

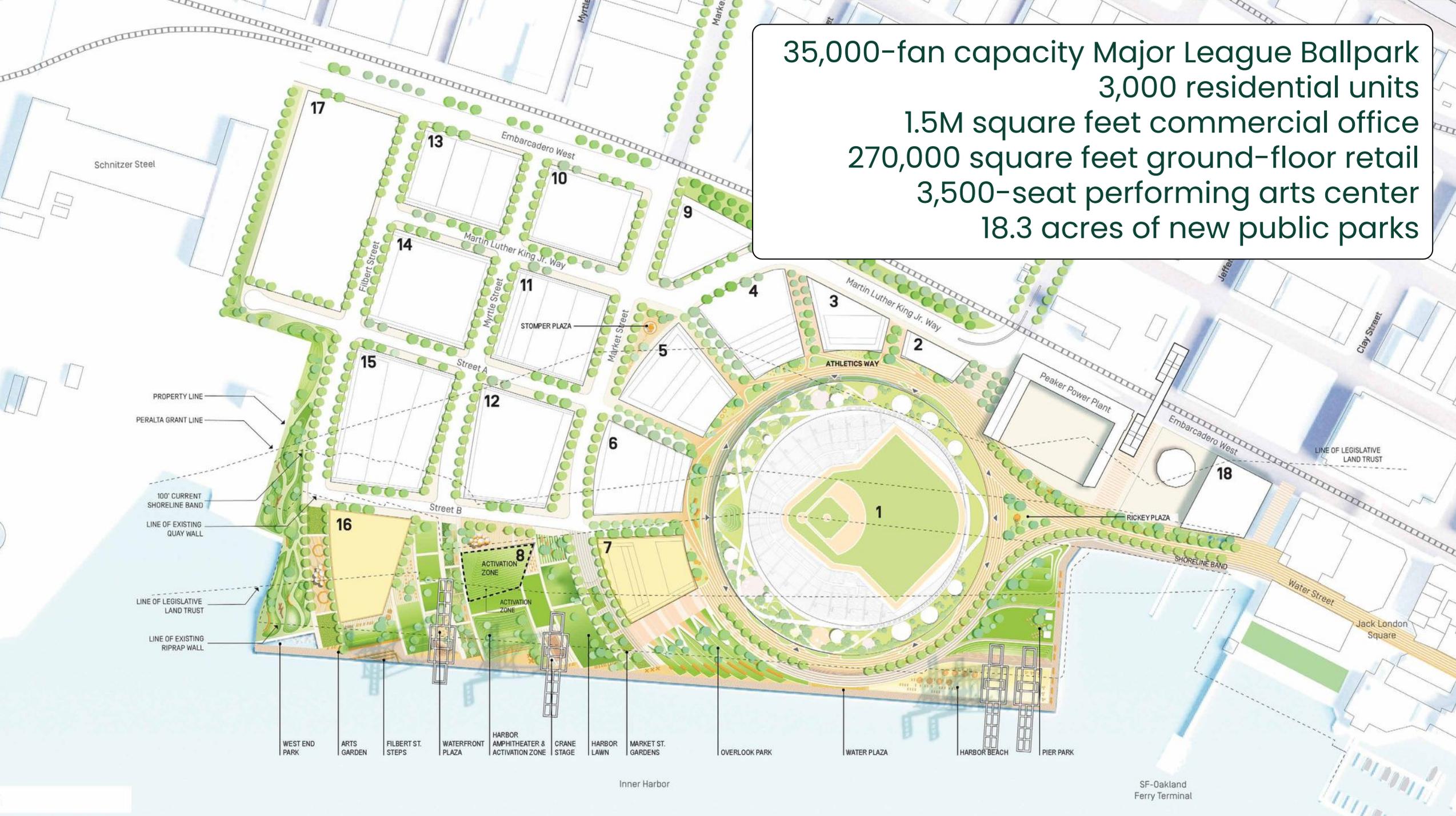
# Waterfront Ballpark District at Howard Terminal



# **Development Agreement Term Sheet**



35,000-fan capacity Major League Ballpark  
 3,000 residential units  
 1.5M square feet commercial office  
 270,000 square feet ground-floor retail  
 3,500-seat performing arts center  
 18.3 acres of new public parks



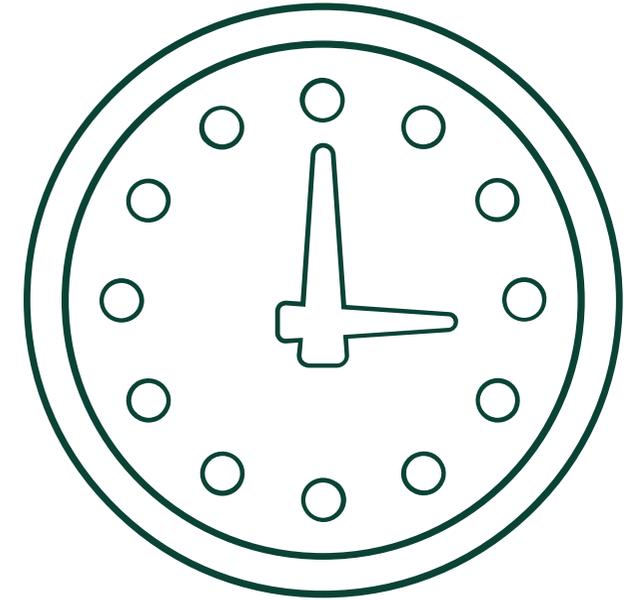
- PROPERTY LINE
- PERALTA GRANT LINE
- 100' CURRENT SHORELINE BAND
- LINE OF EXISTING QUAY WALL
- LINE OF LEGISLATIVE LAND TRUST
- LINE OF EXISTING RIPRAP WALL

- WEST END PARK
- ARTS GARDEN
- FILBERT ST. STEPS
- WATERFRONT PLAZA
- HARBOR AMPHITHEATER & ACTIVATION ZONE
- CRANE STAGE
- HARBOR LAWN
- MARKET ST. GARDENS
- OVERLOOK PARK
- WATER PLAZA
- HARBOR BEACH
- PIER PARK

Inner Harbor

SF-Oakland Ferry Terminal

# Development Agreement Timeline



February 2020

A's submit  
application for  
Development  
Agreement

April 2020

Term Sheet  
negotiations  
commence

April 2021

A's submit  
proposed  
Financial Plan;  
request July  
hearing

# Development Agreement Term Sheet



- A Term Sheet is:
  - A non-binding document that memorializes a general agreement between parties in many different types of complex business negotiations
  - A framework or outline to guide the negotiation of subsequent binding contract documents
- A term sheet is not a binding project approval, entitlement or contract
- The Board of Port Commissioners unanimously approved a Term Sheet with the A's for to the proposed Project in May 2019



- Today's presentation is informational only.
- There will be no vote, binding or otherwise, on a term sheet or any other element of the proposed Project
- Staff will make recommendations and take feedback on terms of a potential Development Agreement between the City and A's for the Waterfront Ballpark District at Howard Terminal
- Per the request of the Chair, we'll focus today on terms related to the IFD, non-relocation, and community benefits
- Staff's proposed term sheet will be presented to the City Council on July 20, 2021

# **Infrastructure Financing District**



# EIFDs - Explained

Redevelopment  
repealed 2011

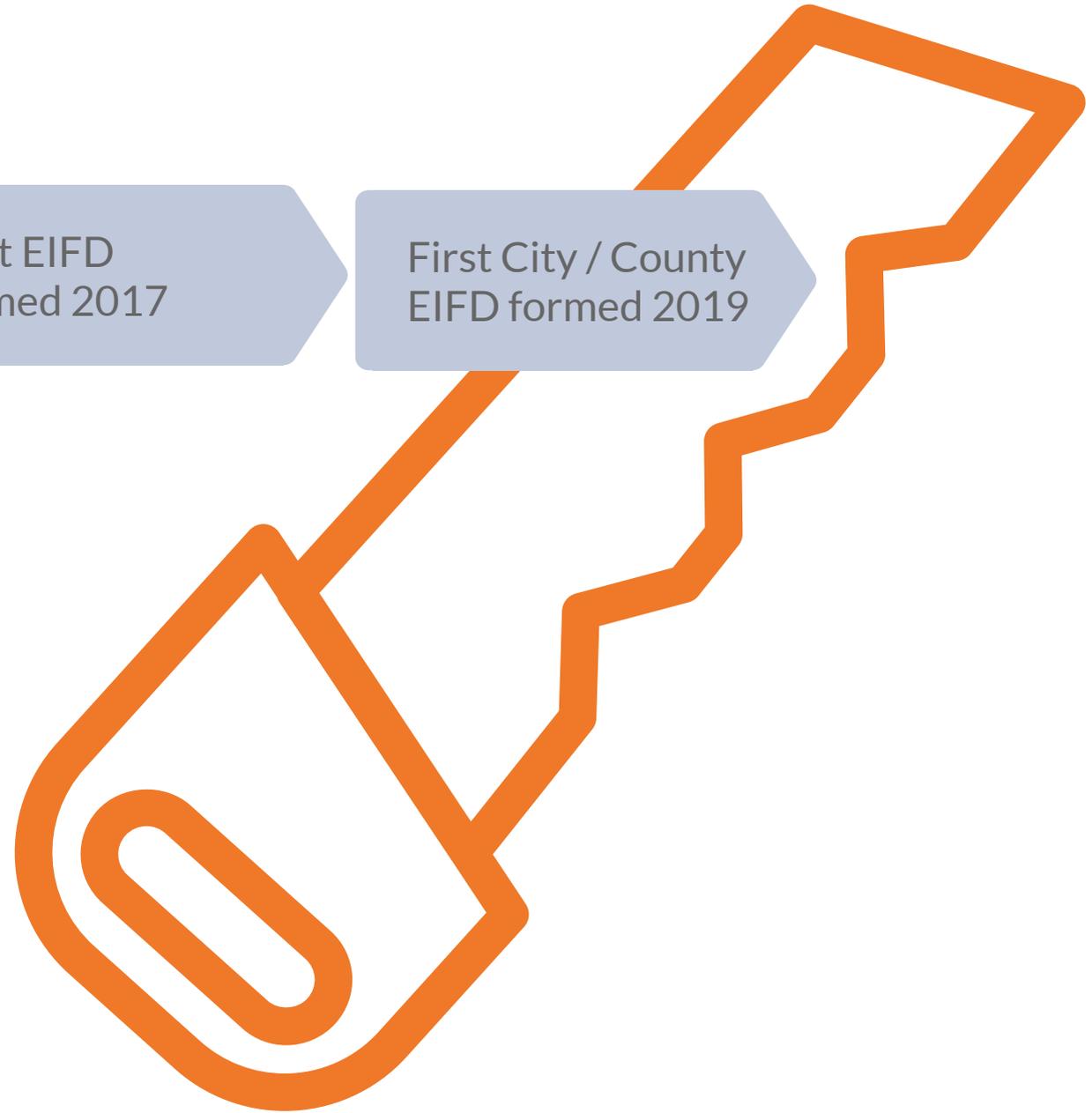
EIFDs  
created 2014

First EIFD  
formed 2017

First City / County  
EIFD formed 2019

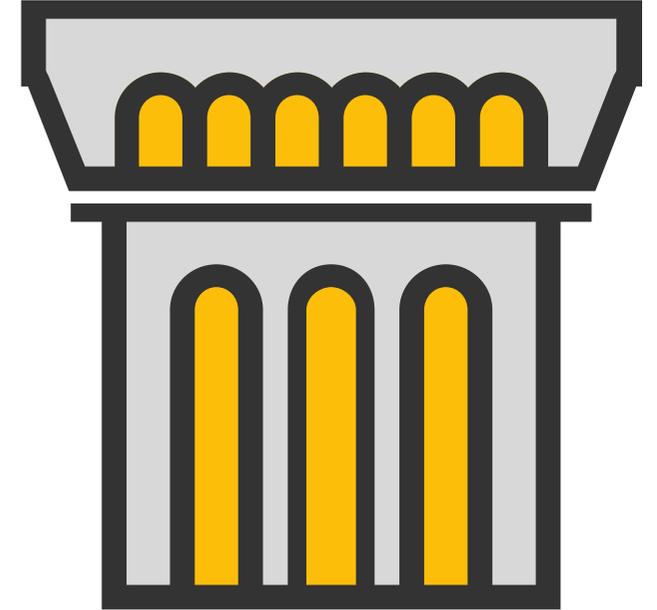
Enhanced Infrastructure Financing  
District (**EIFD or IFD**)

Governmental **entity** established by  
a city and/or county that carries out  
a **plan** within a **defined area** to  
construct, improve and rehabilitate  
**infrastructure** and **affordable  
housing**

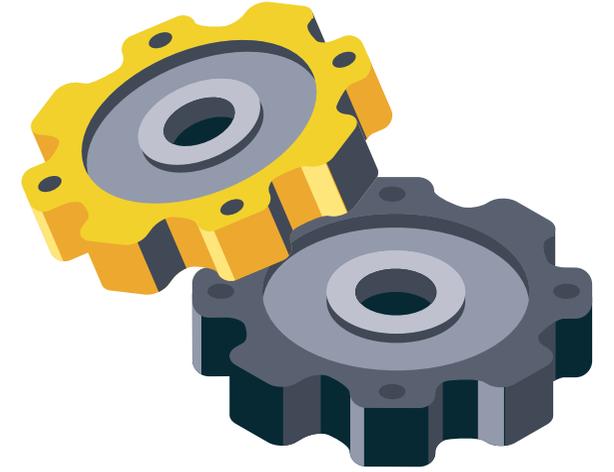


# Public Financing Authority (PFA)

- Legislative body that governs the EIFD
- County Board + City Council + two public members
- Directs preparation of the Infrastructure Financing Plan (IFP)
- Holds public hearings
- Authorizes issuance of bonds
- Conducts annual reviews / oversees independent audits



# Infrastructure Financing Plan (IFP)



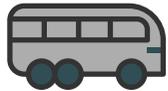
- Must be independently adopted by City & County
- Describes “public capital facilities” or other “projects of communitywide significance” to be financed by the EIFD
- Projects maximum annual tax increment & limits total dollars to be collected
- Specifies an expiration date
- Includes a fiscal impact analysis

# Public Dollars to Public Benefits

An investment in Oakland's future



18+ acres of new, publicly accessible parks on the Oakland waterfront



Transit-first connections to BART



Bike and pedestrian facilities, Bay Trail extension



Improved freight access to the Port of Oakland



Protection against sea-level rise



Cleanup of toxic contaminants in soil and groundwater



New and preserved affordable housing on- and off-site

EIFD  
Approved

# Community Facilities District (CFD)

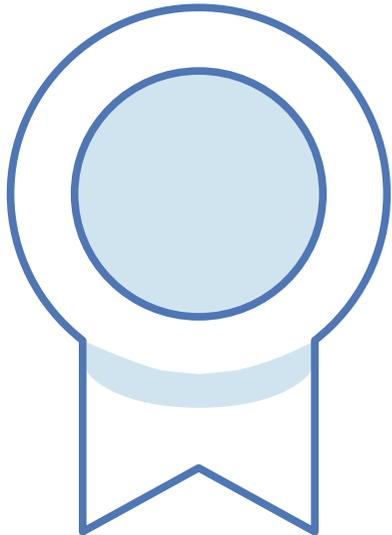
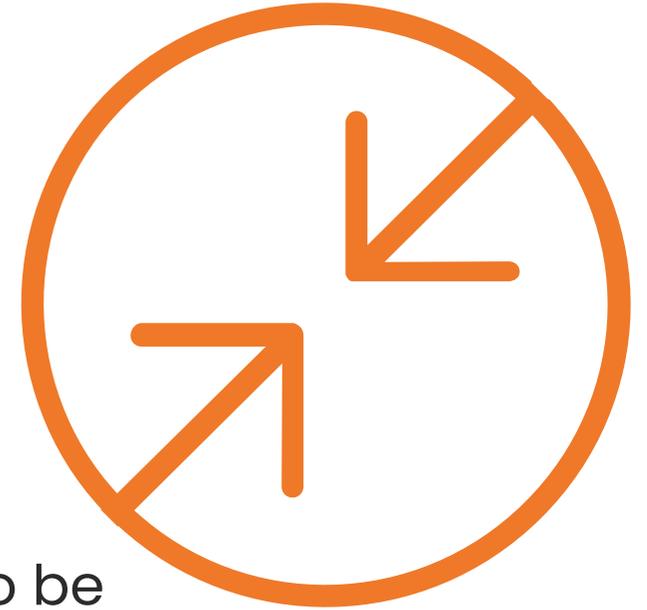


- Sometimes known as a "Mello Roos District."
- Property owners within the District agree to impose a "special tax" on their property, over and above regular property taxes
- These taxes can be used to help pay for construction or maintenance of public facilities
- Secure revenues allow developers and property owners to secure inexpensive, upfront financing for infrastructure
- Special taxes would apply only to the Howard Terminal project and no property owner outside of the project site would be subject to them

# CFD + EIFD

## A Tried and True Approach

- EIFD and CFD formed with coterminous boundaries
- EIFD captures incremental property tax revenues as the property is built out
- CFD issues bonds backed by "special tax" and land value
- Incremental revenues captured by the EIFD are intended to be adequate to cover debt service on CFD bonds



- CFD bonds are well accepted in the debt markets
- CFD bonds are non-recourse to the issuing entity
- Revenue shortfalls, though rare, are backstopped by the developer - *not* the City's or County's General Fund
- Recipe for success - This structure has been used by each California EIFD formed to date

# HOWARD TERMINAL

TODAY



\$73,000

in City revenue per year



**\$25.6M**  
in City GF revenue per year

# WATERFRONT BALLPARK DISTRICT

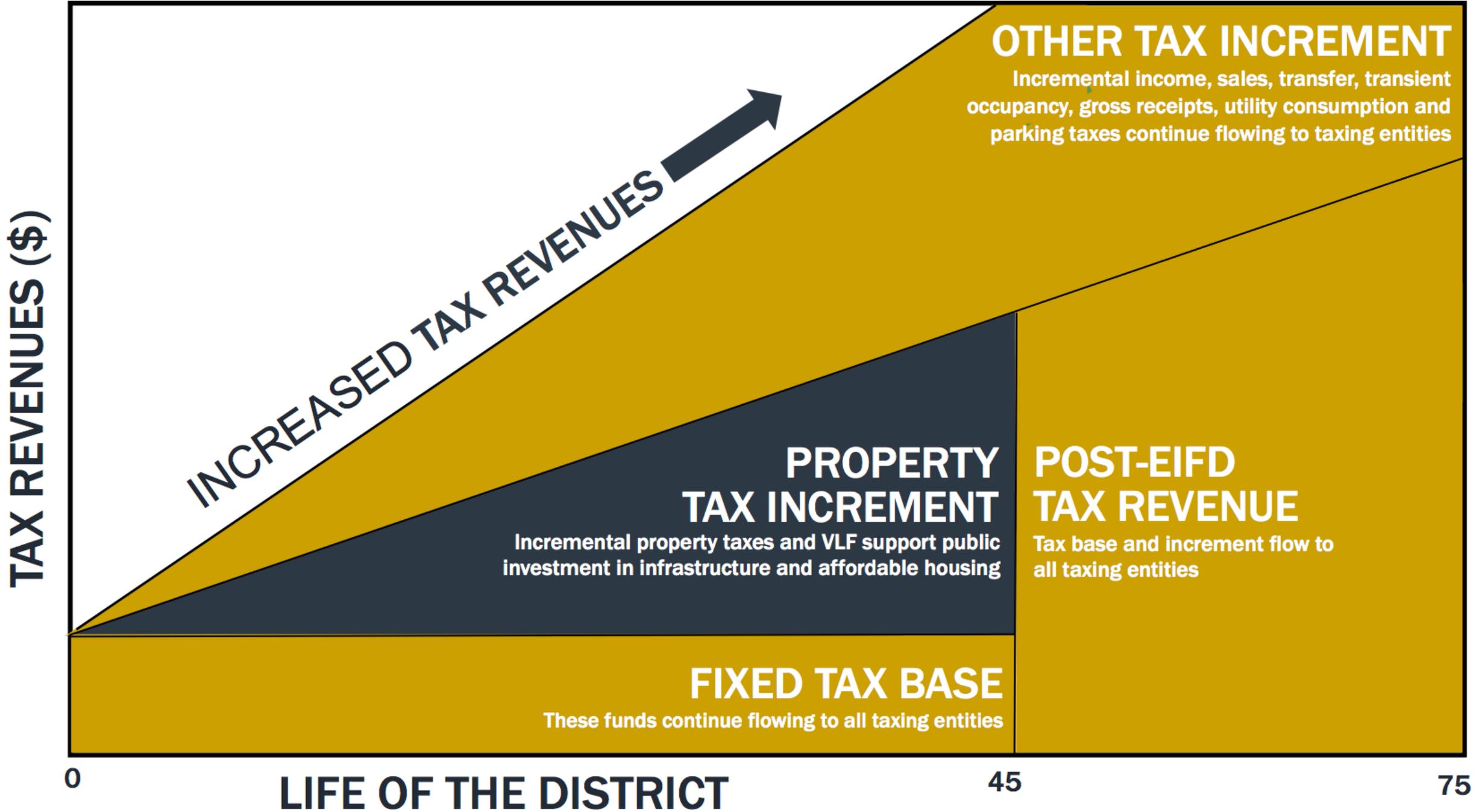
Proposed

- Existing “base-year” level of property tax revenue is fixed
- As **property tax** revenues grow due to new development, additional (also known as “incremental” or “but for”) revenues over and above fixed base year revenues captured to support public investment in infrastructure + affordable housing
- When the the District expires, usually after 45 years, all of the property tax revenue resumes flowing into the City’s and County’s General Funds
- Other taxes, like **sales and transfer taxes**, flow to the City and County coffers throughout the project’s life cycle

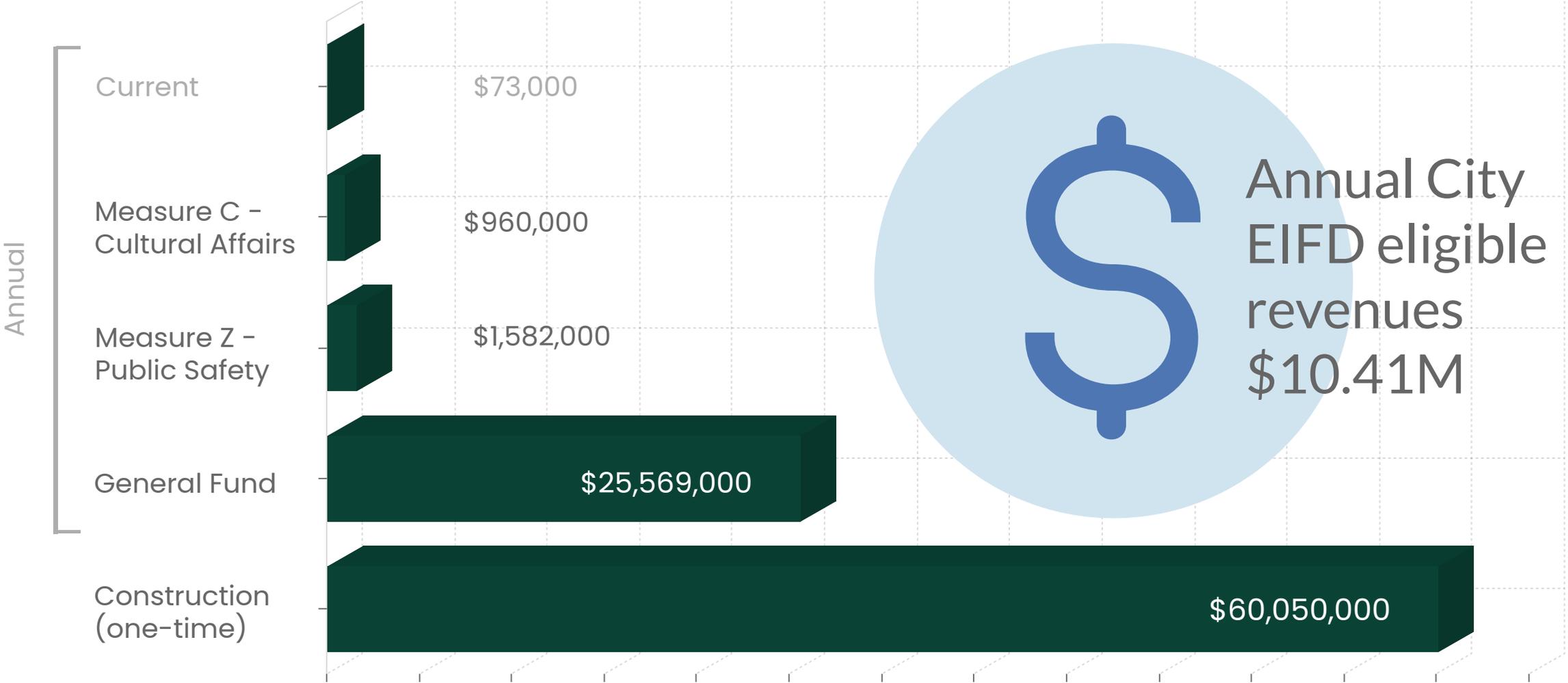
**\$7.6 B**

Assessed value  
2037

**\$29.5 M**  
Assessed value today

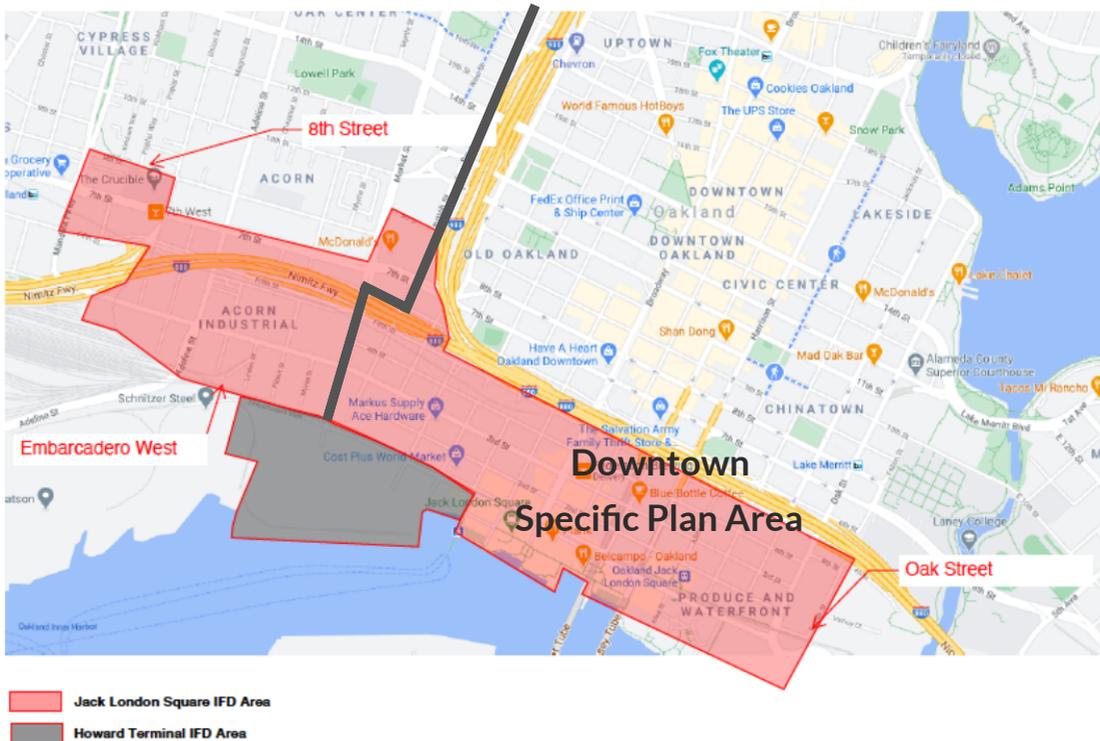


# Direct Fiscal Benefit to Oakland



Fiscal Impacts of the Waterfront Ballpark District at Howard Terminal, Century | Urban, July 2, 2021  
All estimates in 2020 constant dollars, as if the project were fully built and stabilized today  
Excludes indirect impacts; earmarked parcel taxes pursuant to Measures D, N, Q, and WW for parks, libraries, and paramedic services

# Offsite / Jack London IFD - Why Not?



Oakland A's proposed 2nd IFD over the Jack London District and portions of West Oakland

- Would capture primarily background growth in property taxes v. "but for" revenues (6.4 v. 6.8%); significant overlap with Downtown Specific Plan Area
- EIFDs have been used *exclusively* in combination with CFD previously; no EIFD debt issued to date
- CFDs requires 2/3 of owners to opt in to higher "special tax"
- EIFD protest procedure could prevent formation
- Doesn't produce funds when needed



# Fiscal Responsibility



NO public funds used to build or operate the Ballpark  
NO general obligation bonds or general fund risk  
NO increases to City or County property tax rates

YES Increased funds for cultural affairs

YES Increased funds for schools

YES Increased funds for libraries

YES Increased funds for parks

YES Increased funds for public safety/violence prevention

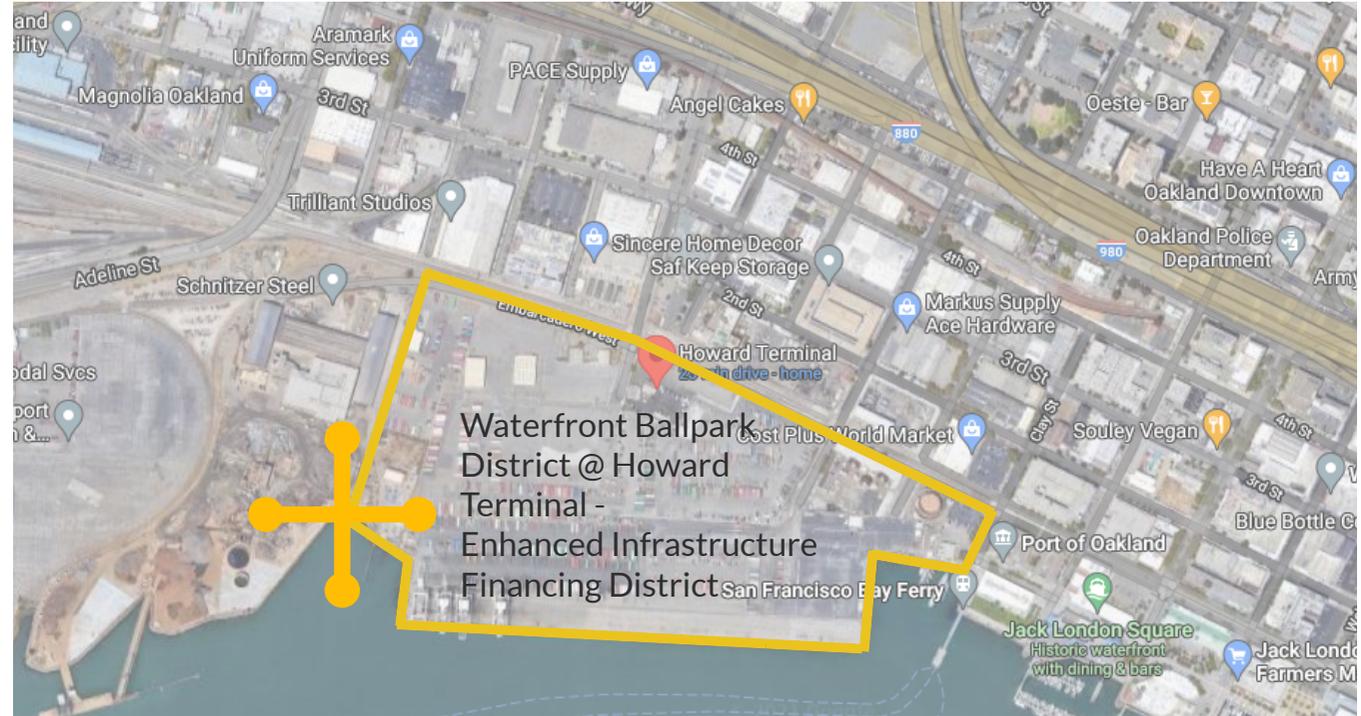
YES Permanently expanded City and County property tax base



# Infrastructure Financing District

## Staff Recommendation

- Invest the City's "but for" property taxes in critically needed public infrastructure, open space, and affordable housing by establishing a single Enhanced Infrastructure Financing District (IFD) over the Project site only.
- Attract similar investment from



Alameda County, commensurate with the substantial regional benefits the Project will provide

- Leverage local investments with state and federal funding to the maximum extent possible

# **A's Commitment to Oakland**



# Non-Relocation Agreement

- Binds a team to remain headquartered in its home city and to play most or all of its home games in its new facility
- Put in place to protect substantial investment by a city, county or other public entity and in recognition of the loss of tax revenues, indirect economic benefits and reputation that would result if the team were to leave
- Monetary remedies alone are generally considered to be insufficient to make the host city “whole” in the event of a team’s early departure
- Nearly universal elements of ballpark projects that involve any level of public investment



# Non-Relocation Agreement

## Areas of Agreement

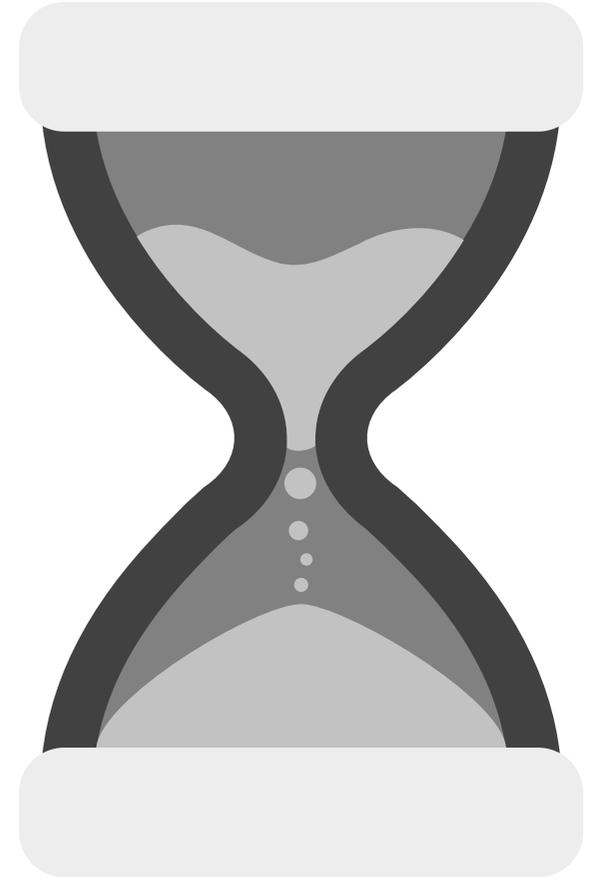
- All home games to be played in the new stadium (subject to limited exceptions)
- Maintenance of Oakland Athletics franchise as a major league baseball team in good standing with headquarters in Oakland and using Oakland as the team's primary geographic identifier
- Any new owner of the A's team to be subject to the non-relocation agreement
- Equitable and injunctive relief in the event of a team default



# Non-Relocation Agreement

## Staff Recommendation

- Prohibition against engaging in discussions with any parties about relocating the team outside Oakland, except during the final years of the term of the non-relocation agreement
- Liquidated damages
- Term:
  - Staff recommends commitment from A's to Oakland, *at a minimum*, on par with Oakland's commitment to the A's
  - IFD term up to 45 years; Port lease 66 years



# Community Benefits



# A's Proposal on Community Benefits

- \$450 million (nominal) allocation for community benefits over 45 years
- Funded entirely by property tax increment captured by two proposed IFDs, one over the Howard Terminal site, and a second over the Jack London District and portions of West Oakland
- Commitment to use "unionized labor in the construction and operation of the ballpark"
- No other commitments to specific community benefits; notes only that "the City of Oakland and community will direct how those funds are spent"



# A's Proposal

## Challenges

- IFD proceeds can only be spent on “public capital facilities;” prohibited from funding “the costs of ongoing operation or providing services of any kind”
- Limits the scope of potential benefits; excludes many of those most highly valued by the community
- Limited to 45 years
- Funds accumulate slowly at first and grow over time as new development is completed and placed on the tax roll; without another source of upfront or early funding, most benefits would not be realized for many years



# Community Benefits

## An Alternative Approach

- Provide affordable housing opportunities on- and off-site, including both new construction and displacement prevention strategies including preservation, renovation, down payment and senior assistance in the four impacted neighborhoods (West Oakland, Chinatown, Old Oakland, and the Jack London District)
- Provide equitable access to living and prevailing wage jobs for local residents
- Provide, a flexible, long-term source of funding and community governance structure to address community needs over the life of the 66-year Port lease



# Affordable Housing

## Staff Recommendation

- Target 30 percent affordability using onsite and offsite strategies
- Onsite, in lieu of payment of impact fees pursuant to the OMC, developer provides affordable housing units equal to at least 15 percent of all new onsite units (up to 450)
- Offsite, establish a \$50M fund to implement displacement prevention strategies, including but not limited to new construction, preservation, renovation, downpayment assistance, legal and rental assistance in the four impacted neighborhoods



# Jobs

## Staff Recommendation

- All project-related construction subject to the Port's Maritime Aviation Project Labor Agreement (MAPLA)
- MAPLA monthly contributions of \$0.30 cents per craft hour worked to the Port's Social Justice Trust Fund (\$10M estimated)
- Port's approach to operations jobs (generally as set forth in the Port's 2017 Operations Jobs Policy for the Centerpoint Oakland Global Logistics project) to form the basis for a Port operations jobs policy for the proposed Project
- Port Project-specific operations jobs policy to address, at a minimum, living wages and benefits for workers; priority consideration for disadvantaged workers; and fair chance hiring



# Community Fund

## Staff Recommendation

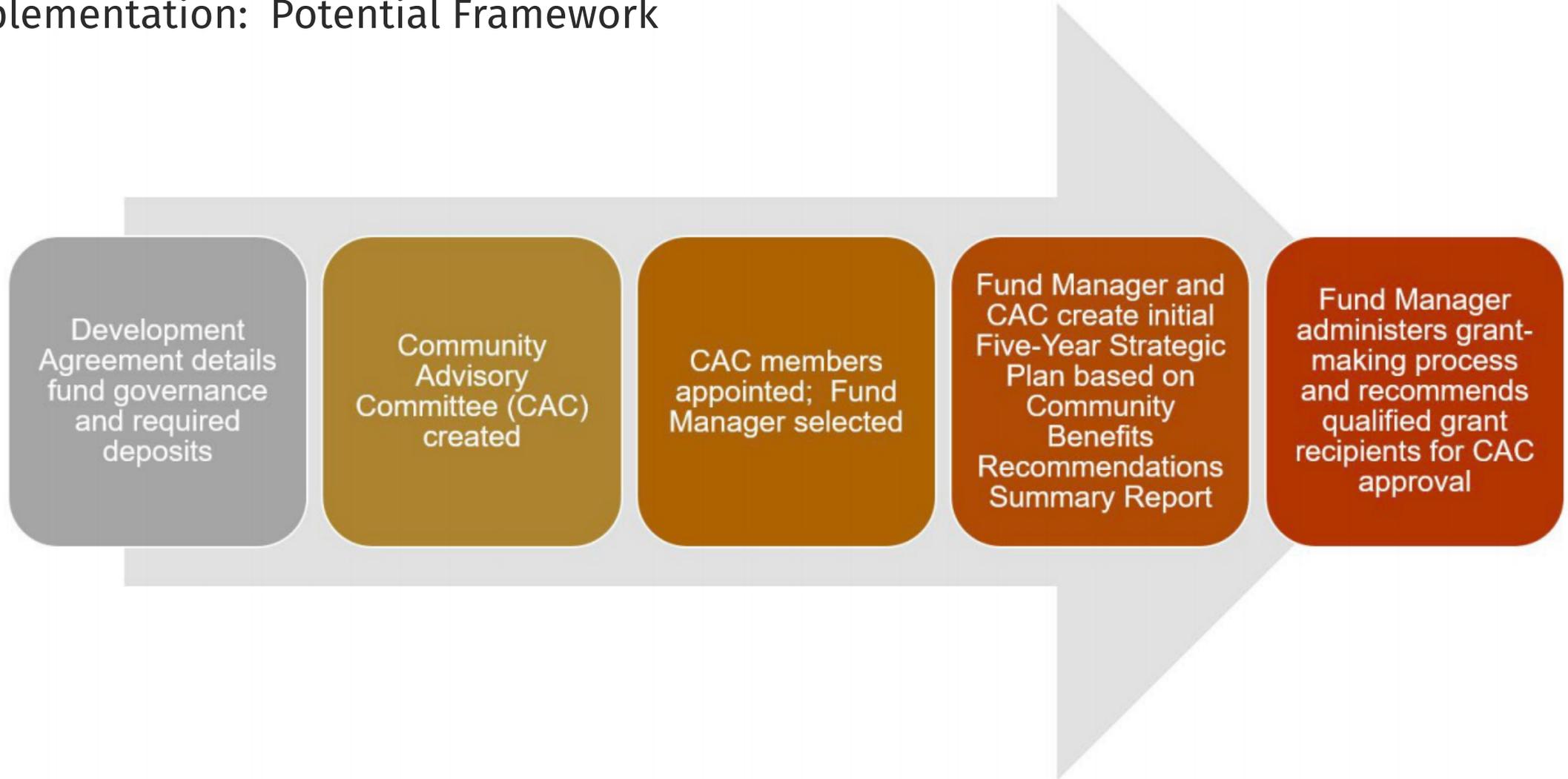
Staff recommends establishment of such a Community Fund, to be administered over the course of the 66-year Port lease, comprised, at a minimum, of funding from the following sources:

- Port's Social Justice Trust Fund – \$10 million over 10 – 15 years for workforce development
- City and County set-aside from IFD – \$50 million over 15 – 20 years for affordable housing
- 0.75 percent condominium transfer fee – \$340 million over 66 years
- Payments in lieu of Transportation Impact Fees – \$11 million over 10 years



# Community Fund

Implementation: Potential Framework



# The End (Almost)



# What about the Port?

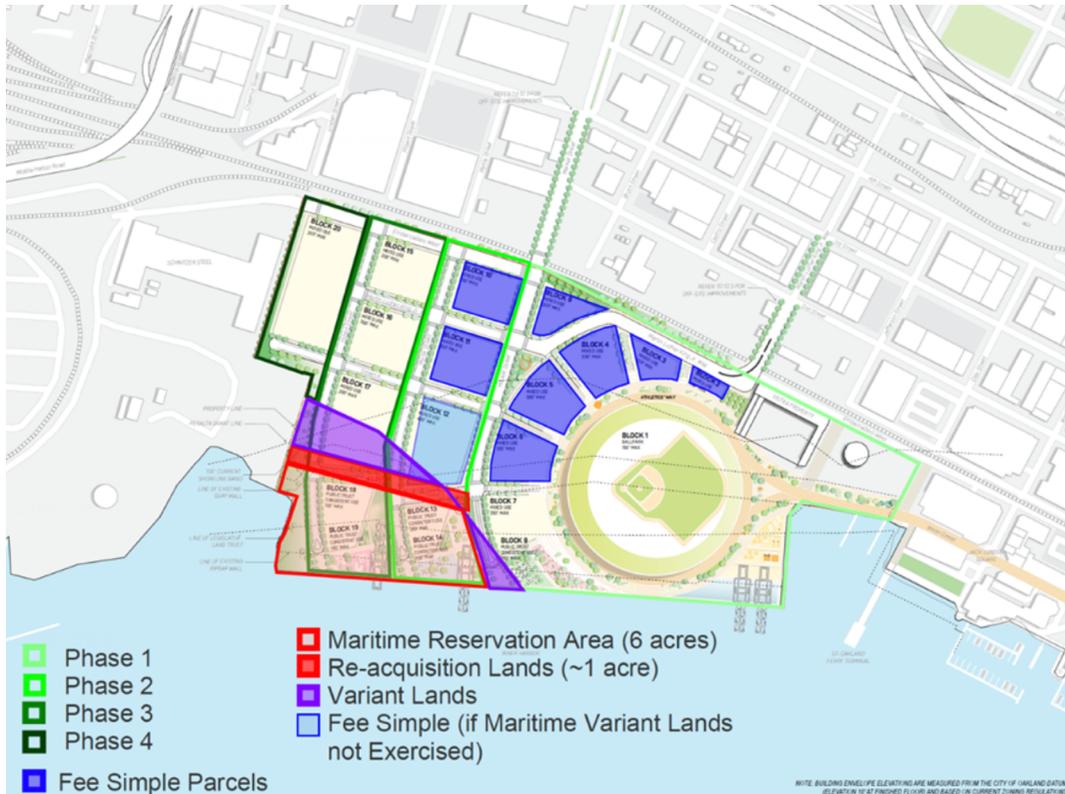


Illustration of fee simple v. leasehold parcels and Port's reservation for turning basin expansion.

- Not a taxing entity
- Howard Terminal cannot accommodate modern ultra-large ships and hasn't been used for container cargo operations since 2013
- Under-utilized capacity for cargo and freight operations at Port's deeper water outer harbor + 160 acres of converted Army Base land
- 10-year reservation for turning basin expansion
- Separated by Schnitzer Steel
- Residential development prohibited west of Myrtle
- Additional Seaport Compatibility Measures
- Improvements to Adeline, Embarcadero West aid goods movement via truck + rail

# Who's on First?

## Approach to Local Project Approvals

COMPLETE: Port of Oakland – May 2019 non-binding term sheet

UP NEXT: City of Oakland – July 2021 non-binding term sheet

AND THEN: Alameda County – September 2021 "opt-in" to IFD (non-binding)

City of Oakland, as lead agency under CEQA:

Certifies EIR

Approves GPA, Rezoning, PUP, TTM, DA including Community Benefits

Approves Resolution of Intention to form EIFD + CFD, PFA, IFP

Port of Oakland

Approves Option Agreement, Master Lease, including Seaport Compatibility Measures

County of Alameda

Appoints members to PFA, approves IFP



# In Closing

## Questions?

Councilmember **feedback** on proposed Development Agreement terms:

- One v. two IFDs
- Non-Relocation Terms
- Community benefits approach:
  - Affordable Housing
  - Jobs
  - Community Fund

