

**STAFF REPORT
106**

A Statewide

04/19/18

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CONSIDER SUPPORTING STATE LEGISLATION (AB 2578, CHIU), THAT WOULD REVISE PROVISIONS OF SAN FRANCISCO'S INFRASTRUCTURE FINANCING DISTRICT TO EXPAND THE PURPOSE OF THE DISTRICT TO INCLUDE SHORELINE PROTECTION, WHICH WILL ADDRESS URGENT SEISMIC AND FLOOD RISKS POSED BY THE SAN FRANCISCO SEAWALL

SUMMARY:

AB 2578 would create a funding mechanism to repair the Embarcadero Seawall situated on granted Public Trust lands along the Northern San Francisco waterfront.

BACKGROUND AND DISCUSSION:

The Embarcadero Seawall along the San Francisco waterfront was constructed over 100 years ago—well before seismic safety standards were established or sea-level rise and climate change emerged as planning issues. The Seawall, stretching 3 miles along the northern waterfront from Fisherman's Wharf to Mission Creek, is on weak soil (young bay mud), has settled and cracked, and is vulnerable to damage from an earthquake. Hundreds of acres of fill that was used to create the land behind the Seawall is susceptible to liquefaction—a phenomenon where the soil loses strength and acts like a liquid.

According to an economic analysis prepared by the Port of San Francisco, the sponsor of AB 2578, \$1.6 billion in port assets are at risk from earthquake damage within the Seawall zone. The Seawall provides flood and wave protection to Downtown San Francisco and stabilizes hundreds of acres of filled land. The Seawall is a contributing resource in the Embarcadero Historic District listed on the National Register of Historic Places. Port assets in the area include finger piers, the Ferry Building, Embarcadero Promenade and roadway, the downtown ferry terminal, the Pier 27 cruise terminal, the BART Transbay Tube, MUNI light rail, and prime utility infrastructure, among other things.

A 2016 earthquake vulnerability study prepared by the Port in coordination with the City found that most of the waterfront is highly susceptible to earthquake damage associated with liquefaction and the resultant seawall movement and localized bulkhead failure. This damage would impact critical infrastructure, including emergency response facilities, evacuation routes, critical utilities, and

STAFF REPORT NO. **106** (CONT'D)

transportation infrastructure. The U.S. Geological Survey predicts a 72 percent probability of a major earthquake in the San Francisco region by 2044.

The San Francisco waterfront is a valuable Public Trust state asset. In 1968, the Legislature enacted the Burton Act (Chapter 1333, Statutes of 1968), granting to the City the State's remaining interests in tidelands within the City. The grant was made subject to the Public Trust and the terms and conditions of the Burton Act. The Port of San Francisco holds the lands granted to the City under the Burton Act. The Commission has residual oversight authority over the granted lands.

Infrastructure improvements to the Seawall are estimated to cost up to \$5 billion. The City is planning to place a \$350 million general bond measure on the November 2018 ballot to help protect and strengthen the Seawall and may increase the amount to \$500 million. While the County Board of Supervisors has not acted yet to place the bond measure on the November ballot, Commission staff understand that they intend to do so. Even if the voters approve the bond, a vast gulf would remain between available funding and repair costs.

AB 2578 would expand the authority of the City and County of San Francisco's Infrastructure Financing District to include shoreline protection. It would also expand the types of projects a waterfront district may finance and require an infrastructure financing plan for a shoreline protection district to be mailed to the Director of Finance and the Secretary of the Natural Resources Agency.

The bill defines shoreline protection district as a waterfront district in which the Educational Revenue Augmentation Fund (ERAF) share is used to finance structural repairs and improvements to and acquisition, construction or replacement of seawalls or other improvements for the purposes of strengthening the Port's shoreline to withstand a seismic event, liquefaction or lateral spreading or to protect against flood risks in waterfront lands in San Francisco. ERAF is a mechanism to allocate local property tax revenues from cities, counties, and special districts, to schools to help meet minimum funding requirements. AB 2578 would authorize the City to direct the school's share of tax increment (ERAF) to shoreline improvements, including improvements to the Seawall and other shoreline strengthening improvements, in direct proportion to the local share of tax increment committed to Port Infrastructure Financing Districts.

The repair and resiliency costs for the Seawall are immense and it is incumbent on the Port and City to determine how to amass sufficient funding to repair the Seawall and protect the Port's trust lands and assets. AB 2578 is intended to help do that. The Commission, as the State's chief steward of Public Trust lands, can support the Port in advocating for funding for the Port to repair the Embarcadero Seawall by supporting AB 2578.

STAFF REPORT NO. **106** (CONT'D)

STAFF RECOMMENDATION:

Commission staff recommends that the Commission support AB 2578 (Chiu) that would revise provisions of San Francisco's infrastructure financing district to expand the purpose of the district to include shoreline protection, which will help address urgent seismic and flood risks posed by the San Francisco seawall.

RECOMMENDED ACTION:

It is recommended that the Commission:

Support AB 2578 (Chiu) that would revise provisions of San Francisco's infrastructure financing district to expand the purpose of the district to include shoreline protection, which will help address urgent seismic and flood risks posed by the San Francisco seawall.