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Personal Services Contract with ALH Urban & Regional Economics

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COMMUNITY INVESTMENT

and INFRASTRUCTURE

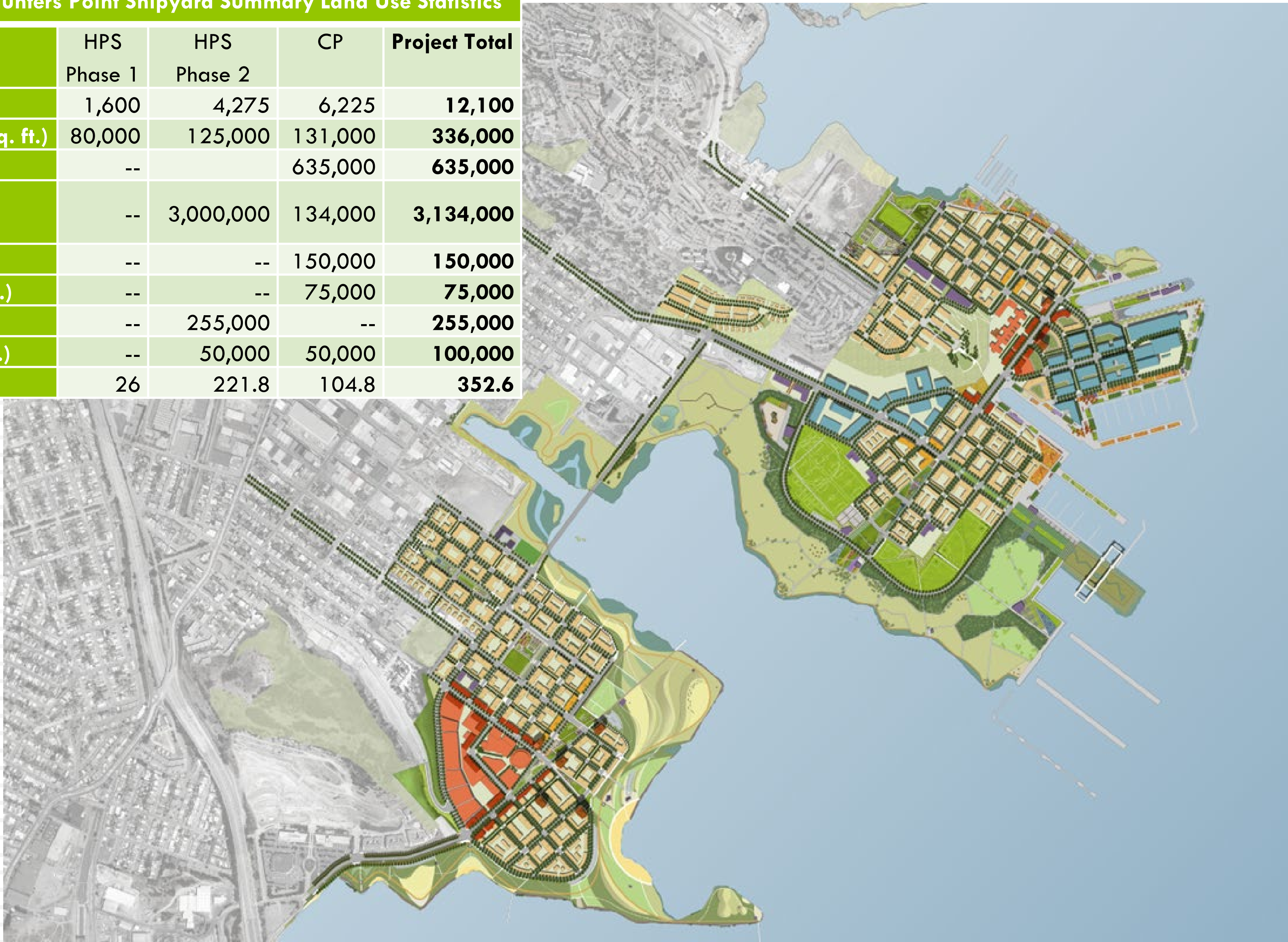
Presentation Overview

1. Background: Candlestick Point & Hunters Point Shipyard Phase 2 Financial Agreements
2. ALH Personal Services Contract
   - Proposed Scope of Work
   - Proposed Budget
3. Staff Recommendation

Hunters Point Shipyard & Candlestick Point

Candlestick Point and Hunters Point Shipyard Summary Land Use Statistics

	HPS Phase 1	HPS Phase 2	CP	**Project Total**
Resident Units	1,600	4,275	6,225	**12,100**
Neighborhood Retail (sq. ft.)	80,000	125,000	131,000	**336,000**
Regional Retail (sq. ft.)	--		635,000	**635,000**
Office and Research & Development (sq. ft.)	--	3,000,000	134,000	**3,134,000**
Hotel (sq. ft.)	--	--	150,000	**150,000**
Film & Art Center (sq. ft.)	--	--	75,000	**75,000**
Artists' Space (sq. ft.)	--	255,000	--	**255,000**
Community Uses (sq. ft.)	--	50,000	50,000	**100,000**
Open Spaces (acres)	26	221.8	104.8	**352.6**



Background: Financial Agreements

- **Key Principal:** the Project must pay for the costs of completing the horizontal development, using private capital and revenues generated by the Project itself.
  - ***Horizontal Development:*** Infrastructure and public benefits associated with the Project.
    - Examples: Utilities, roads, parks & open space
  - ***Vertical Development:*** Residential, commercial, retail buildings.

Background: Financing Sources & Uses

Sources	2010 Proforma
Private Capital	$ 700 million
Tax Exempt, Land Secured Financing	
1. Property Tax Increment Financing	$ 1,020 million
2. Mello-Roos Community Facilities Districts	$ 570 million
TOTAL	**$ 2,290 million**

Uses	2010 Proforma
Public Infrastructure	$1,839 million
Below Market Rate Housing	$369 million
Other Community Benefits	$82 million
TOTAL	**$ 2,290 million**

The Project Sources are generate by the Project itself, and has no recourse to the City's General Fund

Background: Project Revenue Distribution

NET PROJECT REVENUES

1 Developer

2 50% Developer | 50% Community Benefits Fund

Developer Receives 100% of Net Project Revenues until Project achieves the Threshold Return of 22.5%

2016 Project Update

In October 2016, Developer will be submitting a revised Project Proforma to OCII, which will address:

1. Escalation of Horizontal Development Costs
2. Update Assumptions of Land Sale Revenue
3. Changes in Project Development Plan
   - Accelerated Development of Alice Griffith Public Housing Replacement Project
   - Accelerated Developer at Candlestick Point (Retail Center & Mixed Use Development)
   - Delayed Development of Hunters Point Shipyard

Proposed Scope of Work

ALH Urban & Regional Economics will assist OCII staff to:

1. Review of annual Project Financial Statements submitted by Developer
2. Review, analyze, and advise OCII on the 2016 Proforma
3. Compare 2016 Proforma and 2010 Proforma
4. Review, analyze, and advise OCII on the potential financial impact of any proposed Project changes to the development plan, including the impact to tax increment and special tax financing assumptions

Proposed Term & Budget

- **Contractor:** ALH Urban & Regional Economics
- **Term:** 3 Year Term: Oct. 2016 – Sept. 2019
- **Budget:** Not-To-Exceed: $230,000

Year 1:	$120,000
Year 2:	$ 50,000
Year 3:	$ 30,000
Contingency	$ 30,000
Total:	**$230,000**

Procurement Method

- OCII's Purchasing Policy permits the use of consultants from the City's Pre-Qualified Consultant Panels
- ALH Urban & Regional Economics is on the City Controller's Panel of Qualified Economic Consulting Service
- ALH was selected by OCII staff because:
  1. The particular expertise of the firm's available staff to take lead responsibility for the assignment;
  2. Potential conflicts of interest; and
  3. The response time within which the firm can complete the task.

Staff Recommendation

Staff recommend the Commission authorize the Executive Director to enter into a Personal Services Contract with ALH Urban & Regional Economics

- For Economic and Financial Analysis
- For a three year term of October 1, 2016 to September 30, 2019
- For a total contract amount not to exceed $230,000.

THANK YOU

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