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OCII
office of
COMMUNITY INVESTMENT
and INFRASTRUCTURE

107-0052021-002

Agenda Item **No. 5(b)**
Meeting of April 20, 2021

TO: Commission on Community Investment and Infrastructure

FROM: Sally Oerth, Interim Executive Director

SUBJECT: Approving a Budget for the period July 1, 2021 through June 30, 2022, and authorizing the Executive Director to submit the Budget and Interim Budget to the Mayor's Office and the Board of Supervisors

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EXECUTIVE SUMMARY

On April 6, 2021, at an informational workshop, the Commission reviewed the draft proposed budget for Fiscal Year 21-22. In addition to detailed information regarding OCII's budget, the draft proposed budget contained high-level estimated budget information for the seven Community Facilities Districts ("CFDs") formed in the project areas under OCII's jurisdiction.

On April 20, 2021, the Commission will act on the final proposed budget by considering Resolution 13-2021. Resolution 13-2021 approves OCII's budget, which is an attachment to the resolution, and has no changes from the information presented to the Commission on April 6, 2021. Resolution 13-2021 also authorizes the Executive Director to submit the approved budget and the interim budget to the Mayor's Office and the Board of Supervisors. The interim budget is in place from July 1, 2021 until the Board of Supervisors finally passes the annual budget in September 2021.

Staff recommends approval of Resolution 13-2021 approving the proposed budget for the period of July 1, 2021 through June 30, 2022, authorizing the Executive Director to submit the budget and the interim budget to the Mayor's Office and the Board of Supervisors.

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DISCUSSION

As presented at the informational workshop at the Commission meeting on April 6, 2021, the proposed FY21-22 budget of $565.8 million represents an increase of $38.6 million from the FY20-21 budget of $527.3 million. Of this amount, $469.4 million in uses is new budget authority and $96.4 million is Prior Period Authority carried forward from FY20-21. Prior Period Authority is expenditure carried forward from prior fiscal years, including affordable housing loans awarded but not drawn down and multi-year construction budgets.

Changes to current year revenue sources compared to FY20-21 are primarily due to an increase in new bonds issued to fund affordable housing. These increases are offset by a decrease in Prior Period Authority non-housing ("PPA") due to spending down on existing construction projects and use of prior year funds instead, instead of property tax increment, to fund Mission Bay projects. The decrease in PPA non-housing is also due to a technical adjustment to reclassify Mission Bay property tax received in prior years from PPA to Fund Balance to more appropriately reflect the authority received to expend these funds.

Changes to current year uses compared to FY20-21 are primarily due to an increase in affordable housing loans. This increase is offset by a decrease in development infrastructure costs due to prior-year spending on Folsom Streetscape and a shift in timing of infrastructure reimbursement in Mission Bay.

Below is the proposed FY 21-22 Budget Programmatic Summary (*in millions*):

Sources	Property Tax	Developer Payments	New Bonds - Infra	Rent & Lease Revenue	Fund Balance	Prior Period Authority	Other	Total	*Percent*
Uses									
Direct Program Spending									
Affordable Housing	$ -	$ 48.0	$ -	$ -	$ 75.7	$ 29.1	$ -	$ 269.3	*47.6%*
Infrastructure & Other Non-Housing	$ 3.3	$ 7.9	$ -	$ -	$ 48.0	$ 67.3	$ -	$ 126.5	*22.4%*
Comm Dev & Workforce	$ -	$ 2.1	$ -	$ -	$ 2.2	$ -	$ -	$ 4.3	*0.8%*
Direct Programmatic Subtotal	**$ 3.3**	**$ 58.0**	**$ -**	**$ -**	**$ 125.9**	**$ 96.4**	**$ -**	**$ 400.1**	*70.7%*
Indirect Program Spending									
Asset Management	$ 0.3	$ -	$ -	$ 0.0	$ -	$ -	$ 2.9	$ 3.2	*0.6%*
Project Mgmt & Operations	$ 10.3	$ 4.8	$ -	$ -	$ 3.2	$ -	$ 0.4	$ 19.1	*3.4%*
Debt	$ 104.2	$ -	$ -	$ -	$ 1.2	$ -	$ 4.5	$ 112.9	*19.9%*
TJPA Pass-through	$ 30.2	$ -	$ -	$ -	$ -	$ -	$ -	$ 30.2	*5.3%*
Other	$ -	$ -	$ -	$ 0.4	$ -	$ -	$ -	$ 0.4	*0.1%*
Indirect Programmatic SubTotal	**$ 145.0**	**$ 4.8**	**$ -**	**$ 0.4**	**$ 4.4**	**$ -**	**$ 7.8**	**$ 165.8**	*29.3%*
Total	**$ 148.3**	**$ 62.8**	**$ -**	**$ 0.4**	**$ 130.3**	**$ 96.4**	**$ 7.8**	**$ 565.8**	*100.0%*
	26.2%	*11.1%*	*0.0%*	*0.1%*	*23.0%*	*17.0%*	*1.4%*	*100.0%*	

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NEXT STEPS

Pending Commission approval, staff will submit the Proposed FY21-22 Budget to the Mayor on May 1, 2021. Following Mayor's Budget Office review, the Mayor will submit OCII's Proposed FY21-22 Budget to the Board of Supervisors on June 1, 2021. The Board of Supervisors will review and act on OCII's budget in July 2021. OCII staff will update the Commission as the budget process evolves.

Although the budget materials presented to the Commission contain information regarding the seven CFDs formed in the project areas under OCII's jurisdiction, this information is provided for context only. OCII staff will present CFD budgets for the Commission's approval on a timeline that is consistent with the CFD fiscal year, which runs from January 1 to December 31. OCII staff will present proposed CFD budgets to the Commission for their approval in August 2021.

(Originated by Mina Yu, Budget & Project Finance Manager)

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Sally Oerth
Interim Executive Director