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Power Station Special Tax District Formation
Office of Public Finance & Office of Economic and Workforce Development
Capital Planning Committee

December 13, 2021

Presentation Overview

2

- ▣ Project Overview
 - ▣ Location, Programming, and Public Benefits
- ▣ Proposed Special Tax District
 - ▣ Tax Rates
 - ▣ Proposed Uses
- ▣ Next Steps

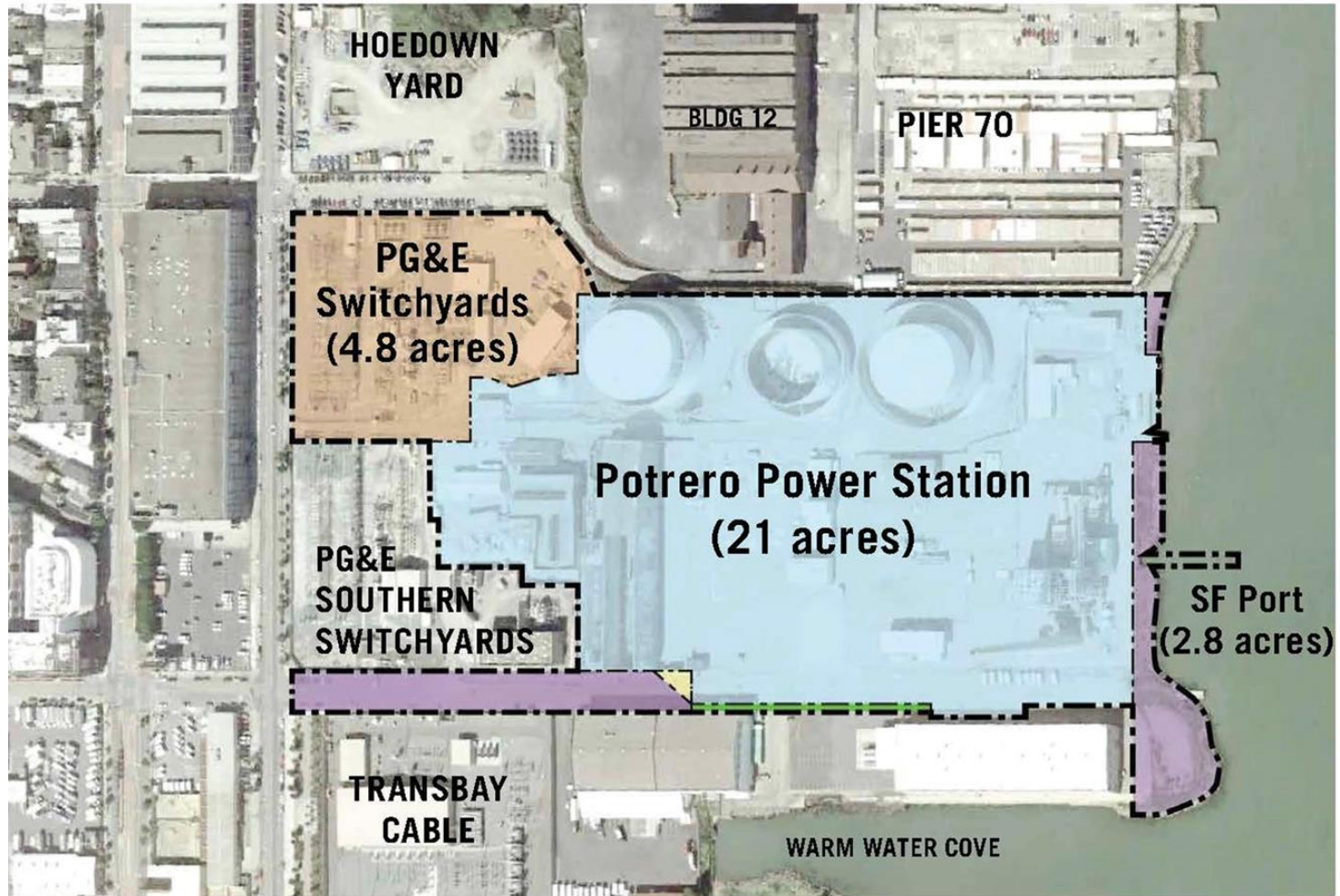
Project Overview - Location

3



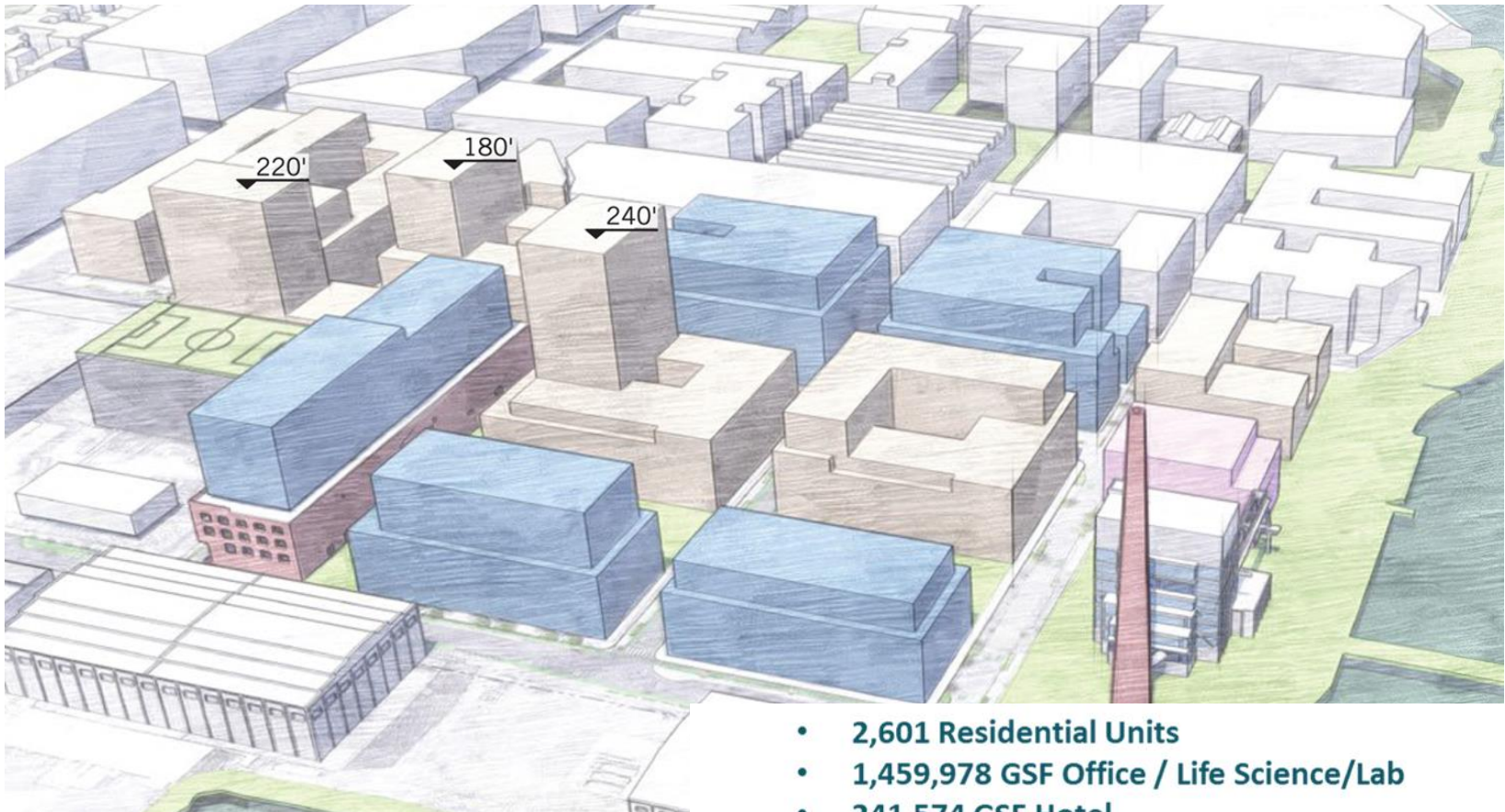
Project Overview - Size

4



Project Overview - Program

5



- **2,601 Residential Units**
- **1,459,978 GSF Office / Life Science/Lab**
- **241,574 GSF Hotel**
- **99,464 GSF Retail**

Project Overview – Public Benefits

6

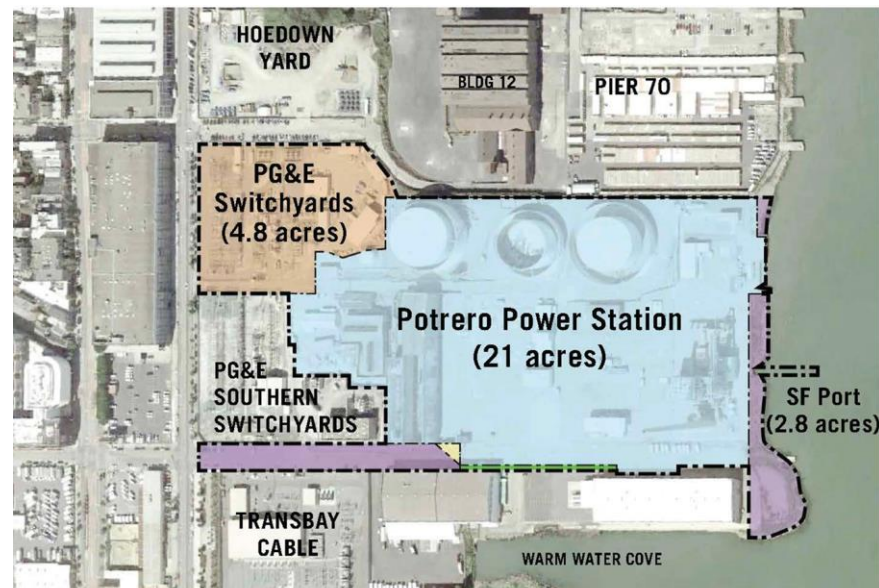
- ▣ Housing
 - ▣ 30% BMR in every phase (780 total affordable units, two-thirds onsite)
- ▣ Transportation
 - ▣ Bus stop and layover facilities, shuttle to BART, \$65M in transportation fees
- ▣ Workforce Development
 - ▣ Robust First Source Hiring and LBE Agreements, specific tech/biotech programs
- ▣ Open Space
 - ▣ 7 acres of new open space – includes passive and active recreation
- ▣ Community Facilities and Historic Preservation
 - ▣ Space for new YMCA, on-site childcare facilities, retention of “Station A” complex
- ▣ Adaptation/Resiliency/Benefits to Port
 - ▣ Improvements to shoreline areas never before open to public
 - ▣ Special Tax District – funding mechanism for future SLR improvements

Project Overview – Project Features

7

PG&E Property

- Potential to annex “Northern Switchyard site” into project (Block 13 of development program)
- New PG&E facilities
- Percentage of affordable housing remains unchanged in either scenario



Contingent Services Tax

- Maintenance, repair, replacement and operation of improvements on shoreline parks and Craig Lane
- Contingent Tax provides “guarantee” to Port in the event of a default by Developer or HOA in providing these services



Special Tax District

8

- Per the Development Agreement between the City and the Master Developer, the City is introducing legislation to allow for the formation of a Special Tax District.
- The Rate and Method of Apportionment (RMA) provides for two taxes for this District:
 - Facilities
 - Contingent Services
- The proceeds from the Facilities Tax are expected to be leveraged for future bond issuances.
- The not-to-exceed bonded indebtedness limit is \$800 million with an additional \$63 million should the PG&E annexation occur.
- Initially Qualified Project Costs under the Development Agreement will be financed from bonds issued by the Special Tax District (First Tranche Bonds). At the earlier of (i) 42 years or (ii) after the First Tranche bonds have been repaid, the special taxes will be reduced to \$3.3 million (in FY 2019-20\$) and the City may issue debt to fund Additional Community Facilities, which includes Future Sea Level Rise Improvements and Shoreline Improvements.

Special Tax District – Tax Rates

Table 1 Base Facilities Special Tax	
Land Use Category	Base Facilities Special Tax (FY 2021-22) *
For-Sale Residential Square Footage	\$3.75 per Square Foot
Rental Residential Square Footage	\$1.00 per Square Foot
Taxable Non-Residential Square Footage	\$1.50 per Square Foot
Excess Exempt Square Footage	\$3.75 per Square Foot if For-Sale Residential Square Footage was reduced, \$1.00 per Square Foot if Rental Residential Square Footage was reduced, or \$1.50 per Square Foot if Taxable Non-Residential Square Footage was reduced.

Expected maximum Facilities Special Tax revenues of \$4,927,698 (in FY 2021-22 \$), not assuming a future PG&E annexation, and \$5,315,293 with the PG&E annexation, prior conversion. Annual escalator defined as 2%.

Special Tax District – Tax Rates

Table 2 Base Contingent Services Special Tax	
Land Use Category	Base Contingent Services Special Tax (FY 2021-22) *
For-Sale Residential Square Footage	\$0.29 per Square Foot
Rental Residential Square Footage	\$0.29 per Square Foot
Taxable Non-Residential Square Footage	\$0.29 per Square Foot
Excess Exempt Square Footage	\$0.29 per Square Foot

If a Contingent Trigger Event occurs, the Contingent Services Special Tax would be levied to generate an estimate \$737,169 (in FY 2021-22 \$) with an annual escalator of the lesser of the change in CPI and 5%.

Special Tax District – Eligible Uses

11

Facilities

- ▣ Shoreline Improvements
- ▣ Future Sea Level Rise Improvements
- ▣ Additional Community Facilities
- ▣ Infrastructure
- ▣ Parks and Open Space
- ▣ Public Improvements
- ▣ Privately-Owned Community Improvements

Contingent Services Tax

- ▣ Maintenance, repair, replacement and operation of:
 - ▣ Infrastructure on Port Lease Property
 - ▣ Parks and Open Space on Port Lease Property
 - ▣ Public Improvements on Port Lease Property
 - ▣ Privately-Owned Community Improvements on Port Lease Property
 - ▣ Craig Lane

Other

- ▣ Bond related expenses
- ▣ Administrative fees
- ▣ Reimbursement of costs related to the formation of the Special Tax District and Improvement Area(s)

Timeline

12

Proposed Timeline of Legislation

First Legislative Packet (*this introduction*)

Capital Planning Committee

Board of Supervisors Introduction

Budget & Finance Committee Hearing

Board Approval of Resolutions and Selection of Public Hearing Date

Dates*:

December 13

December 14

January 12

January 25

Second Legislative Packet

Board of Supervisors Introduction

Public Hearing

Board Approval of Formation Resolutions

Election of Qualified Electors

Board Approval of Resolution Declaring Results of Election and 1st vote on Ordinance

Board Approval of Ordinance

January 25

March 8

March 8

March 21

March 22

April 5

*Please note that dates are preliminary and may change.

Current Actions

13

- Request CPC recommend the Board of Supervisors approve the following resolutions:
 - Resolution of Intention to Incur Bonded Indebtedness
 - Resolution of Intention to Establish a Special Tax District



Questions?