



October 6, 2015

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

Subject: Resolution of Intent to form and Infrastructure Financing District at Pier 70 and Resolution of Intent to issue bonds in conjunction with the Pier 70 Infrastructure Financing District

Dear Ms. Calvillo:

Attached please find an original and four copies of two proposed resolutions:

1. A resolution further amending Resolution of Intention to establish Infrastructure Financing District No. 2 for the City and County of San Francisco at the Port of San Francisco.
2. A Resolution of Intention to issue bonds for City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco).

The purpose of these two resolutions is to provide the public notice of the Port's intent to amend the Infrastructure Financing District #2, which encompasses the Port of San Francisco, to include a newly defined Pier 70 subarea consisting of the area known as the 20th Street Historic Buildings, under development by Orton Development, Inc. ("Orton") under a lease between Orton and the Port of San Francisco, and to subsequently issue bonds in an amount not to exceed \$12 million to fund infrastructure improvements at Pier 70.

Background

The Port of San Francisco, with the support of the City's State Legislation Committee, sought and received amendments to state law permitting it to form *infrastructure financing districts* (IFD) in 2005 (SB 1085; Senator Migden). In 2001, the Port sought further amendments to state law permitting it to capture the state's share of property tax through an infrastructure financing district at Pier 70 to fund the extraordinary costs of rehabilitating this historic maritime industrial area (AB 1199; Assemblymember Ammiano).

On March 27, 2012, by Resolution No. 110-12, the 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, including Pier 70 Project Area G (Resolution of Intention). The Board of Supervisors amended this Resolution of Intention on June 12, 2012, by Resolution No. 227-12, to propose, among other things, revised project areas within the Portwide Infrastructure Financing District.

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On April 23, 2013, by Resolution 123-13, the Board of Supervisors adopted Guidelines for the Establishment and Use of an Infrastructure Financing District on Port Land.

By Resolution 273-14, the Board of Supervisors approved Lease No. L-15814 between the Port of San and Orton Development, Inc. for the development and lease of six historic buildings along 20th Street that are contributing resources to the Union Iron Works Historic District, listed on the National Register of Historic Places in 2014 (Orton Project).

Resolution 273-14 directed Port staff to prepare an Infrastructure Financing Plan in connection with the project:

“WHEREAS, In addition to commitments of over \$35 million of construction loan proceeds from an institutional lender and Orton equity in excess of \$5 million, Port and Orton have identified public financing mechanisms, as potential additional funding sources for the Project including: (1) up to \$24,000,000 of loan proceeds from the City’s Seismic Safety Loan Program...., and (2) tax increment from the leasehold, conditioned on the Board’s creation of a Port Infrastructure Financing District and approval of an Infrastructure Financing Plan for public realm improvements within and adjacent to the leasehold, phase 2 of Crane Cove Park, and Crane Cove waterfront remediation; and

“FURTHER RESOLVED, That this Board directs Port staff to seek Board adoption of an ordinance to create the Port Infrastructure Financing District and approval of an Infrastructure Financing Plan for public realm improvements within and adjacent to the leasehold, installation of new electrical service to service the Pier 70 Shipyard and removal of old transformers from Building 102, and Phase 2 of Crane Cove Park including sediment remediation following completion of any necessary environmental documentation prepared in compliance with CEQA with respect to the foregoing improvements; and, be it [emphasis added]”

The Port respectfully requests that the Board of Supervisors and Mayor Edwin M. Lee consider the two attached resolutions, which if adopted, will provide public notice of the City’s intention to form an Infrastructure Financing District that encompasses the Orton Project. If adopted, the Port will return to the Board of Supervisors with a proposed ordinance approving an Infrastructure Financing Plan to finance the improvements referenced in Resolution 273-14, including economic analysis required pursuant to the Board’s adopted Guidelines for the Establishment and Use of an Infrastructure Financing District on Port Land and detailed sources and uses of Infrastructure Financing District tax increment.

Thank you for your consideration.

Sincerely,



FOR Brad Benson

Brad Benson
Port of San Francisco