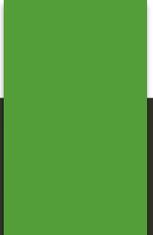


Waterfront Ballpark District at Howard Terminal

Molly Maybrun
Ballpark District Project Lead
City Administrator's Office – Real Estate & Major Projects





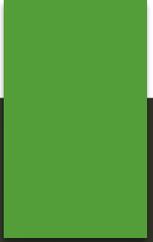
Evaluation of the Revenues, Costs, and Impacts of the Proposed Oakland Waterfront Ballpark District at Howard Terminal on the City of Oakland

Nola Agha, Ph.D.

CLAIMS V. FACTS

Is the PMSA
Report the
independent
fiscal
impact analysis
Councilmembers
have requested?

- ▶ No.
- ▶ The PMSA Report was commissioned by the same group that unsuccessfully sued to prevent the City from issuing an EIR for the proposed project, challenged that EIR in court, and opposed the Port's May 2019 Term Sheet, the City's July 2021 Term Sheet, and BCDC's 2022 Seaport Plan amendment.
- ▶ The PMSA Report is based on incomplete information about a hypothetical transaction structure, not any actual deal negotiated or recommended by City staff.
- ▶ The PMSA Report's author did not contact City staff at any time during the preparation of her report to attempt to verify or validate any of her assumptions, many of which are incorrect.



INFRASTRUCTURE FINANCING DISTRICTS

CLAIMS:

INFRASTRUCTURE FINANCING DISTRICT

Infrastructure Financing Districts (IFDs) are a “risky and usually unsuccessful method to provide sports subsidies...”

(PMSA Report, p.3)

- ▶ The ballpark would be privately financed, constructed, and operated
- ▶ An IFD has never been considered as a method to finance or subsidize the ballpark
- ▶ An IFD limits the City’s obligation to only those actual incremental property taxes received after development is complete and added to the tax rolls
- ▶ All risks associated with funding on-site infrastructure, including delays and cost overruns, would be borne by A’s, not the City
- ▶ IFDs have been successfully used as financing vehicles for public infrastructure at Mission Rock and Treasure Island



OFFSITE INFRASTRUCTURE

CLAIMS:

OFFSITE INFRASTRUCTURE

“[A]pplying inflation calculations (23% from 2021 to 2022 and 7% thereafter) to the most recent detailed infrastructure estimates (\$500 million) and adding in potential SCMs and environmental mitigations (\$100 million) implies the total cost of required off-site infrastructure could easily exceed \$850 million by 2025” (PMSA Report, p. 4)

- ▶ City off-site infrastructure estimates include the cost of Seaport Compatibility Measures as well as 6% inflation per annum to a typical construction start year of 2026
- ▶ By starting from hypothetical off-site infrastructure costs, adding seaport compatibility measure costs already included in the City’s estimates, and then escalating costs that already included reasonable consensus estimates of inflation, the PMSA Report overstates the projected off-site infrastructure costs by more than \$250 million

CLAIMS:

OFFSITE INFRASTRUCTURE

"The City's potential off-site infrastructure obligation would rely upon issuance of an approximately \$350 million Limited Obligation Bond (LOB) and poses a risk to the General Fund."

(PMSA Report, p. 3, 25)

- ▶ Offsite infrastructure would be funded primarily by federal, state, and regional infrastructure grants; the LOB would only be used if those sources are insufficient
- ▶ After setting aside enough incremental project tax revenues to fund the incremental cost of providing City services to the proposed project, the LOB could likely generate approximately \$150 million in net proceeds
- ▶ LOB bondholders would have no recourse to other revenues in the City's General Fund in the event that incremental project tax revenues fall short of debt service

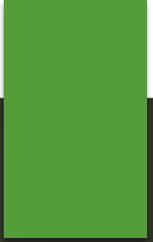
CLAIMS:

OFFSITE INFRASTRUCTURE

“...additional [off-site] maintenance costs to the City’s General Fund will exist in perpetuity, although there is no dedicated revenue stream to cover their expense.”

(PMSA Report, p. 18)

- ▶ All new public streets and parks located on the project site would be maintained by the developer at its own expense
- ▶ With the exception of the grade separated crossings, also to be maintained by the developer, all off-site work consists of improvements to existing City rights-of-way that the City already maintains



PROJECTED REVENUES AND COMMUNITY BENEFITS

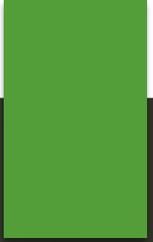
CLAIMS:

COMMUNITY BENEFITS

“...many of the benefits in the Community Benefits Agreement derive from increased property tax revenues. If these fall short of expectations for any of the macroeconomic reasons in the previous point, promised community benefits and new affordable housing will not be delivered.”

(PMSA Report, p. 27)

- ▶ Only the implementation of off-site affordable housing strategies would be directly tied to incremental property taxes
- ▶ A reduction or delay in project build-out *would delay* receipt of the \$50 million set aside for off-site affordable housing, but it is highly unlikely to reduce the total funding ultimately dedicated to this purpose
- ▶ Because the developer would fund on-site infrastructure upfront and be reimbursed from tax increment revenue directly generated from its development of the proposed project, the developer is incentivized to proceed as expeditiously as possible with high-density vertical development



IMPACTS TO PORT ACTIVITY

CLAIMS:

IMPACTS TO PORT ACTIVITY

"...the stadium will cause 'significant and unavoidable' traffic disruptions that will affect not only the health and safety of individuals but will affect the economic activity in Downtown Oakland and the Port of Oakland..."

(PMSA Report, p. 27)

- ▶ Automobile delay is no longer considered a significant impact; as such, alleged traffic disruptions cannot be CEQA impacts
- ▶ Traffic flow at Adeline and 3rd would improve as compared to current conditions
- ▶ The intersection of 5th and Union Street, which brings Port drayage trucks from I-880 to the Seaport, would also improve
- ▶ Overall, most streets will operate similarly on gamedays as compared to existing conditions

CLAIMS:

IMPACTS TO PORT ACTIVITY

“[P]er the current Term Sheet, the Phase 1 stadium development is allowed to open with only on-site infrastructure in place”

(PMSA Report, p. 27)

- ▶ All infrastructure improvements and operational measures required to mitigate potentially significant transportation safety impacts or address non-CEQA traffic impacts (such as congestion) are clearly identified as mitigation measures or non-CEQA recommendations in the EIR
- ▶ Most are required to be implemented prior to ballpark opening

CLAIMS:

IMPACTS TO PORT ACTIVITY

“[P]roviding up-front development rights to land that is necessary for the Inner Harbor turning basin expansion could lead to costly recapture and reacquisition, or a failure to reacquire, which would decrease the ability to generate economic activity at the Port”

(PMSA Report, p. 27)

- ▶ The Port reserved 10 acres in the southwest corner of the project site for the construction of potential future expansion or reconfiguration of the Inner Harbor Turning Basin
- ▶ Per the Army Corps, fewer than 2.5 acres are likely to be needed for this purpose
- ▶ The Port’s ENTS requires that the A’s “waive any claims to payment or compensation from the Port for the Port’s election” to use all or any portion of the Maritime Reservation Lands for Maritime Purposes



MACROECONOMIC TRENDS

CLAIMS:

MACROECONOMIC TRENDS

“[T]he amount, timing, and occupancy of the development will likely be affected by rising inflation, interest rates, and reduced access to capital”

(PMSA Report, p. 3)

- ▶ Agreed - even if the proposed project is approved to move forward, macroeconomic trends such as rising interest rates and inflation, the transition to hybrid work, and shifts in consumer behavior may indeed impact the amount, type and speed of redevelopment at the former Howard Terminal
- ▶ However, under the contemplated transaction structure, these risks would be the developer's, not the City's

CLAIMS:

MACROECONOMIC TRENDS

"If expenses rise or revenues fall short of projections, taxpayers will be further responsible for [infrastructure] costs under the current Term Sheet."

(PMSA Report, p. 27)

- ❑ The City has never agreed to use its General Fund for project costs
- ❑ The City Council has instead authorized staff to:
 - ❑ Utilize only new taxes that would not exist but for the project
 - ❑ Pursue "Federal, State, Regional, and other funding sources for the offsite transportation infrastructure"
 - ❑ "[P]rotect the City's General Fund"
- ▶ Both the IFD and LOB would be payable only from incremental project tax revenue
- ▶ Should the project proceed, City Council may elect to limit the City's off-site infrastructure obligations to only those improvements for which it already has secured adequate funding

CLAIMS:

MACROECONOMIC TRENDS

“None of these economic factors will reduce the amount of infrastructure that the public must construct to make the Howard Terminal project accessible”

(PMSA Report, p. 27)

- ▶ Off-site infrastructure improvements will benefit Oakland, its communities and its Port, ballpark or no ballpark
- ▶ The City has already secured approximately \$375 million in new outside investment to implement long-deferred infrastructure improvements on existing City streets
- ▶ Pursuant to Council's direction on 12.6, OakDOT's Major Projects team, in collaboration with the Port, will begin deploying those funds in early 2023, ballpark or no ballpark



IN CONCLUSION

Can you clarify -
what are the
City's obligations
under the July
2021 Term
Sheet?

- ▶ The July 2021 Term Sheet is non-binding and was never executed by the A's.
- ▶ The City has not entered into a binding agreement with the A's for development of the proposed project, therefore, at this time, no actual obligations exist on the part of the City related to the proposed project or its off-site infrastructure.

What is the current status of negotiations between the City and A's?

- ▶ Based on the Council's direction, City staff has been working to negotiate a deal structure that, if approved, would not place the City's General Fund at risk.
- ▶ To date, the City and A's have been unable to arrive at agreement on a potential deal structure that meets this goal.
- ▶ Negotiations are ongoing and will continue into 2023.

What's Next?

- ▶ If and when the parties reach agreement, all of the following will return to Council for consideration:
 - ▶ General Plan Amendment and Rezoning
 - ▶ Map and Preliminary Development Plan
 - ▶ Development Agreement, including community benefits
 - ▶ Public Infrastructure and Financing Agreement
 - ▶ Non-Relocation Agreement
 - ▶ Event Day Cost Reimbursement Agreement
 - ▶ Resolution of Intention to form an IFD
 - ▶ IFD Infrastructure Financing Plan

OK, so when will the Council see an in-depth analysis of the fiscal impacts of the proposed project?

- ▶ After Planning Commission, project entitlements and agreements will proceed to this committee (CED) for an in-depth review of the fiscal impacts of any deal terms actually – not hypothetically – negotiated with the A's and recommended by staff.
- ▶ The City has already retained its own team of financial experts with decades of experience evaluating and implementing similar public-private partnerships, including the formation and operation of dozens of infrastructure financing, redevelopment and community facilities districts throughout California.

So, what about
the PMSA
Report? Should
we just ignore it?

- ▶ No. The PMSA Report addresses essential questions and policy issues the Councilmembers must grapple with in considering any potential deal with the A's, including:
 - ▶ How to equitably distribute the substantial costs of on- and off-site infrastructure
 - ▶ How to protect future generations of Oakland taxpayers from being left "holding the bag" - as they have been by sports deals of the past
 - ▶ How to best use the proposed project to catalyze public investment and optimize public benefits
 - ▶ How to ensure both Port and City can continue to grow and thrive

<p>High Risk</p>	<ul style="list-style-type: none"> • City responsible for funding and building all off-site infrastructure on A's schedule, regardless of available funding • City forms IFD <u>and</u> issues the LOB to reimburse A's for on-site infrastructure • No LOB proceeds available to fund off-site costs • City liable for specific performance and liquidated damages
<p>Moderately High Risk</p>	<ul style="list-style-type: none"> • City remains responsible for funding all off-site infrastructure • City forms IFD but retains non-property tax increment • City issues LOB only if needed to supplement Federal, State and Regional funding for off-site infrastructure • A's and City each construct some off-site infrastructure • City liable for specific performance only on components it agrees to build
<p>Moderately Low Risk</p>	<ul style="list-style-type: none"> • City forms IFD but retains non-property tax increment • City remains responsible for funding and constructing off-sites with highest independent utility using available Federal, State and Regional funds and LOB proceeds, if needed • A's construct other off-sites using available Federal, State and Regional funds and developer capital, if needed, subject to IFD reimbursement • Developer's remedies limited to self-help
<p>Lowest Risk</p>	<ul style="list-style-type: none"> • City forms IFD but retains non-property tax increment / does not issue LOB • A's act as City's agent (similar to Army Base) to construct all infrastructure using available Federal, State and Regional funds and developer capital, if needed, subject to IFD reimbursement

PROTECT THE GENERAL FUND

Assessing Risk

MAXIMIZE PUBLIC BENEFITS

Assessing Reward

Lowest Reward

- Howard Terminal is not redeveloped
- Valuable waterfront property used for ancillary maritime services
- No public access
- Annual tax receipts continue at approximately \$75K /year
- \$375M in planned and funded infrastructure investments proceed, creating approximately 1,300 construction jobs
- The A's leave Oakland

Moderate Reward

- Ballpark District moves forward
- 18 acres of new waterfront parks and a 1.5-mile extension of the Bay Trail
- Affordable housing per code with modest additional affordable housing on- or off-site funded by IFD
- City enjoys expanded tax base after IFD terminates and LOB bonds mature
- Infrastructure investment increases to more than \$500M
- 25,000 construction and 7,100 permanent jobs
- A's stay in Oakland, but with a Non-Relocation Agreement that is short in term, has few teeth, and is highly litigable

Highest Reward

- Ballpark District moves forward
- 18 acres of new waterfront parks and a 1.5-mile extension of the Bay Trail
- Affordable housing on- and off-site of more than double code requirements
- Substantial Community Fund
- City enjoys larger tax base immediately, and further increased receipts upon termination of the IFD
- Infrastructure investment increases to more than \$500M
- 25,000 construction and 7,100 permanent jobs
- A's stay in Oakland with a robust long-term Non-Relocation Agreement; strong protections for City in the event of a team departure or bankruptcy



THANK YOU