



MISSION ROCK RECYCLED WATER SERVICES AGREEMENT

Budget and Finance Committee
February 1, 2023

Presented By:
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Port of San Francisco



Agenda

- Mission Rock Project Overview
- Sustainability Strategy
- Mission Rock Utilities (MRU)
- Blackwater Treatment Process
- Agreement to Purchase Non-Potable Water
- Additional Considerations

Picture as of January 2023



Mission Rock Overall Summary

- **Housing:** Up to 1,200 housing units, 40% Affordable
- **Office:** Up to 1.4M gross square feet (GSF)
- **Retail:** ~200K GSF
- **Pier 48 Rehabilitation:** ~212K GSF

Updates

- **Phase 1:** Four buildings under construction; anticipate completion in 2024
- **Phase 2:** Phase submittal in progress

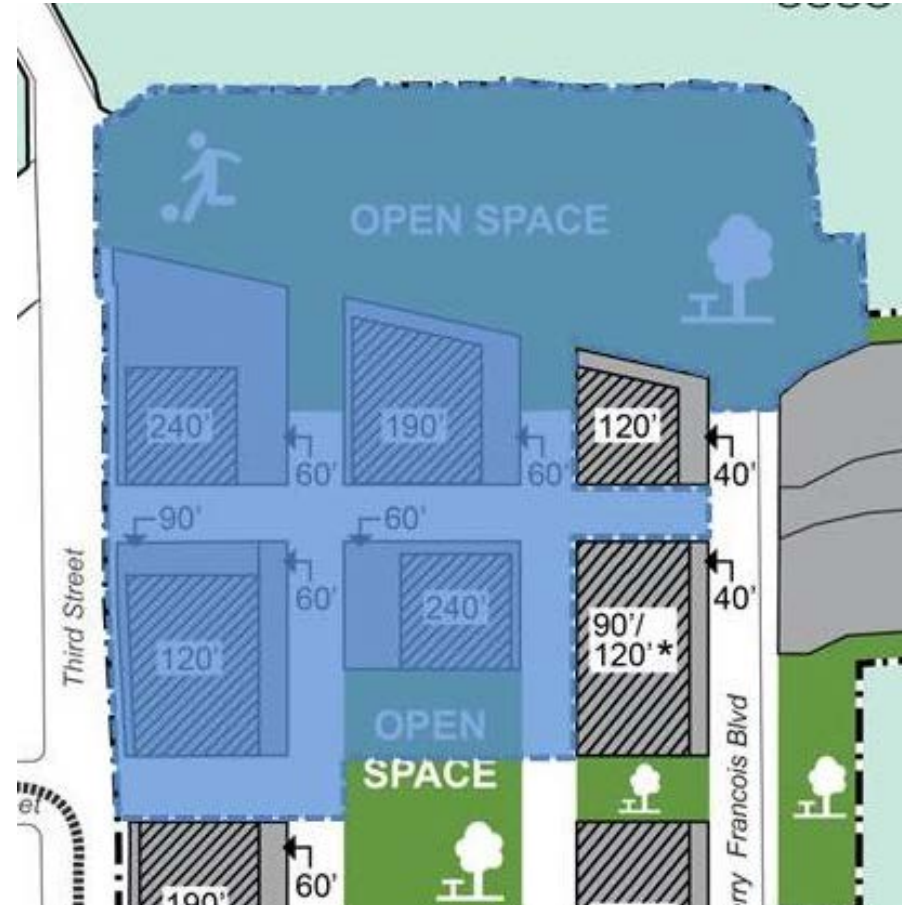


Mission Rock Phase 1

- **Housing:** 2 buildings totaling 537 units total, 199 below market rate
- **Office:** 2 buildings totaling approximately 550,000 GSF
- **Ground Floor Retail:** ~52,000 GSF
- **China Basin Park:** 5 Acre Waterfront Park

Updates

- **Horizontal:** Phase 1 ~75% complete
- **Vertical:**
 - TCO on Parcel G
 - Parcels A and B will receive TCO in Q2 2023 with first residents moving into A shortly thereafter
 - Parcel F will receive TCO in early 2024



Sustainability Strategy



Transportation

20 percent reduction in transportation-related carbon emissions



Resilience

Raising site elevation 5 feet to meet 2100 projection for sea-level rise



Water

100% of non-potable water demand met with non-potable sources



Energy

100% of building energy met with renewable energy sources



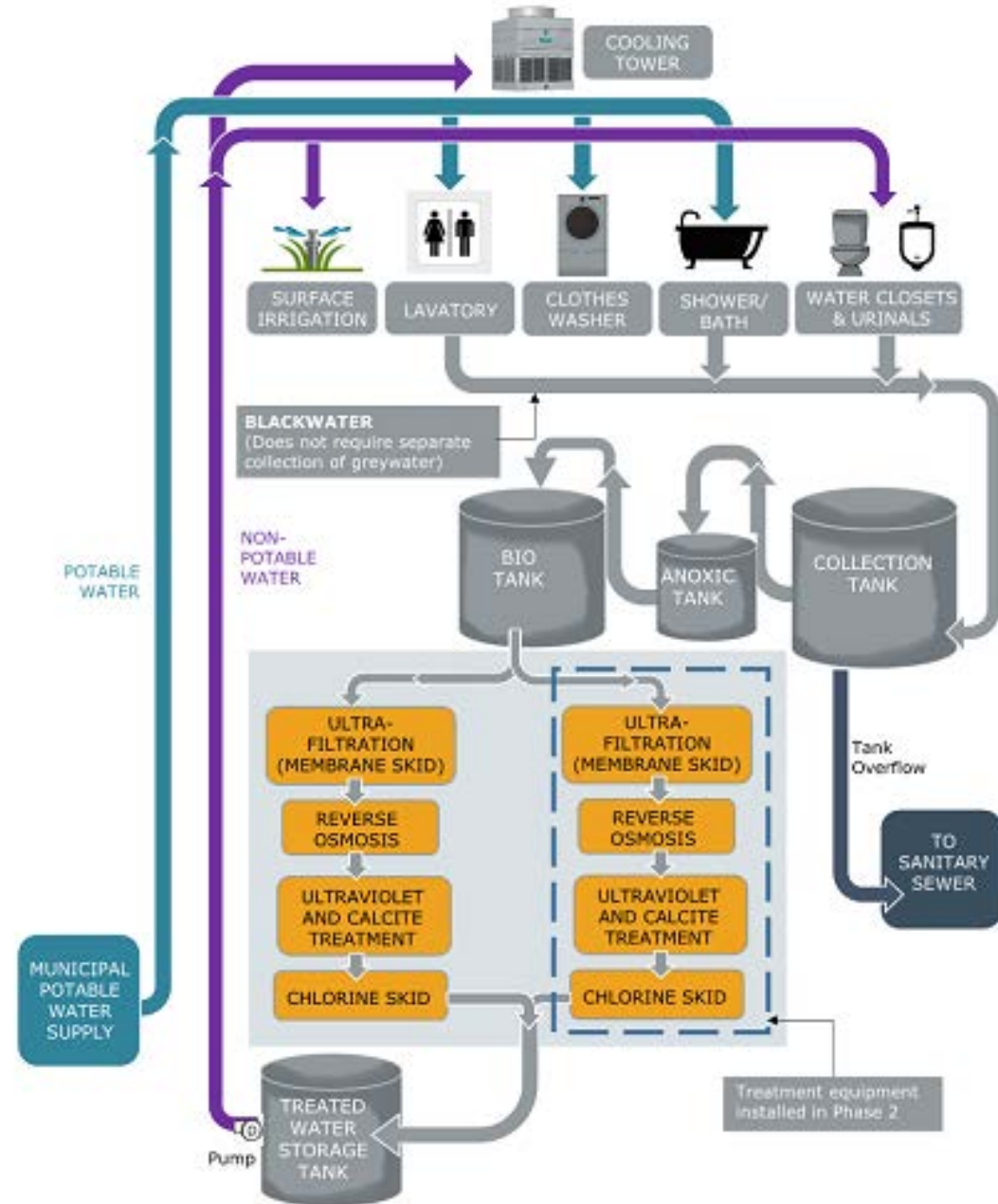
LEED

Gold LEED rating for all Phase 1 buildings core and shell. LEED Gold Neighborhood achieved.

Blackwater Treatment Process

1. Wastewater collected from Phase 1 buildings, flows through distribution piping in the streets to a series of tanks
2. Wastewater filtered through series of treatment processes.
3. Treated water distributed to buildings and open spaces for non-potable uses (non-drinking; e.g., irrigation, cooling tower water and toilets)

Note: PUC water, which serves potable uses in the project, can flow through the system prior to recycled water availability.



An aerial photograph of the Mission Rock development in San Francisco. The image shows several modern high-rise buildings with glass and brick facades. A white line with circular endpoints at the top and bottom points from the text 'Blackwater Recycling System in Building B' to a specific building. Another white line with circular endpoints at the top and bottom points from the text 'District Energy System In Building A' to a different building. The background shows the city's waterfront, including the bay and other buildings.

Blackwater Recycling
System in Building B

Mission Rock Utilities

- Mission Rock Utilities (“MRU”) is a non-stock corporation formed following the Port Commission adopting a resolution supporting its creation in September 2019
- SFPUC supported formation of MRU to fulfill sustainability strategy and City’s water goals
- Will construct, operate, and maintain the Blackwater Recycling System at Mission Rock
- Will also construct and manage the District Energy System

District Energy System
In Building A



Agreement to Purchase Non-Potable Water

- Port will purchase recycled water from MRU for non-potable uses at China Basin Park and other Port-owned public spaces
- Expected Port annual recycled water use:
 - Phase 1: 1.5 million gallons
 - Full Project: 1.9 million gallons
- Effective upon Port's acceptance of Phase 1 public open spaces. Prior to acceptance, Master Developer provides irrigation water.
- Initial term is 30 years to meet long-term sustainability goals and guarantee funding for bonds funding infrastructure

Key Terms

- Cost to operate MRU is fully funded by payments from its customers (the Port + building owners)
- The Port and other customers will pay cost-based pricing (no profit earned by MRU)
- Amount due by the Port is subject to an Annual Cap (Cap in Year 1 is \$672,145) broken down into two charges
 - Capacity Charge – fixed charge for Port’s share of system capacity to fund fixed costs such as debt service on bonds, operations, water testing, etc. (estimated to be \$552,304 in first year)
 - Flow Charge – cost based on actual water usage, contributing to actual operating costs incurred (estimated to be \$64,611 in first year)
- Capacity charge for all customers is expected to decrease as Phases 2 and 3 are completed because more customers will share these (mostly) fixed costs

Assignment to Parks Tenant

- The Port intends to assign this agreement to Mission Rock Commons through a lease for China Basin Park
- The assignment will release the Port of obligations of Recycled Water Services Agreement
- Mission Rock Commons will use Master Association dues and other revenues to fund the agreement
- Lease expected to come to the Port Commission and Board for approval later in 2023



Contingent Special Services Tax

- The Port will utilize the Contingent Special Services Tax as needed to fulfill obligations of the water purchase agreement if the Lease is not in place at any time
- The Special Services Tax funds both the water agreement and parks and open space maintenance as to not encumber the Harbor Fund
- The maximum tax for the current fiscal year is \$1.30M for Phase 1 only and \$2.74M for the entire project (continuing to escalate annually)



QUESTIONS???

