

COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE

RESOLUTION NO. 11 -2019

APPROVING A BUDGET FOR THE PERIOD JULY 1, 2019 THROUGH JUNE 30, 2020, AND AUTHORIZING THE EXECUTIVE DIRECTOR TO SUBMIT THE BUDGET AND INTERIM BUDGET TO THE MAYOR’S OFFICE AND THE BOARD OF SUPERVISORS

- WHEREAS, In accordance with the Community Redevelopment Law, as amended by the Redevelopment Dissolution Law, Cal. Health & Safety Code §§ 34170 et seq., and with San Francisco Ordinance No. 215-12 (Oct. 4, 2012), the Office of Community Investment and Infrastructure (“OCII”), as Successor Agency to the Redevelopment Agency of the City and County of San Francisco, is a separate legal entity from the City and is subject to the governance of the Board of Supervisors of the City and County of San Francisco (“Board of Supervisors”) acting in its legislative capacity; and,
- WHEREAS, The Board of Supervisors has final budget approval authority over the OCII in its annual budget process in accordance with Section 33606 of the California Health and Safety Code and Section 3 of Ordinance No. 215-12 (Oct. 4, 2012); and,
- WHEREAS, Under Redevelopment Dissolution Law, OCII activities are limited to winding down the affairs of the Redevelopment Agency of the City and County of San Francisco (“Former Agency”) and implementing recognized enforceable obligations. Cal. Health & Safety Code § 34177; and,
- WHEREAS, The Department of Finance (“DOF”) has finally and conclusively determined, under Redevelopment Dissolution Law, that certain development agreements and tax allocation pledge agreements associated with Mission Bay North, Mission Bay South, Transbay, and Hunters Point Shipyard/Candlestick Point are enforceable obligations that survived the dissolution of the Former Agency. These agreements require, among other things, the construction and funding of public infrastructure and affordable housing for which property tax increment is pledged and allocated over time; and,
- WHEREAS, Redevelopment Dissolution Law authorizes OCII to make payments only for enforceable obligations on an approved Recognized Obligation Payment Schedule (“ROPS”) that OCII prepares on an annual basis and that lists the total outstanding debts associated with each obligation and the amounts that are due and payable during the upcoming fiscal year; and,
- WHEREAS, The Oversight Board of the City and County of San Francisco approved OCII’s ROPS 2019-20 by Resolution No. 1-2019 (Jan. 28, 2019), and DOF approved, subject to several adjustments, the ROPS 2019-20 on April 15, 2019; and,
- WHEREAS, On April 16, 2019, the OCII Commission held a workshop on the FY 2019-20 Proposed Budget; and,

- WHEREAS, The FY 2019-20 Proposed Budget, attached as Attachment A to this Resolution, includes, among other things, the use of property tax revenues (formerly tax increment revenues) from various project areas of the former Redevelopment Agency of the City and County of San Francisco to pay for certain enforceable obligations consistent with the DOF-approved ROPS 2019-20; and,
- WHEREAS, The FY 2019-20 Proposed Budget includes payments for debt service of tax allocation bonds consistent with Section 34177.7 of the California Health and Safety Code and with Board of Supervisors Resolution No. 538-16 (Dec. 22, 2016); and,
- WHEREAS, In addition to the revenues included in the FY 2019-20 Proposed Budget, OCII may receive additional property tax increment that is irrevocably pledged under the Mission Bay North Tax Increment Allocation Pledge Agreement, the Mission Bay South Tax Allocation Pledge Agreement, the Tax Increment Allocation Pledge Agreement for Candlestick Point and Phase 2 of the Hunters Point Shipyard, and the Transbay Redevelopment Project Tax Increment Allocation and Sales Proceeds Pledge Agreement (collectively, the “OCII Pledge Agreements”) for future payment of the total outstanding debts or obligations listed on the ROPS and associated with particular projects identified in the OCII Pledge Agreements; and,
- WHEREAS, In addition to the revenues included in the FY 2019-20 Proposed Budget, OCII may receive interest on bond proceeds; and,
- WHEREAS, The FY 2019-20 Proposed Budget includes \$40,714,400 of spending that is conditional upon the sale of tax allocation bonds and if the bonds are sold, there will be issuance costs paid from the bond proceeds; and,
- WHEREAS, In addition to the activities programmed in the FY 2019-20 Proposed Budget, OCII may have opportunities to refund existing debt at lower interest rates to reduce debt service costs; and,
- WHEREAS, At the direction of OCII, the City Controller is authorized to pay issuance costs, transfer funds to comply with refunding requirements, and adjust the budget to reconcile estimated debt service and bond proceed amounts with actual debt service and bond proceed amounts, as reflected in the bond documents; and,
- WHEREAS, At the direction of OCII, the City Controller is also authorized to restructure accounting entries to conform to system requirements and Generally Accepted Accounting Principles (“GAAP”), provided that such restructuring is approved by OCII and has no policy impact; and,
- WHEREAS, OCII serves as the administrator of certain Community Facilities Districts (“CFDs”) listed in Table A1 of the FY 2019-20 Proposed Budget, created under the provisions of the Community Facilities Act of 1982, as amended, Chapter 2.5 of Part 1 of Division 2 of Title 5 (commencing with Section 53311) of the California Government Code (known as the “Mello-Roos Act”), and is responsible to make debt service payments and make other expenditures in fulfillment of other obligations associated with the CFDs; and,

WHEREAS, The timing of the full Board of Supervisors' consideration of the annual budget requires submission of an interim budget that is in place from July 1, 2019 until the Board of Supervisors finally passes OCII's FY 2019-20 Proposed Budget; and,

WHEREAS, The interim budget is based on the proposed annual budget; and,

WHEREAS, Approval of the FY 2019-20 Proposed Budget is not a "Project," as defined by the California Environmental Quality Act ("CEQA") Guidelines Sections 15378(b)(4) and 15378(b)(5) and is not subject to environmental review under CEQA; now therefore be it

RESOLVED, That the OCII Commission approves the Proposed Budget for the period July 1, 2019 through June 30, 2020, attached to this Resolution as Attachment A, and furthermore authorizes the Executive Director to transmit the FY 2019-20 Proposed Budget, and accompanying interim budget, to the Mayor's Office and the Board of Supervisors for final budget approval, and to make any non-material changes to the FY 2019-20 Proposed Budget that may be proposed during review by the Mayor or Board of Supervisors, provided that the Executive Director shall seek Commission approval for any material changes to the budget; and, be it further

RESOLVED, That this Commission authorizes, consistent with enforceable obligations, the availability of funds, and an approved ROPS, the Executive Director to reprogram funds between expenditure categories within the project areas and administrative budget shown as columns on Table 3 of the attached FY 2019-20 Proposed Budget, and to move appropriated budgets for allocated staffing and operating costs between projects, and to transfer appropriations between affordable housing projects in response to changes in project schedules; and to expend funds appropriated in prior years in reserve accounts designated for affordable housing projects, community benefits grants, and other designated purposes; and, be it further

RESOLVED, That this Commission authorizes OCII to expend, subject to any ROPS or contract approval that may be necessary, the property tax and other revenues subject to the OCII Pledge Agreements that may be received in excess of amounts included in the FY 2019-20 Proposed Budget; and, be it further

RESOLVED, That this Commission authorizes OCII to expend, subject to any ROPS or contract approval that may be necessary, the interest earned on bond proceeds for purposes consistent with the bond indentures; provided, however, that OCII has determined that such interest is not subject to Internal Revenue Service arbitrage restrictions.

I hereby certify that the foregoing resolution was adopted by the Commission at its meeting of May 7, 2019.

Commission Secretary

Exhibit A: OCII's Proposed FY 2019-20 Budget



Exhibit A

Proposed FY19-20 Budget

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1. Background

On February 1, 2012, the State of California dissolved the San Francisco Redevelopment Agency (“SFRA”) along with all 400 redevelopment agencies in California under Cal. Health & Safety Code §§ 34170 et seq (“Dissolution Law”). Pursuant to the Dissolution Law and to Board of Supervisors (“BOS”) Ordinance 215-12, the Office of Community Investment & Infrastructure (“OCII”) is the Successor Agency to the SFRA.

OCII is charged with completing work related to approved enforceable obligations. Those enforceable obligations are related to: (1) the Projects defined in BOS Ordinance No. 215-12 as the Mission Bay North and South Projects, the Transbay Project, and the Hunters Point Shipyard/Candlestick Point Project; (2) management of SFRA assets, existing economic development agreements such as loans, grants, or owner participation agreements, and other real property and assets of SFRA that must be wound down under the Dissolution Law; and (3) OCII’s Retained Affordable Housing Obligations.

Governance

Ordinance 215-12 establishes the Successor Agency Commission as the main governing body of OCII. The Commission provides financial and policy oversight and exercises land use and design approval authority for the Projects. The Commission is comprised of five members appointed by the Mayor and confirmed by the Board of Supervisors, with two of the seats held by residents of the two supervisorial districts that contain the largest amounts of the Projects.

Dissolution Law requires there be a governing body known as an Oversight Board (“OB”). The OB has a fiduciary duty to the holders of enforceable obligations with the former SFRA and to the taxing entities that are entitled to an allocation of property taxes. The OB reviews and approves OCII’s expenditures and use of tax increment through the annual Recognized Obligation Payment Schedules. The OB also approves the issuance of bonds, transfers of property, and other matters related to the dissolution of SFRA. The Mayor appoints four of the seven members of the OB, subject to confirmation by the Board of Supervisors. One of those four members represents the largest group of former OCII employees. The remaining three members are representatives of affected taxing entities: the Bay Area Rapid Transit District, the San Francisco Unified School District, and the San Francisco Community College.

Dissolution Law establishes that OCII is a separate entity from the City and County of San Francisco (“CCSF”), as was the SFRA. However, under the Community Redevelopment Law, as amended by Dissolution Law, the BOS, in its capacity as the legislative body for CCSF, must still approve OCII’s annual budget (Cal Health & Safety Code § 33606). Accordingly, the OCII’s budget must be approved first by the Commission and subsequently approved by the Mayor and Board of Supervisors.

2. Program Summary

OCII's primary activity is funding and facilitating delivery of affordable housing and infrastructure in the project areas of Mission Bay North and South, Transbay, and Hunters Point Shipyard/Candlestick Point. OCII's programmatic spending reflects this mission. Much of OCII staff time is spent on working closely with development partners and City agencies on land use plans and the associated permits and maps necessary to build these new communities. Additional details on OCII's staffing efforts related to that review as well as information on FY19-20 programmatic goals for the delivery of public infrastructure (such as parks and open spaces), affordable housing units, and support of community benefits and workforce development can be found in the subsequent sections. Below are brief summaries OCII's three Projects, along with FY19-20 program highlights.

Mission Bay

The project areas of Mission Bay North and Mission Bay South, together referred to as Mission Bay, were established in 1998 to create a vibrant transit-oriented and mixed-use community that will result in 6,514 residential units (29 percent of which will be affordable), 4 million square feet of office and biotechnology space, 419,000 square feet of retail uses, a new University of California San Francisco ("UCSF") research campus and medical center, 18,000-seat event center, 250-room hotel, library, school, police headquarters, and a local police and fire department. Mission Bay also contain 49 acres of open space, approximately 41 of which are owned by the City (master leased by and managed by OCII) and approximately eight of which are owned by UCSF. The master developer of the Mission Bay Project, FOCIL MB, is responsible for constructing public infrastructure and parks pursuant to an Owner Participation Agreement. OCII reimburses the developer for constructed infrastructure. OCII is responsible for approving the land uses and designs of both the public and private development projects and directly funds affordable housing in Mission Bay. Completion of the Mission Bay Project is anticipated in six to 10 years and will result in construction of more than \$900 million of new infrastructure, development of over \$8 billion in private vertical development, and creation of 31,000 permanent jobs.

To date 5,789 residential units, 3.5 million square feet of office and biotechnology space, 300,000 square feet of retail uses, a 550-bed hospital, 55 percent of the UCSF research campus and 27 acres of open space have been built. In FY19-20, OCII will continue to reimburse the master developer for completed infrastructure using a combination of tax allocation bond proceeds, property tax increment, and Community Facility District ("CFD") funds. OCII will also monitor the construction of 271 affordable housing units on Blocks 3E and 6W, fund two stand-alone affordable housing projects on Blocks 9 and 9a, continue to review designs and permits for open spaces and private commercial development, and plan for the use of public art fees contributed by various developers. Five parks will complete construction in FY19-20, and three additional parks totaling over 10 acres of open space will be in construction throughout FY19-20. OCII will incorporate completed parks into OCII's existing contract with a third party parks manager, which

is funded through maintenance CFD #5. A significant amount of private development will complete in FY19-20, most notably Chase Center, and the Uber Headquarters, which is comprised of four office towers totaling over 1 million square feet of office space. Additionally, UCSF will complete construction of three new medical buildings. The 250-room hotel at Block 1 will be in construction through FY19-20. Based on current requests for additional commercial, hotel, and residential entitlements, OCII may request amendments to the Mission Bay South Redevelopment Plan, Owner Participation Agreement and Design for Development.

Transbay

The Transbay Project was established in 2005 and is located primarily between Folsom and Howard Streets, east of 2nd Street, and west of Spear and Main Streets. A small portion of the Transbay Project extends south of Folsom Street along Essex Street to Harrison Street. The Transbay Project consists of two zones: Zone 1 is under the land use authority of OCII and consists of twelve blocks of land, of which eleven were formerly owned by the State, while Zone 2 is under the City Planning Department's jurisdiction. OCII is responsible for funding the design and construction of several new parks, streetscape improvements on Folsom Street, selling designated former State-owned parcels to fund construction of the Salesforce Transit Center, and forming partnerships with for-profit and non-profit developers to provide housing on the blocks, including directly funding a significant amount of affordable housing. Thirty-five percent of all new housing units in the entire Transbay Area will be affordable. When Zone 1 is fully built out, there will be approximately 3,200 residential units (of which 43 percent will be affordable), 800,000 square feet of office, 75,000 square feet of retail, and 3.5 acres of open space.

In FY19-20, all of the office space and 1,267 residential units will be complete, 929 units will be in construction, and 930 units will be in the planning phase. OCII will continue to monitor the two projects in construction (Blocks 9 and 1), both of which are mixed-income projects with anticipated completion during FY19-20. The 930 units in the planning phase consist of two projects that will occupy each end of the current Temporary Bus Terminal. First, a large mixed-income residential project on Block 4, which may require amendments to the Redevelopment Plan and associated design controls to allow for maximum efficiency of the site. Second, a stand-alone affordable housing on Block 2 that OCII will subsidize. OCII is in negotiations with a development team on Block 4 and anticipates seeking a development team for Block 2 in FY19-20.

Regarding infrastructure development, in FY19-20 OCII will disburse funds through an existing contract with San Francisco Public Works ("SFPW") for a major streetscape construction project on Folsom Street between Essex and Spear Streets. OCII will also disburse funds through existing contracts with SFPW and third party design consultants to facilitate the design and predevelopment activities associated with two future parks: the 2.4 acre Under-ramp Park, which will be located underneath the Fremont off-ramp and the bus ramp to the Salesforce Transit Center, and the 1-acre

Transbay Park that will be located in the middle section of the current Temporary Bus Terminal (Block 3).

Hunters Point Shipyard and Candlestick Point

The Hunters Point Shipyard/Candlestick Point Project is composed of approximately 770 acres along the southeastern waterfront of San Francisco. The San Francisco Board of Supervisors originally adopted the Shipyard Redevelopment Plan in 1997 and amended it in 2010, along with the Bayview Hunters Point Redevelopment Plan, to add Candlestick Point to the Project, facilitating integrated development of the Hunters Point Shipyard and Candlestick Point Projects. Hunters Point Shipyard will be developed in two distinct phases by different master developers: Lennar, which is developing Hunters Point Shipyard Phase 1, and FivePoint, which is developing Hunters Point Shipyard Phase 2/Candlestick Point. Together, the entire Hunters Point Shipyard/Candlestick Point Project will generate more than 12,100 units of housing (of which approximately one-third will be affordable), 326 acres of parks, over 4.4 million square feet of commercial space, and approximately \$89 million of community benefits such as homeowner assistance, workforce development, job training, educational assistance, and contributions to South East Health Center.

To date, a total of 776 units have been built at Hunters Point Shipyard Phase 1 and Candlestick Point, including the first four phases of a revitalized Alice Griffith public housing development. In FY19-20, an additional 66 units in Hunters Point Shipyard Phase 1 will be fully complete. Also in Hunters Point Shipyard Phase 1, OCII will continue planning activities on two OCII funded affordable housing projects totaling over 180 units on Blocks 52/54 and 56, while also working with Lennar and a third party Community Builder on predevelopment activities for multiple mixed-income residential projects. OCII will continue to work with Lennar to facilitate the completion of new open spaces at Hunters Point Shipyard Phase 1 and will seek to enter into a contract with a third party parks manager funded through maintenance CFD #8. OCII owns the artists' studio building known as "Building 101" and will continue to implement an existing contract with SFPW, which is funded by a federal Economic Development Administration grant, to design and implement significant upgrades to this artists' building.

At Candlestick Point, OCII staff will work with FivePoint and various City departments to approve land use plans necessary to transform the former 22-acre Candlestick stadium site into a new mixed-use development with a combination of office, retail, hotel, film and arts center, and affordable senior housing development. OCII will also work with FivePoint to demolish the now vacant buildings at the previous Alice Griffith public housing site. Both Lennar and FivePoint have made significant monetary contributions in accordance with their Community Benefits Agreements, and OCII anticipates funding multiple contracts for educational, homeowner assistance, and other economic development programs in FY19-20.

As shown in Exhibit 1, the proposed FY19-20 budget of \$640.7 million represents a decrease of \$104.3 million from the FY18-19 budget of \$745.0 million. Of this amount, \$522.7 million in uses (\$36.1 million for Operations and \$486.6 million for Non-Operations) is new budget authority and \$118.0 million is Prior Period Authority carried forward from FY18-19. 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.

Year-over-year (“YOY”) changes to current year revenue sources compared to FY18-19 are primarily due to an increase in pledged property tax and fund balance. Fund balance reflects funds received in previous years that are not committed in FY19-20 due to project timing of funding or restrictions. These increases are offset by a decrease in new bonds due to smaller planned issuances in FY19-20 relative to FY18-19 and a decrease in Prior Period Authority due to spending down on existing housing loans.

YOY changes to current year uses compared to FY18-19 are primarily due to a decrease in affordable housing loans in FY19-20 relative to FY18-19. In FY18-19, OCII planned to enter into nine affordable housing loans. In FY19-20, OCII plans to enter into six loans, as some projects have been postponed due to delays in the infrastructure delivery in Hunters Point Shipyard/Candlestick Point. FY19-20 uses have also decreased due to the transfer of South Beach Harbor and reductions in operational costs based on need.

These decreases in current year uses are offset by increases in development infrastructure reimbursements in Mission Bay and fund balance in Mission Bay and Transbay. Increases in fund balance are due to receipt of fees that cannot be used in the current year due to funding restrictions but will be used in future years.

Exhibit 1: Proposed FY19-20 Budget Compared to FY18-19 Budget, Millions*

	FY18-19 Budgeted	FY19-20 Proposed	YOY Difference
Sources			
Property Tax Increment - TAB Debt Service	\$ 61.7	\$ 74.6	\$ 12.9
Property Tax Increment - Debt Portfolio	\$ 2.0	\$ 2.3	\$ 0.3
Property Tax Increment - Mission Bay	\$ 53.2	\$ 57.0	\$ 3.8
Property Tax Increment - HPS2/CP	\$ 0.2	\$ 0.4	\$ 0.2
Property Tax Increment - State Owned TBY	\$ 7.3	\$ 13.7	\$ 6.4
Property Tax Increment - Other	\$ 5.8	\$ 5.6	\$ (0.2)
Property Tax Increment - ACA	\$ 4.7	\$ 4.4	\$ (0.2)
Subtotal CY Property Tax Increment	\$ 134.8	\$ 158.0	\$ 23.2
New Bonds - Housing	\$ 104.2	\$ 25.4	\$ (78.8)
New Bonds - Infra	\$ 39.2	\$ 15.3	\$ (23.9)
Subtotal CY New Bonds	\$ 143.4	\$ 40.7	\$ (102.7)
Developer Payments	\$ 23.5	\$ 20.2	\$ (3.3)
Subtotal CY Developer Payments	\$ 23.5	\$ 20.2	\$ (3.3)
Rent & Lease Revenue	\$ 6.0	\$ 0.9	\$ (5.0)
Loan Repayments	\$ -	\$ 5.9	\$ 5.9
Payments from Other Gov Entities	\$ 3.8	\$ 4.4	\$ 0.6
Hotel Tax	\$ 6.0	\$ 4.5	\$ (1.5)
Subtotal CY Other	\$ 15.8	\$ 15.8	\$ (0.0)
Fund Balance - Housing	\$ 79.6	\$ 170.8	\$ 91.3
Fund Balance - Non-Housing	\$ 18.7	\$ 11.7	\$ (7.0)
Subtotal CY Fund Balance	\$ 98.3	\$ 182.6	\$ 84.3
Prior Period Authority - Housing	\$ 181.5	\$ 67.4	\$ (114.1)
Prior Period Authority - Non-Housing	\$ 147.7	\$ 156.0	\$ 8.3
Subtotal CY Prior Period Authority	\$ 329.2	\$ 223.4	\$ (105.8)
Total CY Sources	\$ 745.0	\$ 640.7	\$ (104.3)
Uses			
Uses - Operations			
Operational Salaries and Benefits	\$ 8.6	\$ 9.3	\$ 0.7
Affordable Housing Services	\$ 1.2	\$ 1.8	\$ 0.6
Rent	\$ 0.6	\$ 0.7	\$ 0.1
Retiree Health and Pension Costs	\$ 3.5	\$ 3.9	\$ 0.5
Auditing & Accounting Services	\$ 0.6	\$ 0.2	\$ (0.4)
Legal Services	\$ 1.4	\$ 1.4	\$ 0.0
Planning & Infrastructure Rvw	\$ 9.1	\$ 5.4	\$ (3.7)
Real Estate Development Services	\$ 0.2	\$ 0.2	\$ (0.0)
Workforce Development Services	\$ 0.5	\$ 0.4	\$ (0.1)
Other Professional Services	\$ 5.6	\$ 3.6	\$ (2.0)
Grants to Community-Based Organizations	\$ 0.5	\$ 1.7	\$ 1.2
Payments to Other Public Agencies	\$ 10.4	\$ 6.3	\$ (4.1)
Other Current Expenses	\$ 1.0	\$ 1.1	\$ 0.1
Subtotal CY Uses - Operations	\$ 43.2	\$ 36.1	\$ (7.1)
Uses - Non-Operations			
Affordable Housing Loans	\$ 220.3	\$ 98.9	\$ (121.4)
Development Infrastructure	\$ 120.9	\$ 149.1	\$ 28.2
Pass-through to TJPA	\$ 5.5	\$ 8.6	\$ 3.2
Debt Service - OCII TAB Bonds	\$ 109.8	\$ 101.9	\$ (7.9)
Public Art	\$ -	\$ 1.1	\$ 1.1
Other Debt	\$ 29.7	\$ 7.6	\$ (22.1)
Fund Balance - Housing	\$ 70.1	\$ 114.2	\$ 44.1
Fund Balance - Non-Housing	\$ 11.1	\$ 5.1	\$ (6.0)
Subtotal CY Uses - Non-Operations	\$ 567.4	\$ 486.6	\$ (80.8)
Prior Period Authority - Housing	\$ 63.7	\$ 67.4	\$ 3.7
Prior Period Authority - Non-Housing	\$ 70.7	\$ 50.6	\$ (20.1)
Subtotal CY Prior Period Authority	\$ 134.4	\$ 118.0	\$ (16.4)
Total Budget Uses	\$ 745.0	\$ 640.7	\$ (104.3)
Sources vs. Uses	\$ -	\$ -	\$ -

*Dollar amounts will be slightly off due to rounding.

As shown in Exhibit 2, of the \$498.7 million budgeted to direct programmatic needs, OCII will expend \$286.4 million on affordable housing, \$209.6 million on infrastructure and other non-housing activities, and \$2.7 million on community development and workforce activities. These expenditures will draw primarily from Fund Balance and Prior Period Authority (“PPA”). PPA reflects budget approved in prior year that OCII will expend over time. Fund Balance reflects funds on hand that do not have a use in FY19-20 but OCII will expend in future years.

Exhibit 2: Proposed FY19-20 Budget Programmatic Summary, Millions*

	Sources	Property Tax	Developer Payments	New Bonds - Housing	New Bonds - Infra	Rent & Lease Revenue	Fund Balance / Prior Period	Other	Total	Percent							
Uses																	
<u>Direct Program Spending</u>																	
Affordable Housing	\$	14.0	\$	3.5	\$	24.8	\$	-	\$	238.3	\$	5.9	\$	286.4	44.7%		
Infrastructure & Other Non-Housing	\$	20.0	\$	9.2	\$	-	\$	15.0	\$	-	\$	165.5	\$	-	\$	209.6	32.7%
Comm Dev & Workforce	\$	-	\$	0.5	\$	-	\$	-	\$	-	\$	2.2	\$	-	\$	2.7	0.4%
Direct Programmatic Subtotal	\$	33.9	\$	13.1	\$	24.8	\$	15.0	\$	-	\$	406.0	\$	5.9	\$	498.7	77.8%
<u>Indirect Program Spending</u>																	
Asset Management	\$	0.4	\$	-	\$	-	\$	-	\$	0.0	\$	-	\$	4.3	\$	4.7	0.7%
Project Mgmt & Operations	\$	11.4	\$	7.1	\$	0.1	\$	-	\$	-	\$	-	\$	0.1	\$	18.7	2.9%
Debt Service	\$	103.7	\$	-	\$	0.5	\$	0.3	\$	0.5	\$	-	\$	4.5	\$	109.5	17.1%
Pass-through to TJPA	\$	8.6	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	8.6	1.3%
Other	\$	-	\$	-	\$	-	\$	-	\$	0.4	\$	-	\$	-	\$	0.4	0.1%
Indirect Programmatic SubTotal	\$	124.1	\$	7.1	\$	0.6	\$	0.3	\$	0.9	\$	-	\$	8.9	\$	141.9	22.2%
Total	\$	158.0	\$	20.2	\$	25.4	\$	15.3	\$	0.9	\$	406.0	\$	14.8	\$	640.7	100.0%

*Dollar amounts will be slightly off due to rounding.

In order to support the delivery of these direct programmatic activities, the Proposed FY19-20 Budget includes funding for indirect program expenditures, such as asset management, project management and operations, debt service, and pass-through of pledged property tax to the Transbay Joint Powers Authority (“TJPA”). Exhibit 2 shows a total of \$141.9 million budgeted to these indirect programmatic expenditures, which are primarily supported through property tax and developer payments.

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Exhibit 3: Proposed FY19-20 Budget by Project Area/Cost Center, *Millions**

Sources	Operations	Debt	HPS / CP	MBN	MBS	TBY	Other	Total
Property Tax Increment - TAB Debt Service	\$ -	\$ 74.6	\$ -	\$ -	\$ -	\$ -	\$ -	74.6
Property Tax Increment - Debt Portfolio	\$ -	\$ 2.3	\$ -	\$ -	\$ -	\$ -	\$ -	2.3
Property Tax Increment - Mission Bay	\$ -	\$ 27.3	\$ -	\$ 9.1	\$ 20.6	\$ -	\$ -	57.0
Property Tax Increment - HPS2/CP	\$ -	\$ -	\$ 0.4	\$ -	\$ -	\$ -	\$ -	0.4
Property Tax Increment - State Owned TBY	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13.7	\$ -	13.7
Property Tax Increment - Other	\$ 4.4	\$ -	\$ 0.7	\$ -	\$ -	\$ 0.2	\$ 0.3	5.6
Property Tax Increment - ACA	\$ 4.4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	4.4
Subtotal CY Property Tax Increment	\$ 8.8	\$ 104.2	\$ 1.1	\$ 9.1	\$ 20.6	\$ 13.9	\$ 0.3	158.0
New Bonds - Housing	\$ -	\$ 0.6	\$ 24.8	\$ -	\$ -	\$ -	\$ -	25.4
New Bonds - Infra	\$ -	\$ 0.3	\$ 15.0	\$ -	\$ -	\$ -	\$ -	15.3
Subtotal CY New Bonds	\$ -	\$ 0.9	\$ 39.8	\$ -	\$ -	\$ -	\$ -	40.7
Developer Payments	\$ -	\$ -	\$ 11.6	\$ 0.0	\$ 6.0	\$ 2.4	\$ 0.1	20.2
Subtotal CY Developer Payments	\$ -	\$ -	\$ 11.6	\$ 0.0	\$ 6.0	\$ 2.4	\$ 0.1	20.2
Rent & Lease Revenue	\$ -	\$ 0.5	\$ 0.4	\$ -	\$ -	\$ -	\$ 0.0	0.9
US Navy Cooperative Agreement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Loan Repayments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5.9	5.9
Payments from Other Gov Entities	\$ 0.1	\$ -	\$ 4.3	\$ -	\$ -	\$ -	\$ -	4.4
Hotel Tax	\$ -	\$ 4.5	\$ -	\$ -	\$ -	\$ -	\$ -	4.5
Subtotal CY Other	\$ 0.1	\$ 5.1	\$ 4.7	\$ -	\$ -	\$ -	\$ 5.9	15.8
Fund Balance - Housing	\$ -	\$ -	\$ 25.4	\$ -	\$ 44.0	\$ 76.6	\$ 24.8	170.8
Fund Balance - Non-Housing	\$ 0.1	\$ -	\$ 2.9	\$ -	\$ 1.1	\$ 7.3	\$ 0.3	11.7
Subtotal CY Budget Sources	\$ 0.1	\$ -	\$ 28.3	\$ -	\$ 45.1	\$ 84.0	\$ 25.1	182.6
Prior Period Authority - Housing	\$ -	\$ -	\$ 11.8	\$ -	\$ 54.5	\$ 0.9	\$ 0.2	67.4
Prior Period Authority - Non-Housing	\$ -	\$ -	\$ -	\$ 24.1	\$ 82.3	\$ 32.8	\$ 16.8	156.0
Subtotal CY Sources - Prior Period Authority	\$ -	\$ -	\$ 11.8	\$ 24.1	\$ 136.8	\$ 33.8	\$ 17.0	223.4
Total CY Sources	\$ 9.1	\$ 110.1	\$ 97.3	\$ 33.2	\$ 208.5	\$ 134.1	\$ 48.4	640.7
Uses								
Uses - Operations								
Allocated Staff & Operating Expenses	\$ (9.7)	\$ 0.6	\$ 3.6	\$ 0.2	\$ 2.3	\$ 2.7	\$ 0.4	0.0
Operational Salaries and Benefits	\$ 9.3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	9.3
Affordable Housing Services	\$ 1.8	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	1.8
Rent	\$ 0.7	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.7
Retiree Health and Pension Costs	\$ 3.9	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	3.9
Auditing & Accounting Services	\$ 0.2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.2
Legal Services	\$ 0.3	\$ -	\$ 1.0	\$ -	\$ -	\$ 0.0	\$ -	1.4
Planning & Infrastructure Rvw	\$ 0.0	\$ -	\$ 5.4	\$ -	\$ -	\$ -	\$ -	5.4
Real Estate Development Services	\$ 0.2	\$ -	\$ 0.0	\$ -	\$ -	\$ -	\$ 0.0	0.2
Workforce Development Services	\$ 0.1	\$ -	\$ 0.1	\$ -	\$ -	\$ 0.1	\$ -	0.4
Other Professional Services	\$ 0.9	\$ -	\$ 1.6	\$ -	\$ 1.0	\$ 0.1	\$ -	3.6
Grants to Community-Based Organizations	\$ -	\$ -	\$ 1.7	\$ -	\$ -	\$ -	\$ -	1.7
Payments to Other Public Agencies	\$ -	\$ -	\$ 0.4	\$ -	\$ -	\$ -	\$ 5.9	6.3
Other Current Expenses	\$ 1.1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	1.1
Subtotal CY Uses - Operations	\$ 8.9	\$ 0.6	\$ 13.8	\$ 0.2	\$ 3.3	\$ 3.0	\$ 6.3	36.1
Uses - Non-Operations								
Affordable Housing Loans	\$ -	\$ -	\$ 49.5	\$ -	\$ 42.4	\$ 7.0	\$ -	98.9
Development Infrastructure	\$ -	\$ -	\$ 15.3	\$ 30.6	\$ 95.4	\$ -	\$ 7.8	149.1
Pass-through to TJPA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8.6	\$ -	8.6
Debt Service - OCII TAB Bonds	\$ -	\$ 101.9	\$ -	\$ -	\$ -	\$ -	\$ -	101.9
Public Art	\$ -	\$ -	\$ -	\$ -	\$ 1.1	\$ -	\$ -	1.1
Other Debt	\$ -	\$ 7.6	\$ -	\$ -	\$ -	\$ -	\$ -	7.6
Fund Balance - Housing	\$ -	\$ -	\$ 0.8	\$ 2.3	\$ 11.8	\$ 74.4	\$ 24.8	114.2
Fund Balance - Non-Housing	\$ -	\$ -	\$ 1.4	\$ -	\$ -	\$ 3.4	\$ 0.3	5.1
Subtotal CY Uses - Non-Operations	\$ -	\$ 109.5	\$ 67.0	\$ 32.9	\$ 150.7	\$ 93.5	\$ 32.9	486.6
Prior Period Authority - Housing	\$ -	\$ -	\$ 11.8	\$ -	\$ 54.5	\$ 0.9	\$ 0.2	67.4
Prior Period Authority - Non-Housing	\$ 0.1	\$ -	\$ 4.7	\$ -	\$ -	\$ 36.7	\$ 9.0	50.6
Subtotal CY Uses - Prior Period Authority	\$ 0.1	\$ -	\$ 16.5	\$ -	\$ 54.5	\$ 37.7	\$ 9.2	118.0
Total Budget Uses	\$ 9.1	\$ 110.1	\$ 97.3	\$ 33.2	\$ 208.5	\$ 134.1	\$ 48.4	640.7
Sources vs. Uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-

**Dollar amounts will be slightly off due to rounding.*

Exhibit 3 shows the total Proposed FY19-20 Budget of \$640.7 million by Project and cost center. The column headers describe Operations, Debt, and OCII's major active projects: Hunters Point Shipyard Phase 1 and Phase 2 / Candlestick Point ("Hunters Point Shipyard / Candlestick Point" or "HPS/CP"), Mission Bay North ("MBN"), Mission Bay South ("MBS"), and Transbay ("TBY"). Expenditure unrelated to the major active project areas, Operations, or Debt are rolled up and shown in the Other column. Exhibit 3 integrates the proposed budget for affordable housing into the appropriate project area, according to each project's location.

As shown in Exhibit 3, Mission Bay South expenditures are the largest cost center in OCII's budget, reflecting the project area's maturity relative to other project areas. These expenditures are primarily for affordable housing loans and infrastructure reimbursements. Transbay is the

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second largest cost center, reflecting continued construction of the parks and infrastructure in the project area. Debt reflects the third largest cost center as OCII continues to manage a portfolio of over 20 bonds.

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3. Land Use and Infrastructure

OCII's Projects are developed in accordance with land uses approved through a variety of regulatory documents including Redevelopment Plans, design and zoning control documents, as well as phased development applications ("Major Phases" or "Sub Phases"). The design and construction of infrastructure, including streets, utilities, parks and open spaces must be in compliance with these regulatory documents. OCII staff work closely with other City agencies, developers, and a variety of professional consultants to review and ultimately approve the land uses and designs. Below is a summary of the major land use reviews OCII will undertake in FY19-20.

FY19-20 Land Use Approvals and Planning

Mission Bay

Mission Bay is the most mature of OCII's Projects. The major land use approvals in Mission Bay are complete, along with the majority of the infrastructure. However, OCII expects to amend some existing entitlements in FY19-20. A private developer is seeking an increase in commercial entitlements for a vacant lot in Mission Bay South, and the Golden State Warriors have requested additional entitlements to allow for a mixed-use hotel and residential project to be added to the Chase Center site. OCII will review these proposals and recommend necessary actions to the Commission and other approval bodies. Recommendations could include amendments to the Mission Bay South Redevelopment Plan, the Design for Development, and the Owner Participation Agreement. Upon approval of other amendments, OCII will review proposed schematic designs. In addition, OCII will begin discussions with the San Francisco Arts Commission on how to program the public art fees paid by various developers pursuant to the Redevelopment Plan requirements.

Transbay

Transbay is comparable to an infill style of development, rather than a master developed project on vacant land. As such, the existing infrastructure and streetscape network of downtown primarily supports the developments in the Transbay Project. OCII will utilize an existing contract with a third party design consultant to prepare schematic designs for Under-ramp Park. As this park will be owned by the TJPA, OCII will seek final design approvals from the TJPA Board of Directors as well as the OCII Commission, and utilize an existing contract with SFPW to prepare the project for construction bidding. Planning work for Transbay Park will continue in FY19-20. OCII will utilize an existing contract with SFPW to design this park. OCII does not anticipate formal schematic design approvals until FY20-21.

Hunters Point Shipyard/Candlestick Point

The Hunters Point Shipyard/Candlestick Point Project is composed of two phases, Hunters Point Shipyard Phase 1 and Hunters Point Shipyard Phase 2/Candlestick Point. Hunters Point Shipyard Phase 1 is composed of two areas, Hilltop and Hillside. While the majority of the infrastructure

in the Hilltop portion of Phase 1 is complete, the Hillside portion is scheduled to begin site work in FY19-20. Activity in the Hunters Point Shipyard Phase 2/Candlestick Project will focus on the Candlestick Point site, including amendments to the existing Major Phase and Sub-Phase documents, as well as the Candlestick Design for Development. These amendments will provide a more competitive mixed-use office, residential and retail program than the previously proposed regional retail center. OCII will work closely with FivePoint and many City agencies through several work orders to review these proposed plans and recommend necessary actions to the Commission and other approval bodies in FY19-20.

FY19-20 Infrastructure and Non-Housing Completions

There are a number of infrastructure projects in active planning or construction. Due to project timing, a limited number of these projects will achieve completion in FY19-20. Five small parks will complete construction in Mission Bay, and six small-scale park projects (the Galvez overlook and five “pocket parks”) will complete construction in Hunters Point Shipyard Phase 1. In Transbay, construction of the Folsom Street Improvement Project was scheduled to be complete in FY19-20, but SFPW has encountered delays and construction will not be complete until FY20-21. Exhibit 4 summarizes anticipated infrastructure project completions.

Exhibit 4: FY19-20 Infrastructure & Non-Housing Project Completions

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

FY19-20 Infrastructure Funding

OCII anticipates expending \$209.6 million on infrastructure in FY19-20, using the sources shown in Exhibit 5. Additional infrastructure reimbursement and management of completed open spaces may be funded by CFD funds in infrastructure CFDs #4 and #6. Of the amount shown in Exhibit 5, OCII will spend \$149.1 million on development infrastructure reimbursements and \$10.3 million on support services. The remaining expenditures draw from multi-year project funding reflected in PPA or falls to fund balance.

Exhibit 5: FY19-20 Infrastructure & Non-Housing Sources by Uses, *Millions*

Uses	Sources	Developer Payments	New Bonds	Property Tax	Fund Balance	Prior Period Authority	Total by Use
	<i>Other Professional Services</i>	\$2.7					\$2.7
	<i>Planning & Infrastructure Rvw</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	\$0.0	\$114.2	\$149.1
Prior Period Authority - Non-Housing Subtotal					\$4.0	\$41.8	\$45.8
Fund Balance - Non-Housing Subtotal					\$4.4	\$0.0	\$4.4
Total by Source		\$9.2	\$15.0	\$20.0	\$9.5	\$156.0	\$209.6

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4. Housing Obligations

One of OCII's most important missions is to ensure the completion of the affordable housing obligations throughout Mission Bay North and South, Transbay, and Hunters Point Shipyard/Candlestick Point. Exhibit 6 shows OCII's total housing production obligation of 21,820 units, which represents the full build out of the Projects from inception to completion. This includes market rate units, developer funded inclusionary affordable units, and OCII funded affordable housing units. By the start of FY19-20, OCII anticipates that a total of 7,832 housing units will be complete across the Projects.

Exhibit 6: OCII's Total Housing Production, as of July 1, 2019

	Mission Bay North	Mission Bay South	Transbay	Hunters Point Shipyard Phase 1	Hunters Point Shipyard Phase 2 / Candlestick Point	Total
Completed	2,964	2,825	1,267	439	337	7,832
In Construction		271	929	66		1,266
Predevelopment		141	683	593	1,682	3,099
Preliminary Planning		208	247	294	806	1,555
Future Development		105	80	36	7,847	8,068
Total by Project	2,964	3,550	3,206	1,428	10,672	21,820

Of the 21,820 total housing units shown in Exhibit 6, OCII's development agreements require the agency to produce over 7,000 affordable housing units, over 60 percent of which will be funded by OCII. The OCII-funded units are known as OCII's Retained Affordable Housing Production Obligation, shown in Exhibit 7 by Project.

Exhibit 7: OCII-Funded Retained Affordable Housing Production Obligation, by Project

	Mission Bay North	Mission Bay South	Transbay	Hunters Point Shipyard Phase 1	Hunters Point Shipyard Phase 2 / Candlestick Point	Total
Completed	407	493	308		337	1,545
In Construction		105	155	36	748	1,044
Predevelopment		119				119
Preliminary Planning		293	245	112	332	982
Future Development		208	79	70	227	584
Total by Project	407	1,218	787	218	1,644	4,274

F 19-20 Housing Completions

In FY19-20, 1,114 housing units will complete in OCII's Projects. These completions are comprised of OCII-funded affordable units in Mission Bay South; OCII-funded affordable, inclusionary affordable, and market rate units in Transbay; and market rate and inclusionary affordable units in Hunters Point Shipyard Phase 1. There are no completions scheduled for FY19-20 in Mission Bay North and Hunters Point Shipyard Phase2/Candlestick Point. Exhibit 8 provides a breakdown of these projected completions by Project.

Exhibit 8: OCII's Housing Production, FY19-20 Projected Completions

	Mission Bay North	Mission Bay South	Transbay		Hunters Point Shipyard Phase 1	Hunters Pt Shipyard Ph 2 / Candlestick Pt	Total
<i>Project</i>		<i>Block 3E</i>	<i>Block 9</i>	<i>Block 1</i>	<i>Block 55</i>		
Housing Type							
OCII Funded Affordable Units		119	76				195
Inclusionary Affordable Units			109	80	3		192
Market Rate Units			428	236	63		727
FY19-20 Total Completions	0	119	537	392	66	0	1,114

FY19-20 Housing Budget

Each fiscal year, OCII funds a significant amount of affordable housing in stand-alone projects that include connection to services appropriate to the target population. OCII typically funds a combination of loans for predevelopment loans for new projects just beginning the design process, loans for ongoing projects that will be soon begin construction, and additional construction funding for projects where overall funding sources have changed.

To fulfill its production obligation, OCII anticipates expending \$286.4 million in FY19-20, as shown in Exhibit 9. Of this amount, OCII will expend \$172.0 million on affordable housing loans and the remainder will fall to fund balance due to timing of receipt of funds and lack of current year use due to funding restrictions.

Exhibit 9: OCII-Funded Affordable Housing Program, FY19-20 Sources by Uses, *Millions*

Sources	New Bonds	Property Tax	Loan Repayment	Other	Fund Balance	Prior Period Authority	Total by Use
Uses							
New Affordable Housing Loans	\$24.8				\$74.1		\$98.9
Existing Affordable Housing Loans			\$5.9			\$67.2	\$73.1
Affordable Housing Loans Subtotal	\$24.8		\$5.9		\$74.1	\$67.2	\$172.0
Housing Pledge Fund Balance		\$14.0			\$12.1		\$26.0
Other Fund Balance				\$3.5	\$84.7	\$0.2	\$88.4
Fund Balance Subtotal		\$14.0		\$3.5	\$96.8	\$0.2	\$114.4
Total by Source	\$24.8	\$14.0	\$5.9	\$3.5	\$170.8	\$67.4	\$286.4

In FY 19-20, OCII will fund three predevelopment loans and two construction loans, and will provide additional funding for one project completing construction. These loans will result in construction of housing that serves a wide variety of housing needs, including typical family rental units, first time homeownership units, and senior and supportive housing units. Exhibit 10 provides a breakdown of OCII-Funded Affordable Housing by housing type.

Exhibit 10: OCII-Funded Affordable Housing by Housing Type, *Millions*

OCII Funded Project	Family Rental Housing	1st Time Home- ownership Housing	Senior Rental Housing	Supportive Housing	Total
Mission Bay South Block 9 Construction				\$38.9	\$38.9
Mission Bay South Block 9a Predevelopment		\$3.5			
Transbay Blocks 2E & 2W Predevelopment	\$3.5		\$3.5		\$7.0
Hunters Point Shipyard Phase 1 Blocks 52/54 Construction	\$45.0				\$45.0
Hunters Point Shipyard Phase 1 Blocks 56 Predevelopment	\$3.5				\$3.5
Alice Griffith Phase 4 Additional Construction Funding	\$1.0				\$1.0
Total Funding	\$53.0	\$3.5	\$3.5	\$38.9	\$98.9

5. Community and Workforce Development

OCII has multiple agreements through which developers make financial contributions for community benefits and economic development grants and programs. The most significant of these agreements exist for the Hunters Point Shipyard Phase 1 and Hunters Point Shipyard Phase 2/Candlestick Point Projects. Both projects have a Community Benefits Agreement that identifies milestones at which the master developer is obligated to make community benefits payments to OCII. OCII programs and expends these funds to benefit the community.

As of FY19-20, OCII anticipates expending approximately \$1.7 million in Hunters Point Shipyard/Candlestick Point. OCII plans to execute contracts with third party partners to implement community benefits programs for educational uses, homeownership assistance, contractor assistance, and other neighborhood building, wellness and economic development efforts.

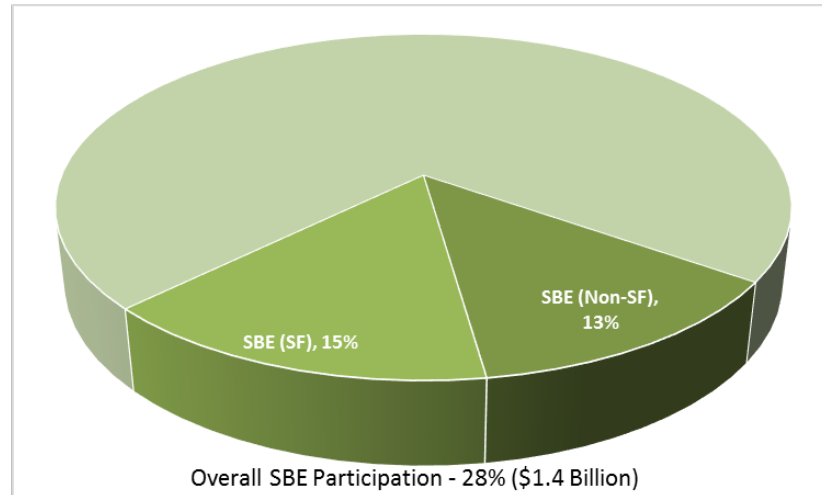
Community Development and Workforce

OCII, as the successor agency to the SFRA, has a long history of promoting equal opportunity in contracts for professional design and construction services and in the workforce of contractors performing work on OCII-administered contracts. OCII adopted and continues to actively implement the Equal Opportunity Programs (“EOP”) of the prior SFRA. These programs are comprehensive and mirror ordinances enacted by the City, including nondiscrimination in contracts and benefits, health care accountability, minimum compensation, prevailing wage, local hiring, and small business contracting.

OCII’s EOP program applies to all OCII-administered contracts, including Development and Disposition Agreements, ground leases, and loan agreements, among others. OCII administers the EOP program on all stages of a project, from design through construction.

Since dissolution of the former SFRA in 2012, OCII has overseen the award of over \$5.1 billion in contracts with over \$1.4 billion or 28 percent credited to small business enterprises (“SBE”s). Of this amount, \$794 million, or 15 percent of all awards and 55 percent of SBE awards, is attributed to San Francisco-based small businesses. Minority and women-owned businesses have also participated in a significant manner with over \$753 million in contracts or 15 percent of all awards, reflecting the ethnic and gender diversity of the region. As an economic driver, OCII’s SBE program has benefited over 995 local and small businesses since 2012. In FY19-20, OCII will continue to facilitate economic development.

Exhibit 11: SBE Participation on OCII-Administered Contracts, 2012-2018



Since 2012, over 32,131 workers, of which 5,056 are San Francisco residents, have performed over 11.3 million construction hours on OCII-administered projects. Local residents performed nearly 2.5 million hours or 22 percent of the total, garnering \$103 million in wages. In FY19-20, OCII will continue to implement local construction hiring on its projects.

OCII anticipates completion of several commercial buildings in FY19-20 and has begun working with the Office of Economic and Workforce Development (“OEWD”) to transition from local construction hiring to permanent end-using hiring for the upcoming fiscal year. OCII and OEWD will plan and implement a placement and hiring program for permanent jobs for San Francisco residents.

In support of the mission to build communities through housing and infrastructure, OCII provides direct grants, funded by developers, to fund community benefits programs. In addition, OCII contracts with OEWD to support local hire efforts on OCII-administered projects. In FY19-20, OCII will expend a total of \$2.8 million on these Community Development and Workforce activities. An additional \$107 thousand is integrated into the proposed budget for Operations shown in Exhibit 2 and not included in Exhibit 12.

Exhibit 12: OCII’s Community Development and Workforce Sources by Uses, *Millions*

	Source	Developer Payments	Fund Balance - Non-Housing	Total
Use				
Grants to Community-Based Organizations		\$0.2	\$1.5	\$1.7
Workforce Development Services		\$0.4		\$0.4
Fund Balance - Non-Housing			\$0.8	\$0.8
Total		\$0.6	\$2.2	\$2.8

6. Debt

In FY19-20, OCII anticipates expending \$109.5 million on its debt program. The largest expenditure will be for debt service on existing and new tax allocation bonds (“TAB”), which are bonds issued against property tax revenues and are OCII’s primary debt instrument. The second largest expenditure will be debt service on OCII’s Other or non-TAB debt, including hotel bonds, South Beach Harbor CalBoating Loan, the Low Moderate Income Housing Fund loan, and cost of issuance for two planned new money bond issuances. Exhibit 13 details these expenditures by sources and uses.

Exhibit 13: FY19-20 OCII Debt Program, Sources by Uses, *Millions*

Sources	New Bonds	Property Tax	Rent & Lease Revenues	Hotel Tax	Total by Use
Uses					
Debt Service - OCII TAB Bonds		\$101.9			\$101.9
Debt Service - Other	\$0.8	\$1.8	\$0.5	\$4.5	\$7.6
Total by Source	\$0.8	\$103.7	\$0.5	\$4.5	\$109.5

As shown in Exhibit 14, in FY19-20 OCII anticipates issuing two new money TABs: 2019A Housing Bond for \$25.3 million and 2019B Hunters Point Shipyard / Candlestick Point Infrastructure Bond for \$15.3 million. Proceeds from the 2019A Housing Bond will fund affordable housing loans. Proceeds from the 2019B Hunters Point Shipyard / Candlestick Point Infrastructure Bond will fund infrastructure reimbursements in Hunters Point Shipyard / Candlestick Point.

Exhibit 14: FY19-20 Planned New Money Issuances

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

OCII will monitor its tax allocation bond portfolio to determine if market conditions favor refunding bonds. OCII will issue all refunding bonds in accordance with OCII’s debt policy and ensure that all refunding bonds result in net present value debt service savings, thereby decreasing tax increment required for debt service and increasing tax increment available to finance future debt or pay housing and development expenses on a pay-go basis. The amounts of the proposed refundings will be determined and presented to the Commission at the time of the refunding. OCII’s budget resolution will reflect this market uncertainty and will authorize staff to refund bonds in accordance with OCII’s debt policy and upon approval of the Commission, the Oversight Board, and Department of Finance.

7. Operations Budget

In FY19-20, OCII will expend \$18.7 million to fund its operational costs. Specifically, OCII will expend \$9.3 million on salaries and benefits, which reflects labor costs for 55 Full-Time Equivalent and Limited Term Assignment staff. OCII will expend the remaining \$5.4 million on non-labor expenses such as services from City departments, consulting services for legal and other professional services, insurance, materials and supplies, employee training, and software licensing fees. In addition to staffing and non-labor expenses, OCII will expend \$3.9 million on its retirement obligations, including accrued pension liability, health benefits for current retirees, and accrued retiree health liability. OCII pays the full unfunded accrual liability amount for both retirement and health obligations, which is unusual among public entities. This practice ensures benefit programs are solvent and can meet promises made to current employees and retirees.

Exhibit 15 details the sources and uses for OCII's operations. OCII will fund the majority of its operating costs with property tax and developer fees. Bond proceeds will fund staff time required to issue bonds.

Exhibit 15: FY19-20 Operations, Sources by Uses*

Sources	Amount (\$M)
Bond Proceeds	\$0.1
Developer Fees	\$7.2
Property Tax	\$11.4
Total	\$18.7

Uses	Amount (\$M)
Salaries and Benefits	\$9.3
Non-Labor	\$5.4
Retiree Health and Pension	\$3.9
Total	\$18.7

**Numbers slightly off due to rounding*

Exhibit 16 provides details on the non-labor uses in the FY19-20 budget.

Exhibit 16: FY19-20 Non-Labor Uses

Non-Labor Use	Amount (\$M)
Affordable Housing Services	\$1.9
Auditing & Accounting Services	\$0.2
Insurance	\$0.5
Legal Services	\$0.3
Other Current Expenses	\$0.7
Other Professional Services	\$0.9
Rent	\$0.7
Software Licensing Fees	\$0.2
Workforce Development Services	\$0.1
Total	\$5.4

Items of note in the Non-Labor budget include:

- **Affordable Housing Services:** The proposed FY19-20 budget includes \$1.9 million for affordable housing construction monitoring, marketing, and lease up sources provided by the Mayor's Office of Housing and Community Development.
- **Legal Services Related to OCII's General Operations:** The proposed FY19-20 Operations budget includes \$0.3 million for legal services as described below. The Projects have legal costs embedded into their own budgets for an addition \$572 thousand.
 - o \$275,000 for specialized legal support provided by outside counsel; and
 - o \$50,000 for general legal support, including housing program support, provided by the City Attorney's Office.
- **Other Professional Services:** The proposed FY19-20 budget includes \$0.9 million for professional services including:
 - o \$0.5 million for financial and information technology services;
 - o \$0.1 million for professional services related to asset management;
 - o \$0.1 million for general professional services; and
 - o \$0.2 million for public communications support, including website design.
- **Other Current Expenses:** The proposed FY19-20 budget includes \$0.7 million for other current expenses:
 - o \$0.4 million for facilities improvements, materials and supplies, off-site records storage, and mail and reproduction;
 - o \$0.2 million for recruitment, employee training, temporary salaries, and field expenses; and
 - o \$36,000 for Commission and Oversight Board meeting expenses, including audiovisual recording of Commission meetings by SFGOV TV.

The non-labor budget also includes operational work performed via work orders with City departments. Exhibit 17 details these costs.

Exhibit 17: FY19-20 Operational Work Orders with City Departments

Department	Service	Amount (\$M)
Mayor's Office of Housing & Community Development	Affordable Housing Services	\$1.9M
City Administrator's Office	Rent	\$0.7M
Controller's Office	Accounting and Audit Services	\$0.2M
Office of Economic and Workforce Development	Workforce Development Services	\$0.1M
Department of Technology	IT Services	\$0.1M
City Attorney's Office	Legal	\$50k
Planning Department	Project Areas Support	\$15k
Total		\$3.1M

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8. Budgeted Positions

The budgeted positions reflect OCII employees plus two City Administrator staff contracted to and funded by OCII. City Administrator staff are former OCII employees who transferred to the City Administrator post-dissolution and continue to work full-time on OCII-related work. The proposed FY19-20 budget contains 55 Full Time Equivalent (“FTE”)s and Limited Term Assignment (“LTA”) staff. The LTA appointment is for a retired staff member who works part-time.

Exhibit 18: FY19-20 Budgeted Positions

Class	Title	FY 18-19 Budget	FY 19-20 Proposed	YOY Difference	Hourly Salary Range				
					Step 1	Step 2	Step 3	Step 4	Step 5
500	Executive Director	1	1	0	\$ 126.61	\$ 132.94	\$ 139.58	\$ 146.56	\$ 153.89
520	General Counsel	1	1	0	\$ 95.26	\$ 100.02	\$ 105.02	\$ 110.27	\$ 115.78
525	Deputy General Counsel	1	1	0	\$ 76.70	\$ 80.54	\$ 84.57	\$ 88.79	\$ 93.23
535	Development Svcs Manager	1	1	0	\$ 67.41	\$ 70.78	\$ 74.32	\$ 78.03	\$ 81.93
540	Housing Program Manager	1	1	0	\$ 67.41	\$ 70.78	\$ 74.32	\$ 78.03	\$ 81.93
550	HPS Sr. Project Manager	1	1	0	\$ 66.61	\$ 69.94	\$ 73.44	\$ 77.11	\$ 80.97
585	Contract Compl. Supervisor	1	1	0	\$ 62.85	\$ 65.99	\$ 69.29	\$ 72.75	\$ 76.39
585	Contract Compl. Sp. III	1	1	0	\$ 62.85	\$ 65.99	\$ 69.29	\$ 72.75	\$ 76.39
590	Project Manager	3	3	0	\$ 57.54	\$ 60.42	\$ 63.44	\$ 66.61	\$ 69.94
595	Senior Development Specialist	3	4	1	\$ 58.23	\$ 61.14	\$ 64.20	\$ 67.41	\$ 70.78
615	Development Specialist	8	8	0	\$ 54.15	\$ 56.85	\$ 59.70	\$ 62.68	\$ 65.81
630	Sr Financial Analyst	1	1	0	\$ 59.28	\$ 62.24	\$ 65.35	\$ 68.62	\$ 72.05
640	Contract Compl. Sp. II	2	2	0	\$ 45.45	\$ 47.72	\$ 50.10	\$ 52.61	\$ 55.24
670	Financial Systems Accountant	1	1	0	\$ 52.05	\$ 54.65	\$ 57.39	\$ 60.25	\$ 63.27
O695	Accountant III	1	1	0	\$ 44.97	\$ 47.22	\$ 49.58	\$ 52.06	\$ 54.66
705	Assistant Development Specialist	2	2	0	\$ 46.77	\$ 49.11	\$ 51.57	\$ 54.14	\$ 56.85
715	Sr Personnel Analyst	1	0	-1	\$ 48.87	\$ 51.31	\$ 53.88	\$ 56.57	\$ 59.40
720	Senior Programmer Analyst	1	1	0	\$ 46.64	\$ 48.97	\$ 51.42	\$ 53.99	\$ 56.69
730	Associate Planner	2	2	0	\$ 48.64	\$ 51.07	\$ 53.63	\$ 56.31	\$ 59.12
810	Administrative Secretary	1	1	0	\$ 34.21	\$ 35.92	\$ 37.72	\$ 39.61	\$ 41.59
855	Record Specialist II	1	1	0	\$ 28.92	\$ 30.37	\$ 31.89	\$ 33.48	\$ 35.16
860	Senior Office Assistant	1	1	0	\$ 28.92	\$ 30.37	\$ 31.89	\$ 33.48	\$ 35.16
915	Staff Associate II	1	1	0	\$ 32.41	\$ 34.03	\$ 35.73	\$ 37.52	\$ 39.40
921	Staff Associate IV	1	1	0	\$ 54.15	\$ 56.85	\$ 59.70	\$ 62.68	\$ 65.81
930	Staff Associate V	1	1	0	\$ 69.85	\$ 73.34	\$ 77.01	\$ 80.86	\$ 84.90
965	Human Resources Manager	1	1	0	\$ 67.41	\$ 70.78	\$ 74.32	\$ 78.03	\$ 81.93
970	Accounting Supervisor	1	0	-1	\$ 62.85	\$ 65.99	\$ 69.29	\$ 72.75	\$ 76.39
990	HPS Asst. Project Manager	2	2	0	\$ 54.15	\$ 56.85	\$ 59.70	\$ 62.68	\$ 65.81
995	Commission Secretary	1	1	0	\$ 44.58	\$ 46.81	\$ 49.15	\$ 51.61	\$ 54.19
1000	EA to Executive Director	1	1	0	\$ 46.98	\$ 49.33	\$ 51.80	\$ 54.39	\$ 57.11
1010	Senior Engineer	1	1	0	\$ 77.94	\$ 81.83	\$ 85.92	\$ 90.22	\$ 94.73
1015	Contract and Fiscal Services Manager	0	1	1	\$ 67.41	\$ 70.78	\$ 74.32	\$ 78.03	\$ 81.93
1025	Housing Construction Specialist	1	1	0	\$ 57.54	\$ 60.42	\$ 63.44	\$ 66.61	\$ 69.94
1035	Mgmt. Assistant II	2	2	0	\$ 36.89	\$ 38.74	\$ 40.67	\$ 42.71	\$ 44.84
O1035	Mgmt. Assistant II	1	1	0	\$ 36.89	\$ 38.74	\$ 40.67	\$ 42.71	\$ 44.84
1060	Deputy Director	2	2	0	\$ 88.81	\$ 93.25	\$ 97.91	\$ 102.81	\$ 107.95
1100	Accountant IV	1	1	0	\$ 52.05	\$ 54.65	\$ 57.39	\$ 60.25	\$ 63.27
1110	Pr Personnel Analyst	0	1	1	\$ 57.89	\$ 60.78	\$ 63.82	\$ 67.01	\$ 70.36
Total FTE		53	54	1					
Total LTA		2	1	-1					
Total Staff		55	55	0					

Appendix 1. Community Facilities Districts

Community Facilities Districts (“CFD”s) are special taxing districts formed under the California Mello-Roos Act. The revenues supporting the activities and/or bond obligations of these districts come solely from special taxes approved by electors within the district at the time of its formation. OCII acts as administrator of the CFDs and has no financial obligation. Disbursements from these CFDs are not part of the OCII budget and are included here for informational purposes only.

OCII administers seven CFDs created under California’s Mello-Roos Act which support infrastructure and maintenance activities in project areas with funds from dedicated parcel taxes. Although the CFD activities are not included in OCII’s budget, their spending plans and annual levies as of June 30, 2019, are provided below.

Exhibit A1: OCII’s Community Facilities District

CFD	2019 est. Tax Levy (M)	FY19-20 Debt Service (M)	6/30/19 Principal Outstanding (M)	Final Bond Maturity	Purpose
CFD #1	\$0.2	n/a	n/a	n/a	Park Maintenance
CFD #4*	\$0.0	\$0.5	\$19.6	8/1/2031	Infrastructure
CFD #5	\$2.6	n/a	n/a	n/a	Park Maintenance
CFD #6	\$10.7	\$8.8	\$126.8	8/1/2043	Infrastructure
CFD #7	\$4.9	\$2.1	\$35.9	8/1/2036	Infrastructure
CFD #8	\$1.1	n/a	n/a	n/a	Park Maintenance
CFD #9	\$0.4	n/a	n/a	n/a	Park Maintenance

**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)*