Office of Community Investment and Infrastructure

FY 2019-20 Budget Approval

May 7, 2019

Budget Process: FY19-20

• **4/16/19**	**Commission Workshop**
• **5/7/19**	**Commission Action**
• **5/7/19**	**Mayor's Budget Office Submission**
• **6/1/19**	**Board of Supervisors Submission**

Budget Updates: Sources

Total change in sources is $0.4 million or 0.1% reduction. Changes are due to a reduction of Transbay costs and minor technical adjustments.

	FY19-20 Workshop Proposed (M)	FY19-20 Action Proposed (M)	Difference (M)	% Change	Justification
Sources					
Property Tax	$158.0	$158.0	$0.0	-	
New Bonds	$40.7	$40.7	$0.0	-	
Developer Payments	$20.2	$20.2	$0.0	-	
Other	$15.8	$15.8	$0.0	-	
Fund Balance	$184.6	$182.6	($2.0)	-1.1%	(1) Adjustment #1: Reallocation of $2.3M from Fund Balance to PPA, triggered by reduction in Folsom Streetscape costs. (2) Technical Adjustment #1: Reduction in TBY developer deposit for Blocks 5 and 9 by $0.4M to reflected updated cash balances report. (3) Technical Adjustment #2: Reclassification of $0.7M HPS/CP pledge from PPA to Fund Balance.
Prior Period Authority	$221.8	$223.4	$1.6	0.7%	(1) Adjustment #1: Reallocation of $2.3M from Fund Balance to PPA bond proceeds, triggered by reduction in Folsom Streetscape costs. (2) Technical Adjustment #2: Reclassification of $0.7M HPS/CP pledge from PPA to Fund Balance.
Total Sources	**$641.1**	**$640.7**	**($0.4)**	**-0.1%**	

Budget Updates: Uses

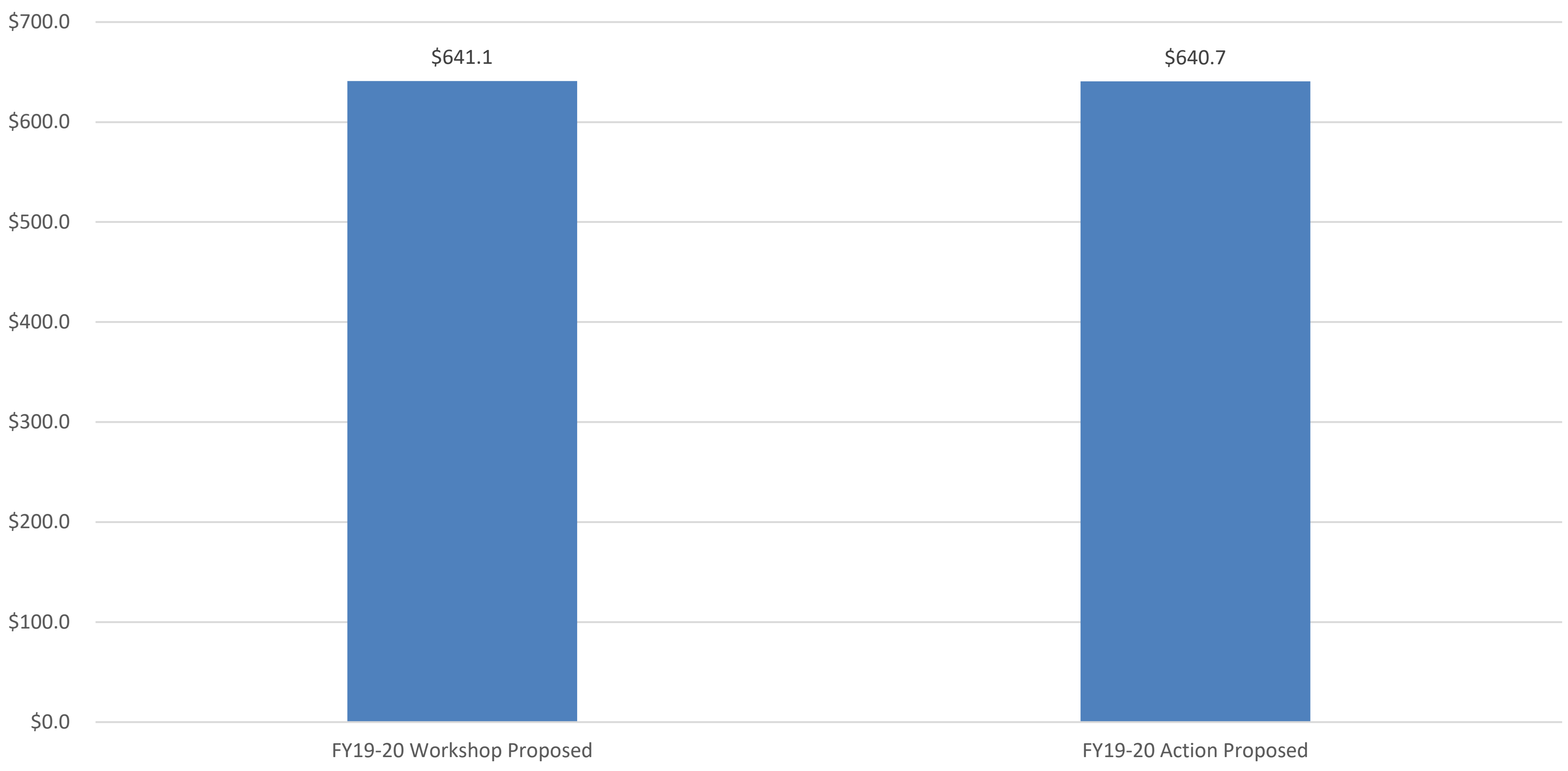
Total change in uses is $0.4 million or 0.1% reduction.

Proposed Use Changes	FY19-20 Workshop Proposed (M)	FY19-20 Action Proposed (M)	Difference (M)	% Change	Justification
Development Infrastructure	$ 152.5	$ 149.1	$ (3.4)	-2.2%	Reduction in Folsom Streetscape costs.
Fund Balance - Housing	$ 112.8	$ 114.2	$ 1.4	1.3%	Technical Adjustment #3: Reallocation of $1.4M in MB PPA to Fund Balance.
Fund Balance - Non-Housing	$ 1.7	$ 5.1	$ 3.4	195.3%	Increase in Fund Balance due to reduced Folsom Streetscape costs.
Prior Period Authority - Housing	$ 68.8	$ 67.4	$ (1.4)	-2.0%	Technical Adjustment #3: Reallocation of $1.4M in MB PPA to Fund Balance.
Prior Period Authority - Non-Housing	$ 50.9	$ 50.6	$ (0.4)	-0.8%	Technical Adjustment #1: Reduction in TBY developer deposit for Blocks 5 and 9 by $0.4M to reflected updated cash balances report.
			$ (0.4)		

Changes are due to a reduction in Transbay costs and technical adjustments.

Budget Updates: Summary

Proposed changes are immaterial.



Budget Action: FY19-20 Sources

Primary FY19-20 Budget Sources are Prior Period Authority, Fund Balance, and Property Tax.

Sources	Amount (M)
Prior Period Authority*	$223.4
Fund Balance	$182.6
Property Tax	$158.0
New Bonds	$40.7
Developer Payments	$20.2
Other	$15.8
Total Sources	**$ 640.7**

*Prior Period Authority is expenditure carried forward from prior years, including affordable housing loans awarded but not yet drawn down and multi-year construction budgets.

Budget Action: FY19-20 Uses

OCII expends majority of budget or 77.8% on direct program spending.

Uses	Amount (M)	*Percent*
Direct Program Spending		
Affordable Housing	$286.4	*44.7%*
Infrastructure & Other Non-Housing	$209.6	*32.7%*
Community Development & Workforce	$2.7	*0.4%*
Direct Programmatic Subtotal	**$498.7**	*77.8%*
Indirect Program Spending		
Debt Service	$109.5	*17.1%*
Project Management & Operations	$18.7	*2.9%*
Pass-through to TJPA	$8.6	*1.3%*
Asset Management	$4.7	*0.7%*
Other	$0.4	*0.1%*
Indirect Programmatic Subtotal	**$141.9**	*22.2%*
Total	**$640.7**	*100.0%*

Budget: YOY Sources Comparison

Decrease from FY18-19 Budget is primarily due to paydown of existing loans and reduction in planned new bond issuances.

Sources	FY18-19 Budgeted (M)	FY19-20 Proposed (M)	YOY Difference (M)	Explanation
Property Tax	$134.8	$158.0	$23.2	Increase due to growth in property tax and planned increase in debt service payment based on schedule
New Bonds	$143.4	$40.7	$(102.7)	Decrease due to delay in affordable housing pipeline
Developer Payments	$23.5	$20.2	$(3.3)	Decrease due to reduction in professional service contracts
Other	$15.8	$15.8	$0	No change
Fund Balance	$98.3	$182.6	$84.3	Increase due to growth in pledged property tax
Prior Period Authority*	$329.2	$223.4	$(105.8)	Decrease due to paydown of existing affordable housing loans and multi-year construction contracts
Total Sources	**$745.0**	**$640.7**	**$(104.3)**	

*Prior Period Authority is expenditure carried forward from prior years, including affordable housing loans awarded but not yet drawn down and multi-year construction budgets.

Budget: YOY Uses Comparison

Decrease from FY18-19 Budget is primarily due to paydown of existing loans and changes in affordable housing pipeline.

Uses	FY18-19 Budgeted (M)	FY19-20 Proposed (M)	YOY Difference (M)	Explanation
Affordable Housing Loans	$220.3	$98.9	($121.4)	Decrease due to changes in affordable housing pipeline
Development Infrastructure	$120.9	$149.1	$28.2	Increase due to growth in pledged property tax available for infrastructure reimbursements
Pass-through to TJPA	$5.5	$8.6	$3.2	Increase due to growth in pledged property tax
Debt Service - OCII TAB Bonds	$109.8	$101.9	($7.9)	Decrease due to planned reduction in debt service based on debt service schedule for Mission Bay portion
Public Art	$0.0	$1.1	$1.1	Increase due to implementation of Mission Bay art program
Other Debt	$29.7	$7.6	($22.1)	Decrease due to transfer of SBH and reduced cost of issuance for planned debt issuances
Fund Balance - Housing	$70.1	$114.2	$44.1	Increase due to receipt of TBY and MB fees with expenditure not yet budgeted
Fund Balance - Non-Housing	$11.1	$5.1	($6.0)	Decrease based on use of TBY fees collected in prior years for infrastructure in current year
Non-Operations Subtotal	$567.4	$486.6	$(80.8)	
Operations	$43.2	$36.1	$(7.1)	Decrease due to reduction in professional service contracts based on need and transfer of assets
Prior Period Authority*	$134.4	$118.0	$(16.4)	Decrease due to drawing down on existing affordable housing loans and multi-year construction contracts
Total Uses	**$745.0**	**$640.7**	**$(104.3)**	

*Prior Period Authority is expenditure carried forward from prior years, including affordable housing loans awarded but not yet drawn down and multi-year construction budgets.

Budget: FY19-20 Highlights

- FY 19-20 Budget of $640.7M is a decrease of $104.3M or 14.0% from FY18-19 Budget of $745.0M
- Operational costs make up $18.7M or 2.9% of FY19-20 Budget
- OCII has 55 positions, unchanged from FY18-19
- OCII will make $98.9M in new loans: 2 construction/gap loans and 4 predevelopment loans
- OCII plans to issue 2 new bonds, totaling $40.6M (including COI)

Budget Process: Next Steps

• **4/16/19**	**Commission Workshop**
• **5/7/19**	**Commission Action**
• **5/7/19**	**Mayor's Budget Office Submission**
• **6/1/19**	**Board of Supervisors Submission**
• **July 2019**	**Board of Supervisors Action**

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Questions & Comments