

MEMORANDUM

March 2, 2020

To: City of Alameda and Bay West Development
From: Nathan Perez, Esq., DTA
Subject: Summary of CFD Formation Proposal for Phase I of Alameda Marina

DTA has prepared this memorandum for the City of Alameda ("City") and Bay West Development (the "Developer") to discuss a proposal for formation of a new Community Facilities District ("Proposed CFD") for Phases I-A and I-B (collectively referred to as "Phase I") of the Alameda Marina project (the "Project"). The following is a description of the proposed deal points of the Proposed CFD for the Project.

A. Background and Assumptions

Phase I of the Project consists of 360 multi-family units, 49 of which are Below Market Rate ("BMR") units that would not be subject to the Proposed CFD special taxes. Additionally, Phase I will include 8 market rate work-live units, and approximately 161,000 in existing and new commercial square footage. In total, Phase I is expected to total **311 multi-family units, 8 work-live units, and 161,000 commercial square feet** that would be subject to CFD special taxes in the Proposed CFD. The Project is situated on Clement Avenue in between Schiller and Alameda Marina Drive.

B. Summary of CFD Formation Deal Points

1. The CFD would comprise a special tax to finance public improvements and public fees.
2. The CFD would be structured to accommodate one or more bond issuances for Phase I of the Project, with the possibility of multiple improvement areas and annexation areas, the number and size of which will be determined at a later date. Using Improvement Areas or multiple CFDs enables a municipality or property owner to adjust their CFD special tax levels, public facilities eligible for funding or fees, available interest rates, cost calculations, or other aspects of a CFD as a development project builds out rather than being required to decide at the time of formation, prior to knowing of significant issues that could arise later during the project buildout process. Typically, with larger projects, the public agency will form a CFD with multiple Improvement Areas, each of which would encompass a phase of the project and would act as a separate CFD within the all-encompassing CFD. Improvement Areas are useful for projects in which vertical improvements are phased over many years of development.
3. DTA has assumed a services CFD special tax component of hundreds of dollars per multi-family unit that would pay for transportation demand management (TDM) and certain public services, such as landscaping and lighting.

4. Based on the estimated sales prices of residential and commercial products built for the Project, as provided by the Developer in February 2020, the proposed infrastructure special tax would be \$2,604 per multi-family residential unit and \$0.30 per square foot for commercial buildings.
5. The bonding capacity for Phase I of the Project is estimated to be approximately \$16.5 million, with an estimated yield of approximately **\$13.9 million in total net proceeds**. The preliminary bond sizing is described in further detail in Exhibit A.
6. The annual CFD special tax rate, when combined with all other property taxes, would equal approximately 1.90% of estimated home prices. The effective tax rate of the proposed CFD (including services and infrastructure) would range from approximately 0.52% - 0.59%. The effective tax rate of the proposed CFD for only infrastructure would range from approximately 0.43% - 0.53%.
7. The CFD could fund the construction of certain public improvements with a useful life of five (5) or more years, public services, development impact fees and existing debt obligations, all of which can be determined in further detail during our discussions. Additionally, the CFD could fund public improvements owned by an agency or user other than the City; however, these improvements may be subject to certain limitations.
8. For modeling purposes, it was assumed that the annual special taxes and debt service will escalate by 2.00% annually and the interest rates on the bonds were assumed to be 4.50%. All proceeds are net of typical costs for underwriter, reserve funds, capitalized interest, and incidental expenses.
9. The proposed term of each series of bonds will likely be thirty (30) years. However, the term of the proposed CFD may be levied on an Assessor's Parcel, for a maximum of fifty (50) years.
10. The Rate and Method of Apportionment ("RMA") would include a provision permitting full and/or partial prepayment of the special taxes at any time for any number of Assessor's Parcels.
11. The CFD could fund infrastructure on a pay-as-you-go basis with surplus special taxes (i.e., revenues collected over that necessary to fund principal, interest, and administration) during the entire 30-year bond, for each respective series, with the allocation of such pay-as-you-go revenues to be the subject of further discussion.

If you have questions upon review of the attached summary, please call me at (800) 969-4382.

Attachment (1)

Exhibit A

Preliminary Bond Sizing

Estimated Assessed Valuation and Property Taxes	Sq. Ft.	Amount (\$)
Estimated Average Sq. Ft. per Unit Estimated Average Sales Price per Unit	841	\$601,234
AD VALOREM PROPERTY TAXES		
Base Property Tax Rate	1.00000%	\$6,012
Other Ad-Valorem Taxes		
County Wide Go Bond	0.01120%	\$67
City of Alameda	0.02200%	\$132
School Unified	0.09740%	\$586
School Community College	0.02690%	\$162
Bay Area Rapid Transit	0.00700%	\$42
East Bay Regional Park	0.00570%	\$34
Total General Property Taxes	1.17020%	\$7,036
OTHER AGENCIES		
City Sewer Service		\$313.80
Mosquito Abatement		\$3.50
CSA Paramedic		\$32.86
CSA Vector Control		\$11.84
Healthcare District		\$298.00
CSA Lead Abatement		N/A
School Measure B1		\$269.12
Peralta CCD Measure B		\$48.00
SFBRA Measure AA		\$12.00
Haz Waste Program		\$7.40
CSA Vector Control B		\$4.08
Mosquito Assess 2		\$2.50
AC Transit Measure VV		\$96.00
EBMUD Wet Weather		\$111.24
East Bay Trail LLD		\$5.44
EBRP Park Safety/M		\$12.00
Urban Runoff		\$56.14
Total Assessments, Special Taxes, and Parcel Charges before CFDs		\$1,284
PROJECT/SITE COMMUNITY FACILITIES DISTRICTS <i>Proposed Services CFD¹</i>		\$500
Total Assessments, Special Taxes, and Parcel Charges before Bonded CFDs		\$1,784
PROJECTED TOTAL PROPERTY TAXES		\$8,820
PROJECTED TOTAL PROPERTY TAXES PER SQ. FT.		\$10.49
Projected Total Effective Tax Rate (as % of Assessed Value)		1.4669%
CFD CAPACITY ANALYSIS		
Remaining Effective Tax Rate (1.90% Threshold)		0.4331%
Remaining CFD Tax Capacity per Unit		\$2,604

**** Numbers may not sum due to rounding**

**Preliminary CFD Statistics for Alameda Marina
(as of March 2, 2020)**

	Phase 1
Number of Residential Units (760 total)*	360
Very Low Income BMR (CFD Tax Exempt)	(16)
Low Income BMR (CFD Tax Exempt)	(12)
Moderate Income BMR (CFD Tax Exempt)	(21)
Work Live Units (8 total)	8
Number of Equivalent Dwelling Units Contributing to CFD	319
Average Square Foot per Residential Unit	841
Average Estimated Sales Price per Unit	\$601,234
Existing Commercial Square Footage	55,734
New Commercial Square Footage	105,550
General Property Taxes	1.17020%
Total Direct Assessments and Special Taxes per Unit before CFDs	\$1,284
Total Effective Tax Rate Before CFDs	1.38%
Proposed Services CFD Rate (includes TDM and Public Services)	\$500
Total Effective Tax Rate Before Bonded CFDs	1.47%
Assumed CFD Rate per Commercial SF	\$0.30
CFD Bonding Capacity per Residential Unit (1.90% Effective Tax Rate)	\$2,604
Maximum CFD Bonding Capacity (Bonded Indebtedness) by Phase	\$16,505,413
Maximum CFD Bond Proceeds (Total Net Proceeds) By Phase	\$13,947,074
Master Developer Financeable Obligations by Phase (\$2020)	\$17,945,445
Vertical Builder Financeable Obligations by Phase (\$2020)	\$7,000,000
Combined CFD Financeable Obligations (\$2020)	\$24,945,445
Estimated Net Taxable Acres	3.9