

Office of Community Investment and Infrastructure

Commission Meeting

June 2, 2021



FY 2020-21 Budget Workshop

June 2, 2020



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
- Next Steps
- Questions

Budget: FY20-21 Process

- **1/13/2020** ROPS Workshop
- **1/27/2020** ROPS Action
- **4/15/2020** DOF Decision on ROPS
- **6/2/2020** Budget Workshop
- **6/16/2020** Budget Action
- **7/1/2020** Mayor's Budget Office Submission
- **8/1/2020** Board of Supervisors Submission

Budget: FY20-21 Sources

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

Sources	Amount (M)	Percent
Property Tax	\$149.9	28.4%
New Bonds	\$15.5	2.9%
Developer Payments	\$16.5	3.1%
Other	\$10.8	2.1%
Fund Balance	\$108.7	20.6%
Prior Period Authority*	\$225.9	42.8%
Total Sources	\$527.3	100.0%

*Prior Period Authority is expenditure carried forward from FY19-20, including affordable housing loans awarded but not yet drawn down fully and multi-year construction budgets.

Budget: FY20-21 Uses

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

Uses	Amount (M)	Percent
<u>Direct Program Spending</u>		
Affordable Housing	\$122.2	23.2%
Infrastructure & Other Non-Housing	\$237.5	45.0%
Community Development & Workforce	\$2.5	0.5%
Direct Programmatic Subtotal	\$362.2	68.7%
<u>Indirect Program Spending</u>		
Asset Management	\$4.4	0.8%
Project Management & Operations	\$20.6	3.9%
Debt	\$118.6	22.5%
Pass-through to TJPA	\$21.1	4.0%
Other	\$0.4	0.1%
Indirect Programmatic SubTotal	\$165.1	31.3%
Total	\$527.3	100.0%

Infrastructure & Non-Housing

Infrastructure & Non-Housing: FY20-21 Sources by Uses

FY20-21 Infrastructure & Non-Housing Work Plan has \$237.5M budget.

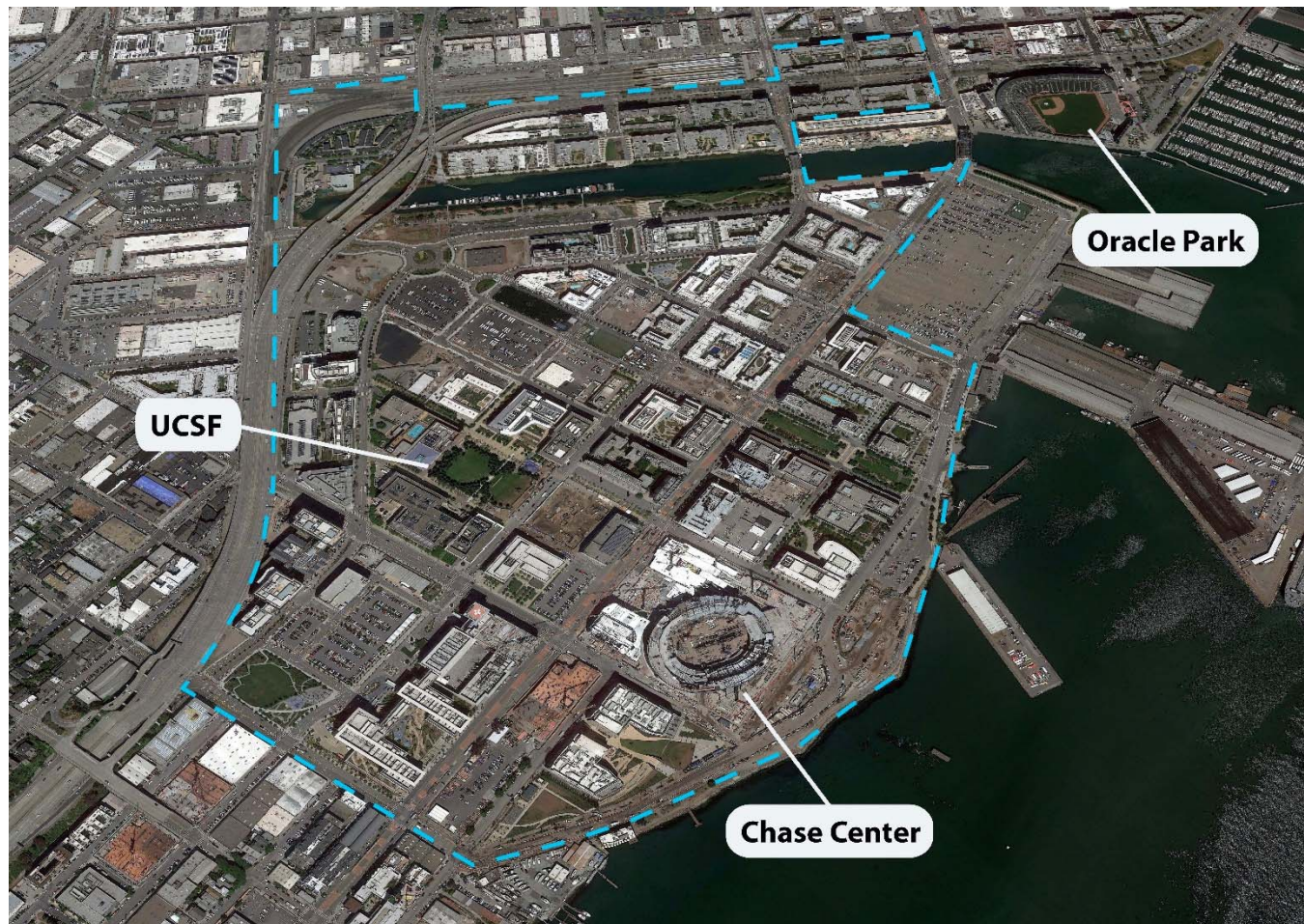
Sources (M)	Developer Payments	New Bonds	Property Tax	Fund Balance	Prior Period Authority	Total by Use
Uses						
Other Professional Services	\$1.8		\$1.2			\$3.0
Planning & Infrastructure Review	\$6.5					\$6.5
Legal Services	\$1.1		\$0.0			\$1.1
Public Art				\$1.1		\$1.1
Development Infrastructure Reimbursements		\$15.0	\$22.6	\$2.0	\$157.2	\$196.8
Prior Period Authority - Non-Housing					\$29.0	\$29.0
Total by Source	\$9.4	\$15.0	\$23.8	\$3.1	\$186.2	\$237.5

Infrastructure & Non-Housing: FY20-21 Project Completions

OCII will complete 10 parks and open space projects in FY20-21.

	Mission Bay	Transbay	Hunters Point Shipyard / Candlestick Point	Total
Parks and Open Space Projects	3	0	7	10

Mission Bay North & South



Aerial View – May 2018

MBN & MBS: FY20-21 Budget & Workplan Overview

Work Program	Budget Category	FY20-21 Budget (M)
Infrastructure Reimbursement		
Reimburse completed Infrastructure (Streets, Parks P3, P22, P19 & P27, and Stormwater Pump Stations)	Development Infrastructure	\$178.3
Plans & Permit Review		
- Land Use: Design review for residential and other uses - Infrastructure: Parks (P2/P8) - Commercial: 1 million square feet of tenant improvements	Staffing & Operating Expenses	\$2.3
	Other Professional Services	\$0.9
Public Art Program		
Work with the Arts Commission to install Public Art in the public open space	Public Art	\$1.1
Total		\$182.6
Mission Bay Parks Management	CFD #5 (Maintenance & Operations)	\$2.7

MBN & MBS: FY20-21 Sources by Uses

Primary source is Property Tax, and primary use is Infrastructure Development.

Sources (M)	Developer Payments	Bond Proceeds	Property Tax	Public Art Fees	Total
Uses					
Infrastructure Development		\$45.4	\$132.9		\$178.3
Staffing & Operating Expenses	\$0.7		\$1.6		\$2.3
Other Professional Services			\$0.9		\$0.9
Public Art				\$1.1	\$1.1
Total	\$0.7	\$45.4	\$135.4	\$1.1	\$182.6

MBN & MBS: Project Photos

P22



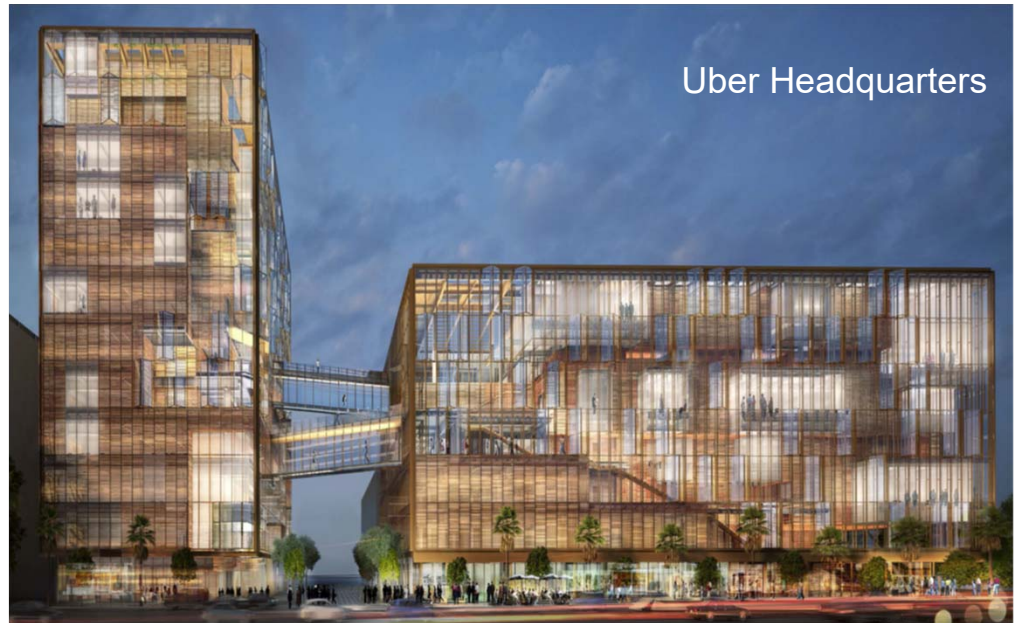
Park P3



SOMA
Hotel



Uber Headquarters



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Transbay



Transbay: FY20-21 Budget & Workplan Overview

Work Program	Budget Category	FY20-21 Budget (M)
Infrastructure Development		
- Construction: Folsom Streetscape - Design: Under-ramp & Transbay Parks	Development Infrastructure	\$8.0
	Prior Period Authority	\$19.3
Pass-through to TJPA	Property Tax	\$21.1
Plans & Permit Review		
- Land Use: Entitlements for Block 4 - Infrastructure: Transbay Park - Housing: Ongoing Construction Monitoring of Blocks 1, 8, and 9	Staffing & Operating Expenses	\$2.1
	Legal Services	\$0.1
	Other Professional Services	\$0.8
Total		\$51.4

Transbay: FY20-21 Sources by Uses

Primary source is Bond Proceeds, and primary uses are Infrastructure Development & Prior Period Authority.

Sources (M)	Bond Proceeds	Developer Payments	Park Fees	Property Tax	Total
Uses					
Development Infrastructure	\$5.1		\$1.2	\$1.7	\$8.0
Staffing & Operating Expenses		\$1.8		\$0.3	\$2.1
Legal Services		\$0.1			\$0.1
Other Professional Services		\$0.4		\$0.4	\$0.8
Prior Period Authority	\$15.0		\$4.3		\$19.3
Pass-through to TJPA				\$21.1	\$21.1
Total	\$20.1	\$2.3	\$5.5	\$23.5	\$51.4

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



HPS/CP: FY20-21 Budget & Workplan Overview

Work Program	Budget Category	FY20-21 Budget (M)
Plans & Permit Review		
- Land Use: Candlestick redesign - Infrastructure: HPS Phase 1 parks - Building Design: HPS Phase 1 residential	Staffing & Operating Expenses	\$3.8
	Legal Services	\$1.0
	Planning & Infrastructure Review	\$6.5
	Other Professional Services	\$1.4
Community Benefits Grants		
	Grants to Community Based Organizations	\$2.4
Infrastructure Reimbursement		
Reimburse completed infrastructure	Infrastructure Development	\$1.1
	New Bonds	\$15.0
Contribution to OEWD MOU		
	Workforce Development	\$0.1
Asset Management		
Artists' Lease Payments	Payments to Other Public Agencies	\$0.4
EDA Grant		
Building 101 Improvements	EDA Grant & Local Property Tax Match	\$4.3
Total		\$36.1
HPS Phase 1 Parks Management	CFD #8 (Maintenance & Operations)	\$1.2

HPS/CP: FY20-21 Sources by Uses

Primary source is Bond Proceeds. Primary use is Infrastructure Development.

Sources (M)	Bond Proceeds	Developer Payments	Fund Balance	Property Tax	Rent	Total
Uses						
Staffing & Operating Expenses		\$3.8				\$3.8
Legal Services		\$1.0				\$1.0
Planning & Infrastructure		\$6.5				\$6.5
Other Professional Services		\$1.4				\$1.4
EDA Grant				\$0.4	\$3.9	\$4.3
Grants to Community Based Organizations		\$0.2	\$2.2			\$2.4
Infrastructure Development	\$15.0		\$0.1	\$1.0		\$16.1
Workforce Development		\$0.1				\$0.1
Payments to Other Agencies					\$0.4	\$0.4
Total	\$15.0	\$13.0	\$2.3	\$1.5	\$4.3	\$36.1

HPS/CP: Project Photos



Phase 1 Parks



Phase 1 Parks



Candlestick Center
Rendering

Building 101 Improvements



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Affordable Housing



Mission Bay South Block 6 West

Affordable Housing: FY20-21 Budget & Workplan Overview

Work Program	Budget Category	FY20-21 Budget (M)
New Affordable Housing Loans		
- Two new construction/gap loans - Four new predevelopment loans	Affordable Housing Loans	\$96.8
Existing Affordable Housing Loans (<i>funding continuation</i>)		
- Three construction/gap loans - Four predevelopment loans	Prior Period Authority - Housing	\$24.9
Other Housing Activities		
- Loan underwriting & administration - Asset transfers - Marketing	Staffing & Operating Expenses	\$2.0
	Professional Services	\$0.8
Total Housing Budget		\$124.5

Affordable Housing: New Loans

Project	Housing Type	# of Units	Bonds (M)	Other (M)	Property Tax (M)	Total (M)
HPS Block 52/54 Construction	Family Rental	112	\$47.7			\$47.7
HPS Block 56 Predevelopment	Family Rental	70	\$3.5			\$3.5
MBS 9 Predev/Construction	Homeless Adults	141	\$31.7	\$0.5	\$2.8	\$35.0
MBS 12 West Predevelopment	Family Rental	173	\$3.2	\$0.3		\$3.5
Transbay Block 2 West Predevelopment	Family Rental	80		\$3.5		\$3.5
Transbay Block 2 East Predevelopment	Senior	170		\$3.5		\$3.5
Total		746	\$86.1	\$7.8	\$2.8	\$96.8

Affordable Housing: Existing Loans

Project	Housing Type	# of Units	Bonds (M)	Other (M)	Total (M)
HPS Block 52/54 Predevelopment	Family Rental	112	\$2.3		\$2.3
CP Block 11a Predevelopment	Family Rental	176	\$1.2		\$1.2
CP Block 10a Predevelopment	Family Rental	156	\$1.6		\$1.6
Alice Griffith 4 Construction	Family Rental	31		\$0.5	\$0.5
MBS 6E Construction	Family Rental	143		\$1.6	\$1.6
MBS 6W Construction	Family Rental	152	\$13.6	\$0.5	\$14.1
MBS 9a Predevelopment	Family Ownership	140	\$3.5		\$3.5
Total		910	\$22.2	\$2.6	\$24.9

Affordable Housing: FY20-21 Highlights

1 Existing Loan example:
Alice Griffith Phase 4



2 New Loan examples:



HPS Blocks 52/54



CHINA BASIN ST. VIEW LOOKING EAST

Mission Bay South Block 9

Community Development & Workforce

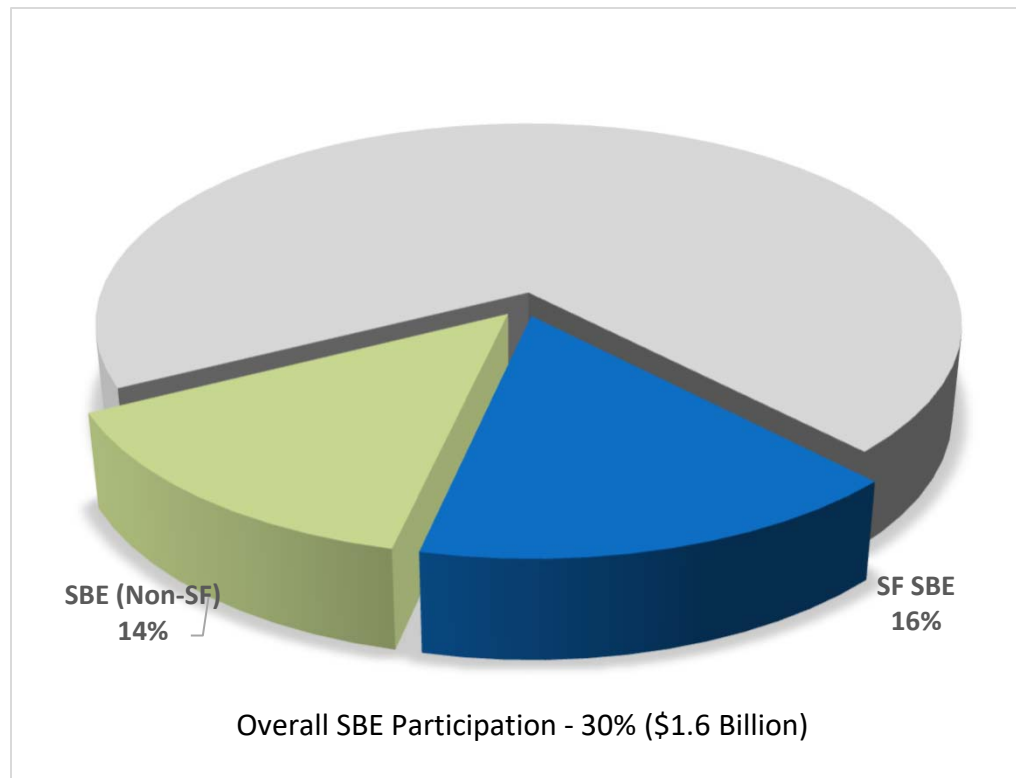
Comm. Dev. & Workforce: FY20-21 Sources by Uses

FY20-21 Community Development & Workforce budget reflects \$2.8M in costs.

Sources (M)	Developer Payments	Fund Balance	Property Tax	Grand Total
Uses				
Grants to Community-Based Organizations	\$0.2	\$2.2		\$2.4
Workforce Development Services	\$0.1		\$0.3	\$0.4
Total	\$0.3	\$2.2	\$0.3	\$2.8

Community Development & Workforce: \$1.6B Awarded to SBEs

OCII has overseen award of \$5.5 billion in contracts with over \$1.6 billion credited to small business enterprises (“SBE”s).



Community Development & Workforce: FY19-20 Accomplishments

Contract Compliance

- Small Business Enterprise (“SBE”) Awards: 24 SBE firms; \$20M in contracts to SBEs (57%) (Feb 2020)
- Construction Workforce Monitoring: 7,709 workers, 1.6M hours, \$85M wages; 16% SF residents (Feb 2020)
- SF Resident participation:
 - 128 residents hired for Chase Center
 - Special Training: Alice Griffith Abatement Certification – 17 Alice Griffith residents

Activities Outside Major Approved Projects

Outside Major Approved Projects: Work Plan

- Continue Disposition of OCII Assets under the Long-Range Property Management Plan, including transfer of completed affordable housing developments to Housing Successor
- Administer Developer Obligations: 706 Mission Street project in Yerba Buena

FY19-20 Accomplishments

Activities Outside Major Approved Projects

- Transferred group of remnant properties under Long-Range Property Management Plan
- Transferred Hunters View Phase 2 Loan and excess bond proceeds to Housing Successor
- Continued wind down of obligations outside the Major Approved Projects

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Debt

Debt: FY20-21 Sources & Uses

FY20-21 Debt Program reflects \$118.6M in costs, funded primarily by property tax increment.

Sources (M)*	New Bonds	Property Tax	Hotel Tax	Fund Balance	Prior Period Authority	Total by Use
Uses						
Debt Service - TAB Debt		\$89.3		\$8.0	\$1.4	\$98.7
Debt Service – Non-TAB Debt	\$0.3	\$1.8			\$13.4	\$19.9
Hotel Bond			\$4.5			\$4.5
Total by Source	\$0.3	\$91.1	\$4.5	\$8.0	\$14.7	\$118.6

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

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Operations

Operations: FY 20-21 Sources & Uses

Primary sources for operations are Property Tax and Developer Reimbursements.

Sources	Amount (\$M)
Bond Proceeds	\$0.2
Developer Reimbursements	\$6.9
Property Tax	\$13.5
Total	\$20.6
Uses	
Salaries and Benefits	\$10.4
Non-Labor	\$6.0
Retiree Health and Pension	\$4.2
Total	\$20.6

Operations: Uses Detail

Current staff and retirement benefits drive operating costs of \$20.6M

- **\$10.4M Existing Staff Salaries & Benefits**
 - 55 Full Time Equivalent (FTE) positions, no change
- **\$6.0M in Non-Labor Costs**
- **\$4.2M Retiree Obligations**
 - \$2.0M for current pension
 - \$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	\$3.6
Professional Services	\$0.8
Software and Information Technology	\$0.3
Other Current Expenses	\$0.5
Insurance	\$0.5
Legal Services	\$0.3
Total	\$6.0

Operations: Work Orders with City Departments Detail

Work Order with Mayor's Office of Housing for affordable housing services is largest.

Department	Service	Amount (\$M)
Mayor's Office of Housing	Affordable Housing Services	\$1.5
Administrative Services	Rent, Mail	\$1.2
Office of Economic and Workforce Development	Contract Compliance Support	\$0.3
Controller's Office	Accounting and Audit Services	\$0.2
Planning	Project Areas Support	\$0.2
Department of Technology	IT Services	\$0.2
City Attorney's Office	Legal	\$0.1
Treasurer Tax Collector's Office	Investment Management	\$0.1
Total		\$3.7

Budget: FY20-21 Summary

Cost Center Sources (M)	Mission Bay	Transbay	Hunters Point Shipyard / Candlestick Point	Debt Service/ Non-Projects	Total	Percent
Property Tax	\$23.3	\$24.0	\$1.9	\$100.7	\$149.9	28.4%
New Bonds	\$0.0	\$0.0	\$15.0	\$0.5	\$15.5	2.9%
Developer Payments	\$0.7	\$2.3	\$13.0	\$0.5	\$16.5	3.1%
Other	\$0.0	\$0.0	\$4.3	\$6.5	\$10.8	2.1%
Fund Balance	\$40.2	\$8.9	\$53.6	\$6.1	\$108.7	20.6%
Prior Period Authority	\$177.5	\$23.8	\$5.7	\$18.8	\$225.9	42.8%
Total Sources	\$241.7	\$59.0	\$93.5	\$133.1	\$527.3	100.0%

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

Community Facilities Districts

Community Facilities Districts

- OCII administers seven Community Facilities District's ("CFD's) created under California's Mello-Roos Act
- CFD are special taxing districts approved by voters in the district
- CFDs are separate entities from OCII and their budget is not subject to Board of Supervisor's approval

CFD Budget Profile

CFD	Project Area	2020 est. Tax Levy (M)	FY20-21 Debt Service (M)	2/20/2020 Principal Outstanding (M)	Final Bond Maturity	Purpose
CFD #1	Rincon Point	\$0.2	n/a	n/a	n/a	Maintenance & Infrastructure
CFD #4*	Mission Bay North	\$0.0	\$0.5	\$19.5	8/1/2031	Infrastructure
CFD #5	Mission Bay North & South	\$2.7	n/a	n/a	n/a	Maintenance
CFD #6	Mission Bay South	\$11.0	\$8.9	\$123.5	8/1/2043	Infrastructure
CFD #7	Hunters Point Shipyard Phase 1	\$2.6	\$2.0	\$33.2	8/1/2036	Infrastructure
CFD #8	Hunters Point Shipyard Phase 1	\$1.2	n/a	n/a	n/a	Maintenance
CFD #9	Hunters Point Shipyard Phase 2/Candlestick Point	\$0.4	n/a	n/a	n/a	Maintenance & Infrastructure

**Debt Service for CFD #4 is paid from tax increment pledged under the Financing Plan of the Mission Bay North Owner Participation Agreement (11/16/98)*

Budget Process: FY20-21 Next Steps

- **6/16/2020** Commission Action
- **7/1/2020** Mayor's Budget Office Submission
- **8/1/2020** Board of Supervisors Submission