

Commission on Community Investment and Infrastructure

RESOLUTION NO. 23-2013

**Adopted June 4, 2013**

APPROVING AN AMENDED BUDGET FOR THE PERIOD JULY 1, 2013 THROUGH JUNE 30, 2014, AND AUTHORIZING THE EXECUTIVE DIRECTOR TO SUBMIT THE BUDGET TO THE MAYOR'S OFFICE AND THE BOARD OF SUPERVISORS

BASIS FOR RESOLUTION

- WHEREAS, In accordance with Redevelopment Dissolution Law, Cal. Health & Safety Code § 34173, and San Francisco City and County Board of Supervisors ("Board of Supervisor's) Ordinance No. 215-12, the Office of Community Investment and Infrastructure ("OCII"), as Successor Agency to the San Francisco Redevelopment Agency, is recognized as a separate legal entity from the City and is subject to the governance of the City acting in its legislative capacity. The Board of Supervisors has final budget approval authority over the OCII in its annual budget process in accordance with Section 33606 of the California Health and Safety Code; and,
- WHEREAS, On April 16, 2013 and April 30, 2013, this Commission held workshops on a proposed FY 2013-14 budget that the OCII Staff prepared and has included as Attachment A ("FY 2013-14 Budget") to this Resolution. The FY 2013-14 Budget includes a projection for FY 2014-15 that will be subject to final Commission approval at a later time; and,
- WHEREAS, On May 7, 2013, this Commission approved Resolution 17-2013 approving a budget for FY 2013-14 and authorized the Executive Director to seek Commission approval for any material changes to the budget that might be recommended during consultation with the Mayor's Office or Board of Supervisors; and,
- WHEREAS, The Executive Director has determined that changes proposed during the course of consultations would constitute material changes requiring Commission approval and these changes are incorporated in the amended OCII FY 2013-14 budget proposal attached to this Resolution as Attachment A; and,
- WHEREAS, In Resolution 17-2013, this Commission directed the Executive Director to include a General Counsel position in the Administration and Development Positions Section of the proposed FY 2013-14 Budget and such position has been included in the amended Budget attached to this Resolution as Attachment A; and,
- WHEREAS, In addition to the revenues included in the amended FY 2013-14 budget attached to this resolution as Attachment A, OCII may receive additional property tax increment related to the Mission Bay North and Mission Bay South Redevelopment Project Areas as a result of the correction of assessor records, and such increment in pledged to specified uses in pledge agreements that constitute enforceable obligations; and,

WHEREAS, In addition to the revenues included in the amended FY 2013-14 budget attached to this resolution as Attachment A, OCII may receive additional sales proceeds and property tax increment from formerly State-owned parcels in the Transbay Redevelopment Project Area that is pledged to be disbursed to the Transbay Joint Powers Authority in pledge agreements that constitute enforceable obligations; and,

WHEREAS, Approval of the FY 2013-14 Budget is not a "Project," as defined by the California Environmental Quality Act ("CEQA") Guidelines Sections 15378(b)(4) and 15378(b)(5). The budget will provide administrative, technical assistance support, and funding for activities authorized under Redevelopment Dissolution Law. Actions related to the approval of the budget will not independently result in a physical change in the environment are not subject to environmental review under CEQA; now, therefore, be it

RESOLVED, That this Commission approves the amended Proposed Budget for the period July 1, 2013 through June 30, 2014 ("FY 2013-14 Budget"), attached to this Resolution as Attachment A, and furthermore authorizes the Executive Director to transmit the FY 2013-14 Budget to the Mayor's Office and the Board of Supervisors and to make any nonmaterial changes that may be proposed during review by the Mayor or Board of Supervisors, provided that the Executive Director shall seek Commission approval for any material changes to the budget; and, be it further

RESOLVED, That this Commission authorizes the Executive Director to reprogram funds between expenditure categories within the projects shown as columns on Table 3 of the attached budget, and to shift allocated staffing and operating costs between projects, subject to the availability of funds and consistency with an approved ROPS and, be it further

RESOLVED, That this Commission authorizes the acceptance and expenditure for pledged purposes of any legally pledged tax increment revenues for the Mission Bay North, Mission Bay South and Transbay Project Areas and sale proceeds from formerly state-owned parcels in the Transbay Project Area that may be received in excess of amounts included in the FY 2013-14 Budget.

Attachment A: OCII Proposed FY 2013-14 Budget, as amended

I hereby certify that the foregoing resolution was adopted by the Commission at its meeting of June 4, 2013.



Commission Secretary

Office of Community  
Investment & Infrastructure  
Successor to the  
San Francisco Redevelopment Agency

Proposed Fiscal Year 2013-2014 Budget

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# OFFICE OF COMMUNITY INVESTMENT & INFRASTRUCTURE

## Fiscal Year 2013-2014 Proposed Budget

### 1. Background

The Office of Community Investment & Infrastructure is the Successor Agency to the San Francisco Redevelopment Agency. On February 1, 2012 the San Francisco Redevelopment Agency (“SFRA”), along with all 400 redevelopment agencies in California, was dissolved pursuant to Assembly Bill 26 (“AB 26”) and by order of the California State Supreme Court. In June of 2012, Assembly Bill 1484 was passed to further clarify certain aspects of the dissolution of redevelopment agencies, and together the two assembly bills are known as the “Dissolution Law”. Pursuant to the Dissolution Law and to Board of Supervisors Ordinance 215-12, the City has created the Office of Community Investment and Infrastructure (“OCII”) as the Successor Agency to the San Francisco Redevelopment Agency. As Successor Agency, OCII succeeds to the organizational status of SFRA but without any legal authority to participate in redevelopment activities except to complete work related to approved enforceable obligations.

Those enforceable obligations are related to: (1) the Major Approved Development Projects (defined as the Hunters Point Shipyard / Candlestick Point Redevelopment Project, the Mission Bay North and South Redevelopment Project, and the Transbay Redevelopment Project); (2) the asset management of SFRA assets such as Yerba Buena Gardens, existing economic development agreements such as loans, grants, or owner participation agreements, and other real property and assets of SFRA that must be wound down under the Dissolution Law; and (3) OCII’s Retained Housing Obligations which include ensuring the development of affordable housing in the Major Approved Development Projects as well as fulfilling a Replacement Housing Obligation.

#### *Governance*

The Commission on Community Investment and Infrastructure, which was established by the City through Ordinance 215-12, is the main governing body of OCII and is responsible for implementing and completing the enforceable obligations of the former redevelopment projects, including exercising land use and design approval authority for the Major Approved Development Projects. The Commission is comprised of five members appointed by the Mayor and confirmed by the Board of Supervisors, with two of the seats held by residents of the two supervisorial districts with the largest amounts of the Major Approved Development Projects.

The Dissolution Law requires that there be an additional governing body known as an Oversight Board to oversee certain functions of OCII as the Successor Agency, and which has a fiduciary duty to the holders of enforceable obligations with the former Redevelopment Agency and to the taxing entities that are entitled to an allocation of property taxes. The Oversight Board of the City and County of San Francisco reviews and approves OCII’s expenditures and use of tax increment through semi-annual Recognized Obligation Payment Schedules (“ROPS”), as well as approving the issuance of any bonds, transfers of property, and other matters related to the dissolution of SFRA. The Mayor appoints four of the seven members of the Oversight Board, subject to confirmation by the Board of Supervisors. One of those four members must represent

the largest group of former Agency employees. The remaining three members are representatives of affected taxing entities: the Bay Area Rapid Transit District, the San Francisco Unified School District, and the San Francisco Community College.

The Dissolution Law requires that OCII be a separate legal entity from the City and County of San Francisco, just as SFRA was. However, OCII is still subject to the governance of the City acting through its legislative capacity. Accordingly, the OCII's budget must be approved first by the Commission and subsequently approved by the Mayor and Board of Supervisors.

## 2. Budget Summary

Table 1 displays a summary of the OCII proposed budget for Fiscal Year 2013-2014 compared to the prior year budget, along with a projection for Fiscal Year 2014-2015.

**Table 1. FY 2013-2014 Proposed Budget and FY 2014-2015 Projection, \$ Thousands**

<b>Sources</b>	<b>FY 12-13 Bgt</b>	<b>FY 13-14 Proposed</b>	<b>FY 14-15 Projected</b>
Property Tax Increment - Debt Svc	\$ 96,811	\$ 97,230	\$ 95,343
Property Tax Increment - Housing	2,600	10,619	11,750
Property Tax Increment - Other	14,346	11,400	11,851
<b>Subtotal Property Tax Increment</b>	<b>113,756</b>	<b>119,249</b>	<b>118,944</b>
Hotel Tax - Debt Svc	3,177	3,089	5,105
Rent & Lease Revenues	11,918	13,329	13,810
Developer Payments	14,683	9,450	8,855
Developer Fees for Affordable Housing	-	35,700	2,000
Federal & State Grants/Program Income	1,495	8,863	2,388
Garage Revenues	3,508	3,533	3,552
City Reimbursements for OCII Staff	150	540	567
New Bond Proceeds	-	58,600	-
<b>Subtotal Current Revenues</b>	<b>148,687</b>	<b>252,352</b>	<b>155,221</b>
Fund Balance - Housing	2,439	48,620	-
Fund Balance - Other	2,245	10,194	2,811
<b>Total Sources</b>	<b>153,370</b>	<b>311,167</b>	<b>158,032</b>
<b>Uses - Operations</b>			
Salaries and Benefits	6,354	6,140	6,630
General Administrative & Mgmt Services	903	850	886
Affordable Housing Project Mgmt Services	1,350	1,368	1,365
Rent	348	441	441
Retiree Health Insurance	913	975	1,000
Auditing & Accounting Services	125	315	230
Bond management services	459	464	477
Legal Services	1,384	3,066	3,040
Planning, Design Rvw, & Constr Mgmt Svcs	545	2,852	2,815
Asset Management	5,478	4,658	4,496
Other Professional Services	2,414	3,601	2,720
Grants to Community-Based Organizations	4,080	7,564	5,366
Payments to other Public Agencies	2,872	2,555	2,555
Other Current Expenses	12,619	3,388	3,508
<b>Subtotal Operations</b>	<b>39,844</b>	<b>38,236</b>	<b>35,529</b>
Affordable Housing Loans	1,000	82,931	10,903
Development Infrastructure	9,950	71,022	4,078
Restricted Developer Fee Reserve	-	9,300	-
Restricted Tax Increment Reserve	-	-	4,200
Bldg Imprvmts/Lead&Asbestos Abatement	-	6,336	2,000
Public Art	1,229	2,136	-
Debt Service	101,348	101,206	101,322
<b>Total Uses</b>	<b>\$ 153,370</b>	<b>\$ 311,167</b>	<b>\$ 158,032</b>

The FY 2013-2014 proposed current revenue budget of \$250 million represents an increase of \$101 million compared to the prior year, largely due to:

- a. \$59 million proposed issuance of bonds for the Mission Bay North and South project areas for the refunding of existing debt related to Community Facilities District No. 4 and for the financing of infrastructure;
- b. \$36 million in developer fees that will be applied toward affordable housing, including \$24 million in Transbay fees, \$7.4 million in Mission Bay liquidated damages, and \$4.3 million in other housing development impact fees.
- c. \$7 million anticipated increase in federal and state grant funds used for rehabilitation and art installation in the Hunters Point Shipyard/Candlestick Point project area.

In addition, the FY 2013-2014 budget reflects the planned commitment of \$59 million in previously appropriated fund balance from prior years, of which \$49 million is for affordable housing expenditures and commitments.

It is possible that up to \$31 million in additional one-time Mission Bay tax increment may be provided to OCII in FY 2013-14 as a result of the correction of assessor records, with the tax increment pledged to infrastructure and affordable housing obligations. Although these funds are not included in Table 1, budget resolutions accompanying the budget would allow OCII to accept and expend those funds for their pledged purposes. Those resolutions also allow OCII to accept any sales proceeds and property tax increment from the sale of formerly state-owned parcels in the Transbay project area and transfer those funds to the Transbay Joint Powers Authority (TJPA), as provided for in pledge agreements.

The FY 2014-2015 projection reflects modest anticipated increases in employee salary and benefit costs, more than offset by the loss of one-time activities presented in the FY 2013-2014 budget. If the Department of Finance authorizes the issuance of tax allocation bonds for affordable housing secured by future tax increment in SB 2113 project areas, the FY 2014-2015 budget for affordable housing could likely be substantially increased.

### **3. FY 2013-2014 Proposed Budget Overview**

OCII is charged with winding down the enforceable obligations of SFRA. That wind-down period will in fact occur over several decades as many of the enforceable obligations remain in effect for years to come. Most notably, the work required under the master development agreements for the Major Approved Development Projects spans many years as OCII will need to fulfill its obligations to provide financing and facilitate the development of infrastructure, streetscape and open space improvements, market rate and affordable housing, and other community benefits in the Hunters Point Shipyard/Candlestick Point, Mission Bay, and Transbay Projects.

Much of Fiscal Year 2012-2013 was spent on dissolution related activities, such as completing required financial reporting under the Dissolution Law. As those initial steps are completed with the State, OCII's main focus in Fiscal Years 2013-2014 and 2014-2015 will be to

- a. Continue to implement the Major Approved Development Projects by providing design, land use, and development disposition approvals for commercial, residential (which includes both market rate and affordable housing projects), and open space development;
- b. Provide funding to affordable housing projects that will include units intended to replace units demolished by SFRA in the 1960's and 1970's (the "Replacement Housing Obligation");
- c. Continue to manage OCII's assets such as the Yerba Buena Gardens and other facilities, continue to wind down former redevelopment activities for which enforceable obligations expire or are completed, and complete a Long Range Property Management Plan to be reviewed and approved by the Oversight Board and the State Department of Finance.

OCII funds those obligations through a combination of redevelopment tax increment, which is provided pursuant to the Dissolution Law through a Redevelopment Property Tax Trust Fund by the City's Office of the Controller, Mello-Roos special tax revenues, lease revenues from OCII assets, State and Federal Grants, and reimbursements from development partners. In some cases the obligations can be funded by existing balances carried forward from Fiscal Year 2012-2013.

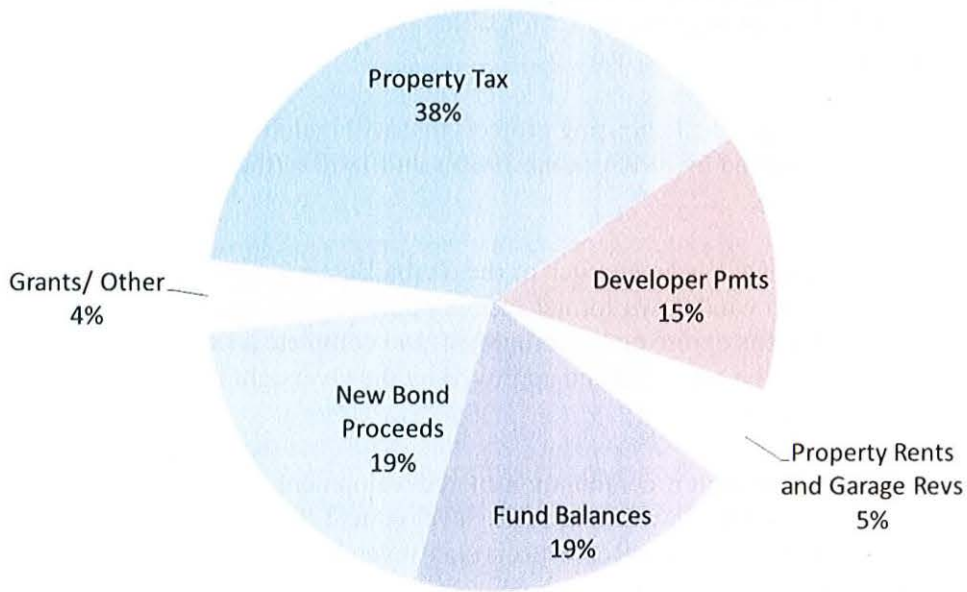
Table 2 and Figures 1 and 2 show the OCII FY 2013-2014 budget by its high-level categories of spending and funding source. These show that current property tax increment, developer payments, and rents and garage revenues together make up about 58% of the proposed budget, with the remaining 42% coming from fund balances, new bond proceeds, grants and other funding sources. On the uses side, Infrastructure, Debt Service and Affordable Housing make up roughly 30% of the budget each, with 6% going to asset management costs and 4% to OCII and Mayor's Office of Housing project management and administrative costs. The Infrastructure category includes associated activities required for project development.

**Table 2. Fiscal Year 2013-2014 Budget Summary by Sources and Uses, \$ Thousands**

Uses	Sources							Total by Use	Use %
	Property Tax	Developer Pmts	Property Rents and Garage Revs	Fund Balances	New Bond Proceeds	Grants/ Other			
Infrastructure	\$ 6,993	\$ 6,011	\$ 317	\$ 6,734	\$ 58,600	\$ 7,498	\$ 86,153	28%	
Affordable Housing	9,947	35,700	-	47,382	-	-	93,029	30%	
Debt Service	97,179	-	1,402	-	-	3,089	101,670	33%	
Asset Management	-	-	13,995	3,461	-	926	18,382	6%	
Project Mgmt & Admin	5,129	3,439	1,148	1,238	-	979	11,933	4%	
<b>Total by Source</b>	<b>\$ 119,249</b>	<b>\$ 45,150</b>	<b>\$ 16,862</b>	<b>\$ 58,815</b>	<b>\$ 58,600</b>	<b>\$ 12,492</b>	<b>\$ 311,167</b>	<b>100%</b>	
Source %	38%	15%	5%	19%	19%	4%	100%		

Note: Use line item percentages add up to more than 100% due to rounding

**Figure 1. FY 2013-2014 Budget by Source**



**Figure 2. FY 2013-2014 Budget by Use**

Note: percentages add up to more than 100% due to rounding

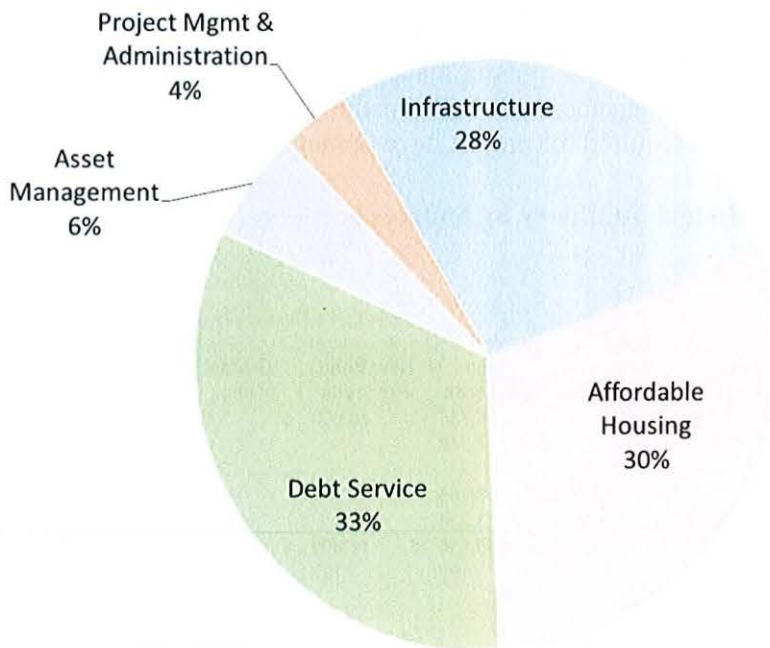


Table 3 shows the proposed FY 2013-2014 budget by project area (or cost center), followed by a narrative for each cost center. The position budget, including OCII positions and classifications are provided in Appendix 1.

OCII also administers five Community Facilities Districts (“CFDs”) created under California’s Mello-Roos Act which support infrastructure and maintenance activities in project areas with funds from dedicated parcel taxes. Although the CFD activities are not included in OCII’s budget, their annual levies and outstanding debt as of 6/30/2013 are provided for informational purposes in Appendix 1.

Appendix 2 provides a view of the OCII’s tax allocation bond debt service obligations through Fiscal Year 2024-2025.

**Table 3. Proposed FY 2013-2014 Budget by Project Area/Cost Center, \$ Thousands**

Sources	Allocable Costs	ACA	Ret. Hlth & Debt Mgmt	HPSY P1/Grants	HPSY P2/CP	MBN	MBS	TBY	BVHP	YBC <sup>1</sup>	YBG	SBH	SB2113 <sup>2</sup>	Other <sup>3</sup>	Total FY 13-14
Property Tax Increment - Debt Svc	-	-	514	-	-	9,008	8,311	4,190	2,631	21,072	-	500	20,055	30,948	97,230
Property Tax Increment - Housing	-	-	-	-	-	1,408	1,158	390	2,233	-	-	-	5,430	-	10,619
Property Tax Increment - Other	-	3,275	975	623	-	2,560	2,240	1,727	-	-	-	-	-	-	11,400
Hotel Tax - Debt Svc	-	-	-	-	-	-	-	-	-	3,089	-	-	-	-	3,089
Rent & Lease Revenues	-	-	-	317	-	-	-	-	-	-	9,212	3,800	-	-	13,329
Developer Payments	-	-	-	2,116	3,717	558	1,875	1,080	-	104	-	-	-	-	9,450
Developer Fees for Affordable Housing	-	-	-	-	-	-	9,900	24,300	-	-	-	-	-	1,500	35,700
Federal & State Grants/Program Income	-	-	-	7,937	-	-	-	-	-	-	926	-	-	-	8,863
Garage Revenues	-	-	-	-	-	-	-	-	-	2,900	-	-	-	633	3,533
City Reimbursements for OCII Staff	-	-	-	-	-	-	-	-	-	-	-	-	-	540	540
New Bond Proceeds	-	-	-	-	-	23,600	35,000	-	-	-	-	-	-	-	58,600
Fund Balance - Housing	-	-	-	-	-	-	-	-	30,182	-	-	-	18,439	-	48,620
Fund Balance - Other	-	-	-	500	-	261	968	4,220	785	2,584	293	572	-	12	10,194
<b>Total Sources</b>	<b>-</b>	<b>3,275</b>	<b>1,489</b>	<b>11,493</b>	<b>3,717</b>	<b>37,395</b>	<b>59,452</b>	<b>35,907</b>	<b>35,831</b>	<b>29,749</b>	<b>10,431</b>	<b>4,872</b>	<b>43,924</b>	<b>33,633</b>	<b>311,167</b>
<b>Uses - Operations</b>															
Allocated Staff & Operating Expenses	(10,431)	2,748	50	1,030	676	245	1,218	1,434	103	114	258	880	1,135	540	-
Salaries and Benefits	6,140	-	-	-	-	-	-	-	-	-	-	-	-	-	6,140
General Administrative & Mgmt Services	850	-	-	-	-	-	-	-	-	-	-	-	-	-	850
Affordable Housing Project Mgmt Services	1,368	-	-	-	-	-	-	-	-	-	-	-	-	-	1,368
Rent	441	-	-	-	-	-	-	-	-	-	-	-	-	-	441
Retiree Health Insurance	-	-	975	-	-	-	-	-	-	-	-	-	-	-	975
Auditing & Accounting Services	315	-	-	-	-	-	-	-	-	-	-	-	-	-	315
Bond management services	-	-	464	-	-	-	-	-	-	-	-	-	-	-	464
Legal Services	350	50	-	206	1,250	83	459	359	42	-	40	-	227	-	3,066
Planning, Design Rvw, & Constr Mgmt Svcs	-	75	-	250	300	180	660	1,387	-	-	-	-	-	-	2,852
Asset Management	-	40	-	-	-	-	-	-	-	720	3,251	-	2	645	4,658
Other Professional Services	60	290	-	1,262	1,459	75	78	134	44	-	-	-	199	-	3,601
Grants to Community-Based Organizations	-	-	-	1,000	-	-	-	-	-	2,584	3,980	-	-	-	7,564
Payments to other Public Agencies	-	-	-	317	-	-	-	-	-	2,170	68	-	-	-	2,555
Other Current Expenses	907	72	-	185	32	-	-	-	-	-	100	2,090	2	-	3,388
<b>Subtotal Uses - Operations</b>	<b>-</b>	<b>3,275</b>	<b>1,489</b>	<b>4,250</b>	<b>3,717</b>	<b>583</b>	<b>2,415</b>	<b>3,314</b>	<b>189</b>	<b>5,588</b>	<b>7,697</b>	<b>2,970</b>	<b>1,565</b>	<b>1,185</b>	<b>38,236</b>
Affordable Housing Loans	-	-	-	-	-	1,383	10,518	15,000	32,226	-	-	-	22,304	1,500	82,931
Development Infrastructure	-	-	-	-	-	26,160	37,240	4,103	785	-	2,734	-	-	-	71,022
Restricted Developer Fee Reserve	-	-	-	-	-	-	-	9,300	-	-	-	-	-	-	9,300
Restricted Tax Increment Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bldg Imprvmts/Lead&Asbestos Abatement	-	-	-	6,336	-	-	-	-	-	-	-	-	-	-	6,336
Public Art	-	-	-	907	-	261	968	-	-	-	-	-	-	-	2,136
Debt Service	-	-	-	-	-	9,008	8,311	4,190	2,631	24,161	-	1,902	20,055	30,948	101,206
<b>Total Uses</b>	<b>\$ -</b>	<b>\$ 3,275</b>	<b>\$ 1,489</b>	<b>\$ 11,493</b>	<b>\$ 3,717</b>	<b>\$ 37,395</b>	<b>\$ 59,452</b>	<b>\$ 35,907</b>	<b>\$ 35,831</b>	<b>\$ 29,749</b>	<b>\$ 10,431</b>	<b>\$ 4,872</b>	<b>\$ 43,924</b>	<b>\$ 33,633</b>	<b>\$ 311,167</b>

**Notes**

<sup>1</sup> The YBC column reflects all non-SB2113 sources and uses; it is shown separately from the "Other" column due to the significant asset management activities remaining.

<sup>2</sup> SB 2113 Project Areas are: Golden Gateway, Hunters Point, India Basin, Rincon-Point South Beach, Western Addition A-2, and Yerba Buena Center.

<sup>3</sup> The Other column reflects all non-SB2113 activities in the project areas: Golden Gateway, Hunters Point, India Basin, Rincon Point-South Beach, South of Market, and Western Addition A-2

## 4. Administrative Budget

### A. Allocable Staff and Operating Expenses (Allocable Costs)

Allocable staff and operating expenses totaling \$10.4 million are initially charged to the “Allocable” cost center, and subsequently allocated out to project areas or other specific cost centers..

The \$6.1 million budget for OCII staff salaries and benefits represents an \$0.2 million reduction from the FY 2012-2013 budget. Details on authorized staff positions are provided below.

The \$0.8 million “Administrative and Management Services” budget represents primarily the cost of staff support provided by the City Administrator’s Office, including the salary and benefit costs of the OCII Executive Director, two Deputy Directors and human resource management staff.

The \$1.4 million “Affordable Housing Project Management Services” budget represents staffing support provided by the Mayor’s Office of Housing.

The \$0.9 million “Other Current Expenses” budget includes insurance, software licensing fees, copy machine equipment rental, employee training and field expenses, materials and supplies, etc. This budget is reduced by over \$120,000 from FY 2012-2013 due to a number of cost-reduction measures, including eliminating unneeded software licenses, telephones, vehicles, parking spaces, and other efficiencies.

### B. FY 2013-2014 Budgeted Positions

Salary ranges shown are as of May 7, 2013 and are subject to change based on negotiated labor agreements. Salary ranges are for information only-- should there be any discrepancy between the salary ranges shown here and negotiated labor agreements, the negotiated labor agreement amount would be determinative. In special circumstances, and in accord with the Agency's Personnel Policy, individuals may receive higher salaries than the ranges shown below to reflect acting assignments or unusual recruitment conditions.

Position classes that do not begin with “R” are hired by the City and County of San Francisco (“City”) General Services Agency to work full time for the OCII but are funded through a professional services agreements. Additional City staff support on an as-needed basis is also provided through professional services agreements. The salary budget also includes \$60,000 for limited term temporary staff.

#### Administration and Development Positions

<u>Title</u>	<u>Class</u>	<u>Annual Salary Range</u>	<u>FTE</u>
Executive Director	1380	\$159,250 - \$193,570	1
General Counsel	tbd	tbd	1
Deputy Director	1378	\$140,322 - \$170,560	1

Deputy Director	0932	\$116,584 - \$148,798	1
Deputy Director	R535	\$113,412 - \$137,878	1
Developmt Svcs Manager	R535	\$113,412 - \$137,878	1
Staff Associate V	R930	\$ 91,078 - \$110,708	1
Senior Civil Engineer	R565	\$120,900 - \$146,952	1
Architect	R635	\$104,442 - \$126,932	1
Senior Project Manager	R550	\$112,086 - \$136,266	2
Project Manager	R590	\$ 96,824 - \$117,702	3
Asst. Project Manager	R990	\$ 91,078 - \$110,708	4
Development Specialist	R615	\$ 91,078 - \$110,708	2
Associate Planner	R730	\$ 81,822 - \$ 99,476	1
Contract Compliance Sup.	R585	\$ 97,370 - \$118,352	1
Contract Compl Sp III	R586	\$100,126 - \$121,706	1
Contract Compl Sp II	R640	\$ 76,440 - \$ 92,924	1
Mgmt Assistant III	R030	\$ 71,162 - \$ 86,502	2
Mgmt Assistant II	R035	\$ 62,088 - \$ 75,452	3
Sr. Programmer Analyst	R720	\$ 78,468 - \$ 95,368	1
Accounting Supervisor	R970	\$105,742 - \$128,518	1
Sr. Financial Analyst	R630	\$ 99,736 - \$121,212	1
Accountant III	R695	\$ 75,660 - \$ 91,962	1
Accountant II	R775	\$ 62,823 - \$ 76,369	1
Records Specialist II	R855	\$ 48,646 - \$ 59,124	1
<b>Subtotal Administrative and Development Services Positions</b>			<b>35</b>

### Affordable Housing Staff

In order to implement OCII's affordable housing obligations, OCII is engaging the Mayor's Office of Housing ("MOH") to manage OCII housing staff currently working at MOH, and to provide additional MOH staffing, policy direction, and technical expertise. This arrangement will be formalized through a Memorandum of Understanding ("MOU"). The MOU will lay out the roles and responsibilities of each party such that MOH staff will provide the day to day project management for the Retained Housing Obligations, including issuing Requests for Proposals, loan underwriting, facilitating schematic design review with relevant OCII staff, and construction monitoring. Upon completion of the project, that portion of OCII's Retained Housing Obligation will have been met, and the asset (land, loan agreements, ground leases, etc.) will be transferred to MOH, which is the designated Housing Successor Agency under the Dissolution Law. Below is a listing of the OCII positions that are currently being managed by MOH. The management of those OCII employees by MOH will be memorialized in an agreement.

<u>Title</u>	<u>Class</u>	<u>Annual Salary Range</u>	<u>FTE</u>
Development Specialist	R615	\$ 91,078 - \$110,708	4
Assistant Dev Specialist	R705	\$ 78,702 - \$ 95,654	1
Financial Sys Accountant	R670	\$ 87,594 - \$106,444	1

Office Assistant I	R895	\$ 41,872 - \$ 50,726	1
<b>Subtotal Affordable Housing Development Positions:</b>			<b>7</b>

### South Beach Harbor Enterprise Positions

South Beach Harbor Enterprise positions have been managed by the Port of San Francisco since dissolution, pursuant to Board of Supervisors resolution 11-12. The Port supplements these positions with additional staff working to manage the Harbor.

<u>Title</u>	<u>Class</u>	<u>Annual Salary Range</u>	<u>FTE</u>
Harbormaster	R740	\$ 91,338 – \$111,020	1
Assistant Harbormaster	R790	\$ 57,304 - \$ 69,628	1
Management Assistant III	R030	\$ 71,162 - \$ 86,502	1
Harbor Attendant	R840	\$ 49,270 - \$ 59,878	2
Harbor Office Assistant	R865	\$ 43,420 - \$ 52,728	1.6
Harbor Security Officer	R890	\$ 40,118 - \$ 48,646	2
<b>Subtotal South Beach Harbor Enterprise Positions</b>			<b>8.6</b>
<b>Total Positions</b>			<b>50.6</b>

### C. Administrative Cost Allowance

Pursuant to Redevelopment Dissolution Law, OCII is allowed an “Administrative Cost Allowance” (“ACA”) of property tax increment for Agency operations costs that cannot be directly charged to an enforceable obligation. The Property Tax Increment used to support ACA is capped at no more than 3% of approved Redevelopment Property Tax Trust Fund (“RPTTF”) requests on OCII’s Recognized Obligations Payment Schedule (“ROPS”). The maximum amount that OCII could have asked for FY 2013-2014 is estimated at \$3.4 million. As shown in Table 3, the request in this budget based on projected needs for FY 2013-2014 is \$3.3 million, roughly unchanged from the \$3.3 million budgeted in FY 2012-2013.

\$2.7 million of the ACA is allocated staffing and operating expenses. The remaining items directly budgeted in the ACA consists of:

- \$90,000 for legal and asset management costs related to the disposition of properties in expired project areas,
- \$75,000 for planning services to support environmental review requirements and other planning needs,
- \$70,000 for Commission and Oversight Board related expenses, including potential audio and/or video recording and broadcast of Commission and Oversight Board meetings and facilities rental costs for off-site Commission meetings.
- \$50,000 for professional services to improve the OCII’s ability to store and retrieve documents, and
- \$245,000 to cover for State disallowances of project funding and unanticipated operating costs or revenue shortfalls.

## **5. Hunters Point Shipyard/Candlestick Point Major Approved Development Project**

### **A. Project Description & Status**

The Hunters Point Shipyard (the “Shipyard”) and Candlestick Point (together “HPS/CP”) form approximately 770 acres along the southeastern waterfront of San Francisco. The San Francisco Board of Supervisors originally adopted the Shipyard Redevelopment Plan in 1997 and amended it in 2010 along with the Bayview Hunters Point Redevelopment Plan in 2010 to provide for the integrated planning and development of the Shipyard and the Candlestick Point portion of the Bayview Hunters Point Redevelopment Project Area. The Shipyard property is divided into Parcels A through G. Transfer of property after environmental remediation from the U.S. Department of the Navy (the “Navy”) to OCII, and in turn, redevelopment of the property, occurs in phases. Candlestick Point is subject to State and local land transfer agreements that allow for the re-use of the stadium site and adjacent underutilized parklands.

Pursuant to a disposition and development agreement (“DDA”) with OCII, a master developer is completing the infrastructure for the first phase of the Shipyard’s redevelopment (“Phase 1”), which will ultimately include up to 1,600 homes, 32 percent of which will be affordable, miles of new utilities, and 26 acres of open space. The Shipyard’s full build out will occur over 20-25 years, but 800+ units of housing will be completed over the next five years in the Shipyard’s first phase.

A master developer that is separate but affiliated with the Phase 1 developer will complete the remaining portion of the Shipyard infrastructure and also Candlestick Point area as one project under a separate DDA (“Phase 2”). The agreement for the Phase 2 development program provides for an additional 10,500 new housing units to be located on the Shipyard and Candlestick Point, 32% of which will be below market rate, including the rebuilding of the Alice Griffith public housing development consistent with the City’s HOPE SF program. The Phase 2 plan also includes approximately three million square feet of research and development and office uses as a hub for emerging technologies on the Shipyard, over 300 acres of parks and open space including a complete renovation of the Candlestick Point State Recreation area. In total, Phase 1 and Phase 2 will generate more than 12,000 permanent jobs, hundreds of new construction jobs each year, new community facilities, new transit infrastructure, and provide approximately \$90 million in community benefits.

Implementation of the affordable housing obligations in the Shipyard will be done in consultation with the Mayor’s Office of Housing (“MOH”), and will include financing for selected development teams for predevelopment activities and construction for affordable housing units requiring subsidies. The Shipyard’s workplan will also include coordinating with MOH on design review and construction monitoring of any stand-alone affordable units.

Staff will also work to ensure compliance with OCII's equal opportunity programs for workforce and contracting on all projects in the Project Area. Specifically, contract compliance staff will monitor all phases of construction, including hiring of local workers and the payment of prevailing wages. Staff will work closely with contractors themselves, as well as with the

Citybuild program and other community based organizations, to foster job creation for local workers and to improve the opportunities for local, small, minority, and women owned businesses to participate on OCII projects.

On December 14, 2012, the California State Department of Finance issued a Final and Conclusive Determination under California Health and Safety Code § 34177.5 (i), that the Phase 1 and 2 DDAs are enforceable obligations that survived the dissolution of the Redevelopment Agency. To implement these obligations, OCII must, among other things, receive and administer grants, execute leases, accept property, approve and amend consulting and construction contracts, and dispose of property. The work and major milestones that are anticipated to be completed in furtherance of these obligations over the course of the next two fiscal years are summarized below.

### **B. Fiscal Year 2013-2014 Workplan**

- 1. Major Phase Approval for Block 49:** Seek approval of the schematic design and a vertical development agreement for a residential development consisting of a total two building with approximately 66 units of affordable rental housing serving very low-income families earning up to 50% of AMI.
- 2. Major Phase Approval for Blocks 56 and 57:** Seek approval of the schematic design and a vertical development agreement for residential projects on two blocks, consisting of a total of four buildings with 79 market rate for-sale units and 9 inclusionary affordable for-sale units serving low-income families earning up to 50% and 80% of AMI.
- 3. Design and Construction of the Hilltop Parks & Open Space:** Review and approve final construction drawings for nearly half of the 26 acres of parks & open space on Parcel A. With the Department of Public Works, monitor construction progress and developer's schedule of performance as well as developer's compliance with applicable workforce and contracting requirements. Park construction will progress concurrent with vertical development.
- 4. Fabrication and Installation of Shipyard Public Art:** Monitor the completion of six remaining public art pieces funded through a federal grant from the U.S. Department of Commerce, Economic Development Administration ("EDA") for a total of nine public artworks. Solicit proposals for installation contractors and manage the phased installation of the completed public art.
- 5. Stabilization and Development of Building 813:** Release a request for construction bids for the EDA funded basic stabilization and life-safety improvements to Building 813. Improvements include a new roof, paint, window repair/replacement, and basic safety and security measures for the existing four-story, 275,000 square foot building. Building 813 will be retained for use as a research and development center as well as a business incubator for early-stage innovation companies in the fields of clean technology, life sciences and information technology. Upon completion of the improvements, solicit development proposals for the site.

6. **Shipyard Sustainability Center Improvements:** Complete the installation of tenant improvements to the 4,100 square foot Shipyard Sustainability Center (“Sustainability Center”) necessary for future occupancy for a community serving use. The Sustainability Center may be used in the near term to provide temporary studios for Shipyard artists while a new building is constructed nearby. Ultimately, the Sustainability Center will house community-serving uses including the Shipyard Site Office and programs with a sustainability focus such as clean technology and green jobs training. Manage the tenant improvements and monitor compliance with the EDA workforce and contracting requirements.
7. **Strategic Planning for the Legacy Foundation for Bayview Hunters Point:** Continue working with the Legacy Foundation’s Interim Board to set priorities for the use of developer funds pledged for community uses (“Community Benefit Fund”). The Community Benefit Fund is called for under the Phase 1 DDA to be used for programs to benefit the Bayview Hunters Point area as a whole.
8. **Revitalization of Alice Griffith Public Housing:** The Alice Griffith Project is the recipient of a \$30.5 million grant from the U.S. Department of Housing and Urban Development (“HUD”) through its Choice Neighborhoods Initiative (“CNI Grant”). In compliance with the CNI Grant timeline, the following activities will occur in FY 13/14:
  - a. **Vertical Design Review:** With MOH, seek approval of the schematic design for Alice Griffith phases 1 and 2.
  - b. **Financing for Alice Griffith Phases 1, 2 and 3 and Offsite Obligations:** With MOH, finalize agreements and provide funding for the construction of Alice Griffith phases 1 and 2, and provide funding for predevelopment activities for Phase 3 as well as offsite construction obligations at an affordable housing project for seniors located at 5800 Third Street.
  - c. **Consent to Convey Land:** With Lennar and the Housing Authority, begin the process to obtain HUD’s consent to convey portions of the Alice Griffith site not needed for the public housing revitalization that will be developed as either stand-alone affordable housing sites or market rate housing.
  - d. **Infrastructure Construction Start:** Lennar will begin construction on the infrastructure for Alice Griffith by mid-2014.
9. **Navy Parcel Transfer:** Work with the Navy to transfer Parcel D-2, a six acre parcel that will jump-start the research & development/office component of the Shipyard and contains Building 813; and Parcels UC-1 and UC-2 (seven acres together), required for the Shipyard’s utility installation. As permitted by the Navy access agreements, conduct pre-development activities such as building and land surveys, as well as lead and asbestos abatement of Navy buildings slated for removal.

10. **Phase 2 and Candlestick Major Phase Application:** Review and seek approval for major phase application to begin construction on the first portions of Alice Griffith and the Shipyard Parcels UC-1, UC-2, IR 7/18 and B. The Major Phase application will confirm the locations for infrastructure, parks, and affordable housing as well as lay out the sub-phasing schedule for construction, the types and amounts of community benefits that will be paid out according to the Phase 2 DDA, and confirm any mitigation measures that are to be put in place as required under the California Environmental Quality Act (“CEQA”).
11. **Phase 2 and Candlestick Streetscape Plan:** Concurrent with the Major Phase application, review and seek approval of a Streetscape Plan and a Signage Plan.

### C. Fiscal Year 2014-2015 Proposed Workplan

1. **Construction of Blocks 50 and 51:** Monitor construction progress, developer’s compliance with applicable workforce and contracting requirements and other obligations under the vertical DDA, and provide inspection and approval as required by the Department of Building Inspection.
2. **Construction of Blocks 53 and 54:** Monitor construction progress, developer’s compliance with applicable workforce and contracting requirements and other developer obligations, and provide inspection and approval as required by the Department of Building Inspection.
3. **Design Review of Block 49:** Work with the developer through the stages of the design process to obtain building permits for construction.
4. **Major Phase Approval for Blocks 56 and 57:** Work with the developer through the stages of the design process to obtain building permits for construction.
5. **Construction of the Hilltop Parks & Open Space:** With the Department of Public Works, monitor construction progress and developer’s schedule of performance, developer’s compliance with applicable workforce and contracting requirements and other obligations under the Phase 1 DDA. Park construction will progress concurrent with vertical development.
6. **Installation of Shipyard Public Art:** Manage the phased installation of the completed public art and monitor compliance with EDA workforce and contracting requirements.
7. **Stabilization and Development of Building 813:** Manage the basic stabilization and life-safety improvements to Building 813, monitor compliance with the EDA workforce and contracting requirements, and negotiate a development proposal for the site.
8. **Shipyard Sustainability Center Occupancy:** Finalize the occupancy plan for the Sustainability Center in accordance with the Long Range Property Management Plan.

9. **Strategic Planning for the Legacy Foundation for Bayview Hunters Point:** Continue working with the Legacy Foundation's Interim Board to set priorities for the use of Community Benefit Funds.

10. **Revitalization of the Alice Griffith Public Housing:**

- a. **Vertical Design Review:** Work with the Alice Griffith developer and MOH through the stages of the design process to obtain building permits for construction for Alice Griffith Phases 1 and 2.
- b. **Financing for Alice Griffith Phases 1, 2 and 3:** Provide funding for the construction of Alice Griffith Phases 1 and 2 and predevelopment activities for Phase 3.
- c. **Infrastructure Construction:** Monitor construction progress and developer's schedule of performance as well as compliance with applicable workforce and contracting requirements.

In addition, the following items will start in Fiscal Year 2014-2015:

- 11. **Commercial Artists Studio Relocation Plan:** Review and approve a Relocation Plan for the interim relocation of 12 artists from Building 110 to temporary studios and the permanent relocation of 120 artists from Parcel B to the new studios to be constructed on Parcel A.
- 12. **Major Phase Approval for New Artist Studios:** Seek approval of the schematic design and an operating agreement for a 90,000 square foot, 120 artist studio development.
- 13. **Navy Parcel Transfer:** Work with Navy to transfer Parcels B and IR 7/18 (55 acres together) in late 2014 or early 2015. As permitted by the Navy access agreements, conduct pre-development activities such as building and land surveys, as well as lead and asbestos abatement of Navy buildings slated for removal.

## **6. Mission Bay North and South Major Approved Development Projects**

### **A. Project Description & Status**

The Mission Bay North and South Redevelopment Project Areas were established in 1998 to create a vibrant, transit oriented, mixed-use community that will result in 6,000 residential units (30% of which will be affordable), 4.4 million square feet of office and biotechnology space, 400,000 square feet of retail uses, a new University of California, San Francisco research campus and medical center, 500-room hotel, 49 acres of open space, library, school, police headquarters, and local police and fire department. Completion of the Mission Bay project is anticipated to occur over 25 to 30 years and result in construction of more than \$700 million of new infrastructure, development of over \$8 billion in private vertical development, and creation of 31,000 permanent jobs.

Mission Bay is currently undergoing a massive construction boom. By early 2015, Mission Bay will see all of the remaining market-rate residential units completed, with another 150 to 350 affordable units also finished. The first phase of the new UCSF medical center will be completed by then, providing 289-new hospital beds. The 4<sup>th</sup> Street commercial corridor will be almost complete and filled with new, local serving commercial uses. The Public Safety Building will be open, providing additional security to the neighborhood with a local fire and police station, in addition to the San Francisco Police Headquarters. The next wave of commercial office space is anticipated to be under construction by 2015. To serve all this new development, almost all of the remaining streets and underground utilities will be finished, and there will be several new parks, including the new children's park and new parks along Mission Creek and along the bayfront.

Implementation of the Mission Bay project occurs through the Mission Bay North and South Redevelopment Plans and the Mission Bay existing obligations. The Mission Bay North and South Owner Participation Agreements, and several related or attached documents including the Infrastructure Plans, Financing Plans, and the Tax Increment Allocation Pledge Agreements, are enforceable obligations and outline the public/private partnership between the former Redevelopment Agency, now OCII, and the Mission Bay Master Developer, FOCIL-MB, LLC. OCII has submitted a request to the State Department of Finance ("DOF") for a Final and Conclusive Determination on the Mission Bay enforceable obligations, and staff hopes to conclude that process with DOF by the end of Fiscal Year 2012-2013 or the beginning of Fiscal Year 2013-2014.

OCII also is responsible for the management of the 41-acre planned Mission Bay Open Space System until 2043. Currently there are about 15 acres that are completed and operated by OCII. OCII has entered into a contract with MJM Management Group ("MJM") to do the day-to-day management of the parks. The costs for park management are paid with special taxes collected through Community Facilities District #5 (CFD#5), which OCII administers. The calendar year 2013 budget for CFD#5 and the park management is included in the OCII budget for informational purposes only.

Key responsibilities of OCII, and its Commission, related to the implementation of Mission Bay include financing of infrastructure, land use review and approvals, in coordination with the Mayor's Office of Housing ("MOH"), provide financing for the development of affordable housing on land donated by the Master Developer, maintenance of the 41-acre Mission Bay open space system, creation and implementation of a Mission Bay Art Program, and staffing of the Mission Bay Citizens Advisory Committee.

Staff will also work to ensure compliance with OCII's equal opportunity programs for workforce and contracting on all projects in the Project Area. Specifically, contract compliance staff will monitor all phases of construction, including hiring of local workers and the payment of prevailing wages. Staff will work closely with contractors themselves, as well as with the Citybuild program and other community based organizations, to foster job creation for local workers and to improve the opportunities for local, small, minority, and women owned businesses to participate on OCII projects.

## **B. Fiscal Year 2013-2014 Workplan**

1. **Mission Bay North and South Tax Increment Bonds:** Finalize tax increment bond sales for both Mission Bay North and South, anticipated to be about \$23.6 million in the North to refund a CFD#4 bond and \$35 million in the South to reimburse the Master Developer for infrastructure expenditures.
2. **Block 6 East Affordable Housing:** With MOH, begin the planning process for one of the two next affordable housing projects on Block 6 East and issue a Request for Proposals to develop the site into approximately 95 units of rental housing for very low-income families.
3. **Block 3 East Affordable Housing:** With MOH, begin the planning process for one of the two next affordable housing projects on Block 3 East and issue a Request for Proposals to develop the site into approximately 100 units of supportive rental housing for formerly homeless individuals.
4. **Block 7 West Affordable Housing:** With MOH, finalize agreements and provide funding to development team for 200 units of affordable rental housing for low-income families on Block 7 West.
5. **1180 4<sup>th</sup> Street Affordable Housing:** With MOH, oversee the development team's completion of construction of 150 units of affordable rental housing for very low-income families, including 25 units of housing for formerly homeless families to be referred by the Human Services Agency, on Block 13 East.
6. **Mission Bay Public Art Program:** Develop a public art program for art within Mission Bay open spaces. Current budget has almost \$1 million in funds.

7. **Blocks 1 and 7 Schematic Designs:** Approve schematic designs for residential and hotel uses on Block 1, and affordable housing and temporary housing for families of UCSF patients on Block 7 West and East, respectively.
8. **Design Review** – Continue to process the design development and construction drawings for Blocks 3 West, 5, 7, 11, 12 East, 13 West 40, and N4P3.
9. **Salesforce Properties:** Work with salesforce.com and interested developers to explore opportunities to develop the salesforce.com properties (Blocks 26 to 34).
10. **Park P6 Children’s Park:** Complete the construction of a new children’s park on Park P6, using a \$1.37 million Catalyst Grant from the California Department of Housing and Community Development (“HCD”).
11. **Bayfront Parks P23 and P24:** Begin construction on Bayfront Parks P23 and P24.
12. **Park P19:** Begin construction on Park P19 along Terry Francois Boulevard.
13. **Mission Creek Park P2:** Complete the construction of the replacement parking for the Mission Creek Harbor Association (“MCHA”) as part of Park P2, complete the construction drawings for the park, and finalize the maintenance agreements with MCHA for the community garden and parking area.
14. **Mission Creek Park P3:** Start the development of construction drawings for Mission Creek Park P3 in conjunction with the schematic designs for Block 1.
15. **Poplar Tree Replacement:** Replace poplar trees along Mission Creek Parks NP1 to 3 to avoid future damage from roots.
16. **Street Improvements:** Begin construction of the remaining Mission Bay roadway improvements, which will be funded in part by a TIGER IV federal grant and HCD Prop 1C Transit Oriented Development grant.
17. **Mission Bay CAC:** Continue to staff the Mission Bay Citizens Advisory Committee (“CAC”) and act as primary contact for Mission Bay residents.

### **C. Fiscal Year 2014-2015 Proposed Workplan**

1. **Block 6 Affordable Housing:** With MOH, provide funding to selected development team for predevelopment activities necessary to develop site as rental housing for very low-income families.
2. **Block 3 East Affordable Housing:** With MOH, provide funding to selected development team for predevelopment activities necessary to develop site as supportive rental housing for formerly homeless individuals.

3. **Mission Bay Public art program:** Continue to implement a public art program for art within Mission Bay open spaces. Current budget has almost \$1 million in funds.
4. **Design Review** – Continue to process the design development and construction drawings for Blocks 1, 7, 12 East, 13 West, 40, and N4P3, as well as the next phase of commercial development.
5. **Mission Creek Park P3:** Start the development of construction drawings for Mission Creek Park P3 in conjunction with the schematic designs for Block 1.
6. **Street Improvements:** Continue construction of the remaining Mission Bay roadway improvements, which will be funded in part by a TIGER IV federal grant and HCD Prop 1C Transit Oriented Development grant.
7. **Mission Bay CAC:** Continue to staff the Mission Bay Citizens Advisory Committee (“CAC”) and act as primary contact for Mission Bay residents.

## **7. Transbay Major Approved Development Project**

### **A. Project Description and Status**

The Transbay Redevelopment Project Area (“Project Area”) was adopted in 2005 and consists of approximately 40 acres in downtown San Francisco surrounding the new Transbay Transit Center (“TTC”), which is currently under construction by the Transbay Joint Powers Authority (“TJPA”). The Project Area goals include the development of: 1) the new, multi-modal TTC and related public infrastructure; 2) a new, transit-oriented neighborhood on approximately 10 acres of publicly-owned property, most of which was formerly owned by the State of California (“State”); and 3) approximately 1,200 affordable housing units, or 35 percent of the new residential units constructed in the Project Area. OCII acts as the master developer for most of the formerly State-owned parcels in the Project Area, issuing requests for proposals and selecting developers to construct the improvements, as specified in the Redevelopment Plan for the Transbay Redevelopment Project Area (“Redevelopment Plan”) and related documents.

The new, transit-oriented neighborhood that will be developed by the Successor Agency on the 10-acres of formerly State-owned property in the Project Area will consist of more than 3,000 new housing units, including 1,200 affordable units, nearly 2 million square feet of new commercial space, and approximately 4 acres of new public open space. In addition, the new Transbay Transit Center site will include a 5.5-acre rooftop park and a 1.35-million-square-foot office tower. The development program for the Project Area embodies a balanced approach to density, with office and residential towers spaced apart to protect views and sunlight, and retail and townhouses to maintain visual interest at the ground level. The program includes significant widening and improvement of sidewalks, conversion of Folsom Street to two-way traffic, and reconfiguration of an Interstate 80 off-ramp, all with the goal of creating a safe and attractive pedestrian environment.

The TJPA is responsible for planning, constructing and eventually operating the new TTC. OCII is charged with implementing the Redevelopment Plan pursuant to its enforceable obligations, including: 1) the 2008 Tax Increment and Sales Proceeds Pledge Agreement between OCII, the City and County of San Francisco (“City”) and the TJPA (“Pledge Agreement”), which irrevocably commits land sale and tax increment revenue from formerly State-owned parcels for the TTC; 2) the 2006 Transbay Redevelopment Project Implementation Agreement between OCII and the TJPA (“Implementation Agreement”), which requires OCII to prepare and sell, with TJPA reimbursement of staff costs, the formerly State-owned parcels and to construct and fund new infrastructure improvements (such as parks and streetscapes) and affordable housing obligations; and 3) AB 812 (codified in Section 5027.1 of the California Public Resources Code), which mandates that 25 percent of the residential units developed in the Project Area shall be available to low-income households and an additional 10 percent shall be available to moderate-income households. On April 15, 2013, the California State Department of Finance issued a Final and Conclusive Determination under California Health and Safety Code § 34177.5 (i), that the Pledge Agreement, the Implementation Agreement, and the AB 812, are enforceable obligations are enforceable obligations of OCII.

Phase 1 of the TTC, including the above-ground bus station and the box for the below-ground train station, is under construction and is scheduled to be completed in 2017. Four of the publicly-owned parcels in the Project Area are in various stages of development and pre-development. Block 11A (the portion of Block 11 along Folsom Street) is a 120-unit supportive housing project that began construction in December 2011. The TJPA has signed a purchase and sale agreement for Parcel T with Hines to develop a 1,070-foot high-rise office tower. Because Parcel T is in Zone 2 of the Project Area and under the jurisdiction of the City, it was reviewed and approved by the San Francisco Planning Commission and is scheduled to begin construction in April 2013. The former Redevelopment Agency selected Golub Real Estate Corp. (“Golub”) and Mercy Housing California (“Mercy”) for a market-rate and affordable housing development on Blocks 6/7 in December 2011. Finally, OCII staff is recommending that the Commission on Community Investment and Infrastructure select Avant Housing (“Avant”) and Bridge Housing (“Bridge”) for a market-rate and affordable housing development on Block 9 in May 2013. Per the Implementation Agreement, OCII is also developing infrastructure plans for the new neighborhood, including new streetscape improvements on Folsom Street and two major new public parks within the Project Area.

Implementation of the affordable housing obligations in Transbay will be done in consultation with the Mayor’s Office of Housing (“MOH”), and will include providing financing to selected development teams for predevelopment activities and construction for affordable housing units requiring subsidies. The workplan will also include coordinating with MOH on design review and construction monitoring of any stand-alone affordable units.

Staff will also work to ensure compliance with OCII’s equal opportunity programs for workforce and contracting on all projects in the Project Area. Specifically, contract compliance staff will monitor all phases of construction, including hiring of local workers and the payment of prevailing wages. Staff will work closely with contractors themselves, as well as with the Citybuild program and other community based organizations, to foster job creation for local workers and to improve the opportunities for local, small, minority, and women owned businesses to participate on OCII projects.

Pursuant to the Implementation Agreement, the TJPA funds all of OCII’s staff and consultant costs related to the development of the State-owned parcels in the Project Area. Once a development team is selected, then OCII can charge the developer for staff and consultant costs instead of the TJPA. The staffing and construction costs for all infrastructure projects described in the tasks below are financed with tax increment. Note that the proposed Mello-Roos Community Facilities District will pay for the TTC and other infrastructure improvements in addition to those described below.

## **B. Fiscal Year 2013-2014 Workplan**

1. **Block 6 Construction:** Working with MOH, monitor the construction of a residential development on Block 6, consisting of approximately 409 market-rate units and 70 affordable rental units (at 50% of AMI) in a 300-foot tower and adjacent podium and townhouse buildings, including open space and underground parking.

2. **Block 9 DDA:** Execute a disposition and development agreement with the selected development team for a residential development on Block 9, consisting of approximately 456 market-rate units and 114 affordable rental units (at 50% of AMI) in a 400-foot tower and adjacent podium and townhouse buildings, including open space and underground parking.
3. **Block 8 RFP:** Issue a request for proposals for a residential development on Block 8, consisting of approximately 565 market-rate units and 174 affordable units (at 50% of AMI if rental or 100% of AMI if ownership) in a 550-foot tower and adjacent podium and townhouse buildings, including open space and underground parking.
4. **Block 8 ENA:** Execute an exclusive negotiations agreement with the selected development team for Block 8.
5. **Block 5 Assembly:** Assist the TJPA in acquiring a portion of the parking lot for the office property located at 201 Mission Street in order to create a developable parcel on Block 5.
6. **Block 5 RFP:** Issue a request for proposals for a commercial development on Block 5, consisting of approximately 800,000 square feet of office space in a 550-foot tower and adjacent podium building, including public open space and underground parking. This task is contingent on the TJPA acquiring a portion of Block 5 from the owner of the office property located at 201 Mission Street (see task above).
7. **Block 11:** Monitor construction completion of a residential development consisting of 120 units of supportive housing, close out construction loan and oversee completion through lease-up and transfer of asset to MOH as Housing Successor Agency.
8. **Folsom Streetscape Improvements:** Complete design development documents for a set of streetscape improvements on Folsom Street between Spear and Second Streets, including new sidewalks, new street trees, new street lights, new rain gardens, new bicycle lanes and a conversion to two-way traffic. Execute a letter agreement with the City's Department of Public Works to provide design coordination among the various City departments and agencies, project management, and construction management for the streetscape improvements along Folsom Street.
9. **Folsom Street Off-Ramp Reconfiguration:** Complete design, issue bid docs and begin construction of a reconfiguration of the existing Folsom Street Off-Ramp on Block 8 in order to create a better pedestrian environment and increase the value of the parcel. OCII has a letter agreement with the San Francisco County Transportation Authority, the City's congestion-management agency, to provide technical services for this task.
10. **Under-Ramp Park:** Complete conceptual designs for a 2.4-acre park under the Interstate 80 off-ramp and TTC bus ramps between Folsom and Howard Streets in the Project Area, including active recreation areas, sports courts, plazas, retail space, and public art.

Continue negotiations with the California Department of Transportation on the terms of the use of the space under the I-80 off-ramp.

11. **Rincon-Hill/Transbay CBD:** Work with an outside consultant and a steering committee composed of neighborhood property owners to create a community benefit district to provide funding for future maintenance of the new public parks to be constructed by OCII within the Project Area.
12. **Transbay CFD:** Work with the TJPA and the City to create a Mello-Roos Community Facilities District to provide funding for the TTC and other infrastructure improvements within and adjacent to the Project Area.
13. **TJPA Support:** Assist the TJPA with various financial and market analyses, as required by the TJPA's funding partners and the TJPA Board of Directors.
14. **Transbay CAC:** Provide staff support to the Transbay Citizens Advisory Committee, which provides advice and recommendations to the Commission on all major activities of OCII in the Project Area.

### **C. Fiscal Year 2014-2015 Proposed Workplan**

1. **Block 6 Construction:** Working with MOH, monitor the construction of a residential development on Block 6, consisting of approximately 409 market-rate units and 70 affordable rental units (at 50% of AMI) in a 300-foot tower and adjacent podium and townhouse buildings, including open space and underground parking.
2. **Block 7 Ground Lease:** Working with MOH, execute a ground lease with the selected development team for an affordable residential development on Block 7 consisting of approximately 77 affordable rental units (at 50% of AMI) in two podium buildings and adjacent townhouses, including open space. This task is contingent on working with MOH to identify approximately \$5.4 million in additional funding, either from tax increment or another source, necessary to construct the project.
3. **Block 9 Construction:** Working with MOH, monitor the construction of a residential development on Block 9, consisting of approximately 456 market-rate units and 114 affordable rental units (at 50% of AMI) in a 400-foot tower and adjacent podium and townhouse buildings, including open space and underground parking.
4. **Block 8 DDA:** Execute a disposition and development agreement with the selected development team for Block 8.
5. **Block 1 DDA:** Execute a disposition and development agreement with the owner of the three private parcels adjacent to OCII's parcel (Block 3720, Lot 027). This task is contingent on a single owner acquiring control of the three private parcels and negotiating terms with OCII for acquisition of its parcel.

6. **Block 5 ENA/DDA:** Execute an exclusive negotiations agreement and a disposition and development agreement with the selected development team for Block 5.
7. **Folsom Streetscape Improvements:** Complete construction documents for a set of streetscape improvements on Folsom Street. Issue request for bids through letter agreement with DPW.
8. **Under-Ramp Park:** Complete schematic design and design development documents for a 2.4-acre park under the Interstate 80 off-ramp and TTC bus ramps between Folsom and Howard Streets in the Project Area.
9. **TJPA Support:** Assist the TJPA with various financial and market analyses, as required by the TJPA's funding partners and the TJPA Board of Directors.
10. **Transbay CAC:** Provide staff support to the Transbay Citizens Advisory Committee, which provides advice and recommendations to the Commission on all major activities of OCII in the Project Area.

## **8. Asset Management Outside Major Approved Project Areas**

In addition to the Major Approved Development Projects, the Successor Agency has significant asset management responsibilities in several active and expired redevelopment project areas. These asset management responsibilities include: (1) property management of physical land and buildings, (2) lease management, (3) loan management and administration, (4) oversight of public parking garages, (5) landlord and creditor responsibilities in bankruptcies, (6) managing and monitoring development agreements, (7) managing a 700-berth boat harbor, (8) managing a community facilities district, (9) general asset management and problem-solving, and (10) developing and implementing a long-range property management plan that is required under Redevelopment Dissolution Law and that will be submitted to the Commission, the Oversight Board, and the State Department of Finance (“DOF”) (the “Property Management Plan”).

In the Property Management Plan, the Successor Agency must identify its real property for one of the following uses: governmental use, future development, fulfillment of an enforceable obligation, or sale of the property. Redevelopment Dissolution Law requires the Oversight Board and DOF to approve the Property Management Plan and imposes other conditions on the assets if the plan is approved. During Fiscal Year 2013-2014, staff expects to spend considerable time developing the Property Management Plan and shepherding it through the approvals process. During Fiscal Year 2014-2015, staff expects to spend considerable time implementing the Property Management Plan (i.e., selling property and transferring property to the appropriate public entity within the City and County of San Francisco).

Some of the Successor Agency’s asset management work is funded using asset revenues (i.e., lease rental revenue, harbor revenues, garage parking revenue). Some of this work is funded using developer reimbursements. In cases where no outside funding source exists, this work is funded using the Successor Agency’s administrative cost allowance.

The following briefly describes the Successor Agency’s asset management responsibilities in several active and expired redevelopment project areas:

### **A. Rincon Point South-Beach (Active Project Area)**

#### **a. Project Description and Status**

The Redevelopment Plan for this project area doesn’t expire until January 5, 2021; however, the redevelopment work program has been largely completed, and therefore its activities are of an asset management nature.<sup>1</sup> Since 1981, the area has been transformed into a new mixed-use neighborhood. The majority of the private development was developed under owner participation agreements, or OPAs, which are considered existing enforceable obligations. Only one OPA in this project area is still active, and that is for the development of 74 condominiums over a rehabilitated historic warehouse at 72 Townsend Street.

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<sup>1</sup> In 2007, the San Francisco Board of Supervisors and the SFRA authorized the use of new tax increment financing from Rincon Point-South Beach exclusively for affordable housing to fulfill the SFRA’s replacement housing obligations.

This project area also includes various parcels along the waterfront, some of which include open space and parks, under the Successor Agency's management through a lease structure with the Port of San Francisco (the "Port"). The Successor Agency then subleases some of this Port-owned land to various subtenants, including the South Beach Yacht Club. The Successor Agency also manages South Beach Harbor, a 700-berth facility that is fully occupied, and a community facilities district that pays for additional landscaping and property maintenance on some of the project area's open spaces.

#### **b. Fiscal Year 2013-2014 Workplan**

1. **Port-Owned Property:** Since July 1, 2012, when the Successor Agency transferred most of its property management responsibilities in the former Rincon Point-South Beach Redevelopment Project Area to the Port, the Port has been managing the leases that still exist on Port-owned property and handling the property management responsibilities. To formalize this arrangement, Port staff and Successor Agency staff are negotiating an agreement that describes the transfer of these responsibilities back to the Port and describes the future management of South Beach Harbor (the "Management Agreement"). Even after the Successor Agency terminates the underlying ground leases with the Port and transfers the properties back to the Port, the Successor Agency will still have the responsibility to (1) pay off the outstanding debt associated with the construction of the harbor facilities, and (2) pay the Successor Agency staff working at South Beach Harbor. The Management Agreement will define these ongoing Successor Agency responsibilities and provide for the Port's long-term management of South Beach Harbor. The Management Agreement will be brought before the Successor Agency Commission and the Oversight Board for their approval before the end of this fiscal year.
2. **South Beach Harbor:** Until the Management Agreement with the Port is approved, the South Beach Harbor budget includes continuing ground lease payments to the Port on three harbor-related ground leases in the amount of \$260,579 (Port Leases N-2, N1-A and N1-B). Harbor operating costs (less debt service payment) at South Beach Harbor total about \$3.0 million a year. Agency staff will continue to manage the day-to-day operations at the harbor during this fiscal year.
3. **Development Agreements:** Staff manage two development agreements in this project area. Development is proceeding under an owner participation agreement to build 74 condominiums over a rehabilitated warehouse at 72 Townsend Street. Agency work on this project includes reviewing construction documents, ensuring agreed-upon affordable housing requirements, design review and contract compliance. Staff also expects to issue a certificate of completion for Rincon Park for The Gap related to a disposition and development agreement for The Gap headquarters building on The Embarcadero. Staff expects the project sponsor to pay for Agency staff time for both projects.
4. **Community Facilities District #1:** Staff manage a community facilities district that taxes property owners to maintain streetscape improvements in the South Beach neighborhood. The Agency acts as manager of the community facilities district on behalf

of the property owners. The streetscape improvements include landscaping (i.e., street trees, lawns, ground cover, shrubs, flowers, etc.), irrigation and lighting systems, and street improvements (i.e., benches, plazas, and a stairway). Work includes managing the contract with a landscape maintenance firm that does the work and managing the maintenance funds paid by the property owners. The budget for this work for this fiscal year is about \$72,000.

5. **Carmen's Sublease:** In February 2013, the Oversight Board approved modifications to an existing sublease between the Successor Agency and Benito S. Solis, who operates Carmen's restaurant on Piers 38/40. The proposed sublease modifications were related to a larger bankruptcy plan associated with Mr. Solis's Chapter 13 bankruptcy filing in U.S. Bankruptcy Court. There will likely be some work associated with terminating this sublease pursuant to the sublease modifications and/or transitioning it to Port staff.

#### **c. Fiscal Year 2014-2015 Proposed Workplan**

1. **Port-Owned Properties:** No work is expected on the Port-owned properties, as these properties will have transferred to the Port.
2. **South Beach Harbor:** Agency staff will continue to manage operations at the harbor during this fiscal year under the approved Management Agreement with the Port.
3. **Development Agreements:** Staff expects to finish the work associated with the 72 Townsend Street owner participation agreement.
4. **Community Facilities District #1:** Staff will continue to manage this community facilities district on behalf of the property owners. The budget for the landscape maintenance firm for this fiscal year is about \$75,000.

### **B. Yerba Buena Center (Expired Project Area)**

#### **a. Project Description and Status**

The Yerba Buena Center ("YBC") Redevelopment Plan was adopted by the Board of Supervisors in 1966 and expired on January 1, 2011<sup>2</sup>. YBC, which extended generally from Market Street on the north to Harrison Street on the south, and from Second Street on the east to Fourth Street on the west, is an 87-acre area that formerly consisted of dilapidated hotels and commercial and industrial buildings.

The redevelopment of YBC was a highly successful effort, and the area has been central to the economic growth and vitality of San Francisco over the past twenty years. Major commercial developments included (1) the expansion of Westfield's Shopping Centre onto the site of the former historic Emporium department store on Market Street and development of a new

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<sup>2</sup> The YBC Plan for the Emporium site (the redeveloped Bloomingdale's Store/Westfield Mall expansion) remains in place and tax increment funds from this site are directed to affordable housing projects.

Bloomingtons fronting Mission Street as part of that project, and (2) development of new hotels including the Marriott Hotel, the Four Seasons, the W Hotel, the Westin San Francisco Market Street, and the St. Regis Hotel, totaling over 2,500 new hotel rooms in YBC.

Major YBC residential development projects included the Paramount Apartments, the St. Regis and Four Seasons condominiums, and over 1,400 senior affordable units throughout YBC – altogether about 3,100 new residential units were created.

Today, YBC is one of San Francisco’s major cultural and convention/visitor districts. Major cultural facilities, such as the San Francisco Museum of Modern Art, the Museum of the African Diaspora, the Contemporary Jewish Museum, Yerba Buena Center for the Arts, the Mexican Museum (still in planning), were developed by or in partnership with the SFRA. The Moscone Convention Center was developed in partnership with the City, when the SFRA issued lease revenue bonds to finance the construction and improvements associated with the Moscone Center.

In 2009, in anticipation of the expiration of the redevelopment plan, the YBC plan was amended pursuant to SB 2113. Adoption of this amendment lifted the “cap” on the aggregate amount of tax increment which can be collected from the YBC project area and extended the period for repayment of debt. As required by SB 2113, all new tax increment funds are used only for affordable housing development.

Since January 1, 2011, no new development could be initiated in YBC and the Successor Agency moved into an asset management role for its numerous real property assets in YBC. The assets include the last developable parcel of land in the Yerba Buena neighborhood (the future Mexican Museum site), Jessie Square Garage and Plaza, Yerba Buena Lane and adjacent commercial parcels, and land and buildings comprising the two-block area known as Yerba Buena Gardens.

#### **b. Fiscal Year 2013-2014 Workplan**

- 1. Jessie Square Garage:** The Successor Agency owns Jessie Square Garage, a 161,000-square-foot, four-level underground public parking structure with about 450 parking spaces. The Agency expects to sell this garage to the developer of the 706 Mission Street/Mexican Museum project (see below). Until that happens, the Agency expects to collect about \$2.9 million in revenue from this garage this fiscal year, which all goes toward garage-related expenses, including management fees to the garage operator and reimbursements to the City for debt service payments. Some staff time is involved in overseeing the garage’s management and is charged to garage operations.
- 2. 706 Mission/Mexican Museum Project:** The Successor Agency, Millennium Partners, and the Mexican Museum are working through a public-private partnership to build a residential tower at 706 Mission Street that would include a new museum space in the tower’s base. The Successor Agency owns some of the land dedicated to this project, and also has exclusive negotiation agreements with both the developer and the museum. Work includes drafting transaction documents, assisting with project approvals,

disbursing \$1.8 million to the museum for predevelopment and tenant improvements (pursuant to a grant agreement with the museum), and overall project management. Staff time will be reimbursed by the developer.

3. **Development Agreements:** Staff manages two development agreements in this project area. Development is proceeding on an owner participation agreement to create new and rehabilitated office space at 680 Folsom Street. Agency work on this project includes reviewing construction documents, design review and contract compliance. Staff also has been working to close-out obligations under a disposition and development agreement with the developer of The Paramount apartments. Work includes negotiating the final terms of a lease buy-out deal with Paramount's tenant. Any work not funded by the project sponsor will be covered by the Agency's administrative cost allowance.
4. **Yerba Buena Gardens Asset Management:** Yerba Buena Gardens ("YBG") includes cafes, fountains – including the Martin Luther King Jr. Memorial Fountain – performance venues, children's play areas, a child development center, a historic carousel, recreational venues such as an ice skating center and a bowling center, public artwork, and many other attractions. YBG is owned and operated by the Successor Agency, which supports the operations, capital expenditures, and programming of the YBG open spaces, cultural facilities and children's play areas using funds generated from existing short- and long-term commercial and ground leases, operating leases, and an annual development fee from the St. Regis Hotel. This fiscal year, the Successor Agency is projecting about \$10.1 million in new revenue from leases and other sources. This money will be spent on (1) asset management expenses (\$3.2 million), (2) programmed events in YBG's open space area (\$75,000); (3) operating subsidies for Yerba Buena Center for the Arts (\$3.3 million); (4) operating subsidies for the Children's Creativity Museum (\$575,000); (5) business improvement district assessments (\$68,000); (6) legal and risk management services (\$140,000), and (7) capital improvements.

In total, about \$2.7 million is budgeted for capital improvements (including a contingency). Capital improvements planned for this year include (1) continuation of major expansion joint work near the Martin Luther King ("MLK") Fountain (MLK Fountain expansion work was completed last fiscal year) and the Children's Creativity Museum; (2) replacement of the historic carousel's vacillator bearing; (3) replacement of the safety pavement surrounding the children's play circle; (4) repairs to a café ceiling; and (5) replacement of an electrical transformer. Other major capital improvement work is planned for the Child Development Center and involves important security upgrades to the buildings security systems and installation of a cooling system left out of the original building construction. Work done by staff this fiscal year includes a wide range of asset management responsibilities, including developing and implementing a disposition strategy. Staff time is paid from the YBG property management account, which is funded by lease revenues.

5. **Moscone Center Expansion:** The City is currently in the planning stages of a major expansion of Moscone Center, which span large portions of a two-block area of Yerba Buena Gardens known as Central Block Two ("CB-2") and Central Block Three ("CB-3).

The expansion would add approximately 353,000 square feet to the existing Moscone Center above and below ground on CB-2 (which the Successor Agency owns) and CB-3. Work includes assisting with project approvals and community outreach, providing input into project design, title research, and other project work. Staff time is expected to be paid by the convention center.

**c. Fiscal Year 2014-2015 Proposed Workplan**

1. **Jessie Square Garage:** No project work is expected this fiscal year because staff expects the garage to have been sold to the developer of the 706 Mission Street/Mexican Museum project during Fiscal Year 2013-2014.
2. **706 Mission Street/Mexican Museum Project:** Work on this project this fiscal year includes assisting with project approvals, disbursing funds to the museum for predevelopment and tenant improvements, and overall project management. Staff time will be reimbursed by the developer.
3. **Development Agreements:** Staff expects some time will be spent this fiscal year closing-out the owner participation agreement at 680 Folsom Street. Staff time will be reimbursed by the developer.
4. **Yerba Buena Gardens Asset Management:** The Successor Agency is projecting about \$9.3 million in new revenue from leases and other sources. This money will be spent on (1) property management expenses (\$3.1 million), (2) programmed events in YBG's open space area (\$75,000); (3) operating subsidies for Yerba Buena Center for the Arts (\$3.3 million); (4) operating subsidies for the Children's Creativity Museum (\$575,000); (5) business improvement district assessments (\$68,000); (6) legal and risk management services (\$140,000), and (7) capital improvements.

In total, \$2.2 million is budgeted for capital improvements (including a contingency). Capital improvements planned for this year include (1) boiler replacement at the Children's Creativity Museum, the ice skating center, and the Child Development Center; (2) replacement of lighting and power equipment for an underground water storage tank and other underground sections of YBG, for the Yerba Buena Center for the Arts theatre, and for the various open space areas; (3) renovation of the elevator at the ice skating center; and (4) upgrades to the Children's Creativity Museum's production lab, media cone and exhibit hall. Work done by staff this fiscal year includes a wide range of asset management responsibilities, including implementing a disposition strategy. Staff time is paid from the YBG property management account, which is funded by lease revenues.

5. **Moscone Center Expansion:** Staff expects to still have some work associated with this project this fiscal year. This fiscal year, staff expects to transfer Moscone North to the City after the City pays off the bonds associated with the construction of this phase of the convention facilities. Work includes preparing and recording conveyance documents, assisting with project approvals and community outreach, providing input into project

design, title research, and other project work. Staff time is expected to be paid by the convention center.

### **C. Western Addition A-2 (Expired Project Area)**

#### **a. Project Description and Status**

The Redevelopment Plan for the former Western Addition A-2 Redevelopment Project Area expired on January 1, 2009 (the “Western Addition”).<sup>3</sup> The former San Francisco Redevelopment Agency (the “SFRA”) implemented a development program for the Western Addition that included thousands of units of new and rehabilitated housing, the revitalization of the Nihonmachi and Fillmore business districts, public infrastructure improvements, small business assistance, job training, and workforce development. Since January 1, 2009, no new economic development programs could be initiated and the SFRA moved into an asset management role for both its real property assets as well as other contractual obligations, such as owner participation agreements for unfinished private development, disposition and development agreements, and economic development loan agreements.

#### **b. Fiscal Year 2013-2014 Workplan**

- 1. Fillmore Heritage Center Garage:** The Fillmore Heritage Center is a mixed-use project the SFRA helped finance about 10 years ago to stimulate economic development along the lower Fillmore Street commercial corridor. The project includes 80 condominiums, ground-floor commercial space (which currently houses a music venue/restaurant and a second restaurant), and a 112-space public parking garage. The SFRA built the garage primarily to serve the two commercial tenants, and the Successor Agency continues to own this asset. Pacific Park Management operates the garage for the Successor Agency under a garage management agreement that runs until May 1, 2014. The proposed budget for fiscal year 2013-2014 includes \$632,811 in expenses related to the garage. These expenses, which are paid with garage revenues, include \$1,000/month management fee for the operator, about \$31,000/month in expense reimbursements, \$14,400/month in common area maintenance charges, \$6,000/month in taxes, and \$4,811/year in insurance costs. In addition, the garage operator must be reimbursed for any operating deficits every six months. These amounts assume that the Successor Agency continues to own the garage this fiscal year, and that the current contract is extended until a long-range property management plan is approved by the Successor Agency’s Oversight Board and the State Department of Finance. Work includes general asset management duties and developing and implementing a disposition plan for this asset. Staff time will be paid out of the Successor Agency’s administrative cost allowance.
- 2. Fillmore Heritage Center Commercial Parcel:** The Successor Agency also owns the commercial space within the Fillmore Heritage Center. The commercial space is leased to a master tenant, who subleases it to a jazz club/restaurant and another restaurant. Work

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<sup>3</sup> The San Francisco Board of Supervisors and the SFRA authorized the continuing use of tax increment from the Western Addition to fund affordable housing because of the SFRA’s unfulfilled replacement housing obligation.

includes managing the master tenant and subtenants, resolving problems with the homeowners' association, dealing with property management issues of the common areas, analyses associated with a tenant's bankruptcy, and other asset management duties. Work also will include developing and implementing a disposition plan for this asset. Staff time is paid from the Successor Agency's administrative cost allowance.

3. **Ellis Street Driveway:** The Successor Agency owns a small parcel of land that connects Fillmore Street to the parking lot in front of the Fillmore Safeway store. Work includes general property management and developing and implementing a disposition strategy for this asset. Staff time is paid from the Successor Agency's administrative cost allowance.
4. **Development Agreements:** Staff manages a couple of development agreements in this project area. Development is proceeding on owner participation agreements to build new condominium units at 1450 Franklin Street and 1301 Divisadero. Agency work on this project includes reviewing construction documents, design review and contract compliance. Staff also monitors a disposition and development agreement for a school gymnasium and classroom space at 1210 Scott Street. Any work not funded by the project sponsors will be covered by the Agency's administrative cost allowance.
5. **Tenant Improvement Loan Agreements:** The Successor Agency is currently the party to several tenant improvement loan agreements with businesses along Fillmore Street. Work includes loan administration and monitoring, analyses associated with two borrower bankruptcies and borrower negotiations. Staff time is paid from the Successor Agency's administrative cost allowance.

#### **c. Fiscal Year 2014-2015 Proposed Workplan**

1. **Fillmore Heritage Center Garage:** Until this garage is sold or transferred to the City under the Successor Agency's long-range property management plan, the Successor Agency will continue to manage this garage. Staff expects the sale or transfer to occur this fiscal year. Staff time will be paid out of the Successor Agency's administrative cost allowance.
2. **Fillmore Heritage Center Commercial Parcel:** Until this parcel is sold or transferred to the City under the Successor Agency's long-range property management plan, the Successor Agency will continue to manage this parcel. Staff expects the sale or transfer to occur this fiscal year. Staff time is paid from the Successor Agency's administrative cost allowance.
3. **Ellis Street Driveway:** Staff expects to dispose of this asset this fiscal year. Work includes drafting disposition documents, title and escrow work, and other work associated with the sale. Staff time is paid from the Successor Agency's administrative cost allowance.

4. **Development Agreements:** Staff expects some time will be spent this fiscal year closing-out the owner participation agreements at 1450 Franklin Street and 1301 Divisadero. Some monitoring of the disposition and development agreement for 1210 Scott Street also may occur. Any work not funded by the project sponsors will be covered by the Agency's administrative cost allowance.
5. **Tenant Improvement Loan Agreements:** Work includes loan administration and monitoring, analyses associated with two borrower bankruptcies, and borrower negotiations. Staff time is paid from the Successor Agency's administrative cost allowance.

#### **D. Other Active and Expired Redevelopment Project Areas**

1. **South of Market (Active Project Area).** The Redevelopment Plan for this project area doesn't expire until 2020, but Redevelopment Dissolution Law severely curtailed the SFRA's work program for this project area. Several planned projects and economic development programs have either been cancelled or not renewed, and other active projects – like the alleyway improvement project – have been transferred to the City to complete. The Successor Agency has very few enforceable obligations left in this project area.
  - a. **Fiscal Year 2013-2014 Workplan:** There are still several active façade and tenant improvement loan agreements that were executed under the Successor Agency's "Six on Sixth" Loan Program. These loan agreements require some staff time until they are forgiven pursuant to their terms. Work includes processing subordination requests, monitoring the schedules for forgiving the loans, processing deeds of reconveyance, and consulting with legal counsel. This work is paid through the Successor Agency's administrative cost allowance.
  - b. **Fiscal Year 2014-2015 Proposed Workplan:** Same as description in Fiscal Year 2013-2014.
2. **Bayview Hunters Point (Active Project Area).** The Redevelopment Plan for this project area does not expire until 2036, but Redevelopment Dissolution Law severely curtailed the SFRA's work program for this project area. Much of the SFRA's work focused on economic development, community enhancements, and affordable housing. Much of this work has been transferred to the City. The Successor Agency has very few enforceable obligations left in this project area, aside from the work associated with Phase 2 of the Hunters Point Shipyard development which includes portions of this project area.
  - a. **Fiscal Year 2013-2014 Workplan:** The City's Municipal Transportation Authority ("MTA") is undertaking improvements along the Third Street corridor, including several public plazas. One of these plazas is the plaza adjacent to the Bayview Opera House. The former redevelopment agency had entered into a grant agreement with MTA to contribute \$785,000 in project

area bond proceeds toward improvements to this plaza. However, the State Department of Finance deemed this grant agreement null and void, so the funds cannot be disbursed under the grant agreement. However, staff may seek approval of a new grant agreement with MTA this fiscal year with the same funds, after the Successor Agency's audits are completed and the funds are released by the State for this purpose. There also may be some work associated with selling and/or transferring a site currently owned by the Successor Agency and ground-leased to the Kroger's grocery store chain to operate a Foodsco grocery store at 345 Williams Street. Staff time associated with this work will come from the Successor Agency's administrative cost allowance.

- b. Fiscal Year 2014-2015 Proposed Workplan:** If a new grant agreement with MTA for the Bayview Opera House plaza is approved in Fiscal Year 2014-2-15, and some of the funds remain undisbursed, there may be some work closing out this agreement this fiscal year. There also may be some work associated with the sale/transfer of the Foodsco site at 345 Williams Street this fiscal year. Staff time associated with this work will come from the Administrative Cost Allowance.

- 3. Hunters Point (Expired Project Area).** The Redevelopment Plan for this project area expired in 2009 and the SFRA's redevelopment program for this project area was complete. The redevelopment program focused on creating a new residential community for low- to moderate-income residents with supporting commercial, educational and recreational uses. The Successor Agency continues to own several min-parks in this project area, and one larger park known as Shoreview Park.

- a. Fiscal Year 2013-2014 Workplan:** The Successor Agency only pays property management expenses for one property it owns in this project area (Shoreview Park). The other mini-parks the Successor Agency owns in this project area are maintained by either the City or adjacent property owners. This fiscal year, staff expects to spend about \$16,000 on property management for Shoreview Park and about \$600 for water for the park's landscaping. Work includes managing the property management contract with a property management firm and developing and implementing a disposition strategy for this asset. Staff time and property management costs are paid from the Successor Agency's administrative cost allowance.
- b. Fiscal Year 2014-2015 Proposed Workplan:** Staff expects to dispose of this asset this fiscal year, most likely to either the City or an adjacent property owner. Work includes drafting disposition documents, title and escrow work, and other work associated with the sale. Depending on when the sale/transfer occurs, the Successor Agency may still incur property management costs for this asset this fiscal year. Staff time and property management costs are paid from the Successor Agency's administrative cost allowance.

4. **Bayview Industrial Triangle (Active Project Area).** The Redevelopment Plan for this project area doesn't expire until 2020 but the SFRA's redevelopment program for this project area (i.e., to create a new industrial park) was largely complete. The Successor Agency occasionally receives requests for land use approvals in this project area.
  - a. **Fiscal Year 2013-2014 Workplan:** Development is proceeding on a mixed-use building containing 32 new residential units and ground-floor commercial space on a vacant, privately-owned lot at 4101 Third Street. Work includes design review, zoning checks, and shepherding entitlement approvals through the Commission. Staff time will be reimbursed by the project sponsor.
  - b. **Fiscal Year 2014-2015 Proposed Workplan:** Staff does not expect any significant work in this project area during this fiscal year.

## 9. Affordable Housing Obligations

### A. Affordable Housing Obligations Summary

OCII has retained three types of Affordable Housing Obligations from SFRA. First are the affordable housing projects that were under construction and were drawing down funds from loan agreements that were entered into prior to the Dissolution Law. The majority of those projects are expected to have fully drawn down those loan funds by the end of Fiscal Year 2013-2014. Second are the Affordable Housing Obligations that are integrally related to the three critical redevelopment legacy projects referred to as the “Major Approved Development Projects” that OCII, as successor agency to SFRA, must continue to implement under enforceable obligations consistent with the Dissolution Law, which are described in detail within each relevant Project Area description of this budget. And third, OCII’s Affordable Housing Obligations include the replacement of units that were destroyed by SFRA in the early years of redevelopment and must be replaced.

These obligations are referred to as OCII’s “Retained Housing Obligations”, pursuant to both the Dissolution Law and Board of Supervisors Ordinance 215-12. In order to implement these obligations, OCII will engage the Mayor’s Office of Housing (“MOH”) to provide staffing, policy direction, and technical expertise, which will be formalized through a Memorandum of Understanding (“MOU”) that the Commission will review and approve. The MOU will lay out the parties’ roles and responsibilities which include OCII’s role as funder for the obligation and that MOH’s staff will provide the day to day project management for the Retained Housing Obligations. This project management may include issuing Requests for Proposals, loan underwriting, facilitating schematic design review with relevant OCII staff, and monitoring of construction. Upon completion of the project, Dissolution Law requires OCII to transfer the asset (land, loan agreements, ground leases, etc.) to MOH, which is the designated Housing Successor Agency under the Dissolution Law and Board of Supervisors’ action. After transfer, MOH must ensure continuing compliance with the underlying enforceable obligation, e.g. the Mission Bay Housing Program, but otherwise has all rights and liabilities of the asset.

Development terms and funding for the projects will be provided through OCII agreements that will include acknowledgment of the future transfer of the assets to MOH upon completion. Funding for the projects and for MOH staff time will continue to be included on OCII’s ROPS, and will draw down by MOH pursuant to approved milestones, e.g. after selection of a development team or when a project receives approval from the Citywide Loan Committee (of which OCII will be a member). MOH and OCII will each have responsibilities to ensure that information is shared across both departments and projects and staff are coordinated.

## **B. Existing Loan Agreements**

Prior to the Dissolution Law, SFRA had entered into several legally binding loan agreements with developers to construct affordable housing as part of SFRA's robust program to provide housing to low and very low-income households throughout the City. Many of those projects have since completed construction or will be complete by the start of Fiscal Year.

### **Fiscal Year 2013-2014 Workplan**

1. **Hunters View Public Housing Revitalization:** Monitor completion of construction on Phase I; provide funding for Phase II through the Hunters View Phases II and III Loan Agreement (Bayview Hunters Point).
2. **474 Natoma:** Close out construction loan and oversee completion through lease-up and transfer of asset to MOH as Housing Successor Agency (South of Market).
3. **Mary Helen Rogers Senior Community:** Close out construction loan and oversee completion through lease-up and transfer of asset to MOH as Housing Successor Agency (Western Addition A-2).
4. **3<sup>rd</sup> & Le Conte Supportive Housing:** Close out construction loan and oversee completion through lease-up and transfer of asset to MOH as Housing Successor Agency (Bayview Hunters Point).
5. **Bay Oaks Homeownership (4800 3<sup>rd</sup> Street):** Close out loan and complete marketing/sales phase (Bayview Hunters Point).

### **Fiscal Year 2014-2015 Proposed Workplan**

1. **Hunters View Public Housing Revitalization:** Monitor construction commencement for Phase II; provide funding for Phase III through the Hunters View Phases II and III Loan Agreement.

## **C. Major Approved Development Project Affordable Housing**

Each of the Major Approved Development Projects is subject to a series of interlocking master development agreements which obligate OCII to provide funding and facilitate the development of a required amount affordable housing units. Specifically, those obligations are:

1. **Hunters Point Shipyard / Candlestick Point:** provide funding for and ensure the development of approximately 218 affordable housing units in Phase 1 and 1140 affordable housing units in Phase 2 pursuant to the Development and Disposition Agreements with the master developer and the Tax Increment Pledge Agreement with the City. (DOF has finally and conclusively determined that the affordable housing programs for Phase 1 and Phase 2 are OCII's enforceable obligations.)

2. **Mission Bay North & South:** provide funding for and ensure the development of approximately 1,445 affordable housing units in Mission Bay South and Mission Bay North (of which 674 units have been constructed) pursuant to the Owner Participation Agreements with the master developer and the Tax Increment Pledge Agreements with the City. (OCII has requested, but has not yet received, a final and conclusive determination that the Mission Bay Housing Programs are enforceable obligations.)
3. **Transbay:** provide funding for and ensure the development of 35% of all housing units in the Transbay Project Area as affordable housing units (projected to be approximately 1,131 units) pursuant to the obligation that is imposed by State law, namely Section 5027.1 of the California Public Resources Code, and the Transbay Redevelopment Project Implementation Agreement between OCII and the Transbay Joint Powers Authority. (DOF has finally and conclusively determined that Section 5027.1 housing requirement is OCII's enforceable obligation.)

### **Fiscal Year 2013-2014 Workplan**

The Affordable Housing Projects within the Major Approved Development Projects are more fully described within the specific Project Area section of the budget. Below is a summary of those workplan activities for OCII and MOH staff in Fiscal Year 2013-2014:

#### **1. Hunters Point Shipyard / Candlestick Point:**

- a. **Alice Griffith Public Housing Revitalization:** Schematic design review, financing for Phases 1, 2, and 3, land conveyance, and start of infrastructure construction; comply with requirements of Federal Choice Neighborhood Initiatives Grant("CNI Grant").
- b. **3<sup>rd</sup> & Carroll Senior Housing:** begin construction on this off-site obligation required under the CNI Grant

#### **2. Mission Bay:**

- a. **Block 6 East Affordable Housing:** Issue a Request For Proposals to develop site as rental housing for very low-income families.
- b. **Block 7 West Affordable Housing:** finalize agreements and provide funding to development team to develop site as rental housing for low-income families.
- c. **1180 4<sup>th</sup> Street Affordable Housing:** completion of construction of site as rental housing for very low-income families.

- d. **Block 3 East:** Issue a Request For Proposals to develop site as supportive housing for formerly homeless individuals.

### 3. Transbay:

- a. **Block 6:** Monitor the construction of a residential development consisting of approximately 409 market-rate units and 70 affordable rental units for very low-income families.
- b. **Block 9:** Execute a disposition and development agreement with the selected development team for a residential development consisting of approximately 456 market-rate units and 114 affordable rental units for very low-income families.
- c. **Block 8:** Issue a request for proposals for a residential development consisting of approximately 565 market-rate units and 174 affordable units (either rental or homeownership); subsequent to development team selection, execute an exclusive negotiations agreement.
- d. **Block 11:** Monitor construction completion of a residential development consisting of approximately 120 units of supportive housing, close out construction loan and oversee completion through lease-up and transfer of asset to MOH as Housing Successor Agency.

### D. Replacement Housing Obligation (SB 2113)

Since 1977, State law has required the replacement of lower income housing that is destroyed or removed from the housing market as part of a redevelopment project. Under Senate Bill No. 2113 ("SB 2113") the State legislature in 2000 provided San Francisco with the authority to finance the construction of housing that would replace units destroyed prior to 1977. SB2113 authorized San Francisco to extend the tax increment authority of older project areas for the exclusive purpose of receiving tax increment and incurring indebtedness to replace the destroyed affordable housing in San Francisco. In 2003, the California Department of Housing and Community Development certified that SFRA had destroyed 6709 affordable housing units prior to 1977 and had not yet replaced them (the "Replacement Housing Obligation"). Notably, the vast majority of lost affordable units were from three project areas: Yerba Buena Center (3217 units), Western Addition A-1 (3208 units) and Golden Gateway (1301 units).

In Fiscal Year 2004-2005, SFRA began utilizing tax increment pursuant to SB 2113 to fund affordable housing to satisfy the Replacement Housing Obligation. The project areas which have implemented the SB2113 legislation are Golden Gateway, India Basin, and Hunters Point, Rincon Point-South Beach, Western Addition A-2, and Yerba Buena Center (excluding the Emporium Site sub-area). With the exception of Rincon Point-South Beach and the Emporium Site sub-area of Yerba Buena Center, all of the redevelopment plans for those Project Areas are expired.

To date, 881 units of affordable housing have been funded with tax increment allocated to SFRA under SB 2113 (“SB 2113 Funds”), leaving 5827 units remaining to be funded; of the 881 units already funded, 744 of those have either been completed or are under construction, and the remaining 137 units are in predevelopment. Affordable housing projects utilizing SB 2113 funds are typically used in conjunction with other sources of funding, such as tax increment from non-SB 2113 Project Areas or other local funds provided by the City through the Mayor’s Office of Housing. Units are classified as Replacement Units based on the pro-rata share of SB 2113 Funds as part of the total amount of SFRA’s, and now OCII’s, funding provided to the project. Therefore the final number of SB2113 units within a project isn’t fully determined until all OCII funds are committed to the project.

Implementation of the Replacement Housing Obligations will be done in consultation with the Mayor’s Office of Housing (“MOH”), and will include providing funding for projects in which Replacement Housing Units can be included. In general, any new affordable housing project can include Replacement Housing Units with the exception of any public housing units that are being demolished and then replaced through the City’s HOPE SF program, such as at the Hunters View or Alice Griffith Public Housing Revitalization Projects. However, any new non-public housing affordable units that may be built at the HOPE SF sites may be funded with SB 2113 funds and counted as Replacement Housing Units.

### **Fiscal Year 2013-2014 Workplan**

**1. Replacement Housing Units in Predevelopment:** SB 2113 Funds are included in affordable housing project that are in, or are scheduled to begin, the predevelopment phase. For those projects, MOH and OCII staff will work together to ensure the projects move forward towards construction financing and commencement. The total number of Replacement Housing Units won’t be known until the project is fully funded, and the amount of funding available will be determined by OCII’s ability to seek approval from the Oversight Board and the State Department of Finance to issue bonds for SB 2113 Project Areas. Projects on the SB 2113 pipeline include:

- 3<sup>rd</sup> & Carroll Senior Housing (Bayview Hunters Point)
- 200 6<sup>th</sup> Street Family Housing (South of Market)
- Central Freeway Parcel O (Fell & Laguna)

### **Fiscal Year 2014-2015 Proposed Workplan**

As stated above, funding amounts will be determined by OCII’s ability to issue bonds for SB 2113 Project Areas, which will require State approval. Should such approval be granted, then OCII and MOH staff would seek to provide additional funding for projects in predevelopment that are ready to proceed to construction financing and commencement.

## Appendix 1. Community Facilities Districts

Community Facilities Districts (“CFDs”) are special taxing districts formed under the California Mello-Roos Act. The revenues supporting the activities and/or bond obligations of these districts come solely from special taxes, voted by electors within the district at the time of its formation. The OCII acts only as administrator of the CFDs and has no financial obligation. Disbursements from these CFDs are not part of the OCII budget and are included here for informational purposes only.

**Table A1: Community Facilities District Annual Tax Levies and Bond Balances**

District Number	District Name	FY 2012-13 Tax Levy	Bond		Purpose
			Balance 6/30/13	Final Bond Maturity	
CFD#1	Rincon Point/South Beach	\$ 0.5	\$ 0.4	8/1/2013	Street, sidewalk and South Beach Park improvements and maintenance
CFD#4 *	Mission Bay North	0.0	23.4	8/1/2031	Infrastructure
CFD#5	Mission Bay North and South	1.7	N/A	N/A	Park Maintenance
CFD#6	Mission Bay South	7.6	145.7	8/1/2043	Infrastructure
CFD#7	Hunters Point Shipyard	0.3	34.5	8/1/2036	Infrastructure

\*Debt Service for CFD#4 is paid from tax increment pledged under the Financing Plan of the Mission Bay North Owner Participation Agreement (11/16/98).

## Appendix 2. Debt Service Schedule

**Table A2: OCII Tax Allocation Bond Debt Service Obligations, \$ Millions**

FY	Total Reserve		Net Debt	Diff to PY	Non-SB2113 Debt Service, by Project Area												SB2113
	Debt	avail			RPSB	WA2	YBC	HP	IB	GG	SOMA	MBN	MBS	HPSY	BVHP	TB	
2012-13	96.3	\$0.0	\$96.3		7.5	7.7	21.4	0.4	0.4	13.6	1.9	9.0	8.3	0.0	2.6	4.2	19.3
2013-14	96.8	\$0.6	\$96.2	(\$0.1)	7.0	8.8	21.1	0.4	0.3	13.3	1.8	9.0	8.3	0.0	2.6	4.2	20.1
2014-15	94.3	\$0.0	\$94.3	(\$1.9)	7.3	6.7	21.2	0.3	0.3	12.9	1.6	9.0	8.3	0.0	2.7	4.2	19.8
2015-16	93.4	\$0.0	\$93.4	(\$0.9)	7.3	5.8	21.0	0.3	0.3	12.9	1.6	9.0	8.3	0.0	2.8	4.2	19.8
2016-17	93.9	\$0.0	\$93.9	\$0.4	7.3	5.9	21.3	0.3	0.3	12.9	1.6	9.0	8.3	0.0	2.8	4.2	19.9
2017-18	100.6	\$9.0	\$91.6	(\$2.2)	7.0	6.9	27.6	0.4	0.4	12.5	1.6	9.0	8.3	0.0	2.8	4.2	20.0
2018-19	80.6	\$7.6	\$73.0	(\$18.6)	6.9	3.1	13.9	0.2	0.3	0.0	1.6	9.0	8.3	0.0	2.8	4.2	30.3
2019-20	64.7	\$0.0	\$64.7	(\$8.3)	6.9	3.1	4.5	0.2	0.3	0.0	1.6	9.0	8.3	0.0	2.1	4.2	24.6
2020-21	67.6	\$0.0	\$67.6	\$2.9	7.3	3.1	7.2	0.3	0.3	0.0	1.6	9.0	8.3	0.0	2.1	4.2	24.1
2021-22	68.3	\$0.2	\$68.1	\$0.5	5.8	4.2	7.8	0.5	0.0	0.0	1.6	9.0	8.3	0.0	2.1	4.2	24.8
2022-23	68.0	\$0.2	\$67.9	(\$0.2)	4.3	4.2	7.8	0.5	0.0	0.0	1.6	9.0	8.3	0.0	2.1	4.2	26.0
2023-24	67.9	\$3.2	\$64.7	(\$3.1)	4.3	4.2	7.8	0.5	0.0	0.0	1.6	9.0	8.3	0.0	2.1	4.2	25.8
2024-25	51.8	\$1.2	\$50.6	(\$14.1)	2.2	0.0	0.0	0.0	0.0	0.0	2.6	8.4	8.3	0.0	2.1	4.2	24.0

### Notes

RPSB = Rincon Point South Beach, WA2 = Western Addition Area 2, YBC = Yerba Buena Center, HP = Hunters Point, IB = India Basin, GG = Golden Gateway, SOMA = South of Market, MBN = Mission Bay North, South MBS = Mission Bay South, HPSY = Hunters Point Shipyard, BVHP = Bayview Hunters Point, TB = Transbay, SB2113 = Bonds backed by tax increment in extended project areas to provide replacement housing, as provided for by Senate Bill 2113.

OCII is also responsible for the South Beach Harbor bond, secured by a combination of Harbor revenues and tax increment on boats and berths at the Harbor, and for three loans provided by the California Department of Boating and Waterways (“Cal Boating”) secured by Harbor revenues. Annual debt service on the bond of \$1.3 million is due through Fiscal Year 2016-2017, when the bond is scheduled to be paid off. Annual Cal Boating loan payments of \$536,000 per year are due through Fiscal Year 2035-2036.

