



OFFICE OF THE CONTROLLER
CITY AND COUNTY OF SAN FRANCISCO

Greg Wagner
Controller

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Deputy Controller

Anna Van Degna
Director of Public Finance

MEMORANDUM

TO: Honorable Members, Board of Supervisors with respect to City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) (the "Treasure Island IRFD" or the "IRFD")

FROM: Anna Van Degna, Director of the Controller's Office of Public Finance
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Jamie Querubin, Acting Director, Treasure Island Development Authority

DATE: **May 19, 2026**

SUBJECT: Resolution of Intention to add Territory to the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island)

Resolution Authorizing and Directing the Executive Director of the Treasure Island Development Authority (or designee) to Prepare an Appendix to the Infrastructure Financing Plan Related to an Annexation of Property to the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island)

Recommended Actions

We respectfully request that the Board of Supervisors ("Board") consider for review and approval (i) the Resolution of Intention ("ROI") to add property to the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) ("IRFD") as described further herein and (ii) the Resolution authorizing and directing the Executive Director of the Treasure Island Development Authority (or designee) to prepare an appendix to the Infrastructure Financing Plan related to the annexation of property to the IRFD, (together, the "Resolutions").

Background

Since 1997, the City and TIDA have worked together on the Treasure Island/ Yerba Buena Island Development Project ("Project") to redevelop the former Treasure Island Naval Station ("NSTI") in connection with the conveyance of the Navy-owned lands to TIDA. In early 2003, TIDA and the Treasure Island Community Development, LLC ("TICD" or the "Developer") entered into an Exclusive Negotiating Agreement and began work on a Development Plan for the Project.

2 | Resolution of Intention to add Territory to the Treasure Island IRFD, Resolution Authorizing Executive Director of the Treasure Island Development Authority (or designee) to Prepare an Appendix to the Infrastructure Financing Plan Related to the Treasure Island IRFD

In 2011, TICD and TIDA entered into a Disposition and Development Agreement (“DDA”), and TICD and the City entered into a Development Agreement (“DA”) to deliver the Project. The Financing Plan attached to the DDA and DA (“DDA Financing Plan”) contemplates reimbursement to the Developer for costs incurred to construct public infrastructure through the issuance of special tax bonds issued for one or more community facilities districts (“CFDs”) formed under the Mello-Roos Community Facilities Act of 1982 (“Mello-Roos Act”) and tax increment revenue bonds issued by the IRFD. The DA, the DDA and the DDA Financing Plan were amended in 2024 to resolve disputes among TICD, TIDA and the City, and to accelerate the development of housing in the Project. The amendments included the City agreeing to advance up to \$115 million in City-supported capital funds through the issuance of certificates of participation to fund Stage 2 infrastructure.

Under the Mello-Roos Act, the Board of Supervisors has the authority to levy special taxes on taxable property in a CFD. Under the IRFD Law, the City allocates a portion of the general 1.00% ad valorem incremental tax revenues to the IRFD; no new taxes are levied by the City in connection with the IRFD.

The Development Plan anticipates a new San Francisco neighborhood consisting of up to 8,000 residential units, including homes at below-market rates and approximately 27% affordable housing in total. The Development Plan also includes new commercial and retail space, up to 500 hotel rooms, and 290 plus acres of parks and public open space, including shoreline access and cultural uses. Transportation amenities being built for the project will enhance mobility on Yerba Buena Island and Treasure Island as well as link the islands to mainland San Francisco. The Project’s master plan also includes public facilities serving the Project, utility improvements, new and upgraded streets, public byways, bicycle, transit, pedestrian facilities, and a new ferry terminal.

The Treasure Island IRFD

On January 31, 2017, following a public hearing and landowner vote, the Board adopted Ordinance No. 21-17 forming the IRFD and adopting the Infrastructure Financing Plan (“Original Adopted IFP”). The IRFD consists of five Project Areas on Yerba Buena Island (Project Area A) and Treasure Island (Project Areas B, C, D & E), which represent the initial phases of development of the Project. The IRFD formation proceedings also established a process for the annexation of property to the IRFD.

On February 15, 2022, following a public hearing and landowner vote, the Board adopted Ordinance No. 029-22 adding territory to and adopting amendments to the Original Adopted IFP (as amended the “IFP” or “IRFD Financing Plan”) to facilitate the administration and distribution of the tax increment in accordance with IRFD Law and the IRFD Financing Plan over the life of the IRFD.

Under the terms set forth in the IRFD Financing Plan, the City has committed a portion of the 1.00% incremental property tax revenues derived in the project areas to the IRFD (“IRFD Portion”) for the reimbursement of eligible project costs and the financing of affordable housing consistent with the terms and limitations of IRFD Law, as detailed in the IFP, shown below:

3 | Resolution of Intention to add Territory to the Treasure Island IRFD, Resolution Authorizing Executive Director of the Treasure Island Development Authority (or designee) to Prepare an Appendix to the Infrastructure Financing Plan Related to the Treasure Island IRFD

Table 1: Apportionment of 1.00% Ad Valorem property tax from the IRFD Financing Plan

IRFD Portion		
Net Available Increment	To IRFD for Facilities & Housing	56.588206%
Conditional City Increment	To IRFD available for debt service coverage	8.000000%
Total IRFD Portion of 1.00%		64.588206%
Other Taxing Entities Portion: State ERAF, Local Education Agencies & Special Districts		
Education Revenue Augmentation Fund ("ERAF")		25.330113%
San Francisco Unified School District		7.698857%
San Francisco Community College Fund		1.444422%
San Francisco County Office of Education		0.097335%
Bay Area Rapid Transit District		0.632528%
Bay Area Air Quality Management District		0.208539%
Total Other Taxing Entity's Portion of 1.00%		35.411794%
Total 1.00% Ad Valorem Property		100.000000%

Pursuant to the IRFD Financing Plan, the City has committed its 56.588206% portion of the 64.588206% IRFD Portion of the 1.00% Tax Increment to the public financing for the Project ("Net Available Increment"), with 82.5% of those committed revenues being available to finance infrastructure constructed by the Developer ("Facilities" and "Net Available Facilities Increment") and 17.5% of the revenues reserved for the use of TIDA and the City, through MOHCD, to finance affordable housing ("Housing" and "Net Available Housing Increment").

The remaining balance of 8.00% of the 64.588206% IRFD Portion of the 1.00% Tax Increment ("Conditional City Increment") is not dedicated directly to the funding of the Project, but it is pledged, if needed, to pay debt service on currently outstanding bonds of the IRFD and any future debt of the IRFD ("Parity Debt"). On an annual basis, Conditional City Increment will be returned to the City's General Fund if not needed for debt service on any outstanding bonds.

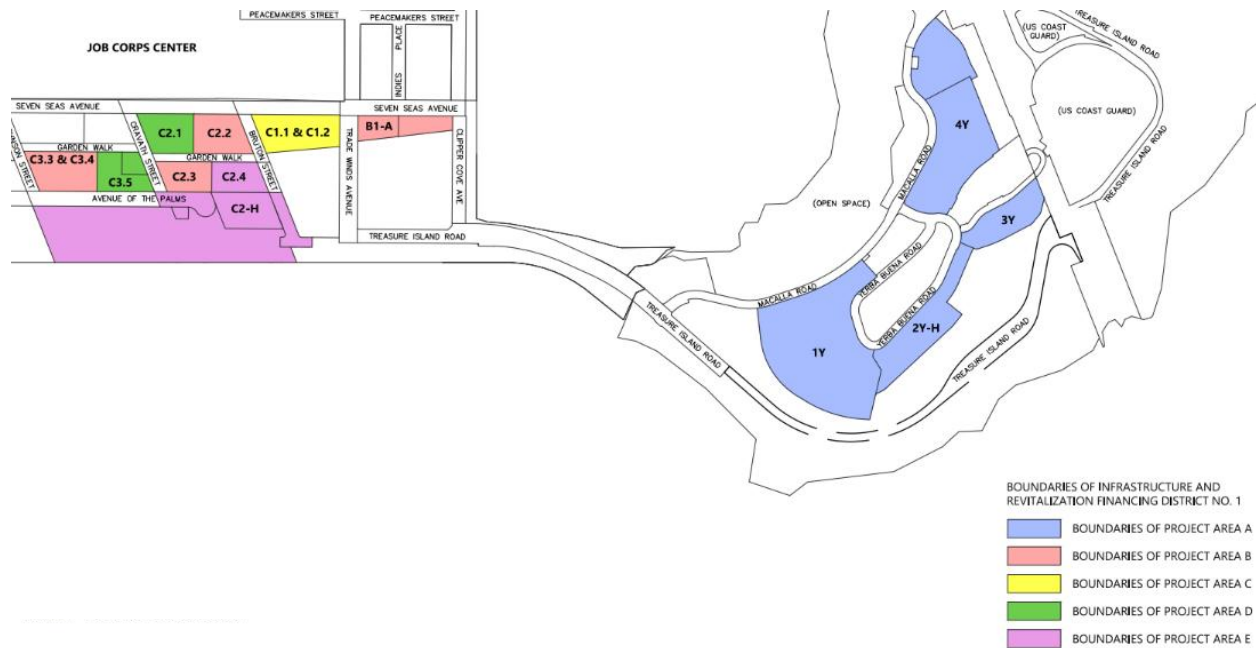
The Original Adopted IFP established the initial Project Areas (A, B, C, D and E) including (i) legal boundaries (amended by the IFP); (ii) the fiscal year to be used as the base year for calculating incremental assessed value and tax increment available to the Project; (iii) the trigger amount of tax increment to be collected by the City to commence the distribution of the tax increment to the IRFD from a given Project Area in the following fiscal year ("Commencement Year"), and to determine the final year of tax increment allocation to the IRFD from such Project Area, which is 40 years following the Commencement Year.

Project Area A encompasses development parcels located on Yerba Buena Island. Project Areas B, C, D, and E encompass a portion of the development parcels located on Treasure Island within the first phase of development along the waterfront nearest to Downtown San Francisco and the causeway connection to Yerba Buena Island. (See Table 1. Existing Project Areas A, B, C, D and E)

To date, the City has issued \$65.8 million in Treasure Island IRFD tax increment bonds (repaid by IRFD taxes) that have reimbursed the developer for the construction of public infrastructure and directly funded the construction of affordable housing on Treasure Island.

4 | Resolution of Intention to add Territory to the Treasure Island IRFD, Resolution Authorizing Executive Director of the Treasure Island Development Authority (or designee) to Prepare an Appendix to the Infrastructure Financing Plan Related to the Treasure Island IRFD

Table 1. Existing Project Areas A, B, C, D and E



Proposed Annexations and Appendix to the IFP

The proposed Resolutions declare the City’s intention to add properties (as new Project Areas) into the IRFD and prepare an appendix to the Infrastructure Financing Plan (“IFP”) in anticipation of development in Stage 2. With the addition of properties to the IRFD, the Net Available Increment generated from the new Project Areas will be allocated to the IRFD to support the Treasure Island project. As part of the project’s DDA Financing Plan, TICD (or its affiliates) may request the issuance of debt from time to time from the future tax increment anticipated to be generated by new Project Areas to reimburse eligible public infrastructure costs and directly fund affordable housing on Treasure Island.

The Controller’s Office of Public Finance (“OPF”) in coordination with TIDA and with assistance from the Assessor’s Office has been administering the IRFD since its formation in 2017. The City, at the request of TICD, has determined that the progress on Stage 2 construction necessitates the need to add or annex certain properties into the IRFD. The proposed amendment to the IRFD, as further described below, will require approval by the qualified landowner electors in the IRFD (both of whom have executed a petition asking the Board of Supervisors to undertake the annexation proceedings):

1. Additional Project Areas

By adopting the Resolutions, the Board would declare its intention to annex territory to the IRFD and direct preparation of an appendix to the IFP to add four new Project Areas F, G, H, and I (“Proposed Project Areas”), into the IRFD with parcel boundaries consistent with final maps that have been recorded since formation. The Proposed Project Areas conform to certain development parcels located in Stage 2 that are likely to be developed at approximately the same time, specifically development parcels IC 2.2, IC 2.3, IC 3, IC 4.4, B2-A, B3-A, M1-A, and M1-B. The Proposed Project Areas will ultimately be provided to the State Board of Equalization (“BOE”) to

5 | Resolution of Intention to add Territory to the Treasure Island IRFD, Resolution Authorizing Executive Director of the Treasure Island Development Authority (or designee) to Prepare an Appendix to the Infrastructure Financing Plan Related to the Treasure Island IRFD

create new Tax Rate Areas (“TRAs”) for clear tracking of the tax increment over the 40 years that a given Project Area will be taxed.

Table 2. Proposed Additional Project Areas F, G, H, and I



Additional Information and Anticipated Legislative Timeline

The Resolution of Intention is the first step in the process to describe the intention of the Board to add territory to the IRFD. The Resolution Authorizing and Directing the Executive Director of TIDA (or designee) to Prepare an appendix to the IFP is the second step in the annexation process, and the work is underway to prepare the appendix. The appendix must be approved by resolution of the Board, in its capacity as legislative body of the City, prior to the public hearing and special election, and will ultimately be adopted by ordinance following the special election.

Both Resolutions are expected to be introduced at the Board of Supervisors meeting on Tuesday, May 19, 2026. Additionally, there will be further related legislation and actions of the City, as laid out in the timeline below.

Legislative Action	Legislation	Date
Introduction	<ul style="list-style-type: none"> ROI to Annex Property Resolution Directing Preparation of Appendix to IFP 	Tuesday, May 19, 2026
Committee (GAO)	<ul style="list-style-type: none"> ROI to Annex Property, Resolution Directing Preparation of Appendix to IFP 	Thursday, June 4, 2026
BOS Approval	<ul style="list-style-type: none"> ROI to Annex Property 	Tuesday, June 9, 2026
BOS Approval	<ul style="list-style-type: none"> Resolution Directing Preparation of Appendix to IFP 	Tuesday, June 23, 2026

6 | Resolution of Intention to add Territory to the Treasure Island IRFD, Resolution Authorizing Executive Director of the Treasure Island Development Authority (or designee) to Prepare an Appendix to the Infrastructure Financing Plan Related to the Treasure Island IRFD

Introduction	<ul style="list-style-type: none"> • ROI to Issue Bonds • Resolution Approving IFP Annexation Supplement • Resolution Proposing Annexation • Resolution Calling Election re Annexation and Bonds • Resolution Declaring Election Results re Annexation and Bonds • Ordinance Adopting IFP Annexation Appendix and Confirming Annexation • Resolution Approving Increased Principal Amount of Bonds 	Tuesday, June 30, 2026
Director of Elections	<ul style="list-style-type: none"> • Letter as to registered voters in IRFD 	Monday, July 6, 2026
OPF/Elections	<ul style="list-style-type: none"> • IFP Annexation Supplement + CEQA Report mailed to landowners, affected taxing entity, Planning Commission, Board of Supervisors & made available for public inspection 	Wednesday, July 8, 2026
Committee (GAO)	<ul style="list-style-type: none"> • ROI to Issue Bonds as a Result of Annexation • Resolution Approving IFP Appendix 	Thursday, July 16, 2026
BOS Clerk	<ul style="list-style-type: none"> • Submit 9/15 Public Hearing Notice 	Wednesday, August 12, 2026
BOS Clerk	<ul style="list-style-type: none"> • Publish 9/15 Public Hearing Notice - weekly for 4 successive weeks 	8/17, 8/24, 8/31, 9/7
BOS Approval	<ul style="list-style-type: none"> • ROI to Issue Bonds as a Result of Annexation • Resolution Approving IFP Annexation Appendix 	Tuesday, July 28, 2026
BOS Public Hearing	<p>Public Hearing on IFP & Committee of the Whole to hear:</p> <ul style="list-style-type: none"> • Resolution Proposing Annexation • Resolution Calling Election re Annexation and Bonds • Resolution Confirming Election Results re Annexation and Bonds • Ordinance Adopting IFP Annexation Appendix and Confirming Annexation • Resolution Approving Increased Principal Amount of Bonds 	Tuesday, September 15, 2026
BOS Approval	<ul style="list-style-type: none"> • Resolution Proposing Annexation • Resolution Calling Election re Annexation and Bonds 	Tuesday, September 15, 2026
Elections	<ul style="list-style-type: none"> • Mail Ballot Election re Annexation and Bonds 	Monday, September 28, 2026
BOS Approval	<ul style="list-style-type: none"> • Resolution Declaring Election Results 	Tuesday, September 29, 2026

7 | Resolution of Intention to add Territory to the Treasure Island IRFD, Resolution Authorizing Executive Director of the Treasure Island Development Authority (or designee) to Prepare an Appendix to the Infrastructure Financing Plan Related to the Treasure Island IRFD

	<ul style="list-style-type: none">• Resolution Approving Increased Principal Amount of Bonds	
BOS 1st Hearing	<ul style="list-style-type: none">• Ordinance Adopting IFP Annexation Appendix and Confirming Annexation	Tuesday, September 29, 2026
BOS 2nd Hearing	<ul style="list-style-type: none">• Ordinance Adopting IFP Annexation Appendix and Confirming Annexation	Tuesday, October 6, 2026
Mayor Signs	<ul style="list-style-type: none">• Ordinance Adopting IFP Annexation Appendix and Confirming Annexation	Friday, October 16, 2026

**Please note that dates are estimated unless otherwise noted.*

Your consideration of this matter is greatly appreciated. Please contact Anna Van Degna (anna.vandegna@sfgov.org), Bridget Katz (bridget.katz@sfgov.org), Jamie Querubin (jamie.querubin@sfgov.org), or Min Guo (min.guo@sfgov.org) if you have any questions.