

Pier 70 Special Use District



Transaction Structure

Port Commission Meeting August 8, 2017 Item 11A

Presentation Overview

- 1 Pier 70 Updates
- 2 Land Use and Planning Context
- 3 Public Benefits
- 4 Infrastructure
- 5 Key Transaction Documents
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Pier 70 Updates



Shipyard

- Port paying for maintenance
- ODI hired 5 employees
- RFP for new operator underway



Historic Core (Orton Development)

- Rehab of Buildings 14, 101, 104, 113-116 underway
- First occupancy this summer in 14 and 104
- Full occupancy by late 2018



Crane Cove Park

- Construction of first 6 acres complete mid-late 2018
- New beach, restored Slipway 4, Crane Plaza, dog run, picnic areas, site history interpretation and restrooms



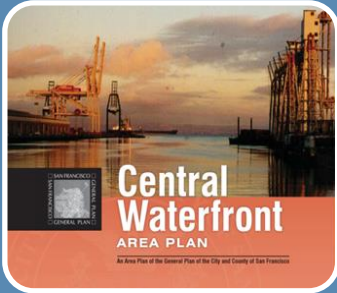
Current Tenants

- Affordable Self Storage, Paul's Stores, Ernesto Rivera, Michael Rios, Noonan Tenants, ImPark
- Currently discussing relocation options

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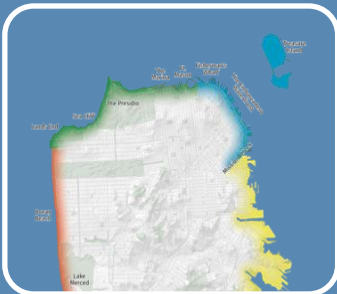
Based on Strong Planning Framework



Central Waterfront Plan

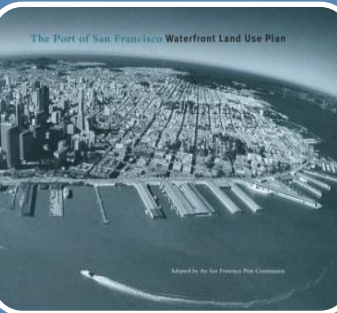
- Balance of housing, commercial and PDR uses
- Adaptive reuse of historic structures and new open space

San Francisco Waterfront



Southern Bayfront Strategy

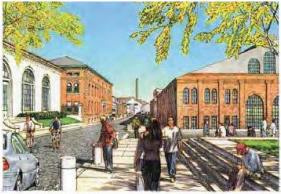
- New community facilities
- Coordinated transportation, open space and economic development
- Leverage resources and coordinate major projects



Waterfront Land Use Plan

- Adaptive reuse of historic resources
- Waterfront open space
- Infill mixed-use development

Based on Strong Planning Framework



PIER 70
PREFERRED MASTER PLAN

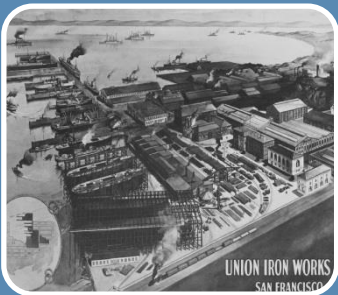
Pier 70 Preferred Master Plan

- Infill development to bring back historic activity level
- Open Space
- Historic Preservation



Blue Greenway

- Shoreline Open Space
- Closing a gap in the Blue Greenway network
- Access to the waterfront



Union Iron Works Historic District

- Adaptive reuse of building 2, 12, 21
- Site interpretation

Advances 5 Strategic Objectives



Renewal

- Vibrant new community
- Pier 70 as priority project

Engagement

- 120+ community meetings

Livability

- 30% affordable housing
- Public Amenities

Stability

- Tackles \$163M in deferred maintenance
- New funding streams

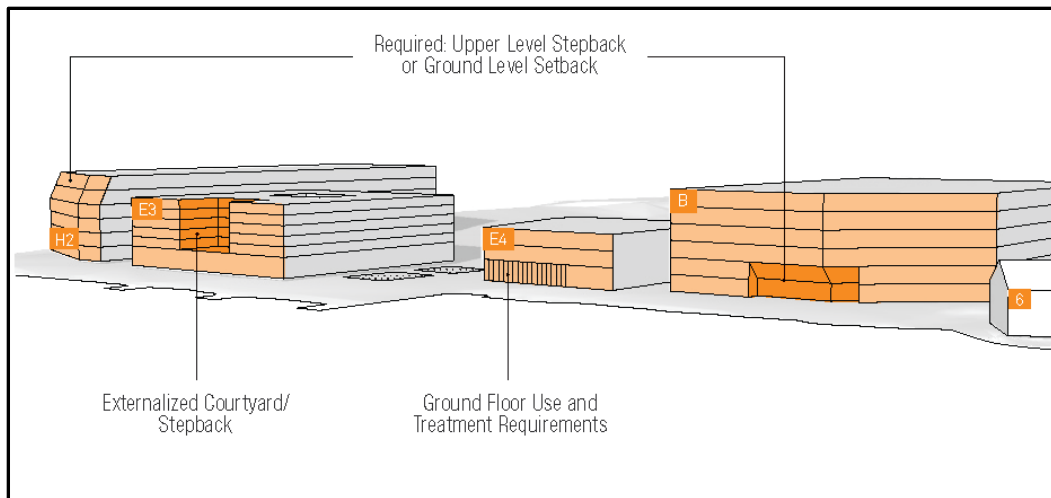
Resiliency

- Initial site improvements
- Reserve for future shoreline improvements

Sets Detailed Design Standards

March 9, 2017

PIER 70 SUD DESIGN FOR DEVELOPMENT



**Illustrative
Massing
Sample**

Consistent with Secretary's Standards

Historic Rehabilitation

- Design review by Port and Planning staff
- Building permit approval by Port

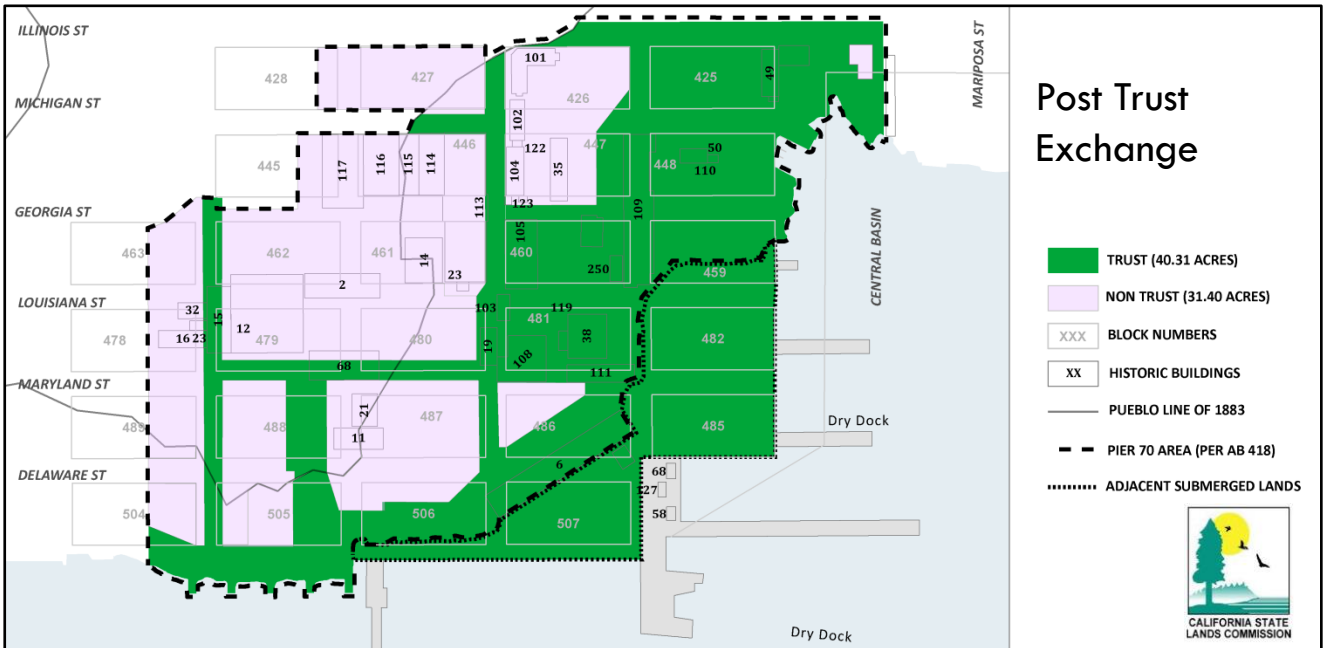
New Construction

- Design review by Planning and Port staff
- Schematic Design approval by Planning Director
- Building permit approval by Port

Parks and Open Space

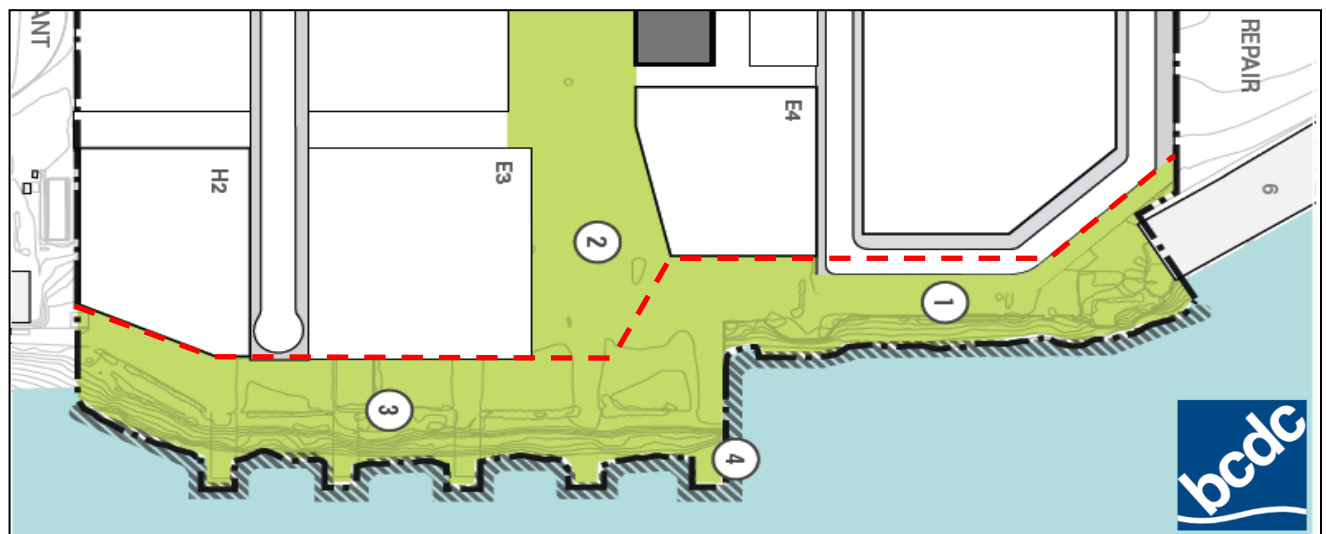
- Design review by Port Advisory Committee
- Schematic Designs approved by Port Commission 8

Requires State and Regional Approvals



Trust Exchange

- Confirm trust status on parcels beneficial to the Public Trust - Shoreline Parks, Streets leading to San Francisco Bay
- Lift trust status on development parcels to sell for non-trust purposes



BCDC Major Permit

- Required for improvements within BCDC's shoreline jurisdiction

120+ Community Meetings Since 2006

2016

2/10/16 – D4D Working Group - Architecture
2/15/16 – CWAG
3/1/16 - Sunday Streets
4/25/16 - D4D Working Group Transportation Meeting
4/28/16 - D4D Working Group Transportation Meeting
9/19/16 – D4D Working Group – Infrastructure/Sustainability
10/11/16 - Port commission Informational
10/29/16 - Open House
10/15/16 – Potrero Hill Festival
11/10/16 – Planning Commission
11/14/16 – DNA DDC
11/16/16 – Historic Preservation Commission
11/28/16 – San Francisco Heritage Committee
11/2/16 - Open House
11/21/16 - Booster Subcommittee meeting
11/29/16 - Boosters Meeting
12/6/16 - Noonan Meeting

2017

3/14/17 - Informational presentation regarding D4D to Port Commission
3/18/17 - Informational presentation regarding the Pier 70 Special Use District proposed by Forest City Development California, Inc. and associated public benefits.
3/23/17 – Informational Presentation to Planning Commission
4/19/17 – Boosters Development Committee
4/28/17 – Informational presentation to Port Commission
5/8/17 – DNA Development Committee
5/9/17 – Informational Presentation to Port Commission
5/11/17 – Informational Presentation to Planning Commission
5/18/17 – Community Q&A
5/23/17 – Informational session to Port Commission
5/25/17 – Community Q&A
6/5/17 – Irish Hill Community Meeting
6/6/17 – Community Q&A
6/7/17 – DNA Development Committee
6/13/17 – Pier 70 presentation at the DNA
6/22/17 – Community Q&A
6/26/17 – Irish Hill Community meeting
6/27/17 – Pier 70 Presentation at the Potrero Boosters

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Provides 470+ Units of Affordable Housing



- Condominium – 28% In Lieu Fee
- 100% Affordable
- 20% Inclusionary

20% inclusionary units
in all rental buildings

**Three parcels 100%
dedicated** to affordable
housing

Project will generate gap
funding:

- Tax increment from Hoedown Yard
- Jobs Housing Linkage Fees paid by office development
- In lieu fee paid by condominium projects

Provides Significant Sea Level Rise Protections

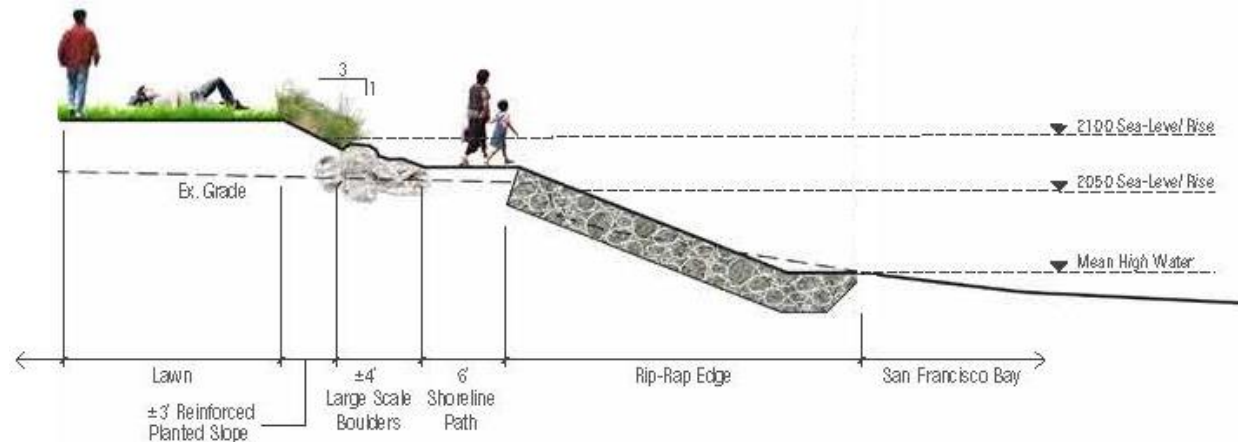


Shoreline Special Tax

- New, **long-term funding stream** for shoreline protection
- Will fund **Port-wide investments**, including ongoing needs at Project site

Site Improvements

- **Elevation of buildings** to accommodate 66" of SLR
- **Drainage** away from buildings
- **Shoreline** protections



Provides Significant Transportation Improvements



Site Design

- **New street grid**
- **Bicycle network** with Class II and sharrows
- **Bay Trail** and **Blue Greenway** connections
- **Bikeshare** expansion
- New **traffic signals** on Illinois Street
- **Metered** on-street parking

Impact Fee: Approx. \$45 Million

Demand Management

- Onsite Clipper Card vending machines
- **Transit passes** for residents
- **Bicycle repair** stations
- **Unbundled** parking
- **Shuttle** to Muni, BART and Caltrain
- **Transportation Management Agency** and onsite coordinator
- **Annual monitoring** to reduce vehicle trips by 20%



Provides Additional Public Benefits



Economic Access and Diversity

- \$1M in funding for CityBuild/Tech SF
- \$100,000 for CityBuild Services
- 17% LBE hiring goal
- Local hiring commitment for construction
- First Source hiring for operations
- First Source hiring for permanent tech employers



Parks and Open Space

- 9 acres of new open space
- Irish Hill playground, market square, central commons
- Parks along 1,380 feet of shoreline



Retail and Industrial Uses

- 60,000 square foot local market hall supporting local makers
- Minimum of 50,000 square feet PDR

Provides Additional Public Benefits



Rehab of Union Iron Works District Structures

- Buildings 2, 12, 21
- Interpretive design



Community Facilities

- On-site Child Care
- \$2.5 million for new community space



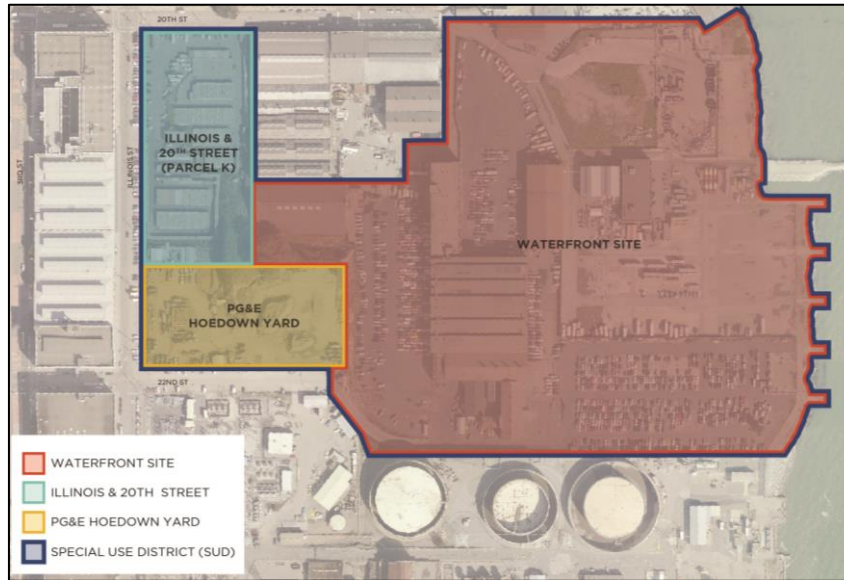
Noonan Tenants/Arts Building

- Relocation of Noonan Building artists on site
- Up to 90,000 SF arts building

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Creates Legal Parcels



- Governed by **Subdivision Map Act**
- **Coordination** between Forest City, Port, Public Works, and County Surveyor

Determines Process for Infrastructure

Design and Approval

Infrastructure Plan and Master Utility Plans

Public Works approves final designs

Permitting

Chief Harbor Engineer issues permits

Construction

Developer constructs

Inspection

Public Works Consult with acquiring agencies

Acceptance

BOS accepts

\$262M of Horizontal Improvement Costs



PHASES

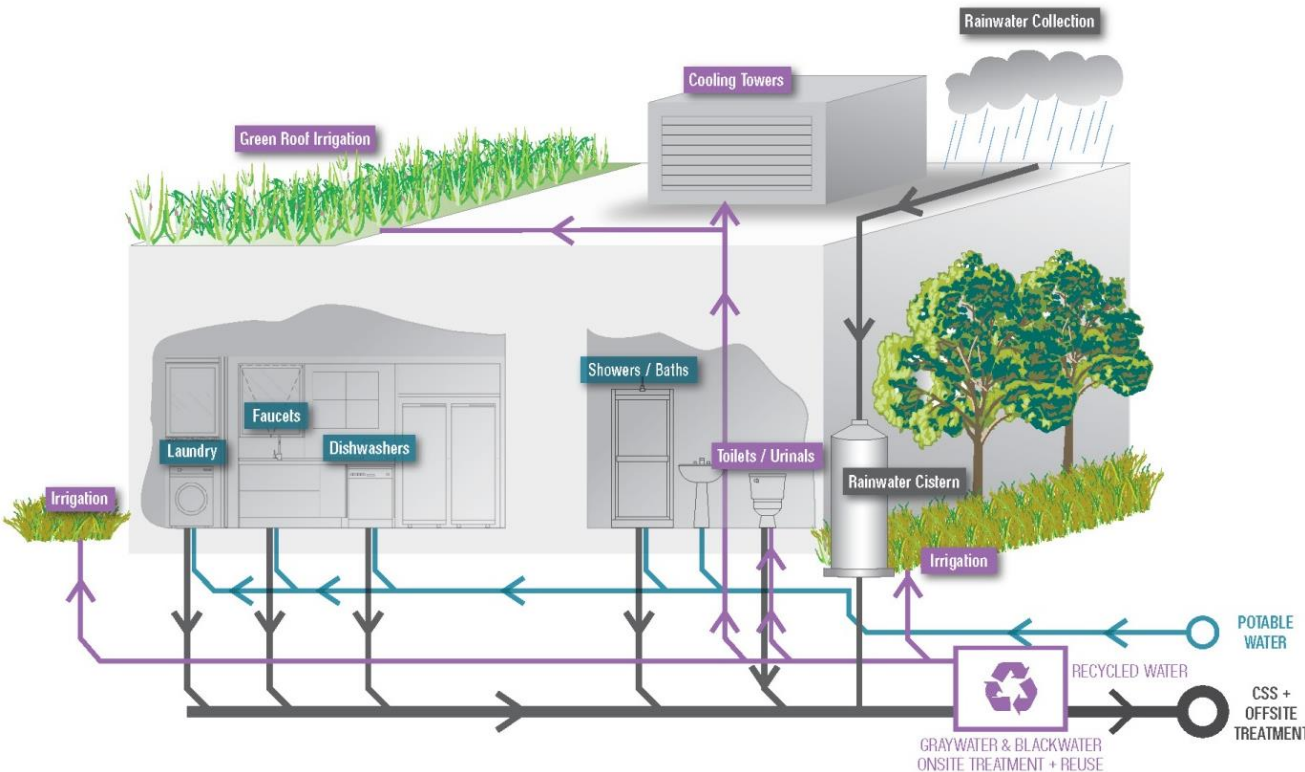
- Phase 0.5
- Phase 1
- Phase 2
- Phase 3

Horizontal Costs by Phase

	Hard Costs	Soft Costs	Total
Phase 1	\$82,945,356	\$58,857,725	\$141,803,081
Phase 2	\$39,898,263	\$33,513,065	\$73,411,328
Phase 3	\$19,879,246	\$27,329,427	\$47,208,673
Total	\$142,722,865	\$119,700,218	\$262,423,083

District Blackwater Reduces Water Usage

- Centralized plant to clean combined sewage and distribute back to buildings
- For non-potable uses (toilets flushing, landscaping, & building cooling)
- Will serve Crane Cove Park, Historic Core, and SUD
- Planned for Building 108



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DDA Governs Project



Horizontal
Improvements
and Public
Benefits



Schedule of
Performance

Horizontal
Development
Requirements



- 28 Acre Master Lease
- Vertical DDAs (for vertical developers)
- 99 Year Leases (office and residential rental)
- Inspect and accept parks
- Coordinate with City agencies (street & infrastructure acceptance)

Attachments

- Financing Plan
- Infrastructure Plan
- Affordable Housing Plan
- Streetscape Plan
- Form of VDDA, Parcel Lease, & Acquisition Agreement
- Jobs & Equal Opportunity Program
- Mitigation Monitoring & Reporting Program

DA Sets Vested Rights and Public Benefits



Vested Rights



Public Benefits

Right to Develop
Processing of Approvals
City & Port Building Code Standards
Fees & Exactions

Infrastructure Improvements
Affordable Housing
Noonan Building Replacement Space
PDR Space
On-site Child Care
Transportation Improvements
TDM Program
Workforce & LBE goals
Equal Benefits

Provides Horizontal and Vertical Site Control



Master Lease



VDDAs



28-Acre Site Master Lease

Vertical DDA

- Parcel Lease
- Deed

Vertical DDA

- Parcel Lease
- Deed

Vertical DDA

- Parcel Lease
- Deed

Vertical DDA

- Parcel Lease
- Deed

Vertical DDA

- Parcel Lease
- Deed

Master Lease Provides Access to Site



Access to 28-Acre Site

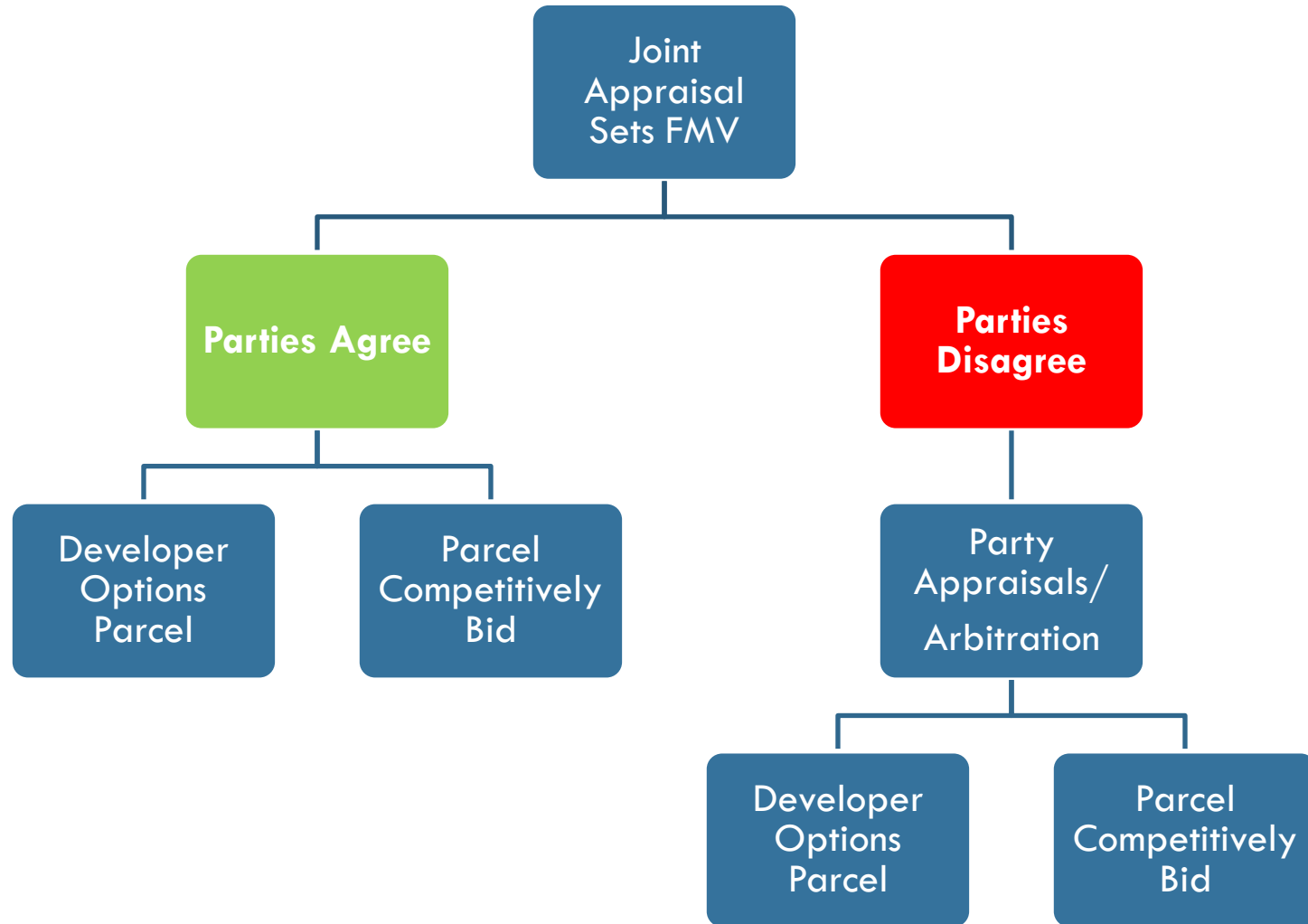
Construct Horizontal Improvements in Phases



Release Development Parcels for Vertical Development



Appraisals or Bids Set Fair Market Value



VDDA Governs Vertical Improvements



**Vertical
Developer**

Set FMV (appraisal or bidding process)

Due Diligence Period

Option Period/Payment of Deposit

Close of Escrow (Parcel Lease or Deed)

Construct Vertical Improvements

Development Parcels Leased or Sold



**Vertical
Developer**

Leased Parcels

- Convey by **Parcel Lease**
- 99 Years
- Pre-paid or hybrid
- 1.5% of Modified Gross Income in Year 30
- 2.5% of Modified Gross Income in Year 60
- 1.5% of Sales/
Refinance Proceeds

Fee Parcels (Condominiums)

- Convey by **Deed**
- 1.5% of sales
proceeds for 2nd and
subsequent sales

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CFDs Provide Early, Lower Cost Financing

Condominium CFD (anticipated)



Average \$6,000/unit annual tax funds:

- Public Improvements
- Arts Building
- Maintenance
- Shoreline Improvements (after 30 years)

Leased Properties CFD (anticipated)



Annual tax equal to approx. 52% of property taxes funds:

- Public Improvements
- Arts Building
- Historic Buildings
- Maintenance
- Shoreline Improvements

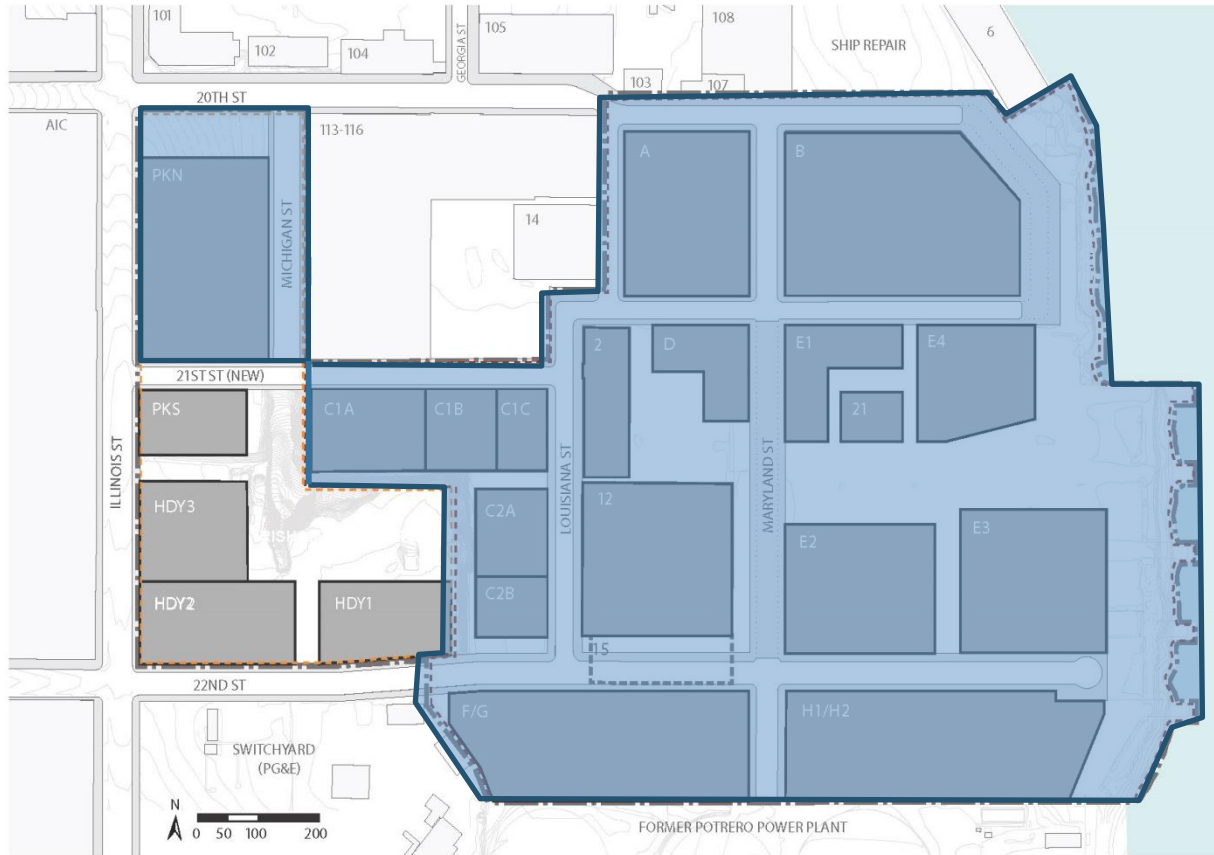
Portion of tax credited by property tax increment

- **Two** districts
- **Early** public finance strategy
- CFD bonds have **lower cost**
- **Amend the local financing law** to permit specified uses



Future Annexation Parcels

IFD Captures Future Tax Increment Growth



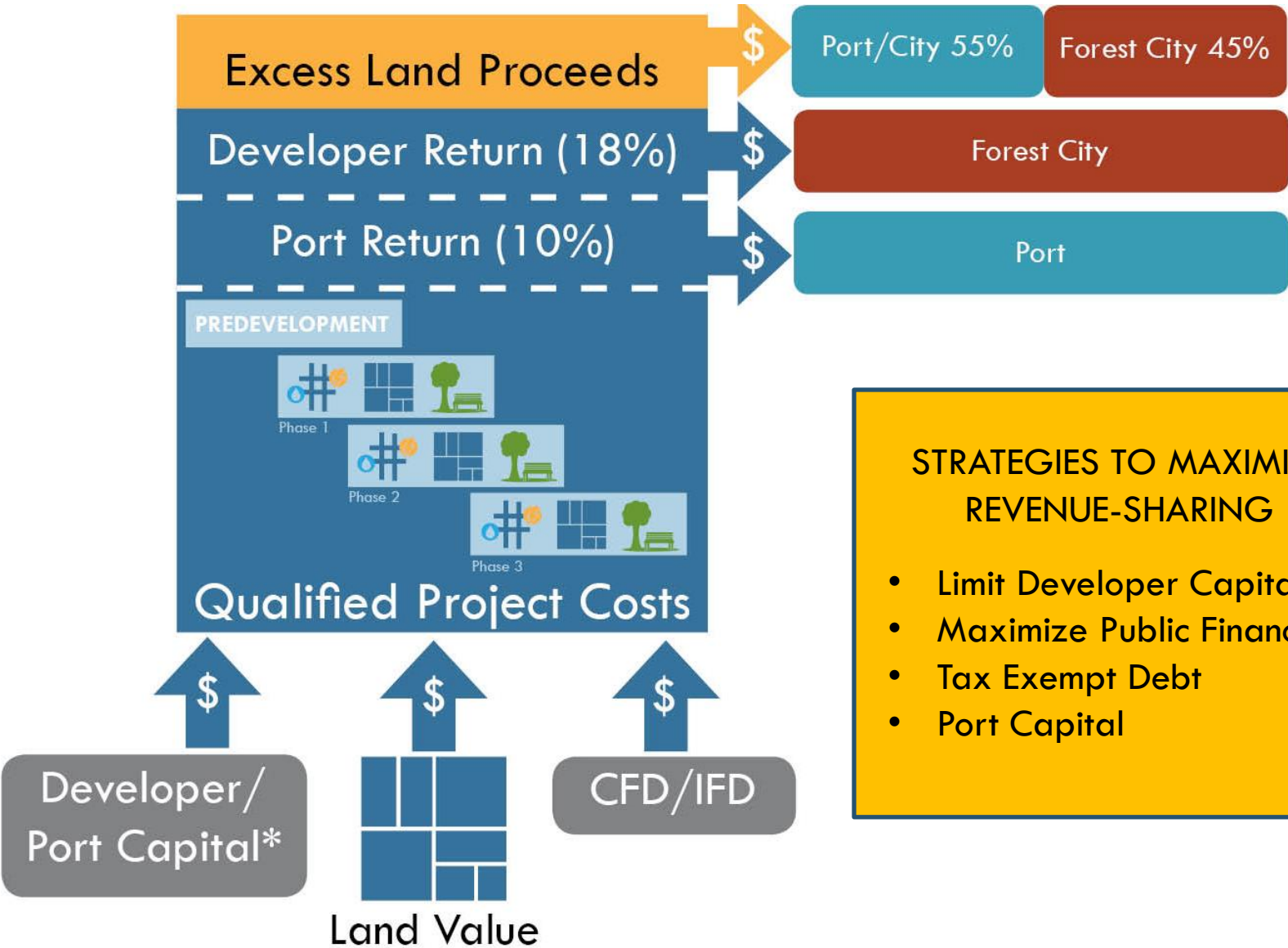
PIER 70 SUD
LAND USE PLAN

SITELAB urbanstudio 7/31/2017

SITE BOUNDARIES
— Pier 70 SUD
- - - 28-Acre Site
- - - Illinois Parcels

- Encompasses **28-Acre Site** and a portion of **Illinois & 20th Street Parcels**
- **Captures future tax increment**, growth in Local and State shares of property taxes
- **92% for public infrastructure**, e.g. streets, utilities, parks, historic rehabilitation and shoreline protection
- **8% for other Pier 70 needs**, including Irish Hill Park

Use Public Financing to Maximize Revenue Sharing



- STRATEGIES TO MAXIMIZE REVENUE-SHARING**
- Limit Developer Capital
 - Maximize Public Financing
 - Tax Exempt Debt
 - Port Capital

*Port capital at discretion of Port Commission

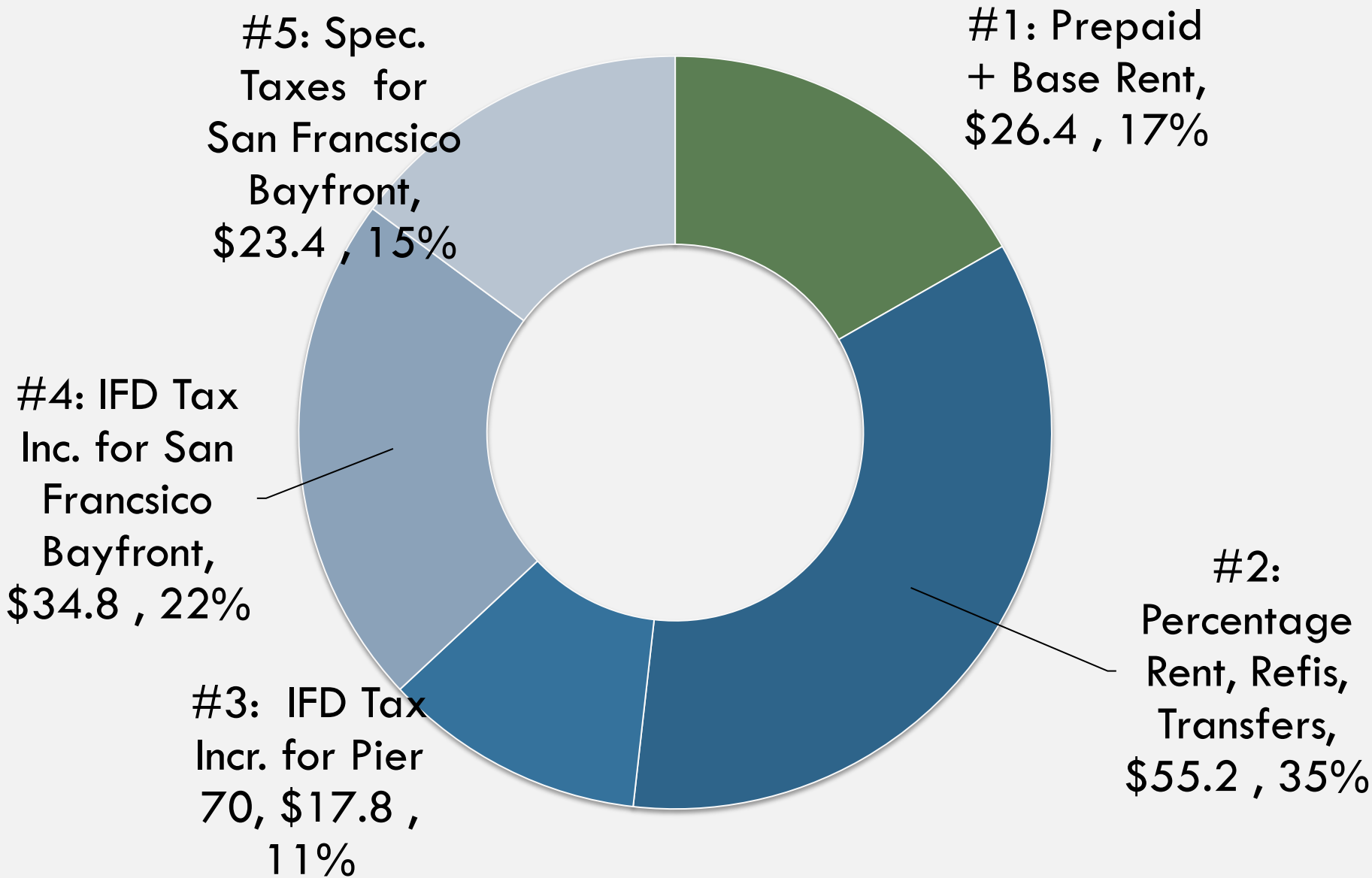
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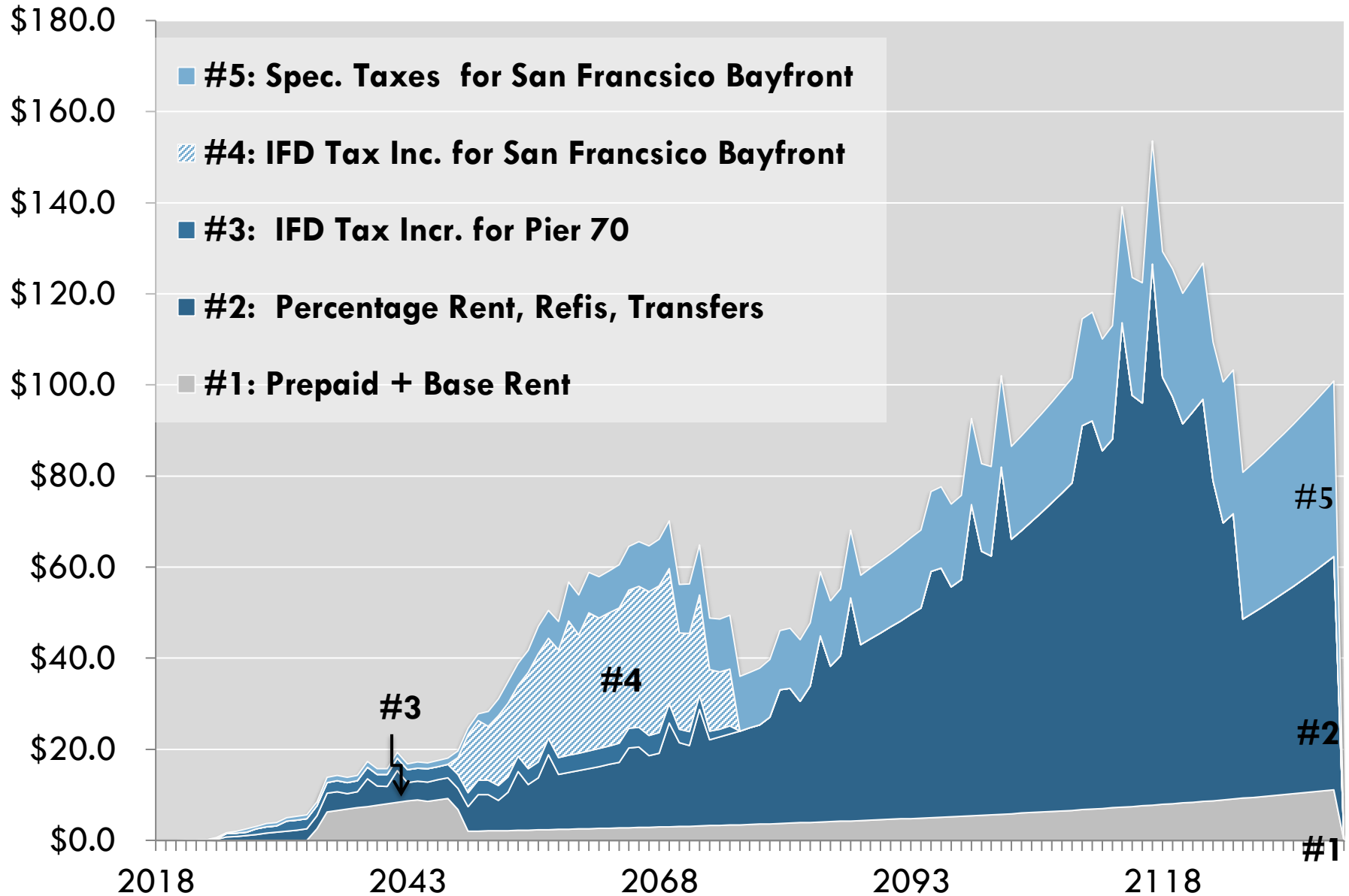
Port \$ Returns are Diversified (*millions*)

	Item	NPV	Nominal
	Developer 18.31% IRR	\$80.6 M	\$267.0 M
	Port		
	Land Proceeds	\$15.6	\$86.0
✓	C-1A Parcel	\$6.2	\$235.2
✓	Other Pier 70 Tax Inc	\$17.7	\$146.9
✓	1.5% of Net Refis, Transfers, Condo Sales	\$31.9	\$1,876.9
✓	1.5%/2.5% of Revenue (Yrs 30-59/60-99)	\$19.9	\$1,765.8
	Pub. Financing for Shoreline		
✓	Unused Tax Increment	\$34.8	\$610.1
✓	CFD Shoreline Taxes	<u>\$34.2</u>	<u>\$2,095.1</u>
	Total, Port + Shoreline	\$157.6	\$6,816.3
✓	Indicates revenues not contingent on Dev. achieving 18% return		

Port \$ Returns are Diversified (millions, NPV)



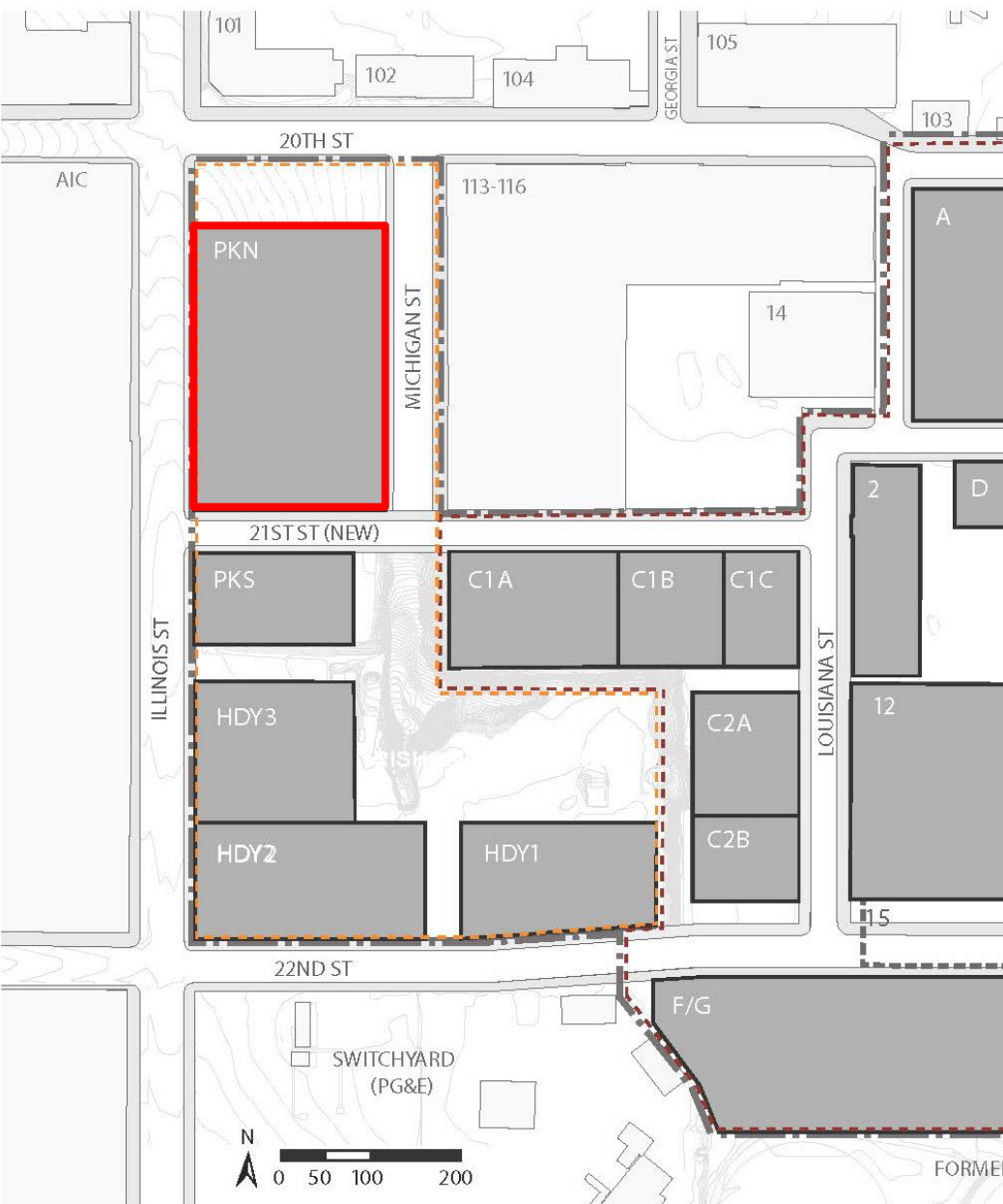
Port \$ Returns will Fluctuate Over Time



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Sale of PKN to Pay Portion of Entitlement Costs



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