SAN FRANCISCO
PLANNING DEPARTMENT

1650 Mission St.
Suite 400
San Francisco,
CA 94103-2479

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

Memo to the Planning Commission

HEARING DATE: APRIL 1, 2010

Date:	March 25, 2010
Case No.:	**None**
Project:	**Implementation Group**
Project Sponsor:	Planning Department
Staff Contact:	Ken Rich – (415) 558-6345
	ken.rich@sfgov.org
Recommendation:	**Informational only; no action requested**

BACKGROUND

In the past several years, the Department has adopted a number of new area plans. These plans go far beyond changes to the Planning Code and include a wide variety of open space, pedestrian improvements, transit improvements and economic development initiatives. In addition, most of the plans include a set of impact fees designed to help pay for these improvements. To ensure that these area plans are implemented, the Department has formed a new Implementation Group. At the hearing, staff will give the Commission a brief overview of the activities of the group, with a focus on the recommendations that came from the Eastern Neighborhoods Infrastructure Finance Working Group.

Implementation Group Staffing and Scope:

For fiscal year 2010-2011 the Implementation Group is staffed at approximately 2.5 FTE. In subsequent years, when resources become available, the Department may be able to increase this staffing. The group is charged with the following key tasks:

- **Capital project finance –** Provide **c**oordination of impact fees, grants and other sources for funding capital projects identified in area plans; staffing of the Interdepartmental Plan Implementation Committee (IPIC)
- **Capital project coordination** - Provide interagency project management and coordination for capital projects identified in area plans; track all capital projects identified in area plans
- **Non-capital Project Coordination –** Provide interagency coordination for economic development and other non-capital activities identified in the area plans
- **Citizens' Advisory Committees (CACs) –** Provide staffing for CACs
- **Monitoring and Reporting –** Provide ongoing information flow to the CACs and the public regarding implementation of the area plans; prepare required annual and periodic reports

Adopted Plans:

The Implementation Group is currently tasked with coordinating implementation of the Eastern Neighborhoods, Market Octavia, Balboa Park and Rincon Hill plans, as well as the Western Soma Plan, when that plan is adopted. As time goes by and its capacity is augmented, the Implementation Group will begin coordinating implementation of other Planning Department efforts, such as the Better Streets Plan, Fisherman's Wharf etc. The Redevelopment Agency will be the lead on implementing planning efforts associated with Redevelopment Areas, such as Transbay, Schlage Lock, Hunter Point Shipyard – Candlestick Park and others.

IPIC Report:

In October of 2006, the Board of Supervisors passed legislation to formalize interagency coordination for Area Plan-identified community improvements through the establishment of the Interagency Plan Implementation Committee (IPIC). The Planning Department, as designated by the legislation, has taken the lead in coordinating the IPIC through the Department's Implementation Group. This report (attached) is the first report on the work of the IPIC, as required by Article 36 of the Administrative Code. It gives details on progress toward implementation of the four area plans, as well as an overview of the projected impact fee revenue for each.

Key accomplishments to date include:

- Establishment of the Interagency Plan Implementation Committee
- Commitment from relevant agencies to coordinate on plan implementation
- Development of 10 year capital plans for each of the four adopted Area Plans
- Incorporation of Area Plans capital programs in the City's Ten Year Capital Plan
- Establishment of the Market Octavia and Eastern Neighborhoods Citizens Advisory Committees
- Major progress on several key transportation and open space projects in each plan Area
- Progress on efforts to identify much-needed funding to implement the plans

Eastern Neighborhoods Infrastructure Finance Working Group:

At the time of adoption of the Eastern Neighborhoods Area Plans, the Board of Supervisors directed the City's Capital Planning Committee to establish the Eastern Neighborhoods Infrastructure Finance Working Group (ENIFWG) to recommend funding strategies for implementing the plans. The working group includes representatives from the Planning Department; the Office of Economic and Workforce Development; the Mayor's Office of Public Policy and Finance; the Controller's Office, Office of Economic Analysis; Department of Public Works, Division of Finance and Budget; Office of the City Administrator, Capital Planning Program; and the public. The ENIFWG produced a report (attached) in July 2009 that provides an overview of several strategies for funding the considerable set of infrastructure projects recommended in the Eastern Neighborhoods Plans. Though the group focused on capital improvements called for in the Eastern Neighborhoods, many of the strategies may be applicable to other plan areas.

The report evaluates the following funding alternatives:

- *General Fund Set-Asides* are voter-mandated appropriations of discretionary City funds for specific purposes or programs.
- *Tax-Increment Funding (TIF) Tools* use future tax-increment revenue to invest in infrastructure, economic development, and affordable housing projects. These include *Redevelopment Tax-Increment Financing (RTIF),* which is currently used to help revitalize blighted redevelopment project areas; *Infrastructure Finance Districts (IFD)*, which are intended for use in substantially undeveloped areas;
- *Land-Secured Funding (LSF) Tools* levy special charges on property, including *Mello-Roos/ Community Facilities Districts (CFD)* to fund facilities and services and *Assessment Districts (AD)* to pay for public improvements or services.

The report then evaluates each alternative with the following criteria:

- *Fiscal Impact* evaluates the burden of costs for the City, the relevant voters, and/or the State
- *Compatibility* evaluates the effectiveness and flexibility of each alternative by identifying the range of public improvements in the ENAP that can be funded;
- *Potential Revenue* projects the range of revenues each alternative possibly generates.

The report makes the following recommendations to the Board of Supervisors:

- Select both a Tax-Increment Funding (TIF) Tool to fund capital improvements and a Land-Secured Funding (LSF) Tool to fund maintenance, operations, services, and capital improvements;
- Adopt by resolution a clear statement of policy criteria to guide the use of TIF outside of a redevelopment project area and the creation of a customized TIF tool through state legislation;
- Commission a consultant study to inform the formation of an IFD and CFD, including determining the potential boundaries of the IFD and CFD, the eligible infrastructure and services funded by the districts, the appropriate tax rates, the appropriate portion of tax increment, and the estimated bonding capacity;
- Coordinate with other citywide efforts, including:
  - The Eastern Neighborhoods Urban Innovation Community Benefit District supported by the Office of Economic and Workforce Development
  - Assessment Districts under consideration by the Departments of Public Works and Recreation and Parks;
  - The Eastern Neighborhoods Citizen’s Advisory Council and the Interagency Planning Implementation Committee, which are charged with establishing a mechanism for identifying and prioritizing final projects, scopes, and expenditures for both CFDs and IFDs; and
  - City's annually-approved ten-year Capital Plan.

REQUIRED COMMISSION ACTION

This is an informational hearing only; no action is requested. Staff expects to return later this year with an outline of specific steps for moving forward to establish pilots of some or all of the tools recommended in the ENIFWG report. Staff will also make regular reports to the Commission on the status of implementation efforts for the area plans.

RECOMMENDATION:	**Informational only; no action requested**

Attachments:

1. IPIC Annual Progress Report
2. ENIFWG Final Report

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MEMO

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DATE: **March 25, 2010**

TO: **Planning Commission and Board of Supervisors**

FROM: **John Rahaim**
Planning Department

RE: **Article 36 of the City Administrative Code: Interagency Plan Implementation Committee Annual Progress Report**

The Planning Department is committed to insuring the implementation of programs and infrastructure identified in the recently adopted Rincon Hill, Market and Octavia, Balboa Park and Eastern Neighborhoods Area Plans. Accordingly the Department has established an Implementation Group, dedicated to the various elements of plan implementation, including: staffing Citizens Advisory Committees, staffing the Interagency Plan Implementation Committee (IPIC), developing capital plans for each plan area, overseeing infrastructure project implementation, coordinating with implementation agencies, pursuing grants and other funds for plan implementation, and non-capital program development.

In October of 2006, the Board of Supervisors passed legislation to formalize interagency coordination for Area Plan-identified community improvements through the establishment of the IPIC. The Planning Department, as designated by the legislation, has taken the lead in coordinating the IPIC. This report is the first report on the work of the IPIC, as required by Article 36 of the Administrative Code.

Key accomplishments to date include:

- Establishment of the Interagency Plan Implementation Committee
- Commitment from relevant agencies to coordinate on plan implementation
- Development of 10 year capital plans for each of the four adopted Area Plans
- Incorporation of Area Plans capital programs in the City's Ten Year Capital Plan
- Establishment of the Market Octavia and Eastern Neighborhoods Citizens Advisory Committees
- Major progress on several key transportation and open space projects in each plan area
- Progress on efforts to identify much-needed funding to implement the plans

CC:

Nathaniel P. Ford, Municipal Transportation Agency

Sonali Bose, Municipal Transportation Agency

Darton Ito, Municipal Transportation Agency

Ed Reskin, Department of Public Works

Douglas Legg, Department of Public Works

Simone Jacques, Department of Public Works

Edwin Lee, City Administrator

Brian Strong, Capital Planning Committee

Phil Ginsberg, Recreation and Parks Department

Katharine Petrucione, Recreation and Parks Department

Dawn Kamalanathan, Department of Parks and Recreation

José Luis Moscovich, San Francisco County Transportation Authority

Tilly Chang, San Francisco County Transportation Authority

Greg Wagner, Mayor’s Budget Office

Michael Cohen, Office of Economic and Workforce Development

Michael Yarne, Office of Economic and Workforce Development

Alicia John-Baptiste and Kearstin Dischinger – Planning Department

Mardi Lucich, Department of Children, Youth & Their Families

Market and Octavia Citizens Advisory Committee

Eastern Neighborhoods Citizens Advisory Committee

Interagency Plan Implementation Committee Annual Progress Report

San Francisco Planning Department

Citywide Policy Planning

March 25, 2010

Interagency Plan Implementation Committee, Article 36 of the Administrative Code

In October of 2006, the Board of Supervisors passed legislation to formalize interagency coordination for Area Plan-identified community improvements through the establishment of the Interagency Plan Implementation Committee (IPIC). The IPIC was developed with the following intent:

> "to provide mechanisms that will enhance the participation in the preparation and implementation of the Community Improvements Plans and Implementation Programs by the various City departments, offices; and agencies that will be responsible for their implementation and provide a means by which the various parties interested in realization of the Community Improvements Plans and Implementation Programs can remain informed about and provide input to and support for their implementation."
> *Article 36.2, Administrative Code*

The IPIC develops criteria and recommendations with respect to capital project implementation, funding and programming, identifies areas for departmental and program collaboration, coordinates with the Area Plans' Citizen Advisory Committees, and produces this annual report. Members of IPIC include representatives from the City Administrator's Office, Municipal Transportation Agency (MTA), Department of Public Works (DPW), Recreation and Parks Department (RPD), San Francisco County Transportation Authority (SFCTA), and Planning Department, among other City agencies.

This report responds to Article 36.4 of the Administrative Code which requires an annual progress report to the Planning Commission and Board of Supervisors.[1]

Area Plans

Each Area Plan includes a community improvements program that identifies key transportation, open space, recreational, and public realm amenities for a 20-year period. In some cases specific projects are identified; in other cases infrastructure demands are identified and additional work is required to determine the appropriate projects. Community improvements programs also include cost projections for the proposed improvements.

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[1] See attachment one for a full Copy of the Article 36 of the Administrative Code.

Each area plan includes a development impact fee charged to new development which funds infrastructure to support new development. These fees are the only dedicated revenue source for implementation of the community improvements program. Projected impact fee revenue covers roughly 30% of the total revenue needed for plan implementation, except in Rincon Hill they cover the majority of costs. Given the limited revenue dedicated to plan implementation, careful capital planning is critical. To that end, the IPIC has worked diligently to establish criteria for prioritizing projects. These criteria include using impact fee revenue to leverage additional funding for the completion of infrastructure projects. In some cases, project sponsors may request fee waivers when they pursue 'in-kind' agreements with the City; examples of recently completed in-kind agreements are discussed below.

IPIC, Progress to Date

In October 2007, the IPIC, including representatives from key agencies, began meeting on a monthly basis. Initial meetings included a review of affected area plans and related capital improvements programs, review of implementation agencies' work programs, and review of projected impact fee revenue.

In order to inform the development of capital plans for each plan area the IPIC developed *draft* project evaluation criteria:

1. Coordination with
    a. Other public infrastructure improvements
    b. Public agency work programs
    c. New private development projects
2. Ability to operate and maintain asset
3. Ability to leverage funds
    a. From state or regional resource
    b. Match funding from local sources or agency budgets
    c. New programming that could generate new revenue
4. Achieve key plan objective: transit oriented neighborhood
    a. Mix of project type, scales, timelines
    b. Supports new growth and development
5. Community Priority – CAC input

Based on the draft criteria, the IPIC developed 10 year capital plans for each project area. The Capital Plans are constrained by projected revenue for each area. Key revenue sources include projected development impact fees and secured grants. The Planning Department projects development impact fee revenue based on known development projects and an assumed rate of planned growth. Grants for major projects in the plan areas include projects that implementation agencies have pursued as part of their work programs, such as the Van Ness Bus Rapid Transit project, the Recreation and Parks General Obligation Bond, or Safe Routes to Schools funds. At this point, funding for these projects has been identified and secured by implementing agencies. Future work of the IPIC will include identifying and securing additional capital and planning grants to further the implementation of the area plans. For example, this report includes information on numerous pending grant applications for plan-identified capital projects. As the grants are secured they will be incorporated via annual updates to the relevant capital plans.

Capital plans for each area have been incorporated into the City's 10 Year Capital Plan[2], starting with the FY2008-2017 plan. The Planning Department chapter of the Capital Plan includes a ten year projection of capital projects by implementing agency and revenue projections by plan area. The IPIC worked to refine the proposed capital expenditures and projected revenues for FY2009-2018 and FY2010-2019.

In the last year the implementation agencies, including MTA, DPW, and the Department of Recreation and Parks, included Area Plan implementation projects scheduled for the first five years of FY2011-2021[3] in their work programs and Capital Plan submittals. This critical step indicates each agency's commitment to participating in the implementation of the Area Plans.

Capital plans for each Area Plan will be updated annually. The Planning Department will update revenue projections based on projected growth. Specific capital projects may change based on recommendations of the IPIC and Citizens Advisory Committees (CACs). The existing Capital plans have not benefited from CAC input, however now that the CACs are established, the Planning Department will be work with them closely to insure they provide input for the next round.

Area Plans: Summary Reports

The IPIC provides a mechanism for interagency coordination on infrastructure plans, including the recently adopted Rincon Hill, Market and Octavia, Balboa Park, and Eastern Neighborhoods plans. Additionally the IPIC provides a forum for ongoing planning work in current planning efforts including Japantown[4] and Western SOMA.[5]

[2] http://www.sfgov.org/site/cpp_index.asp?id=39210

[3] See attachment two for a copy of the Planning Department's Chapter of the Capital Plan for FY2011 – 2021.

[4] http://www.sf-planning.org/index.aspx?page=1692

As these planning processes progress, they will be discussed by the IPIC to the end of improved coordination on infrastructure and capital planning.

Progress towards community improvements plan implementation in each adopted Area Plan is discussed below, with a focus on capital projects that were identified during the planning process. Routine city projects and maintenance work is not discussed below, but is ongoing in all the plan areas, including traffic calming projects, addition of curb ramps, and sidewalk and street repairs. Through the work of the IPIC future routine maintenance and repair projects will be more closely coordinated with projects identified by the Area Plans.

As discussed previously, development impact fees are the only dedicated sources of revenue for plan implementation. The IPIC's work is based in part, on the Planning Department's impact fee revenue projections. Each impact fee program directs a prescribed amount of funding to various expenditure categories as defined by each plan. The following sections include five-year revenue projections for each area plan by expenditure category.

Article 36 requires a "summary of the individual development projects, public and private, that have been approved during the report period." General information about development projects is included below; a more detailed discussion is reported annually by the Planning Department as part of the Housing Inventory[6] and quarterly as part of the Pipeline Report[7].

Rincon Hill[8]

The Rincon Hill Plan, adopted in 2005, enabled roughly 2,300 additional residential units. Since plan adoption roughly 400 units have been built and the remaining 1,900 units are entitled by the Planning Department. The Rincon Hill Infrastructure impact fees are projected to fund the majority of the Area Plan's proposed infrastructure.

Over the next five years, a number of development projects are projected to generate roughly $6 million dollars for infrastructure improvements. Project sponsor are likely to elect to contribute infrastructure via an in-kind agreement or the established Mello Roos District.[9]

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[5] http://www.sf-planning.org/index.aspx?page=1895

[6] http://www.sf-planning.org/Modules/ShowDocument.aspx?documentid=2225

[7] http://www.sf-planning.org/index.aspx?page=1691

[8] http://www.sf-planning.org/index.aspx?page=1665

[9] Any county, city, special district, school district or joint powers authority may establish a Mello-Roos Community Facilities District (a "CFD") which allows for financing of public improvements and services. The services and improvements that Mello-Roos CFDs can finance include streets, sewer systems and other basic infrastructure, police protection, fire protection, ambulance services, schools, parks, libraries, museums and other cultural facilities. By law, the CFD is also entitled to recover expenses needed to form the CFD and administer the annual special taxes and bonded debt.

Projected Impact Fee Revenue, 5 years		
Rincon Hill		
Rincon Hill Fund Impact Fees (Fee)	$	2,585,000
Rincon Hill Fund Impact Fees (In-Kind)	$	3,072,000
Rincon Hill Fund Impact Fees (Mello-Roos)	$	538,000
Total	**$**	**6,195,000**

Three blocks of streetscape improvements[10] identified by the plan have been completed through in-kind agreements with development projects. A number of the streetscape improvements[11] proposed by the Rincon Hill plan have a clear relationship to specific entitled development projects and therefore could be implemented through in-kind agreements with project sponsors, as the Planning Director and Planning Commission deem appropriate.

There are two active open space projects in the Rincon Hill plan area; Guy Place Park and an unnamed half acre park on Harrison Street. Development impact fee revenue enabled the City to acquire and complete a conceptual design of Guy Place Park. The IPIC identified the construction of this park, a projected $3 Million cost, as a priority project for future impact fee revenue. The City has also successfully received a commitment from the project sponsors of 333 Harrison Street to set aside a half acre for public open space, consistent with the Rincon Hill plan. The project sponsor is currently seeking grant funding for the construction of this open space.

Market and Octavia[12]

The Market and Octavia Plan was adopted in the spring of 2008, enabling roughly 6,000 additional housing units. No new development projects have been completed to date. However, a number have been entitled by the Planning Department. The Planning Department projects nearly $12 Million in impact fee revenue in the Plan Area over the next five years.

[10] Spear Street (Folsom to Harrison), First Street (Harrison to end), and Harrison Street (south side, First to Fremont)

[11] Lansing Street, Main and Beale (Folsom to Harrison), Fremont Street (east side, Folsom to Harrison), Fremont Street (west side, Folsom to Harrison)

[12] http://www.sf-planning.org/index.aspx?page=1713

Projected Impact Fee Revenue, 5 years		
Market and Octavia		
Greening	$	3,971,146
Open Space	$	948,066
Recreational Facilities	$	1,571,709
Transportation	$	3,467,028
Childcare	$	996,039
Library	$	108,141
Administration/Monitoring	$	935,870
Total	**$**	**11,998,000**

A central, plan-defining, infrastructure project was completed before the plan was adopted: Octavia Boulevard and Patricia's Green, in Hayes Valley. Since plan adoption, progress has been made on the planning and development of a number of transportation projects and open space projects, described below. Additionally the Market and Octavia CAC, has begun meeting and working to further the implementation of the plan.

- The SFCTA has undertaken an *Octavia Boulevard Circulation Study* which takes a comprehensive look at regional and local transportation issues in the area surrounding Octavia Boulevard. The project will conclude in 2010 with recommendations on key priority projects.
- The MTA is leading a comprehensive transit and pedestrian project at the intersection of *Church and Duboce Streets*, consistent with the Market and Octavia Plan. The project includes re-railing, repaving, streetlight upgrades, pedestrian bulb outs at corners, expanded boarding islands and some greening. Funding is secured, and construction is scheduled to start within a year.
- *The Haight and Market Streets transit and pedestrian project* is identified by the Market and Octavia Plan and the Transit Effectiveness Project (TEP), as a key transit improvement. The project would return the Haight Street buses to Haight Street between Octavia and Market Streets, add pedestrian signals and pedestrian bulbouts, and enhance the crosswalks at the Market and Haight intersection. MTA and Planning are pursuing a grant for full funding of this project. If the grant request is successful, construction would start in one year.
- The Market and Octavia Plan calls for the conversion of *Hayes Street between Van Ness and Gough to a two-way street*, as does the TEP. Since plan adoption, MTA, SFCTA, and Planning have coordinated on a design for this project, including conducting additional community meetings. The project requires $100-250,000 for completion.
- The SFCTA is leading the *Van Ness Bus Rapid Transit (BRT) Project*. The project includes a package of treatments that provide rapid, reliable transit, including dedicated bus lanes, transit signal priority, proof of payment, high-quality stations,

and related pedestrian amenities. The SFCTA has secured some funding and is working toward project completion as early as 2014.

- The Planning Department developed *conceptual designs for pedestrian improvements at a number of Market Street intersections*, as part of the Upper Market Community Plan.[13] These designs advance the implementation of proposed pedestrian improvements in the Plan Area. Implementation of some of these projects could be implemented in concert with pending development projects.
- The *San Francisco Bicycle Plan* identifies a number of bicycle improvements for the plan area, consistent with the Market and Octavia Plan. MTA's recent update of the plan included detailed design for major bicycle improvements along identified bike routes. A bicycle lane on Otis Street was recently installed between Van Ness and Gough Streets. Pending the current injunction on bicycle improvements, MTA will complete additional bicycle amenities in the plan area.
- DPW, in coordination with SFCTA, has completed detailed design for a number of infrastructure *projects ancillary to the Octavia Boulevard*. The projects were selected by a Community Advisory Committee, including the McCoppin Square new open space, traffic calming on key streets, and a new skate park below the freeway. Funds will become available when the City sells the former freeway parcels.

The *Market and Octavia Citizens Advisory Committee (MO CAC)*[14] began meeting in April of 2009, on a monthly basis. The MO CAC has three key functions, including: "Collaborate with the Planning Department and the Inter-Agency Plan Implementation Committee on prioritizing the community improvement projects and identifying implementation details as part of annual expenditure program that is adopted by the Board of Supervisors." To that end, the MO CAC has worked diligently to become familiar with proposed infrastructure projects, develop a project ranking methodology, and develop initial recommendations to the IPIC.

Balboa Park[15]

The Balboa Park Station Area Plan was adopted in the Spring of 2009. The plan calls for a number of major transportation and public realm infrastructure improvements. The Planning Department projects approximately $2.7 Million in impact fee revenue in the Plan Area over the next five years. Active projects are reviewed below.

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[13] http://www.sf-planning.org/index.aspx?page=1697

[14] http://www.sf-planning.org/index.aspx?page=1700

[15] http://www.sf-planning.org/index.aspx?page=1748

Projected Impact Fee Revenue, 5 years	
Balboa Park	
Streets	$1,037,279
Open Space	$818,904
Recreational Facilities	$409,452
Transportation	$354,859
Administration/Monitoring	$109,187
Total	**$ 2,729,682**

- The *Phelan Loop project* is one of the key catalyst projects identified in the recently-adopted Balboa Park Plan. Located near the intersection of Ocean, Geneva, and Phelan Avenues, adjacent to the Ocean Avenue campus of City College, the project will reconfigure the current Muni bus loop to improve the existing transit facility, while also creating a new space for a public plaza and a mixed-use affordable housing building, and improve pedestrian connections. The plaza will be a central open space linking Ocean Avenue with the transit facility and City College campus, and will also be designed to host community events, such as farmers' markets. The project involves the collaboration of multiple public agencies including MTA, San Francisco Public Utilities Commission (PUC), Mayor's Office of Housing, Planning Department, Fire Department, and City College. The design is 35% complete. Of the total $10 million project cost, $4 million has been secured from a land sale, and $6 million is being sought through a grant.
- The Balboa Park Plan identified many necessary interventions in and around the *Balboa Park Station area* to improve the function of transit, pedestrian safety, circulation, and public space. MTA is currently completing a consultant-led engineering study to review the recommendations in the Plan, to identify projects for short and medium-term implementation, and to generate cost estimates. The study will be completed in 2010.
- The Recreation and Parks Department, in coordination with DPW, the PUC and the Library is working to complete design of a *new public open space adjacent to the new Library*. Some funding has been secured for the design phase; additional funding is necessary for design and construction.
- *Lee Avenue Extension and the Brighton Avenue Public Access Easement* will be completed as part of an In-Kind agreement. The construction of the Lee Avenue extension, located on the northern side of Ocean Avenue to the City College property, and the dedication of the Brighton Avenue extension for public access, located on the northern side of Brighton Avenue to City College property, is expected to be constructed in coordination with the proposed development located at 1150 Ocean Avenue.

***Eastern Neighborhoods: Central Waterfront, East SOMA, Showplace Square/Potrero, & Mission*[16]**

The Eastern Neighborhoods Area Plans, adopted in early 2009, enable an additional 10,000 units of housing and 10,000 new jobs. No development projects have been completed since plan adoption, although a few have been entitled by the Planning Department. The Planning Department projects approximately $2.7 Million in impact fee revenue in the Plan Area over the next five years.

Projected Impact Fee Revenue, 5 years		
Eastern Neighborhoods		
Open Space	$	9,717,098
Transportation	$	11,767,794
Community Facilities	$	1,975,622
Administration	$	1,234,764
Total	**$**	**24,695,278**

The projected impact fee revenue covers roughly 30% of the projected capital needs, leaving a significant funding gap. In addition to the funding opportunities identified by the plan, the City Administrator coordinated the Eastern Neighborhoods Infrastructure Financing Working Group, to identify additional potential new revenue sources.

The Eastern Neighborhoods plan identified seven priority community improvements projects; progress on a number of these projects as well as others is detailed below.

- The Planning Department led the *Showplace Square Open Space Planning Process*[17] from April 2008 through January 2009. Per the Eastern Neighborhoods Plan, this is a priority implementation project. The planning process built on the goals and policies of the Streets & Open Space chapter of the Showplace Square/Potrero Hill Area Plan. The process assessed the open space needs of the Showplace community, identified potential opportunity sites for open space, and developed conceptual designs for key opportunity sites. The next steps include environmental review of these designs, development of construction drawings and cost estimates.
- The Planning Department, in coordination with the Department of Recreation and Parks and PODER (a community organization), hosted a series of community workshops to develop a conceptual design for an *open space at 17th and Folsom Streets*[18] between December 2009-March 2010. The proposed 17th and Folsom open space is identified as a priority project by the Eastern Neighborhoods Plan. The Planning Department is pursuing a grant that would fund acquisition and construction

[16] http://www.sf-planning.org/index.aspx?page=1673

[17] showplace.sfplanning.org

[18] http://www.sf-planning.org/index.aspx?page=2273

of the park, at a cost of roughly $5 Million. Additional design work will be completed through community workshops.

- The *Eastern Neighborhoods Transportation Implementation Planning Study (EN TRIPS)*[19] is a coordinated multi-agency partnership between the MTA, the Planning Department and the SFCTA. EN TRIPS will lead to the design of key transportation projects (transit, pedestrians, bikes and others) that are needed to serve new and existing housing and mixed-use development in the Eastern Neighborhoods and surrounding high-growth areas. EN TRIPS is the vehicle by which the city is moving forward with planning and design for several of the Eastern Neighborhoods Priority projects. EN TRIPS is now underway and is expected to be completed in Fall 2011.
- *The Mission Streetscape Plan*[20] is a community-based planning process to identify improvements to streets, sidewalks and public spaces in the city's Mission District. The Mission Streetscape Plan introduces designs that will improve pedestrian safety and comfort, increase the amount of usable public space in the neighborhood, and support environmentally-sustainable storm water management. The Mission Streetscape Plan held four successful community workshops between March 2008 and August 2009. These workshops guided the development of a draft plan and preliminary concept designs for prioritized areas in the district. Upcoming milestones include additional workshops, completion of CEQA Analysis, and adoption of the plan.

The *Eastern Neighborhoods Citizens Advisory Committee (CAC)*[21] started meeting on a monthly basis in October 2009. The CAC is comprised of 19 members of the public appointed by the Board of Supervisors or the Mayor. Initial meetings have focused on overviews of the Eastern Neighborhoods Implementation Program and priority projects. Participation in the community improvements plan implementation is central to the CAC's role.

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[19] http://www.sfmta.com/cms/oentrips/indxentrips.htm

[20] http://www.sf-planning.org/ftp/CDG/CDG_mission_streetscape.htm

[21] EN CAC website: encac.sfplanning.org

Attachment 1.

ARTICLE 36. COMMUNITY IMPROVMENTS AREA PLANS AND PROGRAMS

SEC. 36.1. - APPLICABILITY.

(a)

The Planning Department is currently engaged in comprehensive planning of areas of the City being referred to as the proposed Market/Octavia, East SOMA, West SOMA, Inner Mission, Lower Potrero/Showplace Square, and Central Waterfront plan areas. These efforts are expected to lead to new or modified area plans of the City's General Plan ("Area Plans") that address urban design, open space, transportation, housing, and community facilities and present detailed rezoning and policy proposals that cover land use, housing, community facilities, open space, and transportation. The boundaries of these areas are generally as outlined in documents posted from time to time on the Planning Department's web page.

(b)

As part of the comprehensive planning leading to preparation and adoption of each Area Plan, the Planning Department, and, in the West SOMA area, the Planning Department with the advice and input of the Western SoMa Citizens Planning Task Force, is analyzing the existing deficiencies and improvement needs of each area and the deficiencies and improvement needs that will be created by or exacerbated by the new development permitted by the proposed Area Plan. In the other areas covered by this legislation, the Planning Department should also consider the advice and input of citizen groups, Based on this analysis, the Planning Department shall prepare for each area a document that identifies the various facilities, infrastructure and other community improvements needed to address the identified conditions and needs (the "Community Improvements Plan") and an implementation program that summarizes the estimated costs of the various facilities and improvements identified in the Community Improvements Plan, proposes specific funding strategies and sources to finance them, identifies the responsible and supporting agencies, and outlines the steps, including as may be needed more detailed planning, program design, and environmental evaluation, required to refine the proposals and implement them (the "Implementation Program."). In the West SOMA area the City is preparing the Community Improvements Plan and Implementation Program with the advice and in put of the Western SoMa Citizens Planning Task Force. In the other areas covered by this legislation, the Planning Department should also consider the advice and input of citizen groups. The funding sources proposed in the Implementation Program may include, but are not limited to, use of federal, State, and local public resources, community facility, community benefit or other forms of assessment districts, and area-specific development impact fees, as may be detailed in the final adopted respective area plans.

SEC. 36.2. - INTENT.

This Article 36 is intended to provide mechanisms that will enhance the participation in the preparation and implementation of the Community Improvements Plans and Implementation Programs by the various City departments, offices; and agencies that will be responsible for their implementation and provide a means by which the various parties interested in realization of the Community Improvements Plans and Implementation Programs can remain informed about and provide input to and support for their implementation.

SEC. 36.3. - INTERAGENCY PLANNING AND IMPLEMENTATION COMMITTEES.

For each area subject to the provisions of this Article, there shall be an Interagency Planning and Implementation Committee that shall be comprised of representatives of the departments, offices, and agencies whose responsibilities include provision of one of more of the community improvements that are likely to be needed or desired in a Plan Area. In addition to the Planning Department, these departments, offices, and agencies shall, if relevant, include, but are not limited to, the County Transportation Authority, Municipal Transportation Agency, Department of Public Works, Library Commission, Redevelopment Agency, Mayor's Office of Economic and Workforce Development, Mayor's Office of Community Development, Public Utilities Commission, Department of Recreation and Parks, Department of the Environment, and the Office of City Greening. The Interagency Planning and Implementation Committees shall be chaired by the Planning Director or his or her designee. It shall be the responsibility of each such department, office, or agency to participate, using its own administrative funds, in the preparation of that portion of a Community Improvements Plan falling within its area of responsibility and, after Area Plan adoption, to participate in the detailed design of the community improvement or improvements and to seek the funding for its implementation as provided in the Implementation Program, as amended from time to time.

SEC. 36.4. - ANNUAL PROGRESS REPORTS.

(a)

Preparation. After the final adoption of an Area Plan, including the Community Improvements Plan and Implementation Program, for a portion of the City subject to the provisions of this Article, the Planning Department shall prepare for each Area Plan a brief Annual Progress Report indicating the status of implementation of the Area Plan and its various components. It shall contain information regarding the progress made to date in implementing the Area Plan and its various components, including a summary of the individual development projects, public and private, that have been approved during the report period, and shall also describe the steps taken regarding implementation of the various community improvements in accordance with the Plan's projected phasing and update and, if necessary, modify and amend, the contents and/or phasing of the Community Improvements Plan and Implementation Program. It shall also include proposed departmental work programs and budgets for the coming fiscal year that describe the steps to be taken by each responsible department, office, or agency to implement the Community Improvements Plan. It shall be the responsibility of each department, office and agency to provide to the Planning Department the following: (i) information regarding its progress in implementing the community improvement(s) for which it is responsible; (ii) any changes in the time-phased schedule for implementing the improvement(s); and (iii) information regarding its relevant proposed work program and efforts to secure the funding sources for implementing the improvement(s) in the coming year. The Planning Department shall summarize this information together with information regarding it's own progress and relevant proposed work program and budget into the Annual Progress Report.

(b)

Annual Hearing at Planning Commission. Prior to the annual submission of the Planning Department budget requests to the Mayor's Budget Office, the Planning Commission shall hold a public hearing on each Area Plan's Annual Progress Report. Notice of the hearing shall be provided at least 30 days prior to the meeting as follows: mailed notice to all organizations and individuals who have specifically requested mailed notice and published notice at least once in an official newspaper of general circulation. The Report shall be posted on the Department's web page for at least 30 days before the hearing. This hearing may be held as part of the Planning Commission's hearing on the Departmental budget request.

(c)

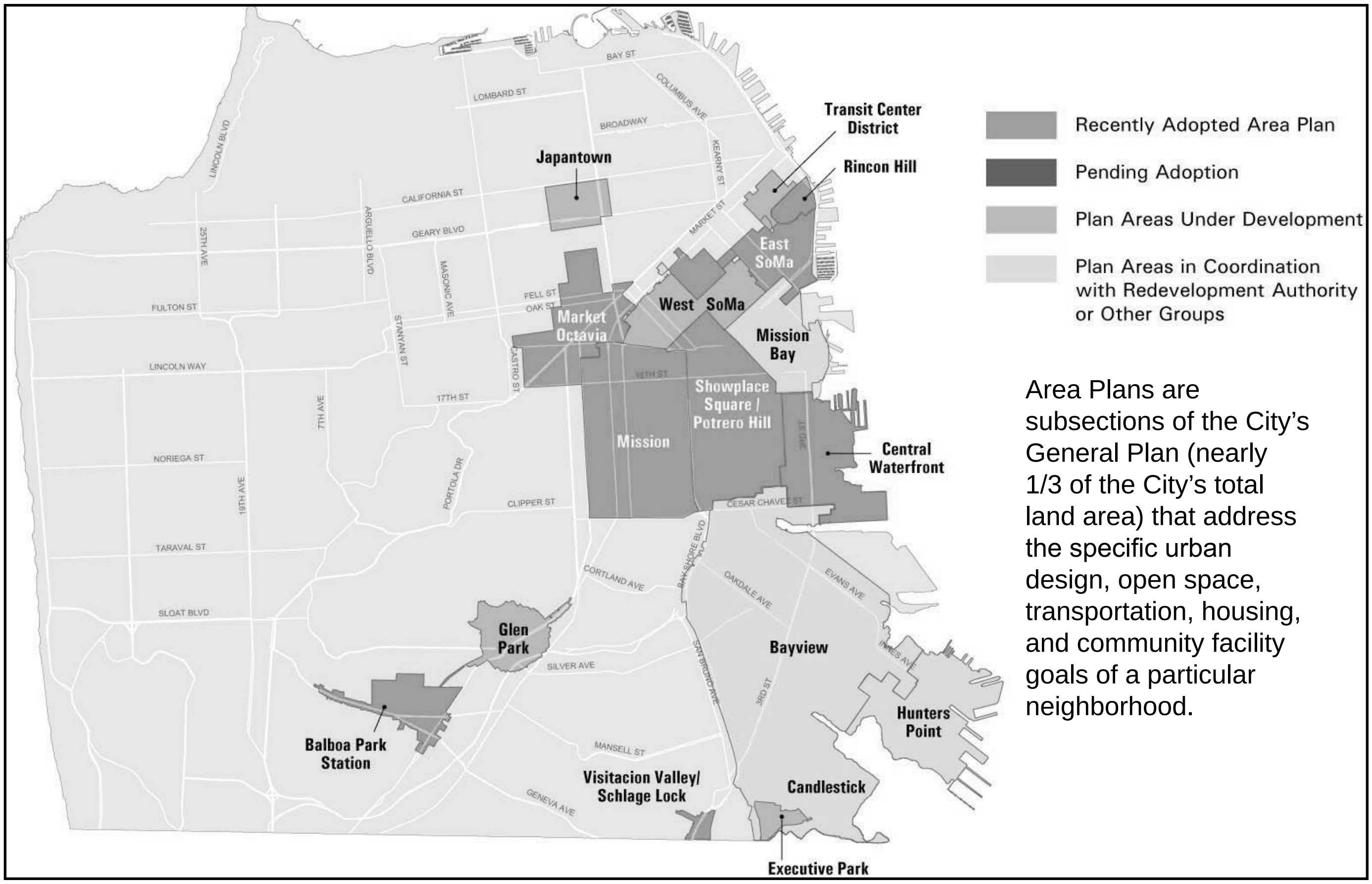
Submission to Relevant Committee of the Board of Supervisors. The Annual Progress Report shall also be submitted to the committee of the Board of Supervisors responsible for land use matters, which Committee may schedule a public hearing. Further, the Board urges the Planning Department Director and/or his or her designee who chairs the Interagency Planning and Implementation Committee for each Area Plan to be available to provide a briefing and answer questions about the Report at the appropriate Board of Supervisors committee hearing.

(d)

Termination. This Annual Progress Report requirement may be terminated by the Planning Commission upon its determination after a public hearing, noticed at least 30 days prior to the meeting, that full implementation of the Community Improvements Plan and Implementation Program has been substantially achieved and that continuation of the Annual Progress Report requirement would serve no useful purpose.

Attachment Two.

Planning Department's Chapter of the Capital Plan for FY2011 – 2021



Area Plans are subsections of the City's General Plan (nearly 1/3 of the City's total land area) that address the specific urban design, open space, transportation, housing, and community facility goals of a particular neighborhood.

The Planning Department is engaged in several community-based planning initiatives to encourage housing, enhance downtown and other neighborhoods, support infill around transit, and update zoning to accommodate growth while maintaining livability and neighborhood character. The resulting twenty-year Area Plans are adopted by the Board of Supervisors and form subsections of the City's General Plan, addressing the specific urban design, open space, transportation, housing, and community facility goals of a particular neighborhood. Each Area Plan recommends a host of specific infrastructure projects designed to support new residential and commercial development.

The City has recently adopted Area Plans in Rincon Hill, Market & Octavia, Bayview Hunter Point, the Eastern Neighborhoods, Visitacion Valley and Balboa Park and planning processes are well underway in Transbay, Japantown, Fisherman's Wharf, and some smaller targeted areas. When complete, these Area Plans will comprise nearly one-third of the City's total land area.

Successful plan implementation will not only require near term investments in the areas' streets, sidewalks and parks, but also longer term improvements to the City's infrastructure, including transit and community facilities. While each Plan's Community Improvement Program has a funding strategy, in most cases identified funding will not meet expected costs.

Changes to This Year's Section

Near-term priority projects with identified funding (such as Leland Avenue, some capital projects in Market and Octavia, and the redesign of Cesar Chavez Street), have been moved from emerging needs within the Planning Department's chapter to funded projects within the implementing agencies' chapters of this plan. Remaining infrastructure improvements identified by each community planning process will be moved in future years once funding is secured. Until then, they are considered emerging needs in the schedule at the end of this chapter, organized by the City department that will ultimately implement them.

Successful plan implementation will not only require near term investments in the areas' streets, sidewalks and parks, but also longer term improvements to the City's infrastructure, including transit and community facilities.

The City's Interagency Plan Implementation Committee (IPIC) is working with each Area Plan's Citizen Advisory Committee (CAC) to prioritize future infrastructure improvements. At the same time, the Planning Department and Capital Planning Program are working with the implementing departments to identify additional state and federal grants, General Fund monies, or other funding mechanisms such as land secured financing or Infrastructure Finance Districts to fund the remaining emerging needs.

IPIC coordinates with each CAC, develops criteria and recommendations, identifies departmental collaboration opportunities, and reports to the Capital Planning Committee and Board of Supervisors on the progress of project implementation and funding. IPIC membership includes the City Administrator's Office, MTA, DPW, RPD, SFCTA, and Planning Department.

Rincon Hill

The Rincon Hill Plan provides the blueprint for a new high-density neighborhood just south of the Financial District. With over 3,600 new residential units planned in Rincon, and another 3,200 new units planned in the adjacent Transbay Redevelopment Area, this downtown neighborhood plan creates housing for over 15,000 new residents.

The Rincon Hill Plan recommends a comprehensive program of public improvements to support new residents, including extensive streetscape improvements and pedestrian safety projects along Folsom Boulevard, Main, Beale, and Spear Streets; new open space including a large proposed park on Harrison Street and a smaller "pocket park" on Guy Street; a community center at the Sailor's Union of the Pacific building; and enhancements to library resources. DPW, RPD, and the Library share responsibility for these Rincon Hill improvements.

Funding for these improvements will be partially provided through development impact fees in the form of direct cash payment, in-kind contributions, or participation in a Mello-Roos assessment district. However, impact fees are anticipated to cover only $18 million of the approximately $38 million required for all recommended projects, and other sources of funding will be required. With development activity substantially diminished due to the economy, anticipated development fees are delayed, resulting in a significant shortfall for projects that have already started or are about to begin.

Market & Octavia

The Market & Octavia Plan envisions 6,000 new residential units housing 10,000 additional people in the Market and Octavia neighborhood. To accommodate this projected growth, the plan calls for enhancements to parks and open space, streetscape and pedestrian rights of way, and community facilities. These enhancements include the upcoming Van Ness Bus Rapid Transit Project, new open space in McCoppin Square north of Valencia Street and Brady Park on Brady Street, new childcare facilities, enhancements to library facilities and "living streets and alleys", street tree plantings, and corner bulb-outs at key pedestrian intersections. DPW, RPD, DCYF, the MTA, and the Library will share responsibility for these improvements.

The Planning Department estimates capital improvement costs will total $139 million dollars during the first ten years of this Capital Plan (Phase I). The Department is currently evaluating potential revenue sources to meet these needs. Known revenue streams include an impact fee on new residential and commercial development, a density bonus program, central freeway ancillary project funds, and the funding secured for the Van Ness Bus Rapid Transit project. These sources are anticipated to generate $76 million over the next ten years, leaving a projected deficit of $63 million. Potential revenue sources such as assessment districts, additional fees, and competitive grants may help close this gap. Outstanding funding issues include consideration of new operating costs and strategies to address cash flow issues associated with impact fee revenue.

DPW, MTA, and RPD have programmed over $10 million of Market and Octavia projects over the next 5 years. These projects include a project to improve Haight Street bus operations, various pedestrian improvements, enhancements to Hayward Park, and other streetscape improvements.

For more information on the revenue sources under consideration see the Eastern Neighborhoods Infrastructure Finance Working Group's July 2009 report "*Strategies for Funding Public Improvements in the Eastern Neighborhoods Area Plans*" available at www.sfgov.org/cpp

Eastern Neighborhoods

The Eastern Neighborhoods re-zoning effort creates the potential for up to 10,000 new residential units, and over 13,000 new jobs. However, a significant portion of this new development will occur in formerly industrial areas lacking in the services and infrastructure necessary for a livable neighborhood.

The plans include an Improvements Program which addresses these needs. While several of the short-term improvements, programmed for the first five years of Plan implementation, have been specifically identified, many of the longer-term projects are only identified in a general sense (e.g. "one new park") and their specific location, design, and cost will develop during the Plans' ongoing implementation. The Community and the Board of Supervisors have identified short-term priority capital projects for implementation in the Eastern Neighborhoods Area, including extension of the Muni Route 22-Fillmore along 16th Street east of Kansas Street to a terminal on Third Street in Mission Bay; pedestrian improvements along Townsend Street adjacent to the Caltrain Station and to the newly renovated Victoria Manalo Draves Park from the Soma Eugene Friend Recreation Center and the Bessie Carmichael School; streetscape improvements to Folsom Street as a “civic boulevard” in the South of Market and to 16th street alongside the Muni Route 22 – Fillmore extension; a new park at the existing PUC-owned surface parking lot on 17th & Folsom Streets and a new public open space within excess street right-of-way in Showplace Square.

The Planning Department estimates all capital improvement costs – including the short-term priority projects described above – will total between $244 million for a basic set of improvements and $395 for full funding of all recommended projects. To meet these capital needs, the Department has identified a number of existing revenue sources, including the newly adopted Eastern Neighborhoods Impact Fee which will address $53 million of these costs. The City is continuing to evaluate future revenue sources, including active pursuit of state and federal grants, consideration of a permanent “special fund” set aside, and an infrastructure finance district (“IFD”) to meet the remaining funding needs.

Balboa Park

The Balboa Park Station Area Plan lays out a two-part redevelopment vision. The first component of the vision aims to bring more housing opportunities close to transit along the main streets of Geneva, Ocean, Phelan, and San Jose Avenues, and in the area surrounding the station. These housing opportunities aim to provide approximately 1,800 housing units over the next 20 years. The second component includes dramatically re-engineering the area’s public facilities and public realm, including redesigning the main streets in the plan area, improving transit service and transit facilities, and creating a new open space system comprised of parks and plazas. The Planning Department estimates capital improvement costs will total approximately $65 million dollars, with $12 million dollars of public grants and programming already dedicated to funding these improvements. The Balboa Park Station Area Plan includes an impact fee which will be a new source of revenue, however there still exists a $53 million deficit in the next ten years. The Plan identifies future potential revenue sources to fill roughly $20 million of this gap.

Visitacion Valley / and Bayview Hunter’s Point

The Visitacion Valley Redevelopment Program envisions the former Schlage Lock factory redeveloped into a transit-oriented mixed use development. The plan calls for the creation of over 1200 new residential units, a mid-sized grocery store, and other neighborhood commercial ground floor retail on the Schlage site. It also includes three new interconnected neighborhood parks of different sizes as well as a community plaza, the extension of the Visitacion Valley street grid throughout the Schlage Lock property, and the integration of Leland Avenue into the site. Finally, the plan supports strategic infill development and a number of community improvements outside the Schlage site, along Bayshore Boulevard and Leland Avenue.

The Bayview Hunters Point Area Plan provides a general outline for community development in the Bayview, including additional housing, recreation, open space, and public service facilities, and better addressing transportation deficiencies by offering a wider range of transportation options.

Area Plans in Visitacion Valley and Bayview Hunter's Point are contained in designated redevelopment project areas. The capital improvements proposed in these neighborhood are therefore the responsibility of the San Francisco Redevelopment Agency.

Other Plans Under Development

The Planning Department also has several other planning efforts underway that will result in proposed public improvements, including streetscape improvements, open space acquisitions and improvements, and transportation and circulation changes. Many of these planning efforts are currently developing a community improvements program with related cost and revenue projections (see below for a summary of major efforts).

- **Transit Center District Plan.** [Coordinated with the SFRA and the Transbay Joint Powers Authority (TJPA)] The Plan will result in a net addition of approximately 9 million square feet of space, including about 6 million square feet of office space, over 1,000 housing units, and additional hotel and retail space. Key capital improvements associated with the project include:

  » Completion of the Transit Center project, which includes the downtown rail extension for Caltrain and High Speed Rail.

  » Sidewalk widening and streetscape improvements: $120 million

  » Open Space: $35 million

  » District Combined Heat & Power: TBD

  » District Recycled Water: TBD

  New funding mechanisms tied to development will be proposed, and a large portion of this revenue will go toward the Transit Center project. There will likely be a significant capital shortfall for the Transit Center project which the Transbay Joint Powers Authority (TJPA) is working to close.

- **Glen Park.** [In coordination with MTA] A planning process is underway to develop a community plan for the "downtown" Glen Park neighborhood, including the commercial area, the BART station area, city streets, and public open spaces. Key capital projects associated with the project include:

- » Improvements to Diamond/Bosworth Street intersection
- » Roundabouts at the Bosworth/Arlington Street and Bosworth/Lyell Street
- » Parking meters/pay-and-display on Bosworth, Arlington and Lyell Streets
- » Roadway and streetscape improvements for San Jose Avenue
- » Remove San Jose Avenue overpass concurrent with seismic upgrade;
- » Traffic calming improvements
- » Bike network improvements
- » Improve ADA access to the BART station and Muni J-line platform
- » Accessible connection to the J-Church stop and a BART station bus loop
- » Streetscape improvements
- » Redesign and construct improvements to lower BART plaza
- » Open Space
- » Greenway Conceptual Landscape Plan

Funding for these projects are primarily from Federal and State grants, with the City's General Fund supporting the match requirements.

- **Japantown.** A community planning process is currently underway, intended to secure the future of Japantown. The draft plan currently includes the following key capital projects:
  - » New linear park on a portion of the Webster Street right-of-way between Geary and Sutter
  - » Improvements to Peace Plaza
  - » Streetscape improvements along Post Street and other key streets in Japantown.

- **Fisherman's Wharf.** [In coordination with the Port] This is a community-based planning process to improve the quality and attractiveness of pedestrian spaces in Fisherman's Wharf. Key capital projects associated with the project include:
  - » Jefferson street redesign ~ $14 million. Improve the space dedicated to pedestrians.
  - » Aquatic Park Plaza ~ $3 million. Convert surface parking lot located at the end of

Jefferson Street to a pedestrian plaza.

» Taylor Street Improvements ~ $ 1 million. Link the cable car turnaround to Fisherman's Wharf.

» Columbus Ave Terminus at Joseph Conrad Square ~ $750,000. Link the park with adjacent sidewalk and create a plaza at Columbus Ave.

Planning - Rincon Hill

Program / Project	Prior Years	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 - FY 2020	Plan Total
SPENDING PLAN								
Recreation and Parks Department	1,972			2,200		4,274	350	6,824
Department of Public Works	3,873		1,458	1,852		4,274	6,000	13,584
Library Commission							200	200
Program Administration			21	321	25		200	566
TOTAL	**5,845**		**1,479**	**4,373**	**25**	**8,548**	**6,750**	**21,174**
REVENUES								
Local - Rincon Hill Fund Impact Fees (Cash)				2,585			6,761	9,346
Local - Rincon Hill Fund Impact Fees (In-Kind)	2,373		1,458	1,614				3,072
Local - Rincon Hill Fund Impact Fees (Mello-Roos)	3,162			538				538
TOTAL	**5,535**		**1,458**	**4,737**			**6,761**	**12,956**
Total San Francisco Jobs/Year	*40*		*10*	*34*			*49*	*93*
Annual Surplus / (Deficit)			(21)	364	(25)	(8,548)	11	(8,218)
Cumulative Surplus / (Deficit)	(309)	(309)	(330)	35	10	(8,538)	(8,528)	

Planning - Market & Octavia

Program / Project	Prior Years	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 - FY 2020	Plan Total
SPENDING PLAN								
Recreation and Parks Department	1,500						29,504	29,504
Department of Public Works							15,105	15,105
Municipal Transportation Agency	47,824						28,903	28,903
Department of Children, Youth, and their Families						1,084	11,300	12,384
Library Commission						118	303	421
Program Administration	304	108	118	143	204	168	2,717	3,458
TOTAL	**49,628**	**108**	**118**	**143**	**204**	**1,370**	**87,832**	**89,775**
REVENUES								
Local - Market and Octavia Improvements Fund	155	1	129	790	794	277	13,728	15,719
Local - Van Ness Market Density Bonus Program							10,165	10,165
Mix - Other Sources	49,584							
TOTAL	**49,739**	**1**	**129**	**790**	**794**	**277**	**23,893**	**25,884**
Total San Francisco Jobs/Year		*0*	*1*	*6*	*6*	*2*	*172*	*186*
Annual Surplus / (Deficit)		(108)	(118)	(143)	(204)	(168)	(2,717)	(3,458)
Cumulative Surplus / (Deficit)	111	3	(115)	(258)	(462)	(630)	(3,347)	

Planning - Eastern Neighborhoods

Program / Project	Prior Years	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 - FY 2020	Plan Total
SPENDING PLAN								
Recreation and Parks Department						13,646	105,857	119,503
Department of Public Works						6,414	85,817	92,231
Municipal Transportation Agency						9,620	248,638	258,258
Department of Children, Youth, and their Families						1,828	10,890	12,718
Library Commission						457	917	1,374
Program Administration						1,682	995	2,677
TOTAL						**33,648**	**453,114**	**486,762**
REVENUES								
Local - EN Community Improvements Fund		292	5,709	11,130	12,130	4,388	19,494	53,142
TOTAL		**292**	**5,709**	**11,130**	**12,130**	**4,388**	**19,494**	**53,142**
Total San Francisco Jobs/Year		*2*	*41*	*80*	*87*	*32*	*140*	*383*
Annual Surplus / (Deficit)		292	5,709	11,130	12,130	(29,260)	(433,620)	(433,620)
Cumulative Surplus / (Deficit)		292	6,001	17,130	29,260		(433,620)	

Planning - Balboa Park

Program / Project	Prior Years	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 - FY 2020	Plan Total
SPENDING PLAN								
Recreation and Parks Department			819			409	13,477	14,704
Department of Public Works				100			702	802
Municipal Transportation Agency		246	109	250	500	187	13,138	14,430
Department of Children, Youth, and their Families							1,800	1,800
Library Commission							150	150
Program Administration			20	45	20	20	542	647
TOTAL		**246**	**948**	**395**	**520**	**616**	**29,809**	**32,534**
REVENUES								
Local - Balboa Park Community Improvements Fund		246	1,025	373	474	611	1,059	3,789
TOTAL		**246**	**1,025**	**373**	**474**	**611**	**1,059**	**3,789**
Total San Francisco Jobs/Year		*2*	*7*	*3*	*3*	*4*	*8*	*27*
Annual Surplus / (Deficit)			77	(22)	(46)	(5)	(28,750)	(28,745)
Cumulative Surplus / (Deficit)			77	56	10	5	(28,745)	

Planning Department Total

Program / Project		FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 - FY 2020	Plan Total
SPENDING PLAN								
Recreation and Parks Department	3,472		819	2,200		18,329	149,188	170,536
Department of Public Works	3,873		1,458	1,952		10,687	107,625	121,722
Municipal Transportation Agency	47,824	246	109	250	500	9,808	290,678	301,591
Department of Children, Youth, and their Families						2,912	23,990	26,903
Library Commission						575	1,570	2,145
Program Administration	304	108	159	509	249	1,871	4,454	7,349
TOTAL	**55,473**	**354**	**2,544**	**4,911**	**749**	**44,182**	**577,505**	**630,245**
REVENUES								
Revenue Total	55,274	539	8,321	17,030	13,398	5,276	51,207	95,770
TOTAL		**539**	**8,321**	**17,030**	**13,398**	**5,276**	**51,207**	**95,770**
Total San Francisco Jobs/Year		*4*	*60*	*123*	*96*	*38*	*369*	*690*
Annual Surplus / (Deficit)		185	5,776	12,119	12,649	(38,906)	(526,298)	(534,475)
Cumulative Surplus / (Deficit)	(55,473)	(55,288)	(49,512)	(37,392)	(24,743)	(63,649)	(589,947)	

Review of Funding Tools for Public Improvements in the Eastern Neighborhoods

A Report to the
San Francisco Board of Supervisors
by the Eastern Neighborhoods
Infrastructure Finance Working Group,
a subcommittee of the
San Francisco Capital Planning Committee

July 2009

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Executive Summary

The Board of Supervisors adopted the Eastern Neighborhoods Area Plans (ENAP, Ordinance No. 297-08) and established development impact fees (Ordinance No. 298-08) in December 2008. The ENAP rezoned portions of the largely industrial neighborhoods of the Mission, Eastern South of Market Area, Central Waterfront, and Showplace Square/ Potrero Hill to promote a balanced mix of residential and sustainable commercial development in the Eastern Neighborhoods. A Needs Assessment was conducted for the ENAP which was the basis for an ENAP Public Improvements Program. The needs of the area specifically include open space and streetscape improvements, transit and transportation improvements, community facilities and services, local and neighborhood serving businesses, and affordable housing. While developers will pay substantial development impact fees to help defray the $244 to $395 million projected cost of public infrastructure needs (see Table 1: Impact Fee Schedule), impact fees are only projected to meet 30% of the $395 million to 50% of $244 million. Other existing sources are projected to meet an additional 12% of these costs, leaving a funding gap of $99 to $234 million.

The Board of Supervisors, therefore, directed the Capital Planning Committee to establish the Eastern Neighborhoods Infrastructure Finance Working Group (ENIFWG) to recommend funding strategies for the ENAP (Resolution No. 510-08). The working group includes representatives from the Planning Department; the Office of Economic and Workforce Development; the Mayor's Office of Public Policy and Finance; the Controller's Office, Office of Economic Analysis; Department of Public Works, Division of Finance and Budget; Office of the City Administrator, Capital Planning Program; and the public.

Funding Alternatives & Criteria

This report evaluates the following funding alternatives (see Appendix C for a matrix detailing the potential revenues, types of projects funded, and process for establishment of each alternative):

- *General Fund Set-Asides* are voter-mandated appropriations of discretionary City funds for specific purposes or programs.
- *Tax-Increment Funding (TIF) Tools* use future tax-increment revenue to invest in infrastructure, economic development, and affordable housing projects. These include *Redevelopment Tax-Increment Financing (RTIF)*, which is currently used to help revitalize blighted redevelopment project areas; *Infrastructure Finance Districts (IFD)*, which are intended for use in substantially undeveloped areas;
- *Land-Secured Funding (LSF) Tools* levy special charges on property, including *Mello-Roos/ Community Facilities Districts (CFD)* to fund facilities and services and *Assessment Districts (AD)* to pay for public improvements or services.

This report then evaluates each alternative with the following criteria (see Appendix D for a matrix analyzing the fiscal impact, compatibility, and potential revenues of each alternative):

- *Fiscal Impact* evaluates the burden of costs for the City, the relevant voters, and/or the State
- *Compatibility* evaluates the effectiveness and flexibility of each alternative by identifying the range of public improvements in the ENAP that can be funded;
- *Potential Revenue* projects the range of revenues each alternative possibly generates.

Analysis of Alternatives

The ENIFWG rejected the creation of a *General Fund Set-Aside* as infeasible to implement. Members of the Board of Supervisors have put forth legislation to limit current and future set-asides, and citywide voters have not voted favorably for set-asides in recent years.

Redevelopment Tax Increment Financing (RTIF) and *Infrastructure Finance Districts (IFD)* allocate a portion of new property tax revenue generated in a defined area to that specific area instead of to the City's General Fund. Under state law, tax-increment revenue can fund the construction of capital improvements but cannot fund maintenance, repairs, operations, or City services. New development can have both local and citywide impacts on infrastructure and services. Under traditional RTIF and IFD allocation rules, the majority of the new tax increment would be allocated to fund local public improvements in the Eastern Neighborhoods rather than citywide services in the City's General Fund. However, there is no legal requirement that would prevent the City from allocating a greater portion of new tax increment to the General Fund to supplement citywide services. The Board of Supervisors could also create a pilot project, potentially called a *Proxy TIF*, by annually setting aside a portion of tax increment generated by specific regions of the Eastern Neighborhoods to fund public improvements in these specific areas. A *Proxy TIF* could be used on a pay-as-you-go basis to supplement ENAP development impact fees and/or enhanced services and maintenance. However, the critical constraint is that there is no bonding capacity, rendering them unable to support major capital improvements.

Mello-Roos/ Community Facilities Districts (CFDs) and *Assessment District (ADs)* are voter-approved measures that increase the City's property tax base by levying new charges on properties in a defined area. Unlike TIF funding, the revenue from new charges can fund maintenance, repairs, operations, and services in additional to some capital improvements in the defined area. Although the new charges on property do not affect General Fund revenues, they do increase the burden of cost on land owners and/ or new development. With newly enacted ENAP development impact fess and heightened affordable housing requirements in place, an additional charge resulting from a CFD or AD may diminish the financial feasibility of some development projects and delay or discourage these projects. If development is delayed or discouraged, the revenue from development impact fees, transfer taxes, and property taxes could be delayed or diminished as a result. Therefore, any new taxes or assessments would need to be carefully calibrated to diminish the burden of costs on landowners and development.

Potential Revenues

The Capital Planning Program modeled the potential revenues generated by an IFD and a CFD for the entire ENAP. The CPP made a number of assumptions to model these revenues (see Appendix E for a detailed description of the IFD and CFD models and assumptions).

The CPP's key findings include:

1. **The Growth Rate Determines IFD Revenues**. The speed of development is the key determinant of the amount of revenues generated by an IFD. The portion of the increment dedicated to IFD revenues, while important, has a much smaller impact on the annual revenues the IFD can generate than the annual increase in NAV.
2. **The Timing of Revenues Determines the Bonding Capacity of an IFD**. Given fixed costs of issuance, 30-year bond terms, and the delay in accruing IFD revenue, bonds can

typically be issued between year 5 (assuming a high NAV growth rate) and year 11, assuming a 40-year IFD term.

3. **The Tax Rate Determines CFD Revenues and CFD Bonding Capacity**. For every $1 that the average parcel is willing to pay, the district would receive nearly $7,000 in revenues. A tax rate of $3,600 per parcel would be required to fully fund the $234 million funding gap at a 2.4% NAV growth rate and a tax rate of half that would be required at a 8.4% NAV growth rate.
4. **CFDs Can Issue Larger Bonds, Earlier.** CFDs have the advantage of generating revenues immediately, allowing for the issuance of bonds in year 1. Additionally, a CFD can better leverage its stream of revenue for bonds; for the same revenue stream, a CFD can issue about $100 million in bonds to an IFD's $40 million.

Recommendations

Multiple funding tools are necessary to provide adequate infrastructure and public services to transition the Eastern Neighborhoods from low-density, industrial neighborhoods to higher density, mixed-use neighborhoods. The ENIFWG recommends that the Board of Supervisors:

1. Select both a Tax-Increment Funding (TIF) Tool to fund capital improvements and a Land-Secured Funding (LSF) Tool to fund maintenance, operations, services, and capital improvements;
2. Adopt by resolution a clear statement of policy criteria to guide the use of TIF outside of a redevelopment project area and the creation of a customized TIF tool through state legislation;
3. Commission a consultant study to inform the formation of an IFD and CFD, including determining the potential boundaries of the IFD and CFD, the eligible infrastructure and services funded by the districts, the appropriate tax rates, the appropriate portion of tax increment, and the estimated bonding capacity;
4. Coordinate with other citywide efforts, including the formation of the:
    a. Eastern Neighborhoods Urban Innovation Community Benefit District supported by the Office of Economic and Workforce Development
    b. Assessment Districts under consideration by the Departments of Public Works and Recreation and Parks;
    c. Eastern Neighborhoods Citizen's Advisory Council and the Interagency Planning Implementation Committee, which are charged with establishing a mechanism for identifying and prioritizing final projects, scopes, and expenditures for both CFDs and IFDs; and
    d. City's annually-approved ten-year Capital Plan.

The City will also need to consider: conducting a full fiscal impact report to determine the ongoing costs of providing City services to the new EN residents; whether the City or a 501c3 not-for-profit entity should manage the disbursement of funds generated by the CFD; and expanding City staff's capacity – particularly in the areas of public financing and project implementation – to manage TIF funds, the infrastructure spending program, and coordination with implementing agencies or private contractors.

Overview

This report evaluates and recommends tools for funding the public improvement program in the Eastern Neighborhoods Area Plans (ENAP). This report provides background on the ENAP and the Eastern Neighborhoods Infrastructure Finance Working Group (ENIFWG), an overview and a comprehensive evaluation of the funding tools, and concludes with recommendations and next steps.

The Eastern Neighborhoods Area Plans

The Board of Supervisors adopted the Eastern Neighborhoods Area Plans (ENAP, Ordinance No. 297-08) in December 2008 to rezone and promote development in the largely industrial sections of the Mission, Eastern South of Market Area, Central Waterfront, and Showplace Square/ Potrero Hill neighborhoods (see Appendix A for maps of the ENAP). The ENAP were the result of many years of work by stakeholders from the City and County of San Francisco, business groups, and community organizations to identify the infrastructure and public benefit needs in these areas. Specifically, the needs of the area include:

- Open space and streetscape improvements,
- Transit and transportation improvements,
- Community facilities and services,
- Local and neighborhood serving businesses, and
- Affordable housing.

About the Working Group

The ENAP established a tiered set of development impact fees (Ordinance No. 298-08) to fund these proposed improvements, but projections show that they will not be sufficient to meet all identified infrastructure needs (see Needs Assessment section below). The Board of Supervisors, therefore, adopted Resolution No. 510-08 establishing the Eastern Neighborhoods Infrastructure Finance Working Group (ENIFWG) as a subcommittee of the Capital Planning Committee to recommend additional strategies for funding the public improvements in the ENAP. The ENIFWG aims to fund the capital, maintenance, operations, and service needs in the Eastern Neighborhoods. The ENIFWG was not tasked with selecting specific capital projects for funding nor with prioritizing them.

The ENIFWG consists of nine voting members, six from City departments and three appointed by the President of the Board of Supervisors. The members of the ENIFWG are:

- *Adam Van de Water*, Office of the City Administrator, Capital Planning Program (Chair)
- *Peter Cohen*, Public Member
- *Sarah Dennis*, Planning Department
- *Kurt Fuchs*, Controller's Office, Office of Economic Analysis
- *Douglas Legg*, Department of Public Works, Division of Finance and Budget
- *Dan Murphy*, Public Member
- *James Tracy*, Public Member
- *Greg Wagner*, Mayor's Office of Public Policy and Finance
- *Michael Yarne*, Office of Economic and Workforce Development

The writing of this report was a collaborative effort by the ENIFWG. It was facilitated and written by Maylin Jue and Adam Van de Water of the Capital Planning Program. Libby Seifel of Seifel Consulting Inc., Tom Lockard of Stone and Youngberg LLC, and Nadia Sesay and Anthony Ababon of the Controller's Office of Public Finance served as technical advisors. The final draft was circulated among all members for their review and commentary. There were no objections or disagreements on the content and recommendations of the final draft. The ENIFWG's recommendations and final report were approved by a unanimous vote at the last meeting on July 1, 2009.

Needs Assessment

Seifel Consulting Inc. (Seifel) assessed the current and future need for key community infrastructure, services, and amenities in the Eastern Neighborhoods to inform the Planning Department's development of a comprehensive public benefits package (see Seifel Consulting Inc's *Eastern Neighborhoods' Needs Assessment)*. Based on the results of the Seifel *Needs Assessment* and information gathered from the community during the planning process, Planning Department staff developed an Improvements Program of capital projects and other improvements for each neighborhood and for the Eastern Neighborhoods as a whole. This Improvements Program is fully described in the *Eastern Neighborhoods Implementation Document*, which lists a range of capital projects and other improvements to address the area's existing and future needs for: open space and streetscape improvements; transit and transportation improvements; and community facilities and services. In addition to these public infrastructure needs, the Needs Assessment also identified a desire for more local and neighborhood serving businesses; and affordable or below-market-rate (BMR) housing.

The Planning Department estimated costs associated with the capital projects set forth in the ENAP Improvements Program. While some of the capital projects in the Improvements Program have been specifically identified, the majority of projects are described only in a general sense (i.e. "one new park"), and their specific location and design must be developed during the ENAP's ongoing implementation process. Therefore, many capital projects are estimated in current dollars based on similar public projects within a very broad range of costs per square foot. Actual costs are very difficult to gauge with any appropriate level of detail and could vary from this estimate by as much as 25%, based on site specifics, current labor, and current construction costs when the project is underway. Total cost estimates ranged between $244 million, for a basic set of proposed capital improvements, to $395 million for full funding of all projects considered in the ENAP (see Planning Department, *Implementation Document*, 2008). Capital project costs, identified funding sources, and remaining funding gaps for the ENAP are summarized in Appendix B.

In addition, the costs of increased services and maintenance associated with the ENAP Improvements Program were not estimated, since they were difficult to estimate without a fully-scoped out program or services description. The ENAP acknowledge that a fundamental component of ensuring complete neighborhoods is ongoing operations and maintenance of public infrastructure. In addition to general maintenance and operations, the ENAP also highlighted the need for increased affordable housing production, which is another capital cost not included in the Planning Department's estimates.

Finally, the cost to provide basic city services (such as public protection, community health, public welfare, etc.) to the new residents and workers of the Eastern Neighborhoods was not estimated. A full fiscal impact analysis of the ENAP would provide this information, and give policymakers an estimate of the ongoing fiscal cost of providing these services.

The *Eastern Neighborhoods Implementation Document* also reviewed the effectiveness and appropriateness of a range of methods that could fund and implement the ENAP Improvements Program and associated services described above. Funding mechanisms fall into three categories:

1. *Existing sources* which already provide funding for certain projects in the Improvements Program. These include existing impact fees, secured funding for specific capital projects, and verified state and local bonds. Existing sources will provide between $29 and $45 million dollars towards capital improvements in the Eastern Neighborhoods.

2. *Plan-provided sources* were established by adoption of the ENAP and include the Eastern Neighborhoods Impact Fee, as well as zoning requirements and incentives. Impact fees were set at tiered levels (see impact fee schedule below) in order to maximize the amount of potential revenue generation (see Seifel Consulting Inc.'s *Eastern Neighborhoods Impact Fee and Affordable Housing Analysis*). A conservative estimate based on development projections in the Eastern Neighborhoods Final Environmental Impact Analysis (FEIR) illustrated that the fees could generate anywhere from $77-130 million over the life of the plan, with the Planning Department estimating $116 million as the most likely. Total revenue gained from fees will depend on how much development actually occurs, as well as the density of development. As illustrated below, higher density development projects that were rezoned with increases in height and stories pay higher impact fees, which affects the total revenue gained from fees. The timing of new development and associated impact fee revenue is difficult to predict, particularly in the current economy.

Table 1: Impact Fee Schedule for Eastern Neighborhoods Plan Areas

Tier	Description	Residential	Commercial
1	Projects that remain at current height; Projects under increased housing requirements (Urban Mixed Use); Affordable housing or other "protected" development types.	$8/gross square feet (gsf)	$6/gsf
2	Projects rezoned with minimal (1-2 story) increase in height.	$12/gsf	$10/gsf
3	Projects rezoned with significant (3 or more) increase in height; other designated districts.	$16/gsf	$14/gsf

Source: Planning Department

3. *Future revenue opportunities*, which are explored further by this report.

Existing sources will cover approximately 12% of the capital projects in the ENAP Improvements Program and Plan-provided sources, primarily the Eastern Neighborhoods Impact Fee, will cover 30% of the $395 million for all identified projects and 50% of the $244 million for the more limited set of projects. Per state law, development impact fees cannot be used to fund public infrastructure that corrects existing deficiencies.[1]

This leaves a funding gap of $99 to $234 million to provide the Eastern Neighborhoods with what the ENAP has identified as sufficient levels of infrastructure for open space, transit and public realm improvements, community facilities and services, and affordable housing. This gap does not include funding for maintenance, operations, or services associated with these capital improvements, nor does it include the cost of providing basic City services to the new residents and employees in the ENAP.

Funding Alternatives and Criteria

This report evaluates the following funding alternatives. These alternatives can be implemented individually or in combination and can provide dedicated revenue streams to bond against. Alternatives fall into three categories:

- *General Fund Set-Asides* are voter-mandated appropriations of City funds for specific purposes or programs.
- *Tax-Increment Funding (TIF) Tools* use future tax-increment revenue to invest in infrastructure, economic development, and affordable housing projects. These include *Redevelopment Tax-Increment Financing (RTIF)*, which is currently used to revitalize blighted redevelopment project areas; *Infrastructure Finance Districts (IFD)*, which are intended for use in substantially undeveloped areas;
- *Land-Secured Funding (LSF) Tools* include tools that levy special charges on property, including *Mello-Roos/ Community Facilities Districts (CFD)* to fund facilities and services and *Assessment Districts (AD)* to pay for public improvements or services.

Each alternative is discussed in more detail in the following section, and a matrix detailing their revenues, projects funded, and establishment can be found in Appendix C.

This report then evaluates each alternative with the following criteria:

- *Fiscal Impacts* evaluate the benefits and burden of costs for the City, the State, and/or the Eastern Neighborhoods.
- *Compatibility* evaluates the effectiveness and flexibility of each alternative by identifying the range of public improvements in the ENAP that can be funded.
- *Potential Revenue* projects the range of revenues each alternative possibly generates.

A matrix analyzing the fiscal impact, compatibility, and potential revenues of each alternative can be found in Appendix D.

[1] A fee shall not include the costs attributable to existing deficiencies in public facilities, but may include the costs attributable to the increased demand for public facilities reasonably related to the development project in order to (1) refurbish existing facilities to maintain the existing level of service or (2) achieve an adopted level of service that is consistent with the general plan (Government Code 60001, g)

Analysis of Funding Alternatives

For any and all funding alternatives to be viable, the alternative will need to balance the benefits and the costs for the City, State, and Eastern Neighborhoods; be compatible with the proposed ENAP; and be able to generate a substantial amount of revenue.

General Fund Set-Asides

To establish a General Fund Set-Aside Fund, the majority of registered voters must approve the ballot measure to set aside funds for a specific program or purpose. The ballot measure can be a proposition which is placed on the ballot by the Board of Supervisors or an initiative which is placed on the ballot by the public.

The ENIFWG concluded that the creation of a General Fund Set-Aside Fund for the Eastern Neighborhoods is currently infeasible to implement. Set-Asides carve out more of the General Fund budget for specific purposes and further limit discretionary funds for basic city services. A General Fund Set-Aside for the Eastern Neighborhoods would appropriate discretionary citywide money for a specific area in San Francisco. Citywide voters have not voted favorably for General Fund Set-Asides in recent years and are unlikely to be receptive to a General Fund Set-Aside that does not benefit the entire City. Members of the Board of Supervisors have also put forth legislation to reform current and future General Fund Set-Asides by setting a dollar cap on them, authorizing reductions during fiscal shortfalls and waiver during emergencies, and requiring the return of surplus balances.

Tax-Increment Funding (TIF) Tools

The two primary types of Tax-Increment Funding (TIF) tools currently allowed by State Law are *Redevelopment Tax-Increment Financing (RTIF)* and *Infrastructure Finance Districts (IFD).* Both utilize future tax revenue to help fund the planning, design, purchase, construction, improvement, or rehabilitation of properties; but RTIFs and IFDs cannot pay for maintenance, repairs, operating costs, or services. The Board of Supervisors is empowered to create another potential but untested tool, what could be called a *Proxy TIF*. This would require the Board to make an annual appropriation of a portion of the General Fund equivalent to the Eastern Neighborhoods' tax increment revenue and accordingly would not create a dedicated revenue stream that could be bonded against. However, unlike an IFD, this approach would not require two-thirds vote of property owners or registered voters, and there would be no restrictions on the use of the increment, other than those that would otherwise apply to General Fund monies. The Proxy TIF is not separately analyzed in this report.

TIF Tools require an increase in the area's Net Assessed Valuation (NAV) to generate revenue. This increase in NAV occurs over time and is a result of both property appreciation and future development activity. The traditional rationale of TIF, as applied in redevelopment areas, is to create a progressive investment cycle where capital improvements funded by TIF lead to more private investment and new development that generate greater growth in assessed value over time. The notion is that "but for" the upfront public investment enabled by TIF bonds, the cycle of private investment would not occur and the increment would never exist. The primary rationale for implementing TIF in the ENAP is different. Instead of stimulating private investment solely through public investment in infrastructure, the TIF would also be used to increase public investment in neighborhoods rezoned for substantial increases in development potential. Areas that accept substantial and quantifiable development potential would be guaranteed a portion of the TIF generated from the new development for public infrastructure. TIF can also be used to offset the existing infrastructure deficiencies that cannot be financed by development impact fees. In this case, the larger increment would not exist "but for" the zoning changes as well as the upfront public investment.

At the time a TIF tool is adopted, the assessed value of all properties located within the TIF area is calculated by the County Assessor and designated as the base assessed value. The tax increment is equal to the property tax revenue generated as a result of an increase in the assessed property value above the base. For example, assuming that the project area is adopted during Fiscal Year 2010, the current assessed value of all properties within a designated area within the Eastern Neighborhoods will be the base. The increase in NAV in 2012 will be the difference between the NAV in 2012 and the 2010 base assessed value. The tax increment is the amount of tax revenues generated from this difference. The majority of the tax increment is used to invest in the area.

RTIF Overview

RTIF under current state law allows future tax revenues to be invested in economic development, property revitalization, and public capital projects for up to 45 years in a defined geographic area, specifically a redevelopment area (CA Health and Safety Code 33670-33679). The projects include the provision of residential, commercial, industrial, public, or other structures or spaces that are in the interest of general welfare. Under current law, the tax increment can fund redevelopment activity that primarily benefits the redevelopment project area. Redevelopment includes the planning, development, design, construction, or rehabilitation of any facilities or space essential to the project area (CA Health and Safety Code 33020-33022). Twenty percent of the tax-increment revenue must be used for low and moderate income housing. The tax increment revenue cannot be used to pay for employee or contractual services of any government agency unless the services are directly related to redevelopment. The area must also be blighted; a blighted area is one that is predominantly urbanized and suffers from adverse physical and economic conditions as defined in State Law (CA Health and Safety Code 33030-33039).

Although RTIFs have been widely used in California, RTIFs are currently only available under state law to redevelopment agencies who follow a legally prescribed process to adopt a redevelopment plan for an area with blight findings. To use RTIF in the Eastern Neighborhoods, the City would need to adopt blight findings, which may or may not be appropriate or legally defensible for many areas in the ENAP. Therefore, the City would need state legislation to allow tax increment revenues to be collected and spent outside of a redevelopment area to use RTIF for the entire Eastern Neighborhoods.

IFD Overview

California cities and counties can also form IFDs to pay for public capital improvements. It is the intent of the California Legislature that IFDs be formed in substantially undeveloped areas (CA Government Code 53395). IFDs cannot be established within a redevelopment area but may include areas that are not contiguous. IFDs have not been widely used in California. Two IFDs have been established in the state, and the Port of San Francisco is currently developing the City's first IFD along the southeastern waterfront.

IFDs can allocate tax-increment revenues for 30 years with a possible 10 year extension to fund the planning, design, purchase, construction, improvement, or rehabilitation of properties with an estimated life of 15 years or longer. These properties include but are not limited to highways, transit, water systems, sewer projects, flood control, childcare facilities, libraries, parks, and solid waste facilities. The facilities must have community significance and provide significant benefits to an area larger than the district. They do not need to be located within the boundaries of the IFD. IFDs cannot pay for maintenance, repairs, operating costs, and services.

IFDs are formed with approval by the legislative body, consultation with other taxing entities, and two-thirds voter approval within the district (if there are twelve or more registered voters in the district). The majority of the Board of Supervisors must approve the finance plan and the issuance of bonds proposed by the IFD. Affected local agencies must also approve the contribution of their portion of the tax increment to the IFD, and two-thirds of registered voters (if there are twelve or more) within the district must approve the creation of an IFD and any bonds issued from them. If there are fewer than twelve registered voters in an IFD, the approval of two-thirds of property owners is required instead. Property owners' votes are weighted based on the number of acres owned. If the land is publicly owned (as in the case of the Port of San Francisco), no voter approval is required.

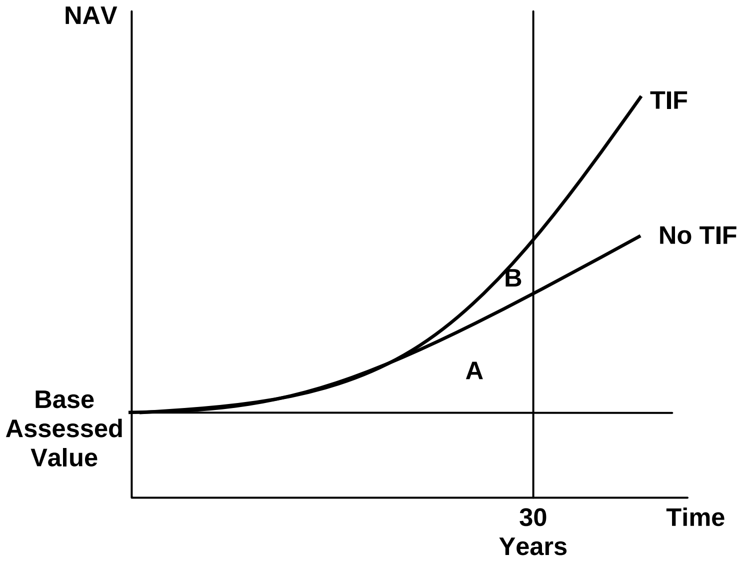
Fiscal Impact of TIFs

TIFs allocate a portion of new tax increment revenue that would otherwise accrue to the City's General Fund to a TIF area for public capital improvements, without increasing residents' taxes, assessments, or fees. The rationale for creating a TIF is that *but for* the TIF-backed public investment in capital improvements, increased private investment and the new tax-increment revenue would not have existed. Accordingly, it is considered prudent to allocate a portion of future tax increment to underwrite projects that catalyze private investment (and General Fund revenues) that would not otherwise occur. However, as noted earlier, the rationale for using TIF in the ENAP is somewhat different. It is based instead on the notion of capturing the additional increment from enhanced private investment made possible by both substantial and quantifiable increases in zoned development potential through the ENAP and capital improvements.

As detailed in Appendix E, the City's General Fund normally receives 64.7 cents of every tax dollar with the remaining 35.3 cents going to the Educational Revenue Augmentation Fund (ERAF) and four other taxing entities: the Unified School District (SFUSD), Community College District (CCSF), Bay Area Rapid Transit (BART), and the Bay Area Air Quality Management District (BAAQMD). In areas with established RTIF or IFDs, the City traditionally receives a smaller portion of tax-increment revenues (see Appendix E for a detailed description of the tax allocations under each scenario).

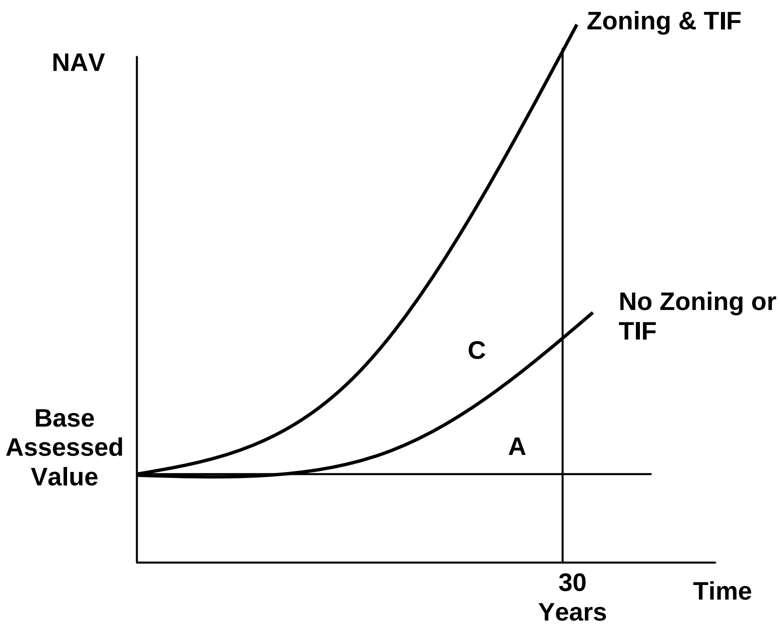
The ENAP includes some areas that are unlikely to see significant new development. As illustrated by Figure 1, in these areas the City would have gained the full tax increment A without the implementation of tax increment tools. Implementing a tax increment tool in these areas would gain a small additional tax increment, B. Traditionally these neighborhoods would be capturing both area A and a large portion of B for public improvements in the neighborhood. This allocates a significant portion of future General Fund revenues to the neighborhoods, A, in exchange for the creation of only minimal increases to the City's tax base, B.

Figure 1



Other ENAP areas will experience significant future development potential through substantial zoning changes. As illustrated by Figure 2 below, implementing a TIF tool in these substantially rezoned areas leverages the equivalent portion of General Fund revenues, A, to gain a higher return in future property tax revenues, C. The higher future property tax revenues are a result of both the rezoning and, to a lesser extent, the public investment of TIF. The neighborhoods captures a much larger property tax increment for capital improvements than above, and the City receives a higher return on investment. In addition, these areas are more likely to bring new residents and workers who contribute to sales, payroll, parking, and utility tax collections. This indirect economic activity further increases the City's tax base.

Figure 2



The ENIFWG also recognizes that as the Eastern Neighborhoods develop, the population will increase, and these new Eastern Neighborhoods residents will place additional demand on local and City services. The City currently does not collect enough tax revenue to fully fund basic City services. Therefore, the City will need a larger pass-through of additional property tax revenue than legally allowable to meet the expanded public service needs in the Eastern Neighborhoods. If the current legally allowable tax increment were allocated to fund the RTIF or IFD, there would be little to no new funding source to pay for the City services needed by new residents. As a result, the revenue from the rest of the City will bear the cost of paying for these additional services. To lower the burden of cost on the City, a larger portion of the tax increment could be allocated to the General Fund than allowed by law.

RTIF and IFD Compatibility with the ENAP

If made available as a funding tool through a state law change, RTIF could fund key capital and infrastructure improvements in ENAP, such as park acquisition, transit facilities, and expansion of community facilities. RTIF also directly funds affordable housing with twenty percent of its tax increment. However, traditional RTIF cannot fund any maintenance, repairs, or operations of these capital improvements or provide community services.

An IFD can fund all capital and infrastructure improvements on properties with a useful life of 15 years or longer in ENAP, such as park acquisition, transit facilities, and expansion of community facilities. An IFD cannot fund any maintenance, repairs, or operations of these capital improvements or provide community services. It is unclear whether an IFD may be used to fund affordable housing, except for circumstances where existing housing is demolished or removed as a result of their public infrastructure financed by an IFD. In these cases, IFD must set aside twenty percent of their units for affordable housing.

Land-Secured Funding (LSF) Tools

The two primary Land-Secured Funding (LSF) tools are *Mello-Roos/ Community Facilities Districts (CFDs)* and *Assessment District (ADs)*. They are new taxes or charges levied on properties and approved by either two-thirds of voters in the district (CFDs) or a weighted majority of property owners (ADs) (see Stone and Youngberg LLC, *The Stone & Youngberg Guide to Land-Secured Finance*, 2004). Unlike TIFs, CFDs and ADs can fund maintenance, repairs, operations, and services. CFDs can additionally fund capital needs, making CFDs the most flexible tool under consideration. Finally, these tools do not rely on any tax increment, meaning that all of property tax revenue generated by new development will flow to the existing tax entities (see Table 2).

CFD Overview

The Board of Supervisors must adopt a Resolution of Intention describing the boundaries and name of the CFD, types of facilities and services provided and purchased, the design and conditions of the special tax, time and place of public hearing, and the voting procedure. The boundaries of a CFD are flexible; they do not need to be contiguous, and additional areas can also be annexed into the district. There is also no requirement that the tax be apportioned based on benefit received or that a uniform tax rate be levied throughout the entire CFD. Therefore, a higher tax rate may be levied on properties closer to the improvements than on properties further away, but the tax rate levied does not need to be exactly proportional to the benefit received.

The tax can be structured to vary based on zoning or development intensity of the property being assessed. However, the tax structure cannot be based on property value.

The City must hold an election to authorize levying the special tax. If there are twelve or more registered voters within a proposed district, the tax must be passed by a two-thirds vote of the registered voters in the district. If there are less than twelve registered voters, the special taxes can be passed by a two-thirds vote by the landowners in the district. Landowners' votes are weighted based on the ownership of land area.

The special tax can fund the planning, design, purchase, construction, expansion, improvement, or rehabilitation of privately or publicly owned property with a useful life of five years or more. For tax-exempt CFDs, only public facilities can be funded. These capital facilities include but are not limited to: local park and recreation facilities; parkway facilities; elementary and secondary school sites; fire stations; highway interchanges; water and sewer systems; libraries; child care facilities; and undergrounding of utilities. Facilities funded do not need to be physically located within the boundaries of the CFD. A CFD tax can also fund certain services on a pay-as-you-go basis. These services include: police protection; fire protection and suppression; ambulance and paramedics; flood protection; recreation program and library services; removal and remedial action for cleanup of hazardous substances; and maintenance of parks, parkways, and open space (see CA Government Code 53313 for complete list and description).

AD Overview

The Board of Supervisors must initiate proceedings and adopt a Resolution of Intention. The Resolution must describe the boundaries of the district, the proposed improvements, the proposed assessment, and information about the issuance of bonds. An assessment is any levy or charge on real property that is imposed to pay for a public improvement or service that benefits the property. The size of the assessment is proportional to the benefit that the property receives from the public service or improvement.

A weighted simple majority of landowners must approve the establishment of an AD. Each landowner's vote is weighted in proportion to the size of the assessment he or she is paying. The size of the assessment levied on each landowner must be proportional to their benefit received from the improvements.

An AD funds specified improvements, maintenance, and services that the legislative body determines to improve public streets, places, property, easement, or right-of-way. The improvements include: grading, paving, and graveling of streets and roads; construction or reconstruction of sidewalks, crosswalks, steps, fountains, curbs, etc; fire and flood protection improvements; bombs and fallout shelters; improvements for water service, electrical service, gas service or lightning; and works, systems, or facilities for the transportation of people. All work must be done on public property.

San Francisco currently has many ADs across the City and several others are in development. The Office of Economic and Workforce Development is currently working with a small steering committee to form a new ENAP Community Benefits District (CBD) that would fund full-time staff and programs to actively promote sustainable economic development in the newly created

Production, Distribution and Repair and Urban Mixed Use districts (PDR-UMU). Similarly, the Department of Public Works is considering the establishment of a citywide Landscape and Lighting Assessment District, and the Recreation and Parks Department and not-for-profit Neighborhood Parks Council have expressed interest in establishing a citywide Assessment District for parks maintenance. The creation of a new AD in the ENAP should be done with consideration of these broader citywide efforts.

Fiscal Impact of LSFs

Funding the ENAP with LSFs means that property owners will pay an additional tax or assessment. As new taxes or assessments, LSFs offer new sources of revenue to fund development, and they do not reallocate new tax-increment funds from the City's General Fund. LSFs have positive benefits to residents and property owners who experience improved public amenities and higher levels of public services. To the extent that these improvements increase property values and indirect economic activity, LSFs also benefit the City as a whole by increasing the overall tax base.

However, establishing a CFD or AD will also likely require a voter education campaign (which will require City resources) to convince voters that the development is worth paying for through a special tax or assessment. Additionally, when establishing an AD, the assessment charged must be proportional to the benefit received, and determining the appropriate assessment rate for each property owner will also require City resources.

Depending on market conditions, imposing additional taxes or assessments on property in the ENAP could have an adverse impact on the financial feasibility of new development. Currently, the ENAP are already funded by developer impact fees which have been set at tiered rates of $8 to $24 per gross square foot based on zoning conditions (see Table 1). The additional improvements funded by the CFD theoretically should benefit the buyer or seller of the affected property. However, under certain market conditions, an additional tax or assessment could limit new development investments.

As emphasized in the final Planning Department report[2], ENAP below-market-rate (BMR) housing requirements and development impact fees were set to be as high as possible within the ENAP while maintaining financial feasibility, based on market conditions and cost data from 2006 and updated in early 2008. The Eastern Neighborhoods Financial Analysis found that in many development scenarios, the anticipated increase in land value generated by the ENAP rezoning was sufficient to absorb increased development costs associated with increased affordable/BMR housing requirements and impact fees, thereby still allowing development to occur. However, not all potential development sites received enough added value from the ENAP rezoning to absorb the commensurate increases in BMR housing requirements and impact fees. In these circumstances, increased impact fees would likely reduce the economic incentive

[2] http://www.sfgov.org/site/uploadedfiles/planning/Citywide/Eastern_Neighborhoods/Full_commission_packet_6-5.pdf

to redevelop some properties in the Eastern Neighborhoods and thus may preserve existing uses on these properties or delay development.[3]

Since the adoption of the ENAP and its associated impact fees, a national recession has triggered substantial drops in sale and rental values and rapid declines in absorption for both residential and commercial properties. These economic conditions coupled with the lack of private equity and financing for real estate projects have delayed and discouraged many residential and commercial development projects and may continue to do so for the foreseeable future. If development is delayed or discouraged, the revenue from development impact fees, transfer taxes, and property taxes could be delayed or diminished as a result. To minimize potential negative impact on the financial feasibility of development, additional special taxes and assessments should be kept at relatively low rates.

An additional tax or assessment may also negatively impact some current residents. Four out of five people in the Eastern Neighborhoods are renters, and on average, renters face high rents relative to their household incomes. Landlords can pass through up to 50% of any special tax or assessment to renters (San Francisco Administrative Code, Chapter 37). All of these potential adverse impacts caution against establishing an LSF that would impose substantial costs on landowners.

CFD and AD Compatibility with the ENAP

A CFD has the most flexibility in funding public infrastructure. Within the ENAP, the CFD can fund most proposed capital improvements and the maintenance, operations, and services accompanying them. However, CFDs cannot fund affordable housing.

Within the ENAP, the AD can fund the maintenance, repairs, and operations of most improvements but cannot fund most major capital improvements. ADs additionally do not provide funds to support affordable housing.

Potential Revenues

In consultation with the Controller's Office and Stone and Youngberg, LLC, the Capital Planning Program (CPP) modeled the potential revenues generated by an IFD and a CFD for the entire ENAP. The CPP made a number of assumptions to model these revenues (see Appendix E for a detailed description of the IFD and CFD models and assumptions). All revenues are shown in present value terms. The CPP chose to model these specific forms of TIF and LSF as:

1. IFDs are the only currently available form of TIF for use in the Eastern Neighborhoods (RTIFs can only be used in redevelopment areas), and
2. CFDs do not require known locations, costs, and quantifiable benefits of the projects funded (ADs require this level of detail in order to ensure that the assessment is proportional to the benefit received).

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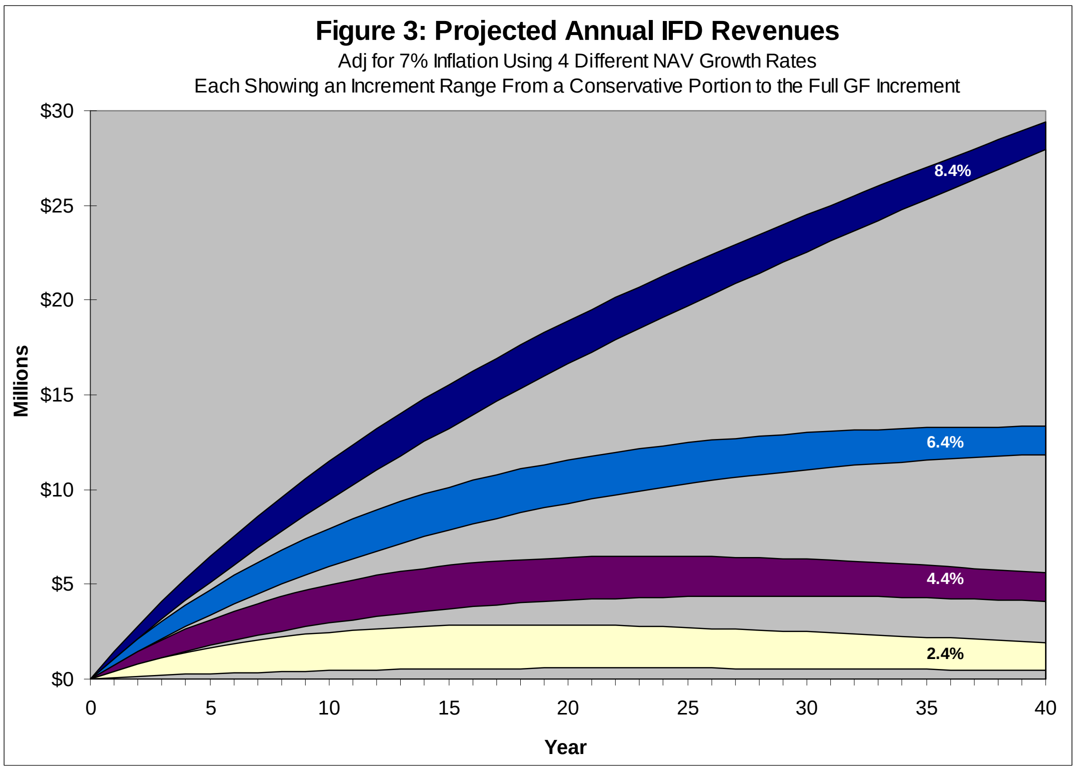
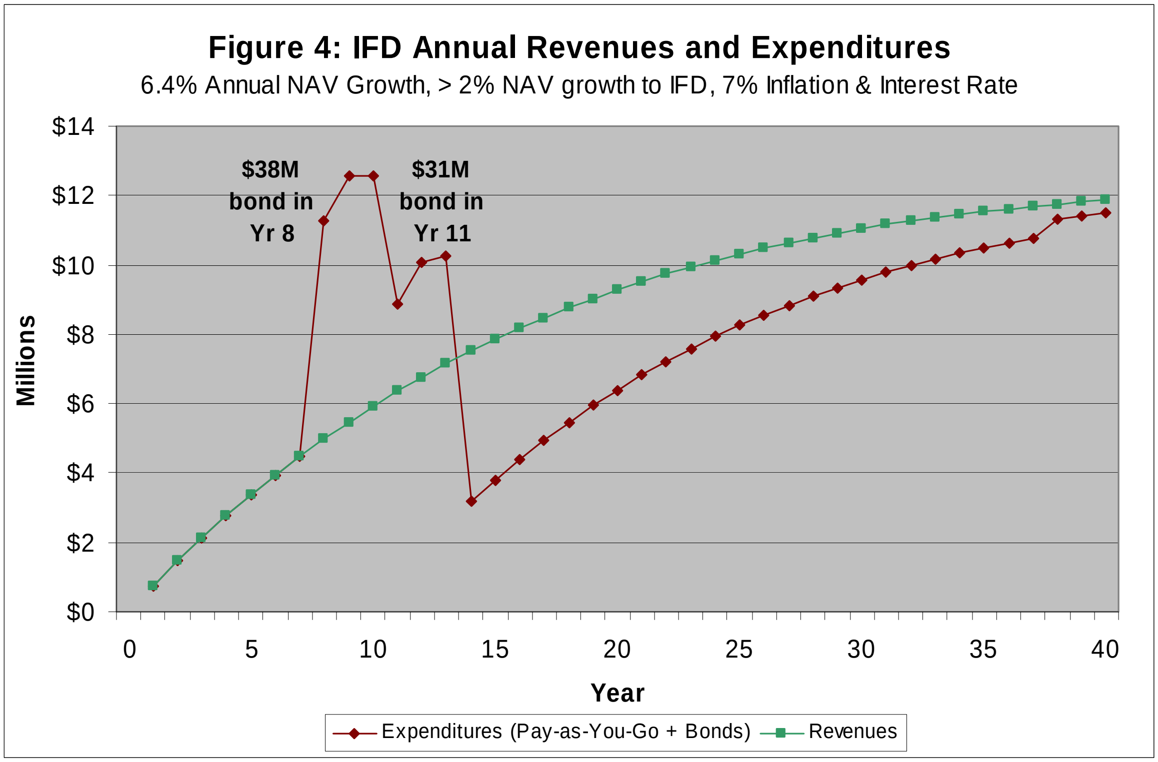
[3] The Controller's Office finds in their "Eastern Neighborhoods Area Plans: Economic Impact Report" that even without the new fees and inclusionary requirements, the projects analyzed are only marginally feasible, given current market conditions. When the proposed impact fees and inclusionary requirements are included as additional development costs, financial feasibility of projects is diminished. (http://www.sfgov.org/site/uploadedfiles/controller/oea/081152_economic_impact_final(1).pdf)

The CPP's key findings include:

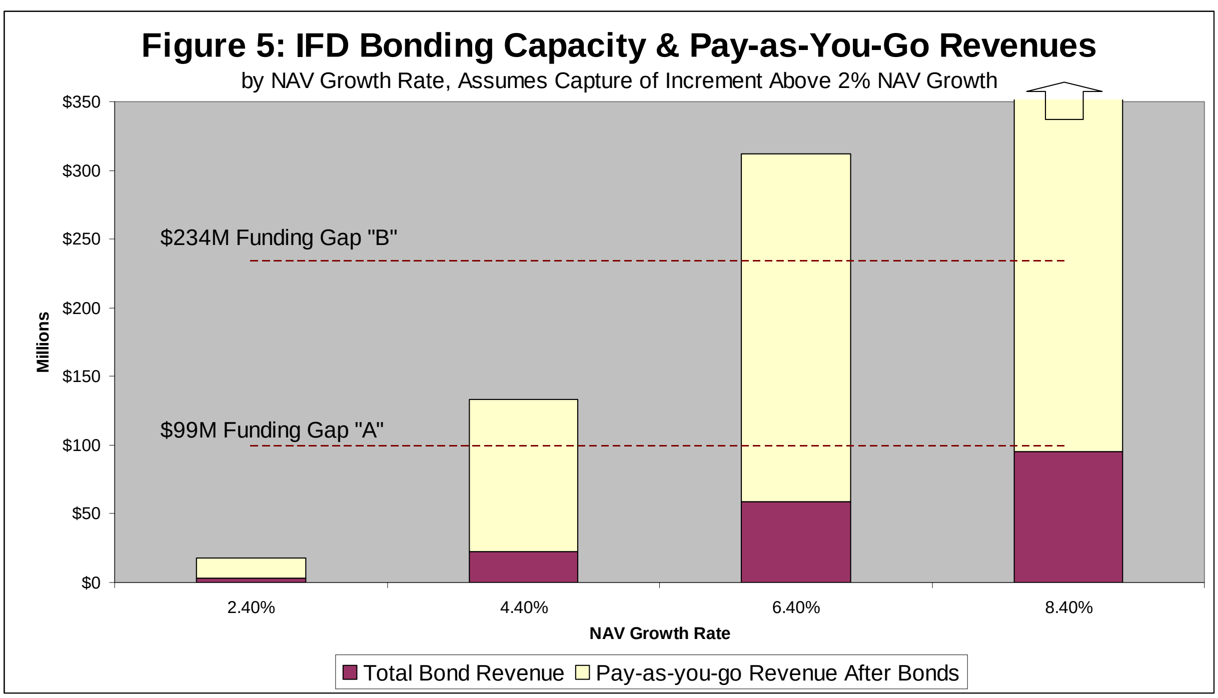
1. **The Growth Rate Determines IFD Revenues**. The speed of development is the key determinant of the amount of revenues generated by an IFD. An IFD captures a portion of tax increment revenue and therefore will only capture revenue as new parcels are developed and the NAV in the area increases. The more rapidly the area develops, the more likely it is for an IFD to capture the increased tax increment revenue before its term expires in 30 to 40 years. As shown in Figure 3 below, the higher the annual increase in NAV (represented by the four colored ribbons for four potential growth rates: 2.4%, 4.4%, 6.4%, and 8.4%), the higher the annual IFD revenues. The portion of the increment dedicated to IFD revenues (as shown by the width of each growth rate ribbon), while important, has a much smaller impact on the annual revenues the IFD can generate than the annual increase in NAV.



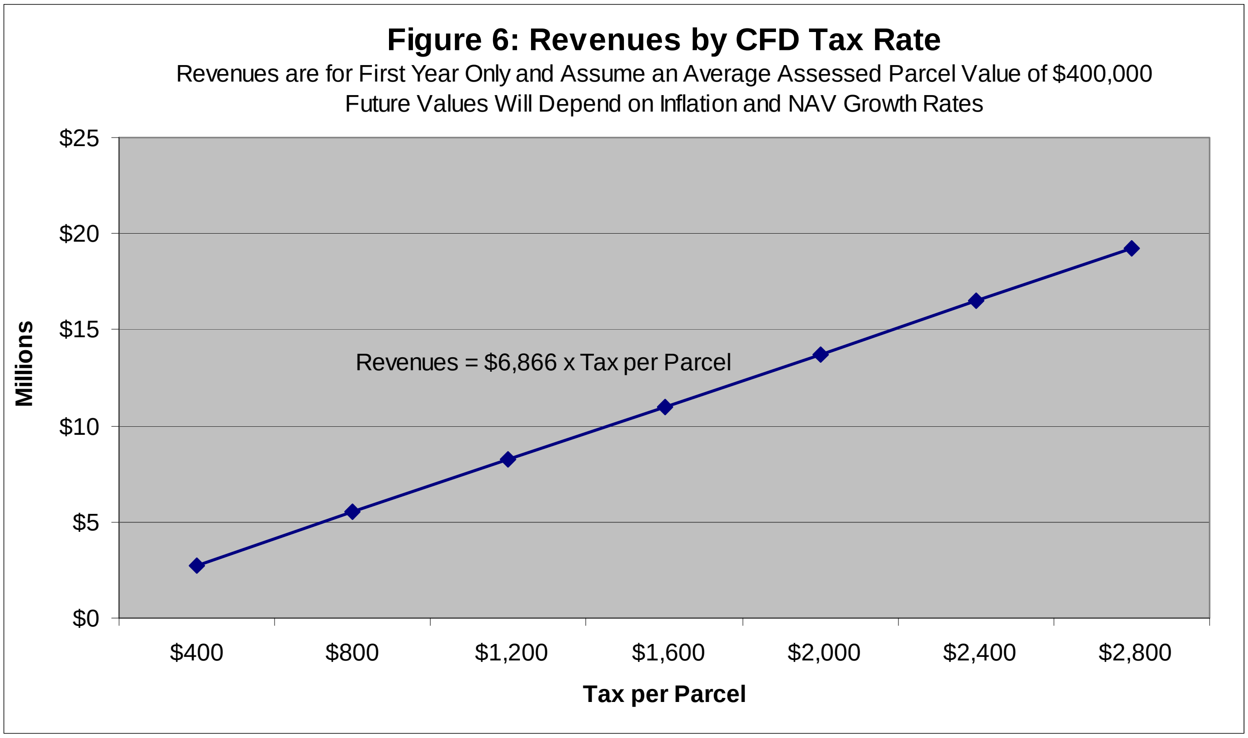
2. **The Timing of Revenues Determines the Bonding Capacity of an IFD**. Given a 40-year IFD term, bonds with a typical 30-year repayment schedule can only be issued within the first ten years of the IFD. Figure 3 also illustrates the fact that the majority of IFD revenues accrue in the later years of the IFD term due to incremental NAV growth. Because of the fixed costs of bond issuance, the first several years do not generate enough revenue to justify issuing bonds. Therefore, as illustrated by Figure 5, bonds can only be issued between year 5 (assuming a high NAV growth rate) and year 11.



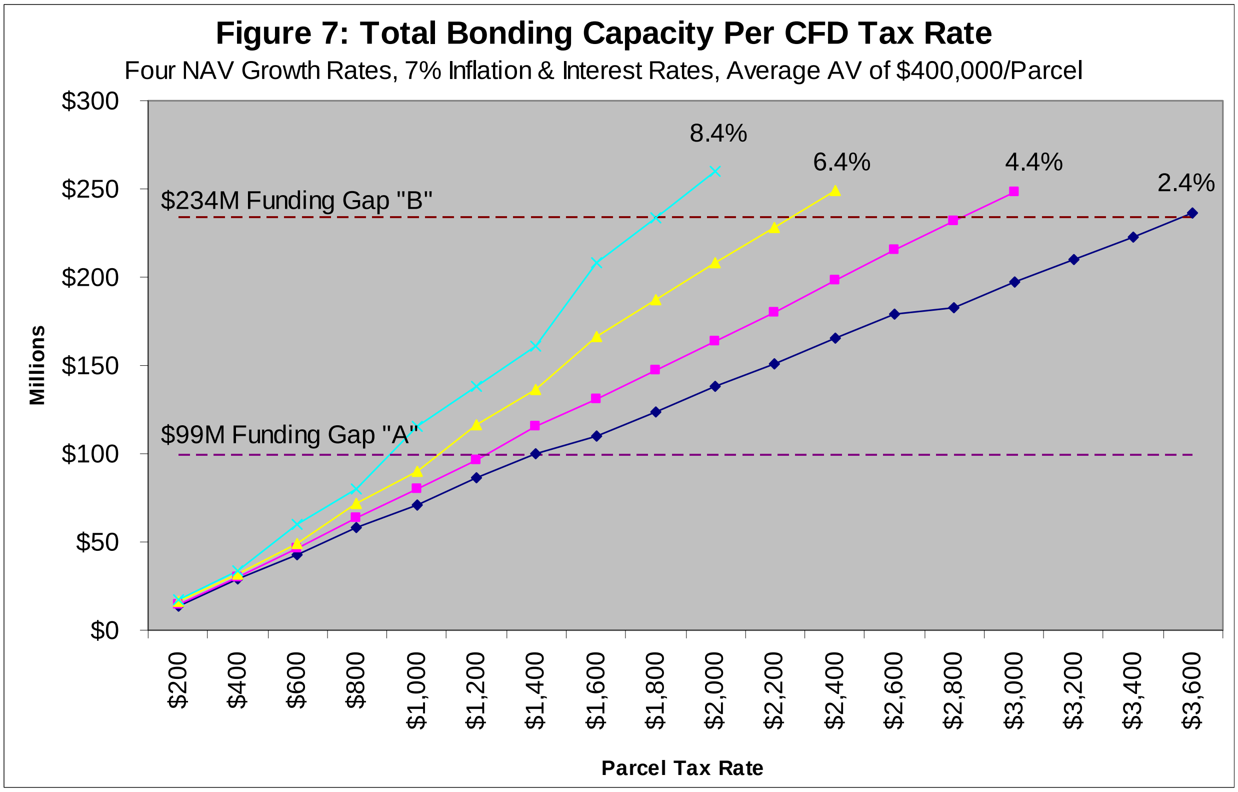
Depending on the NAV growth rate in the neighborhoods, an area-wide IFD capturing only the GF tax increment above 2% NAV growth can generate from $3 million up to $95 million in bonding capacity. This is represented by the dark red areas in Figure 5 below. The yellow areas in Figure 5 represent the remaining pay-as-you-go revenues (after debt service on the bonds) that largely accrue in the later years of the IFD term.



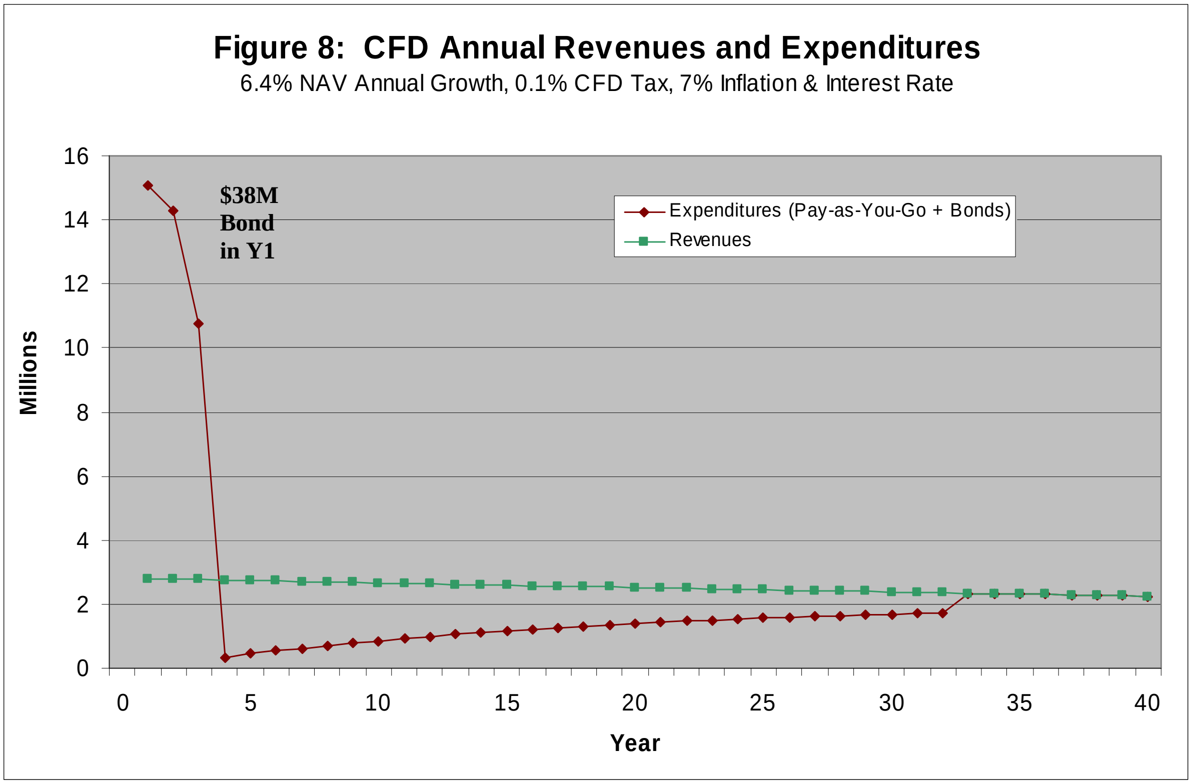
3. **The Tax Rate Determines CFD Revenues and CFD Bonding Capacity**. The amount of revenues generated by a CFD depends almost entirely on the residents' willingness to pay. As shown in Figure 4 below, for every $1 that the average parcel is willing to pay, the district would receive nearly $7,000 in revenues.



Bonding capacity is a function of both the CFD tax rate and the NAV growth rate. As shown in Figure 6 below, a tax rate of $3,600 per parcel would be required to fully fund the $234 million funding gap at a 2.4% NAV growth rate and a tax rate of half that would be required at a 8.4% NAV growth rate.



4. **CFDs Can Issue Larger Bonds, Earlier.** As shown by Figure 7, CFDs have the advantage of generating revenues immediately, allowing for the issuance of bonds in year 1. This allows CFDs to pay for significant improvements in the first few years, unlike an IFD which cannot issue bonds until years 5 to years 11. Additionally, a CFD has a more consistent stream of revenue and can therefore better leverage its stream of revenue for bonds. For example, for roughly a $200 million total stream of revenue over 40 years, a CFD can issue about $100 million in bonds, while an IFD can only issue about $40 million in bonds.



Recommendations

The ENAP Improvements Program encompasses capital improvements that require maintenance, operations, and services. The costs and benefits of these public improvements should be shared by both the City and Eastern Neighborhoods' property owners and/or tenants. The funding tools the ENIFWG evaluated include a General Fund Set-Aside, Tax-Increment Financing Tools (RTIF and IFD), and Land-Secured Funding Tools (CFD and AD). These funding tools were evaluated based on the following criteria: fiscal impacts on the City, State, and Eastern Neighborhoods; compatibility with the ENAP; and potential revenues generated by each funding alternative.

No single alternative comprehensively met all four of our criteria. The ENIFWG rejected a General Fund Set-Aside as infeasible to implement. The ENIFWG also found that the current set of TIF tools generate significant revenues for various types of capital improvements. However, they do not fund maintenance, operations, or services, and RTIF cannot currently be used of a redevelopment project area. Land-Secured Funding tools, on the other hand, can fund some capital as well as maintenance, operations, and services but to generate significant revenue would require neighborhood support for high increased taxes or assessments that may decrease the financial feasibility of new development and adversely affect existing residents.

The ENIFWG, therefore, makes the following recommendations:

Recommendation #1: Take Steps to Implement a Tax-Increment Financing Tool and a Land-Secured Funding Tool

The ENIFWG recommends that the City ultimately select both a *Tax-Increment Funding Tool* to fund capital improvements and a *Land-Secured Funding Tool* to fund capital projects, maintenance, operations, and services. The combination of the tools also allows the City and the Eastern Neighborhood property owners to share the costs.

Both sets of tools should meet the following basic parameters.

1. Any *Tax-Increment Funding Tool* should:
   a. only pledge a *portion* of its share of the <u>net</u> increase in property tax revenues to funding area-specific improvements, preserving the share of other taxing entities and enabling continued revenue to flow to the General Fund to fund needed services;
   b. have a dedicated source of revenue that is large enough to issue bonds against;
   c. not overlap with existing redevelopment project areas where TIF is already programmed;
   d. have demonstrated quantifiable existing public infrastructure deficiencies which cannot be funded by impact fees on new development;
   e. have undergone a comprehensive community planning process culminating in an adopted area plan with an associated Public Improvements Program; and
   f. only be applied to parcels with a 400 foot radius from parcels that experienced zoning increases that will significantly and quantifiably increase their net development potential.[4]

   Any *Land-Secured Funding Tool* should:
   a. set the tax rate at a level low enough to be acceptable to the required percentage of voters;
   b. ensure it does not significantly increase tax burdens on portions of the Eastern Neighborhoods that already bear development impact fees and/or may be under consideration for other types of taxes or assessments (BIDs, CBDs, parcel taxes); and
   c. relate specifically to a defined set of improvements, maintenance tasks, or services not already provided for by the City or covered by other taxes or assessments.

Recommendation #2: Adopt Clear Policy Criteria to Guide the Use of TIF Outside of Redevelopment Project Areas

The ENIFWG recommends that the Board of Supervisors adopt policy criteria to guide the use of TIF outside of redevelopment project areas. This includes approval of a resolution of policy

[4] Significant and quantifiable increases in development potential can be measured by changes in zoning that allow increased residential density and/or developable area by changes in height or bulk. It should allow for the exclusion of properties where new zoning restricts the permissible use, thereby decreasing potential market value.

formally adopting the criteria outlined in Recommendation #1 above as well as criteria to guide the creation of a customized TIF tool through state legislation. The Board may also wish to consider formally stating the portion of tax increment, or range of tax increment, that should be retained by the General Fund to serve the new resident and worker population in the EN.

Two efforts are currently underway in Sacramento to expand the use of TIF outside of redevelopment project areas; AB 338 (Ma) would allow tax increment districts for "transit villages" throughout the state and AB 1176 (Ammiano) would amend IFD provisions specific to the Port of San Francisco. While neither of these bills currently apply to the EN Public Improvements Program, they could be amended to either contain or set a precedent for establishing a more comprehensive TIF solution specific to San Francisco. A more comprehensive solution could include application of RTIF outside of a redevelopment area (which would not require a blight finding or district-wide vote) and/or legally extending the term of an IFD beyond the current 30 years (allowing the district to issue 30-year debt obligations after the first year).

Recommendation #3: Commission a Consultant Study to Inform the Formation of an IFD and CFD

Given that RTIF cannot currently be used outside of a redevelopment project area and ADs require a strict calculation ensuring that the assessment levied is proportional to the benefit received, the best currently available forms of TIF and LSF for the Eastern Neighborhoods are IFDs and CFDs.

The ENIFWG recommends that the Board of Supervisors commission a professional consultant analysis to more accurately quantify the potential budgetary and financial impacts of forming an IFD and CFD in the ENAP under a variety of geographic and economic scenarios. Since a single IFD or CFD does not need to be contiguous, the ENIFWG recommends forming one IFD and one CFD in the Eastern Neighborhoods in order to diversify risk for investors. The report should detail the potential boundaries of the IFD and CFD, the eligible infrastructure and services funded by the districts, the appropriate tax rates, the appropriate portion of tax increment, and the estimated bonding capacity. As part of the study, the selected consultant should perform neighborhood outreach and public opinion research to gauge support for the IFD and CFD at various tax rates. The Controller's Office of Public Finance has recently issued a Request for Proposals to pre-qualify financial consultants, providing a pool of qualified firms from which to choose for this task

Should the Board decide to establish an IFD and/or an area-wide CFD, they must adopt a Resolution of Intention and send the consultant study to all affected taxing entities, landowners and registered voters in the proposed district outlining the purpose of the district and an estimate of the public improvement infrastructure costs. Following a public hearing, the Board of Supervisors must then adopt a resolution to form the districts and the City must receive support from two-thirds of registered voters (or if less than 12 registered voters, by a two-thirds weighted vote of the landowners in the district).

Recommendation #4: Coordinate With Other Existing Efforts Underway

The ENIFWG recommends coordinating with other existing efforts, including the:

a. Office of Economic and Workforce Development, which is currently working to form a new Community Benefit District in the Eastern Neighborhoods that would fund full-time staff and programs to actively promote sustainable economic development in the newly created Production, Distribution and Repair and Urban Mixed Use districts (PDR-UMU);

b. Department of Public Works, which is working to establish a citywide Landscape Assessment District;

c. Recreation and Park Department and city advocates who are in preliminary discussions to form Assessment Districts for parks maintenance;

d. Eastern Neighborhoods Citizen's Advisory Council and the Interagency Planning Implementation Committee, which are charged with establishing a mechanism for identifying and prioritizing final projects, scopes, and expenditures for both CFDs and IFDs; and

e. City's annually-approved ten-year Capital Plan.

The City will also need to consider:

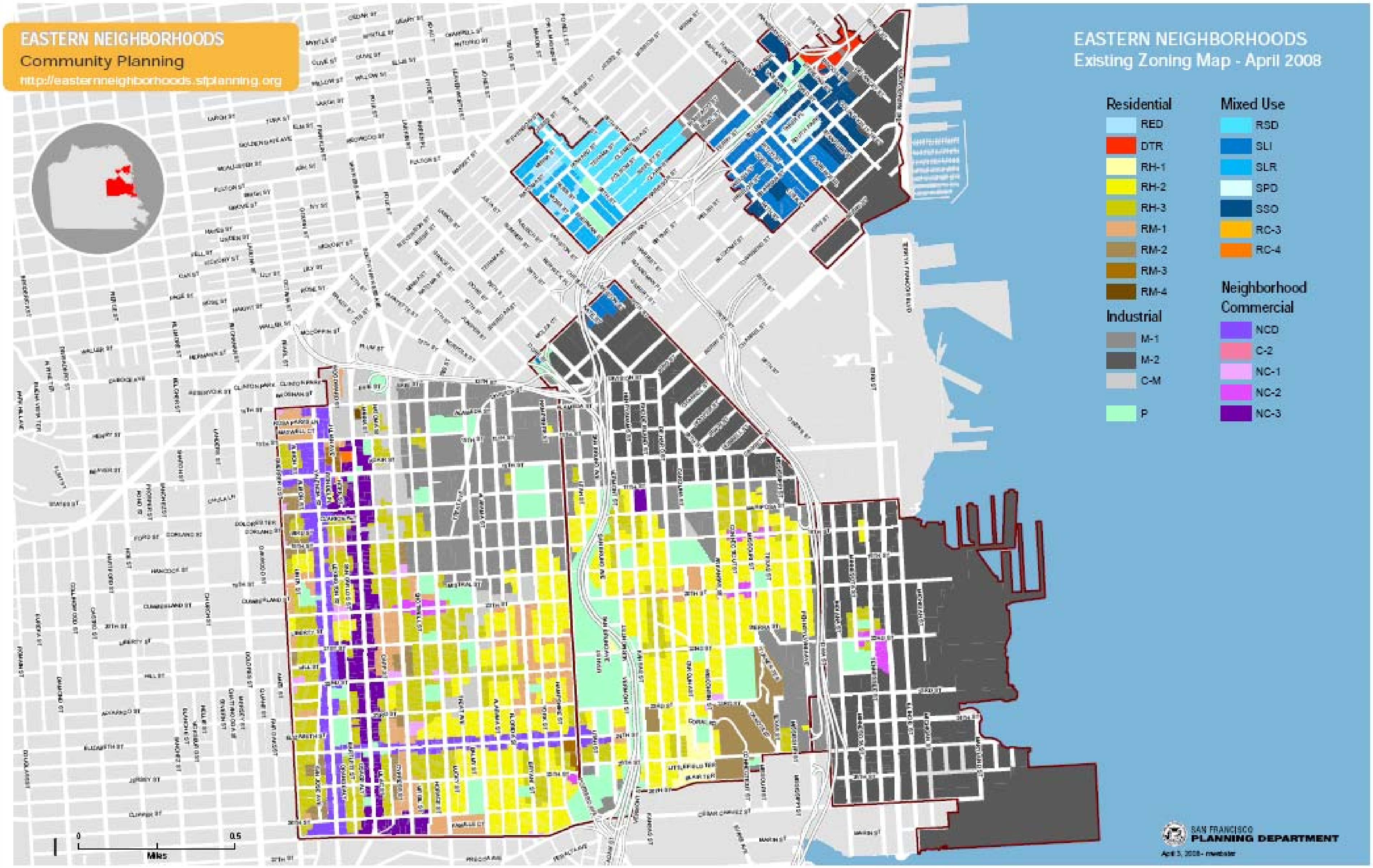
a. Conducting a full fiscal impact report to determine the ongoing costs of providing City services to the new EN residents;

b. Whether the City or a 501c3 not-for-profit entity should manage the disbursement of funds generated by the CFD; and

c. Expanding City staff's capacity – particularly in the areas of public financing and project implementation – to manage TIF funds, the infrastructure spending program, and coordination with implementing agencies or private contractors.

Appendix A: Eastern Neighborhoods Planning Areas Maps

SAN FRANCISCO PLANNING DEPARTMENT | APRIL 2008


EASTERN NEIGHBORHOODS
Community Planning
http://easternneighborhoods.sfplanning.org
EASTERN NEIGHBORHOODS
Existing Zoning Map - April 2008
Residential
RED
DTR
RH-1
RH-2
RH-3
RM-1
RM-2
RM-3
RM-4
Industrial
M-1
M-2
C-M
P
Mixed Use
RSD
SLI
SLR
SPD
SSO
RC-3
RC-4
Neighborhood Commercial
NCD
C-2
NC-1
NC-2
NC-3
SAN FRANCISCO PLANNING DEPARTMENT
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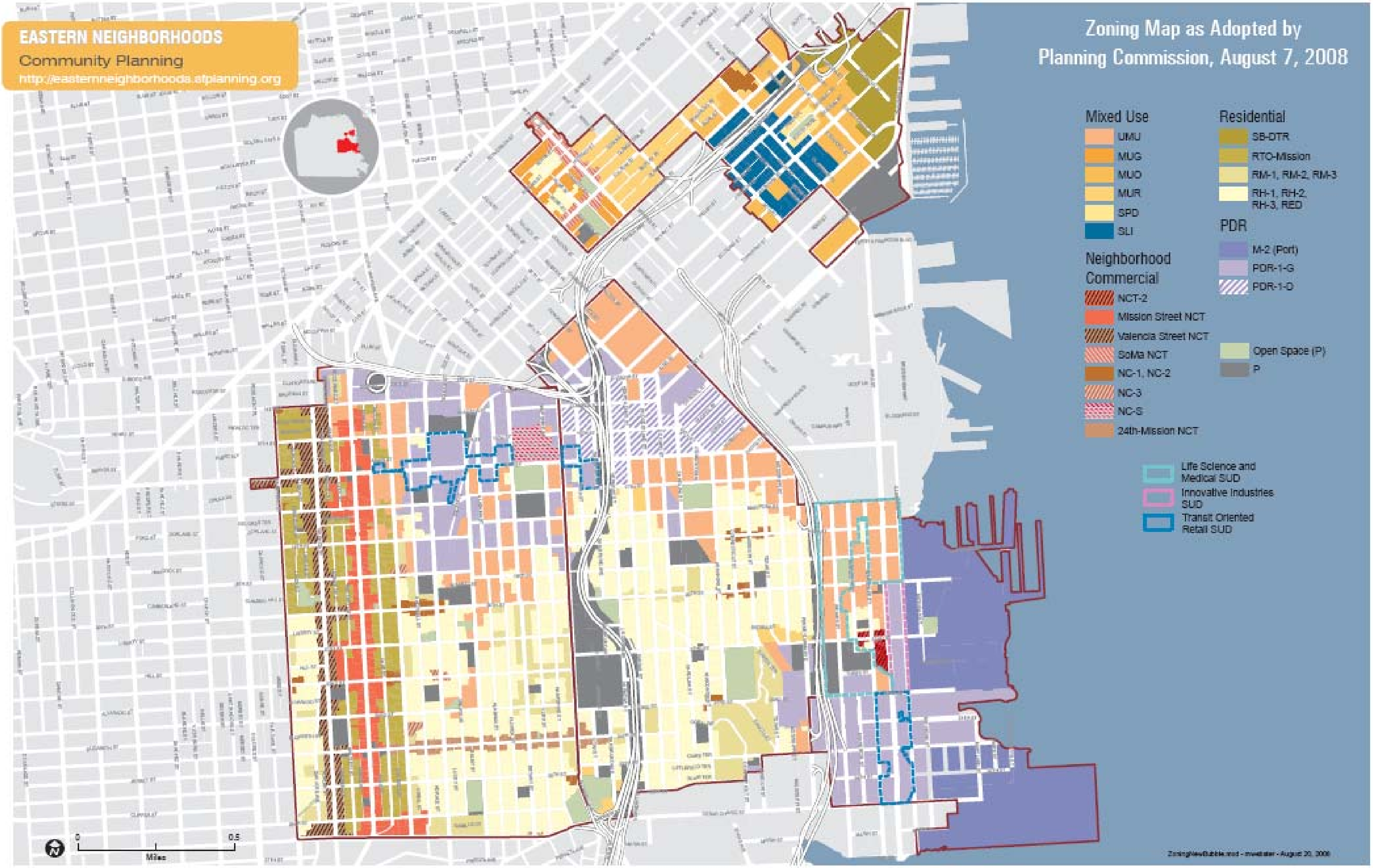
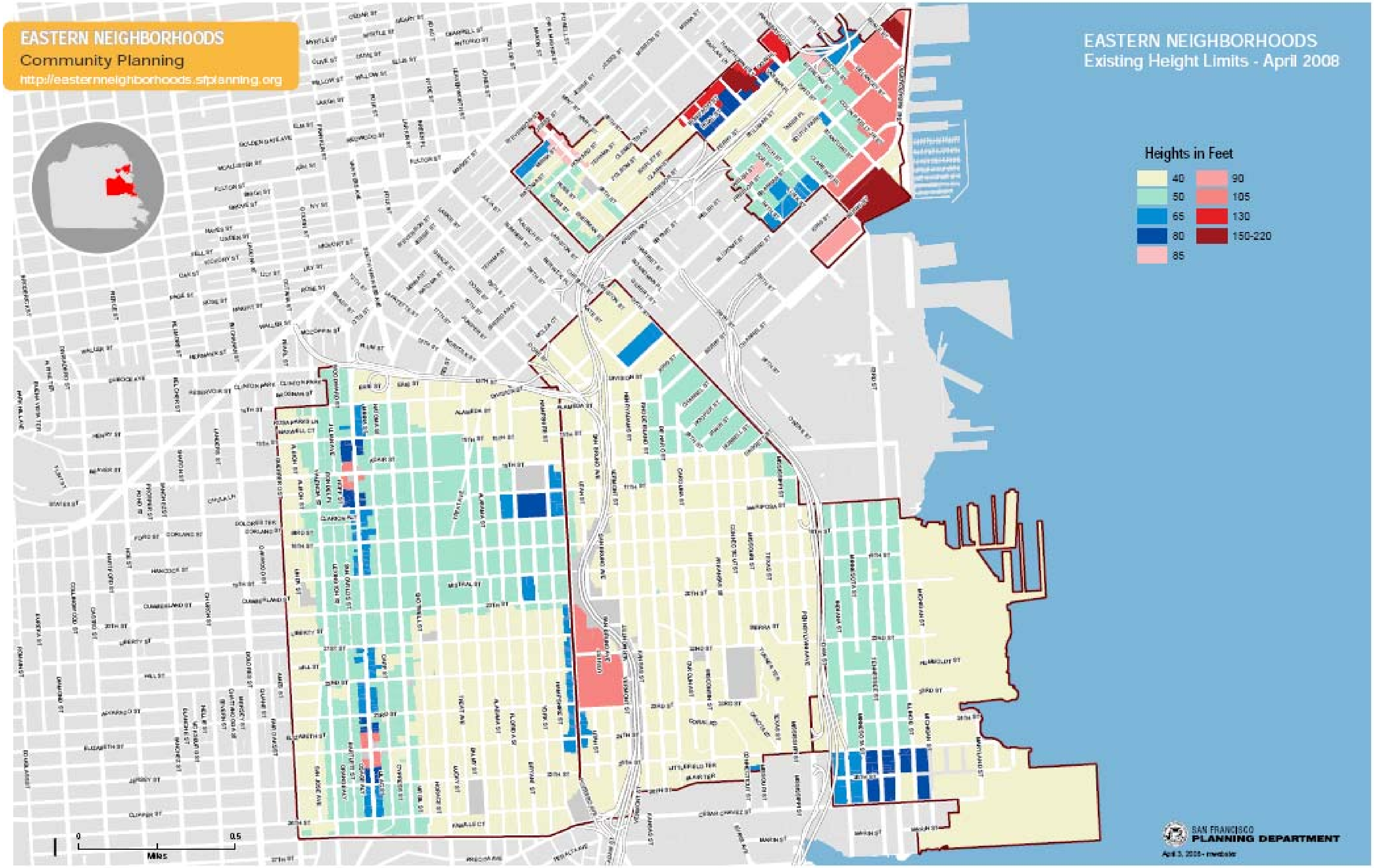
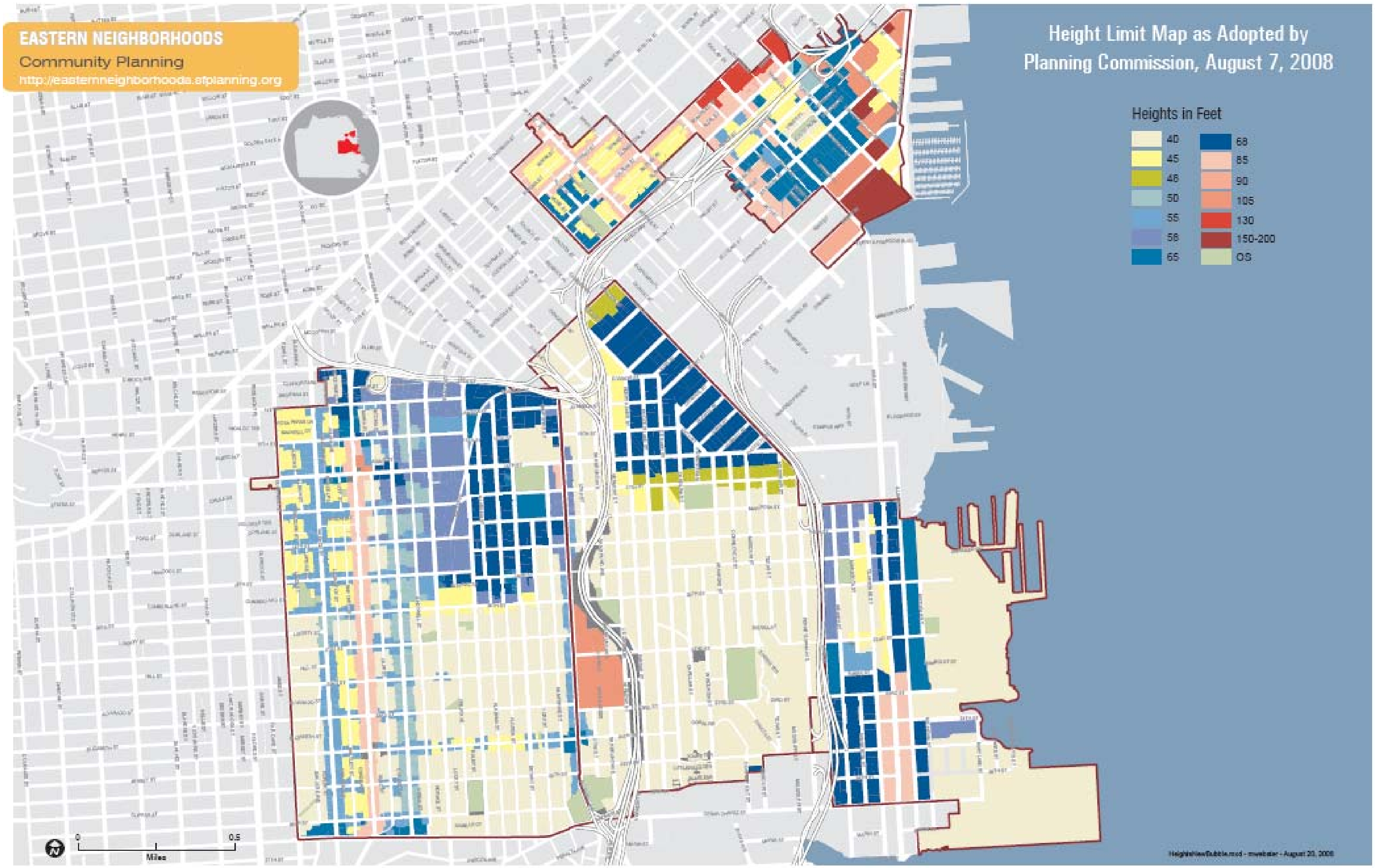

EASTERN NEIGHBORHOODS
Community Planning
http://easternneighborhoods.sfplanning.org
Zoning Map as Adopted by
Planning Commission, August 7, 2008
Mixed Use
UMU
MUG
MUO
MUR
SPD
SLI
Residential
SB-DTR
RTO-Mission
RM-1, RM-2, RM-3
RH-1, RH-2, RH-3, RED
PDR
M-2 (Port)
PDR-1-G
PDR-1-D
Neighborhood Commercial
NCT-2
Mission Street NCT
Valencia Street NCT
SoMa NCT
NC-1, NC-2
NC-3
NC-S
24th-Mission NCT
Open Space (P)
P
Life Science and Medical SUD
Innovative Industries SUD
Transit Oriented Retail SUD
0
0.5
Miles


EASTERN NEIGHBORHOODS
Community Planning
http://easternneighborhoods.sfplanning.org
EASTERN NEIGHBORHOODS
Existing Height Limits - April 2008
Heights in Feet
40
50
65
80
85
90
105
130
150-220
SAN FRANCISCO PLANNING DEPARTMENT
0
0.5
Miles


EASTERN NEIGHBORHOODS
Community Planning
http://easternneighborhoods.sfplanning.org
Height Limit Map as Adopted by
Planning Commission, August 7, 2008
Heights in Feet
40
45
48
50
55
58
65
68
85
90
105
130
150-200
OS
0
0.5
Miles

Appendix B: Eastern Neighborhoods Capital Cost and Revenue Summary [5]

Public Improvement Category	Total Improvement Costs	Development Impact Fee Revenue Allocation[6]	Other Identified Funding	Funding GAP
Alternative A				
Open Space and Recreational Improvements	$ 88,000,000	$ (46,720,000)	$ (11,505,000)[7]	$ 29,775,000
Transportation, Streetscape, and Public Realm Improvements	$ 142,773,668	$ (61,311,000)	$ (17,488,500)[8]	$ 63,974,168
Community Facilities	$ 13,332,000	$ (7,968,000)	$ -	$ 5,364,000
Total Improvement Costs	**$ 244,105,668**	**$ (116,000,000)**	**$ (28,993,500)**	**$99,113,168**
Alternative B				
Open Space and Recreational Improvements	$ 149,265,000	$ (46,720,000)	$ (27,005,000)[9]	$ 75,540,000
Transportation, Streetscape, and Public Realm Improvements	$ 232,248,668	$ (61,311,000)	$ (17,488,500)	$153,449,168
Community Facilities	$ 13,317,000	$ (7,968,000)	$ -	$ 5,364,000
Total Improvement Costs	**$ 394,830,668**	**$ (116,000,000)**	**$ (44,493,500)**	**$234,338,168**

Source: See EN Initiation Package Page 1207, 4/17/2008.

Alternative A's Program of Improvements includes:
- One new park in each neighborhood, and one park renovation in each neighborhood.
- A limited network of "Green Streets", focused on East SoMa and key transit spines.
- 16th Street Transit Improvements and 30-Stockton/45-Union/Stockton Extension.
- General streetscape, pedestrian and bicycle improvements across the neighborhoods.
- Community facilities demanded by new development, as funded by impact fees.
- Affordable housing funded by existing Citywide and new Eastern Neighborhood programs.

Alternative B's Program of Improvements includes all public improvements in Alternative A and additionally includes:
- Additional parks at Townsend Circle in Showplace Square and in East SoMa
- The full proposed network of "Green Streets" and Living Streets
- Expanded transit including Potrero Avenue, Mission Corridor and key transit stop/station upgrades.

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[5] The above cost estimates only include capital projects. Costs related to affordable housing, maintenance, operations, and services are not included in this summary.

[6] The Planning Department estimated that Development Impact Fees will most likely generate $116 million. For residential development, impact fees should be allocated as follows: open space and recreational facilities = 50%; transit, streetscape, and public realm improvements = 42%; and community facilities = 8%. For commercial development, impact fee revenues should be allocated as follows: open space and recreational facilities = 7%; transit, streetscape, and public realm improvements = 90%; and community facilities = 3%. The Controller's Office of Economic Analysis estimated the weighted allocation as follows: open space and recreational facilities = 40%; transit, streetscape, and public realm improvements = 53%; and community facilities = 7%.

[7] February 2009 Proposition A Clean and Safe Neighborhood Parks General Obligation (G.O.) Bonds

[8] Design Grants, Redevelopment Agency, Developer Fees, Grant, Port, Prop K Match

[9] G.O. Bonds, Mission Bay, Port

Appendix C: Funding Alternatives

	Tax-Increment Funding Tools		Land-Secured Funding Tools		
	Redevelopment Tax-Increment Finance	Infrastructure Finance District	Mello-Roos/ Community Facilities District	Assessment District	Set-Aside Fund
Revenue					
Source of Revenue	Property Tax Increment	Property Tax Increment	Property-based Special Tax	Assessment	% Taxes
Length of Time	30-45 Years	30-40 Years	20-30 Years	20-30 Years	Unspecified
Projects Financed					
Planning	Planning and Design directly related to real property	Planning and Design directly related to real property	Planning and Design directly related to real property	NA	Planning and Design directly related to real property
Capital	Purchase, Construction, Expansion, Improvement, or Rehabilitation of Real Properties	Purchase, Construction, Expansion, Improvement, or Rehabilitation of Real Properties with Useful Life of 15 years or longer	Purchase, Construction, Expansion, Improvement, or Rehabilitation of Real Properties with Useful Life of 5 years or longer	Capital for Public Improvements**	Purchase, Construction, Expansion, Improvement, or Rehabilitation of Real Properties
Services	NA	NA	Specific Public Services and Maintenance*	Maintenance and Operation of Public Improvements and Services**	Maintenance and Operation of Public Improvements and Services
Other Requirements					
Affordable Housing	20% of Tax-Increment Revenue	Provide if funds used to build housing	NA	NA	NA
Area	Blighted area	Substantially Undeveloped area	NA	NA	NA

** Services include: police protection; fire protection and suppression; ambulance and paramedics; flood protection; recreation program and library services; removal and remedial action for cleanup of hazardous substances; and maintenance of parks, parkways, and open space (see CA Government Code 53313)*

*** Improvements and Services include: grading, paving, and graveling of streets and roads; construction or reconstruction of sidewalks, crosswalks, steps, fountains, curbs, etc; fire and flood protection improvements; bombs and fallout shelters; improvements for water service, electrical service, gas service or lightning; and works, systems, or facilities for the transportation of people (see Assessment District legislation)*

	Tax-Increment Funding Tools		Land-Secured Funding Tools		Set-Aside Fund
	Redevelopment Tax-Increment Financing	Infrastructure Finance District	Mello-Roos/ Community Facilities District	Assessment District	
Establishment					
Board of Supervisors	Authorizing Local Legislation	Resolution of Intention and Ordinance to Form	Resolution of Intention and Ordinance to Form	Resolution of Intention and Ordinance to Form	Place on Ballot
Voters	NA	2/3 District Vote or 2/3 Weighted Landowner Vote***	2/3 District Vote or 2/3 Weighted Landowner Vote***	Weighted Majority Landowner Vote	Majority City Vote
State	Authorizing State Legislation	NA	NA	NA	NA

**** If there are less than 12 registered voters in the district, landowners' votes are weighted based on the number acres owned*

References

- Governor's Office of Planning and Research, *A Planner's Guide to Financing Public Improvements*
- Stone and Youngberg LLC, *The Stone and Youngberg Guide to Land-Secured Finance*

Legislation

Redevelopment TIF

- California Health and Safety Code 33670-33679 (TIF); 33020-33022 (Redevelopment); 33033-33039 (Blight)

Infrastructure Finance District

- California Government Code section 53395 et. seq.

Mello-Roos/Community Facilities District

- California Government Code section 53311 et. seq.

Assessment Districts

- Improvement Act of 1911: Streets and Highway Code section 5000 et. seq.
- Municipal Improvement Act of 1913: Streets and Highway Code section 10000 et. seq.
- Improvements Bond Act of 1915: Streets and Highway Code section 8500 et. seq.
- Park and Playground Act of 1909: Government Code section 38000 et. seq.
- Tree Planting Act of 1931: Streets and Highway Code section 22000 et. seq.

Assessment Districts (cont.)

- Landscaping and Lighting Act of 1972: Streets and Highway Code section 22500 et. seq.
- Benefit Assessment Act of 1982: Government Code section 54703 et. seq.
- Integrated Financing District Act: Government Code section 53175 et seq.
- Street Lighting Act of 1919: Streets and Highways Code section 18000 et. seq.
- Street Lighting Act of 1931: Streets and Highways Code section 18300 et. seq.
- Parking District Law of 1943: Streets and Highways Code section 31500 et. seq.
- Parking District Law of 1951: Streets and Highways Code section 35100 et. seq.
- Parking and Business Improvement Area Law of 1989: Streets and Highways Code section 36500 et. seq.
- Property and Business Improvement District Law of 1994: Streets and Highways Code section 36600 et. seq.
- Pedestrian Mall Law of 1960: Streets and Highway Code section 11000 et. seq.
- Permanent Road Division Law: Streets and Highway Code sections 1160 et. seq.
- Community Rehabilitation District Law of 1985: Government Code section 53370 et. seq.
- Geologic Hazard Abatement District: Public Resources Code section 26500 et. seq.
- Open Space Maintenance Act: Government Code sections 50575 et. seq.
- Fire Suppression Assessment: Government Code section 50078 et. seq.

Appendix D: Analysis and Comparison of Funding Alternatives

	Tax-Increment Funding Tools		Land-Secured Funding Tools		Set-Aside Fund
	Redevelopment Tax-Increment Financing	Infrastructure Finance District	Mello-Roos/ Community Facilities District	Assessment District	
Fiscal Impact					
State		N/A	N/A	N/A	N/A
City					
Citywide Property Owners			N/A	N/A	
Eastern Neighborhoods Property Owners					
Compatibility					
Open Space Improvements	Capital	Capital	Capital/ Operations & Maintenance	Capital/ Operations & Maintenance	
Transportation Improvements	Capital	Capital	Capital/ Operations & Maintenance	Capital/ Operations & Maintenance	
Community Facilities and Services	Capital	Capital	Capital/ Operations & Maintenance	Operations & Maintenance	
Affordable Housing	20% Tax Increment	20% Housing Units	Cannot Support	Cannot Support	
Potential Revenues					
20 Years (Mid-Estimate)			$200M	$100M	
30 Years (Mid-Estimate)	$550M	$600M	$350M	$200M	
40 Years (Mid-Estimate)	$1,200M	$1,300M			

Appendix E: Revenue Projections

San Francisco Property taxes are normally allocated according to the following table:

Table 2: FY 2007-08 Tax Rate & Allocation

Taxing Entity	Tax Rate	Allocation
Countywide, Prop 13 Portion		
CCSF – General Fund	.56685541%	49.68%
CCSF – Library Preservation Fund	.02500000%	2.19%
CCSF – Open Space Fund	.02500000%	2.19%
CCSF – Children's Fund	.03000000%	2.63%
San Francisco Unified School District	.07698857%	6.75%
San Francisco Community College	.01444422%	1.27%
Bay Area Air Quality Mgmt. District (BAAQMD)	.00208539%	0.18%
Bay Area Rapid Transit District (BART)	.00632528%	0.55%
ERAF – Educational Revenue Augmentation Fund	.25330113%	22.20%
Total Countywide	**1.00000000%**	**87.64%**
Voter-Approved Debt Overrides		
CCSF – Debt Service Fund	.10365766%	9.08%
San Francisco Unified School District – Bond Fund	.01664605%	1.45%
San Francisco Unified School District – State Loan Fund	.00002078%	.01%
San Francisco Community College District – Bond Fund	.01307551%	1.15%
Bay Area Rapid Transit District – Bond Fund	.00760000%	.67%
Total Voter-Approved Debt Override	**.14100000%**	**12.36%**
Total Property Tax	**1.14100000%**	**100.00%**

Source: Controller's Office

Under RTIF and IFD, the tax-increment revenue is allocated according to the following table:

Table 3: Summary of Property Tax Allocations

	Tax Allocation from Base Assessed Value and Without TIF Area	Growth in Assessed Value	
		Redevelopment Project Area Tier One Allocation	Infrastructure Financing District (IFD) Allocation[10]
City's General Fund and Related Funds[11]	90%	18%[12]	0% to 25.3%[13]
Property Tax Increment Potentially Available for Infrastructure or Project Related Financing	0%	60%	64.7% to 90%[14]
San Francisco School District	7.7%	1.5%[15]	7.7%
State Districts, inc. SF Community College, BART and BAAQMD	2.3%[16]	0.5%[17]	2.3%
Affordable Housing	0%	20%	0%[18]
Total	100%	100%	100%

Source: Port of San Francisco, Office of the City Attorney & Seifel Consulting Inc.

In order to project future property values and tax revenues, the CPP examined the growth rate of the Net Assessed Value (NAV) of property in San Francisco over the last 19 years. The growth rate of NAV in San Francisco takes into account both increases in property values from inflation, added value from surrounding development, and new development.

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[10] The State IFD law tracks the normal property tax allocation, not the redevelopment allocation. It allows affected taxing entities to contribute the share of taxes they would otherwise receive to the district, to help finance certain types of infrastructure under a infrastructure plan adopted by the legislative body. In contrast to redevelopment law, the IFD law does not require that the area be blighted. (See AB 1085, Migden, 2005, amending Section 53395.1 of, and adding Section53395.8 of, the CA Government Code.)

[11] The City's General Fund property tax share includes 8% allocated to Special Funds set aside under the City's Charter (i.e. 2.5% to the Library Preservation Fund, 2.5% to the Open Space Fund, and 3% to the Children's Fund), 25.3% currently transferred to the Educational Revenue Augmentation Fund (ERAF) and 56.7% to the City's General Fund as discretionary revenues.

[12] Equal to 90% of the 20% tier one statutory pass-through under the Community Redevelopment Law ("CRL"). The General Fund is only eligible to receive Tier one pass through payments.

[13] The General Fund would need to cover the 8% allocation under the City's Charter for library, open space and children, from sources other than the tax increment from the IFD.

[14] The percentage share depends on how ERAF is treated and whether the School District and other State agencies (Community College, BART and BAAQMD) agree to contribute their shares.

[15] Equal to 20% statutory tier one pass-through under the CRL. In addition, the District would receive tier two and tier three pass through payments based on future growth in assessed value.

[16] Consists of 1.5% to the San Francisco Community College, 0.2% to the Bay Area Air Quality Management District (BAAQMD), and 0.6% to BART)

[17] Equal to 20% statutory tier one pass-through under the CRL. In addition, these taxing entities would receive tier two and tier three pass through payments based on future growth in assessed value.

[18] Assumes no housing exists within the IFD.

Table 4: Net Assessed Valuation for Property in San Francisco

Fiscal Year	Net Assessed Value	Growth Rate
FY 1989-90	46,127,361,795	
FY 1990-91	50,359,066,238	9.17%
FY 1991-92	53,059,769,301	5.36%
FY 1992-93	54,208,735,813	2.17%
FY 1993-94	57,054,155,106	5.25%
FY 1994-95	56,584,655,539	-0.82%
FY 1995-96	56,234,496,236	-0.62%
FY 1996-97	56,713,486,275	0.85%
FY 1997-98	58,595,583,241	3.32%
FY 1998-99	64,007,968,636	9.24%
FY 1999-00	70,481,563,870	10.11%
FY 2000-01	77,649,538,370	10.17%
FY 2001-02	87,262,335,387	12.38%
FY 2002-03	93,738,325,815	7.42%
FY 2003-04	98,145,268,023	4.70%
FY 2004-05	104,471,287,868	6.45%
FY 2005-06	111,406,190,157	6.64%
FY 2006-07	119,870,979,379	7.60%
FY 2007-08	130,004,478,543	8.45%

Source: Controller's Office

The average growth rate between FY 1989-90 and FY 2007-08 was **5.99%.** Since the housing bubble took place in the last decade, property values were inflated, and this growth rate in NAV is likely inflated as well. To calculate a conservative growth rate, the CPP calculated the average growth rate between FY 1989-90 and FY 1999-00, which was **4.40%.**

The CPP used the annual projected growth rate of 4.40% in order to project the future property values in the Eastern Neighborhoods. The CPP used the annual growth rates of 6.4% and 8.4% to project aggressive estimates of future property values, and the CPP used the annual growth rate of 2.4% to project a conservative estimate of future property values. This approach makes the simplifying assumption that development (and property value growth) occurs equally over the projection period, starting in Year 1. In reality, development will occur in cycles, and given current economic conditions, little development (and property value growth) can reasonably be expected in the near term. Thus, the illustrative revenue estimates of the various funding alternatives is accurate over the long-term, but likely overstate value growth in the earlier years of the projection period, an important consideration in estimating when revenue will be available.

The CPP used the Eastern Neighborhoods current NAV, \$2.815 billion, as the baseline in the *tax-increment models*. For each year, the CPP subtracted the baseline from the projected property value to calculate the increase in assessed value above the base. The CPP calculated the tax revenue resulting from the increased value and calculated the amount that would be diverted toward the IFD and other taxing entities. IFD projections assume that other taxing entities did not grant approval for the IFD to capture its portion of the taxing increment and that ERAF continues to capture its 25.3% share. Therefore, the IFD only captures the City's General Fund portion, 64.7% of the tax increment. See Table 3 for details.

The CPP added the total amount of tax increment revenue for the IFD for a 40-year capture period, which includes the 30-year term as authorized by state law plus an additional 10-year extension that has been granted to IFDs in the past. A more conservative estimate reserves the tax increment generated by 2% annual NAV growth for the General Fund[19], leaving only a partial tax increment for the IFD. While RTIFs have been widely used and are well-established only two IFDs are known to exist in California. IFDs will therefore likely need to establish a track record of tax increment in order to determine the bonding capacity and will require a higher-than-average debt coverage ratio (a rolling annual calculation to ensure investors that revenues exceed expenditures). The CPP therefore assumed that IFDs will fund the ENAP on a pay-as-you-go basis for the first few years and assumed a higher debt coverage ratio of 1.40. A range of current market interest rates (6%, 7% and 8%) were used to discount future revenues. Finally, the CPP assumed we would only issue 30-year bonds and that 15% of each bond would be dedicated to paying the costs of issuance such as required insurance payments and underwriter's discounts. See Table 5 and 6 for a detailed look at one IFD scenario. See Figures 9 through 12 for IFD annual streams of revenue and expenditure at the different NAV growth rates. See Table 7 for a summary of the results of the IFD model.

In the *CFD tax model*, the CPP projected property values using the mid-range 4.4% annual growth rate starting from the current NAV in the Eastern Neighborhoods. A CFD tax cannot be based on property value, but rather on an apportionment of costs, typically on a per acre, per unit, or per square foot basis, which is determined by a formal Rate and Method of Apportionment study. At this early stage, CPP determined that it was premature to use this methodology to estimate potential revenue. Instead, as a proxy, the CPP assumed that the proposed CFD tax would be equivalent to a low level ad valorem tax. The CPP assumed a range of potential special taxes to be equivalent to 0.1% to 0.9% of property value. Since property owners already pay 1.141% of their property value in taxes, an increase of 0.1% is relatively minor and an increase of 0.3% is relatively moderate.[20] The CPP assumed that all property was taxed and multiplied the projected property value from each year by the proposed tax rates. The CPP used an average debt coverage ratio (a rolling annual calculation to ensure investors that revenues exceed expenditures) of 1.1 and assumed that the CFD would be established for a 40-year term. The CPP assumed that the first two years after issuing a bond are capitalized interest and therefore, debt service payments begin two years after bond issuance. The CPP assumed annual administrative costs of $40,000 (escalated at 2%/year) beginning in the first year of debt service payments (also assumed to escalate at 2%/year). A range of current market interest rates (6%, 7% and 8%) were used to discount future revenues. Finally, the CPP assumed we would only issue 30-year bonds and that 15% of each bond would be dedicated to paying the costs of issuance such as required insurance payments and underwriter's discounts. See Table 7 and 8 for a detailed look at one CFD scenario, Figures 13 through 16 for CFD annual streams of revenue and expenditure at the different NAV growth rates, and Table 9 through 13 for a summary of the results of the CFD model.

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[19] Proposition 13 caps annual increases in assessed value to 2%.

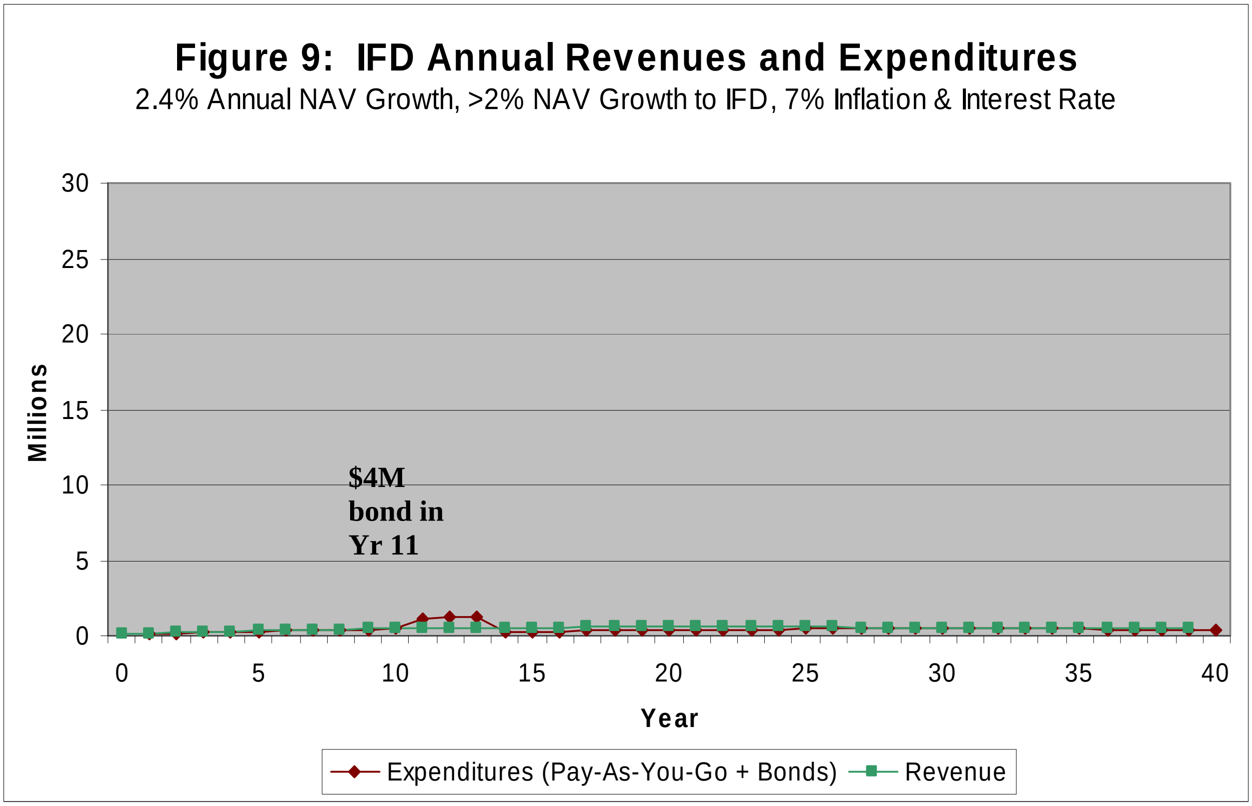
[20] As an illustration, the base property tax on a $600,000 property is currently $8,460 per year ($600,000 x 1.141%). A CFD equivalent to 0.1% of value would increase this tax bill 7%, or $600 per year; at 0.3%, the property tax bill would increase 21%, or an additional $1,800 per year for this hypothetical property.

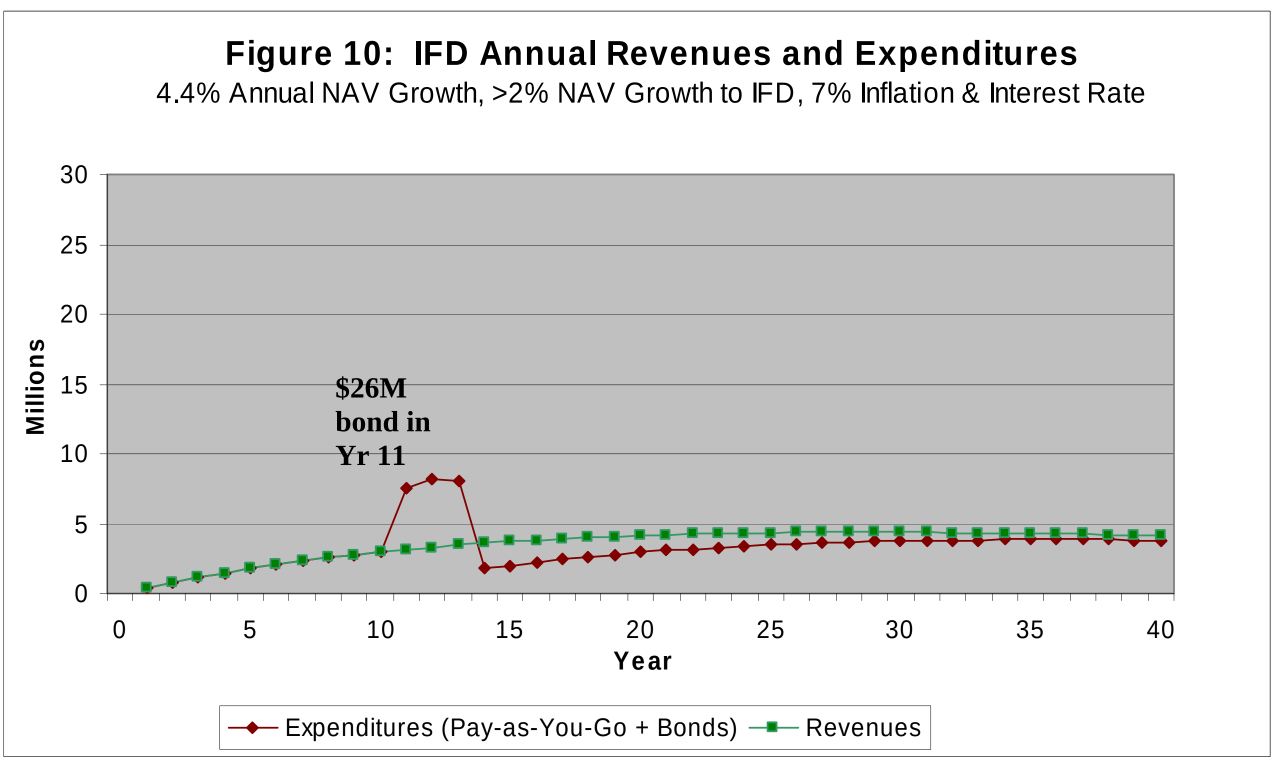
Table 5: IFD Model, 6.4% NAV Growth Rate, 7% Interest and Inflation Rate

Year	IFD Revenue, >2% NAV Portion	Estimated Actual Debt Service	Full Debt Service	Reserve: Debt Coverage	Available Revenues for Pay-As-You-Go	Available Revenues: Bonds+ Pay-As-You Go	Present Value of Available Revenues for Expenditure	Present Value of Revenue Stream
1	801,176				801,176	801,176	748,762	748,762
2	1,669,650				1,669,650	1,669,650	1,458,337	1,458,337
3	2,610,051				2,610,051	2,610,051	2,130,579	2,130,579
4	3,627,308				3,627,308	3,627,308	2,767,256	2,767,256
5	4,726,674				4,726,674	4,726,674	3,370,053	3,370,053
6	5,913,744				5,913,744	5,913,744	3,940,577	3,940,577
7	7,194,477				7,194,477	7,194,477	4,480,359	4,480,359
8	***8,575,223***	5,299,170	5,578,074	2,231,229	765,920	19,397,245	11,289,373	4,990,858
9	10,062,742	5,299,170	5,578,074		4,484,669	23,115,994	12,573,569	5,473,465
10	11,664,237	5,299,170	5,578,074		6,086,163	24,717,488	12,565,118	5,929,507
11	***13,387,377***	10,598,340	11,156,147	2,231,229	0	18,631,325	8,851,608	6,360,246
12	15,240,330	10,598,340	11,156,147		4,084,183	22,715,508	10,085,957	6,766,889
13	17,231,795	10,598,340	11,156,147		6,075,648	24,706,973	10,252,516	7,150,582
14	19,371,037	10,598,340	11,156,147		8,214,889	8,214,889	3,185,876	7,512,422
15	21,667,917	10,598,340	11,156,147		10,511,770	10,511,770	3,809,949	7,853,450
16	24,132,941	10,598,340	11,156,147		12,976,794	12,976,794	4,395,689	8,174,662
17	26,777,291	10,598,340	11,156,147		15,621,144	15,621,144	4,945,254	8,477,005
18	29,612,877	10,598,340	11,156,147		18,456,730	18,456,730	5,460,681	8,761,382
19	32,652,378	10,598,340	11,156,147		21,496,231	21,496,231	5,943,887	9,028,655
20	35,909,292	10,598,340	11,156,147		24,753,144	24,753,144	6,396,683	9,279,643
21	39,397,991	10,598,340	11,156,147		28,241,844	28,241,844	6,820,775	9,515,130
22	43,133,777	10,598,340	11,156,147		31,977,630	31,977,630	7,217,772	9,735,861
23	47,132,941	10,598,340	11,156,147		35,976,793	35,976,793	7,589,192	9,942,547
24	51,412,822	10,598,340	11,156,147		40,256,675	40,256,675	7,936,467	10,135,864
25	55,991,883	10,598,340	11,156,147		44,835,736	44,835,736	8,260,948	10,316,458
26	60,889,777	10,598,340	11,156,147		49,733,630	49,733,630	8,563,907	10,484,945
27	66,127,425	10,598,340	11,156,147		54,971,278	54,971,278	8,846,548	10,641,911
28	71,727,096	10,598,340	11,156,147		60,570,949	60,570,949	9,110,005	10,787,914
29	77,712,497	10,598,340	11,156,147		66,556,349	66,556,349	9,355,348	10,923,487
30	84,108,860	10,598,340	11,156,147		72,952,713	72,952,713	9,583,588	11,049,138
31	90,943,046	10,598,340	11,156,147		79,786,899	79,786,899	9,795,677	11,165,351
32	98,243,644	10,598,340	11,156,147		87,087,497	87,087,497	9,992,518	11,272,586
33	106,041,085	10,598,340	11,156,147		94,884,938	94,884,938	10,174,958	11,371,284
34	114,367,760	10,598,340	11,156,147		103,211,612	103,211,612	10,343,800	11,461,862
35	123,258,142	10,598,340	11,156,147		112,101,995	112,101,995	10,499,802	11,544,720
36	132,748,926	10,598,340	11,156,147		121,592,779	121,592,779	10,643,679	11,620,238
37	142,879,165	10,598,340	11,156,147		131,723,018	131,723,018	10,776,107	11,688,779
38	153,690,426	5,299,170	5,578,074		148,112,353	148,112,353	11,324,205	11,750,687
39	165,226,947	5,299,170	5,578,074		159,648,874	159,648,874	11,407,712	11,806,293
40	177,535,813	5,299,170	5,578,074		171,957,739	171,957,739	11,483,403	11,855,909

Table 6: IFD Model, 6.4% NAV Growth Rate, >2% NAV Growth to IFD			
	Bond Issue #1 (Year 8)	**Bond Issue #2 (Year 11)**	
Term (years)	30	30	
Annual Revenue to Service Debt	$8,367,110	$7,809,303	
Debt Coverage Ratio	1.4	1.4	
Debt Service	5,578,074	5,578,074	
Par Bond Amount; interest=6%	**72,942,179**	**72,942,179**	
Present Value of Par Bond Amount, 6%	**45,764,825**	**38,425,030**	
Project Fund Deposit, 6%	**38,900,102**	**32,661,275**	
Par Bond Amount; interest = 7%	**65,757,617**	**65,757,617**	
Present Value of Par Bond Amount, 7%	**38,271,532**	**31,240,970**	
Project Fund Deposit, 7%	**32,530,802**	**26,554,825**	
Par Bond Amount; interest = 8%	**59,656,907**	**59,656,907**	
Present Value of Par Bond Amount, 8%	**32,230,770**	**25,585,825**	
Project Fund Deposit, 8%	**27,396,155**	**21,747,951**	
	6%	7%	8%
Total Bonds	***$71,561,377***	***$59,085,627***	***$49,144,106***
Total Pay-As-You-Go	***$326,394,979***	***$253,073,989***	***$198,375,876***
Total	***$397,956,356***	***$312,159,616***	***$247,519,981***
Total Pay-As-You-Go, No Bonds)	**$333,725,655**		

Figures 9 through 10 illustrate the annual revenue stream and annual expenditures when issuing bonds from IFD. The par bond amounts (which do not take out the cost of issuance) are labeled below on each figure in the year bonds are issued. The CPP assumed that bonds would be spent evenly over a three year period.





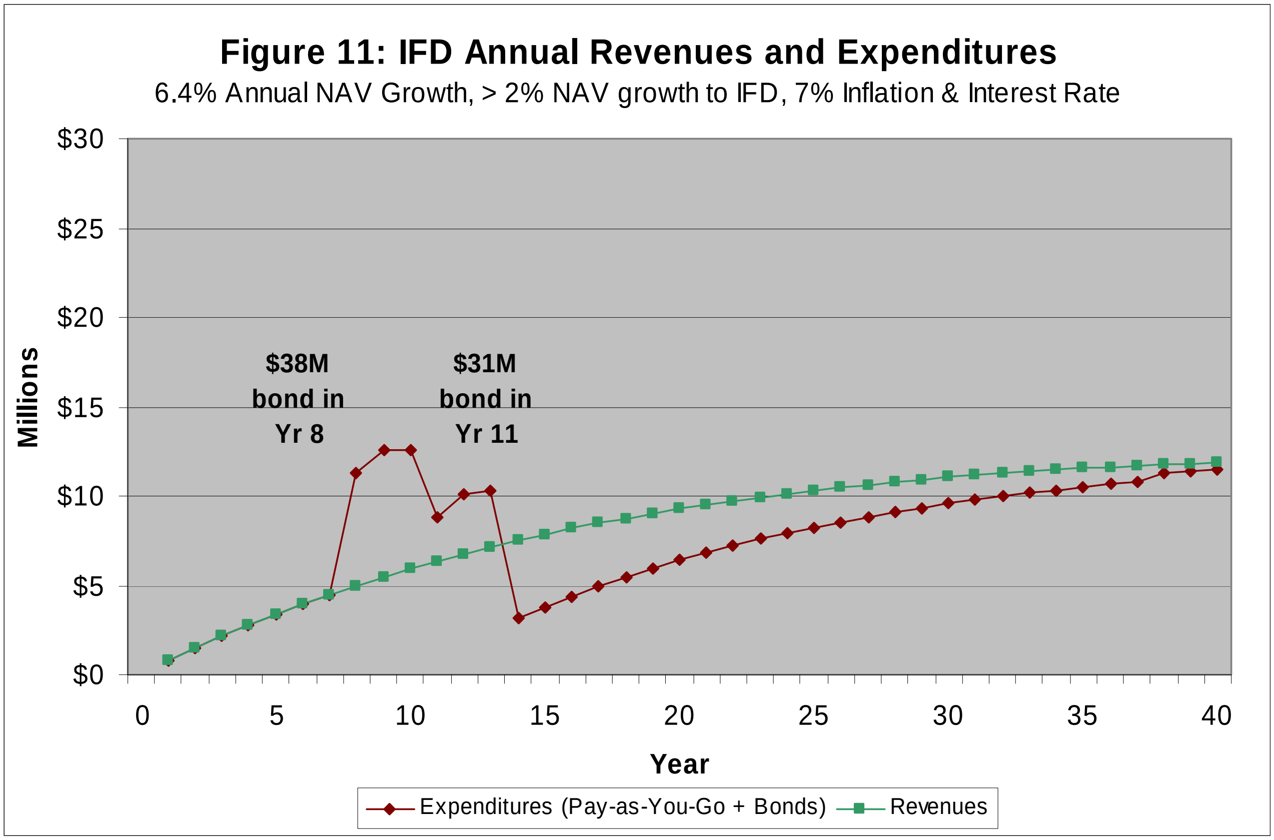


Figure 11: IFD Annual Revenues and Expenditures
6.4% Annual NAV Growth, > 2% NAV growth to IFD, 7% Inflation & Interest Rate
$30
$25
$20
$15
$10
$5
$0
Millions
$38M bond in Yr 8
$31M bond in Yr 11
0
5
10
15
20
25
30
35
40
Year
Expenditures (Pay-as-You-Go + Bonds)
Revenues

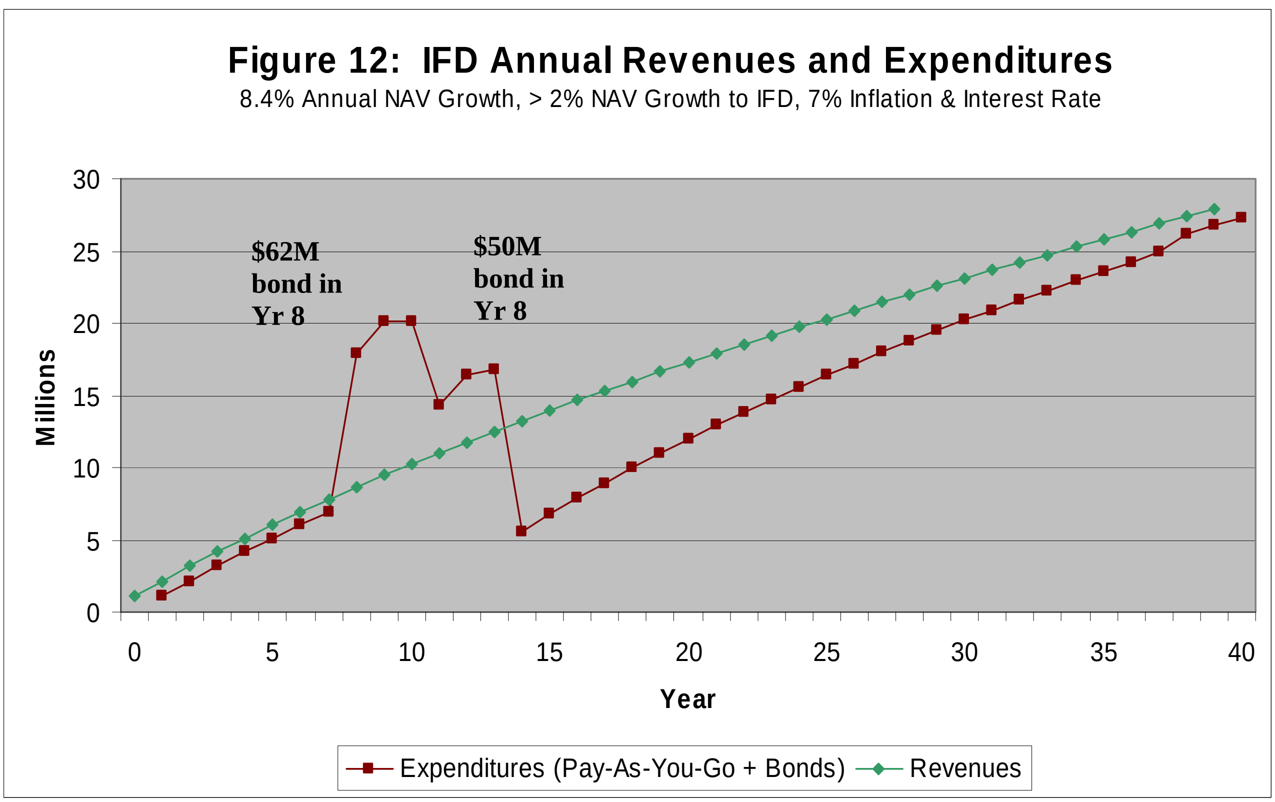


Figure 12: IFD Annual Revenues and Expenditures
8.4% Annual NAV Growth, > 2% NAV Growth to IFD, 7% Inflation & Interest Rate
30
25
20
15
10
5
0
Millions
$62M bond in Yr 8
$50M bond in Yr 8
0
5
10
15
20
25
30
35
40
Year
Expenditures (Pay-As-You-Go + Bonds)
Revenues

Table 7: Infrastructure Finance Districts (7% Interest Rate and Inflation Rate)

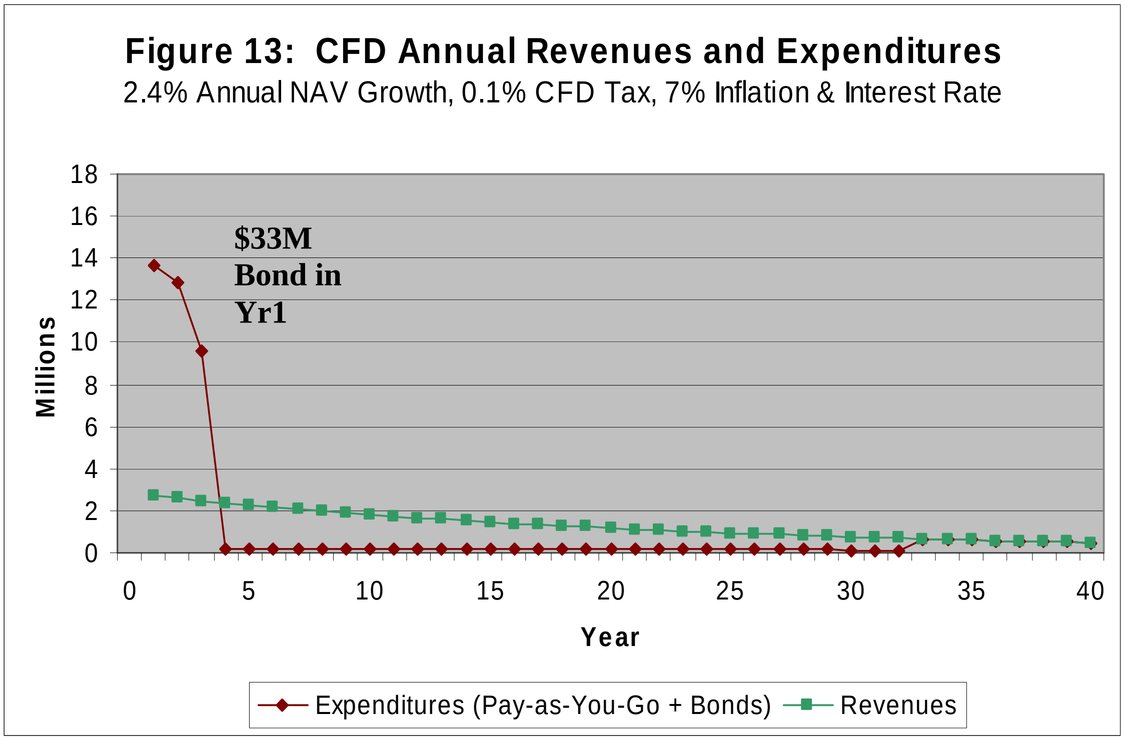
	2.4% increase in NAV		4.4% increase in NAV	
	growth above 2%	100.00%	growth above 2%	100.00%
Total General Fund Tax-Increment Revenue - 40 Years (PV)	**$73,947,468**	**$0**	**$73,947,468**	**$0**
Total Pay-As-You-Go Revenue (No Bonds)	**$18,758,080**	**$92,689,023**	**$141,141,176**	**$215,072,119**
Net Bond Proceeds - Issue #1 (PV)	$3,386,825	$18,455,705	$22,443,334	$37,512,214
Net Bond Proceeds - Issue #2 (PV)				
Net Bond Proceeds - Issue #3 (PV)				
Net Bond Proceeds - Issue #4 (PV)				
Total Bond Revenue	*$3,386,825*	*$18,455,705*	*$22,443,334*	*$37,512,214*
Pay-as-you-go Revenue After Bonds(PV)	*$14,135,076*	*$67,497,053*	*$110,506,107*	*$163,868,084*
Total Bonds & Pay-As-You-Go Revenue	**$17,521,901**	**$85,952,758**	**$132,949,441**	**$201,380,297**
	64% increase in NAV		**8.4% increase in NAV**	
	growth above 2%	100.00%	growth above 2%	100.00%
Total General Fund Tax-Increment Revenue - 40 Years (PV)	$73,947,468	$0	**$73,947,468**	**$0**
Total Pay-As-You-Go Revenue (No Bonds)	**$333,725,655**	**$407,656,598**	**$644,811,646**	**$718,742,589**
Net Bond Proceeds - Issue #1 (PV)	$32,530,802	$43,299,150	$52,433,154	$38,712,279
Net Bond Proceeds - Issue #2 (PV)	$26,554,825	$35,345,005	$42,801,072	$31,600,751
Net Bond Proceeds - Issue #3 (PV)				$51,591,252
Net Bond Proceeds - Issue #4 (PV)				
Total Bond Revenue	*$59,085,627*	*$78,644,155*	*$95,234,226*	*$121,904,281*
Pay-as-you-go Revenue After Bonds(PV)	*$253,073,989*	*$300,307,612*	*$514,817,274*	*$552,235,513*
Total Bonds & Pay-As-You-Go Revenue	**$312,159,616**	**$378,951,768**	**$610,051,500**	**$674,139,795**

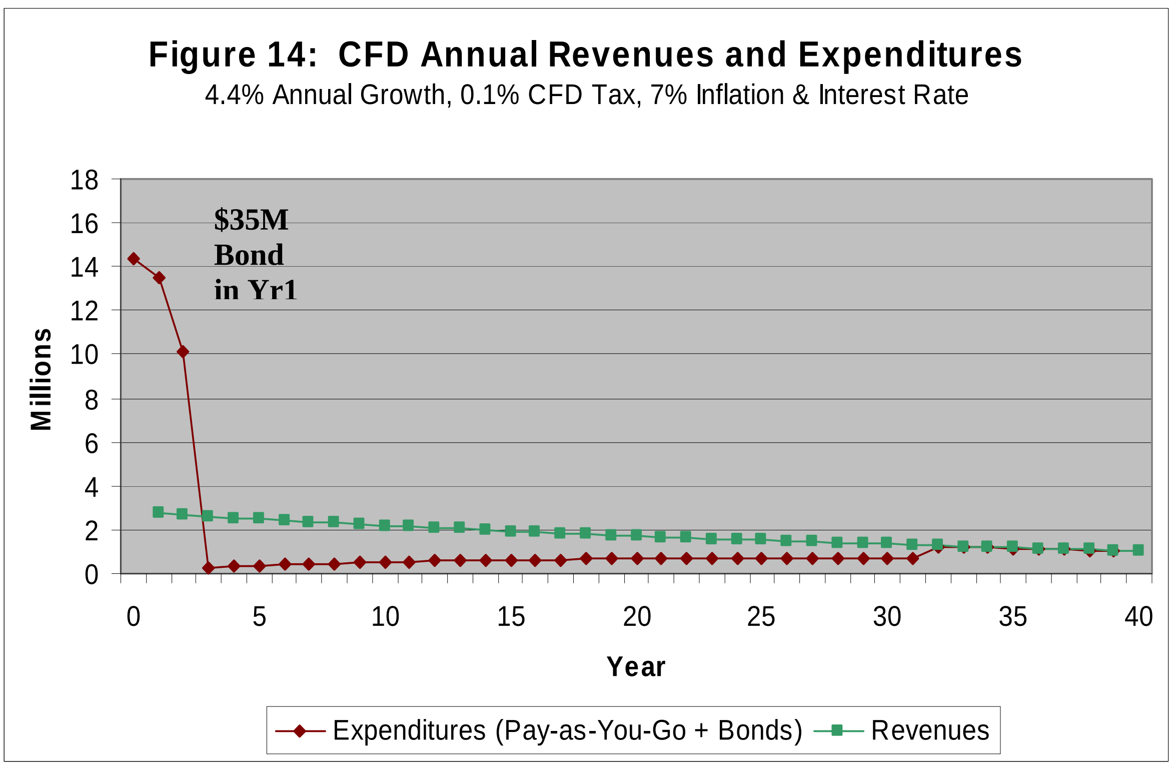
Table 8: CFD Model, 6.4% NAV Growth Rate, 7% Interest and Inflation Rate

Year	Property Value	CFD Revenue 0.1%	Full Debt Service (Bond1)	Reserve: Debt Coverage (Bond1)	Administrative Costs	Available Revenues for Pay As-You-Go	Available Revenues: Bonds+ Pay-As-You Go	Present Value of Available Revenues for Expenditure	Present Value of Revenue Stream
0	2,814,931,639.00								
1	2,995,087,263.90	***2,995,087***				2,995,087	16,149,016	15,092,539	2,799,147
2	3,186,772,848.79	3,186,773				3,186,773	16,340,702	14,272,602	2,783,451
3	3,390,726,311.11	3,390,726	3,046,115	304,611	40,000	0	13,153,929	10,737,524	2,767,843
4	3,607,732,795.02	3,607,733	3,107,037	6,092	40,800	453,803	453,803	346,204	2,752,322
5	3,838,627,693.90	3,838,628	3,169,178	6,214	41,616	621,620	621,620	443,206	2,736,888
6	4,084,299,866.31	4,084,300	3,232,561	6,338	42,448	802,952	802,952	535,041	2,721,541
7	4,345,695,057.75	4,345,695	3,297,213	6,465	43,297	998,720	998,720	621,953	2,706,280
8	4,623,819,541.45	4,623,820	3,363,157	6,594	44,163	1,209,905	1,209,905	704,176	2,691,105
9	4,919,743,992.10	4,919,744	3,430,420	6,726	45,046	1,437,551	1,437,551	781,933	2,676,015
10	5,234,607,607.60	5,234,608	3,499,028	6,861	45,947	1,682,771	1,682,771	855,435	2,661,009
11	5,569,622,494.48	5,569,622	3,569,009	6,998	46,866	1,946,749	1,946,749	924,886	2,646,088
12	5,926,078,334.13	5,926,078	3,640,389	7,138	47,804	2,230,747	2,230,747	990,479	2,631,250
13	6,305,347,347.51	6,305,347	3,713,197	7,281	48,760	2,536,110	2,536,110	1,052,395	2,616,495
14	6,708,889,577.75	6,708,890	3,787,461	7,426	49,735	2,864,267	2,864,267	1,110,812	2,601,823
15	7,138,258,510.73	7,138,259	3,863,210	7,575	50,730	3,216,744	3,216,744	1,165,896	2,587,233
16	7,595,107,055.42	7,595,107	3,940,474	7,726	51,744	3,595,162	3,595,162	1,217,806	2,572,726
17	8,081,193,906.96	8,081,194	4,019,284	7,881	52,779	4,001,250	4,001,250	1,266,693	2,558,299
18	8,598,390,317.01	8,598,390	4,099,670	8,039	53,835	4,436,848	4,436,848	1,312,703	2,543,953
19	9,148,687,297.30	9,148,687	4,181,663	8,199	54,911	4,903,914	4,903,914	1,355,973	2,529,688
20	9,734,203,284.33	9,734,203	4,265,296	8,363	56,010	5,404,534	5,404,534	1,396,634	2,515,503
21	10,357,192,294.52	10,357,192	4,350,602	8,531	57,130	5,940,930	5,940,930	1,434,812	2,501,397
22	11,020,052,601.37	11,020,053	4,437,614	8,701	58,272	6,515,465	6,515,465	1,470,626	2,487,371
23	11,725,335,967.86	11,725,336	4,526,366	8,875	59,438	7,130,656	7,130,656	1,504,190	2,473,423
24	12,475,757,469.80	12,475,757	4,616,894	9,053	60,627	7,789,184	7,789,184	1,535,611	2,459,553
25	13,274,205,947.87	13,274,206	4,709,232	9,234	61,839	8,493,901	8,493,901	1,564,994	2,445,762
26	14,123,755,128.53	14,123,755	4,803,416	9,418	63,076	9,247,844	9,247,844	1,592,437	2,432,047
27	15,027,675,456.76	15,027,675	4,899,485	9,607	64,337	10,054,247	10,054,247	1,618,034	2,418,409
28	15,989,446,685.99	15,989,447	4,997,474	9,799	65,624	10,916,549	10,916,549	1,641,873	2,404,848
29	17,012,771,273.90	17,012,771	5,097,424	9,995	66,937	11,838,416	11,838,416	1,664,041	2,391,363
30	18,101,588,635.43	18,101,589	5,199,372	10,195	68,275	12,823,746	12,823,746	1,684,619	2,377,954
31	19,260,090,308.09	19,260,090	5,303,360	10,399	69,641	13,876,691	13,876,691	1,703,683	2,364,619
32	20,492,736,087.81	20,492,736	5,409,427	10,607	71,034	15,001,669	15,001,669	1,721,308	2,351,360
33	21,804,271,197.43	21,804,271				21,804,271	21,804,271	2,338,174	2,338,174
34	23,199,744,554.07	23,199,745				23,199,745	23,199,745	2,325,063	2,325,063
35	24,684,528,205.53	24,684,528				24,684,528	24,684,528	2,312,025	2,312,025
36	26,264,338,010.68	26,264,338				26,264,338	26,264,338	2,299,061	2,299,061
37	27,945,255,643.37	27,945,256				27,945,256	27,945,256	2,286,169	2,286,169
38	29,733,752,004.54	29,733,752				29,733,752	29,733,752	2,273,349	2,273,349
39	31,636,712,132.83	31,636,712				31,636,712	31,636,712	2,260,602	2,260,602
40	33,661,461,709.33	33,661,462				33,661,462	33,661,462	2,247,925	2,247,925

Table 9: CFD Model, 6.4% NAV Growth Rate, 0.1% Tax			
	Bond Issue #1 (Year 1)		
Term (years)	30		
Annual Revenue to Service Debt	1.1		
Debt Coverage Ratio	3,046,115		
Debt Service	2,893,809		
Par Bond Amount; interest=6%	**52,136,052**		
Present Value of Par Bond Amount, 6%	**43,774,435**		
Project Fund Deposit, 6%	**37,208,270**		
Par Bond Amount; interest = 7%	**46,425,632**		
Present Value of Par Bond Amount, 7%	**37,897,145**		
Project Fund Deposit, 7%	**32,212,573**		
Par Bond Amount; interest = 8%	**41,629,815**		
Present Value of Par Bond Amount, 8%	**33,047,090**		
Project Fund Deposit, 8%	**28,090,026**		
	6%	7%	8%
Total Bonds	***$37,208,270***	***$32,212,573***	***$28,090,026***
Total Pay-As-You-Go	***$74,398,738***	***$59,143,421***	***$47,686,717***
Total	***$111,607,008***	***$91,355,994***	***$75,776,743***
Total Pay-As-You-Go, No Bonds)	***100,549,135***		

Figures 13 through 16 illustrate the annual revenue stream and annual expenditures when issuing bonds from CFD. The par bond amounts (which do not take out the cost of issuance) are labeled below on each figure in the year bonds are issued. The CPP assumed that bonds would be spent evenly over a three year period.





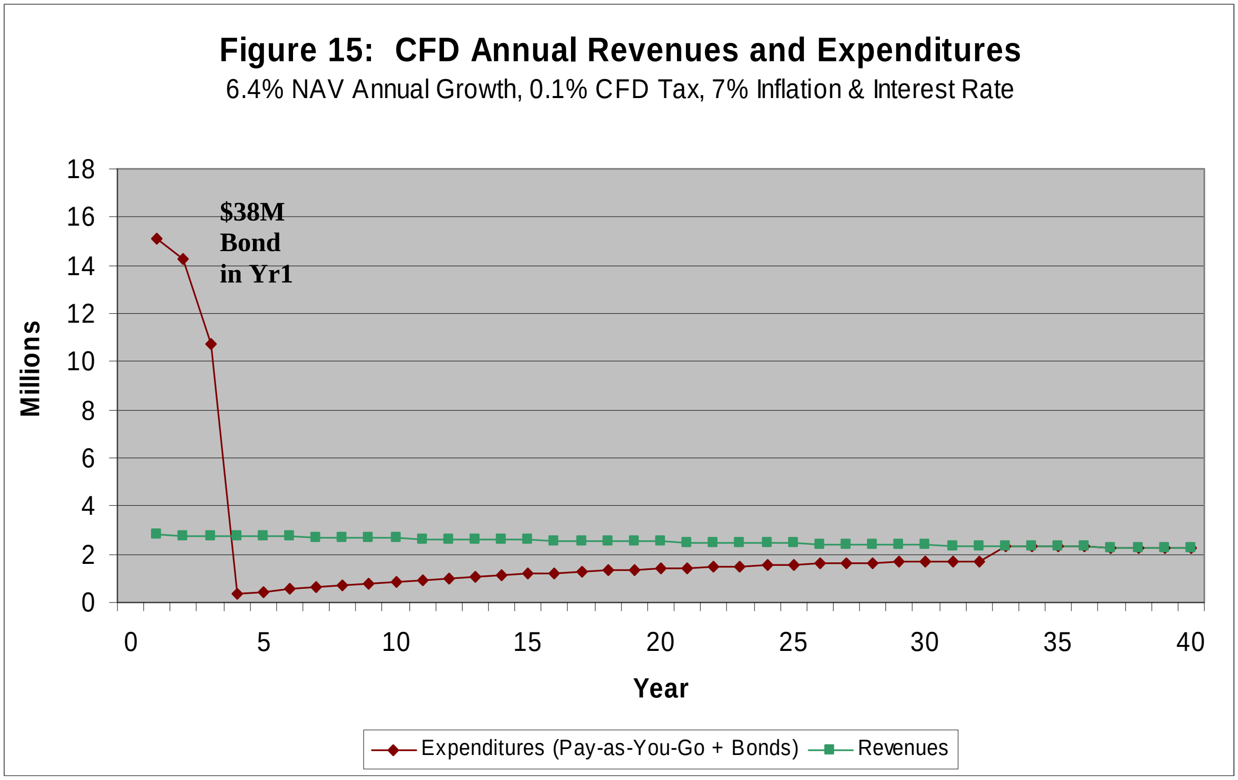


Figure 15: CFD Annual Revenues and Expenditures
6.4% NAV Annual Growth, 0.1% CFD Tax, 7% Inflation & Interest Rate
$38M
Bond
in Yr1
Millions
0
2
4
6
8
10
12
14
16
18
0
5
10
15
20
25
30
35
40
Year
Expenditures (Pay-as-You-Go + Bonds)
Revenues

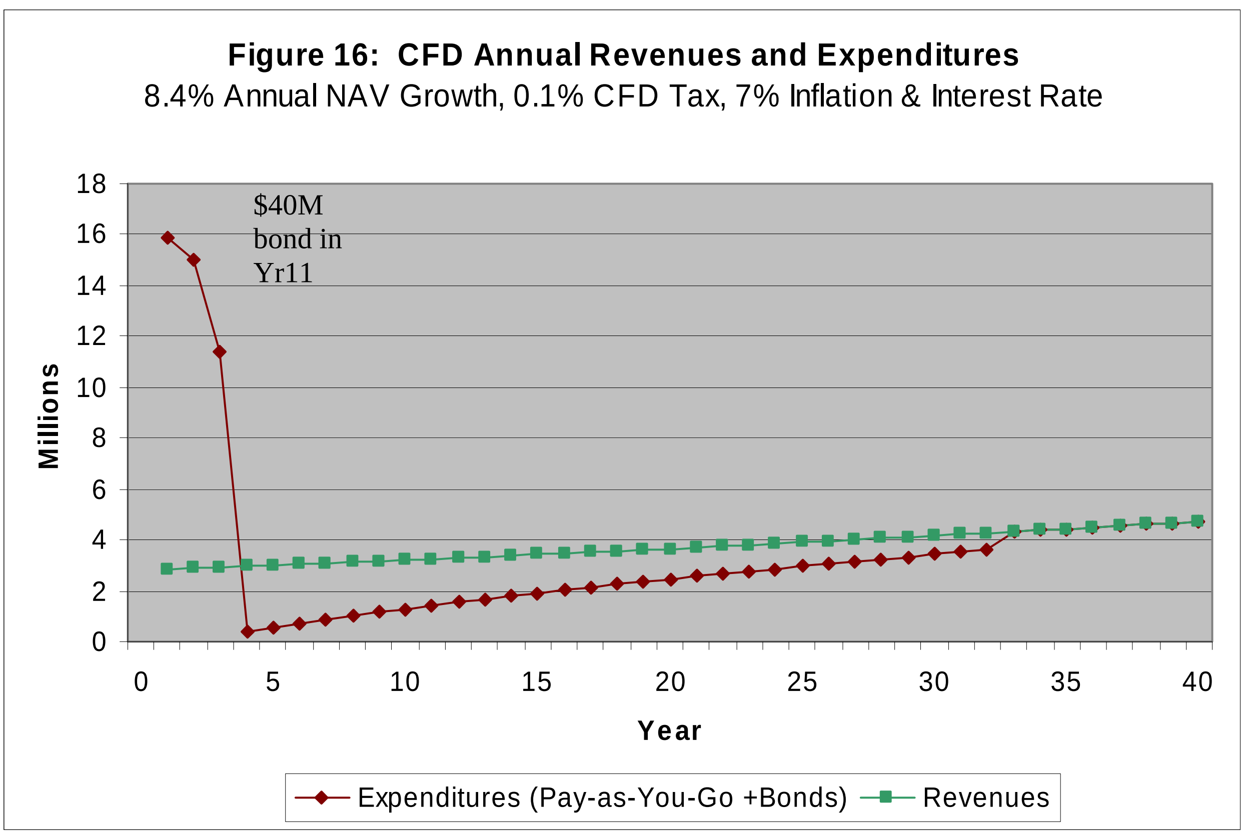


Figure 16: CFD Annual Revenues and Expenditures
8.4% Annual NAV Growth, 0.1% CFD Tax, 7% Inflation & Interest Rate
$40M
bond in
Yr11
Millions
0
2
4
6
8
10
12
14
16
18
0
5
10
15
20
25
30
35
40
Year
Expenditures (Pay-as-You-Go +Bonds)
Revenues

Table 10: Community Facilities Districts (7% Interest Rate and Inflation Rate); 2.4% NAV Growth Rate

Approximate Tax Rate	***0.05%***	***0.10%***	***0.15%***	***0.20%***	***0.25%***	***0.30%***
Total Pay-As-You-Go Revenue (No Bonds)	**$25,928,510**	**$51,857,021**	**$77,785,531**	**$103,714,042**	**$129,642,552**	**$155,571,062**
Net Bond Proceeds - Issue #1 (PV)	$14,144,070	$28,672,684	$43,201,298	$57,729,912	$38,263,396	$45,956,323
Net Bond Proceeds - Issue #2 (PV)					$33,146,119	$39,810,209
Net Bond Proceeds - Issue #3 (PV)						
Net Bond Proceeds - Issue #4 (PV)						
Total Bond Revenue	*$14,144,070*	*$28,672,684*	*$43,201,298*	*$57,729,912*	*$71,409,515*	*$85,766,531*
Pay-as-you-go Revenue After Bonds(PV)	*$7,449,191*	*$14,942,930*	*$22,436,669*	*$29,930,407*	*$38,479,186*	*$46,190,658*
Total Bonds & Pay-As-You-Go Revenue	**$21,593,261**	**$43,615,614**	**$65,637,966**	**$87,660,319**	**$109,888,701**	**$131,957,189**
Approximate Tax Rate	***0.35%***	***0.40%***	***0.45%***	***0.50%***	***0.55%***	***0.60%***
Total Pay-As-You-Go Revenue (No Bonds)	**$181,499,573**	**$207,428,083**	**$233,356,594**	**$259,285,104**	**$285,213,614**	**$311,142,125**
Net Bond Proceeds - Issue #1 (PV)	$53,649,250	$42,032,870	$47,304,013	$52,575,157	$57,846,300	$63,117,444
Net Bond Proceeds - Issue #2 (PV)	$46,474,298	$36,411,471	$40,977,661	$45,543,852	$50,110,042	$54,676,233
Net Bond Proceeds - Issue #3 (PV)		$31,541,868	$35,497,384	$39,452,901	$43,408,417	$47,363,934
Net Bond Proceeds - Issue #4 (PV)						
Total Bond Revenue	*$100,123,548*	*$109,986,208*	*$123,779,059*	*$137,571,909*	*$151,364,760*	*$165,157,611*
Pay-as-you-go Revenue After Bonds(PV)	*$53,902,130*	*$67,297,046*	*$75,724,366*	*$84,151,685*	*$92,579,004*	*$101,006,324*
Total Bonds & Pay-As-You-Go Revenue	**$154,025,678**	**$177,283,254**	**$199,503,424**	**$221,723,594**	**$243,943,765**	**$266,163,935**
Approximate Tax Rate	***0.65%***	***0.70%***	***0.75%***	***0.80%***	***0.85%***	***0.90%***
Total Pay-As-You-Go Revenue (No Bonds)	**$337,070,635**	**$362,999,146**	**$388,927,656**	**$414,856,167**	**$440,784,677**	**$466,713,187**
Net Bond Proceeds - Issue #1 (PV)	$68,388,587	$56,343,406	$60,375,294	$64,407,182	$68,439,070	$72,470,957
Net Bond Proceeds - Issue #2 (PV)	$59,242,423	$48,808,143	$52,300,813	$55,793,484	$59,286,154	$62,778,825
Net Bond Proceeds - Issue #3 (PV)	$51,319,451	$42,280,631	$45,306,199	$48,331,766	$51,357,333	$54,382,900
Net Bond Proceeds - Issue #4 (PV)		$36,065,475	$38,646,290	$41,227,106	$43,807,922	$46,388,737
Total Bond Revenue	*$178,950,461*	*$183,497,655*	*$196,628,596*	*$209,759,537*	*$222,890,479*	*$236,021,420*
Pay-as-you-go Revenue After Bonds(PV)	*$109,433,643*	*$129,588,161*	*$138,855,047*	*$148,121,932*	*$157,388,818*	*$166,655,704*
Total Bonds & Pay-As-You-Go Revenue	**$288,384,105**	**$313,085,816**	**$335,483,643**	**$357,881,470**	**$380,279,297**	**$402,677,124**

Table 11: Community Facilities Districts (7% Interest Rate and Inflation Rate); 4.4% NAV Growth Rate

Approximate Tax Rate	***0.05%***	***0.10%***	***0.15%***	***0.20%***	***0.25%***	***0.30%***
Total Pay-As-You-Go Revenue (No Bonds)	**$35,388,360**	**$70,776,720**	**$106,165,080**	**$141,553,439**	**$176,941,799**	**$212,330,159**
Net Bond Proceeds - Issue #1 (PV)	$15,012,091	$30,408,726	$45,805,361	$34,357,258	$42,996,883	$51,636,507
Net Bond Proceeds - Issue #2 (PV)				$29,762,382	$37,246,559	$44,730,736
Net Bond Proceeds - Issue #3 (PV)						
Net Bond Proceeds - Issue #4 (PV)						
Total Bond Revenue	*$15,012,091*	*$30,408,726*	*$45,805,361*	*$64,119,640*	*$80,243,441*	*$96,367,243*
Pay-as-you-go Revenue After Bonds(PV)	*$15,807,644*	*$31,659,835*	*$47,512,027*	*$59,639,901*	*$74,569,420*	*$89,498,940*
Total Bonds & Pay-As-You-Go Revenue	**$30,819,734**	**$62,068,561**	**$93,317,388**	**$123,759,541**	**$154,812,862**	**$185,866,183**

Approximate Tax Rate	***0.35%***	***0.40%***	***0.45%***	***0.50%***	***0.55%***	***0.60%***
Total Pay-As-You-Go Revenue (No Bonds)	**$247,718,519**	**$283,106,879**	**$318,495,239**	**$353,883,599**	**$389,271,959**	**$424,660,318**
Net Bond Proceeds - Issue #1 (PV)	$43,778,203	$50,051,700	$56,325,198	$62,598,695	$68,872,193	$60,920,347
Net Bond Proceeds - Issue #2 (PV)	$37,923,387	$43,357,878	$48,792,369	$54,226,861	$59,661,352	$52,772,972
Net Bond Proceeds - Issue #3 (PV)	$32,851,582	$37,559,275	$42,266,967	$46,974,660	$51,682,352	$45,715,212
Net Bond Proceeds - Issue #4 (PV)						$38,995,179
Total Bond Revenue	*$114,553,172*	*$130,968,853*	*$147,384,535*	*$163,800,216*	*$180,215,897*	*$198,403,710*
Pay-as-you-go Revenue After Bonds(PV)	*$101,792,646*	*$116,351,811*	*$130,910,976*	*$145,470,141*	*$160,029,306*	*$172,335,298*
Total Bonds & Pay-As-You-Go Revenue	**$216,345,818**	**$247,320,664**	**$278,295,511**	**$309,270,357**	**$340,245,203**	**$370,739,008**

Approximate Tax Rate	***0.65%***	***0.70%***	***0.75%***
Total Pay-As-You-Go Revenue (No Bonds)	**$460,048,678**	**$495,437,038**	**$530,825,398**
Net Bond Proceeds - Issue #1 (PV)	$66,005,628	$71,090,909	$76,176,190
Net Bond Proceeds - Issue #2 (PV)	$57,178,157	$61,583,341	$65,988,526
Net Bond Proceeds - Issue #3 (PV)	$49,531,255	$53,347,298	$57,163,342
Net Bond Proceeds - Issue #4 (PV)	$42,250,273	$45,505,367	$48,760,460
Total Bond Revenue	*$214,965,313*	*$231,526,915*	*$248,088,518*
Pay-as-you-go Revenue After Bonds(PV)	*$186,708,926*	*$201,082,554*	*$215,456,183*
Total Bonds & Pay-As-You-Go Revenue	**$401,674,239**	**$432,609,470**	**$463,544,701**

Table 12: Community Facilities Districts (7% Interest Rate and Inflation Rate); 6.4% NAV Growth Rate

Approximate Tax Rate	***0.05%***	***0.10%***	***0.15%***	***0.20%***	***0.25%***	***0.30%***
Total Pay-As-You-Go Revenue (No Bonds)	**$50,274,568**	**$100,549,135**	**$150,823,703**	**$201,098,270**	**$251,372,838**	**$301,647,405**
Net Bond Proceeds - Issue #1 (PV)	$15,914,014	$32,212,573	$48,511,132	$38,524,670	$48,206,148	$44,514,716
Net Bond Proceeds - Issue #2 (PV)				$33,372,452	$41,759,146	$38,561,399
Net Bond Proceeds - Issue #3 (PV)						$33,404,269
Net Bond Proceeds - Issue #4 (PV)						
Total Bond Revenue	*$15,914,014*	*$32,212,573*	*$48,511,132*	*$71,897,122*	*$89,965,295*	*$116,480,384*
Pay-as-you-go Revenue After Bonds(PV)	*$29,549,437*	*$59,143,421*	*$88,737,406*	*$109,316,198*	*$136,664,792*	*$153,276,171*
Total Bonds & Pay-As-You-Go Revenue	**$45,463,451**	**$91,355,994**	**$137,248,538**	**$181,213,321**	**$226,630,086**	**$269,756,555**
Approximate Tax Rate	***0.35%***	***0.40%***	***0.45%***	***0.50%***	***0.55%***	***0.60%***
Total Pay-As-You-Go Revenue (No Bonds)	**$351,921,973**	**$402,196,540**	**$452,471,108**	**$502,745,675**	**$553,020,243**	**$603,294,810**
Net Bond Proceeds - Issue #1 (PV)	$51,956,548	$50,982,575	$57,368,275	$63,753,975	$70,139,674	$76,525,374
Net Bond Proceeds - Issue #2 (PV)	$45,007,975	$44,164,259	$49,695,947	$55,227,635	$60,759,323	$66,291,011
Net Bond Proceeds - Issue #3 (PV)	$38,988,691	$38,257,812	$43,049,702	$47,841,593	$52,633,483	$57,425,373
Net Bond Proceeds - Issue #4 (PV)		$32,634,001	$36,721,494	$40,808,987	$44,896,480	$48,983,974
Total Bond Revenue	*$135,953,214*	*$166,038,647*	*$186,835,418*	*$207,632,189*	*$228,428,961*	*$249,225,732*
Pay-as-you-go Revenue After Bonds(PV)	*$178,842,451*	*$190,938,988*	*$214,824,892*	*$238,710,796*	*$262,596,700*	*$286,482,604*
Total Bonds & Pay-As-You-Go Revenue	**$314,795,665**	**$356,977,636**	**$401,660,311**	**$446,342,986**	**$491,025,661**	**$535,708,336**

Table 13: Community Facilities Districts (7% Interest Rate and Inflation Rate); 8.4% NAV Growth Rate

Approximate Tax Rate	***0.05%***	***0.10%***	***0.15%***	***0.20%***	***0.25%***	***0.30%***
Total Pay-As-You-Go Revenue (No Bonds)	**$74,320,590**	**$148,641,179**	**$222,961,769**	**$297,282,359**	**$371,602,948**	**$445,923,538**
Net Bond Proceeds - Issue #1 (PV)	$16,850,490	$34,085,525	$32,276,726	$43,102,715	$43,862,313	$52,662,032
Net Bond Proceeds - Issue #2 (PV)			$27,960,096	$37,338,237	$37,996,248	$45,619,108
Net Bond Proceeds - Issue #3 (PV)					$32,914,700	$39,518,092
Net Bond Proceeds - Issue #4 (PV)						
Total Bond Revenue	*$16,850,490*	*$34,085,525*	*$60,236,822*	*$80,440,952*	*$114,773,261*	*$137,799,232*
Pay-as-you-go Revenue After Bonds(PV)	*$52,407,202*	*$104,858,952*	*$145,974,981*	*$194,659,367*	*$225,397,814*	*$270,501,678*
Total Bonds & Pay-As-You-Go Revenue	**$69,257,693**	**$138,944,478**	**$206,211,803**	**$275,100,319**	**$340,171,075**	**$408,300,911**
Approximate Tax Rate	***0.35%***	***0.40%***	***0.45%***	***0.50%***		
Total Pay-As-You-Go Revenue (No Bonds)	**$520,244,128**	**$594,564,717**	**$668,885,307**	**$743,205,897**		
Net Bond Proceeds - Issue #1 (PV)	$61,461,750	$63,774,833	$71,759,565	$79,744,297		
Net Bond Proceeds - Issue #2 (PV)	$53,241,968	$55,245,704	$62,162,573	$69,079,441		
Net Bond Proceeds - Issue #3 (PV)	$46,121,485	$47,857,245	$53,849,065	$59,840,884		
Net Bond Proceeds - Issue #4 (PV)		$40,822,339	$45,933,374	$51,044,410		
Total Bond Revenue	*$160,825,204*	*$207,700,122*	*$233,704,577*	*$259,709,032*		
Pay-as-you-go Revenue After Bonds(PV)	*$315,605,543*	*$330,443,641*	*$371,767,626*	*$413,091,612*		
Total Bonds & Pay-As-You-Go Revenue	**$476,430,747**	**$538,143,762**	**$605,472,203**	**$672,800,644**		