



WATERFRONT BALLPARK DISTRICT

TO: Alameda County
FROM: Century Urban, LLC
SUBJECT: September 10, 2021 Meeting/Call Follow-Up
DATE: September 29, 2021

On Friday, September 10, 2021, the City of Oakland (“City”) staff and its consultants met with Alameda County (“County”) staff to discuss the proposed public financing structure and related fiscal revenue projections for the Waterfront Ballpark District. During this call, the County requested additional information related to fiscal revenues projected to be received by other taxing entities, how each of the City and County will benefit from the proposed project and how Enhanced Infrastructure Financing District (“EIFD”) revenues are expected to be expended. Please find below the additional requested information.

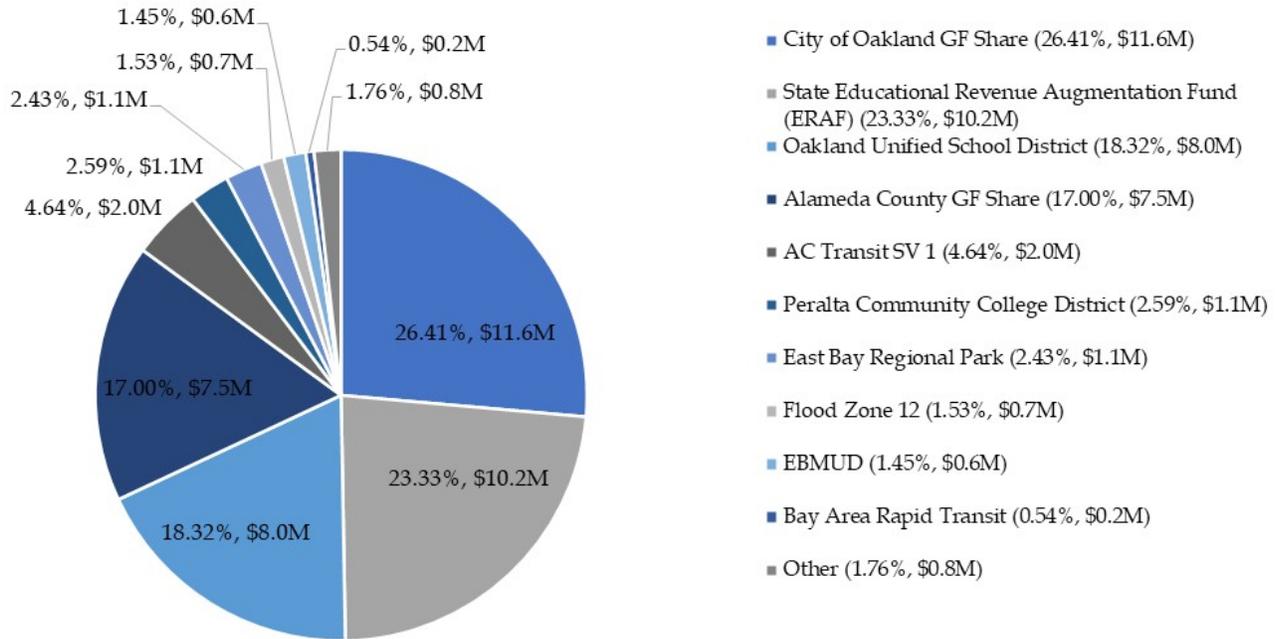
1. The County requested that the City provide detail on how the proposed project will benefit various taxing entities.

Please find below charts that illustrate the projected property tax revenue and sales tax revenue that would flow to each taxing entity in addition to the City and County. All estimates are provided in 2020 constant dollars as if the project were fully built and stabilized in 2020.

There are approximately 27 entities that receive property tax revenue generated from properties located within the City. As shown in the chart on the following page, the City of Oakland, the Oakland Unified School District, Alameda County, and the State Educational Revenue Augmentation Fund (“ERAF”) combined receive approximately 85% of total property taxes. Other entities, which include AC Transit, Peralta Community College, East Bay Regional Park, Flood Zone 12, East Bay Municipal Utility District, and Bay Area Rapid Transit, together receive approximately 13% of tax revenue. The remaining 2% is shared by multiple taxing entities including the San Leandro Unified School, Bay Area Air Quality Management, and Alameda County Flood Control Districts, among others.



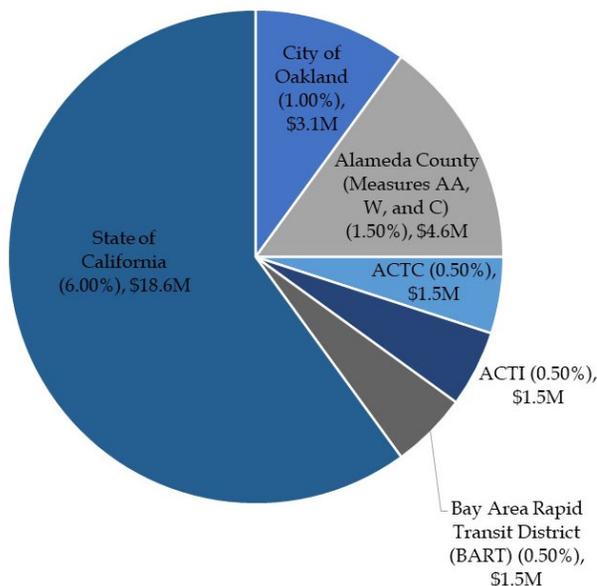
Property Taxes by Taxing Entity



Source: HdL Coren & Cone "The City of Oakland 2020/21 Weighted Average Shares" report.

There are six taxing entities that benefit from the sale of taxable goods in the City. These entities include the State of California, the County, the City, the Alameda County Transportation Commission ("ACTC"), the Alameda County Transportation Improvement Authority ("ACTI") and Bay Area Rapid Transit District ("BART"). As shown in the chart below, the County receives 1.50% of all taxable sales, of which 0.50% is allocated to each of Measures AA (Healthcare), W (Homelessness) and C (Childhood Healthcare).

The State of California receives a total of 6.00% of taxable sales and the City receives 1.00% of all taxable sales. Finally, BART, ACTC and ACTI each receive 0.50% of all taxable sales.





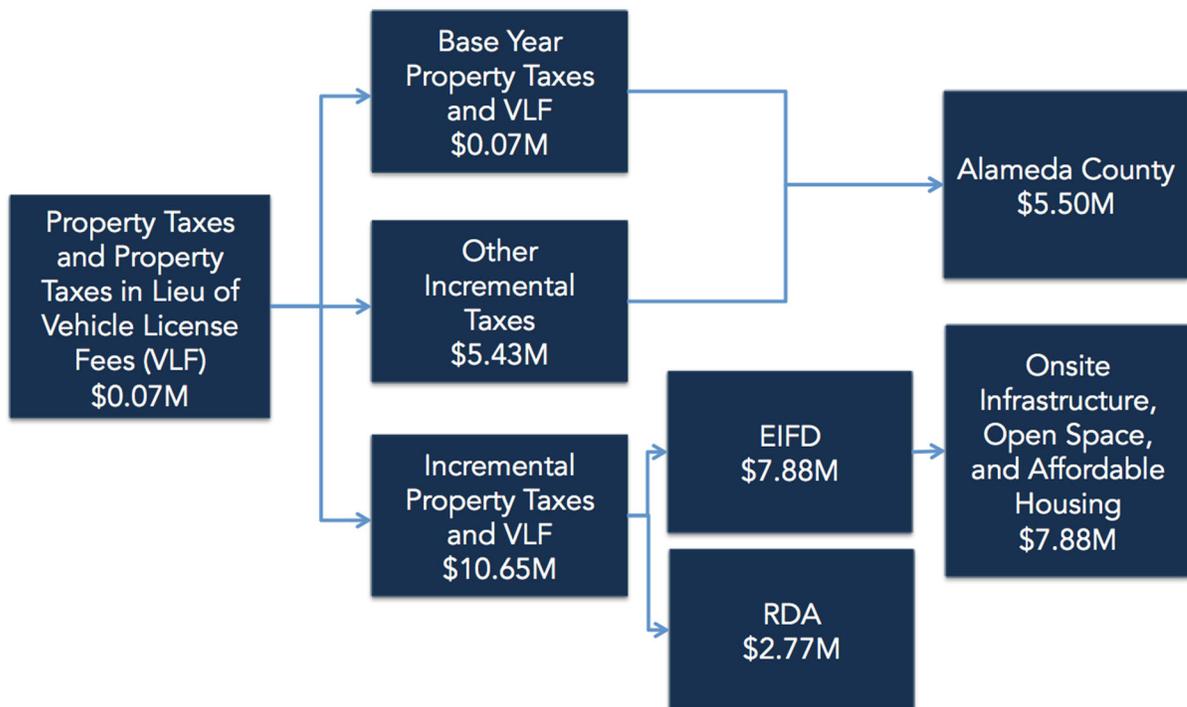
2. The County requested more information on how the build-out of the proposed project would benefit each of the City and County.

Public investment in the Waterfront Ballpark District will support two distinct purposes:

- i. Creation and preservation of both on-site and off-site affordable housing, and construction of public parks and on-site infrastructure.
- ii. Improvements to the offsite transportation grid to support the project build-out and other local and regional transportation priorities.

It is anticipated that the project will utilize an EIFD to reimburse the master developer for certain on-site infrastructure and affordable housing costs, as set forth in greater detail in Section 3 below. Provided below are flow charts that illustrate the projected fiscal revenues *directly* generated by the project and the projected amounts of such revenue that would flow to each of the City and County during the term of the EIFD. As previously noted,, indirect or induced economic and fiscal benefits are not included in this analysis.

The County's Contribution to the Waterfront Ballpark District



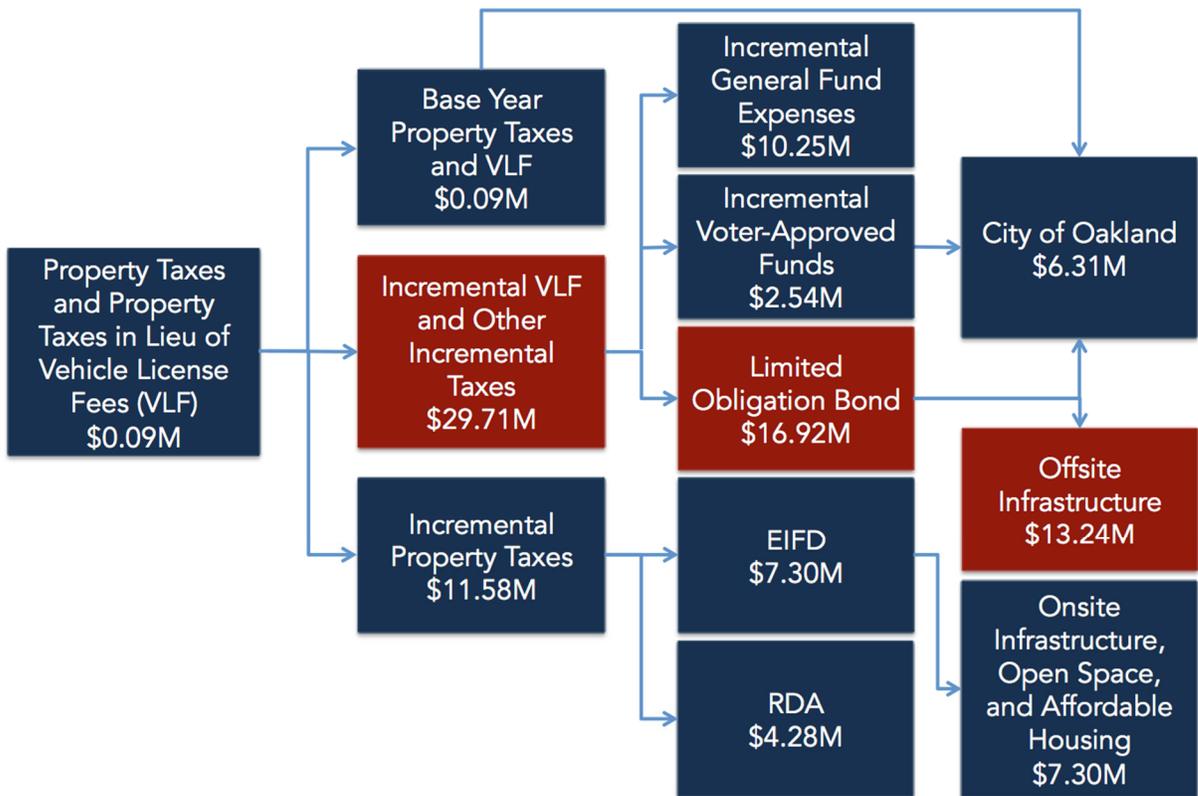
- The County currently receives approximately \$70,000 in property taxes and property taxes in-lieu of VLF from the Waterfront Ballpark District site.



- If the project were built today, the County would receive an estimated additional \$10.7 million in property taxes (before capture of taxes by existing Redevelopment Areas (“RDAs”)) and property taxes in lieu of VLF, \$0.5 million in transfer taxes, and \$4.9 million in sales taxes, annually. Of these amounts the following are either pledged or voter-approved for specific uses:
 - \$2.8 million of the \$10.7 million in incremental property taxes and property taxes in-lieu of VLF to be captured by existing RDAs to meet RDA obligations through 2039.
 - \$1.6 million in sales tax revenue to Measure AA for various healthcare uses such as emergency care, hospital care and public health.
 - \$1.6 million in sales tax revenue to Measure W to fund programs that serve homeless residents.
 - \$1.6 million in sales tax revenue to Measure C to expand access to free and low-cost health care and emergency services for children.
- Of the amount net of these statutory deductions, the County could contribute up to \$7.9 million annually to an EIFD to reimburse the developer for affordable housing, parks and on-site infrastructure.
- The developer will bear all upfront risk for funding the cost of affordable housing, parks and infrastructure. The County’s contribution would be limited to incremental property taxes and property taxes in-lieu of VLF actually generated; thus, the developer bears all risk of EIFD revenue shortfalls.
- If the project is built and the County participates in an EIFD, the County would benefit from the project after deducting for its contribution to the EIFD. This is estimated at \$5.4 million in new annual revenue to the County, largely comprised of sales tax revenue, and to a lesser degree, transfer taxes. After the term of the EIFD, currently projected as 45 years, the County would receive all County taxes generated by the project.



The City's Contribution to the Waterfront Ballpark District



- The City currently receives approximately \$93,000 in property taxes and property taxes in lieu of VLF from the current Howard Terminal site.
- If the project were built today, the City would receive an estimated \$11.6 million in property taxes and \$29.7 million in other taxes annually, of which the following amounts are pledged or voter-approved for specific uses or to pay General Fund expenses:
 - \$4.3 million of the \$10.7 million in incremental property taxes and property taxes in-lieu of VLF to be captured by existing RDAs to meet RDA obligations through 2039.
 - \$0.9 million for Measure C Transient Occupancy Tax to fund the Oakland Convention and Visitors Bureau, the Oakland Zoo, the Oakland Museum of California, Chabot Space and Science Center and Cultural Arts Programs and Festivals.
 - \$1.6 million to Measure Z Parking Tax to augment basic police and fire services and fund violence prevention and intervention programs.
 - \$10.3 million for increased City General Fund expenses resulting from the development of the Waterfront Ballpark District.
- The City will contribute all of its incremental property taxes, or \$7.3 million annually (net of RDA contributions), to an EIFD reimbursing the developer for affordable housing, parks and on-site infrastructure.



- In addition, the City will utilize its other incremental tax revenues to service debt for a separate, limited obligation bond financing to fund offsite infrastructure. The County is not anticipated to participate in or contribute to the limited obligation bond or the cost of offsite infrastructure.
- Preliminary estimates of the total cost of offsite infrastructure exceed \$350 million. Actual costs may be higher. The City is currently pursuing Federal, State, regional and other funding sources to defray this cost. Assuming \$150 million of net bond proceeds are required to fill any gap between the total offsite cost and other funding sources, average annual estimated debt service would exceed \$13 million¹.
- If the project is built, the City would nevertheless benefit from the project after deducting for its contributions to the EIFD and limited obligation bonds. This is estimated at \$6.3 million in new annual net revenues after increased City expenditures each year, largely comprised of voter-approved funds for specific uses and periodic transfer taxes. Like the County, after the term of the EIFD, currently projected as 45 years, and the limited obligation bond, currently projected as 30 years, the City would receive all City taxes generated by the project.

3. The County asked how EIFD revenues are expected to be expended.

The following page provides a schedule that lists the projected affordable housing and on-site infrastructure costs to be funded by the EIFD in nominal dollars. It is important to note the following:

- All on-site infrastructure and affordable housing costs will be paid up front by the master developer.
- The EIFD provides reimbursement only when and to the extent tax increment is available, during the 45-year EIFD term, resulting in the master developer bearing the risk that its infrastructure investment may not be repaid.
- Any unreimbursed amounts will be absorbed by the master developer or building developers/owners within the Waterfront Ballpark District, either through the collection of a special tax (in the event EIFD revenues fall short of required Community Facilities District debt service) or through required contribution of developer capital over and above the funding capacity of the EIFD.

¹ Assumes a 30-year limited obligation bond at 4% interest, with 3 years of capitalized interest, 7 years of interest-only payments, and a 20-year amortization schedule.

**Waterfront Ballpark District - On-Site Infrastructure & Affordable Housing Budget**

COST DESCRIPTION	Total	Comment
ACQUISITION		
Vistra Site	4,378,550	
Fire Station	1,860,884	
Other Acquisition Costs	150,611	
TOTAL ACQUISITION COSTS	6,390,045	Excludes Port lease payments.
CONSTRUCTION COSTS		
Demolition, Site Prep., Grading	29,116,847	
Ground Improvement, Haz Mat.	19,135,293	
Entrance Enhancement	3,541,308	
Utilities Connections	6,336,021	
Onsite Streets and Improvements	51,527,738	
Parks and Plazas	65,353,622	
Craneway Improvements	2,921,575	
Shoreline Improvements	7,275,326	
Temporary Parking & Interim Conditions	6,826,849	
Fire Station	4,925,869	
Total Construction Costs Before Contingency	196,960,448	
Hard Cost Contingency	39,392,090	20% of total construction costs
TOTAL CONSTRUCTION COSTS	236,352,537	
SOFT COSTS		
Design Consultants	27,974,664	
Engineers	4,995,475	
Project Consultants	20,940,048	
City Permits/Fees	47,305,844	
Project Management	5,994,571	
Public/Community Relations	3,996,382	
Utilities (Connection Fees)	7,217,385	
Marketing	233,320	
Insurance/Bonding/Taxes	9,990,952	
Legal/ Accounting/ Admin	12,031,147	
Financing	1,204,101	
Operations	73,405	
Total Soft Costs Before Contingency	141,957,294	
Soft Cost Contingency	21,293,594	15% of Soft Costs
TOTAL SOFT COSTS	163,250,888	
TOTAL ON-SITE INFRASTRUCTURE COSTS	405,993,469	
AFFORDABLE HOUSING		
Contributed Funding Gap for On-Site Units	123,384,214	
Contributed Funding for Offsite Strategies	50,000,000	
Less: Developer Contribution in Lieu of Impact Fees	(74,639,630)	
TOTAL ON-SITE AFFORDABLE HOUSING	98,744,584	
TOTAL ON-SITE COSTS	504,738,053	