

Office of Community Investment and Infrastructure

FY 2016-17 Budget: Workshop #2

April 19, 2016



FY 16-17 Budget Process

- Operations
- Debt Service
- Asset Management outside Major Approved Development Projects:
 - Yerba Buena Center,
 - Yerba Buena Gardens,
 - Rincon Point- South Beach,
 - Western Addition A-2,
 - South of Market,
 - Hunters Point & Bayview Industrial Triangle

FY 16-17 Budget Calendar

- **4/5/16: Commission Workshop #1**
 - Hunters Point Shipyard / Candlestick Point
 - Mission Bay North & South
 - Transbay
 - Affordable Housing
- **4/19/16: Commission Workshop #2**
 - Operations
 - Debt Service
 - Asset Management
- **5/3/16: Commission Budget Review**
- **5/4/16: Mayor's Budget Office Submission**
- **6/8/16: First Board of Supervisors Hearing**
- **6/16/16: Second Board of Supervisors Hearing**

Operations

	Operations
Sources	
Property Tax Increment - Other	\$ 2,283,236
Property Tax Increment - ACA	\$ 2,991,263
Budget Sources	\$ 5,274,499
Uses	
Uses - Operations	
Allocated Staff & Operating Expenses	\$ (10,115,205)
Salaries and Benefits	\$ 8,565,830
Affordable Housing Services	\$ 768,460
Rent	\$ 452,847
Retiree Health and Pension Costs	\$ 2,283,236
Auditing & Accounting Services	\$ 325,000
Legal Services	\$ 1,198,413
Workforce Development Services	\$ 50,000
Other Professional Services	\$ 1,107,539
Other Current Expenses	\$ 737,968
Budget Uses	\$ 5,374,088
Sources vs. Uses	\$ (99,589)

Operations

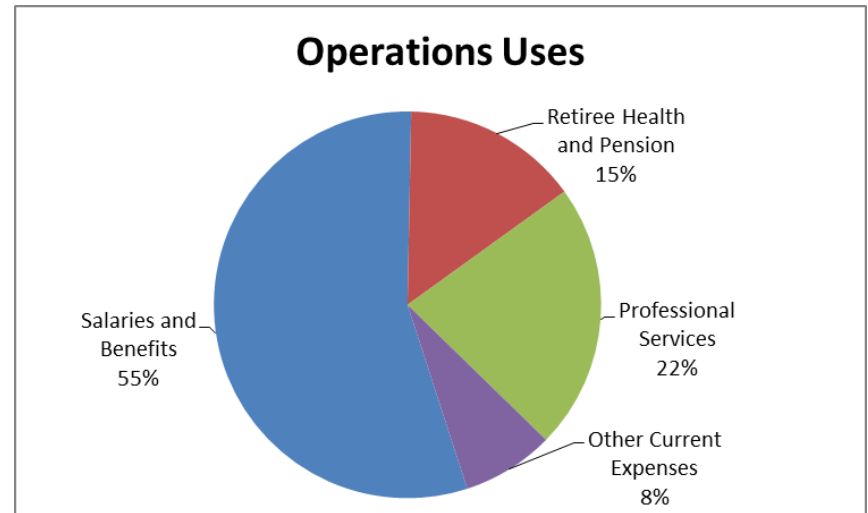
Expenditure exceeds ROPS authority & Administrative Cost Allowance

- **City Administrator - \$1.5M**
 - 6 FTE budgeted to and funded by OCII
 - Administrative expenses: incl. rent, mail, repro
- **10% administrative fee - \$99,589**
 - Mgmt, budget, accounting, HR consultation
 - Approximately \$16,600 / FTE
 - Prior years \$25,000 - HR consultation

Operations

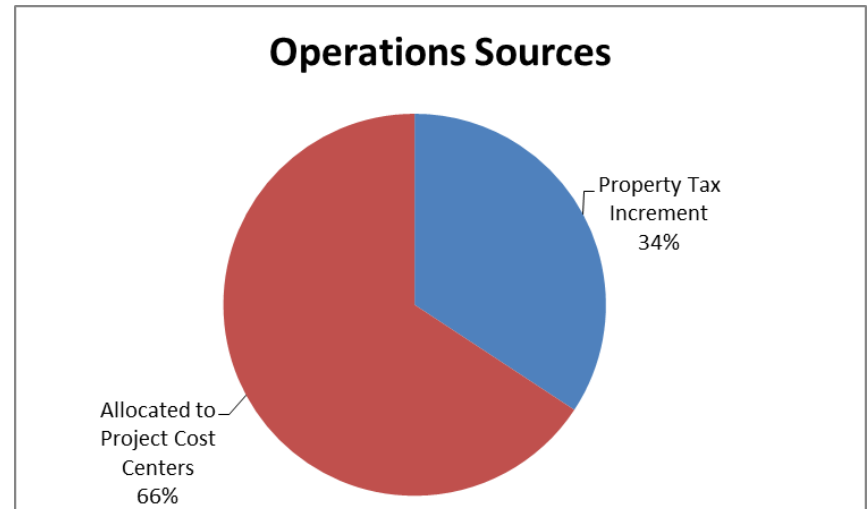
- **\$15.4M operations uses**

- \$13.1M operating expenses: salaries, professional svc, other current expenses
- \$ 2.3M retiree health and pension benefits



- **Funded by two sources**

- \$10.1M funded by other sources
- \$5.3M funded by property tax increment



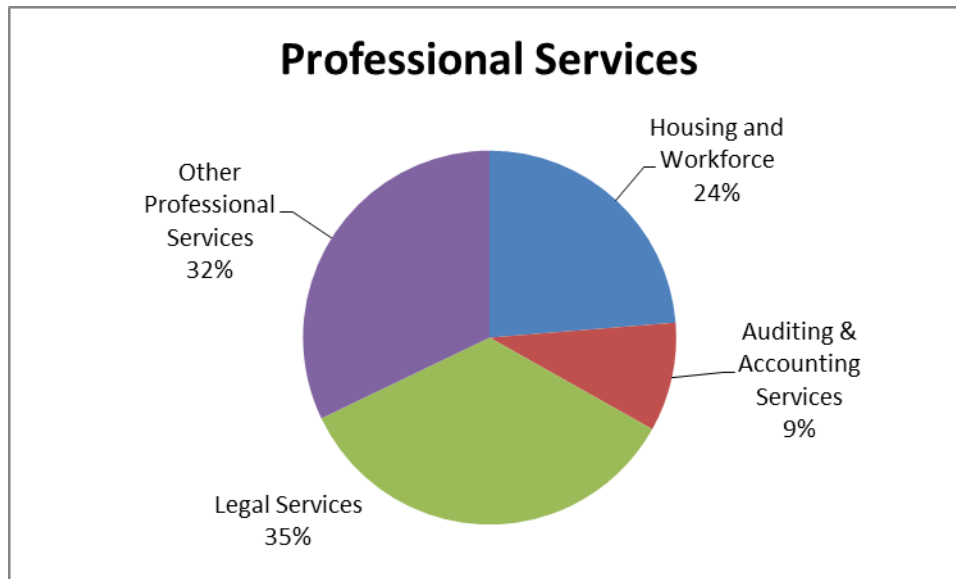
Operations

Current staff and retirement benefits drive operating budget

- **\$8.6M Salaries & Benefits**
 - 46 Full Time Equivalent positions, same as FY 15-16
 - 16 positions, 46% filled in FY15-16
 - 7 Limited Term Assignment positions, 5 more than FY15-16
 - Responds to surge in workload in housing and project areas
 - 3.25% COLA, effective July 1, 2016
- **\$2.3M Retiree Health and Pension Benefits**
 - \$0.7M increase for current retiree health benefits
 - \$0.5M lump sum payment to reduce long-term pension liability

Operations

***\$3.5M in Professional Services augments
OCLI staff capacity***

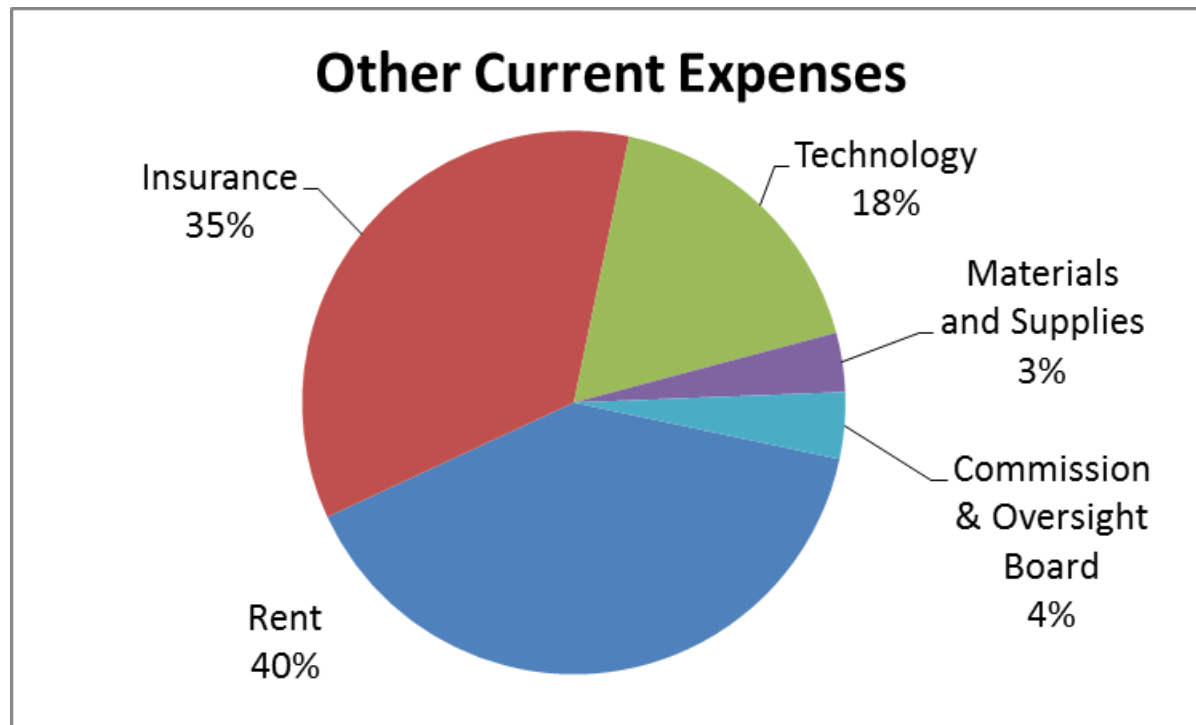


Other Professional Services Highlights

- \$490K Asset Management
- \$100K Public Communications
- \$ 50K COP Marketing Study

Operations

Rent and Insurance are largest operating expenses



Debt Service

Sources

Property Tax Increment - Debt Svc	\$ 109,287,472
Property Tax Increment - Other	\$ 391,806
Property Sales	\$ 6,195,000
Rent, Lease & Garage Revenue	\$ 1,114,405
Hotel Tax / Moscone Revs	\$ 4,945,350
Budget Sources	\$ 121,934,033

Uses

Uses - Operations

Allocated Staff & Operating Expenses	\$ 262,103
Other Professional Services	\$ 29,703
Subtotal Uses - Operations	\$ 291,806

Uses - Non-Operations

Debt Service	\$ 121,642,227
Subtotal Uses - Other	\$ 121,642,227

Budget Uses	\$ 121,934,033
--------------------	-----------------------

Debt Service

SB107 facilitates accelerated workplan for housing and public infrastructure

Amount	Use
\$103M	Housing, expended in FY16-17
\$ 37M	Transbay
\$ 45M	Mission Bay , expended FY17-18
\$ 30 M	CFD, Hunters Point Shipyard / Candlestick Point
\$215M	Subtotal New Money Bonds

Debt Service

Housing Bonds

Project	Units	FY16-17	FY17-18	Total
MBS Housing Block 3E gap	100	\$ 3,499,679		\$ 3,499,679
MBS Housing Block 6W predev and gap	105		\$ 15,776,537	\$ 15,776,537
MBS Housing Blocks 9 and 9a predev and gap	160		\$ 3,515,000	\$ 3,515,000
HPS Housing Block 54 gap	39	\$ 3,015,000	\$ 5,685,000	\$ 8,700,000
Alice Griffith Housing Phase 4	38	\$ 1,000,000		\$ 1,000,000
CP Housing Block 10A predev and gap	139	\$ 3,515,000	\$ 29,535,174	\$ 33,050,174
CP Housing Block 11A predev and gap	149	\$ 3,515,000	\$ 33,985,000	\$ 37,500,000
Total Uses	730	\$ 14,544,679	\$ 88,496,711	\$ 103,041,390

Debt Service

Transbay Bonds

Project	FY16-17	FY17-18	Total
Folsom Streetscape	\$ 6,500,000		\$ 6,500,000
UnderRamp Park		\$ 10,800,000	\$ 10,800,000
Essex Park		\$ 2,500,000	\$ 2,500,000
Transbay Park		\$ 10,200,000	\$ 10,200,000
Contingency	\$ 1,500,000	\$ 5,500,000	\$ 7,000,000
Total Uses	\$ 8,000,000	\$ 29,000,000	\$ 37,000,000

Debt Service

Refunding opportunities reduce debt service and increase future debt capacity

Amount	Use
\$75M	Refund housing bonds
\$36M	Refund CFD bonds
\$111M	Subtotal Refunding Bonds

Asset Management

- **Asset Management**

- Manage assets until disposition
- Dispose of assets per Long Range Property Management Plan (PMP)
- Complete priority transactions
 - Shoreview Park
 - Fillmore Heritage Center Garage and Commercial Parcel
 - Yerba Buena Gardens

- **Development Services**

- Manage existing development agreements
- Manage existing loan agreements
- Manage existing leases and operating agreements
- Manage property management contracts
- Handle overall project management
- Handle disposition services, including title and escrow

Asset Management

	YBC	YBG	Other
Sources			
Property Tax Increment - Debt Svc	\$ -	\$ -	\$ -
Property Tax Increment - Other	\$ -	\$ -	\$ 3,281,559
Property Tax Increment - ACA	\$ -	\$ -	\$ -
Property Sales	\$ -	\$ -	\$ -
Developer Payments	\$ 253,000	\$ -	\$ -
Rent, Lease & Garage Revenue	\$ -	\$ 10,377,150	\$ 2,871,057
City Reimbursements for OCII Staff	\$ -	\$ -	\$ 157,868
Fund Balance - Housing	\$ -	\$ -	\$ 1,317,500
Fund Balance - Non-Housing	\$ 9,532,867	\$ 24,274,787	\$ 2,469,138
Budget Sources	\$ 9,785,867	\$ 34,651,937	\$ 10,097,122
Uses			
Uses - Operations			
Allocated Staff & Operating Expenses	\$ -	\$ 299,755	\$ 2,187,319
Legal Services	\$ -	\$ 40,000	\$ -
Asset Management	\$ -	\$ 4,150,000	\$ 1,520,000
Grants to Community-Based Organizations	\$ 7,785,119	\$ 4,005,000	\$ -
Payments to other Public Agencies	\$ 253,000	\$ 20,087,000	\$ 3,806,933
Other Current Expenses	\$ -	\$ 70,182	\$ -
Subtotal Uses - Operations	\$ 8,038,119	\$ 28,651,937	\$ 7,514,252
Uses - Non-Operations			
Development Infrastructure	\$ -	\$ 6,000,000	\$ 810,262
Debt Service	\$ -	\$ -	\$ 1,772,608
Fund Balance - Non-Housing	\$ 1,747,748	\$ -	\$ -
Subtotal Uses - Other	\$ 1,747,748	\$ 6,000,000	\$ 2,582,870
Budget Uses	\$ 9,785,867	\$ 34,651,937	\$ 10,097,122

Asset Management

Shoreview Park

- Anticipated transfer to City in 2016
- Budget includes \$20K of property tax increment for property management until transfer
- \$2.1M in CDBG program income from Foods Co for capital improvements transferred to City

Asset Management

Fillmore Heritage Center

- **Commercial Parcel**

- 3 commercial spaces owned by OCII
- Largest commercial tenant closed in January 2015; City is now master tenant
- Anticipated transfer to City in FY 16/17, pursuant to PMP
- Budget includes up to \$15K/month (\$180K/year) to cover CAM charges until transfer occurs

- **Parking Garage**

- 112-space public parking garage owned by OCII
- Operated for OCII by Impark
- Anticipated transfer to City in FY 16/17, pursuant to PMP
- Annual cost to operate approximately \$415k; offset by garage revenues
- \$600K tax increment set aside for operating deficits and capital reserve

Asset Management

Yerba Buena Gardens

- Includes commercial and retail properties, cultural facilities, performance and recreational venues, and public open space
- OCII owns and operates
- OCII supports gardens operations, capital expenditures, cultural uses, and programming using funds generated from leases and developer fees
- Anticipated to transfer to City in 2016 or 2017 pursuant to PMP, including CDBG program income

Asset Management

YBG: Planned Capital Improvements in FY 16-17

- Open Space: retrofit of lighting fixtures, irrigation and soil replacement, turf renovation, and restoration of signage and furnishings
- Bowling Center: furniture and equipment upgrades and floor refinishing
- Ice Skating Center: HVAC and restroom upgrades, equipment replacement, and elevator overhaul
- YBCA: HVAC, gallery lighting, and electrical work
- Child Development Center: exterior door repairs and wall/ceiling finish upgrades
- Children's Creativity Museum: HVAC and elevator upgrades, floor refinishing, security fencing, lighting, and expansion joint waterproofing
- YBG Management Office: roof/window repair and lighting and furniture upgrades
- Underground Maintenance Area: freight elevator replacement

Asset Management

YBG: Completed Capital Improvements in FY 15-16

- B Restaurant : ceiling replacement
- Upper Terrace: electrical work and switch gear replacement
- Sister City Garden: re-design and re-planting
- East Garden: lighting upgrades

Asset Management

Yerba Buena Center

- **706 Mission/Mexican Museum**
 - Purchase and Sale Agreement executed in 2013
 - Escrow expected to close prior to start of FY 16-17
- **Paramount Apartments**
 - Buy-out of California Historical Society space approved in 2014
 - Second of four annual payments of approx. \$250k received in January
 - CDBG income will be transferred to MOHCD

Asset Management

Other Obligations

Western Addition

- **Loan Agreements**
 - 1300 on Fillmore
 - Rasselas
 - Sheba Lounge
- **Development Agreements**
 - 1450 Franklin (67 unit totals 9 units at 100% AMI)
 - 1210 Scott Street (school gymnasium and classroom space)

South of Market

- Façade/Tenant Improvement Loan Agreements

Asset Management

Other Obligations

Rincon Point – South Beach

- Expires in 2021
- Termination of Port leases
- 72 Townsend (74 units total; 7 units at 95% AMI)
- Community Facilities District #1

Bayview Industrial Triangle

- Expires in 2020
- Three proposed projects under consideration (4040 Third, 4101 Third, 4128 Third)

Next Steps

- **5/3/16: Commission Budget Review**
- **5/4/16: Mayor's Budget Office Submission**
- **6/8/16: First Board of Supervisors Hearing**
- **6/16/16: Second Board of Supervisors Hearing**

Office of Community Investment and Infrastructure

Questions & Comments