



# Funding Status Update for TJPA Citizens Advisory Committee

February 12, 2008

## Transbay Transit Center

**TJPA**





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## Recent Financial Activity

- Phase 1 Baseline Budget finalized
- Real estate economics advisors engaged
  - The Concord Group
  - Seifel Consulting, Inc.
  - Keyser Marston
- Tax increment and land sales revenue estimates updated
- Updated cost and revenue cash flow plan
- State action on land transfer complete



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## Phase 1 Baseline Budget: Summary of Key Issues

Since preparation of the 2006 preliminary cost estimate:

- Escalation in the Bay Area and national construction markets has increased
- A comprehensive review of the appropriate level of contingency and escalation to budget for Phase 1 has been completed
- Further research into contract delivery methods and utility relocations in the streets adjoining the Transit Center building has been completed



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# Transbay Transit Center Program Phase 1 Budget (YOE \$)

2006 Preliminary Cost Estimate	\$983M
Cost of Escalation	102M
Additional Construction Cost	41M
Reallocation of Costs from Phase 2 to Phase 1	38M
Additional Contingencies	25M
<b>Baseline Budget for Phase 1</b>	<b>\$1,189M</b>

**It is a Goal of the TJPA to include the Train Box Construction in Phase 1 (Design of Train Box already included in baseline budget)**



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# Funding Plan

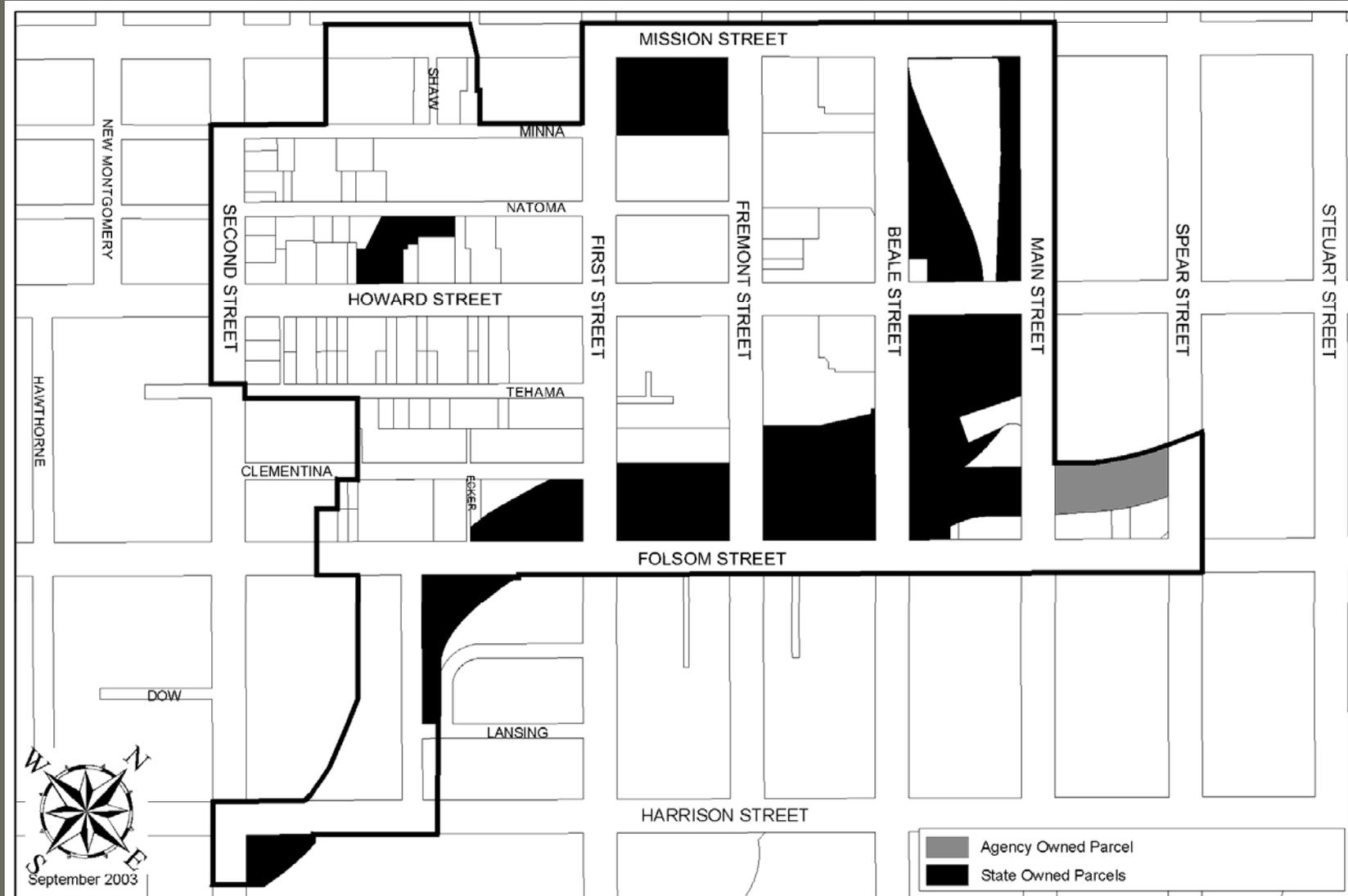
	Phase 1		Phase 2	
(in Millions, YOE)	August 2006	November 2007	August 2006	November 2007*
<b>Estimated Cost</b>	<b>\$983</b>	<b>\$1,189</b>	<b>\$2,376</b>	<b>\$2,417</b>
<b>Sources of Funds:</b>				
SF Prop K	\$145	\$98	\$3	\$50
San Mateo Sales Tax	\$31	\$7		\$22
Misc. Local	\$6	\$8		
Regional Measure 1	\$54	\$54		
Regional Measure 2	\$142	\$142	\$8	\$8
AB 1171	\$24	\$150	\$126	
RTIP	\$28	\$28		
Land Sales	\$165	\$411	\$195	\$424
Federal Earmarks	\$65	\$64		
TIFIA Loan	\$323	\$227	\$189	\$445
<b>Total Revenues</b>	<b>\$983 +</b>	<b>\$1,189 +</b>	<b>\$521 +</b>	<b>\$949 +</b>
<b>Surplus/(Deficit)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,855)</b>	<b>(\$1,468)</b>

\* Phase 2 cost estimate based on August 2006 estimate plus transfers from Phase 1. Estimate will be updated in early 2008.



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# State Owned Parcels





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## State Owned Parcels

Revenue generated by the sale and development of 12 acres of State Owned Parcels will help pay for the cost of the new Transbay Transit Center:

- State approved transfer of land to TJPA in December 2007
- 100% of land sale revenue goes to the TJPA for the Transbay Transit Center
- 60% of tax increment revenue (20% of TI goes to affordable housing, 20% of TI goes to other taxing entities as statutory passthroughs) goes to the TJPA for the Transbay Transit Center
- TJPA pays SF Redevelopment Agency costs for pre-development of the State Owned Parcels



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# Transbay Neighborhood

- Goal to create segmented product array
- Residential (3,460 total units)
  - For Sale (2,600 market rate and inclusionary units)
    - Low/Rise Podium Flats and THs
    - Towers
      - “Urban”, “Lifestyle”, “Luxury” marketing segments
  - For-Rent (860 affordable units)
    - Current values do not support market rate rental product
- Retail
  - Ground Floor Shops (68,500 square feet)
- Office (2.32M square feet – highest buildout)
  - Tower Office
  - Midrise Office



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# Land Sales Study Key Conclusions

- Strong opportunity for mixed use urban district in Transbay neighborhood meeting broad market segments
- Scale of Annual San Francisco Demand
  - For Sale Units – 1,800 (unit sales)
  - Office – 980,000 SF
  - Hotel – 400 rooms
- Local Area Retail Demand
  - Ground Floor Shops – 42,000 SF (Transbay Neighborhood)
- Price/rent assumptions well positioned in market
- Key to create “neighborhood” opportunities within Transbay district



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# Land Value (Finished Pad) by Block

Block	Total Finished Pad Value (\$MM)					Dev. Total
	Residential	Retail	Office	Hotel		
2	\$15.5	\$0.9	\$0.0	\$0.0		\$16.4
3	<b>Park</b>					
4	45.7	0.6	0.0	0.0		46.3
5	89.8	2.8	0.0	0.0		92.5
6	15.9	0.7	0.0	0.0		16.6
7	0.0	0.0	0.0	0.0		0.0
8	66.8	1.0	0.0	0.0		67.8
9	25.3	0.4	0.0	0.0		25.7
10	<b>Park</b>					
11	0.0	0.0	0.0	0.0		0.0
12	0.0	0.0	0.0	0.0		0.0
M	0.0	1.9	14.1	0.0		16.0
T (1)	0.0	0.0	350.0	0.0		350.0
F (1)	0.0	0.0	139.8	41.8		181.7
<b>Overall Total:</b>	<b>\$259.0</b>	<b>\$8.3</b>	<b>\$503.9</b>	<b>\$41.8</b>		<b>\$813.1</b>

(1) Assumes Scenario 1 development intensity



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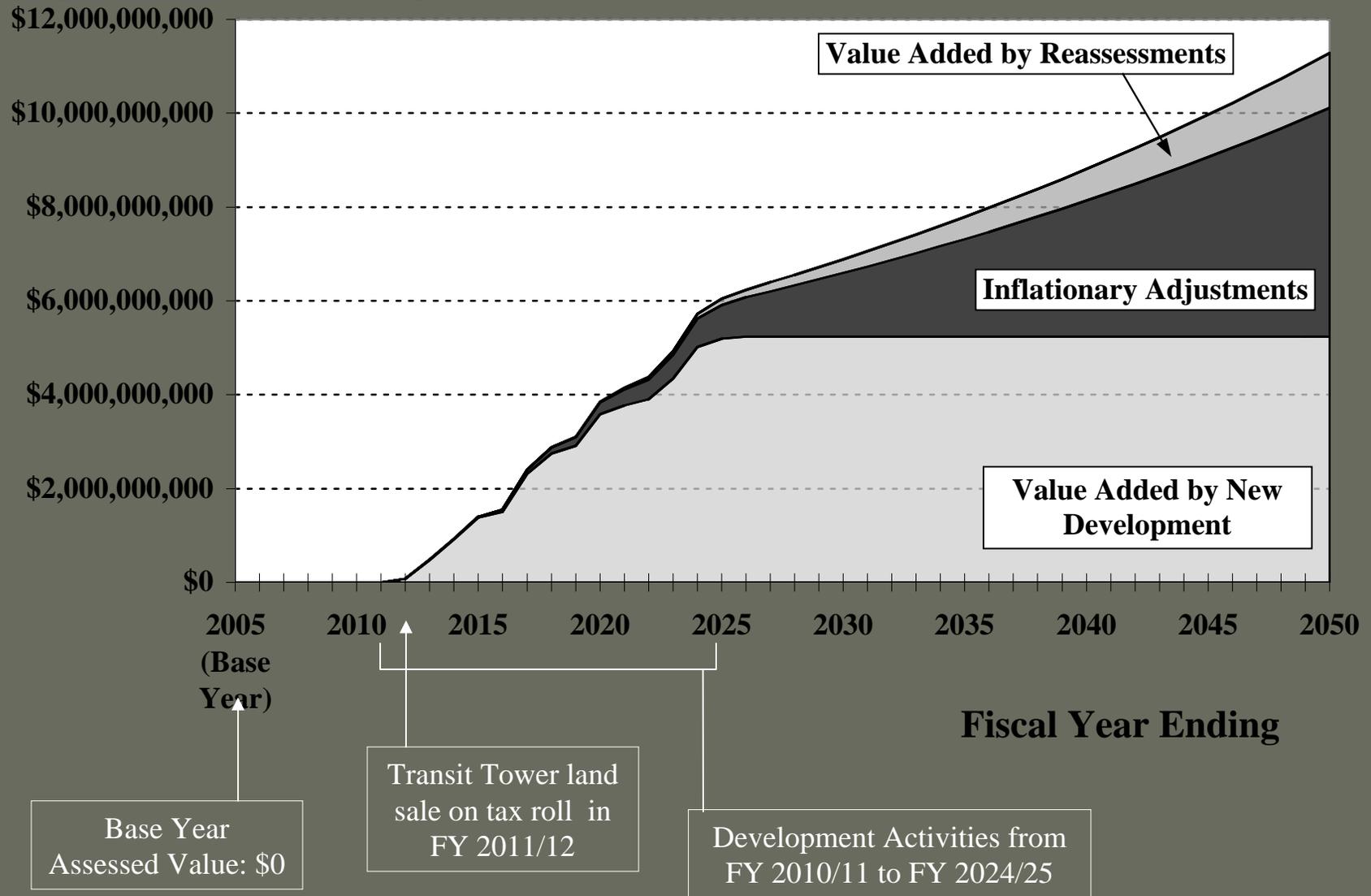
## Components of Assessed Value Growth for State Owned Parcels

- **General Inflation:** Statutory 2% maximum per year for properties that do not change ownership  
*(Transbay Assumption: 2%)*
- **Reassessment:** Upon completion of transfer (sale) of real property or upgrading of real property  
*(Transbay Assumption: 0% annual increase through FY 2017/18 and 0.5% thereafter)*
- **New Development Value:** Added value to the property tax assessment roll due to new development  
*(Transbay Assumption: Per TCG development value and phasing assumptions)*



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# Projected Assessed Valuation Growth

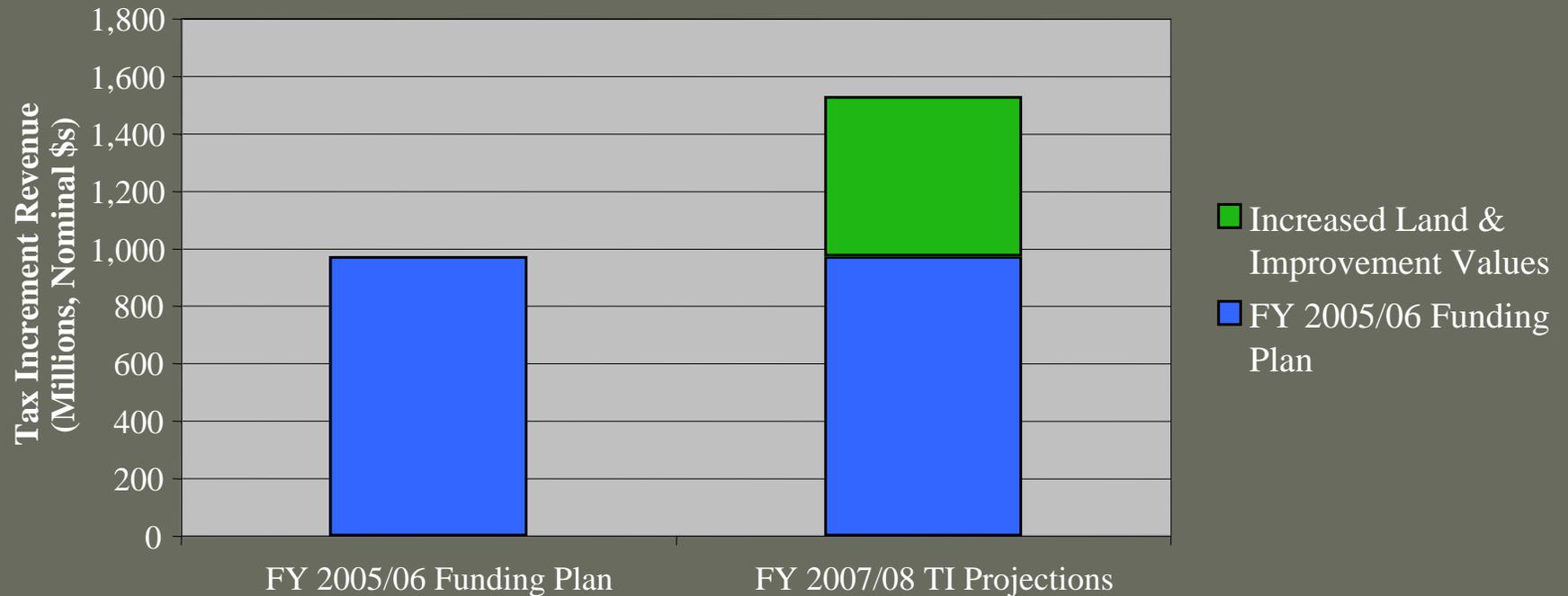




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# Comparison of Tax Increment Projections

## Projected TI for Transbay Center Program



**\$1,528 million of Tax Increment through FY 2049/50**



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# TIFIA Loan

(In Millions)	2005/06 Funding Plan	2007/08 Projections
<b>Phase I</b>		
Construction Loan	\$328	\$227
Negative Principal Amortization	75	0
Accrued Interest	33	43
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	\$436	\$270
Principal & Interest Repayment	\$1,107	\$704
<b>Phase II</b>		
Construction Loan	\$185	\$445
Negative Principal Amortization	1	80
Accrued Interest	8	53
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	\$194	\$578
Principal & Interest Repayment	\$383	\$1,360
<b>Aggregate</b>		
Construction Loan	\$512	\$672
Negative Principal Amortization	76	80
Accrued Interest	41	96
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	\$630	\$848
Principal & Interest Repayment	\$1,490	\$2,064



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## Summary of Allocations

Source	Allocated	Pending
Federal Earmarks	\$22,454,066	\$33,456,610
STIP/RTIP	\$7,391,000	
RM-1	\$1,400,000	
RM-2	\$81,578,000	\$33,200,000
San Francisco Prop K	\$93,529,000	\$23,400,000
San Mateo Measure A	\$7,280,000	
SFRA In Kind Contribution	\$798,000	
<b>Total</b>	<b>\$214,430,066</b>	<b>\$90,056,610</b>



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## Funding Plan Summary

- Phase 1 is fully funded
- Phase 2 partial funds have increased and additional funds are being pursued
- Begin construction Fall 2008 and complete Phase 1 in 2014



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## Upcoming Funding Activities

- Roadmap for fully funding Phase 2
- Apply for Prop 1C funds
- Secure TIFIA loan for Phase 1 for \$392 million (YOE)
- Execute Lease and Use Agreement with AC Transit
- Issue RFPs for development of previously state-owned parcels