File No. 120278 Committee Item No. 8
Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Sub-Committee **Date** June 6, 2012

Board of Supervisors Meeting **Date** _____

Cmte	Board	
☐	☐	Motion
☒	☐	Resolution
☐	☐	Ordinance
☐	☐	Legislative Digest
☒	☐	Budget and Legislative Analyst Report
☐	☐	Legislative Analyst Report
☐	☐	Youth Commission Report
☐	☐	Introduction Form (for hearings)
☒	☐	Department/Agency Cover Letter and/or Report
☐	☐	MOU
☐	☐	Grant Information Form
☐	☐	Grant Budget
☐	☐	Subcontract Budget
☐	☐	Contract/Agreement
☐	☐	Form 126 – Ethics Commission
☐	☐	Award Letter
☐	☐	Application
☐	☐	Public Correspondence

OTHER **(Use back side if additional space is needed)**

☐	☐	Planning Commission Motion 18561
☐	☐	
☐	☐	
☐	☐	
☐	☐	
☐	☐	
☐	☐	
☐	☐	

Completed by: Victor Young **Date** June 1, 2012
Completed by: Victor Young **Date** _____

An asterisked item represents the cover sheet to a document that exceeds 25 pages.
The complete document can be found in the file.

Amending Resolution of Intention to Form Waterfront Infrastructure Financing District]

Resolution amending Resolution of Intention to establish Infrastructure Financing District No. 2 (File No. 120128) for the [City and County of San Francisco at the Port of San Francisco.

WHEREAS, California Statutes of 1968, Chapter 1333 (the "Burton Act") and the San Francisco Charter Section 4.114 and B3.581 empower the San Francisco Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control the lands within Port Commission jurisdiction; and

WHEREAS, Under Government Code Sections 53395 et seq. (IFD Law), this Board of Supervisors is authorized to establish an infrastructure financing district and to act as the legislative body for an infrastructure financing district; and,

WHEREAS, Pursuant to Section 53395.8 of the IFD Law, a waterfront district may be divided into project areas; and

WHEREAS, On March 27, 2012, by Resolution No. 110-12 (Original Resolution of Intention), this Board of Supervisors declared its intention to establish a waterfront district to be known as "City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco)" (IFD), and designated initial proposed project areas within the IFD; and

WHEREAS, Seawall Lot 351 was not included in the territory proposed to be included in the IFD pursuant to the Original Resolution of Intention; and

WHEREAS, Because the IFD Law provides that incremental tax revenues allocated to a waterfront district must be used within the waterfront district and the Executive Director of the Port of San Francisco has proposed the use of incremental tax

revenues generated by Seawall Lot 351 and related development to finance authorized facilities throughout the IFD, the Board of Supervisors wishes to amend the Original Resolution of Intention to add Seawall Lot 351 to the territory proposed to be included in the IFD, and to designate Seawall Lot 351 as an initial proposed Project Area E; now, therefore, be it

RESOLVED, By the Board of Supervisors as follows:

1. Ratification of Original Resolution of Intention. This Board of Supervisors hereby ratifies the Original Resolution of Intention except as set forth in this Resolution. Except as set forth in this Resolution, the Original Resolution of Intention shall remain in full force and effect. Exhibit A to the Original Resolution of Intention, which lists the type of public facilities proposed to be financed by the IFD, is attached hereto and incorporated herein.

2. Amendment of Original Resolution of Intention. The Original Resolution of Intention is hereby amended to propose a Project Area E (Seawall Lot 351), which will be a project area and a waterfront district within the IFD. In order to provide for a orderly designation of project areas, the Original Resolution of Intention is hereby amended to establish the names of the initial proposed project areas as follows:

a. Project Area A (Seawall Lot 330). Project Area A shall be a special waterfront district and a Port America's Cup district.

b. Project Area B (Piers 30-32). Project Area B shall be a special waterfront district and a Port America's Cup district.

c. Project Area C (Pier 28). Project Area C shall be a special waterfront district and a Port America's Cup district.

d. Project Area D (Pier 26). Project Area D shall be a special waterfront district and a Port America's Cup district.

e. Project Area E (Seawall Lot 351). Project Area E shall be a waterfront district.

f. Project Area F (Pier 48). Project Area F shall be a waterfront district.

g. Project Area G (Pier 70). Project Area G is expected to be a Pier 70 district and may not be subject to a Pier 70 enhanced financing plan prior to January 1, 2014.

h. Project Area H (Rincon Point-South Point Project Area). Unless the IFD Law is amended to permit venues within the Rincon Point-South Beach Project Area of the former Redevelopment Agency of the City and County of San Francisco to be included in a special waterfront district, Project Area H shall not constitute a special waterfront district.

3. Amended Boundaries Described. The proposed amended boundaries of the IFD, which are amended to include Project Area E and to reflect the re-naming of certain proposed project areas as described above, are as shown on the amended map of the IFD on file with the Clerk of the Board of Supervisors, which boundaries are hereby preliminarily approved and to which map reference is hereby made for further particulars.

4. Public Hearing; Notice. This Board of Supervisors will conduct a public hearing on the proposed establishment of the IFD, including Project Area E as proposed by this Board of Supervisors in this Resolution, in the Board of Supervisors Chambers, 1 Dr. Carlton B. Goodlett Place, City Hall, San Francisco, California, on a date to be established by the Executive Director of the Port, in consultation with the Clerk of the Board of Supervisors. The Clerk of the Board of Supervisors shall cause notice of the public hearing to be published as set forth in the Original Resolution of Intention.

5. Further Action. The Clerk of the Board of Supervisors and all other officers and agents of the City are hereby authorized and directed to take all actions necessary or advisable to give effect to the transactions contemplated by Original Resolution of Intention, as amended by this Resolution.

6. No Obligation. The Original Resolution of Intention, as amended by this Resolution, shall in no way obligate the Board of Supervisors to establish the IFD. The establishment of the IFD, including the project areas described in the Original Resolution of Intention as amended by this Resolution, shall be subject to the approval of this Board of Supervisors by ordinance following the holding of the public hearing referred to above. The proposal to include property in the boundaries of the IFD does not constitute an approval of any specific land uses on such property.

7. California Environmental Quality Act. This Board of Supervisors hereby finds that, pursuant to Title 14, California Code of Regulations, Section 15378(b)(4), adoption of this Resolution and the establishment of the IFD are not "projects" under the California Environmental Quality Act, because they do not involve any commitment to a specific project that may result in a potentially significant physical impact on the environment.

Items 7 and 8 Files 12-0270 and 12-0278	Department: Port of San Francisco

EXECUTIVE SUMMARY

Legislative Objective

The proposed resolutions request Board of Supervisors approval of various transactions required for the development of combined properties at 8 Washington Street and Seawall Lot (SWL) 351.

File 12-0270 would approve a:

(1) Purchase and Sale Agreement (PSA) between the Port and San Francisco Waterfront Partners II, LLC (SFWP) by which the Port would sell a portion of Seawall Lot (SWL) 351 to the SFWP and SFWP, a private developer, would sell to the Port a portion of 8 Washington Street comparable to SWL 351 in size and appraised value;

(2) Trust Exchange Agreement between the City and the State Lands Commission governing the conditions under which the portion of SWL 351 sold by the Port to SFWP would be removed from the public trust and the portion of 8 Washington sold by SFWP to the Port would be placed into the public trust;

(3) 66-year ground lease between the Port and SFWP for Port-owned property, in which SFWP would construct an approximately 4,000 square foot café/restaurant/ancillary retail building; and

(4) Maintenance Agreement between the Port and SFWP in which SFWP would be responsible for maintaining the public open space.

File 12-0278 would amend a prior resolution (File 12-0128) which declared the Board of Supervisors intent to establish an infrastructure financing district (IFD) on Port property and established seven project areas, by adding SWL 351 as an eighth project area in the IFD. This resolution is a statement of intent and would not obligate the Board of Supervisors to establish the IFD and does not constitute approval of any specific land uses on such property.

Key Points

Approval of the proposed resolutions would allow development of the combined properties of 8 Washington Street and SWL 351. The resulting project would consist of a residential and commercial condominium development on the SFWP privately-owned property, and public and commercial improvements on Port-owned property. The private improvements, owned by SFWP, would include:

- Two mixed-use buildings with approximately 134 residential condominiums, and ground floor restaurant and retail (commercial) condominiums;

- A 388 underground parking garage for residents of the building and the public; and
- A 27,150 square foot health and fitness club that would replace an existing health club at the same location.

Public improvements to be owned by the Port include:

- 25,180 square feet of public open space in three parcels,
- A 4,000 square foot café/restaurant/retail building, and
- Improved and widened sidewalks along the west side of The Embarcadero, immediately south of Pacific Park, and fronting a portion of the east side of the newly built health and fitness club.

SWL 351, which is located at the corner of Washington Street and The Embarcadero, is currently used as surface parking for the Ferry Building Waterfront Area.

In 2009, based on a competitive Request for Proposals (RFP) process, the Port Commission authorized Port staff to enter into exclusive negotiations with SFWP in order to develop SWL 351.

Proposed Purchase and Sale Agreement (PSA)

Under the proposed PSA between the Port and SFWP:

(1) The Port would sell to SFWP a portion of SWL 351, totaling 23,020 square feet, with an appraised value of $7,560,000.

(2) In return SFWP would sell to the Port portion of 8 Washington Street, totaling 28,241 square feet, with an appraised value of $8,630,000.

Although the Port would be receiving property having an assessed value of $1,070,000 in excess of the appraised value that SFWP will receive, SFWP would not be directly compensated for the difference in assessed value.

Proposed Trust Exchange Agreement

Under the proposed Trust Exchange Agreement (PSA) between the City and the State Lands Commission, the portion of SWL 351 being sold by the Port to SFWP would be removed from the public trust and become private property, while the portion of 8 Washington Street being purchased by the Port from SFWP would become part of the public trust.

Proposed Ground Lease and Maintenance Agreement

The Port will enter into a 66-year ground lease with SFWP for Port property bound by The Embarcadero, Washington Street, and Drumm Street. The Port property is open space, in which SFWP will construct a café/restaurant/ancillary retail building and public improvements.

Under the proposed Maintenance Agreement between the Port and SFWP, SFWP will be responsible for maintaining the Port-owned property, including the open space and public improvements.

Development and Disposition Agreement and Infrastructure Financing District (IFD)

The Port Commission and SFWP propose to enter into a Development and Disposition Agreement (DDA) governing the transfer of the café/restaurant/ancillary retail building to SFWP, the obligation of and conditions under which SFWP is to construct public improvements on the open space parcels, and the terms and conditions of public financing for the open space parcels. The proposed DDA is not subject to Board of Supervisors approval. However, Board of Supervisors approval of the Purchase and Sale Agreement, the Trust Exchange and the Ground Lease and Maintenance Agreement are required before the DDA can be implemented.

The Board of Supervisors previously approved a resolution declaring their intent to establish an IFD on Port property, consisting of seven project areas. Board of Supervisors approval of the intent to include SWL 351 as an eighth IFD project area (an area from which IFD revenues may be generated) in the previously approved Port IFD is required before the Port Commission and SFWP can implement the DDA.

Fiscal Impact

Under the Purchase and Sale Agreement, SFWP will pay the Port:

(1) $3,000,000 in a one-time lump sum payment;

(2) Transfer fees to be paid to the Port by the condominium owners of 1.0% of the price of any subsequent, but not initial, sale of commercial and residential condominiums in perpetuity. The transfer fees are estimated to have a net present value of $9.0 million over 66 years; these calculations are discussed in detail below. Ms. Joanne Sakai of the City Attorney's Office reports that the proposed transfer fee is not considered to be a tax requiring a 2/3 vote, but rather is considered to be a private, contractual agreement to provide the Port with revenue participation in the condominium sales.

(3) $120,000 per year as an open space fee, adjusted every 5 years by the Consumer Price Index (CPI) with a minimum increase of 10% and a maximum of 20% every five years.

Under the 66-year ground lease, SFWP will pay annual rent to the Port of 15% of gross income generated by the approximately 4,000 square foot café/restaurant/ancillary retail building to be

constructed by SFWP on Port property. There is no MAG (Minimum Annual Guarantee) in rent, as is generally included in other Port leases.

SFWP would also pay the Port $60,000 per year during the construction of the residential and commercial condominiums as partial compensation for lost parking revenues for SWL 351, or $180,000 during the three-year construction period, which is $73,659 less than the $253,659 in parking revenue that the Port would have received for the three-year period under the existing parking agreement. The net present value of the estimated future parking revenues that the Port would permanently forego is $1,897,867, once the residential and commercial condominiums are completed (see table below).

The net present value of the estimated revenues to be paid by SFWP to the Port, offset by foregone future parking revenues would be $12,408,945, as shown in the table below.

Net Present Value of Estimated Future Revenues Generated by the Proposed Purchase and Sale Agreement and 66-Year Ground Lease between the Port and SFWP

Revenue	NPV	Time Period
One Time Payment of $3,000,000	$2,448,894	Year 3 to 4
1.0% Transfer Fee Paid to the Port by Condominium Owners on the Future Sale of the Residential and Commercial Condominiums [1]	9,010,086	Year 4 to 66
66-Year Ground Lease	2,277,641	Year 4 to 66
Parking Revenues During Construction	157,459	Year 1 to 3
Foregone Future Parking Revenues on Completion of Construction	(1,897,867)	Year 4 to 66
15% of Park Café and Other Retail Revenues	412,732	Year 4 to 66
Total	**$12,408,945**	

Source: Port

[1] Assumes approximately 14% of residential units and 10% of condominium units are sold each year.

Under the DDA between the Port and SFWP, project-related City costs for legal services provided by the City Attorney, and for the administrative costs of the Port and other City departments, and for various outside consulting costs, will be paid by SFWP. The Port is being reimbursed quarterly by SFWP for these costs, which in calendar year 2011 totaled $311,189 and since entering into exclusive negotiations with SFWP in February, 2009 have totaled $465,222.

Proposed IFD and $5 Million in Tax Increment Revenues to be Paid by the Port to SFWP

According to the Port, the proposed residential and commercial condominium are expected to generate tax increment revenues over 30 years with an estimated net present value of $44 million. Under the DDA between the Port and SFWP, the Port is required to reimburse SFWP up

to $5 million in IFD project area tax increment revenues for SFWP's cost to construct improvements to the public open space.

Development Impact Fees

The proposed residential and commercial condominium development and the commercial café restaurant and retail building to be constructed by SFWP would generate an estimated $12,106,366 in one-time development impact fees to the City, as follows:

Development Impact Fees

Mandated Fees	
Affordable Housing	$8,844,176
Jobs-Housing Linkage	643,125
Transit Impact Development	376,875
Subtotal, Mandated Fees	**$9,864,176**
Additional Affordable Housing Fees under the Purchase and Sale Agreement	2,242,190
Total Fees	**$12,106,366**

- Mandated Affordable Housing Fees ($8,844,176). This represents payment of the inclusionary housing fee for the equivalent of 20% of the condominium development's 134 units, or 27 units.
- Additional Affordable Housing Fees under the Purchase and Sale Agreement ($2,242,190). SFWP has agreed to pay additional inclusionary housing fees for the equivalent of another 5% of the condominium development's 134 units, or 7 units.
- Mandated Jobs-Housing Linkage Program Fees ($643,125) calculated at $20.58 per each of 31,250 square feet of retail and health club development facilities at the site.
- Mandated Transit Impact Development Fees ($376,875), calculated at $12.06 per each of 31,250 square feet of retail and health club development facilities at the site.

Under the City's fee deferral program, SFWP would be required to pay 15% of $9,864,176 in mandated development impact fees, or $1,479,626, to the City on receipt of a building permit, with the remaining 85%, or $8,384,550 due on certificate of occupancy. For the additional development impact fees for affordable housing of $2,242,190, the Purchase and Sale Agreement requires 20%, or $448,438, to be paid at project initiation, with the remaining 80% ($1,793,752) paid on certificate of occupancy. Thus, $1,928,064 in development impact fees ($1,479,626 in mandatory fees and $448,438 in additional fees) will be made available to the City on project initiation.

General Tax Revenues

According to the Port, the City will receive an estimated $1.26 million annually in Sales, Transfer, and Utility and Taxes from development of the project. According to the Port, these

estimates will be further refined before the Board of Supervisors considers approval of the infrastructure financing plan.

Summary

The proposed resolutions provide for development of private property owned by SFWP and public property owned by the Port, bound by The Embarcadero, Washington Street, and Drumm Street, including:

(1) Construction by SFWP of residential and commercial condominiums, underground parking for residential and public use, and a health and fitness club on the private property owned by SFWP ; and

(2) Open space and public improvements on property owned by the Port, including a café/restaurant and ancillary retail building to be constructed by SFWP.

SFWP benefits from the proposed transactions by gaining the right to develop the residential and commercial condominiums on SWL 351, which is currently Port-owned property. The estimated value to SFWP of the residential and commercial condominium development, based on the initial sales value of the commercial and residential condominiums, is $469.7 million ($391 million for the initial sale of the residential condominiums and $78.7 million for the initial sale of the commercial condominiums). In addition, SFWP will receive rental income from the café/restaurant/ancillary retail uses, estimated at a net present value of $2,751,547 over 66 years.

The net present value of financial benefits to the City from the proposed transaction are estimated to be up to $63.5 million, including (1) $12.4 million to the Port under the Purchase and Sale Agreement and 66-year ground lease, (2) $12.1 million in development impact fees to the City, and (3) $39.0 million in tax increment revenues (net present value of $44 million in tax increment revenues, less $5 million allocated to SFWP for the costs to develop public improvements).

The City could also realize additional Sales, Transfer, and Utility Tax revenues to be generated by the proposed residential and commercial condominium and other development, estimated to be $1.26 million annually.

Policy Considerations

The DDA between the Port and SFWP obligates the City to reimburse $5,000,000 in open space improvement costs through tax increment revenues generated by the proposed development

Although the Board of Supervisors has not yet approved the proposed IFD or financing plan, the DDA between the Port and SFWP obligates the City to spend $5,000,000 of IFD tax increment revenues on public open space improvements bound by The Embarcadero, Washington Street, and Drumm Street. The DDA contains a license between the Port and SFWP that requires the Port to create the IFD and reimburse $5 million to SFWP for SFWP's costs for public improvements.

Mr. Jonathan Stern, Port Assistant Deputy Director for Development, states that the Port will request at a future date Board of Supervisors' approval for appropriation of approximately $20,900,000 million, or 47.5% of future IFD tax increment revenues with an estimated net present value of $44,000,000, for Port capital projects outside of this IFD project area as contained in its capital plan. The future appropriation request of $20,900,000 is in addition to the $5,000,000 that the Port is required to reimburse SFWP for public open space improvements, noted above.

The Board of Supervisors has the final authority to determine the allocation of the proposed IFD tax increment revenues to the Port or the City's General Fund. Issuance of tax increment bonds and appropriation of tax increment bond proceeds are subject to Board of Supervisors approval.

The City will receive limited financial benefits beyond that required by statute for payment of development impact fees and taxes

Of the one-time development impact fees of $12,106,366 to be paid by SFWP to the City, $9,864,176, or 81.5% represent affordable housing fees, job-housing linkage fees, and transit impact development fees mandated by the Planning Code. $2,242,190, or 18.5%, in affordable housing fees to be paid by SFWP under the terms of the Purchase and Sale Agreement are in addition to the fees mandated by the Planning Code.

The City could require SFWP to provide other public benefits to the City in exchange for entering into a development agreement, as allowed for under California Government Code section 65864 (the Development Agreement Statute).

The Board of Supervisors should consider amending the proposed resolution by requesting that the Port negotiate further public benefits to be provided by SFWP under the DDA between the Port and SFWP. For example, the proposed DDA requires that the Port reimburse $5 million in IFD proceeds to SFWP for construction of public improvements. The total cost of the public improvements is estimated by the Port to be approximately $8 million. Thus, IFD revenues of $5 million will fund 62.5% of the estimated cost of public improvements while SFWP will fund $3

million or 37.5%. These improvements will also enhance the financial value of the private improvements. The Port could negotiate to have these improvements of $8 million entirely funded by SFWP instead of the Port contributing $5 million in tax increment revenues towards SFWP's cost of constructing the public improvements.

Recommendations of the Budget and Legislative Analyst

Amend the proposed resolution to request the Port to negotiate:

- A minimum annual guarantee (MAG) rent for the café/restaurant and ancillary retail building, which is not currently required by the proposed 66-year ground lease between the Port and SFWP, and is consistent with other agreements between the Port and private developers.
- Additional payment of $73,659 from SFWP to offset lost parking revenue, which the Port would have received for the three-year period under the existing parking agreement.

Approval of the proposed resolutions (File 12-0270 and File 12-0278), as amended, is a policy matter for the Board of Supervisors.

The Board of Supervisors should also consider amending the resolution by requesting that the Port negotiate further public benefits to be provided by SFWP under the DDA between the Port and SFWP, including SFWP paying the total costs of $8 million for the public improvements rather than the City allocating $5 million in IFD proceeds and SFWP paying only $3 million.

MANDATE STATEMENT

Charter Section 9.118(c) requires Board of Supervisors approval of leases having a term of ten or more years or anticipated revenues of one million dollars or more, and of sales or transfers of City-owned real property. Transfer of the property under the proposed Purchase and Sale Agreement (PSA) depends on the trust exchange being approved between the City and County of San Francisco and the State Lands Commission. The State Lands Commission may approve an exchange pursuant to the provisions of Section 5 of Chapter 310, Statutes of 1987, which details the conditions under which and the purposes for which a trust exchange may be made. Charter Section 9.118(b) requires Board of Supervisors approval of contracts having a term of ten or more years.

California Government Code Section 53395 et seq., which became law in 1990, authorizes cities to establish infrastructure financing districts (IFD) to finance purchasing, constructing, expanding, improving, seismically retrofitting or rehabilitating real or other tangible property with an estimated life of 15 years or longer. Infrastructure financing districts "shall finance only public capital facilities of communitywide significance", including parks, other open space and street improvements. Section 53395.8 allows an infrastructure financing district to be divided into project areas.

BACKGROUND

Seawall Lot (SWL) 351, which is located at the corner of Washington Street and The Embarcadero, is currently used as surface parking for the Ferry Building Waterfront Area. SWL 351 is located in the Ferry Building Waterfront Area in the Port's Waterfront Land Use Plan (Waterfront Plan), which identifies several objectives, including:

- Providing a mix of public and private uses for properties in the Ferry Building Waterfront Area;
- Restoring the Ferry Building Waterfront as a major transit center;
- Maximizing new and existing parking to serve existing businesses in the Ferry Building and Agriculture Building; and
- Obtaining economic value from SWL 351 by combining it with the adjacent Golden Gateway residential site (8 Washington Street) for residential and commercial development.

The Waterfront Plan identifies several acceptable uses for SWL 351, including residential, entertainment, general office, parking, retail, recreation, visitor services, community facilities, and open space.

In 2006, San Francisco Waterfront Partners II, LLC (SFWP) made an unsolicited proposal to the Port to develop SWL 351 in conjunction with the privately-owned 8 Washington Street. In 2008, Port staff provided information to the Port Commission on the options for SWL 351, which included (1) offering SWL 351 for development by competitive bid, (2) responding to SFWP's proposal by initiating a sole source negotiation, or (3) taking no action.

The Port Commission authorized offering development opportunities for SWL 351 through a request for proposal (RFP). The Port received two proposals: SFWP's proposed condominium and commercial development (discussed further below); and a 200-room hotel development proposed by a development group led by Dhaval Panchal. Subsequently, Mr. Panchal withdrew his proposal. In February 2009, the Port Commission authorized Port staff to award the development opportunity for SWL 351 to SFWP and enter exclusive negotiations with SFWP.

DETAILS OF LEGISLATION

Proposed Project

The proposed project consists of a residential and commercial condominium development on privately-owned property, and public and commercial improvements on Port-owned property. The private improvements, owned by SFWP, include:

- Two mixed-use buildings with approximately 134 residential condominiums, and ground floor restaurant and retail (commercial) condominiums;
- An underground parking garage for residents of the buildings and the public; and
- A new health and fitness club.

Public improvements to be owned by the Port include:

- 25,180 square feet of public open space in three parcels;
- An approximately 4,000 square foot café/restaurant/retail building; and
- Improved and widened sidewalks along the west side of The Embarcadero, immediately south of Pacific Park and fronting a portion of the east side of the newly built health and fitness club.

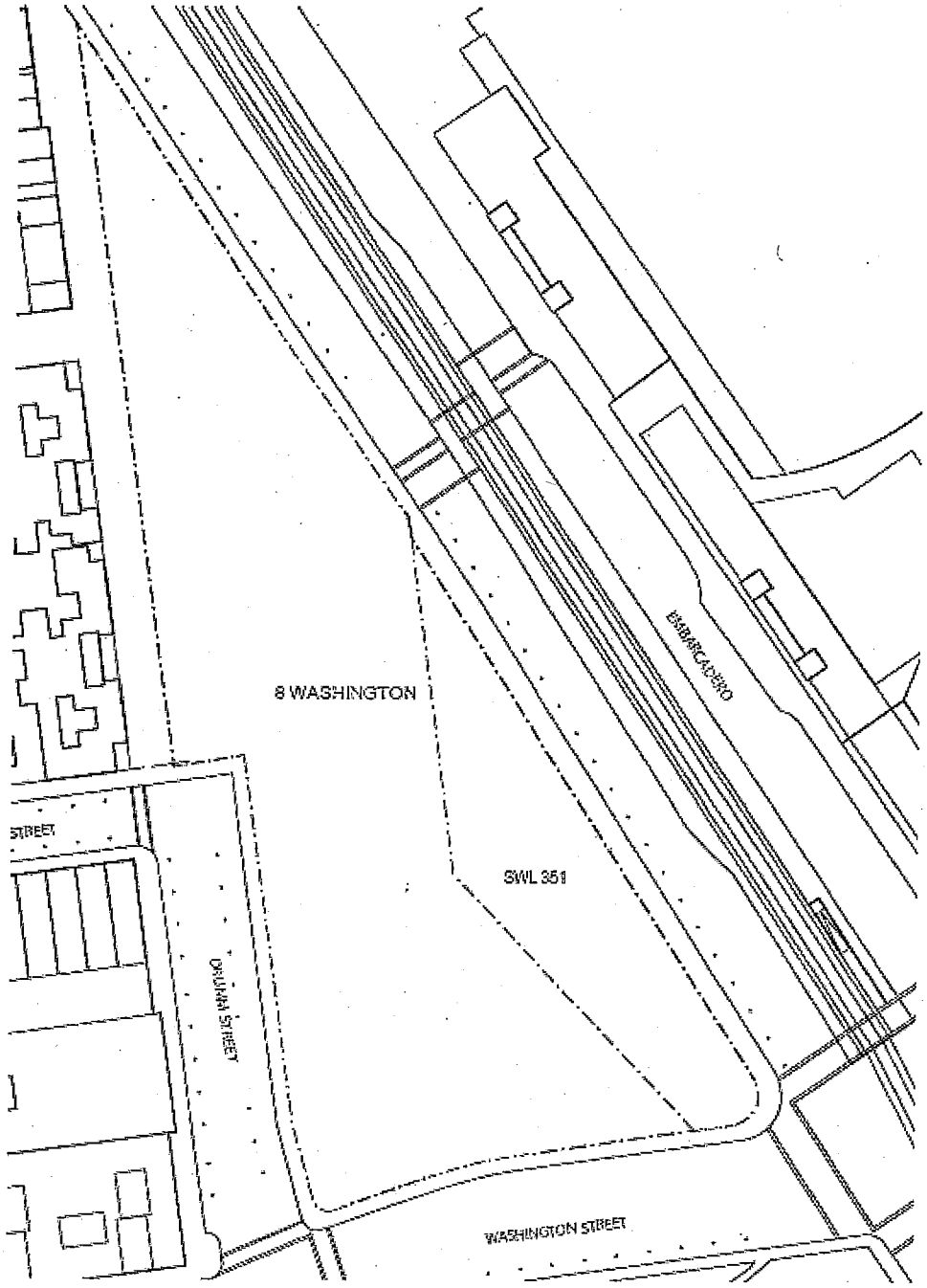
File 12-0270

In order to develop the proposed project, the Board of Supervisors must approve (1) a Purchase and Sale Agreement ("PSA") by which the Port would sell a portion of SWL 351 to and purchase a portion of 8 Washington from San Francisco Waterfront Partners II, LLC (SFWP); (2) a Trust

Exchange Agreement for the same properties governing the conditions of the exchange and in keeping with State law governing exchanges of land in State trust, (3) 66-year ground lease governing the construction of public improvements, provision of some public financing for public improvements, and operation of the a retail parcel on Port property, and (4) a Maintenance Agreement for the maintenance by SFWP of the open space, bound by The Embarcadero, Washington Street and Drumm Street.

1) Purchase and Sale Agreement (PSA)

Adoption of the resolution would authorize the simultaneous sale of a portion of SWL 351, currently owned by the Port, comprising 23,020 square feet, and purchase of a portion 8 Washington, comprising 28,241 square feet. The Port currently owns 27,926 of the square footage in the combined properties, or roughly 20%. Private property owners own 109,224 square feet, or approximately 80% of the land. After the transfer, the Port will own 32,937 square feet, approximately 24% of the total land, and private owners will own 104,213 square feet, or 76% of the land. The map below shows the current configuration of SWL 351 and 8 Washington Street.



Attachment I shows the portion of SWL 351 that would be sold by the Port to SFWP, and Attachment II shows the portion of 8 Washington that would be purchased by the Port from SFWP.

The City's Director of Real Estate has determined, based on an appraisal conducted by Carneghi-Blum & Partners, Inc. on behalf of SFWP, that the portion of SWL 351 to be sold by the Port to SFWP has a current appraised value of $7,560,000, while the portion of 8 Washington to be purchased by the Port from SFWP has an appraised value of $8,630,000. The appraisal did not consider increased land value from provision of a conditional use permit to increase the height, bulk and parking at the site.

The sale of a portion of SWL 351 and purchase of a portion of 8 Washington Street would result in an exchange of properties in the public trust. The appraised value of the land to be exchanged into the public trust thus equals or exceeds the value of the land to be exchanged out of the public trust.

In addition to receiving a portion of 8 Washington, the PSA calls for the Port to receive from SFWP the following payments from the sale of a portion of SWL 351:

- A one-time lump sum payment of $3 million,
- Transfer fees, equaling 1.0% of the purchase price, in perpetuity from the subsequent but not initial sale (or lease with a term of thirty-five (35) years or longer) of each residential and commercial condominium, and
- An ongoing revenue stream of $120,000 per year for 66 years, commencing upon completion of public improvements, adjusted every 5 years by the Consumer Price Index (CPI) with a minimum increase of 10% and a maximum of 20% every five years.

2) Trust Exchange Agreement

Because SWL 351 is part of the public trust for the waterfront as established under the Burton Act, the City must approve and authorize a trust exchange agreement with the California State Lands Commission that would remove the public trust from Seawall Lot 351 and impress it upon 8 Washington. Whereas State legislation (SB 815) declared a number of Port properties along the waterfront surplus to the trust (e.g., not needed for trust purposes), thus requiring no State Lands Commission approval, no properties north of Market Street were included in that legislation in its final form. These properties, including SWL 351, therefore must be considered on a case by case basis by the State Lands Commission.

Port staff has asked the Port Commission to make findings that (a) SWL 351 is no longer needed for trust purposes; and (b) the property to be placed in trust is useful for trust purposes, will not substantially interfere with other public trust purposes, and has a monetary value equal to or greater than that being transferred from the trust. The findings are required under State law.

In particular, Port staff report that:

- As currently configured, SWL 351 would not allow for useable or desirable open space or park use.

- The unusual size and shape of SWL 351 makes development of a public trust-consistent commercial use, such as hotel or retail, economically infeasible.
- The parcel's current parking serving the Ferry Building could be better served through sub-surface parking, which would improve the appearance of the site and allow for development of better public-serving public trust uses.[1]

The Port Commission approved the trust exchange on May 29, 2012.

The trust exchange has been negotiated between staff of the California State Lands Commission and the Port staff. The State Lands Commission must also make the above findings. According to State Lands Commission staff, State Land Commission approval, originally sought for May 24, 2012, has been delayed until July, 2012 to allow time for the Board of Supervisors to approve the trust exchange.

3) Lease Agreement

The Port will enter into a 66-year ground lease with SFWP for Port property, in which SFWP will construct a café/restaurant/ancillary retail building. The café/restaurant/ancillary retail building is an approximately 4,000 square foot, one-story, 18-foot-tall building.

After construction by SFWP, the building will be owned by the Port, which in turn will lease it back to the developer under the 66-year ground lease. SFWP will pay the Port 15% of gross income received by SFWP. There is no MAG (Minimum Annual Guarantee) in rent, as is customary for Port rental agreements.

4) Maintenance Agreement

SFWP will provide management, landscape, janitorial, general maintenance, and security services at no cost to the Port for the open spaces in the project. The open space parcel includes Pacific Park, Jackson Commons, a portion of the length of the Drumm Street Garden Walk, a portion of The Embarcadero sidewalk, and other areas of open space. SFWP will also maintain the public restrooms in the café/restaurant/retail building. Under the Maintenance Agreement, SFWP may administer permits, events and concessions within the open space and retain the associated revenue.

A standard of maintenance and a specific scope of services is included in the maintenance agreement. If the Port terminates the maintenance agreement for non-performance by the developer, the DDA provides that a maintenance special tax could be levied against each taxable parcel in an amount needed to finance open space maintenance and administrative expenses.

[1] See page 26, *Waterfront Plan.*

Neither the Port nor the City are obliged to pay for open space maintenance from property taxes or any other source of available City or Port funds.

Infrastructure Financing District (File 12-0278)

File 12-0278 would amend an earlier Board of Supervisors' resolution (File 12-0128), which declared the Board's intent to establish an infrastructure financing district (IFD) for the waterfront and established seven project areas, by adding SWL 351 as an eighth project area under the district. The project area to be added to the IFD contains only the portion of SWL 351 currently owned by the Port.

According to Port staff, the Port will later seek Board of Supervisors approval under California Government Code 53395.8 to include the remaining portion of the 8 Washington project in the IFD. This statute allows private property contiguous to an IFD in San Francisco to petition the Board of Supervisors to join the IFD after it has been established, in exchange for committing to maintain public access to any land within 100 feet of the shoreline. The current resolution is a statement of intent and would not obligate the Board of Supervisors to establish the IFD, and does not constitute approval of any specific land uses on such property. Board of Supervisors approval to include SWL 351 and 8 Washington in the Port IFD must be obtained before the Port Commission and SFWP can implement the proposed Development and Disposition Agreement (DDA), discussed below.

Development and Disposition Agreement

The Port Commission and SFWP propose to enter into a DDA governing the transfer of the café/restaurant/ancillary retail building to SFWP, the obligation of and conditions under which SFWP is to construct public improvements on the open space parcels, and the terms and conditions of public financing for the open space parcels. The DDA is not subject to Board of Supervisors approval. However, Board of Supervisors approval of the PSA, the Trust Exchange and the Ground Lease and Maintenance Agreement are required before the DDA can be implemented.

Public Improvements under the DDA

The proposed DDA requires SFWP to construct public improvements on Port-owned property. The public improvements consist of 25,180 square feet of public open space in three parcels and improved and widened sidewalks to be constructed by SFWP. The Port will reimburse SFWP up to $5 million, using IFD tax increment revenues generated by the proposed project, for the costs of constructing the public improvements

The DDA requires that SFWP obtain a letter of credit guaranteeing that it or any successor will construct the public improvements without IFD funds if it fails to proceed with the development.

Community Facilities District

The Port will also assist SFWP by forming a Mello-Roos Community Facilities District (CFD), with SFWP as the sole property owner, which will provide revenues to SFWP for development of the open space parcels, if necessary. Formation of the proposed CFD is subject to future Board of Supervisors approval. The proceeds to the CFD cannot be used for purposes outside of the project site. CFD assessments could be applied to property within the project site, except for a proposed recreational facility, and used for capital costs for public improvements included in the project.

Parking

Development of the private improvements on SWL 351 will entail removing a surface parking lot of 90 to 110 parking spaces currently operated by ACE Parking under an agreement with Ferry Building Associates, LLC[2]. The current parking on SWL 351 represents approximately 2/3 of the 150 parking spaces the Port is required to provide the master tenant of the Ferry Building under its agreement with the Port. The new underground parking garage to be constructed by SFWP will contain up to a total of 388 parking spaces of which 255 will be for the public, comprised of 175 spaces guaranteed under covenant to serve the Ferry Building Waterfront Area and 80 additional public parking spaces. The remaining automobile parking spaces will be reserved for residents (127 spaces) and car sharing (6 spaces). Of the 175 public parking spaces, no fewer than 90 spaces must be permanently dedicated to serving the Ferry Building Waterfront Area. The DDA between the Port and SFWP specifies that SFWP or any successor is obliged to provide the 90 replacement parking spaces in the vicinity if it fails to proceed with the development. During construction, the Port indicates it plans to provide a minimum of 90 temporary parking spaces through use of other nearby parking facilities.

Related Board of Supervisor Actions

Prior Board actions related to these items include:

- Resolution in support of State legislation allowing establishment of infrastructure financing districts (SB 1085).
- 2011 adoption of guidelines recommended by the Capital Planning Committee for the establishment and use of infrastructure financing districts. Under these guidelines, the Port retains all proceeds from the IFD formed on Port property. If the IFD project area includes Port and non-Port property, only the proceeds from the Port property are retained exclusively to fund Port capital projects.

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[2] Ferry Building Associates, LLC is the master tenant of the Ferry Building Market Place under a ground lease with the Port, and consists of CA-Ferry Building Investor Limited Partnership, EOM GP LLC, and Equity Office Management LLC.

- 2012 approval of the Resolution of Intent to establish an infrastructure financing district comprised of the Port's waterfront properties (Resolution #110-12). That resolution established seven infrastructure financing project areas. The Board of Supervisors had excluded SWL 351, the subject of this resolution, from inclusion in the initial list of project areas.
- 2012 rejection of appeals to the EIR and Conditional Use Permit adopted by the Planning Commission.

Other actions related to this item to be introduced to the Board of Supervisors in the future include:

- Approval to expand the IFD project area boundaries to include 8 Washington Street.
- A waiver of 2011 guidelines for establishing IFDs in San Francisco, adopted by the Board of Supervisors with regard to 8 Washington if added to the IFD.
- A future ordinance adopting an infrastructure financing plan for the project, establishing an appropriations limit and giving the City the authority to issue bonds against projected infrastructure financing district. Port management reports that the request for approval of the financing plan is expected to be submitted to the Board of Supervisors in approximately two months.

FISCAL IMPACT

Under the proposed purchase and sale agreement between SFWP and the Port, the Port would transfer to SFWP land with an appraised value of $7,560,000 and receive from SFWP land with an appraised value of $8,630,000. In addition the Port would receive from SFWP:

(1) A one-time payment of $3,000,000;

(2) Transfer fees to be paid by the condominium owner of 1.0% of any subsequent sales of commercial and residential condominiums in perpetuity with an estimated net present value of $9.0 million, based on the 66-year period used by the Port; and

(3) $120,000 per year under the proposed purchase and sale agreement between the Port and SFWP for use of the open space, adjusted every 5 years by the CPI, for not less than 10% and not more than 20%; and

(4) 15% of income to SFWP generated by the proposed park café or other retail under the proposed ground lease between the Port and SFWP. According to Port staff, the Port receives 15% of income generated by projects on Pier 1 ½, Pier 3, Pier 5, and Pier 39; however, at these locations there is a MAG (Minimum Annual Guarantee) in rent.

SFWP would also pay the Port $60,000 per year during the construction of the residential and commercial condominiums as partial compensation for lost parking revenues from the current parking on SWL 351. Construction is expected to last three years. The Port is currently receiving $82,066 annually in these parking revenues, which would be foregone during the first year of construction. Under the agreement with EOP, these payments would have increased to $84,528 in what will now be the second year of construction and $87,064 in the third year, for a total of $253,659 in foregone parking revenues during the construction period. The Port will permanently forego future parking revenues from SWL 351, beginning in year four, when construction of the residential and commercial condominiums is completed, with an estimated net present cost of $1.9 million.[3]

The net present value (NPV) to the Port of these estimated revenues, offset by the net present cost of foregone parking revenues, is approximately $12.4 million, as shown in Table 1 below.

Table 1
Net Present Value of Future Estimated Revenues Generated by the Proposed Purchase and Sale Agreement and 66-Year Ground Lease between the Port and SFWP[4]

Revenue	NPV	Time Period
One Time Payment of $3,000,000	$2,448,894	Year 3 to 4
1.0% Transfer Fee Paid to the Port by Condominium Owners on the Future Sale of the Residential and Commercial Condominiums[5]	9,010,086	Year 4 to 66
66-Year Ground Lease	2,277,641	Year 4 to 66
Parking Revenues During Construction	157,459	Year 1 to 3
Foregone Parking Revenues on Completion of Construction	(1,897,867)	Year 4 to 66
15% of Park Café or Other Retail Revenues	412,732	Year 4 to 66
Total	**$12,408,945**	

Source: Port

Under the DDA between the Port and SFWP, project-related City costs for City Attorney, Port and other City staff, and for consulting will be paid by SFWP. The Port is being reimbursed quarterly by SFWP for these costs, which in calendar year 2011 totaled $311,189 and since entering into exclusive negotiations with SFWP in February, 2009 have totaled $465,222.

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[3] The estimated net present value of the foregone revenues is based on an annual increase of 3% per year. This may be conservative as the existing contract between the Port and EOP for the SWL 351 parking is to be renewed every 10 years at "prevailing parking fees" to be negotiated between the Port and EOP.

[4] The Port has calculated the NPV based on a 7% discount rate, the current rate for corporate bonds, except for the café lease revenues, in which the Port has calculated a 7.5% discount rate.

[5] Based on resale of residential and commercial condominiums every 7 years.

Infrastructure Financing District Tax Increment Revenues

The DDA between the Port and SFWP commits the Port to making payments of $5 million from future IFD revenues to reimburse SFWP for the cost of constructing open space improvements. According to Mr. Jonathan Stern, Port Assistant Deputy Director for Development, the Port estimates that the proposed IFD will generate total estimated tax increment revenues of $3.1 million per year over 30 years, for a net present value of $44 million. The first $5 million in infrastructure financing district tax increment revenue would be provided by the Port to SFWP for construction of open space improvements as revenues became available.

Development Impact Fees

The proposed residential and commercial condominium development and the commercial café restaurant and retail building to be constructed by SFWP would generate an estimated $12,106,366 in one-time development impact fees to the City, as follows:

Table 2
Development Impact Fees

Mandated Fees	
Affordable Housing	8,844,176
Jobs-Housing Linkage	643,125
Transit Impact Development	376,875
Subtotal, Mandated Fees	**$9,864,176**
Additional Affordable Housing Fees under the Purchase and Sale Agreement	2,242,190
Total Fees	**$12,106,366**

- Mandated Affordable Housing Fees ($8,844,176). This represents payment of the inclusionary housing fee for the equivalent of 20% of the condominium development's 134 units, or 27 units.

- Additional Affordable Housing Fees under the Purchase and Sale Agreement ($2,242,190). SFWP has agreed to pay additional inclusionary housing fees for the equivalent of another 5% of the condominium development's 134 units, or 7 units.

- Mandated Jobs-Housing Linkage Program Fees ($643,125) calculated at $20.58 per each of 31,250 square feet of retail and health club development facilities at the site.

- Mandated Transit Impact Development Fees ($376,875), calculated at $12.06 per each of 31,250 square feet of retail and health club development facilities at the site.

Under the City's fee deferral program, SFWP would be required to pay 15% of the mandated development impact fees of $9,864,176 ($1,479,626) to the City on receipt of a building permit, with the remaining 85% ($8,384,550) due on certificate of occupancy. The PSA requires 20%,

or $448,438, of additional affordable housing fees of $2,242,190 to be paid at project initiation, with the remaining 80%, or $1,793,752, paid on certificate of occupancy. Thus, $1,928,064 in impact fees of $12,106,366 will be made available to the City on project initiation.

To the extent that more street trees are required than will be provided on the parcel, the developer will also be required to pay $1,744 in Street Tree In-Lieu Fees for each tree deemed required.

Tax Revenues

The Port's financial consultant has preliminarily estimated that $1.26 million annually in sales, transfer and utility taxes will be made available to the City from development of the project. According to Mr. Stern, the Port will further analyze these revenue projections when the Port submits the proposed infrastructure financing plan to the Board of Supervisors.

Summary

The proposed resolutions provide for development of private property owned by SFWP and public property owned by the Port, bound by The Embarcadero, Washington Street, and Drumm Street, including:

- Construction of residential and commercial condominiums, underground parking for residential and public use, and a health and fitness club on the private property owned by SFWP ; and

- Open space and public improvements on property owned by the Port, including a café/restaurant and ancillary retail building to be constructed by SFWP.

SFWP benefits from the proposed transactions by gaining the right to develop the residential and commercial condominiums on SWL 351, which is currently Port-owned property and part of the public trust and would be transferred to SFWP in exchange for property currently owned by SFWP. The estimated value to SFWP of the residential and commercial condominium development, based on the initial sales value of the commercial and residential condominiums, is $469.7 million ($391 million for the initial sale of the residential condominiums and $78.7 million for the initial sale of the commercial condominiums). In addition, SFWP will receive rental income from the café/restaurant/ancillary retail uses, estimated at a net present value of $2,751,547 over 66 years. Finally, SFWP would be reimbursed up to $5 million in costs for development of public improvements on the site.

Public financial benefits from the proposed transaction are estimated to be $24.5 million in net present value, which includes (1) $12.4 million to the Port under the Purchase and Sale Agreement and 66-year ground lease, and (2) $12.1 million in development impact fees to the City.

The City would also realize additional tax revenues to be generated by the proposed residential and commercial condominium and other development, including an estimated $44 million net present value in Tax Increment revenues (of which $5 million would be used to reimburse SFWP for the cost of public improvements), and an estimated $1.26 annually in sales and other taxes.

POLICY CONSIDERATIONS

The DDA between the Port and SFWP obligates the City to reimburse $5 million in tax increment revenues generated by the proposed development to SFWP for the costs of constructing open space improvements

Although the Board of Supervisors has not yet approved the proposed IFD or financing plan, including the apportionment of IFD tax increment revenues between the Port, other taxing authorities (e.g., SFUSD, BART) and the City's General Fund, the DDA between the Port and SFWP obligates the City to spend $5 million of tax increment revenues generated by the proposed residential and commercial condominiums on public open space improvements at the project site.

Total estimated tax increment revenues to be generated by the proposed residential and commercial condominiums are $3.1 million per year over 30 years, for a net present value of $44 million. These revenues result directly from the development of the residential and commercial condominiums on SWL 351.

Under State law, the Board is authorized to (1) approve the formation of the IFD, and (2) determine the allocation of the tax increment revenues, resulting from the IFD. The Board of Supervisors previously approved guidelines for forming IFDs that supplement existing State law (Resolution 0066-11). Under State law, IFD proceeds can finance the purchase, construction, expansion, improvement, seismic retrofit or rehabilitation of public property. The public property does not need to be located within the boundaries of the IFD. The Board of Supervisors approved additional criteria that set (1) minimum threshold criteria for when an IFD can be formed; and (2) strategic criteria for forming an IFD.

The Board of Supervisors' guidelines exempt an IFD formed on Port property. As noted in the guidelines, "The Port has over $1 billion in deferred maintenance and plans to apply different IFD policies to assist in its capital repair and maintenance efforts, and IFD law contains provisions unique to land under Port jurisdiction. The Port plans to independently utilize State IFD law to finance capital improvements that address this need." While the guidelines exempt an IFD formed on Port property, resolution 0066-11 states specifically that, if the IFD includes non-Port property as well as Port property, only the Port-owned property is excluded. Therefore, any IFD project area formed from non-Port property would be subject to the criteria previously established by the Board of Supervisors.

Mr. Stern states that the Port will request at a future date Board of Supervisors' approval for appropriation of approximately $20,900,000 in addition to the $5,000,000 noted above. The future request of $20,900,000, which is 47.5% of future IFD tax increment revenues with an estimated net present value of $44,000,000, would be used for Port capital projects outside of this IFD project area as contained in its capital plan. These projects include Phase II of the Pier 27 Cruise Terminal, remediation of waste water violations for which it has been cited by the California Regional Water Quality Control Board, and pier substructure repairs.

The Board of Supervisors has the final authority to determine the allocation of the proposed IFD tax increment revenues to the Port or the City's General Fund, consistent with the Board's adopted guidelines. The Board of Supervisors must also approve issuance of tax increment bonds and appropriation of tax increment bond proceeds

The City will receive limited financial benefits beyond that required by statute for payment of development impact fees and taxes

The majority of development impact fees to be paid by SFWP to the City, which include the affordable housing fee, job-housing linkage fee, and transit impact development fees, are those required by statute. Of the one-time development impact fees of $12,106,366 to be paid by SFWP to the City, $9,864,176, or 81.4% represent affordable housing fees, job-housing linkage fees, and transit impact development fees mandated under Planning Code Sections 411, 413 and 415. An additional $2,242,190 in affordable housing fees are to be paid by SFWP voluntarily.

The City could require SFWP to provide greater public benefits in exchange for entering into a development agreement, as allowed under California Government Code section 65864 (the Development Agreement Statute). The Board of Supervisors should consider amending the resolution by requesting that the Port negotiate further public benefits to be provided by SFWP under the DDA between the Port and SFWP. For example, the proposed DDA requires the Port to pay $5 million in IFD proceeds for construction of public improvements, which are estimated by the Port to cost approximately $8 million in total. Thus, IFD revenues will fund 62% of the estimated cost of public improvements while SFWP will fund 38%. These improvements will also enhance the financial value of the private improvements. The Port could negotiate to have these improvements funded by SFWP instead of contributing $5 million in increment finance revenues towards SFWP's cost of doing so.

Questions have been raised about whether the transfer fee mechanism is considered a tax

Ms. Joanne Sakai of the City Attorney's Office reports that the proposed transfer fee is not a tax requiring a 2/3 vote, but a private, contractual agreement to provide the Port with a participation in the condominium sales. Ms Sakai further reports that the proposed fee funds a public benefit, as required under Federal Housing Finance Agency regulations, and that the proceeds from a transfer fee do not have to be used at the site from which they were generated. Port staff offer as an example a 0.5% transfer fee on all new residential property sales and re-sales at the Northstar

Resort at Lake Tahoe, which are deposited into the Northstar Open Space Fund for use by the Truckee Donner Land Trust to purchase and preserve open space in other parts of North Lake Tahoe.

RECOMMENDATIONS

Amend the proposed resolution to request the Port to negotiate:

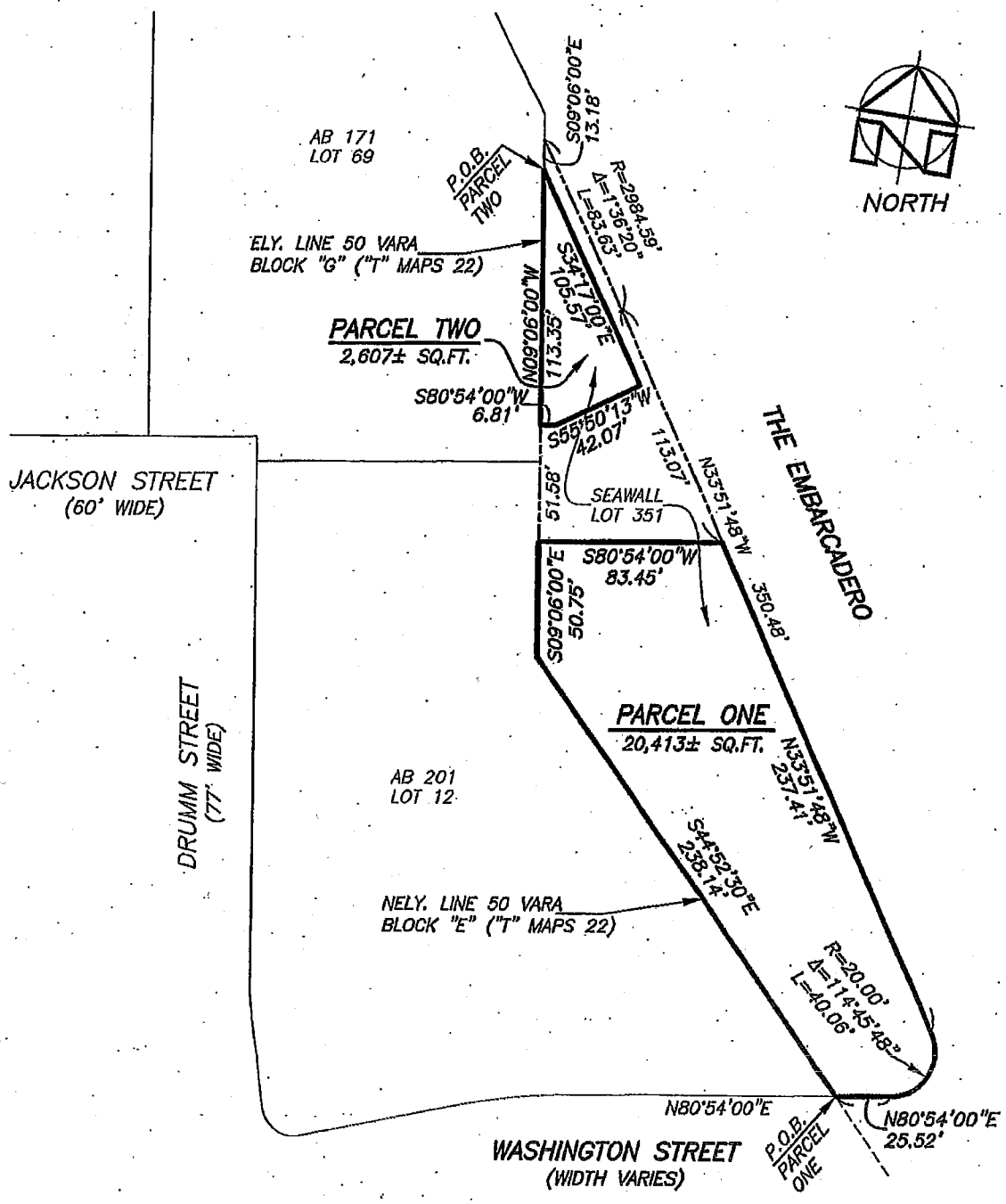
- A minimum annual guarantee (MAG) rent for the café/restaurant and ancillary retail building, which is not currently required by the proposed 66-year ground lease between the Port and SFWP, and is consistent with other agreements between the Port and private developers.
- Additional payment of $73,659 from SFWP to offset lost parking revenue, which the Port would have received for the three-year period under the existing parking agreement.

Approval of the proposed resolutions (File 12-0270 and File 12-0278) is a policy matter for the Board of Supervisors.

The Board of Supervisors should also consider amending the resolution by requesting that the Port negotiate further public benefits to be provided by SFWP under the DDA between the Port and SFWP, including SFWP paying the total costs of $8 million for the public improvements rather than the City allocating $5 million in IFD proceeds and SFWP paying only $3 million.

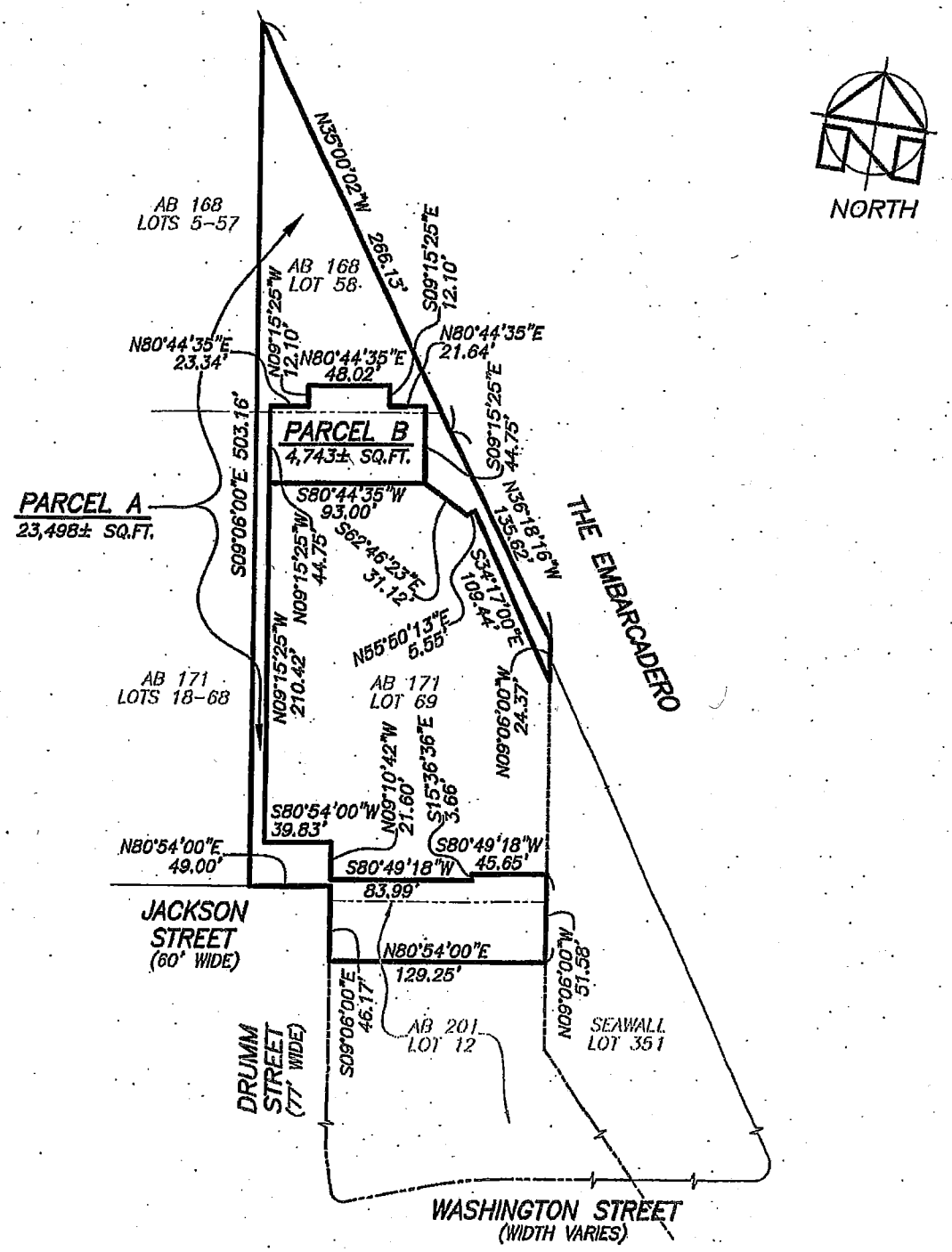
Harvey M. Rose

cc: Supervisor Chu
Supervisor Avalos
Supervisor Kim
President Chiu
Supervisor Campos
Supervisor Cohen
Supervisor Elsbernd
Supervisor Farrell
Supervisor Mar
Supervisor Olague
Supervisor Wiener
Clerk of the Board
Cheryl Adams
Mayor Lee
Controller
Kate Howard



SWL 351 comprises 27,926 square feet, of which 23,020 would be sold by the Port to SFWP:

- Parcel One for 20,413 square feet
- Parcel Two for 2,607 square feet



8 Washington comprises 109,224 square feet, of which 28,241 would be purchased by the Port from SFWP.

- Parcel A comprises 23,498 square feet
- Parcel B comprises 4,743 square feet

Exhibit A
Type of public facilities proposed to be financed by the IFD

(1) Remediation of hazardous materials in, on, under, or around any real or tangible property, including environmental remediation of the San Francisco waterfront.

(2) Seismic and life-safety improvements to existing buildings.

(3) Rehabilitation, restoration, and preservation of structures, buildings, or other facilities having special historical, architectural, or aesthetic interest or value and that are listed on the National Register of Historic Places, are eligible for listing on the National Register of Historic Places individually or because of their location within an eligible registered historic district, or are listed on a state or local register of historic landmarks.

(4) Structural repairs and improvements to piers, seawalls, and wharves.

(5) Removal of bay fill.

(6) Stormwater management facilities, other utility infrastructure, or public open-space improvements.

(7) Shoreline restoration.

(8) Other repairs and improvements to maritime facilities.

(9) Planning and design work that is directly related to any public facilities authorized to be financed by a waterfront district.

(10) Reimbursement payments made to the California Infrastructure and Economic Development Bank in accordance with paragraph (5) of subdivision (d) of Section 53395.81.

(11) To the extent not included in the foregoing, a special waterfront district may be used to finance the following:

(A) Construction of the port's maritime facilities at Pier 27.

(B) Planning and design work that is directly related to the port's maritime facilities at Pier 27.

(C) Planning, design, and construction of improvements to publicly owned waterfront lands held by trustee agencies, such as the National Park Service and the California State Parks, and used as public spectator viewing sites for America's Cup-related events, including the San Francisco Bay Trail along the Marina Green.

(D) Future installations of shoreside power facilities on port maritime facilities.

(12) Other facilities authorized under the IFD Law.

PORT OF SAN FRANCISCO

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2012 APR 16 AM 11:07

File # 120278

April 16, 2012

Angela Calvillo, Clerk of the Board
Board of Supervisors
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689

Subject: Resolution Amending Resolution of Intention to Establish Infrastructure Financing District No. 2 (File No. 120128) for the City and County of San Francisco at the Port of San Francisco.

Dear Ms. Calvillo:

Attached please find an original and four copies of a proposed resolution for Board of Supervisors Approval amending Resolution of Intention to Establish Infrastructure Financing District No. 2 (File No. 120128) for the City and County of San Francisco at the Port of San Francisco.

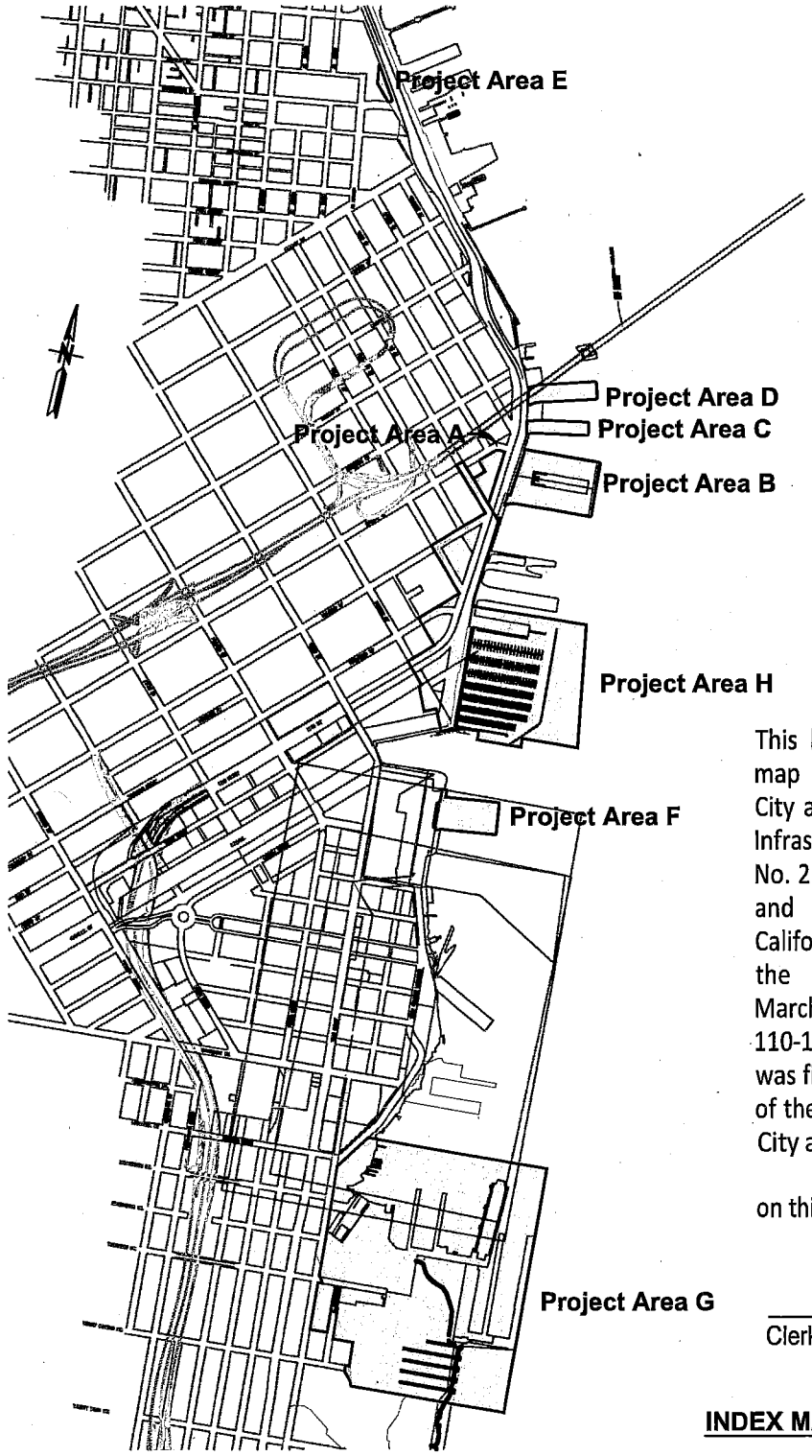
Attached you will also find the following supporting documents:

1. Four copies of Exhibit A, Type of Public Facilities Proposed to be Financed by the IFD.
2. Amended Map of Proposed Boundaries of City and County of San Francisco Infrastructure Financing District No. 2 at the Port of San Francisco.

The following Port staff may be contacted regarding the matter: Brad Benson, Special Projects Manager (819-1758) and Trisha Prashad, Special Projects (274-0421). Thank you for your consideration.

Sincerely,

Trisha Prashad
Port of San Francisco



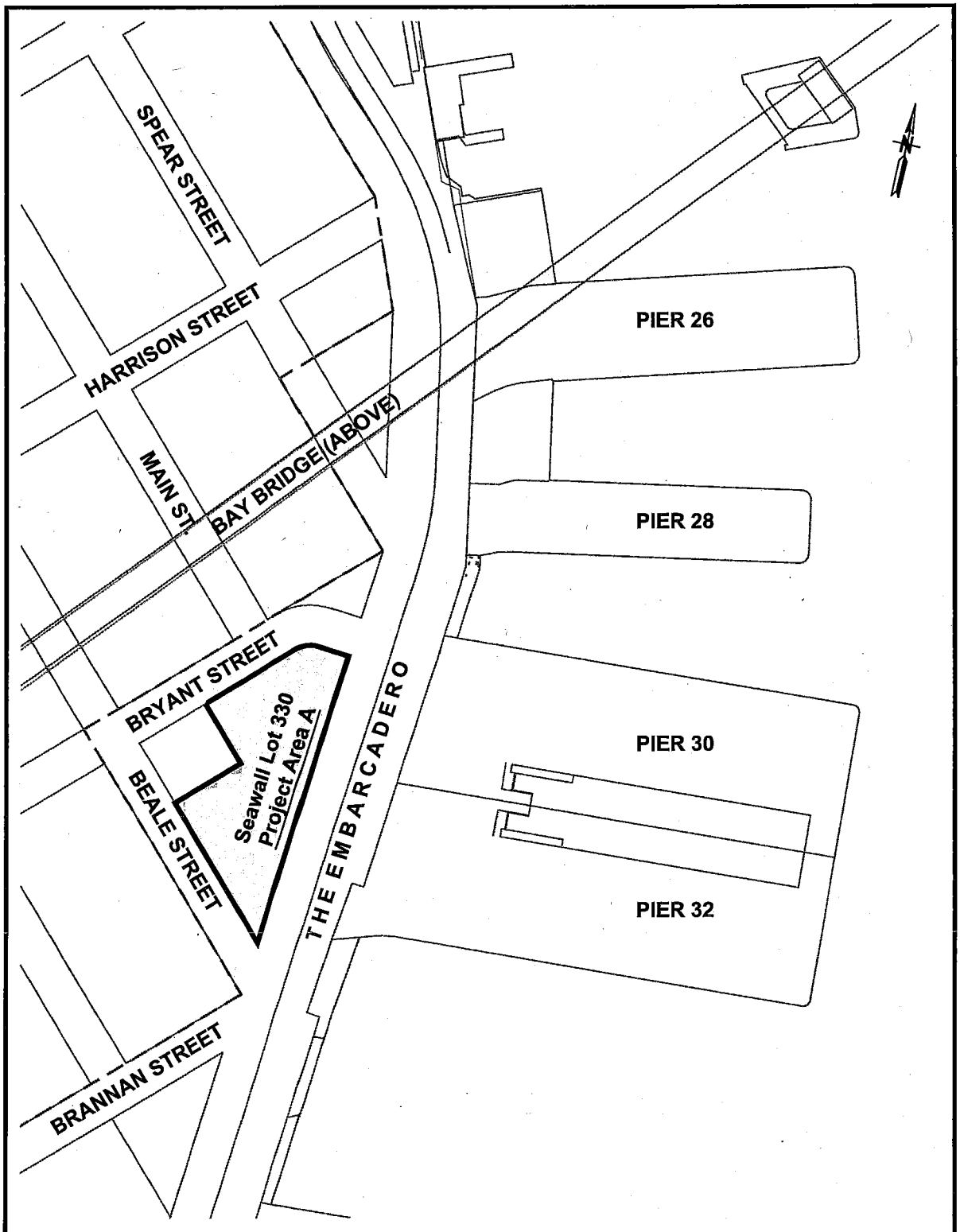
This boundary map amends the map of Proposed Boundaries of City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco), City and County of San Francisco, California, which was approved by the Board of Supervisors on March 27, 2012 by Resolution No. 110-12, and this boundary map was filed in the office of the Clerk of the Board of Supervisors of the City and County of San Francisco

on this ____ day of _____, 201_.

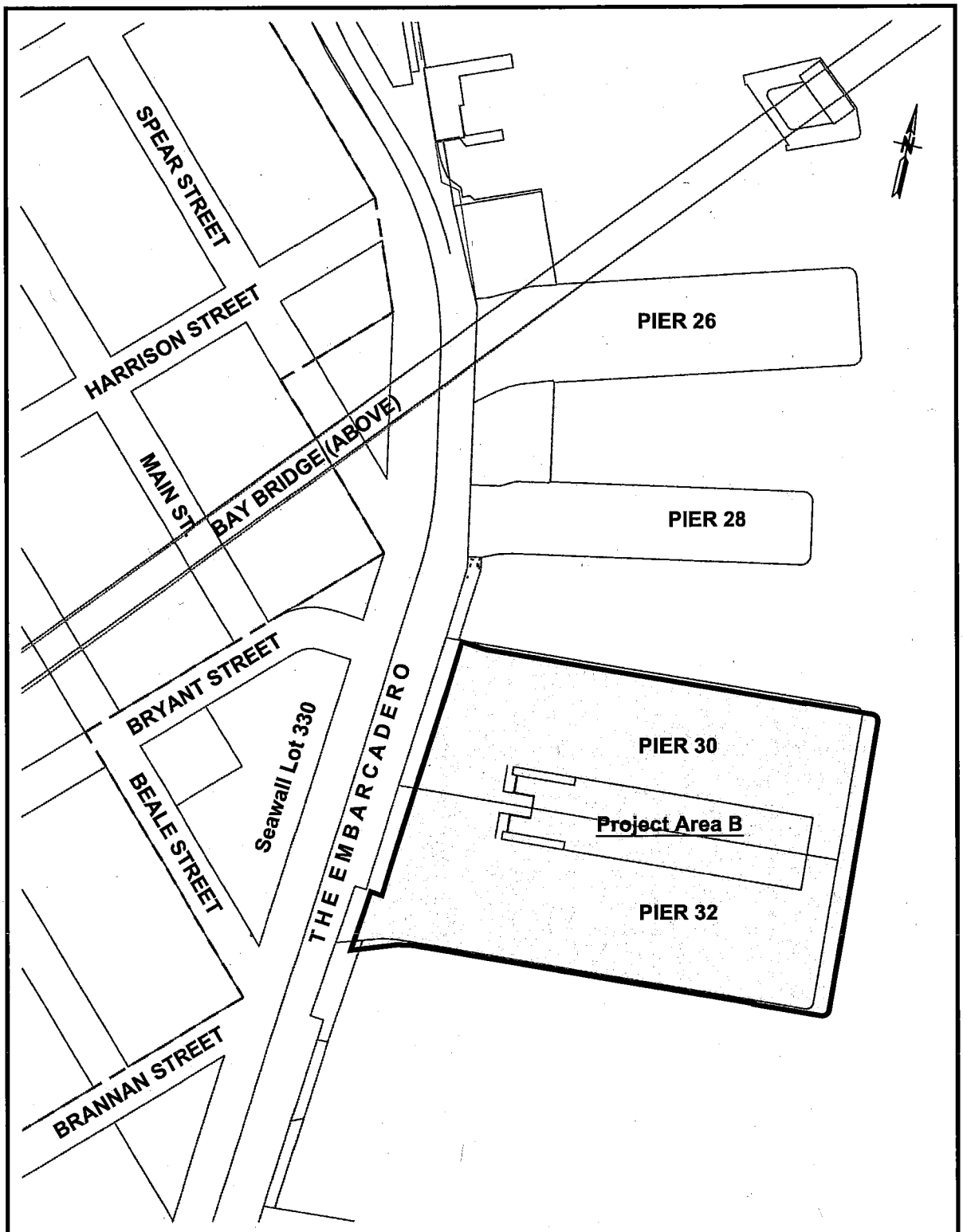
_____
Clerk of the Board of Supervisors

INDEX MAP

SAN FRANCISCO PORT COMMISSION PORT OF SAN FRANCISCO DEPARTMENT OF ENGINEERING	Amended Map of Proposed Boundaries of City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco), City and County of San Francisco, State of California	DATE: APR. 16, 2012 SCALE: 1" = 2000' SHEET NO. 1 OF 10 SHEETS



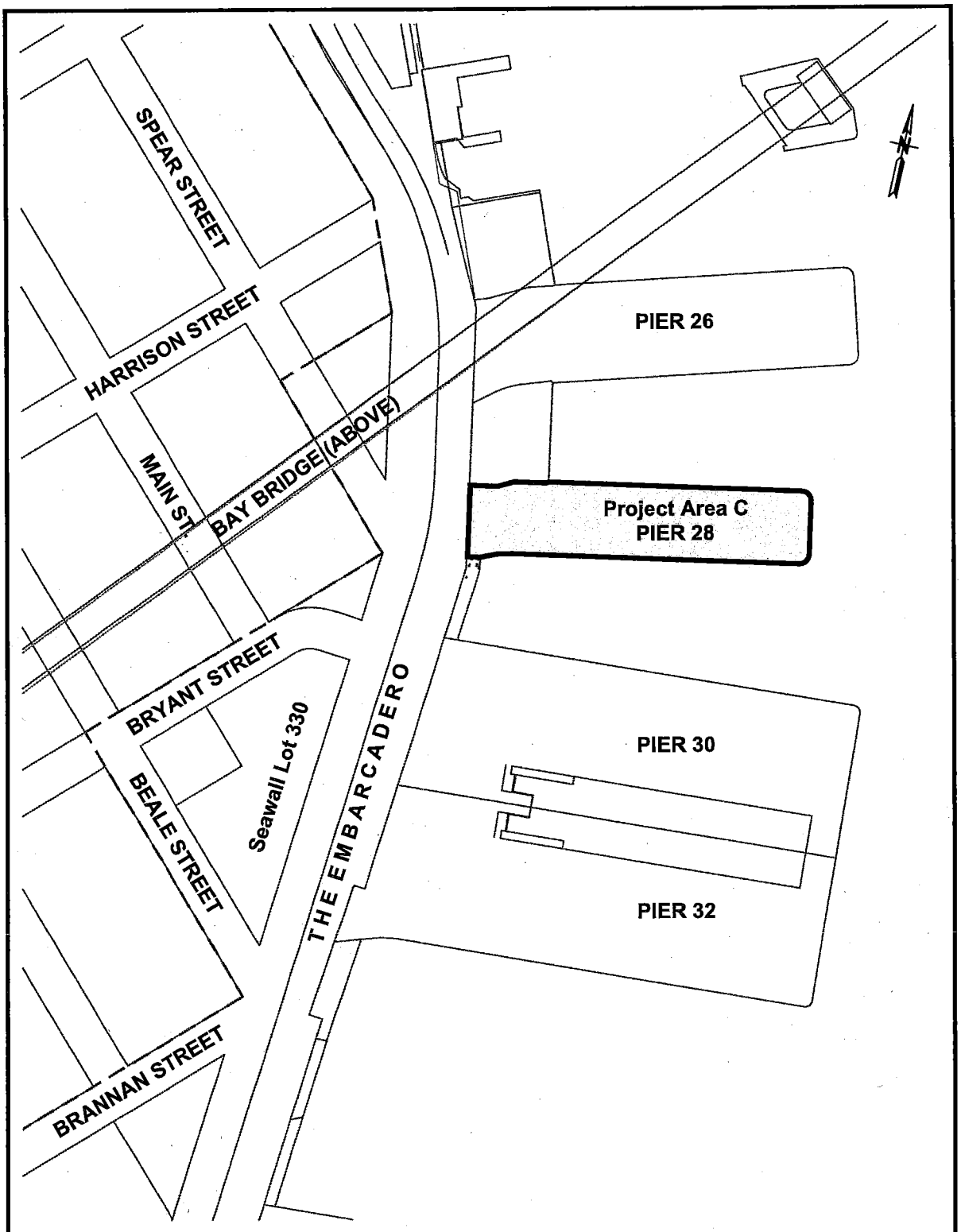
SAN FRANCISCO PORT COMMISSION PORT OF SAN FRANCISCO DEPARTMENT OF ENGINEERING	Amended Map of Proposed Boundaries of City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco), City and County of San Francisco, State of California	DATE: APR. 16, 2012 SCALE: 1" = 300' SHEET NO. 2 OF 10 SHEETS



SAN FRANCISCO PORT COMMISSION
PORT OF SAN FRANCISCO
DEPARTMENT OF ENGINEERING

Amended Map of Proposed Boundaries of City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco), City and County of San Francisco, State of California

DATE: APR. 16, 2012
SCALE: 1" = 300'
SHEET NO. 3
OF 10 SHEETS



SAN FRANCISCO PORT COMMISSION
PORT OF SAN FRANCISCO
DEPARTMENT OF ENGINEERING

Amended Map of Proposed Boundaries of City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco), City and County of San Francisco, State of California

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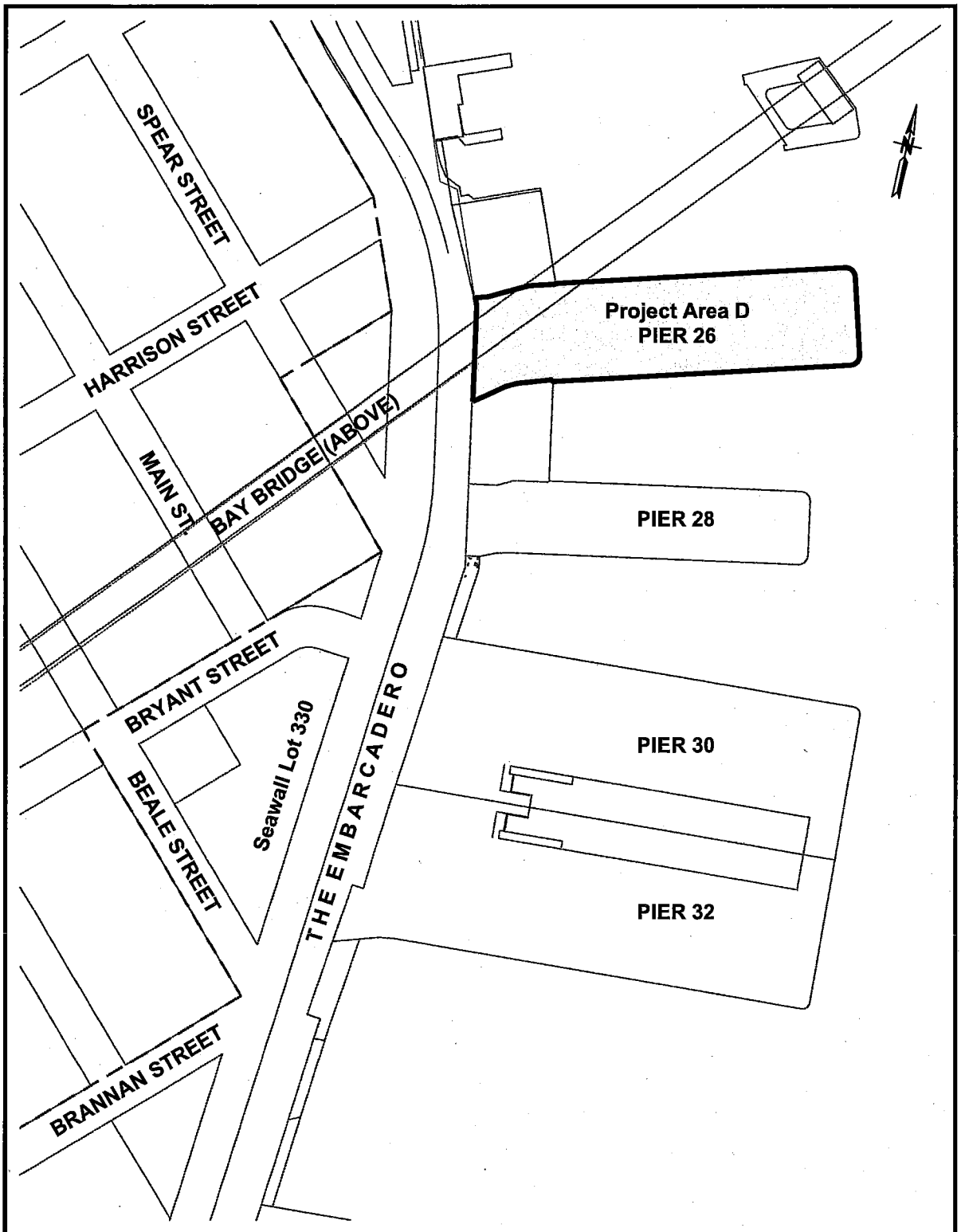
OF 10 SHEETS



SAN FRANCISCO PORT COMMISSION
PORT OF SAN FRANCISCO
DEPARTMENT OF ENGINEERING

Amended Map of Proposed Boundaries of City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco), City and County of San Francisco, State of California

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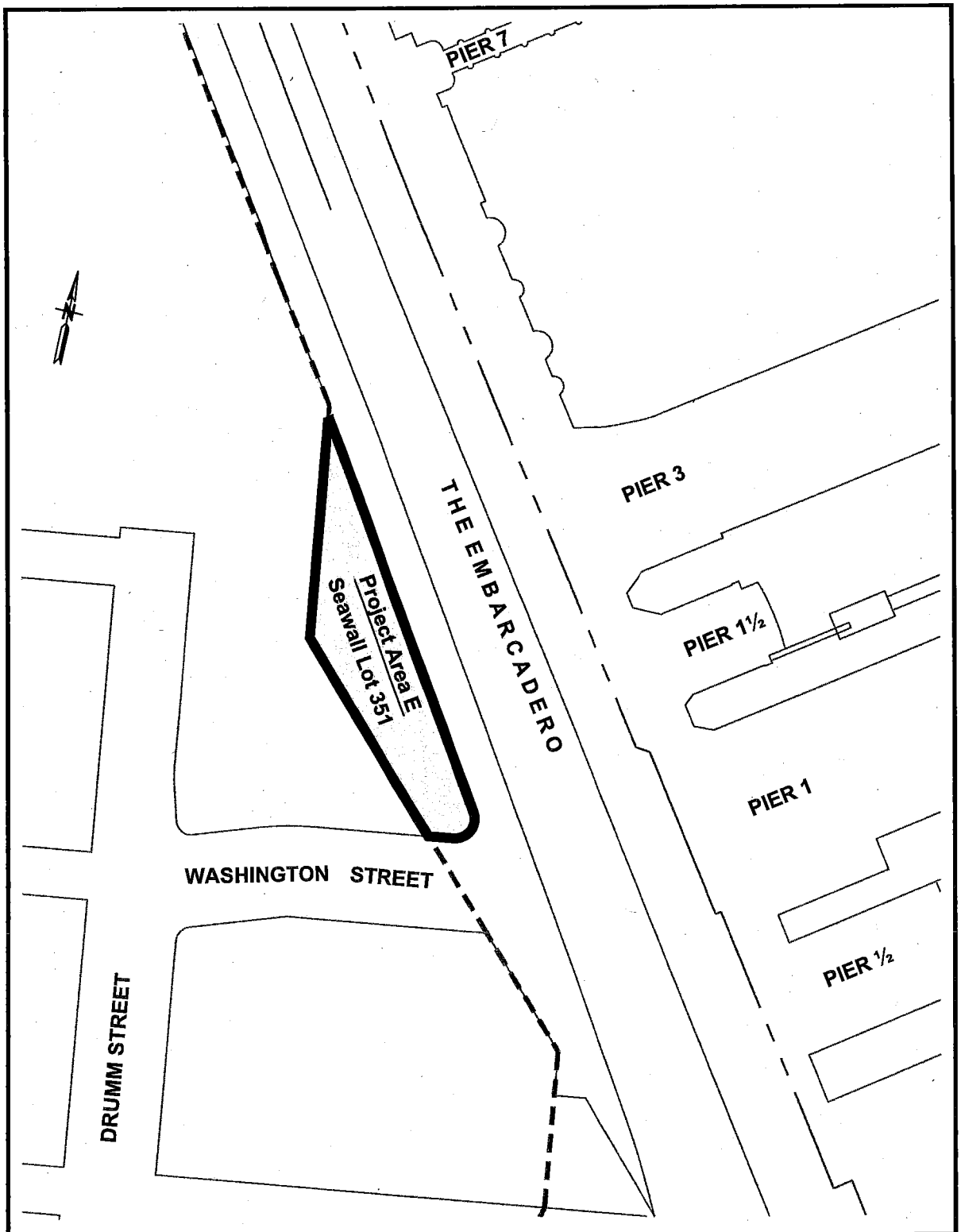
OF 10 SHEETS



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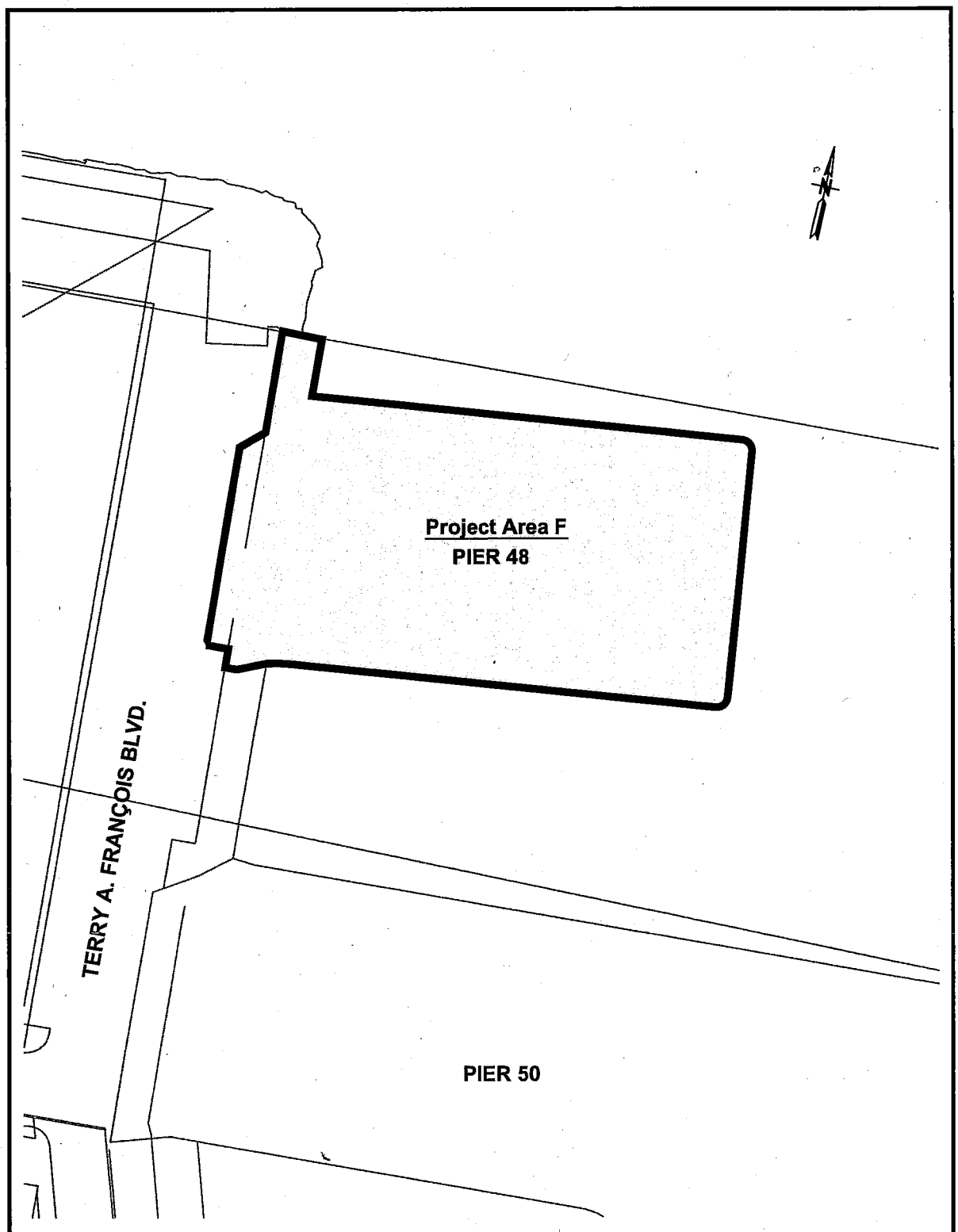
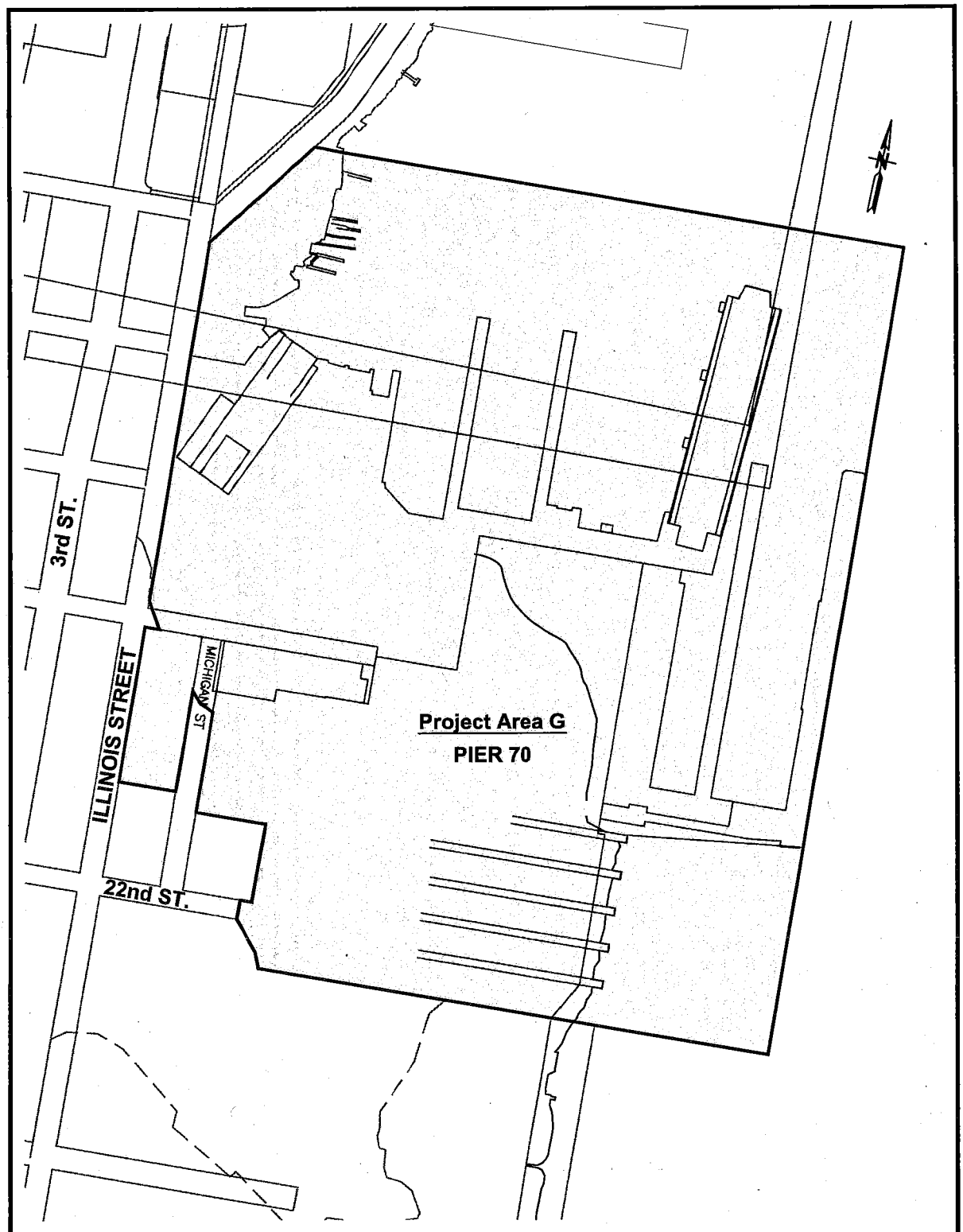
PORT OF SAN FRANCISCO
DEPARTMENT OF ENGINEERING

Amended Map of Proposed Boundaries of City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco), City and County of San Francisco, State of California

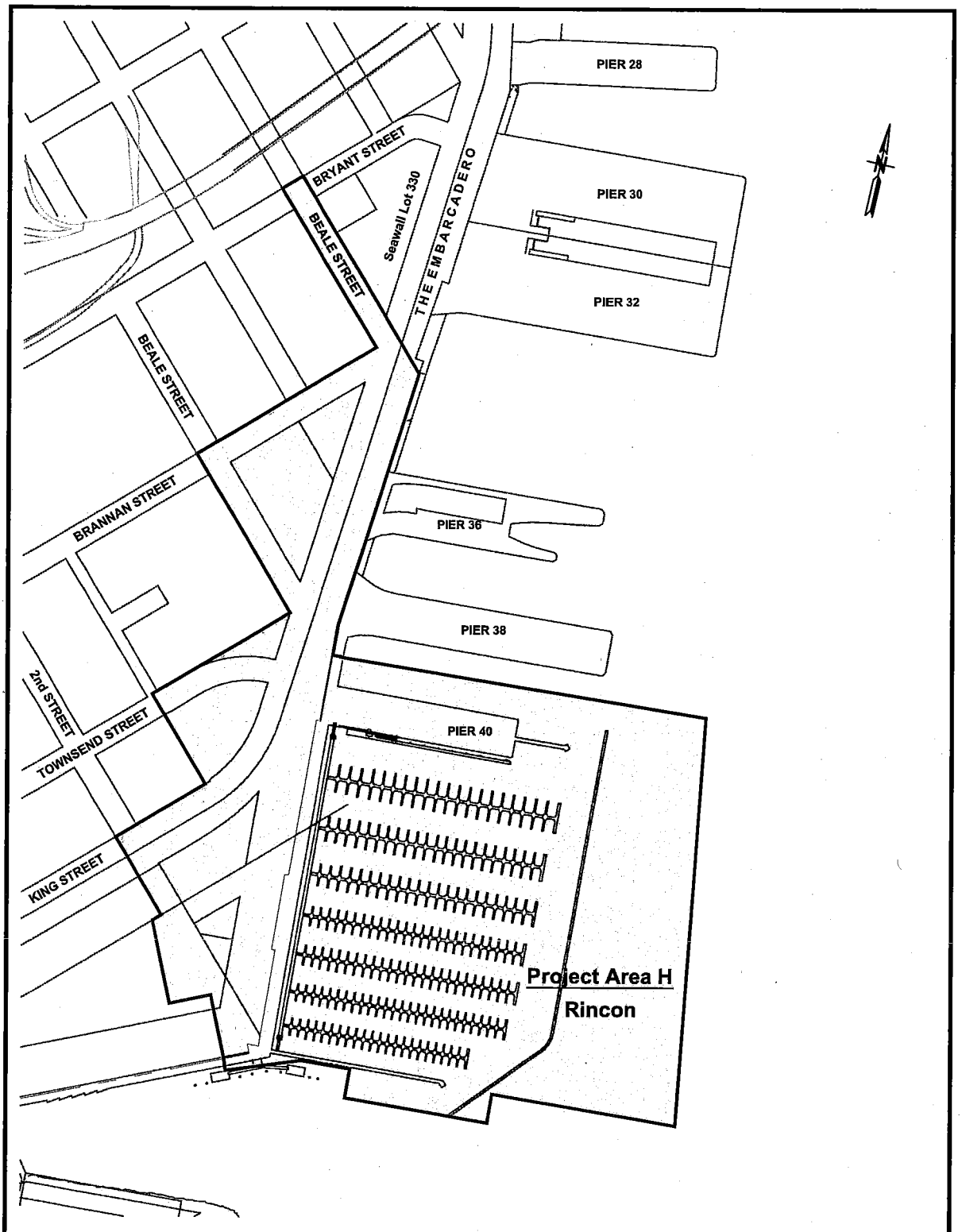
DATE: APR. 16, 2012
SCALE: 1" = 150'
SHEET NO. 1
OF 10 SHEETS



SAN FRANCISCO PORT COMMISSION PORT OF SAN FRANCISCO DEPARTMENT OF ENGINEERING	Amended Map of Proposed Boundaries of City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco), City and County of San Francisco, State of California	DATE: APR. 18, 2012 SCALE: 1" = 200' SHEET NO. 8 OF 10 SHEETS



SAN FRANCISCO PORT COMMISSION PORT OF SAN FRANCISCO DEPARTMENT OF ENGINEERING	Amended Map of Proposed Boundaries of City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco), City and County of San Francisco, State of California	DATE: APR. 18, 2012 SCALE: 1" = 500' SHEET NO. 9 OF 10 SHEETS



SAN FRANCISCO PORT COMMISSION
PORT OF SAN FRANCISCO
DEPARTMENT OF ENGINEERING

Amended Map of Proposed Boundaries of City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco), City and County of San Francisco, State of California

DATE: APR. 18, 2012
SCALE: 1" = 500'
SHEET NO. 10
OF 10 SHEETS