locked for the duration of this Agreement."

⁵ The EDC MOA defines the Default Interest Rate as "an interest rate of three hundred (300) basis points above the Interest Rate."

TICD is not party to the EDC MOA, but agrees to make such payments under the DDA (File 11-0291).

The \$55,000,000 cost of the Treasure Island property, plus the \$12,375,000 projected interest, plus \$50,000,000 projected additional consideration, equals total projected payments of \$117,375,000 to be made by TICD, on behalf of TIDA, to the Navy.

According to Mr. Hillis, in the event that TIDA or TICD are unable to make timely payments to the Navy, the Navy cannot pursue payment from the City's General Fund as the City is not a party to the EDC MOA.

Under the EDC MOA, TIDA would not assume liability for any environmental contamination on or around Treasure Island caused by the Navy or the Navy's contractors, nor would TIDA waive or release any rights it would have against the federal government with respect to environmental contamination caused by the Navy. Under Article 28 of the EDC MOA, TIDA may assign its rights, interests, and obligations under the EDC MOA to the City if the City replaces TIDA as the designated and federally approved Local Redevelopment Authority under the Defense Base Closure and Realignment Act of 1990.

File 11-0291: Disposition and Development Agreement and Interagency Cooperation Agreement

File 11-0291 is a proposed resolution that would approve the Disposition and Development Agreement (DDA) between TIDA and TICD, for certain real property located on Treasure Island; approve an Interagency Cooperation Agreement between the City and TIDA; and adopt findings that these Agreements are consistent with the City's General Plan and Eight Priority Policies of City Planning Code Section 101.1.

The DDA governs the disposition and subsequent development of Treasure Island following conveyance of Treasure Island from the Navy to the City, through TIDA (File 11-0290). Under the DDA, TICD would develop Treasure Island in accordance with the following documents: (A) Land Use Plan, (B) Infrastructure Plan, (C) Parks and Open Space Plan, (D) Transportation Plan, (E) Community Facilities Plan, (F) Housing Plan, (G) Schedule of Performance, (H) Phasing Plan, (I) Treasure Island/Yerba Buena Island Special Use District (SUD), and (J) Design for Development. Under the DDA, TIDA will convey portions of Treasure Island to TICD for the purposes of:

1. Alleviating blight through development of improvements as specified in this DDA;
2. Geotechnically stabilizing the area;
3. Constructing infrastructure, such as roads and utilities to support the proposed affordable housing and market rate development on Treasure Island,;
4. Constructing and improving certain public parks and open spaces;
5. Remediating certain existing hazardous substances; and

6. Selling ground leasing lots to developers who will construct residential units and commercial and public facilities, as specified in this DDA.

TICD's deliverables to TIDA under the DDA are summarized in Table 2 below.

The term of the DDA commences on the effective date of the proposed resolution, and expires on the earlier of the 30th anniversary of the effective date, or date of the issuance of the certificate of completion of the Treasure Island Development Project. Under the DDA, the cost of improving the Treasure Island property, including all the deliverables described in Table 2 above would be paid by TICD selling the vertical development rights⁶ of the improved properties to private developers, under the development guidelines of the DDA and all applicable City rules.

Table 2: TICD's Deliverables to TIDA under the DDA

TICD Deliverables
Geotechnical stabilization and addition of fill to portions of Island to be developed.
Developable plots for market rate and below-market rate residential units
140,000 square feet of new retail and commercial space
100,000 square feet of new office space
Up to 311,000 square feet of commercial/flex space through adaptive reuse of existing spaces
Adaptive reuse of certain historic buildings
Up to approximately 500 hotel rooms
New joint Fire/Police Station
Upgraded school facilities
Developable lots for TIDA/other to develop a Sailing Center, Environmental Education Center and other community facilities
New and upgraded public utilities
Up to approximately 300 acres of parks and open space
New and upgraded streets, public ways, bicycle, transit, and pedestrian facilities
A ferry and bus transit center
Additional environmental remediation

Source: DDA

The Interagency Cooperation Agreement (ICA) is between the City, TIDA, and TICD to facilitate the implementation of the Treasure Island Development Project. The ICA expresses a pledge of cooperation among the City, TIDA, and TICD, and explicitly states that it does not intend to, nor does it create, any commitment of the City's General Fund in any manner that would violate State or City law. The ICA explicitly notes the roles of various City agencies in the implementation of the Treasure Island Development Project.

⁶ Vertical development rights are defined as the construction of residences, offices, and other facilities, in contrast to horizontal development rights which are defined as the improvement of land, utilities, and roads so that the real estate can support vertical development.

FISCAL IMPACTS**Files 11-0226, the Development Agreement and 11-0291, the DDA and Interagency Cooperation Agreement**

The estimated cost to improve the Treasure Island property for residential and commercial development (the horizontal development), including the deliverables described in Table 2 above, has been estimated by TICD at approximately \$1,525,240,361. These costs will be born by TICD in accordance with the Development Agreement (File 11-0226) and the DDA (File 11-0291).

As shown in Table 3, below, as estimated by the firm Economic and Planning Systems, Inc., the Project's first 20 years, the time estimated to fully build out the Treasure Island Development, are projected to generate \$236,809,628 in gross General Fund revenue for the City. Costs to the City's General Fund in the Project's first 20 years are projected to total \$156,799,687. Therefore, net General Fund revenue from the Project's first 20 years is expected to total \$80,009,941. With additional non-General Fund revenue totaling an estimated \$15,327,871 for the Project's first 20 years, net revenue is estimated to total \$95,337,812.

Attachment III, an excerpt from Economic and Planning Systems, Inc.'s fiscal impact report, dated May 5, 2011,⁷ shows projected revenues and costs for each year from 2011 through 2030. The totals are shown in Table 3, below.

⁷ The fiscal analysis was updated at the request of the Budget and Legislative Analyst, with additional input provided by OEWD.

Table 3: Twenty-Year Fiscal Impact to the City of Treasure Island Development, Project Commencement through Build-out (estimated 2011 through 2030)

Revenue/Expenditure Source	Total Impact, 2011-2030 (in 2010 dollars)
Discretionary General Fund Revenues	
General Fund Share of IFD Property Tax	\$30,073,405
Property Tax In Lieu of Vehicle License Fees	46,121,352
Property Transfer Tax	62,792,389
Sales and Use Tax	32,431,822
Telephone Users Tax	6,423,538
Access Line Tax	6,073,029
Water Users Tax	103,985
Gas Electric Steam Users Tax	1,697,553
Payroll Tax	15,736,937
Business License Tax	396,659
Licenses, Permits, and Franchise Fees	5,183,037
Fines, Forfeitures, and Penalties	791,838
<u>Hotel Room Tax</u>	12,768,173
<i>Subtotal, Discretionary General Fund Revenues</i>	<i>\$220,593,718</i>
Non-Discretionary Revenues	
Sales Tax Allocation to Public Safety	\$16,215,911
Total Revenues	\$236,809,628
Expenditures	
Elections	\$2,491,772
Assessor/Recorder	1,794,010
311	1,688,006
Police Services	47,146,581
Fire Protection	51,339,526
911 Emergency Response	3,459,156
SFMTA/MUNI	29,071,427
Department of Public Health	7,969,145
DPW	4,465,515
Library / Community Facilities	7,374,548
Total Expenses	\$156,799,687
Net General Fund Revenues	\$80,009,941
Additional Non-General Fund Revenues	\$15,327,871
Total Net Revenues	\$95,337,812

Source: Economic & Planning Systems, Inc., May 5, 2011.

There will be three primary sources, totaling \$1,378,662,042, to fund the \$1,525,250,361 private development to be conducted by TICD:⁸ (1) Tax Increment Bonds, to be reimbursed with revenue from the Infrastructure Financing District, totaling \$451,734,370; (2) Mellow Roos State Bonds, to be reimbursed with revenue from one or more Community Financing Districts, totaling

⁸ Source: 2011 Summary Proforma of Projected Annual Cash Flows

\$414,617,650; and (3) revenues from the sale of developable lots for permanent and rental market rate housing, totaling \$512,310,022. The balance of \$146,588,319 (\$1,525,250,361 less \$1,378,662,042) would be paid from additional sources and offsets, including rental revenues, marketing revenue, and commercial acreage sales.

1. Infrastructure Financing District (IFD)

An Infrastructure Financing District (IFD) would be established within the Treasure Island Development to fund infrastructure improvements, including roads and utilities, through the use of Property Tax increment. The City would then issue Tax Increment Bonds in the estimated amount of \$451,734,370, to be repaid by tax increment from the Property Taxes on new market rate homes and businesses that are developed on Treasure Island. Property Taxes of 1.0 percent of assessed value would be divided according to State IFD law as shown in Table 4 below.

Table 4: Breakdown of Property Taxes

Property Tax Revenue Recipient	Percent
<u>City</u>	<u>64.7</u>
<i>Treasure Island Development Project</i>	<i>46.7</i>
<i>General Fund</i>	<i>8.0</i>
<i>Affordable Housing</i>	<i>10.0</i>
Total to All Other Agencies	35.30
Total	100.00

According to Economic and Planning Systems, Inc., during the Project Development period, the 8 percent portion of the tax increment that is allocated to the City's General Fund would total up to \$3.3 million annually. Once all Project costs and debt service costs and obligations have been met, estimated to be 2030 but no later than the termination of the DDA in 2040, the City would receive approximately \$30 million in annual Property Taxes. Economic and Planning Systems, Inc., further notes "At Project buildout, and during every year of implementation of the redevelopment plan, increased revenues should cover additional annual ongoing operating costs," including funding for costs incurred by the SFMTA, Recreation and Park Department, DPW, and other City departments.

Community Financing Districts (CFDs)

The Financing Plan in the Development Agreement and DDA also provides for the creation of Community Facility Districts (CFDs) under which special taxes would be levied against private property (excluding TIDA affordable housing parcels), to finance public improvements and other costs permitted by law. TICD would issue Mello Roos State Bonds against the CFD revenue. If pursued, a CFD could levy up to an additional 0.85 percent of assessed property value in order to pay for Development Project costs. However, according to Mr. Hillis, the current fiscal projection assumes a more conservative rate of 0.65 percent of property value. Under the proposed Financing Plan, CFDs would not represent a direct cost or revenue to the City. The total revenue expected from Mello Roos Bonds issued against the CFD revenue is \$414,617,650.

The proposed CFDs would be in place for 999 years. After the Mello Roos Bonds have been repaid in full, any revenue generated from CFDs would be required by law to return to community use for Treasure Island. According to Mr. Hillis, the CFD revenue would total approximately \$33 million per year and would be used for operations and maintenance of parks and open space, as well as any necessary work to combat sea level rise.

Revenues from the Sale of Developable Plots

TICD projects that the sale of developable lots for market-rate housing will yield \$462,010,022, and the sale of developable lots for market-rate housing for rent will yield \$50,300,000, for a total residential sales revenue of \$512,310,022. Additional sales and rental revenues, less affordable housing subsidies, are projected to yield total revenue of \$589,128,494 before inflation. These figures assume 7,637 total market rate and below-market rate housing units, which is 363 units less than the 8,000 units that are entitled under the EIR.

File 11-0226, the Development Agreement

In addition to the fiscal impacts of File 11-0226 described above, under the Development Agreement, TICD would also be responsible for timely payments to the City of all administrative fees related to the processing or review of applications for Project Approvals or any Subsequent Approvals, as required under the City's Municipal Codes. However, if a City Agency fails to invoice TICD within 12 months from the date a City cost is incurred, the Development Agreement considers the cost unrecoverable.

11-0289, the Base Closure Assistance Agreement with TIHDI

Under the proposed Base Closure Homeless Assistance Agreement, TIDA will provide construction subsidies to each developer of a TIHDI development in a minimum amount of \$51,000 per below-market unit per 250-unit development, or a minimum subsidy of \$12,750,000. The DDA requires that TICD pay these housing subsidies to TIDA upon conveyance of each market rate lot to a market rate housing developer. TICD will collect \$17,500 per Market Rate Unit from the developer. Furthermore, TIHDI will be responsible for pursuing outside financing sources, though TIDA may provide TIHDI with other financing, loans, or grants for development, moving, and transition costs.

11-0290, the EDC MOA

As noted above, under the EDC MOA, TIDA is committing to pay the Navy \$55 million for the Treasure Island Property, to be paid in ten annual \$5.5 million payments, plus interest.⁹ The first \$5.5 million payment is due from TIDA to the Navy upon the Initial Closing of the EDC MOA, or 60 days following the fulfillment of the Navy's conveyance requirements. TIDA would also pay additional consideration to the Navy if revenues from the sale of developable lots achieve certain financial benchmarks. TICD's financial plan is currently budgeting \$50 million for the additional consideration payment.

⁹ The EDC MOA sets the interest rate as "the interest rate payable on ten year Treasury Notes in effect as of the month that this Agreement is entered into plus one hundred fifty basis points (150 bps), which Interest Rate will be locked for the duration of this Agreement."

Although TIDA is solely responsible for payments to the Navy, the EDC MOA allows for the assignment of TIDA's rights, interests, and obligations under the EDC MOA to the City if the City replaces TIDA as the designated and federally approved Local Redevelopment Authority under the Defense Base Closure and Realignment Act of 1990. If for any reason TIDA ceases to exist, such assignment to the City would require Mayor and Board of Supervisors approval. In such a case, the City would absorb TIDA's outstanding financial obligations. However, according to Mr. Hillis, TICD would still be responsible for meeting those financial obligations.

POLICY CONSIDERATIONS

Shifting Project Financing from State Redevelopment to IFDs Results in \$130 Million Less Funding Being Available for the Project and Expected Fewer Below-Market Homes being Built

As discussed in the Background section above, the City originally intended to fund the Treasure Island Development Project through State Redevelopment financing. However, in light of the uncertainty of the future of the State Redevelopment programs, in 2011 the City, TIDA, TIHDI, and TICD agreed to pursue Infrastructure Financing Districts (IFDs) as an alternate financing option.

According to Mr. Hillis, the change from Redevelopment to IFDs has little impact on the legal framework of the Treasure Island Development Project. However, shifting from the Redevelopment Model to the IFD model will reduce the funding available to the Development Project by more than \$130,000,000, as the percentage of Property Tax increment allotted to the Treasure Island Development Project decreases from 60 percent to 46.7 percent and the amount allotted to affordable housing decreases from 20 percent to 10 percent, as shown in Table 5 below..

Table 5: Breakdown of Property Tax under Redevelopment and IFD

Property Tax Revenue Recipient	Percent under Redevelopment	Percent under IFD
<u>City</u>	<u>80.00</u>	<u>64.7</u>
<i>Treasure Island Development Project</i>	<i>60.00</i>	<i>46.7</i>
<i>General Fund</i>	<i>0.00</i>	<i>8.0</i>
<i>Affordable Housing</i>	<i>20.00</i>	<i>10.0</i>
Total to All Other Agencies*	20.00	35.3
Total	100.0	100.0

* Schools, transportation, etc. Under Redevelopment, the General Fund receives a portion of the 20.0 percent allocation, but no Property Tax revenue goes to the State Educational Revenue Augmentation Fund (ERAF).

According to Mr. Hillis, to absorb the \$130,000,000 lost bonding capacity, the City has proposed reducing the amount of below-market rate housing that would be provided in the proposed Treasure Island Development from 2,400 units to 2,000 units, a reduction of 400 units. According to Mr. Hillis, selling four development "pads," or land improved for residential development, would generate \$130,000,000 in sales and additional Property Taxes. As a result,

as shown in Table 6 below, 400 units that were previously designated for below-market rate development will instead be sold at market rate, such that the number of market rate housing units would increase from 5,600 units to 6,000 units.

Table 6: Breakdown of New Housing Units, by Funding Approach and Type

Housing Type	Original Unit Count	Revised Unit Count
Market Rate For-Sale	5,043	5,400
<u>Market Rate Rental</u>	<u>557</u>	<u>600</u>
<i>Market Rate Subtotal</i>	<i>5,600</i>	<i>6,000</i>
TIHDI/Agency Affordable Residential	2,120	1,684
Inclusionary For Sale	250	284
Inclusionary Rental	30	32
<i>Below-Market Rate Subtotal</i>	<i>2,400</i>	<i>2,000</i>
Total	8,000	8,000

Source: Economic & Planning Systems, Inc.

However, as is shown in Table 7 below, TICD has budgeted for a reduction to market-rate housing units as well.

TICD is Proposing to Build Fewer Housing Units than Entitled under the EIR, Resulting in a Foregone General Fund Revenues from Property Taxes

TICD's budget plan, the Summary Proforma of Projected Annual Cash Flows, reduces the total number of housing units that would be developed on Treasure Island from 8,000 to 7,637, a reduction of 363 housing units or 4.5 percent.¹⁰ Table 7 below summarizes the additional changes from the revised housing count to the housing count budgeted by TICD.

Table 7: Breakdown of New Housing Units, by Funding Approach and Type

Housing Type	Entitled Unit Count	TICD Proposed	Housing Unit Reduction
Market Rate For-Sale	5,400	5,152*	248
<u>Market Rate Rental</u>	<u>600</u>	<u>503</u>	<u>97</u>
<i>Market Rate Subtotal</i>	<i>6,000</i>	<i>5,655</i>	<i>345</i>
TIHDI/Agency Affordable Residential	1,684	1,684	0
Inclusionary For Sale	284	207	77
Inclusionary Rental	32	91	(59)
<i>Below-Market Rate Subtotal</i>	<i>2,000</i>	<i>1,982</i>	<i>18</i>
Total	8,000	7,637	363

* Includes 117 "branded," (in-hotel) condominium units

Source: Economic & Planning Systems, Inc.

¹⁰ Based on an inquiry from the Budget and Legislative Analyst's Office, OEWD requested updates to the Fiscal Analysis and Summary Proforma to correct for inconsistencies between the two documents. The figures in this report reflect those corrected numbers.

Mr. Hillis notes that this reduction is necessary to guarantee the fiscal viability of the Treasure Island Development Project under current market conditions. Mr. Hillis notes that should market conditions improve, TICD could develop up to the 8,000 housing units according to the breakdown in the “Entitled Unit Count” column of Table 7. “Entitled Unit Count” refers to the maximum number of housing units they are allowed to build under the EIR.

According to Mr. Hillis, if the housing counts shown in the “TICD Proposed” column of Table 7 hold, the City could increase the number of affordable residential units, up to the point where the number of market rate and below-market rate housing units totaled 8,000 units. Mr. Hillis adds that because market conditions could change, the number of market rate housing units could increase or decrease with time, but that TICD is required to provide pads for at least 1,684 below-market rate housing units, and that if TICD ultimately develops less than 6,000 market rate housing units, the City could develop additional below-market rate housing units.

The reduction in market rate housing units from 6,000 entitled under the EIR by 345 units, or 5.75 percent, reduces the amount of Property Tax that would accrue to the General Fund. According to data provided by Economic and Planning Systems, Inc., the City would forego \$1,821,058 annually beginning in 2030 if 5,655 market rate housing units were constructed instead of the 6,000 market rate housing units entitled under the EIR.¹¹

Summary

The four pieces of legislation before the Budget and Finance Sub-Committee are part of a package of eleven pieces of legislation that require Board of Supervisors approval to complete the Treasure Island Development Project. If all eleven pieces of legislation are approved by the Board of Supervisors, the first phase of construction could begin in 2012, consisting primarily of infrastructure improvements to Treasure Island to enable future residential and commercial construction. The build-out of the Treasure Island Development Project is anticipated to take approximately 20 years and cost an estimated \$1,525,250,361.

There will be three primary funding sources for the Treasure Island Development Project, totaling \$1,378,662,042: (1) Tax Increment Bonds, to be reimbursed with revenue from Infrastructure Financing Districts, totaling \$451,734,370; (2) Mellow Roos State Bonds, to be reimbursed with revenue from one or more Community Financing Districts, totaling \$414,617,650; and (3) revenues from the sale of developable lots for permanent and rental market rate housing, totaling \$512,310,022. The balance of \$146,588,319 (\$1,525,250,361 less \$1,378,662,042) would be paid from additional sources and offsets, including rental revenues, marketing revenue, and commercial acreage sales.

The proposed legislation in support of the Treasure Island Development Project places the fiscal risk and upfront investment costs on the private developer Treasure Island Community Development, LLC (TICD), while allowing TICD to yield an internal rate of return of approximately 19 percent for the financial risk. According to Mr. Rich Hillis, Treasure Island Project Director for the Office of Economic and Workforce Development (OEWD), the General Fund is not put at risk by the Treasure Island Development Project.

¹¹ \$32,097,787 General Fund revenue under 6,000 market rate housing units compared to \$30,276,729 General Fund revenue under 5,655 market rate housing units.

Recent changes to the financing, from State Redevelopment Financing to Infrastructure Financing Districts (IFDs), resulted in \$130 million less revenue available for the Treasure Island Development Project. The Treasure Island Development Authority has proposed replacing 400 below-market rate housing units with 400 market rate housing units to offset this \$130 million reduction.


In addition, based on current market conditions, TICD's development proforma includes plans for the construction of 5,655 market rate housing units, a reduction of 345 units, or 5.75 percent from the 6,000 market rate housing units permitted under the project EIR.

To summarize the fiscal impact of the subject legislation:

- Under Files 11-0226 and 11-0291, according to an analysis from Economic and Planning Systems, Inc. for the Treasure Island Development Authority (TIDA), the Treasure Island Development Project's first 20 years are projected to generate \$236,809,628 in gross General Fund revenue and \$156,799,687 in costs, for a net General Fund revenue total of \$80,009,941.
- Under File 11-0289, TIDA would commit subsidies of at least \$12,750,000 to the Treasure Island Homeless Development Initiative (TIHDI) to develop below-market rate housing on the parcels improved by TICD.
- As noted above, under File 11-0290, TIDA would commit to pay the Navy \$117,375,000, including interest and additional consideration, for conveyance of the Treasure Island property.
- Under IFDs, according to Economic and Planning Systems, Inc., the Development Project is projected to generate additional Property Tax revenues for the City's General Fund of up to \$3.3 million annually at build-out, projected to be in 2030, and \$30 million per year once financing of the Project is complete.
- Under the current TICD development proforma, the total number of market rate housing units would be reduced by 345 housing units from 6,000 to 5,655, which would reduce the long-term Property Tax revenues to the City's General Fund, by an estimated \$1.8 million per year.

RECOMMENDATIONS

Approval of Files 11-0226, 11-0289, 11-0290, and 11-0291 are policy matters for the Board of Supervisors.



Harvey M. Rose

cc: Supervisor Chu
Supervisor Mirkarimi
Supervisor Kim
President Chiu
Supervisor Avalos
Supervisor Campos
Supervisor Cohen
Supervisor Elsbernd
Supervisor Farrell
Supervisor Mar
Supervisor Wiener
Clerk of the Board
Cheryl Adams
Controller
Greg Wagner

Related Legislation

As is noted in the report, Files 11-0226, 11-0289, 11-0290, and 11-0291 are part of a package of legislation related to the development of Treasure Island/Yerba Buena Island. This Attachment summarizes the additional seven pieces of legislation that were submitted to the Board of Supervisors, but were determined not to have fiscal impact.

File 11-0227, amending the City's zoning map

Ordinance amending the Zoning Map of the City and County of San Francisco by adding new Sectional Map ZN14 to show the zoning designations of Treasure Island and Yerba Buena Island; adding new Sectional Map HT14 to establish the Height and Bulk District for Treasure Island and Yerba Buena Island; adding new Sectional Map SU14 to establish the Treasure Island/Yerba Buena Island Special Use District; adopting findings, including environmental findings, and findings of consistency with the General Plan and the Eight Priority Policies of Planning Code Section 101.1.

File 11-0228, amending the City's General Plan

Ordinance amending the San Francisco General Plan by amending the Commerce and Industry Element, Community Facilities Element, Housing Element, Recreation and Open Space Element, Transportation Element, Urban Design Element, and Land Use Index, maps and figures in various elements, and by adopting and adding the Treasure Island / Yerba Buena Island Area Plan, in order to facilitate the development of Treasure Island and Yerba Buena Island as endorsed by the Board of Supervisors and the Mayor in 2006 and updated in 2010, in order to facilitate the development of Treasure Island and Yerba Buena Island as envisioned in the Treasure Island/Yerba Buena Island Redevelopment Plan, adopting findings, including environmental findings and findings of consistency with the General Plan and Planning Code Section 101.1.

File 11-0229, amending the City's Planning Code

Ordinance amending the San Francisco Planning Code by amending Sections 102.5 and 201 to include the Treasure Island and Yerba Buena Island Districts; amending Section 105 relating to height and bulk limits for Treasure Island and Yerba Buena Island; adding Section 249.52 to establish the Treasure Island/Yerba Buena Island Special Use District; adding Section 263.26 to establish the Treasure Island/Yerba Buena Island Height and Bulk District; amending the bulk limits table associated with Section 270 to refer to the Treasure Island/Yerba Buena Island Height and Bulk District; and adopting findings, including environmental findings, and findings of consistency with the General Plan and Planning Code Section 101.1.

File 11-0230, amending the City's Subdivision Code

Ordinance amending the San Francisco Subdivision Code to add Division 4 pertaining to the subdivision process applicable to development within the Treasure Island and Yerba Buena Island Project Site described in the Development Agreement between the City

and County of San Francisco and Treasure Island Community Development, LLC Relative to Naval Station Treasure Island, including the establishment of a procedure for reviewing and filing vesting tentative transfer maps; and making findings, including General Plan consistency findings and Section 101.1 findings, and environmental findings.

File 11-0328, adopting findings under CEQA

Resolution adopting findings under the California Environmental Quality Act (CEQA), CEQA Guidelines and San Francisco Administrative Code Chapter 31, including the adoption of a mitigation monitoring and reporting program and a statement of overriding considerations in connection with the development of Treasure Island and Yerba Buena Island, as envisioned in the Development Plan for the Treasure Island/Yerba Buena Island Project Area.

File 11-0340, approving the Public Trust Exchange Agreement

Resolution approving the Public Trust Exchange Agreement between the Treasure Island Development Authority (TIDA) and the California State Lands Commission in furtherance of the Treasure Island/Yerba Buena Island Project; adopting findings that the Public Trust Exchange Agreement is consistent with the City's General Plan and the Eight Priority Policies of City Planning Code Section 101.1.

File 11-0517, approving the Treasure Island Transportation Implementation Plan

Resolution approving the Treasure Island Transportation Implementation Plan, prepared by TICD in conjunction with the Disposition and Development Agreement.

**Table 2
Development Schedule
Treasure Island Redevelopment (2010\$)**

Item	Total at Buildout	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Annual New Development											
Commercial											
TI Full Service Hotel	200 rms	0	0	0	0	0	0	0	0	0	0
YBI Hotel	50 rms	0	0	0	0	0	0	0	0	50	0
Building 1 Office	10,000 sqft	0	0	0	0	0	0	0	0	0	10,000
Building 2 Retail	31,779 sqft	0	0	0	0	0	0	0	0	0	31,779
Building 3 Retail	58,550 sqft	0	0	0	0	58,550	0	0	0	0	0
New Retail	150,226 sqft	0	0	0	0	0	0	0	0	0	0
New Office	102,036 sqft	0	0	0	0	0	0	0	0	0	102,036
New Office	100,000 sqft	0	0	0	0	0	0	0	0	0	100,000
Residential											
Market-Rate For-Sale (1)	5,152 units	0	0	0	114	329	291	340	362	397	437
Inclusionary For-Sale	207 units	0	0	0	6	17	15	18	19	21	23
Market-Rate Rental	503 units	0	0	0	0	0	113	134	155	101	0
Inclusionary Rental	91 units	0	0	0	0	0	6	7	8	7	63
TIHDI/Agency Affordable	1,684 units	0	0	0	0	0	66	129	151	199	151
Subtotal	7,637 units	0	0	0	120	346	491	628	695	725	674
Existing Residential											
TI/YBI Existing Market Rate Housing		475	475	475	475	238	238	238	178	178	119
TI/YBI Existing Affordable Housing		250	250	250	250	125	125	125	94	94	63
Subtotal		725	725	725	725	363	363	363	272	272	181
Cumulative New Development											
Commercial											
TI Full Service Hotel	200 rms	0	0	0	0	0	0	0	0	0	0
YBI Hotel	50 rms	0	0	0	0	0	0	0	0	50	50
Building 1 Office	10,000 sqft	0	0	0	0	0	0	0	0	0	10,000
Building 2 Retail	31,779 sqft	0	0	0	0	0	0	0	0	0	31,779
Building 3 Retail	58,550 sqft	0	0	0	0	58,550	58,550	58,550	58,550	58,550	58,550
New Retail	150,226 sqft	0	0	0	0	0	0	0	0	0	0
New Office	102,036 sqft	0	0	0	0	0	0	0	0	0	102,036
New Office	100,000 sqft	0	0	0	0	0	0	0	0	0	100,000
Residential											
TI Residential For-Sale	5,152 units	0	0	0	114	443	734	1,074	1,436	1,833	2,270
Inclusionary For-Sale	207 units	0	0	0	6	23	38	56	75	96	119
TI Residential Rental	503 units	0	0	0	0	0	113	247	402	503	503
Inclusionary Rental	91 units	0	0	0	0	0	6	13	21	28	91
TIHDI/Agency Affordable Residential	1,684 units	0	0	0	0	0	66	195	346	545	696
Subtotal	7,637 units	0	0	0	120	466	957	1,585	2,280	3,005	3,679
Existing Residential											
TI/YBI Existing Market Rate Housing		475	475	475	475	238	238	238	178	178	119
TI/YBI Existing Affordable Housing		250	250	250	250	125	125	125	94	94	63
Subtotal		725	725	725	725	363	363	363	272	272	181
Residents		1,689	1,689	1,689	1,689	845	845	845	633	633	422
Demographic											
New Residents		0	0	0	280	1,086	2,230	3,693	5,312	7,002	8,572
New Jobs		0	0	19	62	310	370	427	539	670	1,517
Residents	2,333 permanent jobs	1,689	1,689	1,689	1,689	845	845	845	633	633	422

(1) Year 30 absorption represents the difference between units absorbed during the prior years and the total unit count for the Project. The actual absorption will depend on the market conditions.

Table 2
Development Schedule
Treasure Island Redevelopment (2010\$)

Item	Total at Buildout	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Annual New Development											
Commercial											
TI Full Service Hotel	200 rms	0	0	0	0	200	0	0	0	0	0
YBI Hotel	50 rms	0	0	0	0	0	0	0	0	0	0
Building-1 Office	10,000 sqft	0	0	0	0	0	0	0	0	0	0
Building 1 Retail	31,779 sqft	0	0	0	0	0	0	0	0	0	0
Building 2 Retail	58,550 sqft	0	0	0	0	0	0	0	0	0	0
Building 3 Retail	150,226 sqft	0	0	0	0	150,226	0	0	0	0	0
New Retail	102,036 sqft	0	0	0	0	0	0	0	0	0	0
New Office	100,000 sqft	0	0	0	0	0	0	0	0	0	0
Residential											
Market-Rate For-Sale (1)	5,152 units	439	426	365	299	258	214	191	132	157	401
Inclusionary For-Sale	207 units	23	22	19	16	8	0	0	0	0	0
Market-Rate Rental	503 units	0	0	0	0	0	0	0	0	0	0
Inclusionary Rental	91 units	0	0	0	0	0	0	0	0	0	0
TIHDI/Agency Affordable	1,684 units	101	151	92	151	101	92	8	93	101	98
Subtotal	7,637 units	563	599	476	466	367	306	199	225	258	499
Existing Residential											
TI/YBI Existing Market Rate Housing		59	59	59	0	0	0	0	0	0	0
TI/YBI Existing Affordable Housing		31	31	31	0	0	0	0	0	0	0
Subtotal		91	91	91	0	0	0	0	0	0	0
Cumulative New Development											
Commercial											
TI Full Service Hotel	200 rms	0	0	0	0	200	200	200	200	200	200
YBI Hotel	50 rms	50	50	50	50	50	50	50	50	50	50
Building 1 Office	10,000 sqft	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Building 1 Retail	31,779 sqft	31,779	31,779	31,779	31,779	31,779	31,779	31,779	31,779	31,779	31,779
Building 2 Retail	58,550 sqft	58,550	58,550	58,550	58,550	58,550	58,550	58,550	58,550	58,550	58,550
Building 3 Retail	150,226 sqft	0	0	0	0	0	0	150,226	150,226	150,226	150,226
New Retail	102,036 sqft	102,036	102,036	102,036	102,036	102,036	102,036	102,036	102,036	102,036	102,036
New Office	100,000 sqft	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Residential											
TI Residential For-Sale	5,152 units	2,709	3,135	3,500	3,799	4,057	4,271	4,462	4,594	4,751	5,152
Inclusionary For-Sale	207 units	142	164	183	199	207	207	207	207	207	207
TI Residential Rental	503 units	503	503	503	503	503	503	503	503	503	503
Inclusionary Rental	91 units	91	91	91	91	91	91	91	91	91	91
TIHDI/Agency Affordable Residential	1,684 units	797	948	1,040	1,191	1,292	1,384	1,392	1,485	1,586	1,684
Subtotal	7,637 units	4,242	4,841	5,317	5,783	6,150	6,456	6,655	6,880	7,138	7,637
Existing Residential											
TI/YBI Existing Market Rate Housing		59	59	59	0	0	0	0	0	0	0
TI/YBI Existing Affordable Housing		31	31	31	0	0	0	0	0	0	0
Subtotal		91	91	91	0	0	0	0	0	0	0
Residents		211	211	211	0	0	0	0	0	0	0
Demographic											
New Residents		9,884	11,280	12,389	13,474	14,330	15,042	15,506	16,030	16,632	17,794
New Jobs		1,569	1,631	1,669	1,701	1,976	1,996	2,517	2,532	2,551	2,585
	2,580 permanent job										

(1) Year 30 absorption represents the difference between units abs

Table 1
Net New Fiscal Impacts (General Fund)*
Treasure Island Redevelopment (2010\$)

Item	Fiscal Year Ending									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
REVENUES										
Possessory Interest/Property Tax	\$0	\$0	\$0	\$35,297	\$88,134	\$239,013	\$466,739	\$717,739	\$1,008,428	\$1,280,601
GF Share of IFD Property Tax (1)	\$0	\$0	\$0	\$94	\$125,399	\$182,083	\$612,975	\$917,993	\$1,424,100	\$1,857,372
Property Tax In Lieu of Vehicle License Fees	\$0	\$0	\$1,533,741	\$1,402,807	\$3,474,275	\$2,960,363	\$2,803,961	\$4,124,707	\$3,651,226	\$4,232,421
Property Transfer Tax	\$0	\$0	\$0	\$38,758	\$453,983	\$477,541	\$1,111,778	\$1,113,080	\$1,595,793	\$1,978,953
Sales and Use Tax (2)	\$0	\$0	\$624	\$11,247	\$45,947	\$85,554	\$135,594	\$192,584	\$252,486	\$332,048
Telephone Users Tax	\$0	\$0	\$590	\$10,633	\$43,440	\$80,885	\$128,195	\$182,075	\$238,709	\$313,930
Access Line Tax	\$0	\$0	\$80	\$262	\$1,309	\$1,560	\$1,802	\$2,275	\$2,828	\$6,402
Water Users Tax	\$0	\$0	\$1,307	\$4,281	\$21,376	\$25,469	\$29,411	\$37,144	\$46,159	\$104,511
Gas Electric Steam Users Tax	\$0	\$0	\$12,116	\$39,684	\$198,166	\$236,108	\$272,650	\$344,342	\$427,914	\$968,860
Payroll Tax	\$0	\$0	\$305	\$1,000	\$4,995	\$5,951	\$6,872	\$8,679	\$10,786	\$24,421
Business License Tax	\$0	\$0	\$0	\$8,498	\$33,000	\$67,770	\$112,242	\$161,459	\$212,800	\$260,529
Licenses, Permits, and Franchise Fees	\$0	\$0	\$0	\$1,298	\$5,042	\$10,354	\$17,148	\$24,667	\$32,510	\$39,802
Fines, Forfeitures, and Penalties	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$482,251	\$482,251
Hotel Room Tax	\$0	\$0	\$0	\$19,379	\$226,992	\$238,771	\$555,889	\$556,540	\$797,896	\$989,476
Sales Tax Allocation to Public Safety	\$0	\$0	\$1,548,764	\$1,573,239	\$4,722,058	\$4,611,423	\$6,255,256	\$8,383,286	\$10,183,887	\$12,871,577
Total	\$0	\$0	\$1,548,764	\$1,573,239	\$4,722,058	\$4,611,423	\$6,255,256	\$8,383,286	\$10,183,887	\$12,871,577
EXPENDITURES										
Elections (3)	\$0	\$0	\$0	\$4,085	\$15,865	\$32,581	\$53,961	\$77,622	\$102,305	\$125,251
Assessor/Recorder (4)	\$0	\$0	\$0	\$105,530	\$105,530	\$105,530	\$105,530	\$105,530	\$105,530	\$105,530
311 (5)	\$0	\$0	\$0	\$2,768	\$10,747	\$22,071	\$36,555	\$52,584	\$69,304	\$84,849
Police Services (6)	\$0	\$0	\$0	\$77,299	\$300,178	\$616,459	\$1,020,991	\$1,468,681	\$1,935,695	\$2,369,858
Fire Protection (7)	\$0	\$0	\$0	\$0	\$0	\$1,309,395	\$2,566,396	\$3,651,057	\$3,651,057	\$3,651,057
911 Emergency Response (8)	\$0	\$0	\$0	\$5,671	\$22,024	\$45,230	\$74,910	\$107,757	\$142,022	\$173,877
SFMTA/MUNI (9)	\$0	\$0	\$142,378	\$144,628	\$434,099	\$423,928	\$575,046	\$770,675	\$936,205	\$1,183,284
Department of Public Health (10)	\$0	\$0	\$0	\$13,066	\$50,739	\$104,200	\$172,577	\$248,250	\$327,189	\$400,575
DPW (11)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$31,507	\$77,627
Library / Community Facilities (12)	\$0	\$0	\$0	\$0	\$0	\$0	\$238,403	\$476,806	\$715,208	\$715,208
Total	\$0	\$0	\$142,378	\$353,047	\$939,182	\$2,659,394	\$4,844,368	\$6,358,961	\$8,016,022	\$8,887,116
NET	\$0	\$0	\$1,406,386	\$1,220,192	\$3,782,877	\$1,952,029	\$1,410,888	\$1,424,325	\$2,167,865	\$3,984,462
ADDITIONAL REVENUES (Restricted, Non-Gen. Fund)										
Hotel Room Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$419,153	\$419,153
Children's Fund (13)	\$0	\$0	\$0	\$1,900	\$4,600	\$12,600	\$24,600	\$37,900	\$53,200	\$67,500
Library Fund (13)	\$0	\$0	\$0	\$1,600	\$3,900	\$10,500	\$20,500	\$31,500	\$44,300	\$56,300
Open Space Fund (13)	\$0	\$0	\$0	\$1,600	\$3,900	\$10,500	\$20,500	\$31,500	\$44,300	\$56,300
Subtotal	\$0	\$0	\$0	\$5,100	\$12,400	\$33,600	\$65,600	\$100,900	\$136,300	\$176,000

Table 1
Net New Fiscal Impacts (General Fund)*
Treasure Island Redevelopment (2010\$)

Item	Fiscal Year Ending										Buildout	
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030		
REVENUES												
Possessory Interest/Property Tax												
GF Share of IFD Property Tax (1)	\$1,581,466	\$1,914,655	\$2,185,436	\$2,392,416	\$2,567,834	\$2,766,566	\$3,035,055	\$3,228,249	\$3,282,889	\$3,282,889	\$3,282,889	
Property Tax In Lieu of Vehicle License Fees	\$2,303,646	\$2,829,638	\$3,380,368	\$3,704,629	\$4,049,237	\$4,271,561	\$4,691,453	\$5,139,200	\$5,315,773	\$5,315,773	\$5,315,773	
Property Transfer Tax	\$4,429,670	\$4,589,318	\$4,250,229	\$3,929,029	\$4,051,414	\$3,509,107	\$3,500,339	\$3,281,705	\$3,491,024	\$3,491,024	\$3,577,053	
Sales and Use Tax (2)	\$2,116,947	\$2,344,419	\$2,478,286	\$2,268,545	\$2,407,618	\$2,305,961	\$3,064,930	\$3,142,166	\$2,830,468	\$2,830,468	\$2,702,596	
Telephone Users Tax	\$376,944	\$424,892	\$462,656	\$499,444	\$536,632	\$560,756	\$593,163	\$610,910	\$631,336	\$631,336	\$670,721	
Access Line Tax	\$356,375	\$401,707	\$437,410	\$472,191	\$507,350	\$530,157	\$560,796	\$577,575	\$596,887	\$596,887	\$634,122	
Water Users Tax	\$6,623	\$6,881	\$7,043	\$7,178	\$8,338	\$8,422	\$10,621	\$10,684	\$10,766	\$10,766	\$10,910	
Gas Electric Steam Users Tax	\$108,117	\$112,334	\$114,977	\$117,182	\$136,116	\$137,494	\$173,386	\$174,419	\$175,763	\$175,763	\$178,105	
Payroll Tax	\$1,002,284	\$1,041,373	\$1,065,880	\$1,086,317	\$1,261,849	\$1,274,622	\$1,607,353	\$1,616,932	\$1,629,386	\$1,629,386	\$1,651,100	
Business License Tax	\$25,263	\$26,248	\$26,866	\$27,381	\$31,806	\$32,128	\$40,514	\$40,756	\$41,070	\$41,070	\$41,617	
Licenses, Permits, and Franchise Fees	\$300,398	\$342,816	\$376,525	\$409,524	\$435,514	\$457,183	\$471,275	\$487,209	\$505,479	\$505,479	\$540,816	
Fines, Forfeitures, and Penalties	\$45,893	\$52,374	\$57,523	\$62,565	\$66,536	\$69,846	\$71,999	\$74,433	\$77,224	\$77,224	\$82,623	
Hotel Room Tax	\$482,251	\$482,251	\$482,251	\$482,251	\$1,645,778	\$1,645,778	\$1,645,778	\$1,645,778	\$1,645,778	\$1,645,778	\$1,645,778	
Sales Tax Allocation to Public Safety	\$1,058,473	\$1,172,210	\$1,239,143	\$1,134,272	\$1,203,809	\$1,152,980	\$1,532,465	\$1,571,083	\$1,415,234	\$1,415,234	\$1,351,298	
Total	\$14,194,350	\$15,741,116	\$16,564,594	\$16,592,981	\$18,909,831	\$18,722,561	\$20,999,128	\$21,601,100	\$21,649,077	\$21,649,077	\$21,685,399	
EXPENDITURES												
Elections (3)	\$144,418	\$164,811	\$181,016	\$196,881	\$209,375	\$219,793	\$226,568	\$234,228	\$243,012	\$243,012	\$260,000	
Assessor/Recorder (4)	\$105,530	\$105,530	\$105,530	\$105,530	\$105,530	\$105,530	\$105,530	\$105,530	\$105,530	\$105,530	\$105,530	
311 (5)	\$97,833	\$111,648	\$122,626	\$133,373	\$141,838	\$148,895	\$153,484	\$158,674	\$164,624	\$164,624	\$176,132	
Police Services (6)	\$2,732,519	\$3,118,370	\$3,424,989	\$3,725,167	\$3,961,573	\$4,158,885	\$4,286,873	\$4,431,808	\$4,598,001	\$4,598,001	\$4,919,436	
Fire Protection (7)	\$3,651,057	\$3,651,057	\$3,651,057	\$3,651,057	\$3,651,057	\$3,651,057	\$3,651,057	\$3,651,057	\$3,651,057	\$3,651,057	\$3,651,057	
911 Emergency Response (8)	\$200,486	\$228,796	\$251,292	\$273,316	\$290,662	\$305,124	\$314,529	\$325,163	\$337,356	\$337,356	\$360,940	
SFMTA/MUNI (9)	\$1,304,887	\$1,447,081	\$1,522,783	\$1,525,393	\$1,738,381	\$1,721,165	\$3,728,664	\$3,802,013	\$3,824,574	\$3,824,574	\$3,846,244	
Department of Public Health (10)	\$461,875	\$527,095	\$578,923	\$629,662	\$669,621	\$702,939	\$724,606	\$749,105	\$777,196	\$777,196	\$831,528	
DPW (11)	\$140,051	\$295,411	\$371,010	\$364,511	\$572,031	\$565,960	\$520,758	\$508,695	\$514,875	\$514,875	\$503,080	
Library / Community Facilities (12)	\$715,208	\$501,524	\$501,524	\$501,524	\$501,524	\$501,524	\$501,524	\$501,524	\$501,524	\$501,524	\$501,524	
Total	\$9,553,864	\$10,151,322	\$10,710,750	\$11,106,413	\$11,841,591	\$12,080,671	\$14,213,592	\$14,467,796	\$14,717,749	\$14,717,749	\$15,155,471	
NET	\$4,640,486	\$5,589,795	\$5,853,844	\$5,486,568	\$7,068,240	\$6,641,889	\$6,785,535	\$7,133,304	\$6,931,328	\$6,931,328	\$6,529,928	
ADDITIONAL REVENUES (Restricted, Non-Gen. F)												
Hotel Room Tax	\$419,153	\$419,153	\$419,153	\$419,153	\$1,430,442	\$1,430,442	\$1,430,442	\$1,430,442	\$1,430,442	\$1,430,442	\$1,430,442	
Children's Fund (13)	\$83,400	\$101,000	\$115,300	\$126,200	\$135,400	\$145,900	\$160,100	\$170,300	\$173,200	\$173,200	\$173,200	
Library Fund (13)	\$69,500	\$84,200	\$96,100	\$105,200	\$112,900	\$121,600	\$133,400	\$141,900	\$144,300	\$144,300	\$144,300	
Open Space Fund (13)	\$69,500	\$84,200	\$96,100	\$105,200	\$112,900	\$121,600	\$133,400	\$141,900	\$144,300	\$144,300	\$144,300	
Subtotal	\$641,553	\$688,553	\$726,653	\$755,753	\$1,791,642	\$1,819,542	\$1,857,342	\$1,884,542	\$1,892,242	\$1,892,242	\$1,892,242	

Notes to Table 1:

- (1) Property tax includes supplemental role revenues from new assessed value added during year of construction and initial sale.
- (2) Sales tax includes resident expenditures on TI and elsewhere in the City.
- (3) Assumes the estimated cost grows in proportion to the population.
- (4) Assumes a staff cost incurred from the beginning of unit sales through buildout.
- (5) "311" costs based on estimated calls and required staffing/costs.
- (6) Additional officers are added to achieve 1,665 officers/1,000 residents and employees (Citywide average) increased by 20% to reflect TI/YBI isolation.
- (7) Additional engine company, ambulance, and battalion chief added upon construction of police/fire "superstation".
- (8) "911" based on estimated calls and required staffing/costs.
- (9) Muni operations to TI and YBI are fully funded; costs include 80% of MUNI capital costs for buses, balance are funded by developer.
SFMTA/Muni costs include transfer of 9.193% of General Fund revenues, and any additional transfers needed to cover increases in net costs above existing net costs.
Assumes enhanced services, including possible Civic Center Line. Table A-13c illustrates alternative without Civic Center line.
- (10) Dept. of Public Health costs based on estimates of hospital admissions and emergency room visits not reimbursed from other sources.
- (11) DPW costs include rehab and reconstruction of roads and related facilities, including pothole repair and patching, and street sweeping. Cost is net of gas tax revenues.
- (12) Library and Community Facilities include initial cost of furnishings, fixtures and equipment amortized over first 5 years (inc. initial partial two years).
- (13) Share of IFD property tax to CCSF accruing to other funds as shown.