

107-0532018-002

Agenda Item **No. 5(c)**
Meeting of August 21, 2018

INFORMATIONAL MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Nadia Sesay, Executive Director

SUBJECT: Workshop on the Amendment to the Recognized Obligation Payment Schedule for January 1, 2019 to June 30, 2019 including the administrative budget for the Successor Agency and supporting documentation

EXECUTIVE SUMMARY

On May 17, 2018, the California Department of Finance approved the Office of Community Investment and Infrastructure's (OCII) Recognized Obligation Payment Schedule 18-19 (ROPS 18-19). Since this approval, OCII's 18-19 work program has evolved. OCII now seeks to amend the approved ROPS 18-19 pursuant to SB107. OCII recommends an increase to the ROPS 18-19 in the net aggregate amount of \$9.2M, consisting of an increase of \$7.0M in Reserve Balance, \$4.1M in Other Funds, and \$0.1M in Redevelopment Property Tax Trust Fund: Non-Admin and a decrease of \$2.0M in Bond Proceeds. All of the recommended changes are within OCII's current budget and minimally impact the property tax transferred to the taxing entities.

SUMMARY

Legislative History

In Fall of 2015, Governor Brown signed SB107, which replaced the bi-annual Recognized Obligation Payment Schedule (ROPS) with an annual ROPS that can be amended one time, no later than October first of each ROPS year. As per SB107, Successor Agencies may only amend the amount requested for the second half of the ROPS period, which is defined as January 1 to June 30. The California Department of Finance (DOF) must make its determination regarding requested amendments at least 15 days before the date of the January property tax distribution.

Recommended ROPS Amendments

On January 30, 2018, OCII submitted its ROPS 18-19. On May 17, 2018, DOF approved this ROPS. Since the submission of the ROPS in January, OCII's 18-19 work program has evolved. OCII now seeks to amend the approved ROPS 18-19 pursuant to SB107. OCII recommends an increase to the ROPS 18-19 in the net aggregate amount of \$9.2M, consisting of an increase of \$7.0M in Reserve Balance, \$4.1M in Other Funds, and \$0.1M in Redevelopment Property Tax Trust Fund (RPTTF): Non-Admin and a decrease of \$2.0M in Bond Proceeds. All of the recommended changes are within OCII's current budget and minimally impact the property tax transferred to the taxing entities.

London N. Breed
MAYOR

Nadia Sesay
EXECUTIVE DIRECTOR

Marily Mondejar
CHAIR

Miguel Bustos
Dr. Carolyn Ransom-Scott
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Exhibit 1: Approved v. Amended ROPS Difference by Funding Source, \$Millions

Change by Source						
	Approved ROPS		Amended ROPS		Difference	Percent
Bond Proceeds	\$ 305.7	\$	303.7	\$	(2.0)	-1%
Reserve Balance	\$ 2.7	\$	9.7	\$	7.0	259%
Other Funds	\$ 72.8	\$	76.9	\$	4.1	6%
RPTTF: Non-Admin	\$ 121.6	\$	121.7	\$	0.1	0%
RPTTF: Admin	\$ 4.7	\$	4.7	\$	-	0%
	\$ 507.5	\$	516.7	\$	9.2	2%

Bond Proceeds

The \$2.0M decrease in Bond Proceeds is primarily due to a \$5.8M reallocation of funding source for the Mission Bay 6 West affordable housing project from Bond Proceeds to Reserve Balance and an increase in project cost. This decrease is offset by the following increases:

- \$1.8M to reflect higher pre-development costs for Mission Bay 9,
- \$1.0M to reflect expenditure of old bonds issued to fund tenant improvements for the Mexican Museum,
- \$0.9M to reflect use of capitalized interest to fund debt service on Mission Bay South 2016D, and
- \$0.1M to reflect a reallocation from Other Funds to Bond Proceeds to utilize aged Bond Proceeds that fund Alice Griffith.

Reserve Balance

The increase of \$7.0M in Reserve Balance reflects the reallocation of funding source for the Mission Bay 6 West affordable housing project from Bond Proceeds to Reserve Balance and an increase in project cost.

Other Funds

The \$4.1M increase in Other Funds consists of the following:

- \$2.3M to reflect additional art fees received from developer in the Mission Bay project area,
- \$1.0 M to reflect accelerated work program and increase in Department of Public Works fees for the Transbay project area,
- \$0.5M to reflect a revised work timeline, an increase in scope of work, and an increase in lease rate for contracts in the Hunters Point Shipyard/Candlestick Point (HPSY/CP) project area, and
- \$0.4M to reflect developer fees used to fund supportive services in OCII affordable housing.

These increases are offset by a \$0.1M decrease that is due to a reallocation from Other Funds to Bond Proceeds to utilize aged Bond Proceeds to fund Alice Griffith in the HPSY/CP project area.

Redevelopment Property Tax Trust Fund (RPTTF): Non-Admin

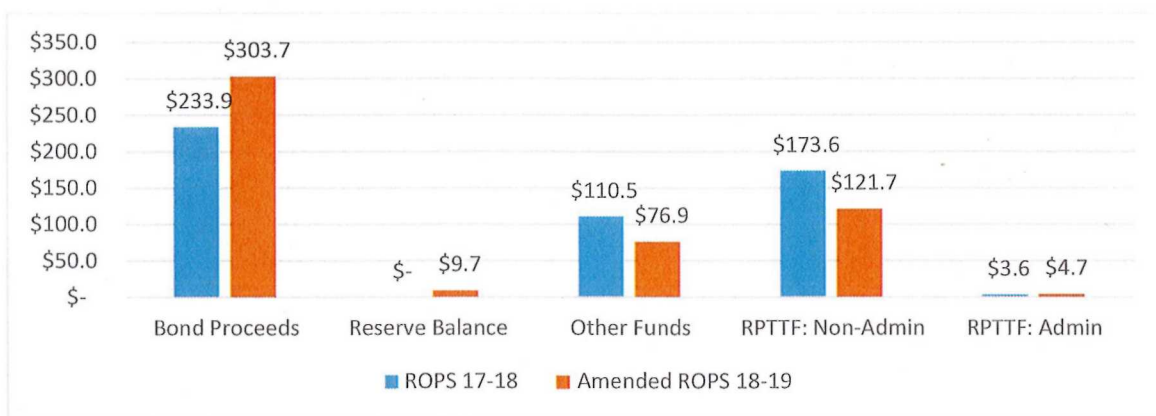
The \$0.1M increase in RPTTF: Non-Admin reflects \$47K to fund debt service reserve requirements and \$75K to fund staff time and consulting costs to support OCII's debt portfolio management. This change of \$0.1M minimally impacts the taxing entities.

Exhibit 3 contains the summary of all proposed changes. Attachment 1 is the ROPS Amendment described above presented in the DOF required format.

ROPS 17-18 vs. ROPS 18-19

As amended, ROPS 18-19 would be \$516.7M, which is \$4.9M less than the ROPS 17-18. The Amended ROPS 18-19 has a decrease of \$33.6M in the use of Other Funds primarily due to the transfer of Yerba Buena Gardens and a \$51.9 M decrease in RPTTF: Non-Admin due to the issuance of refunding bonds 2017D and 2017E. These decreases are primarily offset by a \$69.8M increase in use of Bond Proceeds to fund affordable housing, a \$9.7M increase in use of Reserve Balance to fund Mission Bay South Block 6 West, and a \$1.1M increase in RPTTF: Admin costs, which adjusts automatically by formula.

Exhibit 2: Year-Over-Year Change by Source, \$Millions



Next Steps

Staff will incorporate Commission feedback into the ROPS 18-19 Amendment and present a workshop to the Oversight Board on September 10, 2018. The Oversight Board will take action on September 24, 2018, and pending Oversight Board approval, staff will submit the amended ROPS to the DOF no later than October 1, 2018. DOF will notify OCII regarding the requested amendments no later than December 16, 2018, which is fifteen days before the January distribution. Staff will update the Commission as the process evolves.

(Originated by Mina Yu, Financial Reporting and Management Analyst)

Nadia Sesay
Executive Director

Attachment 1: ROPS Amendments in DOF Required Format

Exhibit 3: Summary of Proposed Amendments

Item #	Project Area	Project Name / Debt Obligation	Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	Total	Notes
25	HPS-CP	Consulting Contract	\$ -	\$ -	\$ 58,000	\$ -	\$ -	\$ 58,000	Increase to reflect increased scope of work
35	HPS-CP	Interagency Cooperative Agreement-HPS	\$ -	\$ -	\$ 500,000	\$ -	\$ -	\$ 500,000	Increase to reflect revised timeline
77	HPS-CP	Lease for Building 606 to SFPD	\$ -	\$ -	\$ 5,000	\$ -	\$ -	\$ 5,000	Increase to reflect increase in lease rate
91	Mission Bay North, Mission Bay South	Mission Bay Art Program	\$ -	\$ -	\$ 2,300,000	\$ -	\$ -	\$ 2,300,000	Increase to reflect additional art fees received from developer
151	YBC	The Mexican Museum	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	\$ 1,000,000	Increase to reflect tenant improvements for the Mexican Museum
161	HPS-CP- Housing	Candlestick Point and Phase 2 of the Hunters Point Shipyard-Alice Griffith Funding	\$ 119,205	\$ -	\$ (119,205)	\$ -	\$ -	\$ -	Reallocate from Other Funds to Bond Proceeds to utilize aged bond funds
345	All Project Areas with Bond/Loan Obligations	Tax Allocation Bond Admin (ALL)	\$ -	\$ -	\$ -	\$ 74,976	\$ -	\$ 74,976	Increase to reflect staff and consulting costs to support OCII's debt portfolio management
389	Mission Bay South	Tax Allocation Bond Series MBS2014A	\$ -	\$ -	\$ -	\$ 47,066	\$ -	\$ 47,066	Increase to reflect debt service reserve funding requirement
391	Transbay	Transbay Underramp Park Construction	\$ -	\$ -	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000	Increase to reflect accelerated work program and increase in Department of Public Works fees
402	Mission Bay South	Tax Allocation Series MBS2016D	\$ 894,667	\$ -	\$ -	\$ -	\$ -	\$ 894,667	Increase to reflect use of capitalized interest to pay debt service
405	Mission Bay South - Housing	Mission Bay South Block 6 West Affordable Housing Funding	\$ (5,757,040)	\$ 6,987,040	\$ -	\$ -	\$ -	\$ 1,230,000	Increase to reflect use of pledged tax increment from prior periods and increase in project cost
417	Mission Bay South - Housing	Mission Bay South Block 9 Affordable Housing Funding	\$ 1,765,000	\$ -	\$ -	\$ -	\$ -	\$ 1,765,000	Increase to reflect higher pre-development costs
418	Citywide Housing	CDBG Program Funds for Affordable Housing	\$ -	\$ -	\$ 350,000	\$ -	\$ -	\$ 350,000	Increase to reflect developer fees utilized to fund supportive services in OCII housing
	Total		\$ (1,978,168)	\$ 6,987,040	\$ 4,093,795	\$ 122,042	\$ -	\$ 9,224,709	

San Francisco City and County Amended Recognized Obligation Payment Schedule (ROPS 18-19B) - ROPS Detail																
January 1, 2019 through June 30, 2019																
(Report Amounts in Whole Dollars)																
Item #	Project Name/Debt Obligation	Obligation Type	Total Outstanding Balance	AUTHORIZED AMOUNTS					Total	REQUESTED ADJUSTMENTS					Total	Notes
				Fund Sources						Fund Sources						
				Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF		Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF		
			\$ 10,899,594,240	\$ 154,557,517	\$ -	\$ 26,697,887	\$ 105,862,070	\$ 2,330,735	\$ 289,448,209	\$ (1,978,168)	\$ 6,987,040	\$ 4,093,795	\$ 122,042	\$ -	\$ 9,224,709	
1	Agency Admin Operations	Admin Costs	\$ 4,661,470	-	-	-	-	-	\$ -						\$ -	
7	Agency Admin Operations	Miscellaneous	\$ 19,959,505	-	-	-	-	-	\$ -						\$ -	
9	Agency Admin Operations	Miscellaneous	\$ 9,811,255	-	-	-	-	-	\$ -						\$ -	
12	LMIHF Loan Repayment per former SFRA Resolution No. 25-2010	SERAF/ERAF	\$ 13,182,377	-	-	-	1,772,608		\$ 1,772,608						\$ -	
17	College Track	Miscellaneous	\$ 4,700,000	-	-	-	-	-	\$ -						\$ -	
20	Ground Lease Agreement - Cala Foods - 345 Williams Street	Property Maintenance	\$ -	-	-	-	-	-	\$ -						\$ -	
21	HPS Phase 1 DDA	OPA/DDA/Construction	\$ 34,246,000	-	-	-	-	-	\$ -						\$ -	
22	Letter Agreement	Project Management Costs	\$ 11,200,000	-	-	750,000	-	-	\$ 750,000						\$ -	
23	Interagency Cooperative Agreement-HPS	Project Management Costs	\$ 285,000	-	-	30,000	-	-	\$ 30,000						\$ -	
24	Interagency Cooperative Agreement-HPS	Project Management Costs	\$ 217,000	-	-	20,000	-	-	\$ 20,000						\$ -	
25	Consulting Contract	Professional Services	\$ 550,000	-	-	135,000	-	-	\$ 135,000			58,000			\$ 58,000	
26	HPS Phase 1 DDA-Community Benefits Agreement	OPA/DDA/Construction	\$ 1,000,000	-	-	250,000	-	-	\$ 250,000						\$ -	
30	HPS Phase 2 DDA	OPA/DDA/Construction	\$ 158,000,000	-	-	-	-	-	\$ -						\$ -	
31	Consulting Services	Professional Services	\$ 300,000	-	-	50,000	-	-	\$ 50,000						\$ -	
32	Legal Services Contract	Professional Services	\$ 20,000	-	-	10,000	-	-	\$ 10,000						\$ -	
33	Interagency Cooperative Agreement-HPS	Project Management Costs	\$ 568,000	-	-	250,000	-	-	\$ 250,000						\$ -	
34	Interagency Cooperative Agreement-HPS	Project Management Costs	\$ 17,975,000	-	-	500,000	-	-	\$ 500,000						\$ -	
35	Interagency Cooperative Agreement-HPS	Project Management Costs	\$ 15,800,000	-	-	1,250,000	-	-	\$ 1,250,000			500,000			\$ 500,000	
36	Interagency Cooperative Agreement-HPS	Project Management Costs	\$ 1,602,000	-	-	150,000	-	-	\$ 150,000						\$ -	
37	Interagency Cooperative Agreement-HPS	Project Management Costs	\$ 3,720,000	-	-	175,000	-	-	\$ 175,000						\$ -	
39	Transportation Plan Coordination	Project Management Costs	\$ 1,860,000	-	-	500,000	-	-	\$ 500,000						\$ -	
41	Legal Service Contact	Professional Services	\$ 71,600	-	-	35,800	-	-	\$ 35,800						\$ -	
42	Legal Services Contract	Professional Services	\$ 1,500,000	-	-	250,000	-	-	\$ 250,000						\$ -	
43	State Lands Staff Reimbursement	Project Management Costs	\$ 1,130,000	-	-	50,000	-	-	\$ 50,000						\$ -	
44	State Parks Staff Reimbursement	Project Management Costs	\$ 1,500,000	-	-	375,000	-	-	\$ 375,000						\$ -	
48	Financial Services	Professional Services	\$ 300,000	-	-	100,000	-	-	\$ 100,000						\$ -	
49	Phase 2 DDA & Tax Increment Allocation Pledge Agreement	OPA/DDA/Construction	\$ 3,950,194,000	-	-	-	93,600		\$ 93,600						\$ -	
50	EDA Grant Agreement	Miscellaneous	\$ 5,200,000	-	-	-	-	-	\$ -						\$ -	
62	HPS Building 101 Stabilization/Improvements	Improvement/Infrastructure	\$ 5,200,000	-	-	2,340,000	520,000		\$ 2,860,000						\$ -	
72	CAL ReUSE	Remediation	\$ 44,125	-	-	22,063	-	-	\$ 22,063						\$ -	
75	Conveyance Agreement between the US Government and the Agency	Miscellaneous	\$ 50,000	-	-	25,000	-	-	\$ 25,000						\$ -	
76	Property Management	Property Maintenance	\$ 10,000	-	-	5,000	-	-	\$ 5,000						\$ -	
77	Lease for Building 606 to SFPD	Miscellaneous	\$ 100,000	-	-	50,000	-	-	\$ 50,000			5,000			\$ 5,000	
78	Lease Between the US Government and the Agency	Miscellaneous	\$ 350,000	-	-	175,000	-	-	\$ 175,000						\$ -	
79	Consulting Contract	Professional Services	\$ 1,350,000	-	-	325,000	-	-	\$ 325,000						\$ -	
84	Mission Bay North Owner Participation Agreement	OPA/DDA/Construction	\$ 56,170,000	-	-	-	-	-	\$ -						\$ -	
85	Mission Bay North CFD #4	Miscellaneous	\$ 56,170,000	-	-	-	1,823,037		\$ 1,823,037						\$ -	
86	Tax Increment Allocation Pledge Agreement	OPA/DDA/Construction	\$ 56,170,000	-	-	-	-	-	\$ -						\$ -	
87	Mission Bay South Owner Participation Agreement	OPA/DDA/Construction	\$ 276,350,000	37,744,300	-	-	-	-	\$ 37,744,300						\$ -	
88	Tax Increment Allocation Pledge Agreement	OPA/DDA/Construction	\$ 276,350,000	-	-	-	1,336,498		\$ 1,336,498						\$ -	
89	Mission Bay Agency Costs Reimbursements	Project Management Costs	\$ 6,600,000	-	-	250,000	-	-	\$ 250,000						\$ -	
90	Harris-DPW Contract	Project Management Costs	\$ 11,490,000	-	-	198,000	-	-	\$ 198,000						\$ -	
91	Mission Bay Art Program	Professional Services	\$ 1,228,106	-	-	1,114,727	-	-	\$ 1,114,727			2,300,000			\$ 2,300,000	
92	Owner Participation Agreement - 72 Townsend Street	OPA/DDA/Construction	\$ -	-	-	-	-	-	\$ -						\$ -	
101	Contract for design services for Folsom Street	Professional Services	\$ 1,195,055	571,269	-	26,259	-	-	\$ 597,528						\$ -	
102	Tax Increment Sales Proceeds Pledge Agreement (Tax Increment)	OPA/DDA/Construction	\$ 1,062,000,000	-	-	-	2,725,894		\$ 2,725,894						\$ -	
105	Implementation Agreement	OPA/DDA/Construction	\$ 241,000,000	-	-	-	-	-	\$ -						\$ -	
107	Streetscape and Open Space Improvements for Folsom	Project Management Costs	\$ 38,647,791	11,584,197	-	809,000	-	-	\$ 12,393,197						\$ -	
108	Streetscape and Open Space Improvements	Professional Services	\$ -	-	-	-	-	-	\$ -						\$ -	
109	Implementation Agreement Legal Review	Legal	\$ 85,000	-	-	37,500	5,000		\$ 42,500						\$ -	
115	Transbay Projections, Planning, Outreach, and Analysis	Professional Services	\$ 500,579	-	-	91,942	150,000		\$ 241,942						\$ -	
118	Fillmore Heritage Center	Miscellaneous	\$ -	-	-	-	-	-	\$ -						\$ -	
119	Fillmore Heritage Center	Miscellaneous	\$ -	-	-	-	-	-	\$ -						\$ -	
123	Disposition and Development Agreement - Fillmore Heritage Center	OPA/DDA/Construction	\$ -	-	-	-	-	-	\$ -						\$ -	
124	Ground Lease - Commercial Parcel - Fillmore Heritage Center	Property Maintenance	\$ -	-	-	-	-	-	\$ -						\$ -	
125	Reciprocal Easement Agreement - Fillmore Heritage Center	Property Maintenance	\$ -	-	-	-	-	-	\$ -						\$ -	
126	Fillmore Heritage Center	Property Maintenance	\$ -	-	-	-	-	-	\$ -						\$ -	
127	Tenant Improvement Loan - Yoshi's	Third-Party Loans	\$ -	-	-	-	-	-	\$ -						\$ -	
128	Tenant Improvement Loan - Food For Soul	Third-Party Loans	\$ -	-	-	-	-	-	\$ -						\$ -	
129	Working Capital Loan - Food For Soul	Third-Party Loans	\$ -	-	-	-	-	-	\$ -						\$ -	
130	Tenant Improvement Loan - Sheba Lounge	Third-Party Loans	\$ -	-	-	-	-	-	\$ -						\$ -	
131	Tenant Improvement Loan - Sheba Lounge	Third-Party Loans	\$ -	-	-	-	-	-	\$ -						\$ -	
132	Tenant Improvement Loan - Rasselas	Third-Party Loans	\$ -	-	-	-	-	-	\$ -						\$ -	

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				Fund Sources						Fund Sources						
				Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF		Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF		
133	Owner Participation Agreement - 1450 Franklin	OPA/DDA/Construction	\$ -	-	-	-	-	-	\$ -						\$ -	
134	Owner Participation Agreement - 1301 Divisadero	OPA/DDA/Construction	\$ -	-	-	-	-	-	\$ -						\$ -	
135	Disposition and Development Agreement - 1210 Scott Street	OPA/DDA/Construction	\$ -	-	-	-	-	-	\$ -						\$ -	
136	Easements with Covenants and Restrictions Affecting Land (ECR) - For land between Fillmore & Webster Streets	Property Maintenance	\$ -	-	-	-	-	-	\$ -						\$ -	
140	Yerba Buena Gardens Capital Improvement	Property Maintenance	\$ -	-	-	-	-	-	\$ -						\$ -	
141	Yerba Buena Gardens Property Management	Property Maintenance	\$ -	-	-	-	-	-	\$ -						\$ -	
142	Children's Creativity Museum	Miscellaneous	\$ -	-	-	-	-	-	\$ -						\$ -	
143	Yerba Buena Center for the Arts	Miscellaneous	\$ -	-	-	-	-	-	\$ -						\$ -	
144	Yerba Buena Gardens outdoor programming	Miscellaneous	\$ -	-	-	-	-	-	\$ -						\$ -	
145	Community Benefit District Assessment	Fees	\$ 957,000	-	-	-	-	-	\$ -						\$ -	
147	Legal Review	Legal	\$ -	-	-	-	-	-	\$ -						\$ -	
151	The Mexican Museum	Miscellaneous	\$ 7,785,119	-	-	-	-	-	\$ -	1,000,000					\$ 1,000,000	
152	Owner Participation Agreement - 680 Folsom	OPA/DDA/Construction	\$ -	-	-	-	-	-	\$ -						\$ -	
153	Agreement for Disposition of Land for Private Development - The Paramount/680 Mission	OPA/DDA/Construction	\$ -	-	-	-	-	-	\$ -						\$ -	
154	Agreement for Disposition of Land for Private Development - W Hotel	OPA/DDA/Construction	\$ -	-	-	-	-	-	\$ -						\$ -	
155	Agreement for Disposition of Land for Private Development - the Westin Hotel	OPA/DDA/Construction	\$ -	-	-	-	-	-	\$ -						\$ -	
156	Disposition and Development Agreement - San Francisco Museum of Modern Art	OPA/DDA/Construction	\$ -	-	-	-	-	-	\$ -						\$ -	
157	Amended and Restated Construction, Operation and Reciprocal Easement Agreement and Agreement Creating Liens (REA) - Jessie Square	Property Maintenance	\$ -	-	-	-	-	-	\$ -						\$ -	