



CITY & COUNTY OF SAN FRANCISCO

EIFD Public Financing Authority No. 1 (PFA No. 1)

Presentation of the Draft Infrastructure Financing Plan (IFP)
San Francisco EIFD No. 1 (Power Station)

November 1, 2023

Power Station EIFD PFA - Timeline

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- April 21, 2020 – Development Agreement for Potrero Power Station Mixed-Use Project approved by BoS
- March 21, 2023 – Resolution of Intention to Establish EIFD No. 1 (Power Station) (“Power Station EIFD”) approved by the BoS
- June 6, 2023 – PFA No. 1 formed
- July 17, 2023 – 1st meeting of PFA No. 1 held and Resolution Directing Preparation of Infrastructure Financing Plan (IFP) approved
- October 20, 2023 – Draft IFP finalized and distributed
- ***November 1, 2023 – 2nd meeting of PFA No. 1 for the presentation of the Draft IFP***

Goal of the Power Station EIFD

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- The City's goal in proposing establishment of the Power Station EIFD is to help address a shortfall in financing for the provision of public capital facilities or other projects (whether publicly- or privately-owned) related to the Power Station Project of communitywide significance that provide significant benefits and promote economic development and the construction of housing (including affordable housing) within the boundaries of the Power Station EIFD or the surrounding community.

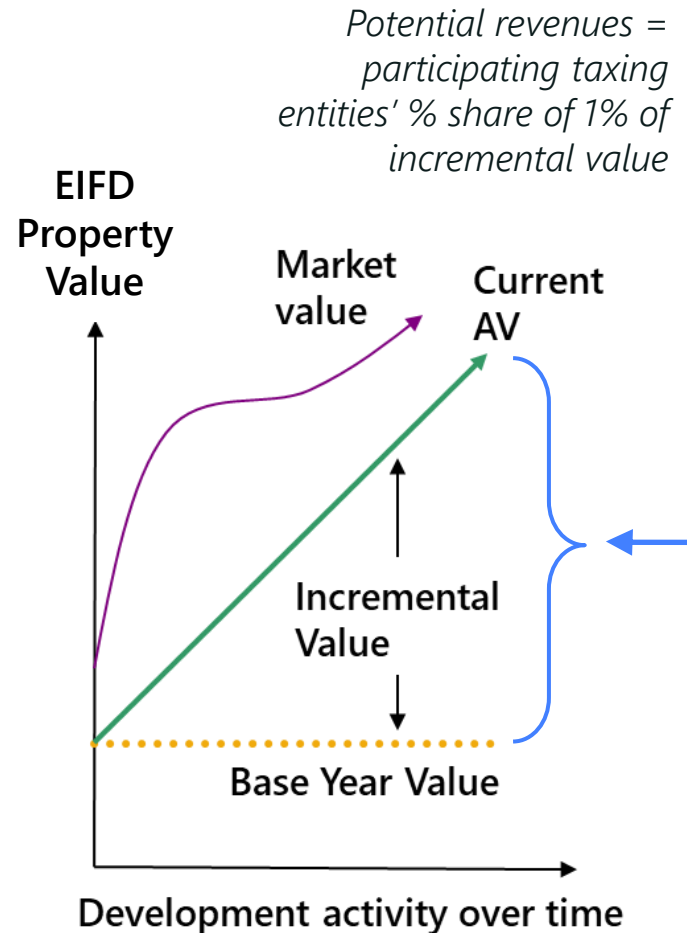
Key Elements of the IFP include:

1. Map and legal description of the Power Station EIFD (including multiple project areas)
2. Proposed public facilities and other forms of development and financial assistance proposed in the area of the Power Station EIFD
3. Communitywide significance finding
4. Financing Plan
 - a. Description of tax increment allocated to the Power Station EIFD
 - b. Projection of tax increment
 - c. Financing plan for facilities to be assisted by the Power Station EIFD
 - d. Aggregate limit on tax increment allocated to the Power Station EIFD
 - e. Time limit on tax increment allocation
 - f. Costs of providing facilities/services to the Power Station EIFD and projected revenues from development in the Power Station EIFD
 - g. Fiscal Impact Analysis

Description of Power Station EIFD

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- The Power Station EIFD will consist of nine project areas at formation. Upon further subdivision of certain properties, the Power Station EIFD is expected to consist of thirteen project areas.



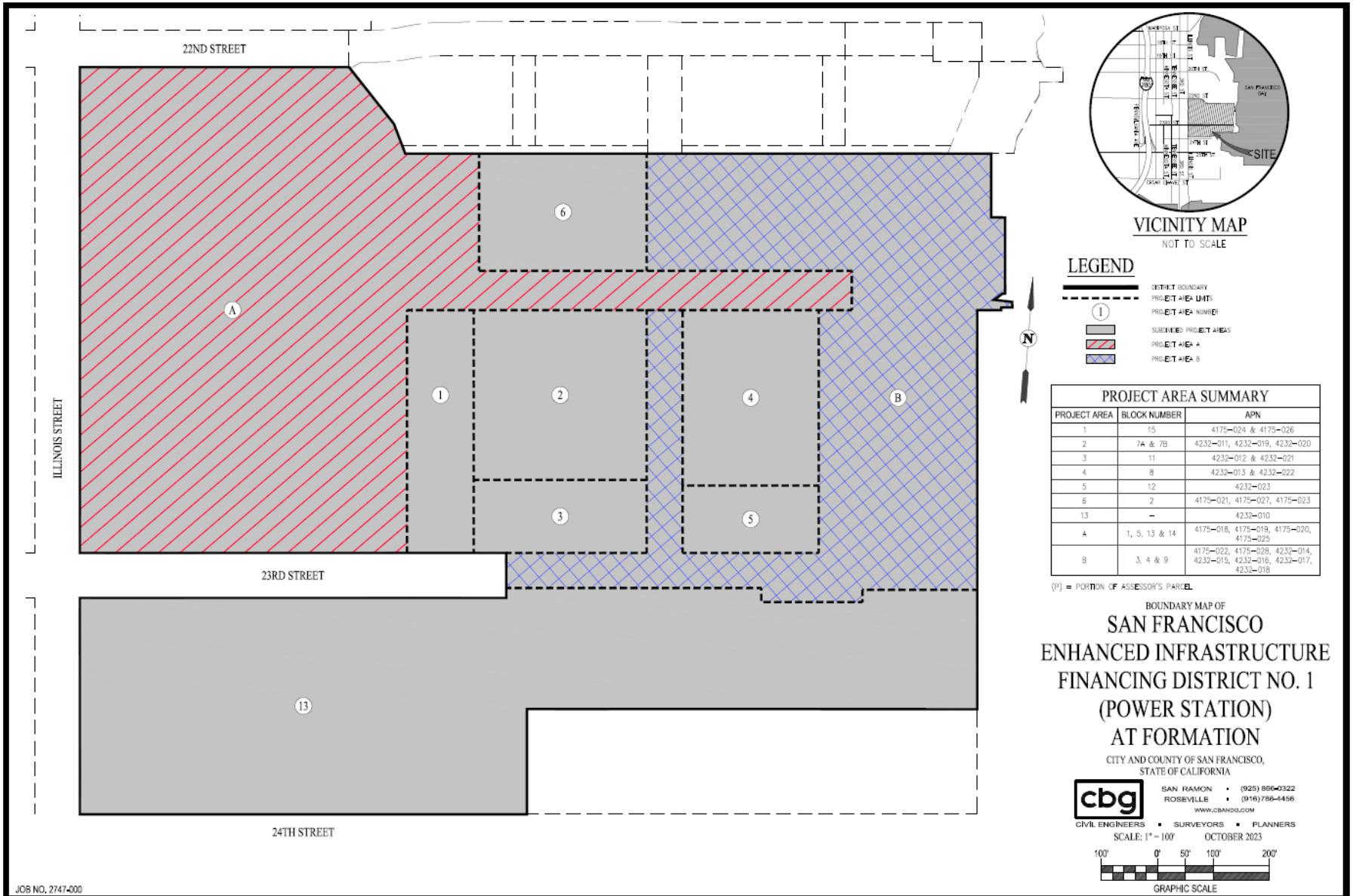
Description of Power Station EIFD Project Areas

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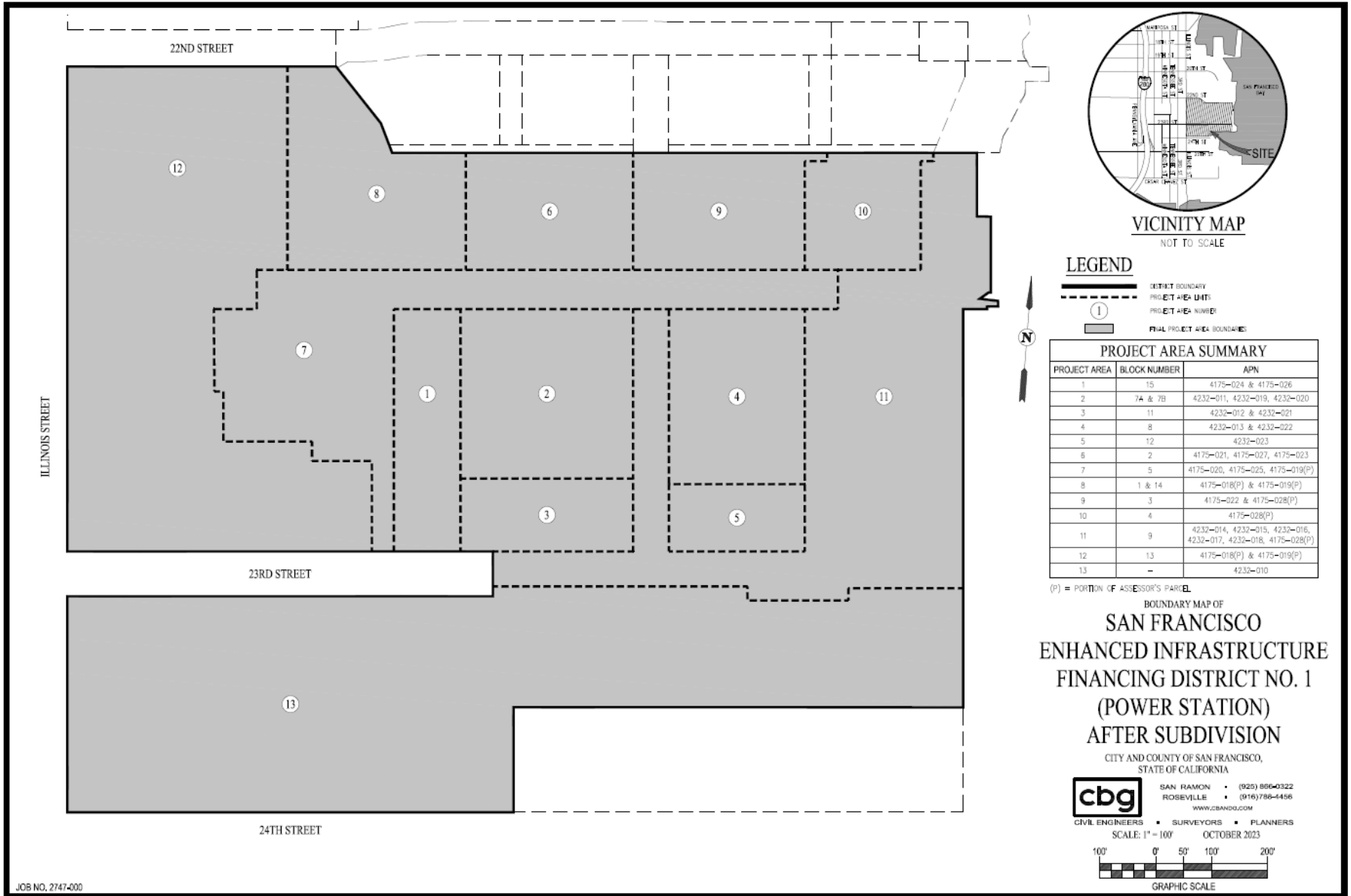
Project Area at Formation	Project Area Upon Subdivision	APN at Formation	FY 2023-24 Secured Assessed Value ¹
Project Area 1	Project Area 1	4175-024, 4175-026	\$17,327,367
Project Area 2	Project Area 2	4232-011, 4232-019, 4232-020	\$12,051,184
Project Area 3	Project Area 3	4232-012 and 4232-021	\$8,230,499
Project Area 4	Project Area 4	4232-013 and 4232-022	\$9,854,940
Project Area 5	Project Area 5	4232-023	\$6,497,763
Project Area 6	Project Area 6	4175-021, 4175-027 and 4175-023	\$15,161,446
Project Area A	Project Area 7	4175-019, 4175-020, 4175-025	\$3,519,621
	Project Area 8	4175-018, 4175-019	
	Project Area 12	4175-018, 4175-019	
Project Area B	Project Area 9	4175-022 and 4175-028	\$23,012,909
	Project Area 10	4175-028	
	Project Area 11	4232-014, 4232-015, 4232-016, 4232-017, 4232-018, and 4175-028	
Project Area 13	Project Area 13	4232-010	\$4,754,636
Total			\$100,410,365

1) Excludes unitary value.

Map at Formation



Anticipated Map After Subdivision



LEGEND

- DISTRICT BOUNDARY
- PROJECT AREA UNITS
- PROJECT AREA NUMBER
- FINAL PROJECT AREA BOUNDARIES

PROJECT AREA SUMMARY		
PROJECT AREA	BLOCK NUMBER	APN
1	15	4175-024 & 4175-026
2	7A & 7B	4232-011, 4232-019, 4232-020
3	11	4232-012 & 4232-021
4	8	4232-013 & 4232-022
5	12	4232-023
6	2	4175-021, 4175-027, 4175-023
7	5	4175-020, 4175-025, 4175-019(P)
8	1 & 14	4175-018(P) & 4175-019(P)
9	3	4175-022 & 4175-028(P)
10	4	4175-028(P)
11	9	4232-014, 4232-015, 4232-016, 4232-017, 4232-018, 4175-028(P)
12	13	4175-018(P) & 4175-019(P)
13	-	4232-010

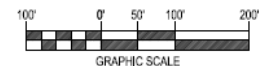
(P) = PORTION OF ASSESSOR'S PARCEL

BOUNDARY MAP OF
SAN FRANCISCO
 ENHANCED INFRASTRUCTURE
 FINANCING DISTRICT NO. 1
 (POWER STATION)
 AFTER SUBDIVISION

CITY AND COUNTY OF SAN FRANCISCO,
 STATE OF CALIFORNIA

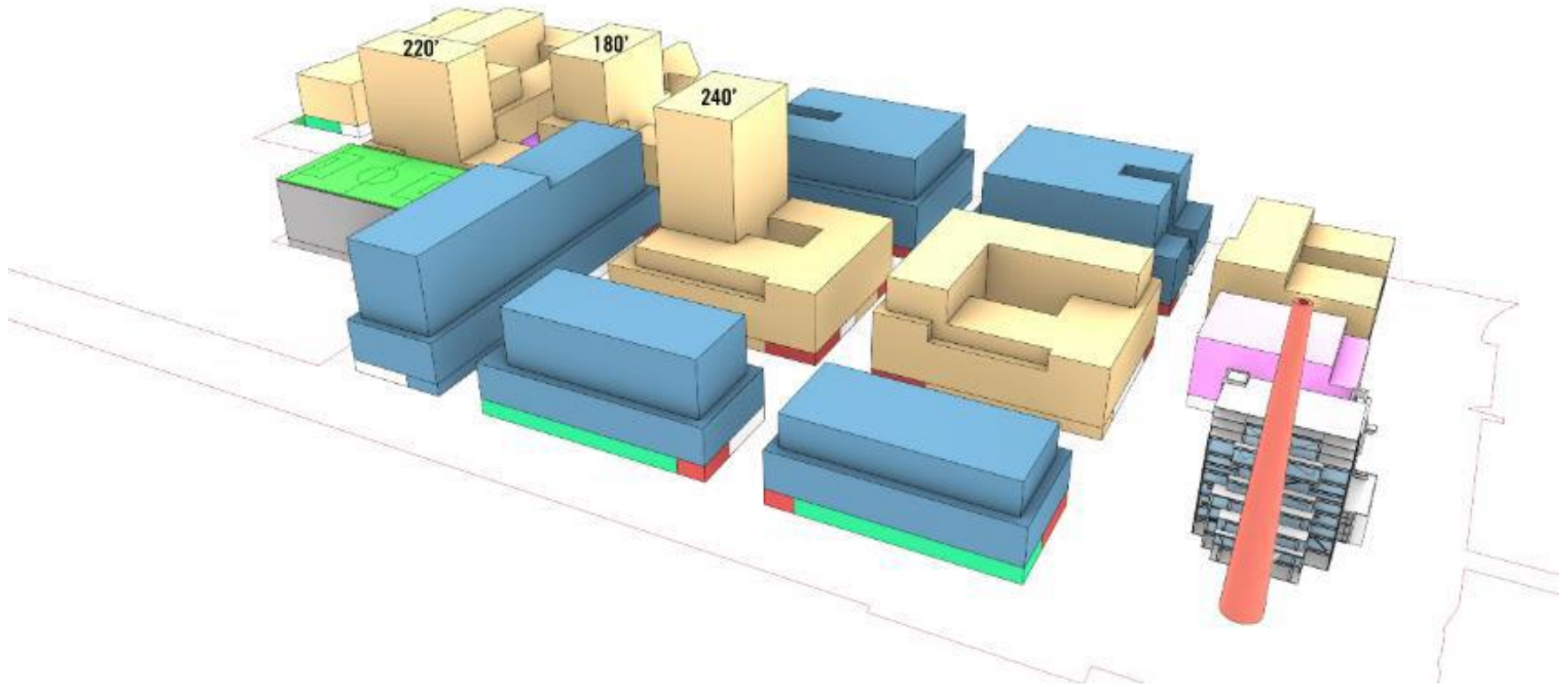
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 SCALE: 1" = 100' OCTOBER 2023



Visual of Future Development

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Description of Proposed Public Facilities

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- Public capital facilities or other projects (whether publicly- or privately-owned) of communitywide significance that are:
 - i. authorized by the EIFD Law and
 - ii. related to the development of the project known as the Potrero Power Station Project, including public capital facilities, privately-owned parks and streets and privately-owned affordable housing costs

Public Facility	Estimated Improvement Costs (\$millions)	Estimated Timing	Location
Parks / Open Spaces	\$111.58	2023 – 2033	Sitewide and Offsite
Streets	42.18	2023 – 2028	Sitewide and Offsite
Site Work / Shoreline	89.49	2023 – 2028	Sitewide and Offsite
Utilities	46.83	2023 - 2028	Sitewide and Offsite
Affordable Housing	258.14	2028 - 2033	Sitewide and Offsite
Total	\$548.22		

Communitywide Significance Finding (See Section C of IFP for details)

- Finding assumes that the formation of the Power Station EIFD will enable the development of the Potrero Power Station Project, for which the City has determined will provide clear benefits to the public and neighboring communities, including:
 - i. affordable housing
 - ii. significant training, employment, and economic development opportunities, related to the development and operation of the Potrero Power Station Project
 - iii. construction and maintenance of publicly accessible open space, totaling approximately 6.9 acres
 - iv. delivery of childcare spaces
 - v. one or more community facilities
 - vi. sea level rise improvements
 - vii. measures to prioritize and promote travel by walking, biking, and transit for new residents, tenants, employees, and visitors

City IFD Guidelines

- The City’s IFD Guidelines recommend a maximum allocation of 50% of the City’s incremental property tax revenue and 50% of the City’s VLF revenue
- In the formation of the Power Station EIFD, the City will not allocate actual VLF revenue and instead will allocate approximately 58% of it’s share of Property tax equivalent—an amount equivalent to VLF revenue

Assuming Allocation of VLF

	City's Share of Property Tax	Allocated Revenue (50%)
Allocation to General Fund	55.588206%	27.794103%
<u>City Special Fund Portion</u>	<u>9.000000%</u>	<u>4.500000%</u>
Subtotal	64.588206%	32.294103%
VLF as % of Tax Rate	10.660179%	5.330090%
Total Percentage of Property Tax	75.248385%	37.624193%
Percentage of City's Share	100.00000%	50.00000%

Allocation of Additional Property Tax in Lieu of VLF

	City's Share of Property Tax	Allocated Revenue (50%)
Allocation to General Fund	55.588206%	32.381475%
<u>City Special Fund Portion</u>	<u>9.000000%</u>	<u>5.242718%</u>
Subtotal	64.588206%	37.624193%
VLF as % of Tax Rate	0.000000%	0.000000%
Total Percentage of Property Tax	64.588206%	37.624193%
Percentage of City's Share	100.00000%	58.25242%

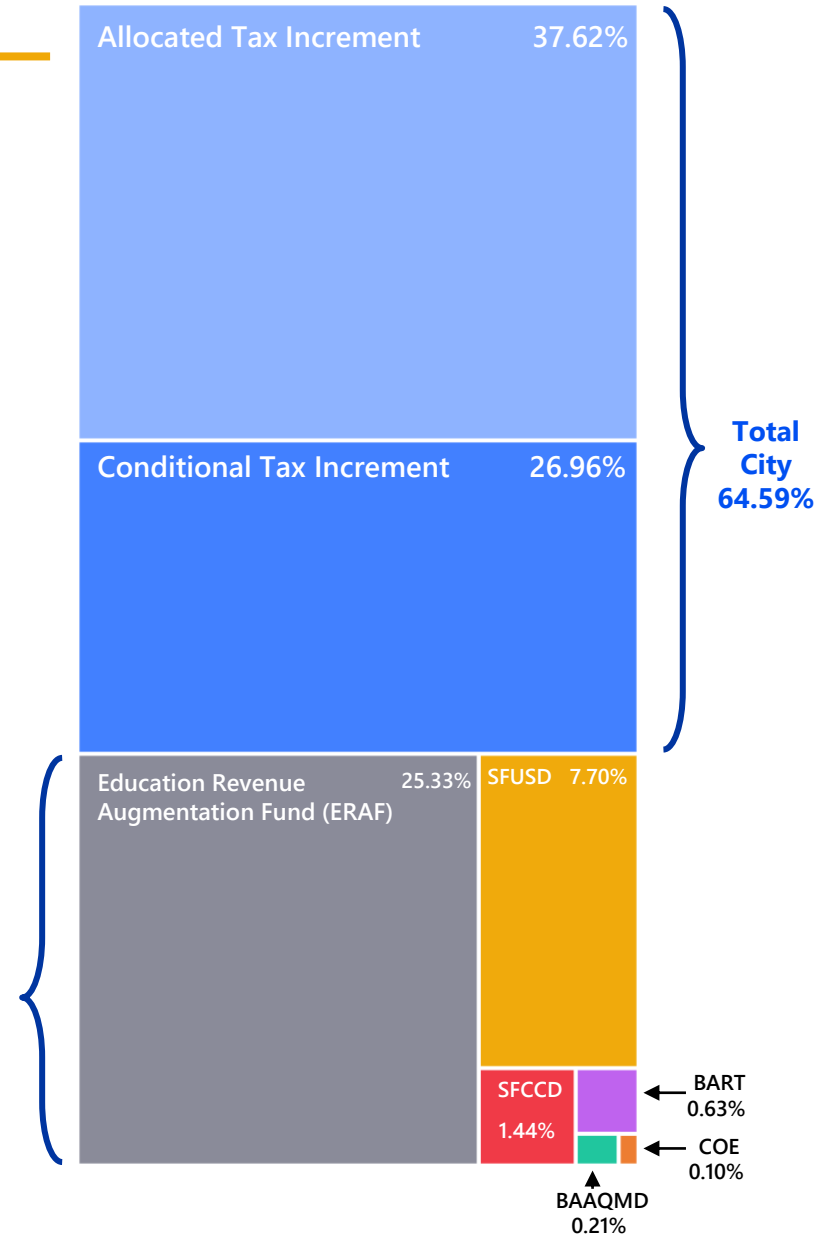
Financing Section

Tax Increment Allocation

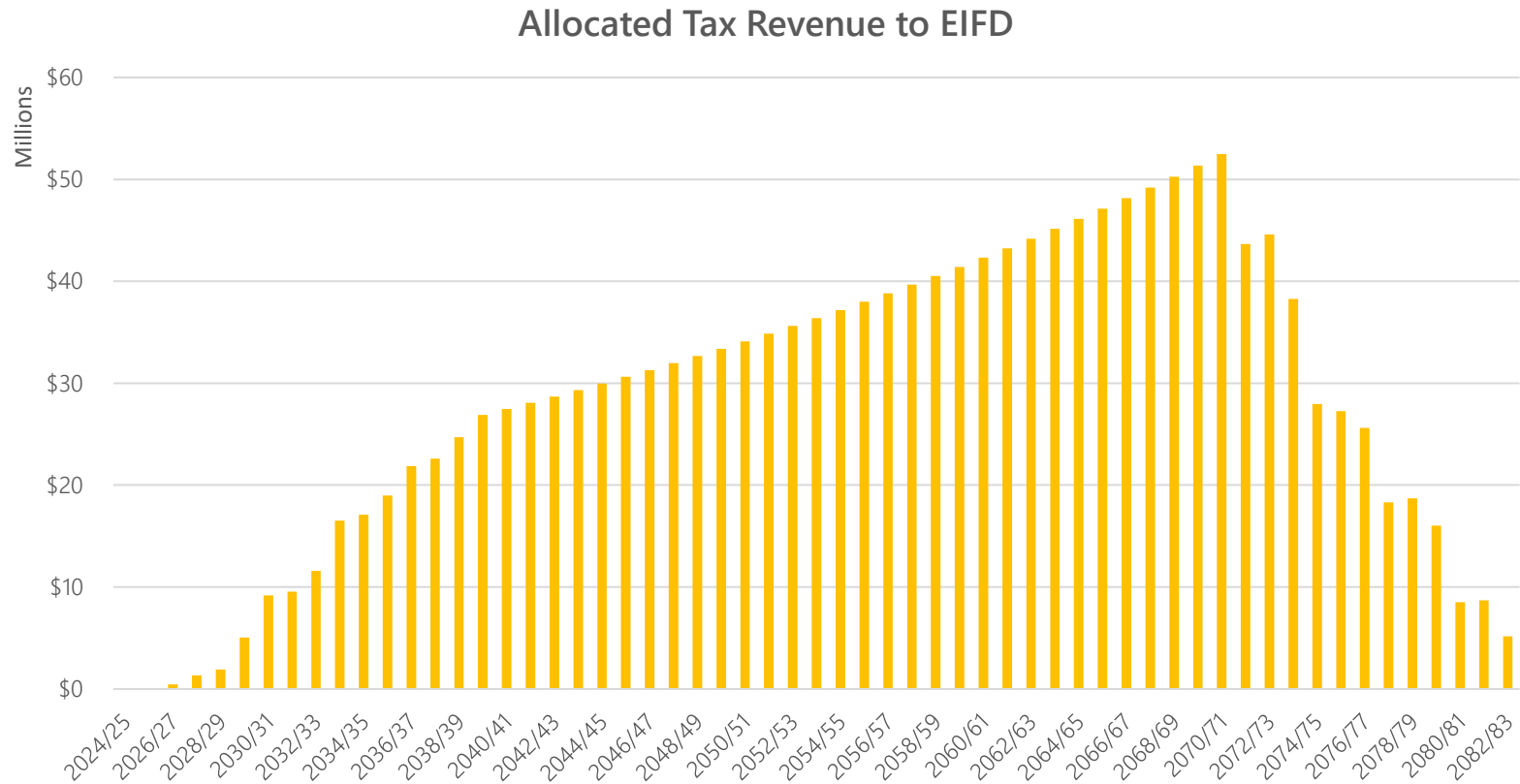
- The City will allocate "Allocated Tax Revenue" (used to pay bond debt service and paygo costs) and "Conditional Tax Revenue" (only intended to provide debt service coverage for bonds; must be repaid to City if used)
- City Share of Increment is 64.588206% of incremental 1% ad valorem property tax revenues in Power Station EIFD
- Allocated Tax Revenue is 58.252419% of the City Share of Increment; Conditional Tax Revenue is 41.747581% of the City Share of Increment

Gross Tax Increment as a % of Incremental Assessed Property Value	1.0000%
Non-City Share of Gross Tax Increment	35.4118%
City Share of Gross Tax Increment	64.5882%
Allocated Tax Revenue = 58.252419% of the City Share of Increment	37.6242%
Conditional Tax Revenue = 41.747581% of the City Share of Increment	26.9640%

**Total
Non-City
35.41%**



Projection of Allocated Tax Revenues



- Maximum aggregate Allocated Tax Revenue is \$3.34 billion; maximum aggregate Conditional Tax Revenue is \$2.39 billion
- For each project area, the 45-year clock commences once \$100k of increment in a given fiscal year is allocated

Plan for Financing Facilities

- Multiple capital sources are anticipated including -
 - developer capital, bond proceeds, paygo, CFD funding, and other capital sources, including commercial construction loans, grants, and loans from governmental agencies, among others.
- It is anticipated that Power Station EIFD bonds will be issued upon written request of the Developer and subsequent approval from the BOS and the PFA
 - It is anticipated that Bonds will be structured to maximize proceeds while also aligning with sound municipal financing practices and the limitations on the EIFD's receipt of Allocated Tax Revenue

Fiscal Impact Analysis (FIA)

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The FIA was prepared by Economic & Planning Systems, Inc. (EPS) and peer reviewed by Keyser Marston Associates (KMA)

A FIA was prepared for the project sponsor, at the request of the City

- Assuming the project achieves the sponsor's performance projections, the Power Station is estimated to annually generate a \$15.4 million net fiscal benefit to the City's General Fund at project buildout, net of tax revenues to be allocated to the EIFD
- Given market dynamics, the City requested a sensitivity analysis; the analysis indicates that the Project can withstand a 49% decline in performance before it will generate a net negative fiscal impact to the City's General Fund.

Revenue/Expense Category	Project Areas 1 - 6	Project Areas 7 - 13	Buildout
General Fund			
Annual GF Revenues After Baseline Funding	\$19,300,000	\$11,362,000	\$30,663,000
<u>(Less) General Fund Expenditures</u>	<u>\$7,391,000</u>	<u>\$7,872,000</u>	<u>\$15,263,000</u>
Annual GF Revenues After Baseline Funding	\$11,909,000	\$3,490,000	\$15,400,000
MTA Fund			
MTA General Fund Baseline Funding	\$2,445,000	\$1,423,000	\$3,868,000
<u>(Less) MTA General Fund Expenses</u>	<u>\$1,284,000</u>	<u>\$1,087,000</u>	<u>\$2,371,000</u>
Net Impact on the MTA Fund	\$1,161,000	\$336,000	\$1,497,000
Total Fiscal Benefit Estimate	\$13,070,000	\$3,827,000	\$16,897,000



November 1, 2023 – IFP Presentation

December 6, 2023 – First Public Hearing

January 17, 2024 – Second Public Hearing

February 21, 2024 – Third Public Hearing

Vote to Adopt IFP

Vote to Establish Power Station EIFD

For any inquiries, please contact EIFD@sfgov.org

Additional information about the EIFD and PFA can be found online by visiting <https://sf.gov/departments/eifd-public-financing-authority-no-1>

Appendix

Projected Aggregate Annual Incremental Tax Revenue to be Allocated to Power Station EIFD

Aggregate for All Project Areas, Post Subdivision

(Table 7 of IFP)

IFD Year	Fiscal Year	Estimated Incremental Assessed Value (\$000)	Gross Tax Increment (1% Incremental Assessed Value) (\$000)	City Share of Increment (64.588206%) (\$000)	Allocated Tax Revenue to EIFD (58.252419% of City Share of Increment), conditioned on Project Area allocation exceeding \$100,000 (\$000)	Admin Fee Estimate = \$150,000 per year, inflated (\$000)	Allocated Tax Revenue Minus Admin Fee(s) (\$000)	Conditional Tax Revenue Available for Bond Debt Service if Necessary (41.747581% of City Share of Increment)
	2024/25	\$1,970	\$20	\$13	\$0	\$0	\$0	\$0
	2025/26	\$5,666	\$57	\$37	\$0	\$0	\$0	\$0
1	2026/27	\$120,915	\$1,209	\$781	\$436	\$164	\$272	\$313
2	2027/28	\$359,551	\$3,596	\$2,322	\$1,327	\$169	\$1,159	\$951
3	2028/29	\$512,971	\$5,130	\$3,313	\$1,902	\$174	\$1,728	\$1,363
4	2029/30	\$1,368,829	\$13,688	\$8,841	\$5,045	\$179	\$4,866	\$3,616
5	2030/31	\$2,446,516	\$24,465	\$15,802	\$9,181	\$184	\$8,996	\$6,580
6	2031/32	\$2,545,461	\$25,455	\$16,441	\$9,551	\$190	\$9,361	\$6,845
7	2032/33	\$3,081,325	\$30,813	\$19,902	\$11,576	\$196	\$11,380	\$8,296
8	2033/34	\$4,392,880	\$43,929	\$28,373	\$16,509	\$202	\$16,307	\$11,831
9	2034/35	\$4,545,535	\$45,455	\$29,359	\$17,085	\$208	\$16,878	\$12,244
10	2035/36	\$5,049,723	\$50,497	\$32,615	\$18,985	\$214	\$18,771	\$13,606
11	2036/37	\$5,818,776	\$58,188	\$37,582	\$21,877	\$220	\$21,657	\$15,679
12	2037/38	\$6,007,314	\$60,073	\$38,800	\$22,602	\$227	\$22,375	\$16,198
13	2038/39	\$6,563,677	\$65,637	\$42,394	\$24,695	\$234	\$24,462	\$17,698
14	2039/40	\$7,148,555	\$71,486	\$46,171	\$26,896	\$241	\$26,655	\$19,275
15	2040/41	\$7,304,952	\$73,050	\$47,181	\$27,484	\$248	\$27,236	\$19,697
16	2041/42	\$7,464,726	\$74,647	\$48,213	\$28,085	\$255	\$27,830	\$20,128
17	2042/43	\$7,627,950	\$76,279	\$49,268	\$28,700	\$263	\$28,437	\$20,568
18	2043/44	\$7,794,697	\$77,947	\$50,345	\$29,327	\$271	\$29,056	\$21,018
19	2044/45	\$7,965,045	\$79,650	\$51,445	\$29,968	\$279	\$29,689	\$21,477
20	2045/46	\$8,139,070	\$81,391	\$52,569	\$30,623	\$287	\$30,335	\$21,946
21	2046/47	\$8,316,853	\$83,169	\$53,717	\$31,291	\$296	\$30,995	\$22,426
22	2047/48	\$8,498,474	\$84,985	\$54,890	\$31,975	\$305	\$31,670	\$22,915
23	2048/49	\$8,684,018	\$86,840	\$56,089	\$32,673	\$314	\$32,359	\$23,416
24	2049/50	\$8,873,567	\$88,736	\$57,313	\$33,386	\$323	\$33,063	\$23,927
25	2050/51	\$9,067,209	\$90,672	\$58,563	\$34,115	\$333	\$33,781	\$24,449
26	2051/52	\$9,265,032	\$92,650	\$59,841	\$34,859	\$343	\$34,516	\$24,982
27	2052/53	\$9,467,127	\$94,671	\$61,146	\$35,619	\$353	\$35,266	\$25,527
28	2053/54	\$9,673,586	\$96,736	\$62,480	\$36,396	\$364	\$36,032	\$26,084
29	2054/55	\$9,884,503	\$98,845	\$63,842	\$37,190	\$375	\$36,815	\$26,653
30	2055/56	\$10,099,975	\$101,000	\$65,234	\$38,000	\$386	\$37,614	\$27,234
31	2056/57	\$10,320,099	\$103,201	\$66,656	\$38,829	\$398	\$38,431	\$27,827
32	2057/58	\$10,544,977	\$105,450	\$68,108	\$39,675	\$410	\$39,265	\$28,433
33	2058/59	\$10,774,711	\$107,747	\$69,592	\$40,539	\$422	\$40,117	\$29,053
34	2059/60	\$11,009,407	\$110,094	\$71,108	\$41,422	\$435	\$40,987	\$29,686
35	2060/61	\$11,249,171	\$112,492	\$72,656	\$42,324	\$448	\$41,876	\$30,332
36	2061/62	\$11,494,112	\$114,941	\$74,238	\$43,246	\$461	\$42,784	\$30,993
37	2062/63	\$11,744,344	\$117,443	\$75,855	\$44,187	\$475	\$43,712	\$31,667
38	2063/64	\$11,999,980	\$120,000	\$77,506	\$45,149	\$489	\$44,660	\$32,357
39	2064/65	\$12,261,136	\$122,611	\$79,192	\$46,132	\$504	\$45,628	\$33,061
40	2065/66	\$12,527,933	\$125,279	\$80,916	\$47,135	\$519	\$46,616	\$33,780
41	2066/67	\$12,800,492	\$128,005	\$82,676	\$48,161	\$535	\$47,626	\$34,515
42	2067/68	\$13,078,938	\$130,789	\$84,475	\$49,208	\$551	\$48,658	\$35,268
43	2068/69	\$13,363,398	\$133,634	\$86,312	\$50,279	\$567	\$49,711	\$36,033
44	2069/70	\$13,654,001	\$136,540	\$88,189	\$51,372	\$584	\$50,788	\$36,817
45	2070/71	\$13,950,882	\$139,509	\$90,106	\$52,489	\$602	\$51,887	\$37,617
46	2071/72	\$14,254,352	\$142,543	\$92,064	\$53,627	\$620	\$53,007	\$38,431
47	2072/73	\$14,564,066	\$145,641	\$94,064	\$54,787	\$638	\$54,149	\$39,260
48	2073/74	\$14,879,601	\$148,796	\$96,106	\$55,968	\$658	\$55,310	\$40,104
49	2074/75	\$15,191,614	\$151,916	\$98,192	\$57,171	\$677	\$56,494	\$40,963
50	2075/76	\$15,500,000	\$155,000	\$100,320	\$58,396	\$698	\$57,698	\$41,836
51	2076/77	\$15,805,000	\$158,050	\$102,496	\$59,643	\$719	\$58,927	\$42,723
52	2077/78	\$16,117,000	\$161,170	\$104,720	\$60,913	\$740	\$60,173	\$43,624
53	2078/79	\$16,436,000	\$164,360	\$107,000	\$62,206	\$762	\$61,444	\$44,540
54	2079/80	\$16,762,000	\$167,620	\$109,336	\$63,523	\$785	\$62,738	\$45,471
55	2080/81	\$17,095,000	\$170,950	\$111,728	\$64,864	\$809	\$64,055	\$46,417
56	2081/82	\$17,435,000	\$174,350	\$114,176	\$66,229	\$833	\$65,397	\$47,378
57	2082/83	\$1,373,458	\$13,735	\$8,871	\$5,168	\$858	\$4,310	\$3,703
	2083/84	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	2084/85	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	2085/86	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	2086/87	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cumulative Total Over EIFD Term		\$444,035,735	\$4,440,359	\$2,867,948	\$1,670,309	\$23,994	\$1,646,315	\$1,197,054

Question: What are the purposes of an EIFD?

Answer: An enhanced infrastructure financing district (“EIFD”) is a governmental entity that is separate and distinct from the city or county that established it. The sole purpose of an EIFD is to finance public facilities or other projects of communitywide significance. An EIFD is established under Chapter 2.99 of Part 1 of Division 2 of Title 5 of the California Government Code (EIFD Law).

The Power Station EIFD is being established by the City and County of San Francisco (“City”). The City initiated formation of the Power Station EIFD by adopting a resolution of intention (Resolution No. 133-23). In the resolution of intention, the Board of Supervisors declared that its goal in proposing establishment of the Power Station EIFD is to help address a shortfall in (i) funding for the provision of public capital facilities of communitywide significance that provide significant benefits and promote economic development and the construction of housing within the boundaries of the Power Station EIFD or the surrounding community and (ii) funding for affordable housing.

Question: What is a PFA?

Answer: A public financing authority (“PFA”) is the legislative body of an EIFD. The EIFD Law requires the PFA to include public members and members of the legislative body of the public agency that is allocating tax revenue to the EIFD. The PFA is responsible for implementing the IFP.

PFA No. 1 is the legislative body of the Power Station EIFD, and it includes three members of the San Francisco Board of Supervisors (because the City is allocating property tax revenue to the Power Station EIFD) and two members of the public.

Question: What is an IFP?

Answer: An infrastructure financing plan (“IFP”) identifies the property tax revenues allocated to the EIFD and prescribes the use by an EIFD of the property tax revenues and the proceeds of any bonds issued by the EIFD. An EIFD can only act in furtherance of the purposes identified in the IFP.

Power Station EIFD Revenues. Under the IFP for the Power Station EIFD (“Power Station IFP”), the City is allocating to the Power Station EIFD:

- “Allocated Tax Revenue,” which will be used by the Power Station EIFD to pay bond debt service and paygo costs. Allocated Tax Revenue is 58.252419% of the City Share of Increment.
- “Conditional Tax Revenue” is intended to provide debt service coverage for bonds, and must be repaid by the Power Station EIFD to the City if it is used. Conditional Tax Revenue is 41.747581% of the City Share of Increment.

The City Share of Increment is 64.588206% of the 1% ad valorem property tax revenues generated by increases in assessed values in the Power Station EIFD after fiscal year 2023-24.

Uses of Power Station EIFD Revenues. Under the Power Station IFP, the Allocated Tax Increment will be used to pay debt service on bonds issued by the EIFD to finance the costs of public facilities and certain private improvements serving a public purpose (including affordable housing) constructed by the

Power Station developer, and it may also pay for those costs on a paygo basis. Under the Power Station EIFD, the Board of Supervisors must approve any bonds issued by the Power Station EIFD.

Other Elements of the Power Station EIFD. The Power Station EIFD also includes a projection of Allocated Tax Increment, a lifetime limit on Allocated Tax Increment (\$3.34 billion), a 45-year limit on the allocation of tax increment on a project area-by-project area basis, and an analysis of the fiscal impact on the City of the Power Station EIFD.

Question: What is the purpose of this meeting?

Answer: The EIFD Law requires the staff of PFA No. 1 to present the Power Station IFP at a public meeting, answer questions about the Power Station IFP, and consider comments about the Power Station IFP. PFA No. 1 will not take any action at this meeting related to the Power Station IFP. Under the EIFD Law, PFA No. 1 will hold three noticed public hearings on the Power Station IFP before it will consider adopting the Power Station IFP. The Power Station IFP also must be approved by the San Francisco Board of Supervisors before it can be adopted by PFA No. 1.

Question: What are defaults under the Power Station IFP?

Answer: It would be a default by PFA No. 1 if it used the allocated tax increment described in the Power Station IFP for any purposes other than those described in the Power Station IFP.

Question: What are the remedies under the Power Station IFP for such a default?

Answer: The City and the Power Station developer would be entitled to seek injunctive relief or specific performance, if available under applicable law, to ensure that PFA No. 1 uses the allocated tax increment for the purposes listed in the Power Station IFP.

Question: Can the Power Station IFP be amended to add/change identified projects?

Answer: The EIFD Law authorizes amendments of the Power Station IFP by a majority vote of PFA No. 1. Certain amendments, such as increasing the allocation of property tax revenue to the Power Station EIFD or financing different public facilities or other projects of communitywide significance, would require further public hearings and Board of Supervisors approval before they could be adopted.