

FY 2019-20 Budget Workshop

April 16, 2019



Structure of Presentation

- Budget Timeline
- Budget Sources
- Budget Uses
- Infrastructure & Non-Housing
- Affordable Housing
- Community Development & Workforce
- Activities Outside Major Approved Projects
- Debt
- Operations
- Budget Summary
- Questions from ROPS Workshop
- Next Steps
- Questions

Budget: FY19-20 Process

- **1/14/19** ROPS Workshop
- **1/28/19** ROPS Action
- **4/16/19** Budget Workshop
- **5/7/19** Budget Action
- **5/7/19** Mayor's Budget Office Submission
- **6/1/19** Board of Supervisors Submission

Budget: FY19-20 Sources

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

Sources	Amount (M)	Percent
Property Tax	\$158.0	24.6%
New Bonds	\$40.7	6.3%
Developer Payments	\$20.2	3.2%
Other	\$15.8	2.5%
Fund Balance	\$184.6	28.8%
Prior Period Authority*	\$221.8	34.6%
Total Sources	\$641.1	100.0%

*Prior Period Authority is expenditure carried forward from FY18-19, including affordable housing loans awarded but not yet drawn down, multi-year construction budgets, and pledged property tax.

Budget: FY19-20 Uses

Primary Uses are Affordable Housing and Development Infrastructure & Other Non-Housing.

Uses	Amount (M)	Percent
<u>Direct Program Spending</u>		
Infrastructure & Other Non-Housing	\$210.0	32.8%
Affordable Housing	\$286.4	44.7%
Community Development & Workforce	\$2.7	0.4%
Direct Programmatic Subtotal	\$499.1	77.9%
<u>Indirect Program Spending</u>		
Asset Management	\$4.7	0.7%
Project Management & Operations	\$18.7	2.9%
Debt Service	\$109.5	17.1%
Pass-through to TJPA	\$8.6	1.3%
Other	\$0.4	0.1%
Indirect Programmatic SubTotal	\$141.9	22.1%
Total	\$641.1	100.0%

Infrastructure & Non-Housing

Infrastructure & Non-Housing: FY19-20 Sources by Uses

FY19-20 Infrastructure & Non-Housing Work Plan has \$210.0M budget.

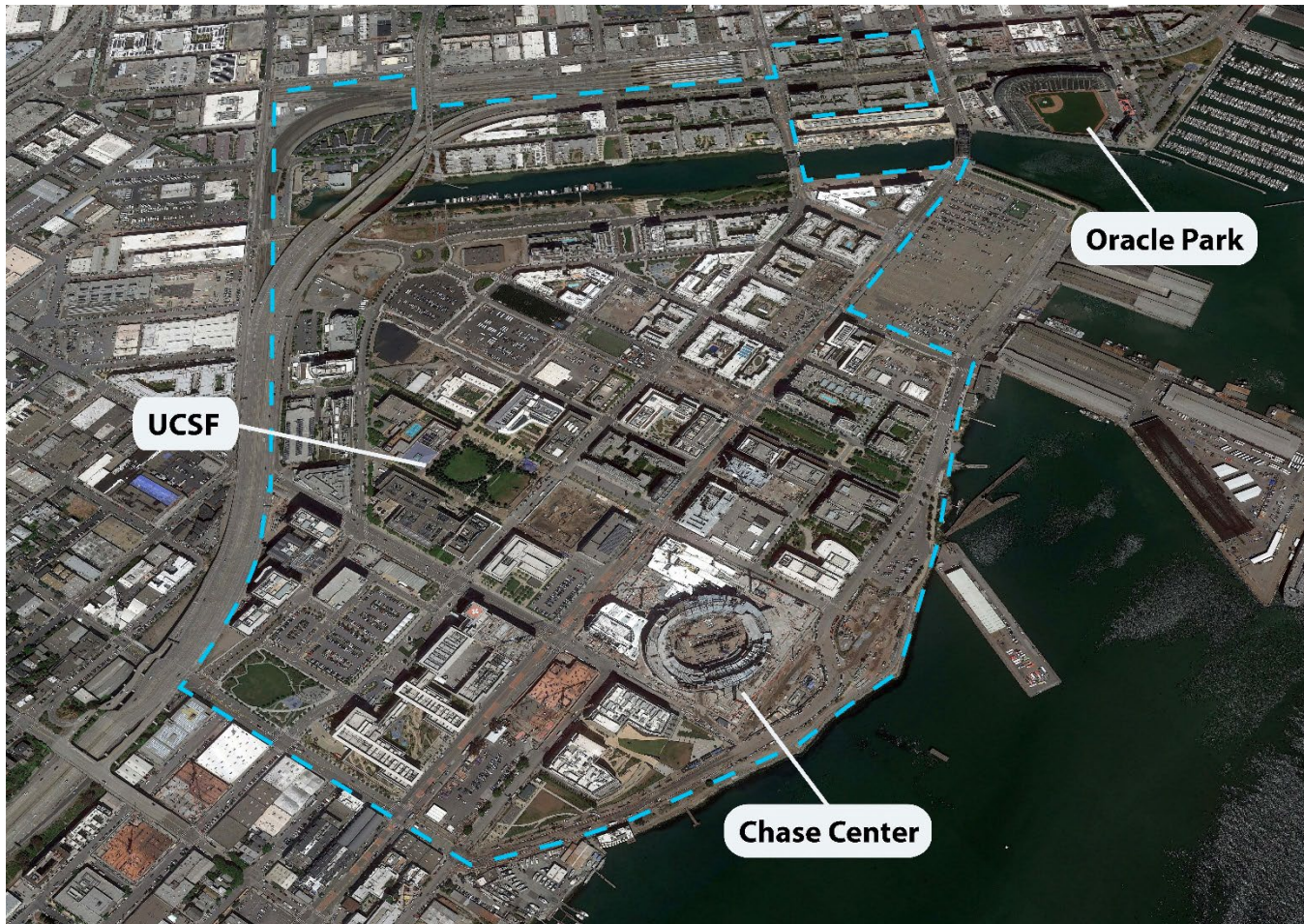
Sources (M)	Developer Payments	Bonds	Property Tax	Fund Balance	Prior Period Authority	Total by Use
Uses						
<i>Other Professional Services</i>	\$2.7					\$2.7
<i>Planning & Infrastructure Review</i>	\$5.4					\$5.4
<i>Legal Services</i>	\$1.0					\$1.0
<i>Payments to Other Public Agencies</i>	\$0.1					\$0.1
<i>Public Art</i>				\$1.1		\$1.1
Support Services Subtotal	\$9.2			\$1.1		\$10.3
Development Infrastructure Reimbursements Subtotal		\$15.0	\$20.0	\$3.4	\$114.2	\$152.5
Prior Period Authority - Non-Housing Subtotal				\$6.7	\$39.5	\$46.2
Fund Balance - Non-Housing Subtotal				\$1.0		\$1.0
Total by Source	\$9.2	\$15.0	\$20.0	\$12.2	\$153.7	\$210.0

Infrastructure & Non-Housing: FY19-20 Project Completions

OCII will complete 11 parks and open space projects in FY19-20.

	Mission Bay	Transbay	Hunters Point Shipyard / Candlestick Point	Total
Parks and Open Space Projects	5	0	6	11

Mission Bay North & South



MBN & MBS: FY19-20 Budget & Workplan Overview

Work Program	Budget Category	FY19-20 Budget (M)
Infrastructure Reimbursement		
• Completed Infrastructure (Streets, Parks, and Stormwater Pump Stations)	Development Infrastructure	\$150.0
Plans & Permit Review		
• Land use: Entitlements for new office space, hotel, and residential units	Staffing & Operating Expenses	\$1.6
• Infrastructure: Parks (P2/P8, P27, and P19)		
• Commercial: 1.5 million square feet of tenant improvements	Other Professional Services	\$1.0
Public Art Program		
• Engage the Arts Commission to install Public Art in the public open space	Public Art	\$1.1
Total		\$153.7
Mission Bay Parks Management	CFD #5 (Maintenance & Operations)	\$2.6

MBN & MBS: FY19-20 Sources by Uses

Sources (M)	Developer Payments	Tax Allocation Bond Proceeds	Property Tax	Public Art Fees	CFD Bond Proceeds	CFD Fund Balance	Total
Uses							
Infrastructure Development		\$52.7	\$75.8		\$19.5	\$2.0	\$150.0
Staffing & Operating Expenses	\$1.6						\$1.6
Other Professional Services	\$1.0						\$1.0
Public Art				\$1.1			\$1.1
Total	\$2.7	\$52.7	\$75.8	\$1.1	\$19.5	\$2.0	\$153.7
CFD #5 (Maintenance & Operations)						\$2.6	\$2.6

MBN & MBS: Project Photos

Chase Center



Park P3



SOMA
Hotel



Uber Headquarters



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Transbay



Transbay: FY19-20 Budget & Workplan Overview

Work Program	Budget Category	FY19-20 Budget (M)
Plans & Permit Review		
- Land Use: Block 4 Entitlements - Infrastructure: Transbay Parks - Housing: Ongoing Construction Monitoring of Blocks 1, 8, and 9	Staffing & Operating Expenses	\$2.4
	Legal Services	\$0.0 (\$45,000)
	Other Professional Services	\$0.1
Infrastructure Development		
- Construction: Folsom Streetscape - Design of Under-ramp & Transbay Parks	Prior Period Authority	\$36.8
Workforce Development		
Small Business Enterprises Needs Assessment and Training	Workforce Development	\$0.1
Total		\$39.4

Transbay: FY19-20 Sources by Uses

Uses	Sources (M)	Tax Allocation Bond Proceeds	Developer Payments	Park Fees	Property Tax	Total
Staffing & Operating Expenses			\$2.2		\$0.2	\$2.4
Legal Services			\$0.0 (\$40,000)		\$0.0 (\$5,000)	\$0.0 (\$45,000)
Other Professional Services			\$0.1			\$0.1
Workforce Development			\$0.1			\$0.1
Prior Period Authority		\$27.6	\$0.1	\$7.2	\$1.9	\$36.8
Total		\$27.6	\$2.5	\$7.2	\$2.1	\$39.4

Transbay: Project Renderings

Folsom Street's Expanded Sidewalks



Transbay Park Conceptual Design

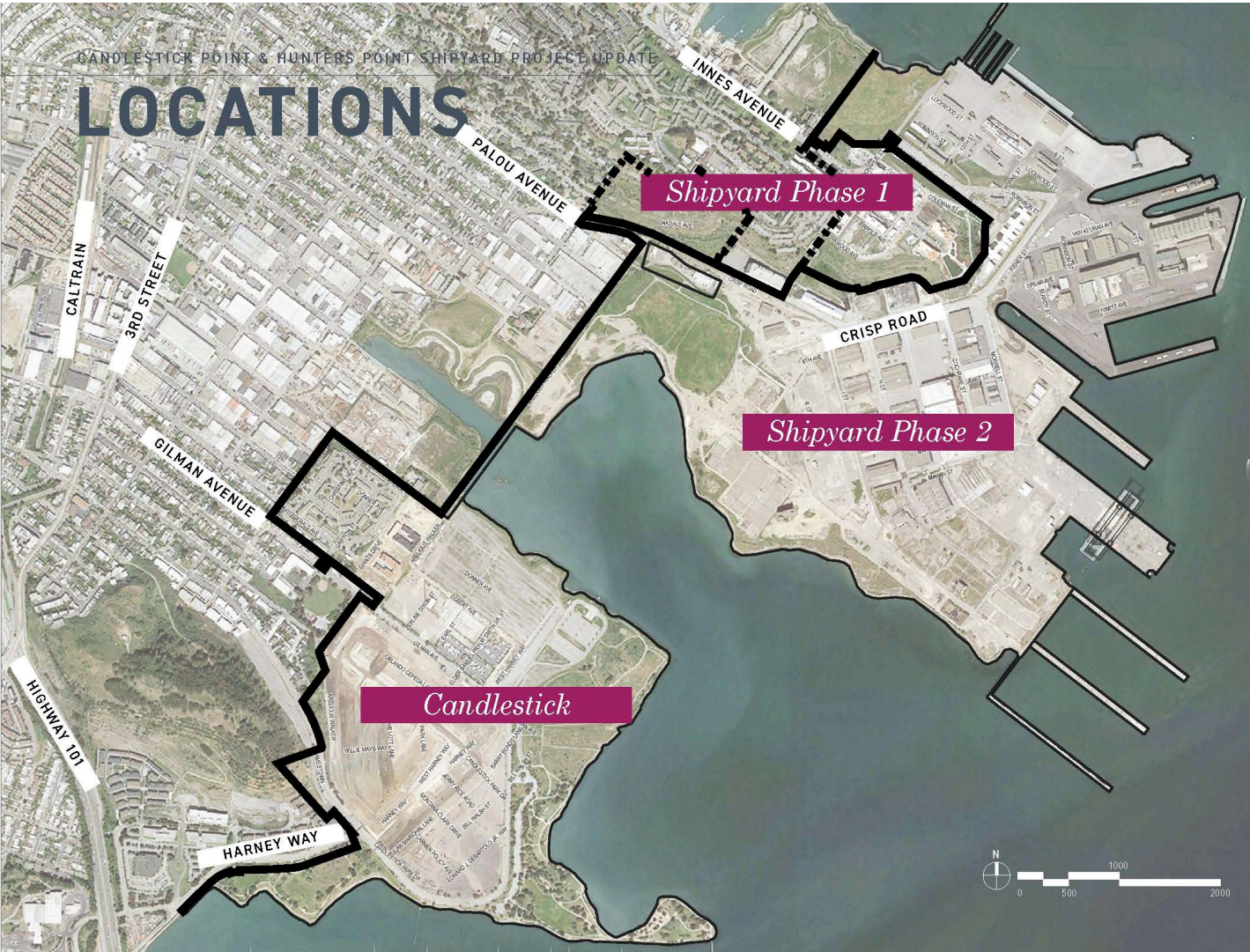


Under-ramp Park



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Hunters Point Shipyard Phases 1 & 2 / Candlestick Point



CONTEXT MAP
Scale: NTS

HPS/CP: FY19-20 Budget & Workplan Overview

Work Program	Budget Category	FY19-20 Budget (M)
Plans & Permit Review		
- Land Use: Candlestick redesign - Infrastructure: HPS Phase 1 parks - Building Design: HPS Phase 1 residential	Staffing & Operating Expenses	\$3.2
	Legal Services	\$1.0
	Planning & Infrastructure Review	\$5.4
	Other Professional Services	\$1.6
Community Benefits Grants		
	Grants to Community Based Organizations	\$1.7
	Fund Balance – Non-Housing	\$0.7
Infrastructure Reimbursement		
	Infrastructure Development	\$1.0
	New Bonds	\$15.0
Contribution to OEWD MOU		
	Workforce Development	\$0.1
Asset Management		
- Building 101 Improvements - Lease Payments	Prior Period Authority	\$4.7
	Payments to Other Public Agencies	\$0.4
Total		\$34.8
HPS Phase 1 Parks Management	CFD #8 (Maintenance & Operations)	TBD

HPS/CP: FY19-20 Sources by Uses

Sources (M)	Tax Allocation Bond Proceeds	Developer Payments	Fund Balance	Grants	Property Tax	Rent	Total
Uses							
Staffing & Operating Expenses		\$3.2					\$3.2
Legal Services		\$1.0					\$1.0
Planning & Infrastructure		\$5.4					\$5.4
Other Professional Services		\$1.6					\$1.6
Grants to Community Based Organizations		\$0.2	\$1.5				\$1.7
Infrastructure Development	\$15.0				\$1.0		\$16.0
Workforce Development		\$0.1					\$0.1
Payments to Other Agencies						\$0.4	\$0.4
Prior Period Authority				\$4.3	\$0.4		\$4.7
Fund Balance – Non-Housing		\$0.8					\$0.8
Total							\$34.8
CFD #8 (Maintenance & Operations)							TBD

HPS/CP: Project Photos



Candlestick Center
Rendering

Building 101 Improvements



Office of Community Investment and Infrastructure

Affordable Housing



Alice Griffith 4

Affordable Housing: FY19-20 Budget & Workplan Overview

Work Program	Budget Category	FY19-20 Budget (M)
New Affordable Housing Loans		
- Two new construction/gap loans - Four new predevelopment loans	Affordable Housing Loans	\$98.9
Existing Affordable Housing Loans (<i>funding continuation</i>)		
- Four construction/gap loans - Four predevelopment loans	Prior Period Authority - Housing	\$67.2
Excess Development Proceeds		
HOPESF Hunters View II	Payments to Other Public Agencies (MOHCD)	\$5.9
Future Housing Development Funding		
Future Housing Loans	Unencumbered Fund Balance	\$114.4
Other Housing Activities		
- Loan underwriting & administration - Asset transfers - Marketing	Staffing & Operating Expenses	\$1.7
Total Housing Budget		\$288.1

Affordable Housing: New Loans

Project	Housing Type	Est. # of Units	New Bonds (M)	Fund Balance (M)	Total (M)
Hunters Point Shipyard 52/54	Family Rental	112	\$24.8	\$20.1	\$44.9
Mission Bay South 9	Homeless Adults	141		\$38.9	\$38.9
Hunters Point Shipyard 56	Family Rental	70		\$3.5	\$3.5
Mission Bay South 9a	Family Ownership	135		\$3.5	\$3.5
Transbay 2E	Senior	169		\$3.5	\$3.5
Transbay 2W	Family Rental	78		\$3.5	\$3.5
Alice Griffith 4	HOPESF	31		\$1.0	\$1.0
Total		736	\$24.8	\$74.1	\$98.9

Affordable Housing: Existing Loans

Project	Source (M)	2017A Bonds	2017C Bonds	Old Bonds	Linkage Fees	Property Tax	Total
Alice Griffith 4 Construction					\$5.3		\$5.3
Mission Bay South 6W Construction		\$7.6	\$8.6	\$15.7		\$12.5	\$44.4
Mission Bay South 6E Construction					\$5.9		\$5.9
Transbay 8 Construction						\$0.9	\$0.9
Candlestick Point 10A Predevelopment		\$1.7					\$1.7
Candlestick Point 10A Predevelopment		\$1.2					\$1.2
Mission Bay South 9 Predevelopment		\$4.1					\$4.1
Hunters Point Shipyard 52/54 Predevelopment		\$3.7					\$3.7
Total		\$18.2	\$8.6	\$15.7	\$11.2	\$13.5	\$67.2

Affordable Housing: FY19-20 Highlights

1 Existing Loan example:
Mission Bay South Block 6W



2 New Loans:



HPS Blocks 52/54



Mission Bay South Block 9

CHINA BASIN ST. VIEW LOOKING EAST

Community Development & Workforce

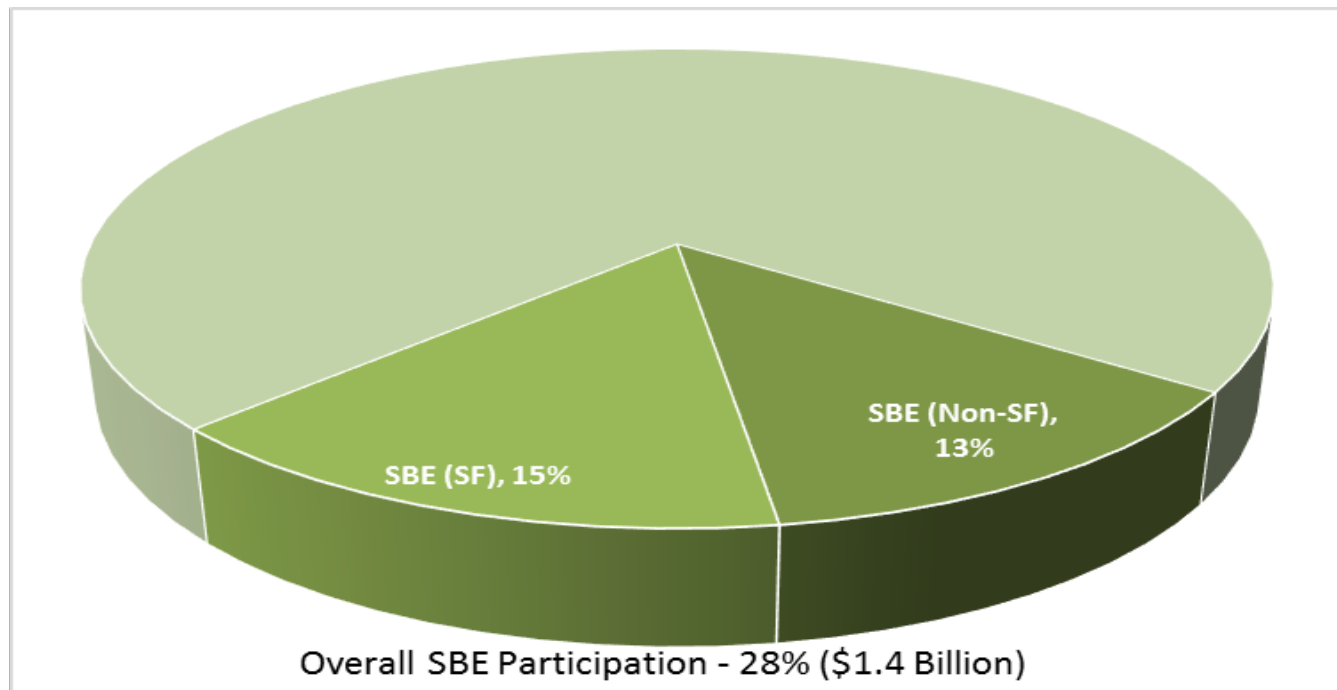
Comm. Dev. & Workforce: FY19-20 Sources by Uses

FY19-20 Community Development & Workforce budget reflects \$2.8M in costs.

Sources (M)	Developer Payments	Fund Balance	Grand Total
Uses			
Grants to Community-Based Organizations	\$0.2	\$1.5	\$1.7
Workforce Development Services	\$0.4		\$0.4
Fund Balance - Non-Housing		\$0.7	\$0.7
Total	\$0.6	\$2.2	\$2.8

Comm. Dev. & Workforce: \$1.4B Awarded to SBEs

OCII has overseen award of \$5.1 billion in contracts with over \$1.4 billion credited to small business enterprises (“SBE”s).



Comm. Dev. & Workforce: FY18-19 Accomplishments

Contract Compliance

- Small Business Enterprise (“SBE”) Awards: 65 SBE firms; \$51.7M in contracts to SBEs (26%) (March 2019)
- Construction Workforce Monitoring: 10,986 workers, 3.6M hours, \$196M wages; 15% SF residents (March 2019)
- New SF Resident participation: 75 residents newly sponsored and entered into trade unions

Activities Outside Major Approved Projects

Outside Major Approved Projects: Work Plan

- Administer Developer Obligations: 706 Mission Street project in Yerba Buena
- Disburse Excess Bond Proceeds Disbursement to Housing Successor: Hunters View Phase II Excess Loan Proceeds
- Continue Disposition of OCII Assets under the Long-Range Property Management Plan

FY18-19 Accomplishments

Activities Outside Major Approved Projects

- Rincon Point-South Beach Harbor – Transfer to Port
- Loan Assignments & Transfers – Transfer housing assets and loans to MOHCD
- Continued wind down of obligations outside the Major Approved Projects

Debt

Debt: FY19-20 Sources & Uses

FY19-20 Debt Program reflects \$109.5M in costs, funded primarily by property tax increment.

Sources (M)	New Bonds	Property Tax	Rent & Lease Revenue	Hotel Tax	Total by Use
Uses					
Debt Service - OCII TAB Bonds		\$101.9			\$101.9
Debt Service – Non-TAB Debt		\$1.8		\$4.5	\$6.3
Other Debt	\$0.8		\$0.5		\$1.3
Total by Source	\$0.8	\$103.7	\$0.5	\$4.5	\$109.5

*Majority of bond portfolio is tax allocation bonds.
Majority of expense is debt service.*

Debt: Planned New Money Issuances

Two new money bond issuances planned: \$40.6M

New Bond	Use	Amount (M)
2019A Housing Bond	Housing Loans	\$25.3
2019B Hunters Point Shipyard / Candlestick Point Infrastructure Bond	Infrastructure Reimbursements	\$15.3
Total		\$40.6

Operations

Operations: FY 19-20 Sources & Uses

Primary sources for operations are Property Tax and Developer Fees.

Operations	Amount (M)
Sources	
Bond Proceeds	\$0.1
Developer Fees	\$7.2
Property Tax	\$11.4
Total	\$18.7
Uses	
Salaries and Benefits	\$9.3
Non-Labor	\$5.4
Retiree Health and Pension	\$3.9
Total	\$18.7*

**Numbers slightly off due to rounding*

Operations: Uses Detail

Current staff and retirement benefits drive operating costs of \$18.7M

- **\$9.3M Existing Staff Salaries & Benefits**
 - 55 positions
 - COLA, assumed consistent with City
- **\$5.4M in Non-Labor Costs**
- **\$3.9M Retiree Obligations**
 - \$1.7M to reduce long-term pension liability
 - \$1.4M for current retiree health benefits
 - \$0.8M to reduce long-term retiree health benefit liability

Operations: Non-Labor Expenditure

Work Orders with City Departments are the highest non-labor expenditure.

Department	Amount (M)
Work Orders with City Departments	\$3.1
Professional Services	\$0.8
Other Current Expenses & Software Licensing Fees	\$0.7
Insurance	\$0.4
Legal Services	\$0.3
Total	\$5.4

Operations: Work Orders with City Departments Detail

Work Order with MOHCD for affordable housing services is largest.

Department	Service	Amount (M)
MOHCD	Affordable Housing Services	\$1.9M
ADM	Rent	\$0.7M
CON	Accounting and Audit Services	\$0.2M
OEWD	Workforce Development Services	\$0.1M
DT	IT Services	\$0.1M
CAT	Legal	\$50k
Planning	Project Areas Support	\$15k
Total		\$3.1M

Budget: FY19-20 Summary

Cost Center Sources (M)	Mission Bay	Transbay	Hunters Point Shipyard / Candlestick Point	Non-Projects	Total	Percent
Property Tax	\$29.7	\$13.9	\$1.1	\$113.3	\$158.0	24.6%
New Bonds	-	-	\$39.8	\$0.9	\$40.7	6.3%
Developer Payments	\$6.1	\$2.4	\$11.6	\$0.1	\$20.2	3.2%
Other	-	-	\$4.7	\$11.1	\$15.8	2.5%
Fund Balance	\$45.1	\$86.3	\$27.6	\$25.6	\$184.6	28.8%
Prior Period Authority	\$160.8	\$31.5	\$12.5	\$17.0	\$221.8	34.6%
Total Sources	\$241.7	\$134.2	\$97.3	\$167.9	\$641.1	100.0%

Note: Affordable housing and staffing costs are embedded into Project costs above.

Questions from ROPS Workshop

Bond Program

- Current outstanding bond portfolio
 - ~\$888M with interest rates ranging from 1.6% - 8.4%
- Interest rates
 - Dependent upon market conditions at time of issuance, but likely between 4-7%

TJPA Pledge

- 2008 Tax Increment and Sales Proceeds Pledge Agreement
 - Agreement between OCII, City, and Transbay Joint Powers Authority (“TJPA”)
 - Irrevocably commits land sale and tax increment revenue from the formerly State-owned parcels for the Salesforce Transit Center
- FY19-20 TJPA pledge estimated at \$8.6M

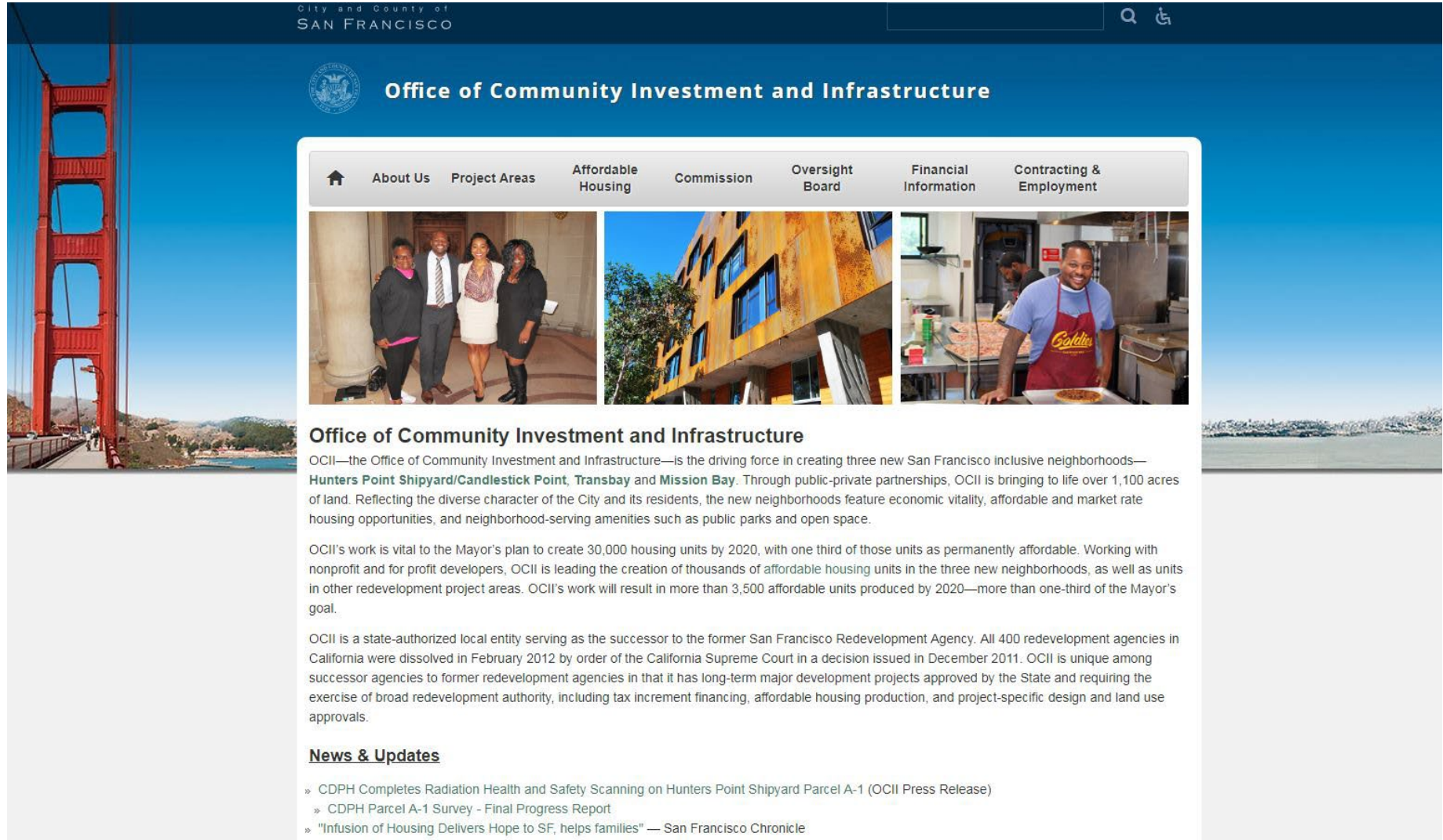
FY19-20 City Attorney Budget

FY19-20 City Attorney costs are \$572,000.

Project Area	Item Description	Operational Amount	Project Amount	Total
HPS/CP	HPS Phase 1		\$22,000	
HPS/CP	HPS Phase 2/CP		\$500,000	
Operations	Legal General	\$25,000		
Operations	Legal Housing	\$25,000		
Total		\$50,000	\$522,000	\$572,000

Website Update

Existing OCII Homepage

The screenshot shows the OCII homepage with a blue header and a navigation bar. The main content area features three images: a group of people, a modern building, and a chef. The text describes OCII's mission and work in San Francisco.

City and County of
SAN FRANCISCO

Office of Community Investment and Infrastructure

Home About Us Project Areas Affordable Housing Commission Oversight Board Financial Information Contracting & Employment

Office of Community Investment and Infrastructure

OCII—the Office of Community Investment and Infrastructure—is the driving force in creating three new San Francisco inclusive neighborhoods—**Hunters Point Shipyard/Candlestick Point, Transbay and Mission Bay**. Through public-private partnerships, OCII is bringing to life over 1,100 acres of land. Reflecting the diverse character of the City and its residents, the new neighborhoods feature economic vitality, affordable and market rate housing opportunities, and neighborhood-serving amenities such as public parks and open space.

OCII's work is vital to the Mayor's plan to create 30,000 housing units by 2020, with one third of those units as permanently affordable. Working with nonprofit and for profit developers, OCII is leading the creation of thousands of affordable housing units in the three new neighborhoods, as well as units in other redevelopment project areas. OCII's work will result in more than 3,500 affordable units produced by 2020—more than one-third of the Mayor's goal.

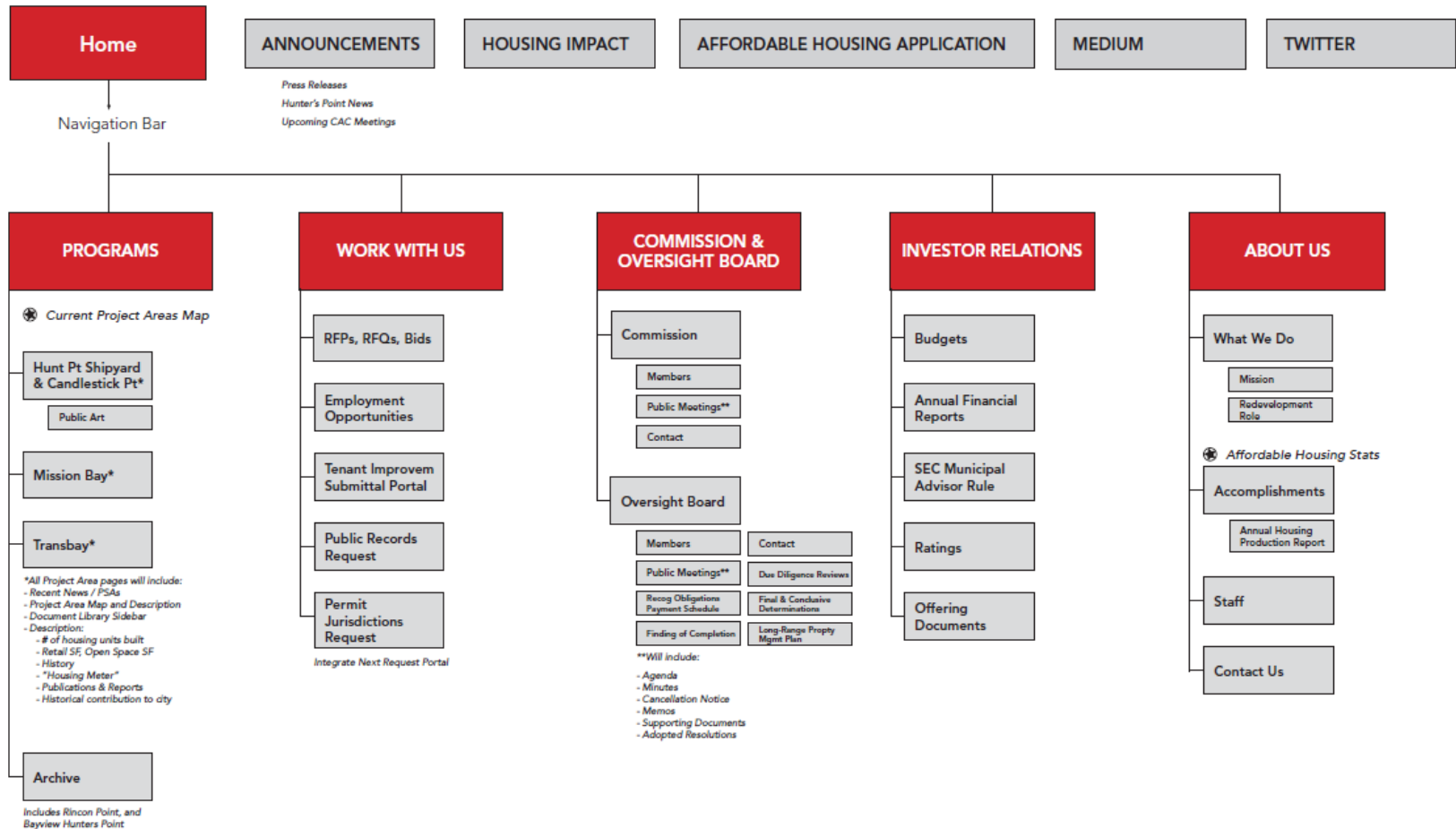
OCII is a state-authorized local entity serving as the successor to the former San Francisco Redevelopment Agency. All 400 redevelopment agencies in California were dissolved in February 2012 by order of the California Supreme Court in a decision issued in December 2011. OCII is unique among successor agencies to former redevelopment agencies in that it has long-term major development projects approved by the State and requiring the exercise of broad redevelopment authority, including tax increment financing, affordable housing production, and project-specific design and land use approvals.

News & Updates

- » CDPH Completes Radiation Health and Safety Scanning on Hunters Point Shipyard Parcel A-1 (OCII Press Release)
- » CDPH Parcel A-1 Survey - Final Progress Report
- » "Infusion of Housing Delivers Hope to SF, helps families" — San Francisco Chronicle

Website Update

Information Architecture (March 2019)



Website Update

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Community Newsletter Jan. 2019

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Budget Process: FY19-20 Next Steps

- **5/7/19** Commission Action
- **5/7/19** Mayor's Budget Office Submission
- **6/1/19** Board of Supervisors Submission

Questions and Comments

Appendix

HPS Legacy Foundation Community Benefits

- Legacy Foundation Community Benefits Fund
 - Reinvested into BVHP Community to benefit low and moderate income families
 - Provides funding for social services, affordable housing, education, the arts, public safety
- Phase 1
 - Funded by developer contributions
 - 2017-2022 Budget of \$1.0M
 - \$25K awarded for Hacker Hub to date
- Phase 2
 - \$3.5M total in Scholarship Fund Contribution
 - \$500K payment after 1st Major Phase Approval received in 2014
 - Additional \$300K per each 1K unit credit
 - 2017-2022 Budget of \$500K for Scholarship and Travel
 - \$0 awarded

HPS Legacy Foundation Community Benefits

Phase	Programs	2017-2022 Budget
<u>Phase 1</u>		
	Neighborhood Building	\$39,000
	Education & Workforce	\$747,500
	Homeownership Assistance Grants	\$180,000
	Strategic Planning & Administrative Services	\$33,500
<i>Phase 1 Subtotal</i>		<i>\$1,000,000</i>
<u>Phase 2</u>		
	Legacy Bayview Lennar Scholarship	\$475,000
	Legacy Will Bass Memorial Travel Abroad Scholarship	\$25,000
<i>Phase 2 Subtotal</i>		<i>\$500,000</i>
Total Phase 1 and Phase 2 2017-2022 Budget		\$1,500,000

FY18-19 Accomplishments

Hunters Point Shipyard/Candlestick Point

- Housing Completions and Occupancy - 97 units (HPS1 Block 55 & Alice Griffith 4)
- Housing Schematic Design Approvals - 100 units (HPS1 Blks 52/54)
- Housing RFPs - HPS Phase 1 Block 56 issuance and Developer Selection
- Park Completions – HPS1 Hilltop parks (Innes Ct, Hillpoint, PP 13, 15, 16)
- Candlestick Schedule – timing adjustments
- HPS Phase 2 Redesign – final State approvals

FY18-19 Accomplishments

Mission Bay

- Housing Completions and Occupancy - 143 units (MBS Block 6E)
- Housing Construction Starts - 152 units (MBS Block 6W)
- Housing Construction Monitoring – 119 units (MBS Block 3E)
- Housing Schematic Design Approvals - 141 units (MBS Block 9)
- Housing RFPs - MBS Blk 9a issuance
- Housing & Commercial Entitlements - analysis of potential increases
- Park Completions - Dog Park (P5) & Mariposa Bayfront Park (P23/24)
- Park Construction Starts - Bayfront Park (P22) & Mission Creek Park (P3)
- Street Acceptance & Opening - 5 street segments
- Commercial Construction Monitoring – Chase Center, Uber, Block 1 Hotel
- Commercial Tenant Improvement Designs - Chase Center, Uber, Dropbox

FY18-19 Accomplishments

Transbay

- Housing Completions - 548 Units (TB Block 8)
- Housing Construction Monitoring – 930 Units (TB Block 9 & TB Block 1)
- Housing Entitlements – approval documents drafted for TB Block 4 height increases
- Streetscape Construction Starts - Folsom Street Improvement Project out to bid
- Park Design Approvals - Under Ramp Park
- Commercial Completions - TB Block 5 office tower

FY18-19 Accomplishments

Contract Compliance

- SBE Awards - \$86M in contracts to Small Business Enterprises to date
- Construction Workforce Monitoring: 6,125 workers, 1.2 M hours, 16% SF residents (Oct '18)
- New SF Resident participation: 75 residents newly sponsored and entered into trade unions

Asset Management

- Rincon Point-South Beach Harbor – Transfer to Port
- Foods Co/CALA Foods, 345 Williams – Transfer to City
- Westbrook Plaza Garage/South of Market Health Clinic – Transfer to City

FY18-19 Accomplishments

1,754 new affordable units in various stages of development

Approximately 4,000 people in new affordable housing

Status	Project	# of Units
Predevelopment	MBS 6W	151
Predevelopment	CPN 10a	155
Predevelopment	CPS 11a	175
Predevelopment	MBS Block 9	140
Predevelopment	HPSY Blocks 52/54	99
Predevelopment	HPSY Blocks 56	69
Subtotal		789
Under Construction	MBS 3E	118
Under Construction	TBY Block 8	149
Under Construction	AG Phase 4	31
Under Construction	TBY Block 1	156
Subtotal		454
Marketing/Sale	AG Phase 3	121
Marketing/Sale	TBY Block 7	119
Marketing/Sale	Inclusionary Ownership	11
Subtotal		251
Delivered	MBS 6E	141
Delivered	TBY Block 7	119
Subtotal		260
TOTAL		1,754