[Resolution of Intention to Establish Infrastructure and Revitalization Financing District No. 1 (Treasure Island)]

Resolution of Intention to establish City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) and project areas therein to finance the construction and/or acquisition of facilities on Treasure Island and Yerba Buena Island; to provide for annexation; to call a public hearing on January 24, 2017, at 3:00 p.m. on the formation of the district and project areas therein and to provide public notice thereof; and determining other matters in connection therewith.

NOTE: Unchanged Code text and uncodified text are in plain Arial font.

Additions to Codes are in single-underline italics Times New Roman font.

Deletions to Codes are in strikethrough italics Times New Roman font.

Board amendment additions are in double-underlined Arial font.

Board amendment deletions are in strikethrough Arial font.

Asterisks (* * * *) indicate the omission of unchanged Code subsections or parts of tables.

WHEREAS, Naval Station Treasure Island ("NSTI") is a former United States Navy base located in the City and County of San Francisco (the "City") that consists of two islands connected by a causeway: (1) Treasure Island, and (2) an approximately 90-acre portion of Yerba Buena Island; and

WHEREAS, Under the Treasure Island Conversion Act of 1997, which amended California Health and Safety Code Section 33492.5 and added Section 2.1 to Chapter 1333 of the Statutes of 1968, the California Legislature: (i) designated the Treasure Island Development Authority, a California non-profit public benefit corporation ("TIDA") as a redevelopment agency under California redevelopment law with authority over NSTI upon approval of the City's Board of Supervisors, and (ii) with respect to those portions of NSTI

which are subject to Tidelands Trust, vested in TIDA the authority to administer the public trust for commerce, navigation and fisheries as to such property; and

WHEREAS, The Board of Supervisors approved the designation of TIDA as a redevelopment agency for NSTI in 1997; and

WHEREAS, On January 24, 2012, the Board of Supervisors rescinded designation of TIDA as the redevelopment agency for Treasure Island under California Community Redevelopment Law in Resolution No. 11-12; and such rescission does not affect TIDA's status as the Local Reuse Authority for NSTI or the Tidelands Trust trustee for the portions of NSTI subject to the Tidelands Trust, or any of the other powers or authority; and

WHEREAS, The United States of America, acting by and through the Department of the Navy ("Navy"), and TIDA entered into an Economic Conveyance Memorandum of Agreement (as amended and supplemented from time to time, the "Conveyance Agreement") that governs the terms and conditions for the transfer of NSTI from the Navy to TIDA; and under the Conveyance Agreement, the Navy has and will convey NSTI to TIDA in phases after the Navy has completed environmental remediation and issued a Finding of Suitability to Transfer (as defined in the Conveyance Agreement) for specified parcels of NSTI or portions thereof: and

WHEREAS, Treasure Island Community Development, LLC ("Developer") and TIDA have previously entered into a Disposition and Development Agreement (Treasure Island/Yerba Buena Island) dated June 28, 2011 (the "DDA"), "), in Board File No. 110291, including a Financing Plan (Treasure Island/Yerba Buena Island) (the "Financing Plan"), which governs the disposition and development of a portion of NSTI (the "Project Site") after the Navy's transfer of NSTI to TIDA in accordance with the Conveyance Agreement; and

WHEREAS, The DDA contemplates a project (the "Project") under which TIDA acquires the Project Site from the Navy and conveys portions of the Project Site to Developer

for the purposes of: (i) alleviating blight in the Project Site through development of certain improvements, (ii) geotechnically stabilizing the Project Site, (iii) constructing public infrastructure to support the Project and other proposed uses on NSTI, (iv) constructing and improving certain public parks and open spaces, (v) remediating certain existing hazardous substances, and (vi) selling and ground leasing lots to vertical developers who will construct residential units and commercial and public facilities; and

WHEREAS, On April 21, 2011, the Planning Commission by Motion No. 18325 and the Board of Directors of TIDA, by Resolution No. 11-14-04/21, as co-lead agencies, certified the completion of the Final Environmental Impact Report for the Project, and unanimously approved a series of entitlement and transaction documents relating to the Project, including certain environmental findings under the California Environmental Quality Act ("CEQA"), a mitigation and monitoring and reporting program (the "MMRP"), and the DDA and other transaction documents; and

WHEREAS, On June 7, 2011, in Motion No. M11-0092, the Board of Supervisors unanimously affirmed certification of the Final Environmental Impact Report; and

WHEREAS, On that same date, the Board of Supervisors, in Resolution No. 246-11, adopted CEQA findings and the MMRP, and made certain environmental findings under CEQA (collectively, the "FEIR"); and

WHEREAS, Also on that date, the Board of Supervisors, in Ordinance No. 95-11, approved the DDA and other transaction documents, including the Transportation Plan and Infrastructure Plan; and

WHEREAS, TIDA and the Developer have been working diligently since then to implement the Project consistent with the DDA, the MMRP and other documents; and

WHEREAS, No additional environmental review is required because there are no substantial changes to the project analyzed in the FEIR, no change in circumstances under

which the project is being undertaken, and no new information of substantial importance indicating that new significant impacts would occur, that the impacts identified in the FEIR as significant impacts would be substantially more severe, or that mitigation or alternatives previously found infeasible are now feasible; and

WHEREAS, Developer and the City previously entered into a Development Agreement related to the Project Site to eliminate uncertainty in the City's land use planning for the Project Site and secure orderly development of the Project consistent with the DDA and other applicable requirements, and the Financing Plan is also an exhibit to the Development Agreement on file with the Clerk of the Board of Supervisors in File No. 110226; and

WHEREAS, The Financing Plan identifies certain financial goals for the Project and the contractual framework for cooperation between TIDA, the City, and Developer in achieving those goals and implementing the Project; and

WHEREAS, The Financing Plan, among other things, obligates TIDA and the City to take all actions reasonably necessary for, and obligates Developer to cooperate reasonably with the efforts of, (i) the City to form requested community facilities districts (each, a "CFD"; together, the "CFDs") and take related actions under the Mello-Roos Community Facilities Act of 1982 (the "Mello-Roos Act") to pay for Qualified Project Costs, Ongoing Park Maintenance and Additional Community Facilities (as those terms are defined in the Financing Plan), (ii) the City to form requested infrastructure financing districts and take related actions under applicable provisions of the Government Code of the State of California to pay for Qualified Project Costs (although the Financing Plan refers to a different infrastructure financing act than the IRFD Law (as defined below) because the IRFD Law had not been created at the time, the City finds that the provisions of the Financing Plan discussing infrastructure financing districts shall apply to the IRFD (as defined herein) and the IRFD Law) and (iii) the City to issue bonds and other debt for the CFDs and the infrastructure financing districts and other

public financing instruments described in the Financing Plan (defined in the Financing Plan as "Public Financing"); and

WHEREAS, On October 6, 2015, Supervisor Jane Kim introduced a resolution calling upon TIDA and the TIDA Board to study strategies to increase the number of affordable housing units to be constructed on Treasure Island; and

WHEREAS, Under the Disposition and Development Agreement TICD is required to geotechnically improve and provide new utilities and other infrastructure for twenty parcels and deliver such parcels to the City for the construction of affordable housing; and

WHEREAS, The City has exercised its prerogatives consistent with the Housing Plan to increase the total number of affordable housing units to be developed on Treasure Island to 2,173 from 2,000; and

WHEREAS, Treasure Island Community Development ("TICD") will construct and deliver 307 inclusionary affordable units, and TIDA, in partnership with TIHDI, will construct 1,866 affordable housing units; and

WHEREAS, TIDA and the TIHDI have determined that the 1,866 affordable housing units can be constructed utilizing only 17 of the 20 provided parcels, leaving three parcels for the future construction of additional affordable housing units; and

WHEREAS, The Mayor deems the development of additional affordable housing at Treasure Island a City priority and has directed the Mayor's Office of Housing and Community Development ("MOHCD") to provide substantial resources towards achieving this goal; and

WHEREAS, MOHCD has programmed for future investment more than \$250 million to produce a total of 1,866 affordable housing units, including \$4 million in Fiscal Year 2018 to fund pre-development design and permitting work for the first two affordable housing parcels and \$30 million or more over the next ten years, sufficient, in combination with project

generated funding sources, for TIDA and TIHDI to construct approximately 720 affordable housing units toward this goal; and

WHEREAS, The City has included amendments to the IRFD Law as a Legislative Priority for 2017 and will pursue changes to State legislation to allow the collection of tax increment within an IRFD over a 45-year term and to allow the City to pledge that portion of ad valorem property tax revenue annually allocated to a city or county pursuant to Section 97.70 of the Revenue and Taxation Code; and

WHEREAS, The City will pursue legislation to secure State support of the affordable housing program on Treasure Island through a pledge of the State share of property tax increment (the Educational Revenue Augmentation Fund (commonly referred to as the "ERAF Share", which represents 25.3% of the 1% ad valorem property tax); and

WHEREAS, The IFP provides that the City may pledge to the IRFD any new revenues derived from changes to State legislation by a vote of the Board of Supervisors without requiring a Special Election of property owners within the District and any revenues so derived and pledged would be used exclusively for the development of affordable housing on Treasure Island; and

WHEREAS, TIDA will submit every six months to the Board of Supervisors a report of the status of affordable housing funding strategies and construction thereof and will include a similar update in the City's bi-annual Capital Plan; and

WHEREAS, In 2023, if TIDA has been unsuccessful in securing the proposed changes in State legislation or has not otherwise made significant progress in meeting the affordable housing funding needs, TIDA will request that the Capital Planning Committee approve a Citywide Affordable Housing General Obligation Bond, including support for the development of affordable housing on Treasure Island, be placed on the November 2024 ballot; and

WHEREAS, Under Chapter 2.6 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53369 (the "IRFD Law"), this Board of Supervisors is authorized to establish an infrastructure and revitalization financing district and to act as the legislative body for an infrastructure and revitalization financing district; and

WHEREAS, Pursuant to IRFD Law Section 53369.5, an infrastructure and revitalization financing district may be divided into project areas; and

WHEREAS, Pursuant to the Financing Plan and the IRFD Law, the Board of Supervisors wishes to establish an infrastructure and revitalization financing district and project areas therein to finance certain facilities; and

WHEREAS, The IRFD Law provides that the legislative body of an infrastructure and revitalization financing district may, at any time, add territory to a district or amend the infrastructure financing plan for the district by conducting the same procedures for the formation of a district or approval of bonds as provided in the IRFD Law, and the Board of Supervisors wishes to establish the procedure for future annexation of property on Yerba Buena Island and Treasure Island into the proposed infrastructure district; and

WHEREAS, IRFD Law Section 53369.14(d)(5) provides that the legislative body of a proposed infrastructure and revitalization financing district may specify, by ordinance, the date on which the allocation of tax increment will begin and IRFD Law Section 53369.5(b) provides that project areas within a district may be subject to distinct limitations established under the IRFD Law, and the Board of Supervisors accordingly wishes to specify the date on which the allocation of tax increment will begin for the proposed infrastructure district on a project areaby-project area basis; now, therefore, be it

RESOLVED, That this Board of Supervisors proposes to conduct proceedings to establish an infrastructure and revitalization financing district pursuant to the IRFD Law, which

district shall include project areas as identified by this Board of Supervisors from time to time; and, be it

FURTHER RESOLVED, That the name proposed for the infrastructure and revitalization financing district is "City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island)" (the "IRFD"); and, be it

FURTHER RESOLVED, That pursuant to IRFD Law Section 53369.5, the territory to be initially included in the IRFD (as show on the map described below) is hereby designated to include the following initial project areas (collectively, the "Initial Project Areas," and together with any future project areas that may be established in the IRFD, the "Project Areas"):

- a. Project Area A of the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) ("Project Area A");
- b. Project Area B of the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) ("Project Area B");
- c. Project Area C of the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) ("Project Area C");
- d. Project Area D of the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) ("Project Area D");
- e. Project Area E of the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) ("Project Area E"); and be it FURTHER RESOLVED, That the proposed boundaries of the IRFD and each of the Initial Project Areas are as shown on the map of the IRFD and the Initial Project Areas on file with the Clerk of the Board of Supervisors in File No. 161035, which boundaries are hereby preliminarily approved and to which map reference is hereby made for further particulars; and, be it

FURTHER RESOLVED, That the type of facilities proposed to be financed by the IRFD and the Project Areas pursuant to the IRFD Law shall consist of those listed as facilities on Exhibit A hereto and hereby incorporated herein (the "Facilities"), and the Facilities are authorized to be financed by the IRFD by IRFD Law Sections 53369.2 and 53369.3, and the Board of Supervisors hereby finds each of the following: that the Facilities (i) are of communitywide significance, (ii) will be constructed on a former military base and are consistent with the authority reuse plan and have been or will be approved by TIDA (the military base reuse authority), if applicable, (iii) will not supplant facilities already available within the proposed boundaries of the IRFD, except for those that are essentially nonfunctional, obsolete, hazardous, or in need of upgrading or rehabilitation, and (iv) will supplement existing facilities as needed to serve new developments, and the Board of Supervisors acknowledges and agrees that the Acquisition and Reimbursement Agreement (Treasure Island/Yerba Buena Island) dated as of March 8, 2016, by and among the City and County of San Francisco, TIDA, and the Developer (the "Acquisition Agreement") governs the process for the City to acquire the Facilities using the proceeds of the IRFD; and, be it

FURTHER RESOLVED, That the Board of Supervisors hereby declares that, pursuant to the IRFD Law, incremental property tax revenue from the City to finance the Facilities, but no tax increment revenues from the other affected taxing entities (as defined in the IRFD Law) within the IRFD, if any, will be used by the IRFD to finance the Facilities, and the incremental property tax financing will be described in an infrastructure financing plan (the "Infrastructure Financing Plan") to be prepared for this Board of Supervisors under the IRFD Law; and, be it

FURTHER RESOLVED, That in accordance with IRFD Law Sections 53369.5(b) and 53369.14(d)(5), the Board of Supervisors shall establish, by ordinance, the date on which the allocation of tax increment shall begin for the IRFD, which date shall be determined on a Project Area-by-Project Area basis (each such date, the "Commencement Date"), and each

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Project Area may accordingly have a different Commencement Date, with each Commencement Date being the first day of the fiscal year following the fiscal year in which the applicable Project Area has generated and the City has received (i) with respect to Project Areas A, B and E, at least \$150,000 of tax increment, (ii) with respect to Project Areas C and D, at least \$300,000 of tax increment, and (iii) with respect to all other Project Areas, the amount of tax increment specified in the ordinance annexing such Project Area to the IRFD; and, be it

FURTHER RESOLVED, That future annexations of property on Yerba Buena Island and Treasure Island into the IRFD may occur at any time after formation of the IRFD, but only if the Board of Supervisors has completed the procedures set forth in the Infrastructure Financing Plan, which shall be based on the following: (i) this Board of Supervisors adopts a resolution of intention to annex property (the "annexation territory") into the IRFD and describes whether the annexation territory will be included in one of the then-existing Project Areas or in a new Project Area and to issue Bonds, (ii) the resolution of intention is mailed to each owner of land in the annexation territory and each affected taxing entity in the annexation territory, if any, in substantial compliance with IRFD Law Sections 53369.11 and 53369.12, (iii) this Board of Supervisors designates TIDA to prepare an amendment to the Infrastructure Financing Plan, if necessary, and the designated official prepares any such amendment, in substantial compliance with IRFD Law Sections 53369.13 and 53369.14. (iv) any amendment to the Infrastructure Financing Plan is sent to each owner of land and each affected taxing entity (if any) within the annexation territory, in substantial compliance with IRFD Law Sections 53369.15 and 53369.16, (v) this Board of Supervisors notices and holds a public hearing on the proposed annexation, in substantial compliance with IRFD Law Sections 53369.17 and 53369.18, (vi) this Board of Supervisors adopts a resolution proposing the adoption of any amendment to the Infrastructure Financing Plan and annexation of the

annexation territory to the IRFD, and submits the proposed annexation to the qualified electors in the annexation territory, in substantial compliance with IRFD Law Sections 53369.20-53369.22, with the ballot measure to include the question of the proposed annexation of the annexation territory into the IRFD, approval of the appropriations limit for the IRFD and approval of the issuance of bonds for the IRFD, and (vii) after canvass of returns of any election, and if two-thirds of the votes cast upon the question are in favor of the ballot measure, this Board may, by ordinance, adopt the amendment to the Infrastructure Financing Plan, if any, and approve the annexation of the annexation territory to the IRFD, in substantial compliance with IRFD Law Section 53369.23; and, be it

FURTHER RESOLVED, That Tuesday, January 24, 2017 at 3:00 p.m. or as soon as possible thereafter, in the Board of Supervisors Chamber, 1 Dr. Carlton B. Goodlett Place, City Hall, San Francisco, California, be, and the same are hereby appointed and fixed as the time and place when and where this Board of Supervisors, as legislative body for the IRFD, will conduct a public hearing on the proposed establishment of the IRFD and the Initial Project Areas and the proposed future annexation of territory to the IRFD in the manner described in this Resolution; and, be it

FURTHER RESOLVED, That the Clerk of the Board of Supervisors is hereby directed to mail a copy of this Resolution to each owner of land (as defined in the IRFD Law) within the IRFD (but not to any affected taxing entities because there are none as of the date of this Resolution), and in addition, in accordance with IRFD Law Section 53369.17, the Clerk of the Board of Supervisors is hereby directed to cause notice of the public hearing to be published not less than once a week for four successive weeks in a newspaper of general circulation published in the City, and the notice shall state that the IRFD will be used to finance public works, briefly describe the Facilities, briefly describe the proposed financial arrangements, including the proposed commitment of incremental tax revenue, describe the boundaries of

the proposed IRFD and the Initial Project Areas, reference the process for future annexation, and state the day, hour, and place when and where any persons having any objections to the proposed Infrastructure Financing Plan, or the regularity of any of the prior proceedings, may appear before this Board of Supervisors and object to the adoption of the proposed Infrastructure Financing Plan for the IRFD and the Initial Project Areas or process for future annexation to the IRFD by the Board of Supervisors; and, be it

FURTHER RESOLVED, TIDA will engage TIDHI to ensure and monitor the implementation of the project community benefits and related programs set forth in the Project Development Agreements, including but not limited to the affordable housing, employment, economic development, community services, and community participation programs. The TIDHI and TIDA agreement may be modified at a later date to reflect the intent of this Resolve; and, be it

FURTHER RESOLVED, That this Resolution shall in no way obligate the Board of Supervisors to establish the IRFD or the Project Areas, and the establishment of the IRFD and the Project Areas shall be subject to the approval of this Board of Supervisors by resolution following the holding of the public hearing referred to above and a vote of the qualified electors in the IRFD; and, be it

FURTHER RESOLVED, That the Board of Supervisors has reviewed and considered the FEIR and finds that the FEIR is adequate for its use for the actions taken by this resolution and incorporates the FEIR and the CEQA findings contained in Board of Supervisors Resolution No. 246-11 by this reference; and, be it

FURTHER RESOLVED, That if any section, subsection, sentence, clause, phrase, or word of this resolution, or any application thereof to any person or circumstance, is held to be invalid or unconstitutional by a decision of a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions or applications of this resolution, this

Board of Supervisors hereby declaring that it would have passed this resolution and each and every section, subsection, sentence, clause, phrase, and word not declared invalid or unconstitutional without regard to whether any other portion of this resolution or application thereof would be subsequently declared invalid or unconstitutional; and, be it

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

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

FURTHER RESOLVED, That this Resolution shall take effect upon its enactment. Enactment occurs when the Mayor signs the resolution, the Mayor returns the resolution unsigned or does not sign the resolution within ten days of receiving it, or the Board of Supervisors overrides the Mayor's veto of the resolution.

APPRÓVED AS TO FØRM:

DENNIS I. HERRERA City Attorney

By:

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MARK D. BLAKE Deputy City Attorney

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City and County of San Francisco Tails

City Hall 1 Dr. Carlton B. Goodlett Place San Francisco, CA 94102-4689

Resolution

File Number: 161035

Date Passed: December 06, 2016

Resolution of Intention to establish City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) and project areas therein to finance the construction and/or acquisition of facilities on Treasure Island and Yerba Buena Island; to provide for annexation; to call a public hearing on January 24, 2017, at 3:00 p.m. on the formation of the district and project areas therein, and to provide public notice thereof; and determining other matters in connection therewith.

October 19, 2016 Budget and Finance Committee - RECOMMENDED

October 25, 2016 Board of Supervisors - CONTINUED

Ayes: 11 - Avalos, Breed, Campos, Cohen, Farrell, Kim, Mar, Peskin, Tang, Wiener and Yee

November 15, 2016 Board of Supervisors - CONTINUED

Ayes: 9 - Avalos, Breed, Campos, Cohen, Farrell, Kim, Mar, Peskin and Tang Excused: 2 - Wiener and Yee

December 06, 2016 Board of Supervisors - AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE

Ayes: 10 - Avalos, Breed, Campos, Cohen, Farrell, Kim, Mar, Peskin, Tang and Yee

December 06, 2016 Board of Supervisors - ADOPTED AS AMENDED

Ayes: 10 - Avalos, Breed, Campos, Cohen, Farrell, Kim, Mar, Peskin, Tang and Yee

File No. 161035

I hereby certify that the foregoing Resolution was ADOPTED AS AMENDED on 12/6/2016 by the Board of Supervisors of the City and County of San Francisco.

> Angela Calvillo Clerk of the Board

Mayor

Date Approved