

BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 554-5227

MEMORANDUM

GOVERNMENT AUDIT AND OVERSIGHT COMMITTEE

SAN FRANCISCO BOARD OF SUPERVISORS

TO: Supervisor Gordon Mar, Chair
Government Audit and Oversight Committee

FROM: John Carroll, Assistant Clerk

DATE: February 21, 2020

SUBJECT: **COMMITTEE REPORT, BOARD MEETING**
Tuesday, February 25, 2020

The following file should be presented as COMMITTEE REPORT at the regular Board meeting on Tuesday, February 25, 2020. This resolution was acted upon at the regular Government Audit and Oversight Committee meeting on Thursday, February 20, 2020, at 10:00 a.m., by the votes indicated.

Item No. 28 File No. 200118

Resolution declaring the intention to incur bonded indebtedness and other debt in an aggregate principal amount not to exceed \$3,700,000,000 for the City and County of San Francisco Special Tax District No. 2020-1 (Mission Rock Facilities and Services); ordering and setting a time and place for a public hearing of the Board of Supervisors, sitting as a Committee of the Whole, on April 7, 2020, at 3:00 p.m.; and determining other matters in connection therewith, as defined herein.

RECOMMENDED AS A COMMITTEE REPORT

Vote: Supervisor Gordon Mar - Aye
Supervisor Matt Haney - Aye
Supervisor Aaron Peskin - Excused
Supervisor Rafael Mandelmen - Absent

Cc: Board of Supervisors
Angela Calvillo, Clerk of the Board
Alisa Somera, Legislative Deputy
Anne Pearson, Deputy City Attorney

File No. 200118

Committee Item No. 5

Board Item No. 28

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Government Audit and Oversight
Board of Supervisors Meeting:

Date: February 20, 2020

Date: February 25, 2020

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Resolution |
| <input type="checkbox"/> | <input type="checkbox"/> | Ordinance |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input type="checkbox"/> | <input type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Subcontract Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Contract/Agreement |
| <input type="checkbox"/> | <input type="checkbox"/> | Form 126 – Ethics Commission |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
| <input type="checkbox"/> | <input type="checkbox"/> | Application |
| <input type="checkbox"/> | <input type="checkbox"/> | Public Correspondence |

OTHER

- | | | |
|-------------------------------------|-------------------------------------|--|
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Port Presentation – February 20, 2020</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>FYI Referral – February 12, 2020</u> |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
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| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
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Prepared by: John Carroll
Prepared by: John Carroll

Date: February 14, 2020
Date: February 21, 2020

1 [Resolution of Intention - Incurring Bonded Indebtedness and Other Debt for Mission Rock
2 Special Tax District No. 2020-1 (Mission Rock Facilities and Services) - Not to Exceed
3 \$3,700,000,000 - April 7, 2020, at 3:00 p.m.]

4 **Resolution declaring the intention to incur bonded indebtedness and other debt in an**
5 **aggregate principal amount not to exceed \$3,700,000,000 for the City and County of**
6 **San Francisco Special Tax District No. 2020-1 (Mission Rock Facilities and Services);**
7 **ordering and setting a time and place for a public hearing of the Board of Supervisors,**
8 **sitting as a Committee of the Whole, on April 7, 2020, at 3:00 p.m.; and determining**
9 **other matters in connection therewith, as defined herein.**

10
11 WHEREAS, California Statutes of 1968, Chapter 1333 ("Burton Act") and San
12 Francisco Charter, Section 4.114 and Appendix B, beginning at Section B3.581, empower the
13 City and County of San Francisco ("City"), acting through the San Francisco Port Commission
14 ("Port Commission" or "Port"), with the power and duty to use, conduct, operate, maintain,
15 manage, regulate, and control the lands within Port jurisdiction; and

16 WHEREAS, Seawall Lot 337 Associates, LLC, a Delaware limited liability company
17 ("Master Developer") and the City, acting by and through the Port, are parties to a Disposition
18 and Development Agreement (as amended from time to time, "DDA"), including a Financing
19 Plan (as amended from time to time, "Financing Plan"), that governs the disposition and
20 development of certain parcels in the jurisdiction of the Port, including Seawall Lot 337, 3.53
21 acres of Terry A. Francois Boulevard from Third Street to Mission Rock Street, China Basin
22 Park and ½ acre to the east of Terry A. Francois Boulevard between Pier 48 and Pier 50
23 ("Project Site"), and also provides for development of Pier 48, which DDA was approved by
24 the Board of Supervisors of the City ("Board of Supervisors") by Resolution No. 42-18,
25

1 adopted on February 13, 2018, signed by the Mayor on February 23, 2018, and a copy of
2 which is in Board File No. 180092; and

3 WHEREAS, The Port collaborated with the State Lands Commission and California
4 legislators to amend the Burton Act to lift or suspend its statutory trust use restrictions that
5 impede the Port's ability to realize the development potential of Port lands; under Senate
6 Bill 815 (Stats. 2007, ch. 660, as amended by Stats. 2016, ch. 529) ("SB 815"), the Port is
7 authorized to lease certain seawall lots south of Market Street, including the Project Site, for
8 nontrust purposes, providing revenues for rehabilitation of historic wharves and piers and
9 other trust uses; SB 815 allows long-term nontrust uses that are not permissible under the
10 Burton Act as a primary mechanism to generate Port revenues for trust purposes, including
11 the construction of infrastructure needed for development; and

12 WHEREAS, On November 3, 2015, San Francisco voters approved the Mission Rock
13 Affordable Housing, Parks, Jobs and Historic Preservation Initiative ("Proposition D"), which
14 authorized increased height limits on the Project Site, subject to environmental review, and
15 established a City policy to encourage development of the Project Site; Proposition D
16 specifically provides that it is intended to encourage and implement the lease and
17 development of the Project Site as described in SB 815 to support the purposes of the Burton
18 Act, especially the preservation of historic piers and historic structures and construction of
19 waterfront plazas and open space; and

20 WHEREAS, The proposed development of the Project Site, which is commonly
21 referred to as the Mission Rock project ("Project"), will be a new mixed-use neighborhood that
22 is proposed to include a mix of commercial/office, retail, parking, and market rate and
23 affordable residential uses and approximately eight acres of new and expanded parks and
24 shoreline access; and

1 WHEREAS, Under the DDA, (i) the Developer is responsible for master development of
2 the Project Site, including construction of public infrastructure, (ii) the Port and Developer will
3 enter into a master lease for all of the Project Site, (iii) the Port will convey development
4 parcels to vertical developers and those parcels will be released from the master lease and
5 (iv) the Port may enter into a separate lease with the Developer (or an affiliate) for
6 development of Pier 48; and

7 WHEREAS, The City anticipates that, in addition to the public infrastructure and private
8 development described above, future improvements will be necessary to ensure that the
9 shoreline, public facilities, and public access improvements will be protected should sea level
10 rise in the vicinity of the Project Site, and the Board of Supervisors desires to provide a
11 mechanism to pay for the costs of such improvements; and

12 WHEREAS, Under Chapter 43, Article X of the San Francisco Administrative Code (as
13 it may be amended from time to time, "Code"), which Code incorporates by reference the
14 Mello-Roos Community Facilities Act of 1982, as amended ("Mello-Roos Act"), this Board of
15 Supervisors has this date adopted its "Resolution declaring the intention to establish City and
16 County of San Francisco Special Tax District No. 2020-1 (Mission Rock Facilities and
17 Services) and a Future Annexation Area; ordering and setting a time and place for a public
18 hearing of the Board of Supervisors, sitting as a Committee of the Whole, on April 7, 2020;
19 determining other matters in connection therewith, as defined herein; and making findings
20 under the California Environmental Quality Act" ("Resolution of Intention to Establish"), stating
21 its intention to form (i) "City and County of San Francisco Special Tax District No. 2020-1
22 (Mission Rock Facilities and Services)" ("Special Tax District") and (ii) a future annexation
23 area for the Special Tax District ("Future Annexation Area") for the purpose of financing the
24 costs of certain improvements ("Facilities"), services and incidental expenses, as further
25 provided in the Resolution of Intention to Establish; and

1 WHEREAS, In the Resolution of Intention to Establish, this Board of Supervisors made
2 certain findings under the California Environmental Quality Act ("CEQA") about the Final
3 Environmental Impact Report ("FEIR") for the disposition and development of the Project Site,
4 and those findings are incorporated in this Resolution as if set forth in their entirety herein;
5 and

6 WHEREAS, This Board of Supervisors estimates the amount required for the financing
7 of the costs of the Facilities and incidental expenses in the territory of the Special Tax District
8 and the Future Annexation Area to be the sum of not to exceed \$3,700,000,000; and

9 WHEREAS, In order to finance the costs of the Facilities and incidental expenses it is
10 necessary to incur bonded indebtedness and other debt (as defined in the Mello-Roos Act) in
11 the amount of not to exceed \$3,700,000,000 ("Limit") on behalf of the Special Tax District; and

12 WHEREAS, Such debt may include an agreement by the Special Tax District (or the
13 City on behalf of the Special Tax District) to repay the City, acting by and through the Port, for
14 one or more advances of land proceeds and other sources of Port funding to pay the costs of
15 the Facilities and incidental expenses ("Advances"), which repayment obligation ("Repayment
16 Obligation") may be evidenced by a promissory note ratified or executed by the Special Tax
17 District (or the City on behalf of the Special Tax District) in favor of the Port; now, therefore, be
18 it

19 RESOLVED, That in order to finance the costs of the Facilities and incidental
20 expenses, it is necessary for the City to incur bonded indebtedness and other debt (as defined
21 in the Mello-Roos Act) in one or more series in an aggregate amount not to exceed the Limit;
22 and, be it

23 FURTHER RESOLVED, That the bonded indebtedness and other debt is proposed to
24 be incurred for the purpose of financing the costs of the Facilities, including acquisition and
25 improvement costs, and all incidental expenses; and, be it

1 FURTHER RESOLVED, That this Board of Supervisors, acting as legislative body for
2 the Special Tax District, intends to authorize the issuance and sale of bonds and other debt in
3 one or more series in the maximum aggregate principal amount of not to exceed the Limit,
4 bearing interest payable semi-annually or in such other manner as this Board of Supervisors
5 shall determine, at a rate not to exceed the maximum rate of interest as may be authorized by
6 applicable law at the time of sale of such bonds and other debt, and maturing not later than 40
7 years from the date of the issuance of the bonds and other debt; and, be it

8 FURTHER RESOLVED, That because the City expects to repay the Repayment
9 Obligation from, among other sources, special taxes levied in the Special Tax District and
10 proceeds of bonded indebtedness and other debt incurred by or on behalf of the Special Tax
11 District, the Board of Supervisors hereby determines that (i) the Repayment Obligation shall
12 be included in the calculation of the Limit and (ii) any such bonded indebtedness or other debt
13 (as defined in the Mello-Roos Act) incurred by or on behalf of the Special Tax District to repay
14 the Repayment Obligation (and the related costs of issuance and costs of funding a debt
15 service reserve fund) shall not be included in the calculation of the Limit; and, be it

16 FURTHER RESOLVED, That April 7, 2020, at 3:00 p.m. or as soon as possible
17 thereafter, and the Board of Supervisors Chambers, 1 Dr. Carlton B. Goodlett Place, San
18 Francisco, California, are hereby fixed as the time and place when and where this Board of
19 Supervisors, as the legislative body for the Special Tax District, will conduct a public hearing
20 on the proposed debt issue and consider and finally determine whether the public interest,
21 convenience and necessity require the issuance of bonds and other debt of the of the City on
22 behalf of the Special Tax District; and, be it

23 FURTHER RESOLVED, That the Clerk of the Board of Supervisors is hereby directed
24 to cause notice of the public hearing to be given by publication one time in a newspaper of
25 general circulation circulated within the Special Tax District, and the publication of the notice

1 shall be completed at least seven (7) days before the date specified above for the public
2 hearing, and such notice shall be substantially in the form specified in Mello-Roos Act, Section
3 53346, with the form summarizing the provisions hereof hereby specifically approved; and,
4 be it

5 FURTHER RESOLVED, That notwithstanding the foregoing, because of the complexity
6 associated with the project and the financing plan described in the Resolution of Intention to
7 Establish, the Board of Supervisors hereby authorizes the Clerk of the Board of Supervisors to
8 determine that the public hearing should be held on a later date or time and to cause notice of
9 such later date or time to be given by publication one time in a newspaper published in the
10 area of the Special Tax District and the Future Annexation Area; and, be it

11 FURTHER RESOLVED, That this Board of Supervisors hereby waives any provisions
12 of the Amended and Restated Local Goals and Policies for Community Facilities Districts and
13 Special Tax Districts ("Goals and Policies") adopted by this Board of Supervisors by
14 Resolution No. 414-13 to the extent the Goals and Policies are inconsistent with the
15 provisions hereof or the DDA; and, be it

16 FURTHER RESOLVED, That this Resolution shall in no way obligate the Board of
17 Supervisors to form the Special Tax District or to authorize the issuance of bonds or other
18 debt for the Special Tax District. Issuance of the bonds and other debt shall be subject to the
19 approval of this Board of Supervisors by resolution following the holding of the public hearing
20 referred to above; and, be it

21 FURTHER RESOLVED, That if any section, subsection, sentence, clause, phrase, or
22 word of this Resolution, or any application thereof to any person or circumstance, is held to be
23 invalid or unconstitutional by a decision of a court of competent jurisdiction, such decision
24 shall not affect the validity of the remaining portions or applications of this Resolution, this
25 Board of Supervisors hereby declaring that it would have passed this Resolution and each

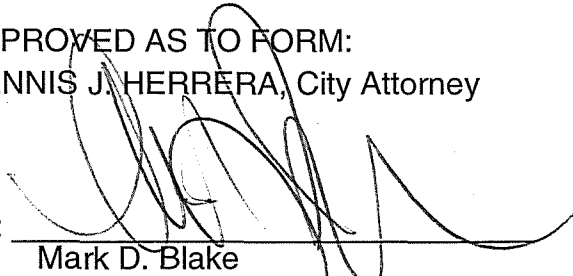
1 and every section, subsection, sentence, clause, phrase, and word not declared invalid or
2 unconstitutional without regard to whether any other portion of this Resolution or application
3 thereof would be subsequently declared invalid or unconstitutional; and, be it

4 FURTHER RESOLVED, That the Mayor, the Controller, the Director of the Controller's
5 Office of Public Finance, the Clerk of the Board of Supervisors and any and all other officers
6 of the City are hereby authorized, for and in the name of and on behalf of the City, to do any
7 and all things and take any and all actions, including execution and delivery of any and all
8 documents, assignments, certificates, requisitions, agreements, notices, consents,
9 instruments of conveyance, warrants and documents, which they, or any of them, may deem
10 necessary or advisable in order to effectuate the purposes of this Resolution; provided
11 however that any such actions be solely intended to further the purposes of this Resolution,
12 and are subject in all respects to the terms of the Resolution; and, be it

13 FURTHER RESOLVED, That all actions authorized and directed by this Resolution,
14 consistent with any documents presented herein, and heretofore taken are hereby ratified,
15 approved and confirmed by this Board of Supervisors; and, be it

16 FURTHER RESOLVED, That this Resolution shall take effect upon its adoption.

17
18 APPROVED AS TO FORM:
19 DENNIS J. HERRERA, City Attorney

20
21 By: 
22 Mark D. Blake
23 Deputy City Attorney

24 n:\legana\as2020\2000156\01424566.docx



Mission Rock Community Facilities District *Resolution of Intention*

Government Audit and Oversight Committee

February 20th, 2020

Port of San Francisco

Wyatt Donnelly-Landolt, Development Finance Analyst



Presentation Overview

- Mission Rock Project
- Funding Structure
- Public Finance Actions to Date
- Proposed Community Facilities District (CFD)
- Next Steps



Mission Rock Timeline



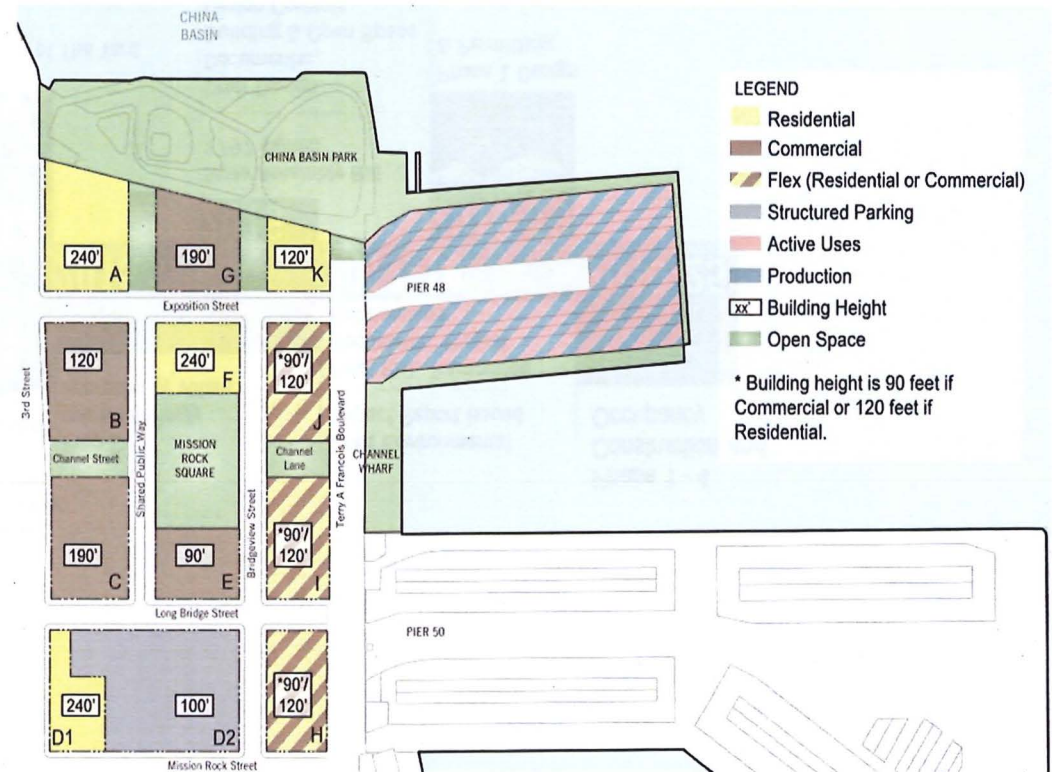
Mission Rock Overview

At completion:

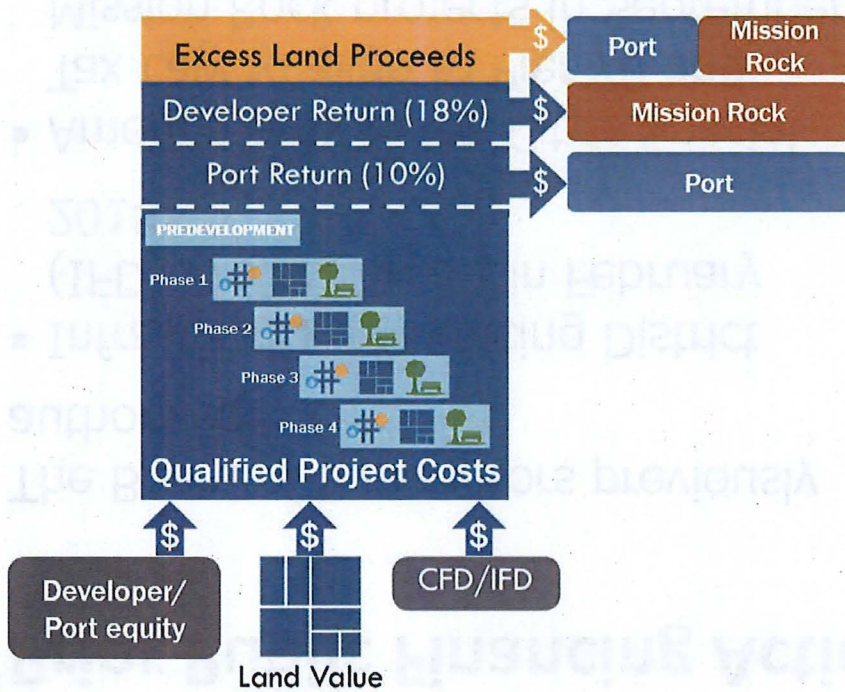
- 28 acres, 2.7 – 2.8M GSF
- 1,200 units of housing
- 1.0 – 1.4M GSF office
- 240K GSF retail/PDR
- 8 acres of parks and open space

Public Benefits:

- 40 percent on-site affordable housing
- First Source, Prevailing Wage, LBE
- TDM program
- Rehabilitation of Historic Pier 48
- Sea level rise protections
- On-site childcare



Project Funding Structure



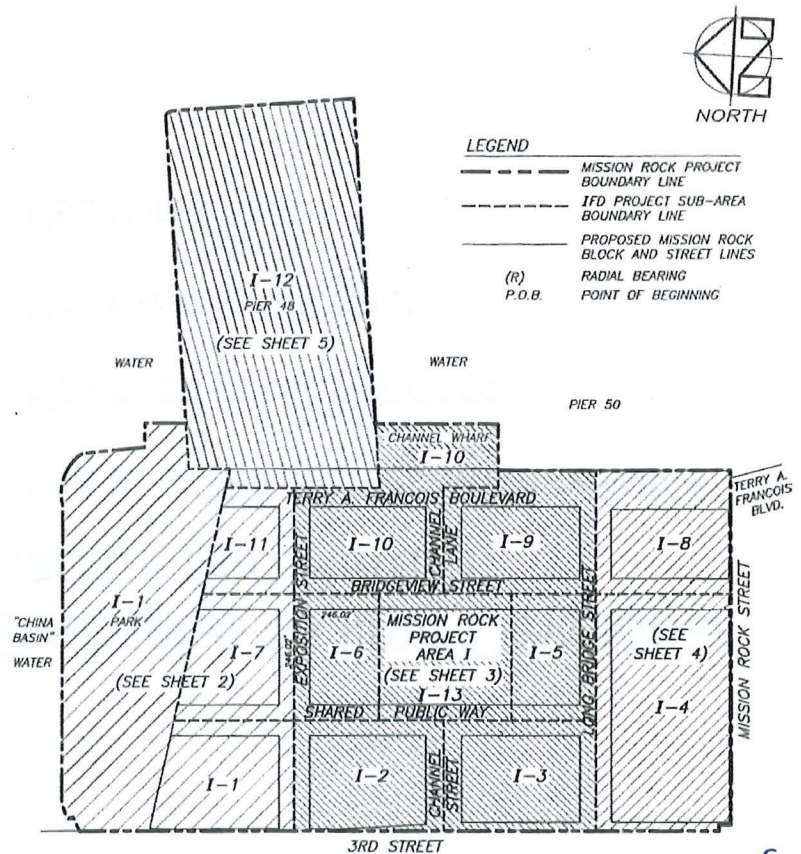
Strategies to limit Developer Capital and Return:

- Use CFD/IFD sources when possible
- Maximize public financing
- Use tax-exempt debt
- Use Port Capital

Prior Public Financing Actions

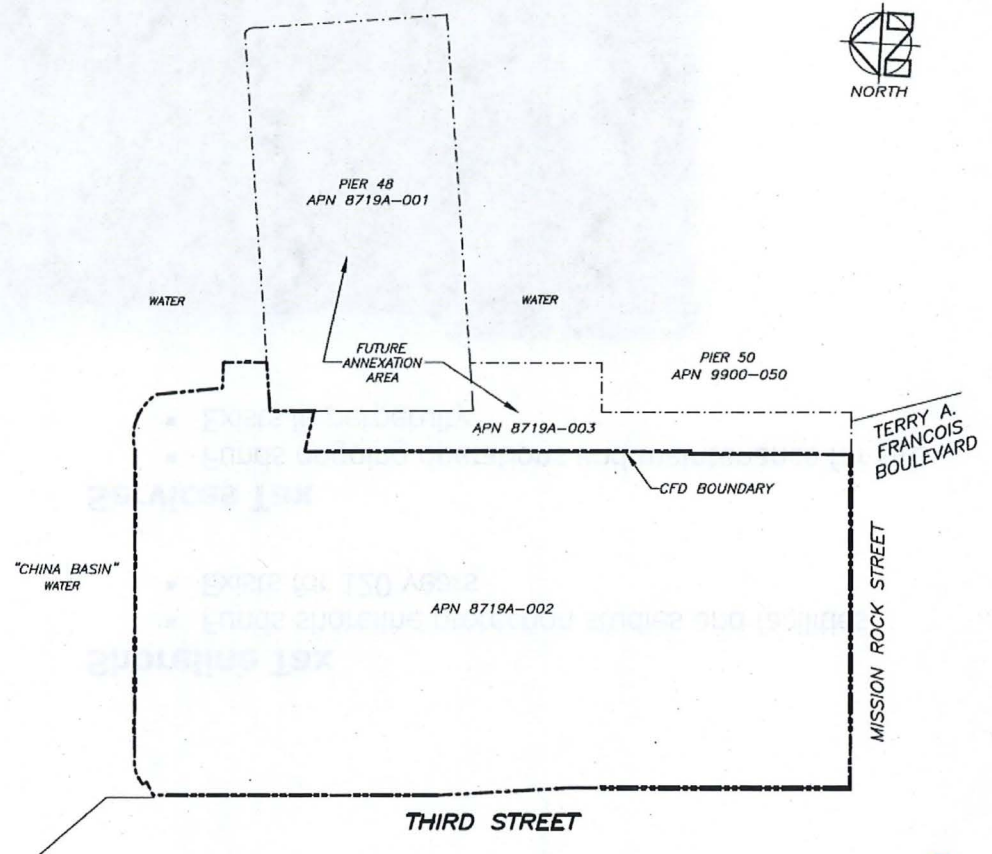
The Board of Supervisors previously authorized:

- Infrastructure Financing District (IFD) Project Area I in February 2018
- Amendments to the City's Special Tax Law to align to Pier 70 and Mission Rock projects in September 2019



Mission Rock CFD

- Single Mission Rock CFD
 - Includes all 11 parcels
 - Pier 48 is an annexation area
- Four types of taxes
 - Development Tax
 - Office Tax
 - Shoreline Tax
 - Services Tax



CFD Taxes and Uses

Development Tax

- Funds infrastructure and parks
- 40 years bonding authority

Office Tax

- Funds infrastructure and parks
- More flexible than development tax
- Exists for 120 years

Shoreline Tax

- Funds shoreline protection studies and facilities
- Exists for 120 years

Services Tax

- Funds ongoing operations and maintenance for site
- Exists in perpetuity



What's Next?

- **March-April 2020:** Resolution of Formation & Special Election
- **Mid-2020:** Issue CFD bonds to fund infrastructure, roads, utilities, and parks



Current Actions

Request positive recommendation of the following items for the Resolution of Intention:

1. Resolution of intention to establish Special Tax District 2020-1 (Mission Rock CFD)
2. Resolution of intention to incur bonded indebtedness for Mission Rock CFD



QUESTIONS?

Member, Board of Supervisors
District 4




City and County of San Francisco

013 PER
REG CLERK
C/O CLERK

GORDON MAR
馬兆明

DATE: February 18, 2020

TO: Angela Calvillo
Clerk of the Board of Supervisors

FROM: Supervisor Mar 
Chairperson

RE: Government Audit and Oversight Committee
COMMITTEE REPORT

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2020 FEB 18 PM 2:55
DM

Pursuant to Board Rule 4.20, as Chair of the Government Audit and Oversight Committee, I have deemed the following matters are of an urgent nature and request they be considered by the full Board on Tuesday, February 25, 2020, as Committee Reports:

File No. 200117 [Resolution of Intention - Establishing the Mission Rock Special Tax District No. 2020-1 (Mission Rock Facilities and Services) - April 7, 2020, at 3:00 p.m.]
Resolution declaring the intention to establish the City and County of San Francisco Special Tax District No. 2020-1 (Mission Rock Facilities and Services) and a future annexation area; ordering and setting a time and place for a public hearing of the Board of Supervisors, sitting as a Committee of the Whole, on April 7, 2020, at 3:00 p.m.; determining other matters in connection therewith, as defined herein; and making findings under the California Environmental Quality Act.

File No. 200118 [Resolution of Intention - Incurring Bonded Indebtedness and Other Debt for Mission Rock Special Tax District No. 2020-1 (Mission Rock Facilities and Services) - Not to Exceed \$3,700,000,000 - April 7, 2020, at 3:00 p.m.]
Resolution declaring the intention to incur bonded indebtedness and other debt in an aggregate principal amount not to exceed \$3,700,000,000 for the City and County of San Francisco Special Tax District No. 2020-1 (Mission Rock Facilities and Services); ordering and setting a time and place for a public hearing of the Board of Supervisors, sitting as a Committee of the Whole, on April 7, 2020, at 3:00 p.m.; and determining other matters in connection therewith, as defined herein.

These resolutions will be heard in the Government Audit and Oversight Committee during a regular meeting on February 20, 2020, at 10:00 a.m.

BOARD of SUPERVISORS



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1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
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Fax No. 554-5163
TDD/TTY No. 554-5227

MEMORANDUM

TO: Elaine Forbes, Executive Director, Port of San Francisco
Ben Rosenfield, City Controller, Office of the Controller

FROM: John Carroll, Assistant Clerk, Government Audit and Oversight
Committee, Board of Supervisors

DATE: February 12, 2020

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Government Audit and Oversight Committee has received the following proposed legislation, introduced by Mayor Breed on February 4, 2020:

File No. 200118

Resolution declaring the intention to incur bonded indebtedness and other debt in an aggregate principal amount not to exceed \$3,700,000,000 for the City and County of San Francisco Special Tax District No. 2020-1 (Mission Rock Facilities and Services); ordering and setting a time and place for a public hearing of the Board of Supervisors, sitting as a Committee of the Whole, on April 7, 2020, at 3:00 p.m.; and determining other matters in connection therewith, as defined herein.

If you have any comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

c: Boris Delepine, Port of San Francisco
Wyatt Donnelly-Landolt, Port of San Francisco
Amy Quesada, Port of San Francisco
Todd Rydstrom, Office of the Controller
Peg Stevenson, Office of the Controller

OFFICE OF THE MAYOR
SAN FRANCISCO



LONDON N. BREED
MAYOR

board of supervisors
2020 FEB -4 P 4: 31
received by *Q*
Stk

TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: Sophia Kittler
RE: Resolution Declaring Intention to Incur Debt – Mission Rock STD 2020-1
DATE: Tuesday, February 4, 2020

Resolution declaring the intention to incur bonded indebtedness and other debt in an aggregate principal amount not to exceed \$3,700,000,000 for the City and County of San Francisco Special Tax District No. 2020-1 (Mission Rock Facilities and Services); ordering and setting a time and place for a public hearing of the Board of Supervisors, sitting as a Committee of the Whole, on April 7, 2020; and determining other matters in connection therewith, as defined herein.

Should you have any questions, please contact Sophia Kittler at 415-554-6153.