





**08**

# **PUBLIC FACILITIES FINANCING**

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## 8.1 PURPOSE

The Baylands is planned to accommodate a variety of retail, commercial offices, research and development uses, institutional facilities, small-scale industry, residential uses, public open space, as well as supporting infrastructure. This development requires the construction and ongoing maintenance of parks, roads, utilities and other infrastructure. This chapter identifies the financing plan for these public facilities. As required by the City's General Plan Policy BL 1.D, this financing plan does not impose any financial costs on existing Brisbane residents and businesses. To comply with this General Plan requirement, the funding and financing strategy must (1) include several different funding sources, including developer funding, public-private partnerships and other multi-source financing tools working in tandem with developer funding, to access the most cost-effective available funding mechanisms that take into account changing public and private funding opportunities, as well as changing real estate market conditions; and (2) make appropriate use of available public financing and funding opportunities to support Specific Plan infrastructure and public facilities to assure that implementation of the Specific Plan would not create any new financial burden on Brisbane residents, be revenue positive for the City, and develop a feasible project.

## 8.2 SUMMARY OF INFRASTRUCTURE IMPROVEMENTS AND FUNDING SOURCES

Table 1 is a summary of the specific improvements proposed for The Baylands, the funding and financing source(s) for each improvement, the entity that will own

and be responsible for the operation and maintenance (O&M) of each completed improvement, and the ongoing funding sources for O&M. This financing plan is consistent with General Plan Policy BL.1 D. Section 8.3 of this chapter describes the funding and financing tools in more detail, along with the necessary steps for establishing each of the sources of funds. The owner is obligated to construct the required infrastructure, using tax and revenue assessment tools such as a Community Facilities District (CFD), an Enhanced Infrastructure Financing District (EIFD), available public financing and funding opportunities jointly pursued by The Baylands owner and the City (with any repayment obligations owners and occupants and not residents and taxpayers outside the Specific Plan area), and private funding to close the gap.

This Specific Plan requires that a Fiscal Impact Analysis (FIA) be completed, and accepted by the City, prior to the issuance of bond funding or other public financing for infrastructure in the Baylands Specific Plan area. The FIA must demonstrate that implementation of the Specific Plan would not result in any new financial burden on Brisbane residents or businesses located outside the Specific Plan area, and that Specific Plan implementation will be net positive to the City's General Fund.

Improvement	Capital Investment	Ownership / O&M Responsibility	O&M Funding
<b>Site Remediation</b>			
East Side (Landfill)	- Private Funding - CFD - Grants/Public Funding	- Closure: Site Owner  - Post-Closure: Development Parcels: Future Owners  - Public Parks: East Side Property Owner Association (POA); Master POA, or other entity approved by environmental oversight agency (OE)	- CFD - East Side POA; Master POA, or other entity approved by environmental oversight agency (OE)
West Side (Railyard)	- Private Funding - CFD - Grants/Public Funding	- Remediation: Site Owner  - Post-Remediation: West Side POA, Master POA, or OE	- CFD - O&M: West Side POA, Master POA, or OE
<b>Transportation</b>			
Standard Roadways	- Private Funding - CFD	City	- CFD - Discretionary General Fund tax revenues from Specific Plan area taxpayers (DGF-SP)
Non-Standard Roadways	- Private Funding	Private	- Homeowner's Association (HOA)
Traffic Signalization	- Private Funding - CFD <sup>1</sup> - EIFD	Public	- CFD <sup>2</sup> - EIFD - DGF-SP
Geneva Bridge	- EIFD - County / Measure W	Public	- EIFD - DGF-SP - Caltrans
Geneva Ave. Extension <sup>3</sup>	- EIFD - County / Measure W	Public	- EIFD - DGF-SP - Caltrans

**1** Community Facilities District and other special assessment districts established by state law (collectively referred to as a CFD for ease of reference) can work in tandem with other special assessment districts, including those that create no new assessment funding obligation by future Specific Plan area residents and businesses such as Enhanced Infrastructure Financing Districts (EIFDs). An EIFD will be used as the preferred funding source for eligible infrastructure costs instead of a CFD, while continuing compliance with the General Plan obligation that Specific Plan development will not impose new financial obligations on residents and businesses located outside the Specific Plan area, and that Specific Plan implementation will be revenue positive for the City. Infrastructure construction and operational costs eligible for CFD and EIFD funding, as well as other potential future renewable energy grant and financing programs, are state laws and regulations, and is expected to continue to evolve. Funding eligible infrastructure costs using existing and future public financing and grant programs is consistent with and authorized by this Financing Plan

**2** Between Bayshore Boulevard and intersection of Beatty Avenue at Alana Way

**3** Between Bayshore Boulevard and intersection of Beatty Avenue at Alana Way

**TABLE 8.1 PROGRAM OF IMPLEMENTATION – PUBLIC FACILITIES CAPITAL INVESTMENTS AND OPERATIONS & MAINTENANCE**

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**Storm Drainage**

	- Private Funding - CFD - EIFD	Public	- CFD - Ratepayer service charges - DGF-SP
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**Domestic/Potable Water**

	- Private Funding - CFD	Public	- CFD - DGF-SP
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**Recycled Water**

	- Private Funding - CFD - EIFD	Public	- CFD - DGF-SP
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**Sanitary Sewer**

	- Private Funding - CFD	Public	- CFD - DGF-SP
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**Dry Utilities**

Front-of-Meter Energy Storage	- Private Funding - CFD	Private/Utility <sup>4</sup>	- Private Funding - Ratepayer service charges
Community Solar	- Private Funding - CFD - Grants/Public Funding	Private/Utility	- Private Funding - CFD - Ratepayer service charges
Behind-the-Meter Energy Storage	- Private Funding - CFD - Grants/Public Funding	Private/Utility	- Private Funding - CFD - Ratepayer service charges
Electricity - EV charging	- Private Funding - CFD - Grants/Public Funding	Private/Utility	- Private Funding - CFD - Ratepayer service charges
Electricity – Distribution	- Private Funding - CFD - Grants/Public Funding	Private/Utility	- Private Funding - CFD - Ratepayer service charges
Communication	- Private Funding	Private/Utility	- Private Funding - Ratepayer service charges for service

**Open Space and Conservation**

Standard Parks Improvements	- Private Funding - CFD	Public	- Private Funding - HOA - CFD - DGF-SP
26 Acres of Land to accommodate SLR by Year 2100 (Part of Visitation Creek & Lagoon Park)	- CFD - Discretionary General Fund - Grants / Public Funding	Public	- CFD - DGF-SP

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<sup>4</sup> There are multiple successful models for owning, financing, operating and funding renewable energy infrastructure, including for example rooftop solar owned by the building owner, networks of solar panels owned by solar companies and leased to building owners, and solar farm and battery storage infrastructure owned by utility and non-utility entities. All of these ownership arrangements are permitted in the Specific Plan area.

**TABLE 8.1 PROGRAM OF IMPLEMENTATION – PUBLIC FACILITIES CAPITAL INVESTMENTS AND OPERATIONS & MAINTENANCE (CONT.)**

Ice House Hill	- Private Funding <sup>5</sup> - Discretionary General Fund - Grants/Public Funding	TBD	- HOA <sup>6</sup> - CFD - DGF-SP
Ball fields	- Private Funding - Discretionary General Fund - Grants/Public Funding	TBD	- CFD - DGF-SP
Non-Standard Improvement	- Discretionary General Fund	Public	- Private Funding - Discretionary General Fund
Habitat Preservation & Wetlands	- Private Funding - CFD - Discretionary General Fund - Grants / Public Funding	Conservation Easement	- Private Funding - HOA - CFD
Bay Trail	- CFD - EIFD - Grants / Public Funding	Conservation Easement	- HOA - CFD - EIFD

**Other Facilities**

Club House	- Private Funding	Private	- HOA - CFD
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5 For park improvements required by EIR Mitigation Measures (2015 The Baylands FEIR) only.

6 Ibid

**TABLE 8.1 PROGRAM OF IMPLEMENTATION – PUBLIC FACILITIES CAPITAL INVESTMENTS AND OPERATIONS & MAINTENANCE (CONT.)**

### 8.3 FINANCING METHODS AND IMPLEMENTATION REQUIREMENTS

A variety of financing options is available to help fund infrastructure improvements for the development of The Baylands. The intended sources of funding and financing are defined below, including public financing mechanisms. General Plan Policy BL.1 D states that:

- *Each increment of development shall be provided with appropriate transportation related and other infrastructure, facilities, and site amenities as determined by the City. Such transportation related and other infrastructure, facilities, and site amenities (e.g., parks, open space preservation, habitat enhancement) shall be provided at the developer’s cost.*

Any public funding and financing used for infrastructure development or operations costs will be generated by the development itself, for example, through CFD special taxes or property taxes. Furthermore, The Baylands’ projected fiscal surplus (see Section 8.4) reveals that public sector funding in The Baylands may occur in compliance with the

General Plan requirement that The Baylands be revenue positive for the City on an ongoing basis. Proposed funding sources listed in this section require the participation of third parties (i.e., City or County governments), or are competitive grants. While each funding source described could be used to cover a portion of The Baylands’ public facility financing cost, there is uncertainty regarding which third parties may choose to participate in the financing of The Baylands, or whether and how much funding may become available through competitive or discretionary outside grant or financing opportunities.

Furthermore, the 26 acres of SLR area included in the open space (in addition to the Measure JJ open space requirement), would need additional/raised capital to achieve the same level of development as the surrounding open space. Similarly, the Icehouse Hill improvement would also require fundings from third parties or grants.

#### 8.3.1 OWNER FINANCING

It is expected that the 2022 owner of The Baylands (and successors or assigns) as of 2022 (Sunquest) will initially fund, or fund the gap between available grant and public

finance funding, to complete required public facility improvements. Sunquest is obligated to construct the required infrastructure, using tax and revenue assessment tools such as a CFD, an EIFD, available public financing and funding opportunities jointly pursued by Sunquest and the City (with any repayment obligations for non- grant public funding repaid by current and future owners and occupants and not residents and taxpayers outside the Specific Plan area), and private funding to close the gap. To implement this Financing Plan, the City will need to authorize the formation of a CFD, and potentially an EIFD, and work with Sunquest to apply for available grant funding to maximize use of these public financing and funding tools to achieve the sustainability, infrastructure, and net revenue positive requirements, of this Specific Plan and the General Plan. Planned public infrastructure financing tools to be used to implement the Specific Plan are described below

### **8.3.2 LOCAL METHOD: COMMUNITY FACILITIES DISTRICTS**

Local governments and development applicants across the nation and in California commonly use land-secured financing methods to fund infrastructure or provide services that benefit a particular area (ranging from an entire jurisdiction to sub-areas of all sizes). In California, the Mello-Roos CFD has been a well-used infrastructure financing tool.

The Mello-Roos Community Facilities Act of 1982 (authorized by Section 53311 et seq. of the Government Code) enables the formation of a CFD by local agencies, with Sunquest approval, for the purpose of imposing additional special taxes on property located within the boundaries of the CFD District. The resulting special tax revenue can be used to fund capital costs or operations and maintenance expenses directly, or they may be used to secure a bond issuance, the proceeds of which are used to fund capital costs. Because the levy is a tax rather than an assessment, the standard for demonstrating the benefit received is lower, thus creating more flexibility. Despite limited use in populated infill areas, CFDs have become the most common form of land-secured financing in California..

### **CFD USES**

The range of public facilities that may be financed is extensive and, in general, publicly owned infrastructure with a useful life of five years or longer can be funded. Eligible uses of funds include the purchase, construction, expansion, improvement or rehabilitation of real or other tangible property that the local agency is authorized to own or operate. A CFD may also pay off assessment liens, certain special tax liens, fees and charges on property within its boundaries which themselves are used to pay for such facilities. CFD also may be used to fund ongoing services, though the range of eligible uses is more limited.

### **CFD INFRASTRUCTURE USES**

The Mello-Roos Act generally allows CFDs to fund the following types of public improvements proposed in The Baylands:

- *Park, recreation, parkway, and open-space facilities*
- *Water transmission and distribution facilities, natural gas pipeline facilities, telephone lines, facilities for the transmission or distribution of electrical energy, and cable television lines*
- *Flood and storm protection facilities, including storm drainage and treatment systems and sandstorm protection systems*
- *Work deemed necessary to bring buildings into compliance with seismic safety standards or regulations*
- *Removal or remedial action for the cleanup of any hazardous substance released or threatened to be released into the environment*
- *Energy efficiency, water conservation, and renewable energy improvements*

Any improvement authorized to be financed must constitute a “public facility” (or “public improvement”), whether the improvement is owned by a private entity (if the City determines that the improvement provides a public benefit), or the improvement is owned by a public agency. As noted in Table 1, The Baylands will include a mix of public and private infrastructure. For example, while

all Project roadways meeting City standards are intended to be owned by the City, some parks and trail segments will be open to the public but planned to be owned and maintained by the CFD (itself a public agency) or an HOA (a private entity).

### **CFD SERVICES USES**

Services that may be funded through a CFD are more limited. The following services in The Baylands may be funded:

- *Police protection services*
- *Fire protection and suppression services*
- *Ambulance and paramedic services*
- *Maintenance of parks, parkways, and open space*
- *Flood and storm protection services, including operation and maintenance of storm drainage systems*
- *Environmental cleanup and remediation services*

The Act allows for additional services that cannot be authorized by a landowner election, but only by a registered voter election. These include recreation program services, library services, operation of museums and cultural facilities, and maintenance services for elementary and secondary school sites and structures.

### **CFD FORMATION**

California's land-secured funding districts can support a wide range of infrastructure improvements that generate direct and measurable benefits to specific properties. A CFD for The Baylands will require landowner approval.

The owners or users of the real estate included within the CFD boundary of the Baylands Specific Plan pay a CFD assessment, as well as all other required property taxes. By increasing tax burdens, CFDs increase the cost of owning property in The Baylands – which in turn is likely to decrease the price a new Baylands resident or business is willing to pay for the property. This decreased price consequence means that the CFD tax burden is shared between Sunquest (who sells property to a residential

builder or commercial/hotel owner), and future Baylands residents and businesses. The Baylands CFD would not extend outside the Specific Plan area, and therefore does not increase tax or infrastructure cost burdens to residents and businesses elsewhere in the City. Land-secured financing provides a well-established method of securing relatively low-cost tax exempt, long-term, fixed rate, fully assumable debt financing.

### **8.3.3 LOCAL METHOD: SPECIAL ASSESSMENT DISTRICTS**

An assessment district is similar to a CFD in that it establishes (with Sunquest consent) The Baylands as the geographic area that would benefit from Specific Plan infrastructure and public improvements. As with a CFD, owners pay an additional property tax amount in Special Assessment Districts to pay for particular improvements. These future tax payment obligations create a revenue stream which is used to qualify for, and repay, bonds issued early in the development to pay for infrastructure and other qualified expenses. Special assessment districts may be formed to build backbone infrastructure or provide certain public services at The Baylands, including, public roads, streetlights, landscaping, parks, or drainage facilities, as well as many other services authorized by law. Permanent Road Divisions are limited to providing construction and maintenance for road related items including grading, paving, drainage structures, street lighting, and roadway landscaping. Landscape and Lighting Districts may provide for public lighting and landscaping as well as park and recreation acquisition and maintenance. Because legislation, regulations, financing availability and other market conditions evolve over time, The Baylands may consist of both a CFD and one or more Special Assessment Districts. The acts authorizing the establishment of assessment districts are, among others:

- *Streets & Highways Code Section 5000 et seq. – The Improvement Act of 1911.*
- *Streets & Highways Code Section 10000 et seq. – The Municipal Improvement Act of 1913.*
- *Streets & Highways Code Section 8500 et seq. – The Improvement Bond Act of 1915.*



- *Streets & Highways Code Section 22500 et seq. – Landscape and Lighting Act of 1972.*
- *Public Resources Code Section 26500 et seq. – Geologic Hazard Abatement Districts.*
- *Streets and Highways Code Sections 36500 et seq. and 36600 et seq. – Business Improvement Districts.*

Similar to a CFD, the use of special assessment districts will not have a direct effect on the City’s General Fund.

### **8.3.4 LOCAL METHOD: TAX INCREMENT FINANCING/ ENHANCED INFRASTRUCTURE FINANCING DISTRICTS**

Tax Increment Financing (TIF) is also available to finance qualified infrastructure projects and activities. Local agencies may establish TIF for a given project or geographic area to capture, and direct to specified future uses, the incremental increases in property tax revenue from approved development. In the absence of TIF, this revenue would accrue to the City’s General Fund (or other property-taxing entity revenue funds).

In most cases, the local property tax available for TIF purposes is very limited (California cities typically get between \$0.10 and \$0.20 of a property tax dollar). In the Baylands area, the City’s share of base property tax is about 17 percent (i.e., a maximum of \$0.17 of every property tax dollars paid to the City for property in the Specific Plan Area could be included in a TIF to finance infrastructure for the Baylands properties, post-development, paying that tax increment). Because this TIF mechanism would apply only after a Baylands parcel was developed, and the developed parcel would have a much higher value (and thus pay much more in property taxes) than the current vacant or underutilized vacant site, TIF financing assures that the City (as well as other agencies receiving property tax revenues) collects more tax revenues from the more valuable developed parcel. It also creates TIF revenues to support Baylands infrastructure while still increasing property tax revenues to the City’s General Fund. The FIA for The Baylands has revealed that the area generates a net fiscal benefit, which suggests that tax increment could be dedicated to The Baylands’ public facilities without compromising General Plan requirements for fiscal neutrality.

Local Property Tax states:

- *The county auditor is responsible for allocating property tax revenue to local governments pursuant to state law. The allocation system (referred to as AB 8) defines the share of property tax that accrues to local government and services districts.*

*The county auditor allocates the revenue to local governments by Tax Rate Area (a single county may have thousands). Each local government’s share is based on its share of countywide property taxes during the mid-1970s.*

*The most significant factor in explaining the differences among local governments’ shares of property tax is the difference in service responsibility. Local governments that provide a full range of governmental services typically receive a greater share of property tax.<sup>1</sup>*

California law authorizes infrastructure and other qualified expenditure financing programs that utilize “tax increment.” A “base year value” (e.g., the year the Specific Plan is approved) is established for property taxes. As the property is developed and increases in value, it also results in an increase in property taxes – and the tax increase following Base Year with development is called the “tax increment.” Estimates of future payment of tax increments over time (e.g., over 30 years) create a cash payment stream that can be used to qualify for, and then repay, a bond in the earliest phases of the development process to finance costly new infrastructure. Unlike a CFD, TIF-financing does not create a new tax burden on The Baylands – it simply dedicates a portion of the increase in tax revenues from The Baylands to pay for eligible infrastructure expenses.

### **ENHANCED INFRASTRUCTURE FINANCING DISTRICTS (EIFDS)**

Senate Bill 628 created the EIFD in 2014 and it currently is the most frequently used TIF financing tool in California. An EIFD would be created by the City, which would create a revenue stream that can be used for bond financing as well as for qualified ongoing maintenance and operations. EIFDs may be used for the purchase, construction, or

<sup>7</sup> Source: Legislative Analyst’s Office; Elledge 2006

improvement of any real property with a useful life of at least 15 years inside or outside the district, including affordable housing. EIFDs do not have an affordable housing requirement.

### **EIFD USES**

EIFDs may finance a broad range of projects, including the purchase, construction, expansion, improvement, seismic retrofit or rehabilitation of any real or other tangible property with an estimated useful life of 15 years or longer (with some limitations), as well as planning and design costs. Allowable costs relevant to the Baylands Specific Plan include:

- *Public highways and ramps, arterial streets and bridges, parking facilities and transit facilities*
- *Sewage treatment and water reclamation plants and interceptor pipes*
- *Facilities for the collection and treatment of water for urban uses*
- *Flood control levees and dams, retention basins and drainage channels*
- *Childcare facilities, libraries, parks, recreational facilities and open space*
- *Facilities for the transfer and disposal of solid waste, including transfer stations and vehicles*
- *Brownfield restoration and other environmental improvements*
- *Acquisition, construction or rehabilitation of housing for persons of low and moderate income*
- *Acquisition, construction or repair of industrial structures for private use*

An EIFD can also finance the ongoing or capitalized costs to maintain public capital facilities financed in whole or in part by the district, but prohibits the use of bond proceeds to finance maintenance by requiring maintenance to be paid on an ongoing basis.

### **EIFD FORMATION**

The formation of an EIFD requires approval by every local taxing entity that will contribute its property tax increment, except that tax revenues due to schools are protected and cannot be included in an EIFD.

Infrastructure and Revitalization Financing Districts (IRFDs). IRFDs, like EIFDs, do not require a separate board, allow different “project areas” to come into the IRFD with different start dates, and have flexibility to “cross-collateralize” bonded indebtedness across property boundaries. As with The Baylands’ plan to create a CFD but not Special Assessment Districts based on 2022 laws, regulations and market conditions, the Baylands Finance Plan is to use EIFDs unless changes in law, regulations or marketing conditions warrant use of an IRFD.

### **OTHER REGIONAL, STATE AND FEDERAL FUNDING AND FINANCING**

Other regional, state and federal programs also provide sources of grant funding or public financing. The amount of available funding, and eligibility criteria, evolves over time. Baylands Specific Plan infrastructure that meets the eligibility criteria for grant funding, and potentially for other forms of financing, will apply for available funds in cooperation with the City and other agencies, especially for transit, transportation, renewable energy, open space, and other sustainability program improvements that provide benefits beyond the boundaries of The Baylands. A partial list of state and regional programs is included for informational purposes in the following sections.

#### **8.3.5 COUNTY TRANSPORTATION MEASURES (MEASURES A AND W)**

In 1988 San Mateo County voters enacted Measure A, which created a sales tax increment of one-half cent to fund transportation and road improvements, such as freeway on-ramps, street widening and Caltrain improvements.

Measure A was set to expire in 2008, but voters in 2004 reauthorized the measure through 2033. Funds are distributed to local agencies (about 60 percent), Caltrain (about 20 percent), BART (about 5 percent), paratransit

(about 10 percent, administered through SamTrans), and County shuttles (about 5 percent). Measure A funds are administered by the San Mateo County Transportation Authority. A portion of the funds generated by Measure A every year are distributed to local cities and San Mateo County for improvements to local transportation projects, many of which would not be completed otherwise. The funds are allocated among cities based on population and road miles. In the past, the City has requested nearly \$100 million in Measure A funding from the San Mateo County Transportation Authority.

In 2018 San Mateo County voters passed Measure W, an additional one-half cent sales tax increment, which went into effect in 2019. Half of Measure W funds are administered by SamTrans for Countywide public transportation improvements, while the other half is administered by SMCTA for projects addressing congestion relief, grade separation, bicycle and pedestrian infrastructure, regional transit connections, and a local investment share.

### **8.3.6 TRANSPORTATION FUND FOR CLEAN AIR**

The Bay Area Air Quality Management District (BAAQMD) manages the Transportation Fund for Clean Air (TFCA), which has several components including the Regional Fund and County Program Manager Fund. The TFCA program awards grants for transportation projects that reduce motor vehicle emissions. Eligible projects include the purchase of low emission, alternative fuel vehicles with a gross vehicle weight of 10,000 pounds or more, including school buses and transit buses; shuttle and feeder bus service to train stations; ridesharing programs; bicycle facility improvements; arterial management projects that improve the flow of traffic on major roadways; transit information projects; and smart growth and traffic calming projects. TFCA grants could assist with circulation and air quality issues, but these are typically small grants.

### **8.3.7 SAN FRANCISCO BAY TRAIL GRANTS**

Directed by the Association of Bay Area Governments (ABAG), the San Francisco Bay Trail is a planned recreational corridor that will encircle the San Francisco and San Pablo Bays. It is a continuous 400-mile network of bicycle and hiking trails that provides access to recreational opportunities and wildlife viewing. The San Francisco

Bay Trail Project was created as a nonprofit organization in 1990 dedicated to the planning, promotion, and implementation of the Bay Trail. Among its activities, the Bay Trail Project provides grants for trail construction and maintenance. The Bay Trail Project is not currently offering grants, but anticipates new funding in future years.

### **8.3.8 SAN FRANCISCO BAY AREA CONSERVANCY PROGRAM**

Administered by the Coastal Conservancy, the San Francisco Bay Area Conservancy Program (Bay Program) historically has provided grants to help (1) protect, restore and enhance natural habitats and other regional open space resources throughout the nine Bay Area counties; (2) improve public access to the Bay, its surrounding hills and the coast through completion of bay, coast and ridge trails that are a part of the regional trail system; (3) promote projects that provide open space accessible to urban populations for recreation and education purposes. Currently, the Coastal Conservancy is seeking Proposals for projects that plan, develop and implement climate adaptation and resiliency projects in the San Francisco Bay Area, with funding from the 2018 voter-approved Proposition 68. Eligible projects must be consistent with the Conservancy's Strategic Plan to help natural resources or human communities adapt to the impacts of climate change.

### **8.3.9 HIGHWAY SAFETY, TRAFFIC REDUCTION, AIR QUALITY, AND PORT SECURITY BOND ACT (PROP 1B)**

Highway Safety, Traffic Reduction, Air Quality and Port Security Bond Act of 2006, also known as Proposition 1B ("Prop 1B"), allocated nearly \$20 billion state-wide to transportation projects, including high-priority transportation corridor improvements, transit and passenger rail improvements, state-local partnership transportation projects, transit security projects, highway-railroad grade separation and crossing improvement projects, local street and road improvement, congestion relief, and traffic safety. In partnership with the California Transportation Commission, Caltrans is responsible for administering most of the Prop 1B funds. Recent state bond accountability reporting indicates roughly \$200 million in Prop 1B funds remain uncommitted.

### **8.3.10 CALIFORNIA PROPOSITION 1 (PROP 1)**

California Proposition 1 (2018) (“Prop 1”) authorized the state to issue \$4 billion in general obligation bonds to support housing development, including \$1.5 billion for the Multifamily Housing Program (MHP). The MHP offers loans for the construction, rehabilitation, and preservation of rental housing for persons with incomes of 60 percent or below of the area median income. In addition, Prop 1 includes \$150 million for the Transit- Oriented Development (TOD) Implementation Fund and \$300 million for the Regional Planning, Housing, and Infill Incentive Account. The TOD Implementation Fund offers loans and grants to local governments and developers for housing projects near transit stations. The Infill Incentive Account offers grants for infill infrastructure that supports high-density affordable and mixed-income housing.

### **8.3.11 CALIFORNIA PROPOSITION 68 GRANTS**

Proposition 68 (“Prop 68”), the California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access for All Act of 2018, was approved by voters in June 2018. Prop 68 grants fund initiatives such as creating parks, enhancing river parkways, and protecting coastal forests and wetlands. Prop 68 also provides funding for outdoor access, lower cost coastal accommodations and climate adaptation. Prop 68 allocates a total of \$204.8 million to the Coastal Conservancy for various purposes

### **8.3.12 OTHER FINANCING SOURCES**

Other sources and types of funding depend on whether the funding would be available for backbone infrastructure and public facilities. Potential funding sources that are under the control of the City may be available to fund Baylands-related infrastructure or facilities. To the extent that other funding is available from special local, State and federal sources, the costs funded through the aforementioned programs and special financing districts may be reduced.

## **8.4 ENSURING GENERAL PLAN STANDARD OF POSITIVE FISCAL IMPACT**

The FIA completed by Economic & Planning Systems, Inc. (EPS January 2022) projects that the Baylands development will bring an annual surplus in net fiscal revenue to the City in each phase of the project and at full buildout. The FIA assumes the City will bear typical municipals costs associated with providing services to new resident and worker populations attributable to the project. Sunquest anticipates that project elements unique to The Baylands (e.g., landfill monitoring, private roadways, solar/ battery facilities) likely would not be managed/maintained by the City. A services CFD may be formed to fund ongoing operations of some project features, in lieu of City General Fund sources. If a services CFD is implemented, the fiscal benefit to the City will be greater.

Given the anticipated net revenue from The Baylands, there does not appear to be a need for fiscal mitigation measures. However, Sunquest commits to working with the City of Brisbane to identify triggering events that reveal inadequate fiscal performance of the Project. Sunquest also commits to identify appropriate fiscal mitigations and/or remedy measures (e.g., funding contributions, additional CFD special tax) should the project not achieve fiscal targets. An agreement between Sunquest and the City will address monitoring of ongoing City fiscal factors attributable to the Project and a method for adjusting as needed to achieve net positive revenue to the City