Office of Community Investment and Infrastructure

FY 2017-18 Budget: Workshop #2

April 18, 2017

FY 17-18 Budget Calendar

- **4/4/17: Commission Workshop #1**
  - Hunters Point Shipyard / Candlestick Point
  - Mission Bay North & South
  - Transbay
  - Affordable Housing
  - Asset Management and Development Services
- **4/19/17: Commission Workshop #2**
  - Operations
  - Debt Service
- **5/2/17: Commission Budget Review**
- **5/3/17: Mayor’s Budget Office Submission**
- **6/16/17: First Board of Supervisors (BOS) Budget Committee Hearing**
- **6/21/17: Second (BOS) Budget Committee Hearing**

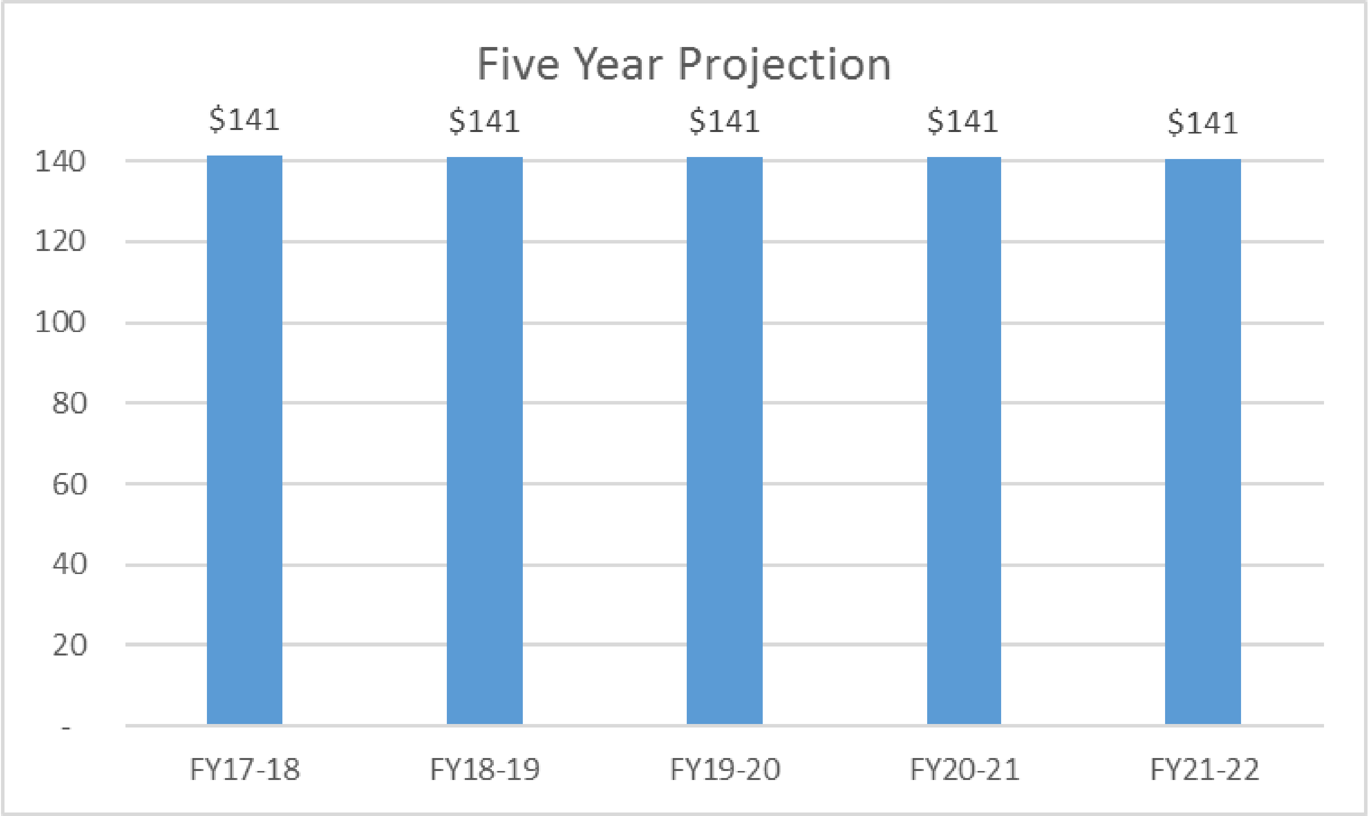
Budget Process

Controller's Office - Five Year Financial Plan
December 2016

Expenditure		Amount	
Administration	$	3.5	M
Direct Project Cost	$	3.2	M
Estimated Debt Service	$	10.7	M
Retiree Benefits	$	3.2	M
Existing Debt Service	$	96.0	M
MB Pledge	$	20.7	M
TJPA Pledge	$	4.0	M
Total	$	141.3	M

Budget Process

Controller's Office - Five Year Financial Plan
December 2016



Budget Process

Recognized Obligation Payment Schedule 17-18 – Feb 2017
SOURCES

Bond Proceeds – Proceeds from bond issuances used for implementation of enforceable obligations

- Affordable Housing
- Infrastructure Reimbursement

Other – Other sources used for implementation of enforceable obligations

- Developer payments
- Rent from OCII-owned physical assets
- Grants

Redevelopment Property Tax Trust Fund (RPPTF) – Property tax used for implementation of enforceable obligations

- Project Areas: HPSY/CP, MBN & MBS, TBY
- Affordable Housing
- Physical Assets: Fillmore Garage and YBG
- Financial Assets: Debt Service, Loans, Pension & Retiree Health Obligations

Administrative Cost Allowance (ACA) – Property tax used to indirectly support implementation of enforceable obligations

- Administrative staff
- Rent, technology infrastructure
- Professional Services – recruitment, communication, specialized legal support

Budget Process

Recognized Obligation Payment Schedule 17-18 – Feb 2017

Administrative Cost Allowance (ACA)

SB107 - This bill would, commencing July 1, 2016, and for each fiscal year thereafter, limit the **administrative cost allowance to an amount not to exceed 3% of the actual property tax distributed** to the successor agency for payment of approved enforceable obligations, reduced by the successor agency's administrative cost allowance and loan payments made to the city, county, or city and county that created the redevelopment agency

Administrative Cost Allowance

16-17 Distribution	$ 122,702,543
Less Admin 16-17 ACA	$ 2,991,263
Sub-Total	$ 119,711,280
Rate	3%
17-18 ACA Cap	**$ 3,591,338**
ACA Growth	$ 600,075

Budget Process

Controller's Office - Five Year Financial Plan Update
March 2017

Expenditure	Amount
Administration	$ 3.6 M
Direct Project Cost	$ 3.2 M
Retiree Benefits	$ 3.2 M
Existing Debt Service	$100.2 M
MB Pledge	$ 20.7 M
TJPA Pledge	$ 4.0 M
Total	$134.9 M

Budget Process

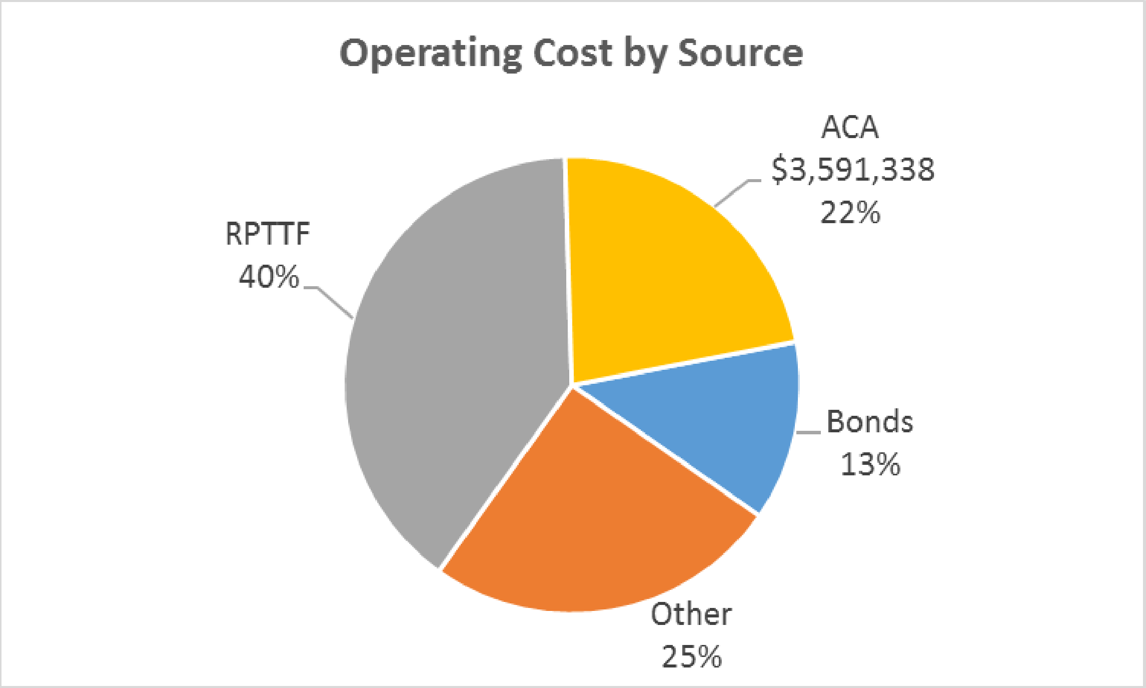
OCII Budget Process
February-April 2017

	Amount	Expenditure Type
$	8.4	Existing Staff Salaries & Benefits
$	4.0	Non-Labor Costs
$	3.2	Retiree Pension and Health Costs
$	**15.6**	**Total Operating Budget**

$3,591,338 Administrative Cost Allowance

Operating Budget: Sources

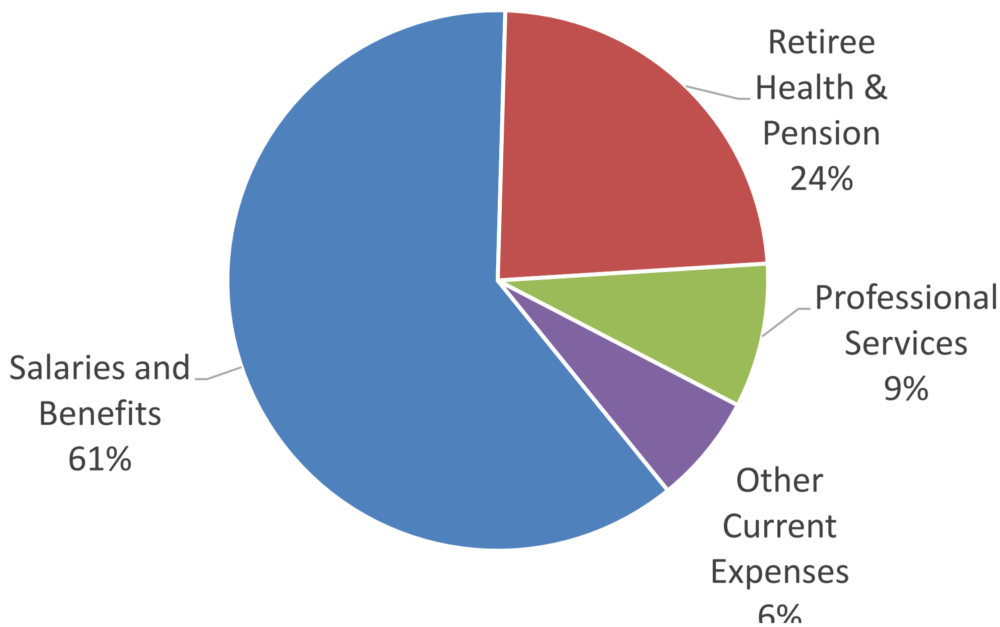
OCII allocates eligible staff salaries & benefits and non-labor costs to other revenue sources



RPTTF funds retiree pension and health costs

Operating Budget: Uses

Expenditure on existing staff and retiree health and pension benefits accounts for 85% of operating budget



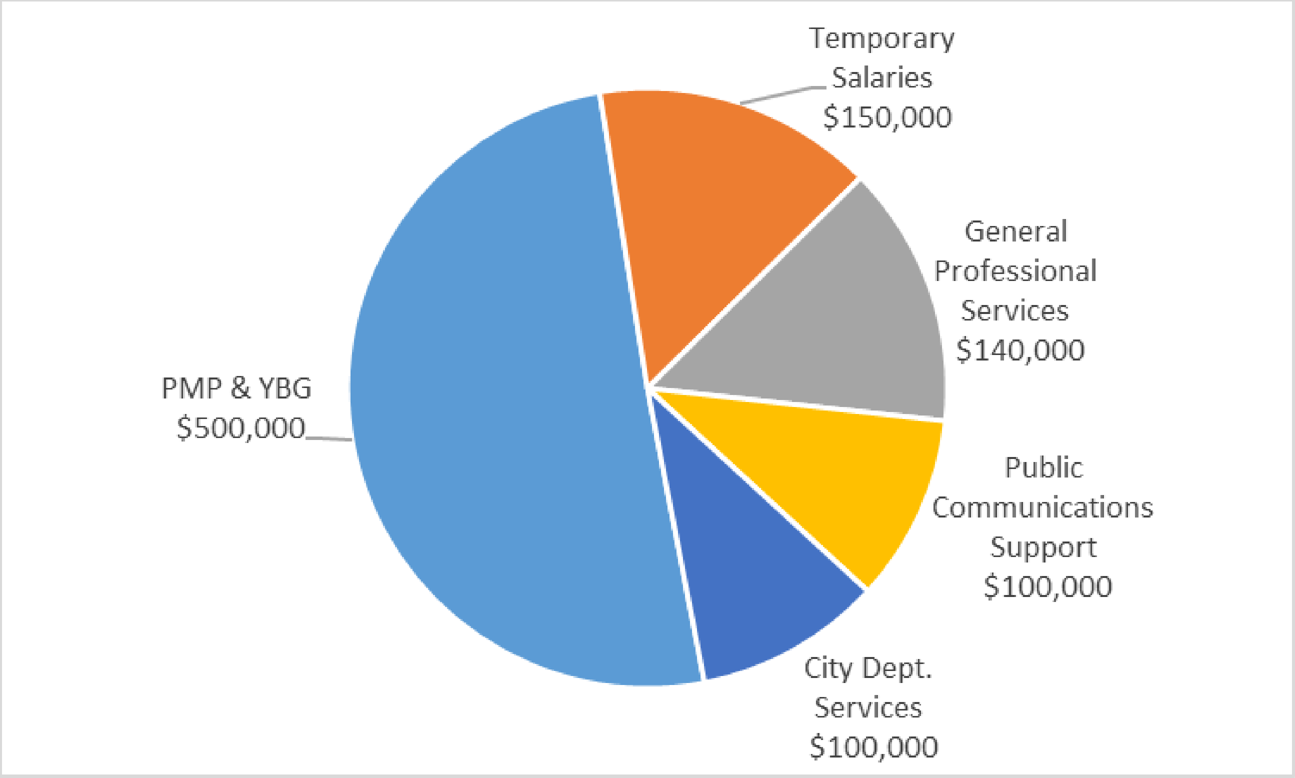
Operations

Current staff and retirement benefits drive operating budget

- **$8.4M Existing Staff Salaries & Benefits**
  - 47 Full Time Equivalent positions, same as FY 16-17
  - 7 Limited Term Assignment positions, same as FY 16-17
- **3.00 % COLA,** pending MOU negotiations ($300K of $600K ACA increase)
- **$3.2M Retiree Health and Pension Obligations**
  - $1.4M for current retiree health benefits
  - $0.8M to reduce long-term retiree health benefit liability, an OCII first
  - $1.0M to reduce long-term pension liability

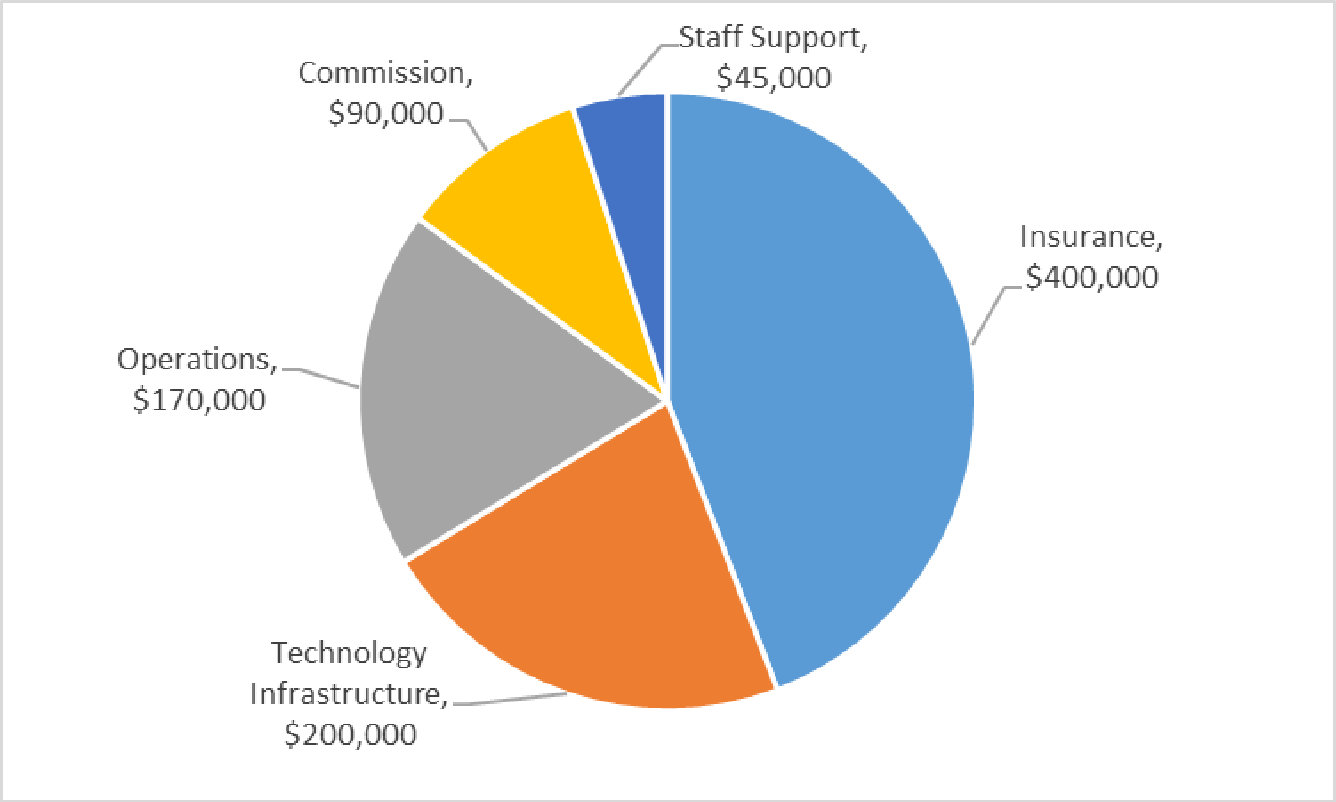
Operations

$1.2M in Professional Services augments OCII staff capacity



Operations

Insurance and Technology Infrastructure are largest current expenses



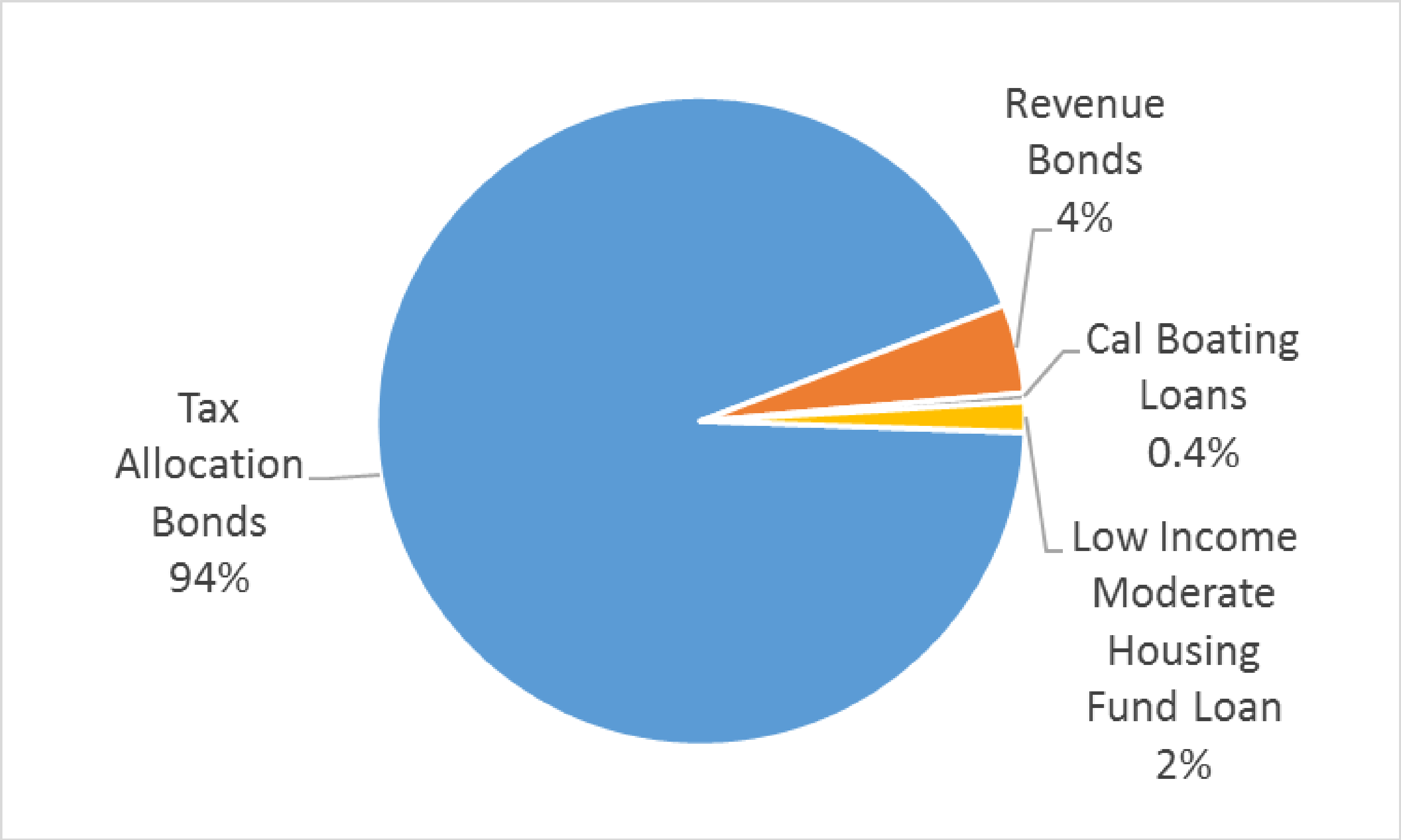
Debt Service

Sources		Debt Svc
Sources	$	-
Property Tax Increment - Debt Svc	$	91,106
Property Tax Increment - Mission Bay	$	17,057
Property Tax Increment - TJPA	$	-
Property Tax Increment - Transbay	$	-
Property Tax Increment - Other	$	98
Property Tax Increment - ACA	$	-
Property Sales	$	-
New Bonds - Housing	$	-
Developer Payments	$	-
Rent, Lease & Garage Revenue	$	-
US Navy Cooperative Agreement	$	-
Loan Repayments	$	-
City Reimbursements for OCII Staff	$	-
Hotel Tax	$	4,830
Fund Balance - Housing	$	-
Fund Balance - Non-Housing	$	-
CY Budget Sources	$	113,092
Prior Period Authority - Housing	$	-
Prior Period Authority - Non-Housing	$	-
Total CY Sources	**$**	**113,092**

Uses		**Debt Svc**
Allocated Staff & Operating Expenses	$	98
Salaries and Benefits	$	-
Affordable Housing Services	$	-
Rent	$	-
Retiree Health and Pension Costs	$	-
Auditing & Accounting Services	$	-
Legal Services	$	-
Planning & Infrastructure Rvw	$	-
Asset Management	$	-
Workforce Development Services	$	-
Other Professional Services	$	31
Grants to Community-Based Organizat	$	-
Payments to other Public Agencies	$	-
Other Current Expenses	$	-
Subtotal CY Uses - Operations	$	129
Uses - Non-Operations		
Affordable Housing Loans	$	-
Affordable Housing Unit Purchase	$	-
Development Infrastructure	$	-
Pass-through to TJPA	$	-
Debt Service	$	112,963
Fund Balance - Housing	$	-
Fund Balance - Non-Housing	$	-
Subtotal CY Uses - Non-Operations	$	112,963
Prior Period Authority - Housing	$	-
Prior Period Authority - Non-Housing	$	-
Total Budget Uses	**$**	**113,092**

Debt Service

Debt service payment for tax allocation bonds drive debt service budget



Next Steps

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- **5/3/17: Mayor's Budget Office Submission**
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Questions & Comments