

## **LEGISLATIVE DIGEST**

[Adding Territory to and Adopting Amendments to the Infrastructure Financing Plan for Infrastructure and Revitalization Financing District No. 1 (Treasure Island)]

**Ordinance adding territory to and adopting amendments to the Infrastructure Financing Plan for City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) and project areas therein; and determining other matters in connection therewith, as defined herein.**

### Existing Law

The Board of Supervisors adopted Ordinance No. 21-17 on January 31, 2017, which the Mayor signed on February 9, 2017 (“IRFD Formation Ordinance”), pursuant to which the Board of Supervisors declared City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) (the “IRFD” or “Treasure Island IRFD”) and the project areas within the IRFD (collectively, “Initial Project Areas,” and together with any future project areas that may be established in the IRFD, the “Project Areas”) to be fully formed with full force and effect of law. The City formed the IRFD and the Project Areas for the purpose of financing the cost of certain facilities (the “Facilities”) as further provided in the IRFD Formation Ordinance.

Pursuant to the IRFD Formation Ordinance, the Board of Supervisors also approved an Infrastructure Financing Plan for the IRFD (“IFP”). The IRFD Law provides that the legislative body of an infrastructure and revitalization financing district may, at any time, add territory to a district or amend the infrastructure financing plan for the district by conducting the same procedures for the formation of a district or approval of bonds as provided in the IRFD Law.

### Background Information

The Naval Station Treasure Island (“NSTI”) is a former United States Navy base located in the City and County of San Francisco (“City”) that consists of two islands connected by a causeway: (1) Treasure Island, and (2) an approximately 90-acre portion of Yerba Buena Island.

The Department of the Navy (“Navy”), and the Treasure Island Development Authority (“TIDA”) entered into an Economic Conveyance Memorandum of Agreement (the “Conveyance Agreement”) that provides the terms and conditions under which the Navy will transfer the NSTI to TIDA. Ultimately the NSTI will be redeveloped (as further described below, the “Treasure Island Project”) by the Treasure Island Community Development, LLC (“TICD”) on the basis of numerous agreements including but not limited to a Disposition and

Development Agreement (Treasure Island/Yerba Buena Island), dated June 28, 2011 (“DDA”), including a Financing Plan (Treasure Island/Yerba Buena Island) (“Financing Plan”).

The Treasure Island Project includes the development of 8,000 new homes (including 2,173 affordable units), 300 acres of parks and open space, roughly 550,000 square feet of commercial and retail space, and up to 500 hotel rooms. To facilitate the development, TICD is required to deliver a wide range of public improvements, including geotechnically stabilizing; constructing new roadways, utilities, and other public infrastructure to support the Treasure Island Project; and constructing new ferry facilities, a new police/fire public safety building, and other community facilities.

The City also anticipates that future public capital improvements will be necessary to ensure that the shoreline, public facilities, and public access improvements will be protected should sea level rise at the perimeter of the Treasure Island Development site, and the Board of Supervisors desires to provide a mechanism to pay for such improvements.

Under California Government Code Sections 53395 et seq. (“IRFD Law”), the Board of Supervisors is authorized to establish an infrastructure financing district and to act as the legislative body for such an IFD. Under the IRFD Law an infrastructure and revitalization financing district may be divided into one or more project areas. The IRFD Law provides that the legislative body of an infrastructure and revitalization financing district may, at any time, add territory to a district or amend the infrastructure financing plan for the district by conducting the same procedures for the formation of a district or approval of bonds as provided in the IRFD Law.

The proposed Ordinance adds territory to and adopts amendments to the IFP of the Treasure Island IRFD. The territory to be added and the amendments to be made to the IFP are administrative in nature and are in response to / include the following:

- (i) The City has been notified by the California State Board of Equalization (“State BOE”) that the boundaries of the IRFD and the Project Areas must conform to the boundaries of assessor parcel numbers established by the San Francisco Assessor-Recorder in order for the Board of Equalization to assign tax rate areas to the Project Areas;
- (ii) To amend the boundaries of the IRFD and certain Initial Project Areas to reflect the final development parcels for certain portions of Treasure Island and Yerba Buena Island, including the addition of territory to the IRFD, and to approve an amended map for the IRFD;
- (iii) In anticipation of the need to make future changes to the boundaries of the IRFD and the Project Areas in order to conform to final development parcels approved by the Board of Supervisors so that the State BOE can assign tax rate areas to the Project Areas, the IFP is to be amended to establish a procedure by which certain future amendments of the boundaries of the IRFD may be approved by the Board as the

legislative body of the IRFD without further hearings or approvals, as long as the amendments will not adversely affect the owners of bonds issued by or for the IRFD;

- (iv) Amendment to the IFP to reduce the tax increment allocated to the IRFD in order to conform to existing law; and
- (v) Amendment to the IFP to provide that actions related to the IRFD, the Project Areas and the IFP shall not require the approval of the qualified electors in the IRFD if the IRFD Law is amended to eliminate any such requirement.

By passage of this Ordinance, the City will add territory to and adopt the amended IFP of the IRFD, which will ultimately enable the City to better administrate the collection and distribution of the property taxes collected by the City pledged to the IRFD under the original IFP through State BOE assigned tax rate areas once their concerns have been addressed and can be managed going forward with the Board's approval of similar boundary related changes without the need for special elections.