

The Economics of Land Use



Report

Fisherman's Wharf Revitalized

Findings of Fiscal Responsibility and Feasibility

Prepared for:

The City and County of San Francisco

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EXECUTIVE SUMMARY

Chapter 29 of the City's Administrative Code requires that the Board of Supervisors make findings of fiscal feasibility for certain development projects before the City's Planning Department may begin California Environmental Quality Act ("CEQA") review of those proposed projects. Chapter 29 requires consideration of five factors:

1. Direct and indirect financial benefits of the project, including, to the extent applicable, cost savings and/or new revenues, including tax revenues generated by the proposed project;
2. The cost of construction;
3. Available funding for the project;
4. The long-term operating and maintenance cost of the project; and
5. Debt load to be carried by the City department or agency.

This report provides information for the Board's consideration in evaluating the fiscal feasibility of a proposed development at Fisherman's Wharf (the "Project"). The Project consists of Pier 45 Sheds A and C, Seawall Lot (SWL) 300/301, and the Little Embarcadero. The Port of San Francisco ("Port") plans to develop these sites in partnership with Fisherman's Wharf Revitalized, LLC, a California limited liability company ("FWR"). A more detailed description of the Project is provided in the **INTRODUCTION** to this report.

(1) Financial Benefits. The Project will provide a range of direct and indirect benefits to the City and the Port. Additional details on and analysis of the Project's financial benefits are provided in **CHAPTER 1** of this report.

- a. Fiscal Benefits to the City and Port.** The development of the Project will provide both new ongoing and one-time revenues. Ongoing revenues to the City include new tax receipts from possessory interest (property tax), sales tax, transient occupancy tax, parking tax, and gross receipts taxes. These and other ongoing revenues are currently estimated to amount to nearly \$5.2 million in annual gross General Fund revenue to the City upon full build-out of the Project (in 2024 dollars). Roughly \$2.9 million in net new possessory interest tax revenue will be allocated to construction of eligible public facilities and infrastructure on the Project site through the use of financing districts. Excluding tax increment and funding reallocated to other City funds (i.e., baseline requirements), the Project generates an estimated \$1.7 million annually for the General Fund at build-out. Accounting for about \$300,000 in estimated annual municipal service costs attributed to the Project, the net fiscal impact on the General Fund is approximately \$1.4 million. Given the estimated fiscal benefit of roughly \$100,000 that is attributed to existing uses at the Project site, the analysis indicates an overall net benefit of nearly \$1.3 million. The analysis also anticipates an additional fiscal benefit accruing to the San Francisco Municipal

Transportation Agency (SFMTA), bringing the combined net benefit of the Project to nearly \$1.5 million per year.

In addition to these ongoing fiscal benefits, the City will receive an estimated \$11.1 million in one-time revenues from development of the project, including Development Impact Fees and tax revenue associated with construction (2024 dollars). These revenues include an estimated \$1.4 million in sales tax on construction materials and construction-related gross receipts tax. In addition, the project would generate \$9.7 million in fees, including Jobs-Housing Linkage, Transportation Sustainability, Schools, and Art Fee programs. Fees would be paid over the course of project development.

- b. Economic Benefits to the City.** The Project will have economic impacts that benefit the City's overall economy. New direct, indirect, and induced economic activity created by construction of the Project is estimated to create approximately 880 direct, indirect and induced jobs over the anticipated three-year duration of construction.¹ At full build-out, ongoing direct, indirect and induced economic activity at the Project is estimated to support over 500 permanent jobs in San Francisco, including jobs at the Project and additional jobs resulting from ripple effects in the local economy.
- c. Direct Financial Benefits to the Port.** The Port and FWR have drafted terms related to Project development. Under those terms, the Port will receive ground rent equal to \$2.5 million annually with a rent credit of \$1.5 million for up to 15 years at Pier 45 with the potential for percentage rent of gross revenues at SWL 300/301. If any lease under the Project is transferred, the Port will receive a 1.5 percent fee on net proceeds from the transfer.²
- d. Direct Benefits to the City.** As currently proposed, the Project will include a number of public benefits, including the rehabilitation and preservation of historic structures; creation of a unique San Francisco urban waterfront; elimination of a significant existing liability to the Port due to Pier 45's existing and anticipated capital needs; expansion of the City's inventory of job-creating commercial space by approximately 160,000 square feet; and an estimated \$185.9 million of new infrastructure.

(2) Cost of Construction. The Project as currently proposed will cost an estimated \$535 million to develop, including over \$370 million in construction. This cost estimate includes \$17 million for planning and entitlement, \$298.1 million for construction of buildings and structured parking, \$185.9 million for new infrastructure and public facilities, and \$33.0 million in other capital investments, as further detailed in **CHAPTER 2**.

¹ Construction jobs represent "job-years" generated over the course of development only.

² Term Sheet

- (3) Available Funding for the Project.** Predevelopment, infrastructure, and vertical development costs for the Project initially will be privately financed with risk capital by the FWR. FWR's investment in public facilities and infrastructure funding may be augmented by reimbursements from several sources, including special taxes levied by Community Facilities Districts (each, a "CFD") formed under the Mello-Roos Community Facilities Act of 1982; tax increment financing from Infrastructure Financing District ("IFD") project areas; and debt issuance backed by CFD and/or IFD revenues. Private risk capital will be used for construction of all commercial uses, including costs for building design and construction, City impact fees, and other agency fees. Additional information is provided in the **INTRODUCTION** and **CHAPTER 3**.
- (4) Long-Term Operating and Maintenance Costs.** FWR will be responsible for all operation and maintenance costs, including those associated with all publicly accessible open space and public realm maintenance as needed, for the term of the ground lease. These costs may be paid through CFD Services special taxes from the site if available, due from FWR or other property lessees. City departments, including the San Francisco Police and Fire Departments and the SFMTA, will have greater service responsibilities associated with the anticipated increases in employment and tourism within the Project area. **CHAPTER 4** provides additional information about municipal service burden and costs attributable to the Project. Cost estimates for City services are included in the Fiscal Impact Analysis and may be further refined through California Environmental Quality Act ("CEQA") review of the Project.
- (5) Debt Load to be Carried by the City or the Port.** As described in further detail in the Term Sheet, the Project proposes to use Project-generated proceeds of an IFD and a CFD to fund and/or reimburse the cost of construction of eligible public facilities and infrastructure. Such debt obligations will be secured by special taxes and possessory interest taxes paid by Project lessees and will not obligate the City's General Fund or the Port's Harbor Fund. The IFD property tax increment may be used to pay for or reimburse infrastructure costs directly or to pay debt service on CFD or IFD bonds, as described below. A CFD would be secured by the pledge of special taxes imposed by the District and the Port's land or by leasehold interests at the site. See **CHAPTER 5** for additional information.

1. INTRODUCTION

Chapter 29 of the City's Administrative Code requires that the Board of Supervisors review certain development projects before the City's Planning Department may begin California Environmental Quality Act ("CEQA") review of those proposed projects. In particular, the Board of Supervisors must make a determination of fiscal feasibility and responsibility when the plan for a proposed project exceeds \$25 million in construction cost, and where at least \$1.0 million of the cost is paid by certain public monies, including rent credits.

This report provides information under Chapter 29, subsection Sec. 29.2, for the Board's consideration in evaluating the feasibility of a proposed development by Fisherman's Wharf Revitalized, LLC, a California limited liability company ("FWR"), of Pier 45 Sheds A and C, Seawall Lot (SWL) 300/301, and the Little Embarcadero, collectively referred to as the "Project." The current Project program includes the construction of new retail, restaurants, events space, a visitor attraction, parking, and open space uses on Pier 45, in addition to the development of new beverage garden/restaurant and short-term vacation rental uses on SWL 300/301.

Section 29.2 of the San Francisco Administrative Code lists five criteria for evaluating the fiscal feasibility of a project:

- (1) Direct and indirect financial benefits of the project, including, to the extent applicable, cost savings or new revenues, including tax revenues generated by the proposed project;
- (2) The cost of construction;
- (3) Available funding for the project;
- (4) The long-term operating and maintenance costs of the project; and
- (5) Debt load to be carried by City departments and agencies.

Each of these criteria is discussed in the chapters that follow.

Central to this analysis is the Project's "Term Sheet," a non-binding document between the Port and the Developer, which outlines certain basic business terms and the proposed development project. The Term Sheet:

- Has been informed by an extensive ongoing public outreach process.
- Describes negotiated deal terms, including financial terms.
- Outlines the general concept for the Project as currently proposed.
- Outlines certain basic terms contemplated for the Project's final transaction documents, including a Lease Disposition and Development Agreement between the Port and FWR for the Site (LDDA) and Leases for areas of the Project.
- Is subject to endorsement by the Port Commission and the Board of Supervisors.

Provisions in the Term Sheet will be expanded upon in greater detail within various transaction documents that will accompany the final project approvals. The evaluation of fiscal feasibility, including financial benefits to the City and the Port, is preliminary, based on the current

conceptual Project plan. The information is subject to change as the project description is revised through public review, the CEQA process, and the negotiation of final transaction documents. Actual fiscal outcomes also will depend on future economic conditions; local, State and Federal policies; and other possible actions that may affect the Project.

Proposed Development

The proposed Project involves two sites (1) SWL 300/301 (excepting Boudin Bakery) and (2) portions of Shed A and former Shed C on Pier 45. The Project involves repurposing SWL 300/301 from its current use as a surface parking lot to a mixed-use development with visitor centers, a beverage garden, vacation rental units, a large public plaza and more generous waterfront promenade. On Pier 45, the Project seeks to preserve and protect existing uses – the fishing industry, parking resources, and an existing museum and historic military submarine – while introducing new visitor attractions that celebrate and support the fishing industry, add space for events, performances and immersive/experiential art, and expand public access. The combination of preserving existing while adding new is achieved through the construction of a new, multi-story building on Pier 45 at the site of former Shed C. New visitor attractions are concentrated on the upper floor(s) of the new Shed C building, and along the eastern edges of Shed A and C next to existing visitor attractions, combined with enhanced public access along the eastern apron of Pier 45. Fishing industry storage and support space, parking and back-of-house space is concentrated in the western portions of Sheds A and C, helping to keep these resources as convenient to the industry as possible, and maintaining separation between visitors and the fishing industry activity.

All development, on both SWL 300/301 and Pier 45, is anticipated to stay within the existing 40' height limit. In addition to the uses described above, there is a significant amount of investment anticipated in sea level rise and seismic resilience improvements, including the repair and strengthening of the piles under Shed A and former Shed C and repair/replacement of the east apron on Pier 45, and seawall enhancements along the north edge of SWL 300/301.

The following is a more detailed description of the proposed uses on each of the two sites:

SWL 300/301

- **Visitor Center** - Approximately 4,000 gross square feet of visitor center located at the eastern point of SWL 300/301, as well as a visitor center kiosk located at the corner of Taylor and Jefferson near the Fisherman's Wharf crab wheel sign (to be implemented as part of the "phase 0" / interim activation in the Phase 2 site) .
- **Beverage Garden** – Approximately 30,000 gross square feet of brewery and/or winery space located east of Mason Street, including both indoor space and outdoor deck at the lower level, and roof deck areas above both the Beverage Garden building and the Visitor Center.
- **Vacation Rental Units** - Approximately 11,000 gross square feet containing approximate 10 large hotel rooms / vacation rentals, with each unit containing one or more bedrooms and a kitchenette, located above the Beverage Garden.

- **Open Space** – Approximately 1.5 acres of parks will be constructed comprised of (1) a publicly accessible open space located between the Franciscan and Boudin, including a plaza, playground and/or green space (approximately 34,000 square feet), and (2) improvements to the Little Embarcadero and adjoining plazas to create a wider, enhanced pedestrian promenade area that can flex to vehicular use as needed (approximately 30,000 square feet).
- **Future Phase** - The western portion of SWL 300/301 adjacent to Taylor Street is anticipated to be redeveloped as part of a second phase of the Project, but because the uses for this area will be determined in the future, and the space is limited resulting in minor additional development relative to the scale of the first phase of the Project, this Chapter 29 Report does not analyze phase 2 improvements.

Pier 45

The Pier 45 development retains and improves Shed A and introduces a new mixed-use, multi-story structure where Shed C was previously located:

- **New Attractions** - Approximately 120,000 gross square feet of indoor visitor serving uses including an interactive exhibit hall dedicated to celebrating and providing education regarding the fishing industry and fisheries, fish processing that can be viewed by the public, a food hall with stalls highlighting fish and seafood dishes from around the world, an events center and immersive black box theater and performance arts space, and associated back-of-house support space and loading. The new building on former Shed C would include approximately 50,000 square feet of outdoor roof deck adjoining and above the uses outlined above.
- **Existing Attractions** – Approximately 20,000 gross square feet of existing visitor serving attractions (Musée Mécanique and the U.S.S. Pampanito) in Shed A.
- **Retail** - Seafood market and support space of approximately 10,000 square feet, and small gift shop/café space of another 5,000 square feet.
- **Industrial** – fishing industry support space (storage, staging and support uses) of approximately 50,000 gross square feet in the western portion of Shed A and part of the western portion of the lower level of new Shed C.
- **Open Space** – The east apron of Pier 45 will be open to the public all the way to the far northeastern point (at the northeast end of former Shed C), providing approximately 35,000 square feet of improved public open space.
- **Parking** – approximately 50 stalls on the ground floor of new Shed C (which can flex to additional staging area for the fishing industry during peak demand periods at the beginning and end of seasons (approximately 22,500 square feet).

Other than a small portion of SWL 300/301 (described above under "Future Phase"), the Project is anticipated to be built all in a single phase, with development anticipated to occur over a

period of approximately three years after approvals, subject to economic cycles and market conditions.

Operationally, the Project's entertainment, experiential, event, beverage and hospitality components are anticipated to be managed primarily by a single operator / self-operated by the Project's developer in consultation and with management support from industry experts in the entertainment and event center industry. Managing the majority of the attractions under a single operation is expected to generate staffing, marketing and operational efficiencies, along with ensuring a high quality and consistent guest experience.

Exceptions to the self-operated model include the existing attractions (Musée Mécanique and the U.S.S. Pampanito, leased to organizations currently operating those attractions), and the Food Hall, which is anticipated to have the majority of its stalls leased to third-party small businesses / food entrepreneurs. The developer plans to build out the back-of-house / shared kitchen and storage facilities, common seating and customer serving facilities, and provide janitorial and security staffing, freeing operators of individual stalls to focus on their food offerings. The Food Hall is being operated in this manner to (a) maximize quality, variety and diversity of dining options by highlighting best-in-class chefs across a wide range of cuisines, (b) reduce risk by not concentrating activity with a single food operator, and (c) lower barriers to entry for small businesses and underrepresented groups, advancing DEI goals.

Overview of Project Financing

FWR would be responsible for the construction or enhancement of all infrastructure and site improvements. Sources of funds would include:

- Developer equity and debt to fund Project costs;
- Community Facilities District (CFD) Mello-Roos funding backed by a dual pledge of special taxes and IFD tax increment;
- Resiliency funding from local, state and/or federal sources; and
- Other potential sources that improvement the financial viability of the project as identified by FWR, the Port, and other parties in the future.

Land disposition will occur through two to four 66-year ground leases. FWR will fund the cost of constructing the new park/plaza at SWL 300/301, and FWR (or its successor) will be responsible for maintenance of the park/plaza. A CFD Services Special Tax may be created to support ongoing operations of the site, if needed.

The Port and FWR will examine other potential project-generated public financing strategies or external public funding opportunities to build infrastructure, resiliency improvements, and the park. The parties will continue to discuss options for financing, with a final financing approach included in the LDDA.

In consideration for the land and investment of public funds, the Port will receive project revenues from a variety of sources. These potential revenues are described in greater detail in subsequent chapters.

Fiscal Benefits to the City and the Port

New development at the SWL 300/301 and Pier 45 will generate a range of ongoing tax revenues (see **TABLE 1**) and one-time fees and revenues (see **TABLE 2**). These revenues will help to fund services to the new development, as well as provide Port and Citywide services and facilities. Other economic benefits from the Project will include increased economic activity in the City and the creation of new jobs, summarized in **TABLE 3**. Lease revenues to the Port are described in Section C of this chapter.

Key assumptions and calculations of fiscal benefits are shown in **APPENDIX A**; economic impacts are detailed in **APPENDIX B**. The financial estimates are derived from the development scenario and operations plan proposed by FWR. This is the same development scenario and operations plan studied in the financial analyses that have underpinned the Term Sheet negotiation process.

The development scenario and operations plan are described in the Proposed Development subsection above. As programming and operations plans may change, exact fiscal benefits may vary depending on the actual development and operations, as well as on fiscal and economic conditions during the time the Project is developed and occupied.

New tax revenues from SWL 330/331 and Pier 45 will include both ongoing annual revenues (net of tax increment) and one-time revenues, as summarized in **TABLE 1** and **TABLE 2**, respectively. The revenues represent direct, incremental benefits. These tax revenues will be available to help fund public improvements and services both within the Project and Citywide. Development impact fee estimates shown in **TABLE 2** include the City's primary charges on new development. Additional connection charges will be incurred but are not quantified here. Fee estimates assume credit for existing uses and are conservative estimates of fee revenue generation.

Table 1 Fiscal Results Summary – Ongoing Annual Revenues (2024\$)

Revenue/ Expense Category	Existing Uses	Proposed Development	Net New
Recurring Annual Fiscal Impacts at Buildout			
<u>General Fund</u>			
Annual General Fund Revenues	\$133,000	\$2,318,000	\$2,185,000
(Less) General Fund Baseline Requirements	(\$38,000)	(\$664,000)	(\$626,000)
General Fund Revenue After Baseline Funding	\$95,000	\$1,653,000	\$1,558,000
(Less) General Fund Expenditures	\$0	(\$277,000)	(\$277,000)
Net Annual Impact on General Fund	\$95,000	\$1,376,000	\$1,281,000
<u>MTA Fund</u>			
MTA General Fund Baseline Funding	\$13,000	\$222,000	\$209,000
(Less) MTA General Fund Expenses	\$0	(\$37,000)	(\$37,000)
Net Impact on the MTA Fund	\$13,000	\$185,000	\$172,000
Total Recurring Fiscal Impact Estimate	\$108,000	\$1,561,000	\$1,453,000

Note: Totals may not sum due to rounding.

Table 2 Fiscal Results Summary, One-Time Revenues (2024\$)

Construction-Related Tax Revenue	
Sales Tax	\$652,000
Gross Receipts Tax	<u>\$722,000</u>
<i>Tax Revenue Subtotal</i>	<i>\$1,374,000</i>
Development Impact Fee Revenue	
Jobs-Housing Linkage	\$3,257,000
Child Care	\$0
Transportation Sustainability	\$4,146,000
School impact fee	\$35,000
Art fee	<u>\$2,293,000</u>
<i>Development Impact Fee Subtotal</i>	<i>\$9,731,000</i>
Total One-Time Fiscal Revenue Estimate	\$11,105,000

Note: Totals may not sum due to rounding.

New tax revenues from the Project will include both ongoing annual revenues and one-time revenues, as summarized in the prior tables. The revenues represent direct, incremental benefits of the Project. These tax revenues will be available to help fund public improvements and services both within the Project and Citywide. The following sections describe key assumptions and methodologies employed for estimating each revenue.

Possessory Interest and Property Taxes

Property tax at a rate of 1 percent of value is collected from the land and improvements.³ Parcels under ground lease are subject to "possessory interest tax" in equivalent to property tax. The City receives approximately \$0.65 of every property or possessory interest tax dollar collected. The remaining \$0.35 of every property or possessory interest tax dollar collected is distributed directly to other local taxing entities, including the State of California (ERAF), San Francisco Unified School District, City College of San Francisco, the Bay Area Rapid Transit District, and the San Francisco Bay Area Air Quality Management District. Typically, the General Fund distributes \$0.09 cents from its \$0.65 of property tax revenue to other dedicated City purposes, including the Children's Fund, Library Preservation Fund, and Open Space Fund. In this case, the full \$0.65 tax increment will be allocated to an IFD. Taxpayers also pay various "overrides," including taxes for Citywide General Obligation bonds, special taxes and assessments that exceed the constitutional one percent property tax. These overrides are not estimated in this analysis.

The Project's Term Sheet proposes to use CFD and City IFD tax increment revenues to fund or reimburse FWR for horizontal development (site preparation, infrastructure, and site-wide amenities) and the development of a park. This analysis assumes that net available possessory interest tax derived from the Project could be deployed to reimburse eligible costs, rather than remaining in the General Fund. This analysis assumes that possessory interest tax available to the IFD will only include net available increment generated by the Project itself. An Infrastructure Financing Plan (IFP) that will be adopted along with the approval of the IFD project area will direct where IFD increment will flow. According to the Port IFD policy passed by the Board of Supervisors on April 23, 2013, excess IFD taxes, if any, may go either to the General Fund or the City's seawall, subject to the discretion of the Board and the Mayor.

As a long-term ground lease, possessory interest in the land, along with buildings and other improvements will be assessed and taxed. The City Assessor will determine assessed values for the Project, and the estimates shown in this analysis are preliminary and subject to revision. For the purposes of this analysis, the secured assessed values of the Project are estimated based on development costs. Actual assessed values may vary depending on assessment methods, actual rents and occupancy levels, or other factors.

The assessed value is assumed to grow at a 2 percent annual rate (or at CPI, whichever is less) as permitted by State law, unless a transaction occurs which would reset the assessed value to the transaction price, or unless depreciation or adverse economic conditions negatively affect assessed value. The analysis assumes that the overall growth in value will keep pace with

³ Ad valorem property taxes supporting general obligation bond debt in excess of this 1 percent amount are excluded for purposes of this analysis. Such taxes require separate voter approval and proceeds are payable only for uses approved by the voters.

inflation. The Term Sheet includes mechanisms, specifically the formation of a CFD Special Tax District, to assure that infrastructure can be adequately funded even if IFD property taxes decline (e.g., due to an assessment appeal). Though not estimated here, it is likely that taxes will also accrue during construction, depending on the timing and method of assessment and tax levy.

Property Tax In-Lieu of Vehicle License Fees

The State budget currently converts a sizable portion of what used to be Motor Vehicle License Fee (VLF) subventions, previously distributed by the State based using a per-capita formula, into property tax distributions. These distributions increase over time based on assessed value growth. These City revenues are projected to increase proportionately to an increase in the assessed value added by new development.

Sales Taxes

The City General Fund receives 1 percent of taxable sales. Sales taxes will be generated from Project-related sources, including taxable sales at new retail and restaurant uses as well as taxable sales by overnight guests at the Project. In addition to the 1 percent sales tax received by every city and county in California, voter-approved local taxes dedicated to transportation purposes are collected. Two special districts, the San Francisco County Transportation Authority and the San Francisco Public Financing Authority (related to San Francisco Unified School District) also receive a portion of sales taxes in addition to the 1 percent local portion. The City also receives revenues from the State based on sales tax for the purpose of funding public safety-related expenditures. Sales taxes beyond the 1 percent sales tax are not quantified by this analysis.

The sales tax revenue estimate considers the likelihood that some retail sales achieved at the Project will be diverted from existing retailers and restaurants in San Francisco. The analysis assumes that 70 percent of on-site taxable sales will be net new. A sensitivity test of this assumption considered the possibility that only 30 percent of on-site taxable sales would be net new. This test scenario reduced City tax revenue by approximately \$250,000 and lowered the net fiscal benefit of the Project on the General Fund from \$1.3 million to \$1.1 million.

Sales Taxes from Construction

During the construction phases of the Project, one-time revenues will be generated by sales taxes on construction materials and fixtures. Sales tax will be allocated directly to the City and County of San Francisco in the same manner as described in the prior paragraph.

Transient Occupancy Tax (TOT)

Hotel Room Tax (also known as Transient Occupancy Tax or TOT) will be generated by the vacation rentals at the Project. TOT is 14 percent, with 1.5 percentage points earmarked for Arts and Culture. The remainder accrues to the General Fund (before "baseline requirements" discussed below).

Parking Tax

The City collects tax on parking charges at garages and surface lots open to the public or dedicated to commercial users. The tax is 25 percent of the pre-tax parking charge. The SFMTA

retains 80 percent of the parking tax revenue; the other 20 percent is available to the General Fund (before baseline requirements). This analysis assumes that all new parking spaces envisioned for the Project will generate parking tax. This analysis does not include any off-site parking tax revenues that may be generated by visitors to the Project that park outside of the Project.

Property Transfer Tax

The City collects a property transfer tax ranging from 0.5 percent to 6 percent, depending on the magnitude of the transaction. Turnover will be infrequent due to the uniqueness of the Project and FWR's expressed desire to hold the asset. Although it is possible that additional sales could occur, the fiscal analysis makes the conservative assumption that the Project sells once during the 66-year lease term. For estimating purposes, the likelihood of a sale is spread evenly over each year of the lease. The analysis applies the City's top tax rate of 6 percent, for sales over \$25 million.

Gross Receipts Tax

Estimated gross receipts tax revenues are generated from on-site business activity and rental income. This analysis assumes FWR is the primary operator, but that there also are 20 small food businesses and an industrial fish processing business that operate with the Project. Tax rates are industry-specific 2024 rates. Actual revenues from future gross receipt taxes will depend on a range of variables, including business sizes, share of activity within San Francisco, and other factors. The analysis assumes that businesses in the food court will be small businesses that are exempt from the gross receipts tax.

One-Time Revenues

The City will collect revenues that are not recurring, including Development Impact Fees (see below) and sales taxes from the sale of construction materials.

Tax Revenues

Project development will generate one-time tax revenue for the City. This analysis estimates sales tax revenue and gross receipts tax revenue attributable to construction.

Development Impact Fees

The Project will generate City and School District impact fees. Preliminary one-time fee revenues include the following estimates generated by FWR.

- Jobs Housing Linkage Program Fee. The Jobs Housing Linkage Program Fee is anticipated to generate approximately \$3.3 million in revenue, based on 116,000 square feet of commercial space subject to the program and fee levels that range from \$8.80 to \$33.36 per square foot.
- Child Care Impact Fee. The Child Care Impact Fee program applies to projects that add more than 25,000 square feet of office or hotel space. The fee is not expected to apply to the Proposed project.
- Transportation Sustainability Fee. The TSP Fee program is anticipated to generate approximately \$4.1 million in revenue, based on 155,000 square feet of commercial space subject to the program and fee levels that range from \$11.21 to \$30.09 per square foot. The

estimate reflects a fee credit for Production, Distribution, and Repair (PDR) space that is redeveloped within the Project.

- Public Art Fee. The Public Art Fee is anticipated to generate approximately \$2.3 million, calculated as 1% of eligible construction costs.
- School Development Impact Fee. The School Development Impact Fee is anticipated to generate \$35,000 in revenue, based on 63,000 square feet of commercial space subject to the program and fee levels that range from \$0.31 to \$0.60 per square foot.

In addition to the impact fees charged by the City and School District, there are a range of other utility connection and capacity charges that will be collected based on utility consumption and other factors.

Economic Benefits to the City

The construction of the Project and future economic activity of businesses that will occupy the Project will create short-term construction spending and jobs, as well as longer-term, permanent jobs and economic activity in San Francisco. The economic analysis provides estimates of these benefits, including the "ripple" or "multiplier" effects from expenditures by new businesses and households that in turn generate more business to suppliers and other industries supporting the new businesses at the Project.

The estimates are based on the current Project proposals and plans, subject to refinement during the negotiations and entitlement, including environmental review. The current analysis is intended to provide a general "order of magnitude" of benefits, and to provide a description of the types of benefits. A detailed market analysis has not been prepared as a part of this report. The assumptions and methodologies are believed sufficient for a planning-level analysis.

APPENDIX B offers additional detail concerning economic benefits estimates. **TABLE 3** summarizes the potential economic benefits of the Project.

Employment

New, permanent full- and part-time jobs will be created by the Project. The number of jobs to San Francisco residents will depend on the ability of local residents to compete for Project employment opportunities and implementation of local hire policies. The analysis identifies total employment at the Project and additional job creation from business and household spending attributable to the Project.

Economic Output

Direct economic output refers to sales and revenue generated by businesses located at the Project. These revenues and income support Project business spending on goods, supplies, and services in San Francisco, which generates additional "indirect" economic activity and support additional jobs at those suppliers. The San Francisco households holding direct and indirect jobs will spend a portion of their income in the City, which generated "induced" economic output. Together, indirect and induced impacts are referred to as the "ripple" or "multiplier" effect. Total output is the sum of direct, indirect, and induced business revenue in the City as a result of the Project.

Short-Term (One-Time) Construction Impacts

Construction expenditures for site development and vertical construction will create a range of economic benefits to the City. In addition to generating "direct" construction activity and jobs on site, the construction expenditures will also generate new business and jobs "indirectly" for San Francisco firms serving the construction industry. Expenditures in San Francisco by the households of employees of companies benefiting from these direct and indirect expenditures will create additional "induced" benefits to the City. Construction expenditures of over \$370 million over a 3-year period will generate approximately 2,300 direct job-years.⁴ The indirect and induced effects will create another 370 job-years.

Long-Term (Ongoing) Annual Economic Impacts

The Project's long-term impacts will be generated by the ongoing operations of the anticipated mix of businesses and activities, including retail, restaurant, attractions, and other activities, as described above. Similar to one-time impacts, direct economic activity and employment at the Project will generate indirect and induced multiplier impacts in San Francisco. The analysis estimates approximately 277 jobs at the Project will generate nearly \$150 million in economic activity. Including multiplier impacts, the Project could produce over 500 jobs and \$230 million in economic activity annually in the city.

⁴ A "job-year" is one full-time equivalent construction job for a period of one year.

Table 3 Estimated Annual Economic Impacts (2024\$)

Impact Category	Employment	Economic Output (Millions; 2024\$)
<u>Ongoing Project Employment</u>		
	<u>Annual Average Jobs</u>	
Direct	277	\$149.53
Indirect	155	\$58.23
Induced	<u>89</u>	<u>\$24.64</u>
Total Impact	521	\$232.39
<u>One-Time Project Construction</u>		
	<u>Job-Years</u>	
Direct	2,264	\$372.33
Indirect	130	\$49.75
Induced	<u>238</u>	<u>\$65.63</u>
Total Impact	2,632	\$487.71
<u>Average Construction Period Impacts (1)</u>		
	<u>Jobs</u>	
Direct	755	\$124.11
Indirect	43	\$16.58
Induced	<u>79</u>	<u>\$21.88</u>
Total Impact	877	\$162.57
(1) Assumes a 3-year construction timeline.		

Direct Financial Benefits to the Port

The following provides a summary of key financial terms from the Project's Term Sheet. This summary is not meant to be a comprehensive description of the deal structure.

Port Revenues

The transfer of Project parcels for vertical development will occur through 66-year leases. The Port will receive various revenues over the 66-year lease period, including construction period rent, base rent and percentage rent. The Term Sheet also provides that the Port may collect transfer fees upon certain refinancings, ground lease transfers, and property sales.⁵ These transfer fees are separate and distinct from transfer tax collected by the City.

Operating Expenses

Certain operational and maintenance expenses will be the responsibility of the FWR. Other operational responsibilities, including for sewers, electrical infrastructure, and water lines will be the responsibility of the applicable utility operators. **CHAPTER 3** describes public services.

Capital Investment

FWR will fund, with risk capital, the Project's entitlement and planning costs, as well as the hard and soft costs of site preparation, infrastructure, parks, and other public facilities which are not otherwise funded directly through CFD or IFD revenues. These investments are projected to equal up to \$17 million for entitlement and planning costs and up to \$185.9 million for infrastructure and public facilities.⁶ Most public infrastructure and facilities costs will be eligible for reimbursement from IFD bond proceeds and tax increment revenues, CFD bond proceeds and CFD special tax revenues. New commercial buildings will likely be funded solely through private sources of investment. Other public financing mechanisms may be explored.⁷

Direct Benefits to the City – Creation and Maintenance of New Public Access Facilities

The Project will provide approximately two acres of park area and useable open space on site, composed of both new parks and enhanced existing open space, including:

- A new multi-purpose programmed and activated plaza and park on SWL 300/301 (approximately 0.75 acres);
- A more generous waterfront promenade along the north edge of SWL 300/301 (approximately 0.7 acres), making improvements to the existing Little Embarcadero right-of-

⁵ Term Sheet.

⁶ Term Sheet.

⁷ Term Sheet.

way to allow it to flex between industry use during peak periods, and then primarily pedestrian use the remainder of the time; and

- Improved and enhanced public access along the east apron of Pier 45 leading all the way to the point of the pier adjoining Shed C (approximately 0.7 acres).

The maintenance of these facilities will be funded by FWR.

Other Public Benefits

Development of the Project represents an opportunity to revitalize the Fisherman's Wharf district of the San Francisco waterfront, bringing a vital mix of visitor-focused uses that will support business and recreational activities within an area now characterized by declining economic activity. The Project will generate benefits for the City and community in the form of urban revitalization, employment opportunities, preservation of maritime facilities (portions of Shed A and Shed C), improved public waterfront access, improvements to Port property including sea level rise protections, new outdoor recreation opportunities, and City-wide fiscal and economic benefits as described by this report.

2. COSTS OF CONSTRUCTION FOR THE PROJECT

Development Costs

FWR will be responsible for delivering site improvements and buildings. Development costs presented here reflect FWR capital investment budgeting.

Entitlement and Planning

The costs for entitlements and Project planning are estimated to total approximately \$17 million.⁸

Project Infrastructure

The site will require substantial new infrastructure. These improvements include but are not limited to pier stabilization improvements that address seismic protection and projected sea level rise, parks, and pier apron open space. Public realm improvements at the “Little Embarcadero” include seawall, pathway, plaza, and public square investments. On Pier 45, pier and piling reinforcement and east apron repair will be addressed. The total budget for Project infrastructure is \$185.9 million in 2024 dollars, including hard and soft costs.⁹

Building Construction and Other Improvements

The total cost for private commercial spaces is anticipated to total \$298.1 million in 2024 dollars, including hard and soft costs.¹⁰ These costs will be privately funded through a combination of investment sources.

Other Capital Requirements

The FWR capital budget also includes costs for advertising, a mobile phone application for interactive visitor experience, video production for the immersive experience component of the Project, and working capital (i.e., additional startup funds).

⁸ FWR Capital Budget.

⁹ FWR Capital Budget.

¹⁰ FWR Capital Budget.

3. AVAILABLE FUNDING FOR THE PROJECT

Predevelopment

FWR will privately finance the predevelopment costs with at-risk capital.

Project Infrastructure

FWR will provide initial financing for the construction of Project infrastructure, except in certain cases where financing can be obtained for a lower cost of funds. Any financing will be reimbursed and augmented from the following sources:

- Rent Credits – The Pier 45 Lease will provide a \$1.5 million annual rent credit for up to 15 years (to a maximum of \$22.5 million).
- Proceeds of Community Facilities District (CFD) – CFD debt payments will be secured by a special tax lien on the property or by the Project’s lessees and owners. IFD revenues generated by value created by the Project are intended to pay the CFD debt service. CFD special taxes that are not required for debt service may be used for “pay as you go” funding.
- Proceeds of Infrastructure Financing District (IFD) – Project-generated tax increment may be used to pay or reimburse eligible horizontal development costs on a pay-as-you-go basis, to service tax increment bond financing used to pay qualified project costs, to repay CFD debt, or for any other reason authorized by IFD law.¹¹
- IFD tax increment revenues not otherwise required for debt service (“Pay-Go”) – Additional IFD revenues will be available to fund infrastructure on a pay-as-you-go basis, since only a portion of the revenues will be committed to debt service due to coverage requirements. In the event all IFD-eligible infrastructure has been completed and debt has been retired, tax increment may go either to the General Fund or the City’s seawall, subject to the discretion of the Board and the Mayor.

Detailed terms and conditions related to financing district revenues and debt issuance, and rent payments are further described in the Term Sheet. The Term Sheet also identifies that funding options that will be explored, including state and federal incentives that might be available for horizontal and vertical construction of the Project.¹²

Building Construction and Other Improvements

Private funds are anticipated to be used for construction of all commercial uses, including all costs for building design and construction, City impact fees, and other agency fees.

¹¹ Term Sheet.

¹² Term Sheet.

4. LONG-TERM OPERATING AND MAINTENANCE COSTS

The Project will generate demand for public services. Issues facing City departments and the Port may be identified or further refined during the course of environmental review and addressed through Project mitigation measures. Funding for ongoing municipal services is likely to come from a combination of Project-generated City taxes and other public revenues, one-time and ongoing Project fees, special taxes or assessments, or other sources to be determined. Public facilities and services will be evaluated in greater detail during the environmental review process to determine specific need, implementation, and funding.

Public Open Space

The Project will include approximately 2 acres of public parks and open spaces, composed of a new park on SWL 300/301, enhanced public promenade along the northern edge of SWL 300/301 and a more publicly accessible apron on the east side of Pier 45, leading to Shed C. Maintenance of the parks and open space will be the responsibility of FWR.¹³ Plans for Pier 45 call for additional rooftop open space, which would also be maintained FWR. The installation and maintenance of private open space on Pier 45 will be the responsibility of FWR.

Municipal Service Burden

FWR and future owners will be responsible for maintenance of all Project improvements consistent with all Port standards. The CEQA process is anticipated to address specific offsite or municipal service impacts and potential mitigations that may be required for this Project. Upon buildout, the annual cost to provide municipal services to the Project is estimated to total \$280,000 per year. The breakdown of expenditures by departments is shown in the following **Table 4**.

The cost estimates have been derived based on the application of current citywide service cost factors to the Project's projected service population upon buildout. Citywide per capita service cost factors were estimated based on the portion of each department's budget that is linked to employment growth. Based on prior fiscal impact analyses conducted for the City of San Francisco, the portion department budgets that expand to meet increased service demand range from 25% to 50%, including 100% for police and fire departments, 90% for the public works, transportation and commerce department, and 25% for all other departments.

Consistent with other recent fiscal impact analyses prepared for the City, the analysis assumes that the service population of the City (and of the Project) is equivalent to 100% of residents plus 50% of the number of employees. The 50% factor recognizes that employees do not require the same level of services as do residents and that a portion of employees are also residents.

¹³ Term Sheet.

Table 4 Estimated Annual City Service Costs (2024\$)

Community Health	\$33,000
Culture & Recreation	\$6,000
General Administration & Finance	\$10,000
General City Responsibilities	\$5,000
Human Welfare & Neighborhood Development	\$47,000
Public Protection	
Police	\$79,000
Fire	\$54,000
Other Public Protection	\$18,000
Public Works, Transportation & Commerce	\$26,000
Total Expenditures	\$278,000

SFMTA

SFMTA will likely incur a marginal increase in service demand attributable to the Project, but no major capital improvements are expected. And in addition to potential farebox revenue increases, the Project will add funding for SFMTA. Based on SFMTA’s share of mandated General Fund transfers and the General Fund’s contribution to MTA Fund expenses, this analysis estimates that the Project will generate a net fiscal benefit to the MTA Fund, as shown in **TABLE 1**. Revenue from net new General Fund baseline transfers to the MTA Fund is estimated at over \$220,000 per year.

The MTA analysis focuses on General Fund-related impacts on MTA in order to reasonably isolate the Project’s effect on the MTA, implicitly assuming that other funding sources for MTA operations (e.g., federal and state funding) will increase commensurately. MTA revenues considered by this analysis include the required baseline transfers to MTA from the General Fund. Similarly, MTA cost impacts reflect only the portion of MTA Fund expenses supported by City’s General Fund contributions. Funding sources beyond the Project’s contributions to the General Fund, such as State and Federal support, MTA farebox recovery, and marketing revenues, are anticipated to increase proportionally with the expansion of the General Fund’s contribution to the MTA Fund.

5. DEBT LOAD TO BE CARRIED BY THE CITY OR THE PORT

The Project proposes to use a portion of newly created property tax funds, collected through an Infrastructure Financing District (IFD), to help pay for the horizontal development costs required by the Project. The IFD obligations will be secured by property taxes (and possessory interest taxes) paid by the Project lessees and property owners and will not obligate the City's General Fund or the Port's Harbor Fund. The property tax increment may be used to repay IFD bonds, or to pay debt service on CFD bonds, as described below.

The Project may use CFD bonds to reimburse infrastructure costs, with CFD debt service to be paid by IFD revenues. The CFD bonds will be secured by special taxes paid by lessees and will not obligate the City's General Fund or the Port's Harbor Fund, though such taxes may negatively impact land value and the Port's corresponding revenues.

Although specific financing vehicles will be refined as the financial planning continues, it is expected that the annual IFD revenues will fund debt service on approximately \$40 million of net proceeds from bonds (in nominal dollars). The specific mix of CFD and IFD bonds will be determined based on future market conditions, and on the appropriate mix necessary to minimize financing costs.



APPENDIX A:
Fiscal Analysis

**Table A-1
Annual Fiscal Impact Summary Detail with Tax Increment
Fisherman's Wharf Revitalized FIA; EPS #241059**

Revenue/ Expense Category	Existing Uses	Proposed Development	Net New
<u>General Fund Revenues</u>			
Property Tax	\$9,000	\$9,000	\$0
Property Tax in Lieu of VLF	\$1,000	\$476,000	\$474,000
Property Transfer Tax	\$0	\$406,000	\$406,000
Sales Tax	\$0	\$441,000	\$441,000
Transient Occupancy Tax (TOT)	\$0	\$160,000	\$160,000
Gas Electric Steam Users Tax	\$0	\$22,000	\$22,000
Telephone Users Tax Land & Mobile	\$0	\$9,000	\$9,000
Water Users Tax	\$0	\$2,000	\$2,000
Access Line Tax	\$0	\$7,000	\$7,000
Parking Tax	\$105,000	\$132,000	\$27,000
Gross Receipts Tax	\$17,000	\$604,000	\$586,000
Business Registration	\$0	\$47,000	\$47,000
Commercial Rents Tax	\$0	\$3,000	\$3,000
Subtotal General Revenue	\$133,000	\$2,318,000	\$2,185,000
(less) General Fund Baseline Requirements	<u>-\$38,000</u>	<u>-\$664,000</u>	<u>-\$626,000</u>
General Fund Revenue After Requirements	\$95,000	\$1,653,000	\$1,558,000
<u>General Fund Expenditures</u>			
Community Health	\$0	\$33,000	\$33,000
Culture & Recreation	\$0	\$6,000	\$6,000
General Administration & Finance	\$0	\$10,000	\$10,000
General City Responsibilities	\$0	\$5,000	\$5,000
Human Welfare & Neighborhood Development	\$0	\$47,000	\$47,000
Police	\$0	\$79,000	\$79,000
Fire	\$0	\$54,000	\$54,000
Other Public Protection	\$0	\$18,000	\$18,000
Public Works, Transportation & Commerce	\$0	\$26,000	\$26,000
Total General Fund Expenditures	\$0	\$277,000	\$277,000
NET Annual General Revenues	\$95,000	\$1,376,000	\$1,281,000
<u>MTA Fund</u>			
MTA General Fund Baseline Funding	\$13,000	\$222,000	\$209,000
MTA General Fund Expenses	\$0	\$37,000	\$37,000
Net Impact on the MTA Fund	\$13,000	\$185,000	\$172,000
Total Fiscal Benefit Estimate	\$108,000	\$1,561,000	\$1,453,000

Note: Totals may not sum due to rounding.

Table A-2
Existing Uses and Proposed Project Program Summary
Fisherman's Wharf Revitalized FIA; EPS #241059

	Existing Uses	Proposed Project
<u>Retail & Restaurant</u>		
Pier 45 Retail Lease Space	0	5,000
FWR Restaurants, Beverage Garden & Retail	<u>0</u>	<u>52,000</u>
Retail & Restaurant Square Footage	0	57,000
Vacation Rental Units	0	10
Industrial Square Footage		
Shed A Storage	50,000	50,000
Fish Processing	0	3,000
Exhibit Space Square Footage	0	44,000
Attraction / Event Space Square Footage	0	53,000
Musée Mécanique Square Footage	9,735	9,735
USS Pampanito	12,057	12,057
Parking Spaces	230	50

Sources: Port of San Francisco; FWR; Economic & Planning Systems, Inc.

**Table A-3
Service Population
Fisherman's Wharf Revitalized FIA; EPS #241059**

	Visitor/Worker Density Assumptions (1)		Existing Uses	Proposed Development	Net New
<u>Employment</u>					
Retail	368	SF / Employee	0	155	155
Vacation Rental Units	787	SF / Employee	0	14	14
Industrial					
Storage (2)	N/A	SF / Employee	0	0	0
Fish Processing	597	SF / Employee	0	5	5
Exhibit	1,000	SF / Employee	0	44	44
Attraction / Event Space	900	SF / Employee	<u>0</u>	<u>59</u>	<u>59</u>
Total Employment (3)			0	277	277
Service Population Total	0.5	Employee Service Burden Weight (3)	0	138	138

(1) Employment density assumptions derive from the Jobs Housing Nexus Report for the City of San Francisco (Keyser Marston Associates, 2019).

(2) Assumes storage is not a primary business employment location.

(3) Musée Mécanique not analyzed by this preliminary FIA. Analysis assumes the business operations remain and operate similarly after proposed development.

(4) Per-job employee City service burden is weighted at 50 percent of resident burden.

Sources: Jobs Housing Nexus Report for the City of San Francisco; RFW; Economic & Planning Systems, Inc.

Table A-4
FY2023-24 Revenue Budget Summary and Fiscal Impact Estimating Factors
Fisherman's Wharf Revitalized FIA; EPS #241059

Item	FY2023-24 Adopted General Fund	Estimating Factors Applied to Calculate Project Revenue
<u>Property Taxes</u>	\$2,510,000,000	
Property Tax in Lieu of VLF	\$360,200,000	% of Citywide Assessed Value
Other Property Taxes (1)	\$2,149,800,000	64.59% of base property tax rate (1%)
<u>Other Local Taxes</u>	\$1,098,880,000	
Sales Tax	\$200,050,000	1.00% of estimated taxable sales
Hotel Room Tax	\$302,910,000	<i>not estimated</i>
Parking Tax	\$84,100,000	<i>not estimated</i>
Property Transfer Tax	\$221,960,000	rate schedule
Gas Electric Steam Users Tax	\$55,270,000	\$81 per employee
Telephone Users Tax	\$50,870,000	\$33 per resident/employee
Water Users Tax	\$5,280,000	\$8 per employee
Access Line Tax	\$55,600,000	\$47 per service population
Other Local Taxes	\$122,840,000	<i>not estimated</i>
<u>Business Taxes</u>	\$851,100,000	
Gross Receipts Tax	\$811,100,000	tax rate schedule
Business Registration Fees	\$40,000,000	tax rate schedule
<u>Other Revenues</u>	\$2,372,003,039	
Rents & Concessions	\$14,571,090	<i>not estimated</i>
Fines, Forfeiture, & Penalties	\$3,014,441	<i>not estimated</i>
Interest & Investment Income	\$121,070,506	<i>not estimated</i>
Licenses, Permits, & Franchises	\$30,291,484	<i>not estimated</i>
Intergovernmental	\$1,477,114,905	<i>not estimated</i>
Charges for Services	\$272,865,183	<i>not estimated</i>
Other Revenues	\$17,531,790	<i>not estimated</i>
Transfers In	\$211,296,220	<i>not estimated</i>
Prior Year	\$224,247,420	<i>not estimated</i>
Total Revenues	\$6,831,983,039	

(1) Other Property Taxes includes Excess ERAF, which is determined by a separate formula.

Sources: City and County San Francisco Budget and Appropriation Ordinance 2023/2024; Economic & Planning Systems, Inc.

**Table A-5
Proposed Project Assessed Valuation Estimate
Fisherman's Wharf Revitalized FIA; EPS #241059**

	Program Assumptions	Assessed Value Factor (1)	Total AV at Buildout
Retail	52,000 Square Feet	\$1,306 per Sq.Ft.	\$67,925,000
Vacation Rental Units	11,000 Square Feet	\$957 per Sq.Ft.	\$10,530,000
Fish Processing	3,000 Square Feet	\$1,300 per Sq.Ft.	\$3,900,000
Exhibit	44,000 Square Feet	\$1,335 per Sq.Ft.	\$58,760,000
Attraction / Event Space	53,000 Square Feet	\$1,459 per Sq.Ft.	\$77,350,000
Roof Deck	53,000 Square Feet	\$325 per Sq.Ft.	\$17,225,000
Pier 45 Improvements	367,500 Square Feet	\$570 per Sq.Ft.	<u>\$209,381,250</u>
Total Taxable Improvements			\$445,071,250
Existing Assessed Value			\$1,403,694
Total Assessed Valuation at Project Buildout (2)			\$446,474,944

(1) Derived from Project Sponsor capital budgeting.

(2) FWR improvements assumed to be additive to existing possessory interest to establish Total Project Assessed Valuation.

Sources: Port of San Francisco; FWR; Economic & Planning Systems, Inc.

**Table A-6
Property Tax Revenue Estimate
Fisherman's Wharf Revitalized FIA; EPS #241059**

Assumption / Factor			Existing Uses	Proposed Project	Net New
Total Assessed Value			\$1,403,694	\$446,474,944	\$445,071,250
Property Tax	1.0%	Base Property Tax Rate	\$14,037	\$4,464,749	\$4,450,713
General Fund Revenue	64.588206%	Allocation to General Fund	\$9,066	\$2,883,702	\$2,874,635
Tax Increment Allocation			N/A	\$2,874,635	\$2,874,635
Revenue to General Fund (1)			\$9,066	\$9,066	\$0

(1) Existing General Fund revenue to the General Fund is maintained; Tax Increment Allocation excludes current property tax.

Sources: City and County San Francisco Budget and Appropriation Ordinance 2023/2024; Economic & Planning Systems, Inc.

Table A-7
Property Tax In Lieu of VLF Estimate
Fisherman's Wharf Revitalized FIA; EPS #241059

	Existing Uses	Proposed Project	Net New
Existing Citywide Property Tax in Lieu of Vehicle License Fee (VLF) (1)	\$362,629,080		
Citywide Assessed Value (2)	\$340,171,657,016		
Project Incremental Assessed Value	\$1,403,694	\$446,474,944	\$445,071,250
Project Net Assessed Value Increase (3)	0.0004%	0.1312%	0.1308%
Property Tax In Lieu of VLF Revenue (4)	\$1,496	\$475,950	\$474,454
VLF Increase Per \$1B AV	\$1,066,017.91	\$1,066,017.91	\$1,066,017.91

(1) FY 2023-24 Citywide VLF recovered per Controller's Office Property Tax Manager.

(2) FY2023-24 net total assessed value for VLF per Controller's Office Property Tax Manager.

(3) Calculated by dividing the net new assessed value by citywide assessed value.

(4) Calculated by multiplying existing property tax in lieu of VLF by percentage increase in net assessed value.

Sources: City and County San Francisco Budget and Appropriation Ordinance 2023/2024; Economic & Planning Systems, Inc.

Table A-8
Property Transfer Tax Estimate
Fisherman's Wharf Revitalized FIA; EPS #241059

	Existing Uses	Proposed Project	Net New
Assessed Value	\$1,403,694	\$446,474,944	\$445,071,250
Turnover Rate (1)	0.0%	1.5%	
Average Annual Taxable Transactions	\$0	\$6,764,772	\$6,764,772
Transfer Tax Rate (2)	N/A	6.0%	
Property Transfer Tax Revenue	\$0	\$405,886	\$405,886

(1) Assumes no turnover of existing possessory interest. EPS turnover rate assumption for proposed project assumes one sale during the 66-year lease term.

(2) Assumes the commercial real estate component of the Project sells as part of a single transaction valued at over \$25 million.

Sources: City and County San Francisco Budget and Appropriation Ordinance 2023/2024; Economic & Planning Systems, Inc.

Table A-9
Annual Sales Tax Revenue Estimate
Fisherman's Wharf Revitalized FIA; EPS #241059

	Assumptions / Factor	Existing Uses	Proposed Project	Net New
<u>Visitor Spending</u>				
Number of Rooms		0	10	10
Total Room Nights	70% Occupancy	0	2,555	2,555
Total Taxable Spending (1)	\$237 per diem spending	\$0	\$605,535	\$605,535
Taxable Retail Sales in San Francisco	75% City Capture Rate	\$0	\$454,151	\$454,151
(Less) Visitor Spending On Site	10% of retail expenditures	\$0	<u>-\$45,415</u>	<u>-\$45,415</u>
Visitor Taxable Spending in San Francisco		\$0	\$408,736	\$408,736
<u>On-Site Taxable Sales</u>				
Retail Space (Sq.Ft.)		0	57,000	57,000
Taxable Sales Per Square Foot		\$0	\$1,094	\$1,094
Gross Taxable Retail Sales		\$0	\$62,376,250	\$62,376,250
Sales Net of Redistributed Sales in City	70% of total taxable sales	\$0	\$43,663,375	\$43,663,375
Total Net New Taxable Retail Sales		\$0	\$44,072,111	\$44,072,111
Total Sales Tax Revenue	1.0% of taxable sales	\$0	\$440,721	\$440,721

(1) Per Diem reflects the meals and incidental expenses rate set out by the United States General Services Administration for San Francisco. Assumes 3 occupants per vacation rental unit.

Sources: Port of San Francisco; FWR; Economic & Planning Systems, Inc.

Table A-10
Transient Occupancy Tax Revenue Estimate
Fisherman's Wharf Revitalized FIA; EPS #241059

Item	Assumption / Factor	Existing Uses	Proposed Project	Net New
Hotel Rooms		0	10	10
Gross Revenue Potential	\$500 Average Daily Room Rate	\$0	\$1,825,000	\$1,825,000
Room Revenue Estimate	70% Occupancy Rate	\$0	\$1,277,500	\$1,277,500
Total TOT Revenue	14.0% TOT Rate	\$0	\$178,850	\$178,850
TOT to General Fund	12.5%	\$0	\$159,688	\$159,688
TOT to Arts & Culture (1)	<u>1.50%</u> 14.0%	\$0	\$19,163	\$19,163

(1) 1.5% of the 14% TOT rate is dedicated to the arts.

Table A-11
Gross Receipts Tax Revenue Estimate
Fisherman's Wharf Revitalized FIA; EPS #241059

Assumptions / Factor	Existing Uses	Proposed Project	Net New
<u>Business Entities</u>			
Fisherman's Wharf Revitalized			
Entertainment	0.0	1.0	1.0
Food & Beverage	0.0	1.0	1.0
Other	0.0	1.0	1.0
Food Hall	0.0	20.0	20.0
Industrial (1)			
Processing	29.6 employees/firm	0.0	0.2
SWL 300/301 Parking	1.0	0.0	-1.0
<u>Gross Receipts Estimate</u>			
Fisherman's Wharf Revitalized (2)			
Entertainment		\$85,000,000	\$85,000,000
Food & Beverage		\$27,126,250	\$27,126,250
Other		\$13,806,890	\$13,806,890
Food Hall		\$22,200,000	\$22,200,000
Industrial (3)			
Processing	\$758,374 revenue/employee	\$0	\$3,810,922
SWL 300/301 Parking		\$2,060,258	\$0
<u>Gross Receipts Tax Revenue (4)</u>			
Fisherman's Wharf Revitalized			
Entertainment	0.46% effective tax rate	\$0	\$392,820
Food & Beverage	0.28% effective tax rate	\$0	\$75,455
Other	0.91% effective tax rate	\$0	\$126,089
Food Hall (5)	0.00% effective tax rate	\$0	\$0
Industrial			
Processing	0.24% effective tax rate	\$0	\$9,287
SWL 300/301 Parking	0.83% effective tax rate	\$17,184	\$0
Total Gross Receipts Tax Revenue Estimate		\$17,184	\$603,651
			\$586,467

(1) Employees per firm estimate based on citywide average by NAICS category from 2017 Economic Census data for City of San Francisco.

(2) FWR revenue from Project Sponsor's Operating Budget.

(3) Sales data derived from IMPLAN sales output for San Francisco.

(4) See **Table 11** for tax rate calculations.

(5) Food Hall businesses are assumed to be small businesses exempted from GRT.

Table A-12
Gross Receipts Tax Revenue Detail
Fisherman's Wharf Revitalized FIA; EPS #241059

	Fisherman's Wharf Revitalized (1)				SWL 300/301 Baseline
	Entertainment	Food and Beverage	Other	Processing	
Sales/Employee (2)	N/A	N/A	N/A	\$758,374	
Employees/Firm (3)	N/A	N/A	N/A	29.6	
Gross Receipts Per Firm (4)	\$85,000,000	\$27,126,250	\$13,806,890	\$22,455,568	\$2,060,258
<i>Tax Rate Tiers by Business Activity</i>	<i>Accommodations; and Arts, Entertainment, and Recreation</i>	<i>Manufacturing; and Food Services</i>	<i>Misc. Business Activities</i>	<i>Manufacturing; and Food Services</i>	<i>Miscellaneous Business Activities</i>
\$0 - \$1M					
Tax Rate	0.21%	0.09%	0.81%	0.09%	0.81%
Tax Revenue per Business	\$2,100	\$880	\$8,140	\$880	\$8,140
\$1M - \$2.5M					
Tax Rate	0.23%	0.14%	0.85%	0.14%	0.85%
Tax Revenue per Business	\$3,420	\$2,160	\$12,795	\$2,160	\$9,044
\$2.5M - \$25M					
Tax Rate	0.23%	0.26%	0.93%	0.26%	0.93%
Tax Revenue per Business	\$51,300	\$58,275	\$105,154	\$51,685	n/a
> \$25M					
Tax Rate	0.56%	0.67%	1.01%	0.67%	1.01%
Tax Revenue per Business	\$336,000	\$14,140	n/a	n/a	n/a
Effective Tax Rate Per Business	0.46%	0.28%	0.91%	0.24%	0.83%
Gross Receipts Tax Revenue Per Business	\$392,820	\$75,455	\$126,089	\$54,725	\$17,184

(1) Calculations for FWR assume a single business entity filing as an entertainment business. Food hall businesses are assumed to be small businesses exempt from GRT.

(2) Sales data derived from IMPLAN sales output for San Francisco.

(3) Employees per firm estimate based on citywide average by NAICS category from 2017 Economic Census data for City of San Francisco.

(4) FWR revenue from Project Sponsor's Operating Budget. Baseline parking revenue from Port of San Francisco data for 2023.

Sources: City of San Francisco Gross Receipts Tax 2024 Rates

Table A-13
Business Registration Revenue Estimate
Fisherman's Wharf Revitalized FIA; EPS #241059

Assumptions / Factor		Existing Uses	Proposed Project	Net New
<u>Business Entities</u>				
Fisherman's Wharf Revitalized		0.00	1.00	1.00
Food Hall		0.00	20.00	20.00
Industrial Processing		0.00	0.17	0.17
<u>Business Registration Revenue</u>				
Fisherman's Wharf Revitalized		\$0	\$34,510	\$34,510
Food Hall		\$0	\$11,500	\$11,500
Industrial Processing		\$0	\$976	\$976
Total Business Registration Revenue		\$0	\$46,986	\$46,986

Sources: City of San Francisco Business Registration Fees (July 1, 2023 and ending June 30, 2024)

Table A-14
Parking Tax Revenue Estimate
Fisherman's Wharf Revitalized FIA; EPS #241059

	Assumptions / Factor	Existing Uses	Proposed Project	Net New
Commercial Off-Street Parking		230	50	(180)
Annual Revenue per Stall (1)		\$9,138	\$52,925	
Annual Revenue		\$2,101,790	\$2,646,250	544,460
San Francisco Parking Tax Revenue	25.0% of parking revenue	\$525,448	\$661,563	\$136,115
Total Parking Tax Revenue to MTA	80.0% of tax proceeds	\$420,358	\$529,250	\$108,892
Total Parking Tax Revenue to General Fund	20.0% of tax proceeds	\$105,090	\$132,313	\$27,223

(1) Existing parking revenue from Port data. Proposed project revenue from Project Sponsor's Operating Budget.

Sources: Port of San Francisco; FWR; Economic & Planning Systems, Inc.

Table A-15
Commercial Rental Revenue
Fisherman's Wharf Revitalized FIA; EPS #241059

	Existing Uses	Proposed Project	Net New
<u>Rentable Square Feet</u>			
Retail	0	5,000	5,000
Fishing Industry (1)	50,000	50,000	0
Other (2)	26,792	26,792	0
<u>Rental Rates (per Rentable Sq. Ft.)</u>			
Retail	N/A	\$3.00	N/A
Shed A Storage	\$0.20	\$0.20	N/A
Other	\$0.88	\$0.88	N/A
Total Annual Rental Revenue	\$401,940	\$581,940	180,000
Gross Receipts Tax Revenue (3.5%) (3)	\$0	\$20,368	\$20,368
General Fund Portion of GRT	\$0	\$3,055	\$3,055

(1) 50,000 is the gross square footage of fishing industry space, and rents have been calibrated to that measure.

(2) Musee Mechanique, US Pampanito, etc.

(3) Includes General Fund and restricted revenues. Assumes Port exemption from CRT.

Table A-16
Other Revenue Estimates
Fisherman's Wharf Revitalized FIA; EPS #241059

	Tax Revenue Factor	Existing Uses	Proposed Project	Net New
Gas Electric Steam Users Tax	\$81.12 per employee	\$0	\$22,453	\$22,453
Telephone Users Tax Land & Mobile	\$33.37 per resident/employee	\$0	\$9,236	\$9,236
Water Users Tax	\$7.75 per employee	\$0	\$2,145	\$2,145
Access Line Tax	\$46.97 per service population	<u>\$0</u>	<u>\$6,500</u>	<u>\$6,500</u>
Total		\$0	\$40,335	\$40,335

Sources: City and County San Francisco Budget and Appropriation Ordinance 2023/2024; Economic & Planning Systems, Inc.

Table A-17
Aggregate Discretionary Revenue (ADR) and Mandated Transfers
Fisherman's Wharf Revitalized FIA; EPS #241059

		Existing Uses	Proposed Project	Net New
<u>Aggregate Discretionary Revenue (ADR)</u>				
Property Tax		\$9,066	\$9,066	\$0
Property Tax In-Lieu of Vehicle License Fee		\$1,496	\$475,950	\$474,454
Property Transfer Tax		\$0	\$405,886	\$405,886
Transient Occupancy Tax Allocation to General Fund			\$159,688	\$159,688
Sales Tax		\$0	\$440,721	\$440,721
Parking Tax		\$105,090	\$132,313	\$27,223
Gross Receipts Tax		\$17,184	\$603,651	\$586,467
Business Registration Tax		\$0	\$46,986	\$46,986
Gas Electric Steam Users Tax		\$0	\$22,453	\$22,453
Telephone Users Tax Land & Mobile		\$0	\$9,236	\$9,236
Water Users Tax		\$0	\$2,145	\$2,145
Access Line Tax		\$0	\$6,500	\$6,500
Commercial Rents Tax		<u>\$0</u>	<u>\$3,055</u>	<u>\$3,055</u>
Total		\$132,836	\$2,317,651	\$2,184,815
<u>General Fund Baseline Requirements</u>				
MTA Fund	9.5745%	\$12,718	\$221,903	\$209,185
Children's Services	8.7564%	\$11,632	\$202,943	\$191,311
Library Preservation	2.2858%	\$3,036	\$52,977	\$49,940
Street Tree	0.5097%	\$677	\$11,813	\$11,136
Early Care and Education Baseline	2.0800%	\$2,763	\$48,207	\$45,444
Housing Trust Fund	1.0933%	\$1,452	\$25,339	\$23,887
Recreation and Parks	1.8258%	\$2,425	\$42,316	\$39,890
Dignity Fund	1.3244%	\$1,759	\$30,695	\$28,936
Student Success Fund	<u>1.2210%</u>	<u>\$1,622</u>	<u>\$28,299</u>	<u>\$26,677</u>
Total Baseline Allocations	28.6709%	\$38,085	\$664,491	\$626,406

Sources: CCSF Controller's Office; Economic & Planning Systems, Inc.

Table A-18
FY2023-24 Expenditure Budget Summary and Service Cost Estimating Factors
Fisherman's Wharf Revitalized FIA; EPS #241059

Item	Allocated General Fund Expenses (FY2023-24)	Percent Variable (1)	Per Capita General Fund Expense (2)	Existing Uses	Proposed Project	Net New
Service Population				0	138	138
Community Health	\$1,125,977,000	25%	\$238	\$0	\$32,910	\$32,910
Culture & Recreation	\$201,453,000	25%	\$43	\$0	\$5,888	\$5,888
General Administration & Finance	\$345,406,000	25%	\$73	\$0	\$10,095	\$10,095
General City Responsibilities	\$184,513,000	25%	\$39	\$0	\$5,393	\$5,393
Human Welfare & Neighborhood Development	\$1,604,163,000	25%	\$339	\$0	\$46,886	\$46,886
Public Protection						
Police	\$673,673,000	100%	\$569	\$0	\$78,760	\$78,760
Fire	\$463,339,000	100%	\$391	\$0	\$54,169	\$54,169
Other Public Protection	\$610,192,000	25%	\$129	\$0	\$17,835	\$17,835
Public Works, Transportation & Commerce	<u>\$242,912,000</u>	90%	\$185	<u>\$0</u>	<u>\$25,559</u>	<u>\$25,559</u>
Total Expenditures	\$5,451,628,000		\$2,005	\$0	\$277,495	\$277,495

(1) Percentage of costs that are service population-dependent, as opposed to fixed costs or costs recovered through fees or charges.

(2) Per capita expenses based on citywide service population.

Sources: City and County of San Francisco Budget and Appropriations Ordinance Fiscal Year Ending June 30, 2023 and Fiscal Year Ending June 30, 2024; Economic & Planning Systems,

Table A-19
MTA Fund Fiscal Impact Analysis
Fisherman's Wharf Revitalized FIA; EPS #241059

	Existing Uses	Proposed Project	Net New
<u>Annual MTA Fund Revenues (1)</u>			
ADR Accruing to the General Fund	\$132,836	\$2,317,651	\$2,184,815
Baseline Allocation to MTA	9.57%	9.57%	9.57%
Fund Revenue Attributable to Project	\$12,718	\$221,903	\$209,185
<u>Annual MTA Fund Expenses (2)</u>			
MTA General Fund Support (3)	542,300,000	542,300,000	542,300,000
Variable GF Support (75%)	406,725,000	406,725,000	406,725,000
Service Population Citywide (4)	1,524,394	1,524,394	1,524,394
Per-Capita Variable General Fund Support	\$267	\$267	\$267
Service Population (5)	0	138	138
Annual MTA Fund Expenses	\$0	\$36,924	\$36,924
Net Impact on the MTA Fund	\$12,718	\$184,979	\$172,261

(1) MTA revenues are estimated based on the baseline transfer of General Fund monies to MTA attributable to the Project.

(2) MTA expenses estimate the variable General Fund support to the MTA budget that is required to provide services to the Project service population.

(3) MTA 2024-25 budget presentation.

(4) MTA service population calculated as unweighted resident and worker populations combined.

(5) Net new resident and worker population.

Table A-20
One-Time Construction Sales Tax Estimate
Fisherman's Wharf Revitalized FIA; EPS #241059

Item	Assumptions	Total
Total Construction Hard Costs (1)		\$372,332,500
Labor	66% of Hard Costs	\$247,506,235
Materials	35% of Hard Costs	\$130,316,375
Point-of-Sale Assumption	50% of Materials	\$65,158,188
Total Construction Sales Tax Revenue	1.0% Sales Tax	\$651,582

(1) Construction budget provided by FWR.

Sources: FWR; Economic & Planning Systems, Inc.

Table A-21
One Time Gross Receipts Tax Revenue from Construction
Fisherman's Wharf Revitalized FIA; EPS #241059

	Construction
Annual Sales/Employee (1)	\$164,474
Employment	755
Total Annual Sales (2)	\$41,370,278
<hr/>	
<u>Gross Receipts Tax Rates and Tax Revenue</u>	
Gross Receipts	
\$1,000,000	
Tax Rate	0.42%
Tax Revenue	\$4,200
\$2,500,000	
Tax Rate	0.49%
Tax Revenue	\$7,350
\$25,000,000	
Tax Rate	0.56%
Tax Revenue	\$126,000
> \$25,000,000	
Tax Rate	0.63%
Tax Revenue	\$103,133
Effective Tax Rate	
Annual Gross Receipts Tax Revenue Estimate	\$240,683
Total Gross Receipts Tax Revenue over Construction Period	\$722,048

(1) Sales data derived from IMPLAN sales output for San Francisco.

(2) Analysis assumes a single construction entity will be GC.

Sources: City of San Francisco Gross Receipts Tax 2024 Rates

Table A-22
San Francisco Population, Employment, and Service Population
Fisherman's Wharf Revitalized FIA; EPS #241059

	Amount	Sources
Housing Units	420,416	DOF Jan 1, 2024 Estimate
Occupied Households	383,990	DOF Jan 1, 2024 Estimate
Population	843,071	DOF Jan 1, 2024 Estimate
Persons/Household	2.11	DOF Jan 1, 2024 Estimate
Employment	681,323	2022 ACS 5-Year Estimate
Service Population (1)	1,183,733	

(1) Service population for General Fund expenses is calculated by adding total residential population and half of total employment.

Sources: US Census Bureau; State of California Department of Finance.



APPENDIX B:
Economic Analysis

Appendix Table B-1
Economic Impacts by Land Use at Buildout
Fisherman's Wharf Revitalized FIA; EPS #241059

Land Use	Impact	Jobs	Economic Output
Retail & Restaurant	Direct	155	\$56,792,000
	Indirect	52	\$20,348,000
	Induced	<u>34</u>	<u>\$9,465,000</u>
	Total	241	\$86,604,000
Vacation Rental Units	Direct	14	\$1,278,000
	Indirect	1	\$319,000
	Induced	<u>1</u>	<u>\$148,000</u>
	Total	16	\$1,744,000
Industrial	Direct	5	\$3,811,000
	Indirect	3	\$925,000
	Induced	<u>1</u>	<u>\$236,000</u>
	Total	8	\$4,971,000
Exhibit & Attraction	Direct	103	\$87,646,000
	Indirect	99	\$36,636,000
	Induced	<u>54</u>	<u>\$14,791,000</u>
	Total	256	\$139,074,000
Total	Direct	277	\$149,526,000
	Indirect	155	\$58,227,000
	Induced	<u>89</u>	<u>\$24,640,000</u>
	Total	521	\$232,394,000