107-0732024-002

Agenda Item **No. 5(A)**
Meeting of January 16, 2025

INFORMATIONAL MEMORANDUM

TO: Oversight Board

FROM: Thor Kaslofsky, Executive Director

SUBJECT: Workshop on the Recognized Obligation Payment Schedule for July 1, 2025 to June 30, 2026 ("ROPS 25-26")

EXECUTIVE SUMMARY

Redevelopment Dissolution Law requires ("Successor Agencies") to annually create a Recognized Obligation Payment Schedule ("ROPS") to set forth the revenue sources and payment amounts for enforceable obligations. Successor Agencies prepare the ROPS for a twelve-month fiscal period that begins July 1 and ends June 30. ROPS are due to the Department of Finance ("DOF") and the County Auditor Controller on February 1 of each year. Any amendments to an approved ROPS are only permitted once a year and are subject to DOF review with relatively strict standards for approval.

The Office of Community Investment and Infrastructure ("OCII") , operating as Successor Agency to the San Francisco Redevelopment Agency, is seeking approval of a ROPS for the twelve-month fiscal period of July 1, 2025, through June 30, 2026 ("ROPS 25-26"). ROPS 25-26 includes expenditures for existing enforceable obligations and other expenses authorized under Redevelopment Dissolution Law.

The total funding requested in the ROPS 25-26 is $630.1 million (see breakdown below). OCII will expend the majority of these funds on affordable housing loans in the Hunters Point Shipyard ("HPS" or "Shipyard") and Transbay Project Areas.

- $348.2 million in Bond Proceeds
- $40.1 million in Reserve Funds
- $105.0 million Other Funds
- $133.0 million in Redevelopment Property Tax Trust Fund ("RPTTF") Non-Admin
- $0.3 million in RPTTF Residual
- $3.6 million in RPTTF Admin

In ROPS 25-26, OCII will expend $136.9 million in RPTTF Non-Admin, RPTTF Residual, and RPTTF Admin, which is a decrease of $4.0 million or 2.9% from the ROPS 24-25 request of $140.9 million. The primary factors driving this are a decrease in infrastructure funding owed in pledged RPTTF for Transbay Joint Powers Authority ("TJPA") and developer reimbursements, a planned decrease in debt service schedule, and a decrease due to the use of Other Funds for staffing costs funded by RPTTF in prior year funding.

Staff will incorporate Oversight Board input into the draft ROPS for final approval. Pending Oversight Board Approval, staff will submit the ROPS to DOF on or before February 1, 2025.

DISCUSSION

Definition of Enforceable Obligations

The ROPS sets forth the payments required to be made pursuant to "enforceable obligations," which Dissolution Law (Cal. Health & Safety Code § 64710 et seq.) defines as, among other things, bonds, loans, judgments or settlements, any "legally binding and enforceable agreement or contract that is not otherwise void as violating the debt limit or public policy," "contracts or agreements necessary for the administration or operation of the Successor Agency", and certain "amounts borrowed from or payments owing to the Low and Moderate Income Housing Fund of a redevelopment agency," as well as certain other obligations.

Dissolution Law requires that Successor Agencies shall complete approved development projects that are subject to enforceable obligations. Importantly, Dissolution Law expressly requires Successor Agencies to honor pledges of increment associated with enforceable obligations of former redevelopment agencies to the extent that the property tax revenue is necessary for expenditure in a particular fiscal year. Dissolution Law also provides for Successor Agencies to enter into new agreements relying on an expenditure of property tax revenues (formerly tax increment) if the new agreement is "in compliance with an enforceable obligation" that existed prior to redevelopment dissolution and approved by DOF. Cal. Health and Safety Code §§ 34177.3 (A).

Successor agencies may also request that DOF finally and conclusively determine that certain obligations are enforceable obligations under Dissolution Law. DOF has finally and conclusively determined that the following long-term, master development agreements are enforceable obligations:

- Disposition and Development Agreement ("DDA") for HPS Phase 1;
- DDA for Candlestick Point-HPS Phase 2 ("HPS/CP");
- Transbay Implementation Agreement;
- Owner Participation Agreement ("OPA") for Mission Bay North; and
- OPA for Mission Bay South.

In December 2015, DOF approved OCII's Long Range Property Management Plan, which governs disposition and use of the Former San Francisco Redevelopment Agency's real property and requires OCII to dispose of those assets, including the transfer of affordable housing projects to the Mayor's Office of Housing and Community Development after OCII has funded and ensured completion of those housing projects.

To ensure that successor agencies only expend funds related to approved enforceable obligations, DOF requires successor agencies to submit ROPS for DOF approval. Successor agencies are required to obtain Oversight Board approval of the ROPS and to submit the approved ROPS to the DOF and the

County Auditor Controller on February 1 of each year. After DOF approves the ROPS, the Redevelopment Dissolution Law, Cal. Health and Safety Code 34177 (o) (1) (D), authorizes the Oversight Board to amend the approved ROPS only once per twelve-month period.

Definition of Replacement Housing

The Community Redevelopment Law ("CRL") required redevelopment agencies to construct affordable units whenever it destroyed or removed units that had been occupied by low- or moderate-income households. Cal. Health & Safety Code § 33413 (a). This requirement became effective January 1, 1976, applied only to future actions of a redevelopment agency, and established standards for the long-term affordability of those replacement housing units.

Prior to 1976, the Former Agency had destroyed, as part of federally-funded urban renewal, 14,207 affordable units, but only produced 7,498 affordable units. In 2000, at the urging of the Former Agency and the City, the California legislature adopted Senate Bill No. 2113 (Burton) (Chapter 661 of the Statutes of 2000) authorizing the Former Agency to fund and develop affordable housing to replace those units destroyed by the Former Agency. Cal. Health & Safety Code § 33333.7. Under SB 2113, HCD certified, in 2003, "a net loss of 6,709 units the Agency must replace."

Prior to its dissolution, the Former Agency was able to approve and develop 867 replacement units out of the total 6,709, leaving an outstanding balance of 5,842 affordable units that needed to be replaced.

SB 593 authorizes, with approval of the Mayor and the Board of Supervisors, certain funding for the development, construction, repair, renovation, or reconstruction of up to 5,842 units of affordable housing to the extent the funding consists of property tax revenues that otherwise would be available to the City as residual RPTTF after payment of all other OCII obligations. The replacement affordable units shall be affordable to, and occupied by, persons and families of extremely low, very low and moderate income households for the longest feasible time, but not less than 55 years for rental units and 45 years for owner-occupied units.

SB 593 adds to existing OCII authority under Redevelopment Dissolution Law (Statutes 2015, Chapter 325, sections 9 & 27, codified at Cal. Health & Safety Code § 34177.7) to finance and develop affordable housing and Transbay infrastructure required under enforceable obligations previously approved by DOF.

- Mission Bay North Owner Participation Agreement
- Mission Bay South Owner Participation Agreement
- Hunters Point Shipyard Phase 1 Disposition and Development Agreement
- Candlestick Point-Hunters Point Shipyard Phase 2 Disposition and Development Agreement
- Transbay Implementation Agreement

ROPS Funding Sources

DOF requires that OCII categorize the payment source for each expenditure into the following sources:

- **Bond Proceeds** Bond proceeds from bonds issued or to be issued
- **Reserve Funds** Property tax increment approved to be retained by DOF at dissolution
- **Other Funds** Funds that are not bond proceeds, reserve amounts, RPTTF Non-Admin, or RPTTF Admin
- **RPTTF Non-Admin** Property tax increment requested to fund enforceable obligations
- **RPTTF Residual** RPTTF from the residual pool of funds after the distribution to the taxing entities to fund replacement housing
- **RPTTF Admin** Property tax increment requested to fund administrative costs

<u>RPTTF</u>

There are three kinds of RPTTF:

1. RPTTF Non-Admin: which is property tax increment requested to fund enforceable obligations.
   - OCII receives the total amount of RPTTF Non-Admin generated each year, less required distributions to government entities, such as the school district, that are legally entitled to a share of the property tax.
2. RPTTF Residual: which is property tax increment funds that would otherwise be available to the City after payment of other OCII obligations under Redevelopment Dissolution Law.
3. Pledged RPTTF Non-Admin: which is property tax pledged to fund project costs, such as reimbursements for infrastructure for example.

RPTTF Residual is property tax increment requested to fund the replacement of affordable housing units under SB 593. These funds represent the amount of remaining revenues on deposit in the RPTTF that otherwise would have been distributed to the City and that the City agrees to use for replacement housing costs.

RPTTF Admin is property tax increment requested to fund administrative costs. As per Dissolution Law, RPTTF Admin is restricted by formula to 3% of actual prior year RPTTF Non-Admin distribution less prior year RPTTF Admin distribution and prior year City loan repayments. Prior Period Adjustment Savings is requested but unexpended RPTTF Non-Admin funds from the fiscal period two years prior.

Summary ROPS 25-26

The total projected ROPS 25-26 expenditure is $630.1 million. The largest funding sources will be Bond Proceeds and Other Funds. OCII mostly funds large expenditures like affordable housing loans and project infrastructure reimbursements with Bond Proceeds. OCII also funds its affordable housing projects with Other Funds, which consists of funds such as developer fees, tax credits, state bond financing, and related sources.

ROPS 25-26 Sources

Sources	Proposed Amount (M)
Bond Proceeds	$348.2
Reserve Funds	$40.1
Other Funds	$105.0
RPTTF Non-Admin	$133.0
RPTTF Residual	$0.3
RPTTF Admin	$3.6
Total Sources	**$630.1**

In ROPS 25-26, OCII's largest expenditure areas are affordable housing loans. OCII issues bonds to fund affordable housing loans and to fund project infrastructure reimbursements, and the bonds are repaid from property tax revenues.

ROPS 25-26 Uses

Uses	Proposed Amount ($M)
Affordable Housing	$293.2
Replacement Housing	$0.3
Mission Bay	$67.5
Transbay	$138.6
HPS/CP	$10.7
Debt	$94.2
Operations	$25.6
Total Uses	**$630.1**

For further detail, see attachments. Attachment A-1: ROPS 25-26 – Detail Worksheet shows the projected revenue sources and payment amounts for July 1, 2025-June 30, 2026. Attachment A-2: ROPS 25-26– Notes Worksheet supports the payment amounts and provides greater detail where required.

Affordable Housing

In ROPS 25-26, OCII anticipates expending $293.2 million to support affordable housing development required by OCII's enforceable obligations. The expenditures in the next fiscal year are on predevelopment and gap loans that fund design and construction of affordable housing in HPS Phase 1, Mission Bay South, and Transbay.

OCII will fund expenditures with Bond Proceeds, Other Funds, and Reserve Funds. Bond proceeds and Other Funds, which are mostly comprised of developer fees, fund primarily predevelopment and gap loans. Reserve funds, which consists of RPTTF Non-Admin received in prior years, will fund a smaller portion of the loans.

ROPS 25-26 Affordable Housing Expenditure

Sources ($M) Uses	Bond Proceeds	Reserve Funds	Other Funds	RPTTF Non-Admin	RPTTF Admin	Total
Permanent Funding	$186.8	$24.8	$38.6	$0.0	$0.0	$250.2
Predevelopment Loan	$15.1	$3.5	$24.2	$0.0	$0.0	$42.9
Professional Services	$0.0	$0.0	$0.2	$0.0	$0.0	$0.2
Total	**$201.9**	**$28.3**	**$63.0**	**$0.0**	**$0.0**	**$293.2**

**Numbers are slightly off due to rounding.*

OCII's enforceable obligations require the production of over 7,100 affordable housing units, approximately 4,300 of which must be funded by OCII. OCII has completed 2,752 of the 7,100 affordable housing units as of June 30, 2024. In addition, OCII has authority to fund Replacement Housing described above to fund an additional 5,842 affordable units ("SB 593 Units"). In ROPS 25-26, OCII will provide funding for approximately 2,200 units, including predevelopment funding for up to 664 replacement housing units under SB 593. Most of the expenditure will occur in Mission Bay, which has land available at no cost for OCII to build affordable housing. The table below details expenditure by Project Area.

(This section is intentionally left blank)

ROPS 25-26 Expenditure by Project Area

Project	Type	Amount ($M)	Number of Units
HPS Blocks 52/54	Gap Loans	$33.6	112 units
HPS Block 56	Gap Loan	$19.9	73 units
HPS Block 48*	Predevelopment Loan	$5.0	144 units
CP Block 11a**	Predevelopment Loan	$1.2	176 units
CP Block 10a	Predevelopment Loan-On hold	$1.6	156 units
CPN Block 7	Predevelopment Loan	$5.0	60 units
HPS/CP Total		**$66.3**	**721 units**
TB Block 2 West	Gap Loan	$41.3	151 units
TB Block 2 East	Gap Loan	$56.4	184 units
TB Block 4 W-A***	Predevelopment Loan	$5.0	200 units
TB Block 4 W-B***	Predevelopment Loan	$5.0	150 units
TB Block 12	Predevelopment Loan	$5.0	80 units
Transbay Total		**$112.7**	**765 units**
MBS Block 4E Phase 1****	Gap Loan	$99.3	165 units
MBS Block 4E Phase 2****	Predevelopment Loan	$4.6	235 units
MBS Block 12W Phase 1****	Predevelopment Loan	$5.0	157 units
MBS Block 12W Phase 2****	Predevelopment Loan	$5.0	161 units
Mission Bay Total		**$113.9**	**718 units**
Total		**$292.9**	**2204 units**

*The Hunters Point Shipyard Phase 1 DDA Housing Program designates sites for the development of OCII-sponsored affordable housing projects and establishes a maximum number of affordable units that may be funded (218). The Former Agency and OCII have developed most of the affordable units and OCII only has authorization to develop the remaining balance of 33 units. Funding for any units in excess of 33 units would be subject to SB 593 authority.

** In FY 24/25, the Master Developer finalized a revised land use plan and obtained approvals for corresponding amendments to a variety of plan documents. Based on the revised plan CPN 11A will restart predevelopment and CPN Block 7 will start predevelopment in FY 2024/25.

***The Transbay Block 4 project is on hold due to current market conditions. Pursuant to Resolution No. 17-2023, OCII and the project's developer F4 Transbay Partners LLC entered into an option agreement expired in June 2024. Staff is considering an RFP affordable phase first on the west side of the site, FY 25/26 expenditures include predevelopment loans for this.

****The Mission Bay South OPA's Housing Program designates sites for the development of OCII-sponsored affordable housing projects and establishes a maximum number of affordable units (1,218) that may be developed. The Former Agency and OCII have developed most of the affordable units and OCII only has authorization to develop the remaining balance of 165 units. However, in furtherance of Citywide housing production goals and in acknowledgement that there may be capacity for additional affordable units on Block 4E and Block 12W, OCII may pursue increases in the allowable number of units on Block 4E and 12W, which may be subject to the consent of FOCIL-MB LLC ("Master Developer"). Funding for any units in excess of 165 units would be subject to approval from the Oversight Board, DOF, and the City pursuant to SB 593.

Mission Bay Project Area

The two Mission Bay project areas were established in 1998: Mission Bay North and Mission Bay South. Mission Bay is a vibrant transit-oriented and mixed-use community that will upon completion consist of 6,535 residential units (29% of which will be affordable), 5.2 million square feet of office and biotechnology space, 560,000 square feet of retail uses, a new University of California San Francisco ("UCSF") research campus and medical center with a 550-bed hospital, 18,000-seat event center, two hotels, library, public school, police headquarters, and a local police and fire department. Mission Bay will contain 49 acres of open space, approximately 41 of which will be owned by the City or Port of San Francisco and approximately eight of which will be owned by UCSF. Completion of Mission Bay will result in construction of more than $800 million of new infrastructure, development of over $8 billion in private vertical development, and creation of 31,000 permanent jobs.

In ROPS 25-26, OCII anticipates spending $67.5 million to continue its work in Mission Bay. The largest expenditure is on infrastructure, specifically developer infrastructure reimbursements. Due to its maturity as a project area, Mission Bay generates sufficient property tax increment to support bond issuances. Also, OCII's development partner has constructed significant amounts of infrastructure requiring large reimbursements. The smallest expenditures are related to the art program, which reflects expenditure of developer fees received to fund art installation in Mission Bay public open spaces, per the City's Planning Code.

ROPS 25-26 Mission Bay Expenditure

Uses	Bond Proceeds	Reserve Funds	Other Funds	RPTTF Non-Admin	RPTTF Admin	Total
Infrastructure	$42.3	$10.5	$3.3	$7.0	$0.0	$63.2
Professional Services	$2.9	$0.2	$0.5	$0.0	$0.0	$3.5
Art Program	$0.0	$0.0	$0.8	$0.0	$0.0	$0.8
Other Debt	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Total	**$45.2**	**$10.7**	**$4.6**	**$7.0**	**$0.0**	**$67.5**

Under ROPS 25-26, OCII will continue to fund the completion of infrastructure, including parks and stormwater pump stations. Staff will also work to increase entitlements for housing. OCII will fund most of the Mission Bay expenditures with Bond Proceeds, RPTTF Non-Admin Funds and Reserve Funds, which fund infrastructure reimbursements, Professional Services, entitlements, and the art program.

(This section is intentionally left blank)

Transbay

The Transbay Project Area ("Transbay") was established in 2005. At completion, Transbay will contain more than 3,200 new housing units, including approximately 1,400 affordable units, approximately 2.4 million square feet of new commercial space, and approximately 4 acres of new public open space. In addition, the Salesforce Transit Center ("STC") includes a 5.4-acre rooftop park. Transbay's development program embodies a balanced approach to density with office and residential towers spaced apart to protect views and sunlight, and with retail and townhouses to maintain visual interest and activate the ground floor level of the development blocks. The Transbay program includes significant widening and improvement of sidewalks, converting Folsom Street to two-way traffic, and reconfiguring an Interstate 80 off-ramp, all with the goal of creating a safe and attractive pedestrian environment.

In ROPS 25-26, OCII anticipates spending $138.6 million to continue its work in Transbay. The largest expenditure will be on infrastructure, specifically Under Ramp Park and Transbay Block 3. The second largest expenditure will be the TJPA Pledge. The TJPA Pledge is required under the Tax Increment and Sales Proceeds Pledge Agreement, which irrevocably commits net tax increment and sales proceeds from formerly State-owned parcels to fund the "Transbay Terminal Project," which is defined as "a publicly-owned multimodal terminal . . . with an underground train connection to existing rail lines [currently] terminating at 4th and Townsend Streets." Consistent with this agreement, in ROPS 25-26, OCII will transfer Pledged RPTTF Non-Admin to the TJPA to fund the Transbay Terminal Project. The smallest Transbay expenditure will be on professional services, which consists of design, real estate consulting, and other miscellaneous professional services.

25-26 Transbay Expenditure

Sources ($M) Uses	Bond Proceeds	Reserve Funds	Other Funds	RPTTF Non-Admin	RPTTF Admin	Total
Infrastructure	$95.1	$0.0	$10.7	$0.0	$0.0	$105.8
Professional Services	$0.0	$0.0	$0.8	$0.0	$0.0	$0.8
TJPA Pledge	$0.0	$0.0	$0.0	$32.0	$0.0	$32.0
Total	**$95.1**	**$0.0**	**$11.5**	**$32.0**	**$0.0**	**$138.6**

In ROPS 25-26, OCII staff will continue preparing the former Transbay Temporary Terminal site (Transbay Blocks 3 and 4) for future development while supporting a third party's interim activation of the site, continue the construction of the streetscape infrastructure portion of the Block 3 park project to serve the affordable projects at Block 2, completing the design of Under Ramp Park, securing permits for its construction, and beginning construction of the park. We will be exploring an affordable housing phase for the western half of Transbay Block 4 while working to advance a mixed-use, mixed-income tower development on the eastern half of the block. Finally, OCII will continue funding construction for the two affordable housing projects on Block 2.

OCII will fund most of the Transbay expenditures with Bond Proceeds, which fund infrastructure, and with Pledged RPTTF Non-Admin, which will be transferred to the TJPA. OCII will utilize Other Funds, which are developer fees, to fund infrastructure and professional services.

Hunters Point Shipyard/Candlestick Point

The HPS and Candlestick Point areas are composed of approximately 770 acres along the southeastern waterfront of San Francisco. The HPS Redevelopment Plan, the Bayview Hunters Point ("BVHP") Redevelopment Plan, and the DDAs for HPS/CP (including HPS Phase 1) provide for the integrated planning and development of the Shipyard and the Candlestick Point portion of BVHP. The San Francisco Board of Supervisors originally adopted the Shipyard Redevelopment Plan in 1997, and the Shipyard Phase 1 DDA approvals followed in 2003.

The BVHP Redevelopment Plan was adopted in 2006, and HPS/CP Phase 2 Project approvals were implemented through BVHP and HPS Redevelopment Plan Amendments in 2010, 2018 and 2024. In connection with the Shipyard, the U.S. Department of the Navy ("Navy") performs environmental remediation and then transfers property to OCII for subsequent development. Additionally, Candlestick Point is subject to state and local land transfer agreements that allow for the re-use of underutilized Candlestick Point areas.

Throughout construction, HPS/CP will generate hundreds of new construction jobs each year and an additional $86.0 million in other community benefits including investment in homeowner assistance, workforce development and job training, scholarship, and educational improvements. At completion, HPS/CP will generate more than 23, 400 permanent jobs. At Candlestick Point the projected number of permanent jobs is over 12,000.

In ROPS 25-26, OCII anticipates spending $10.7 million to continue its work in the HPS/CP areas. The largest expenditure is on infrastructure. The second largest expenditure is professional services such as design, infrastructure plan review, construction management, and legal support for land transactions for HPS/CP development. The third largest expenditures are for community benefits such as scholarships, educational improvement, and contractor assistance; and the smallest expenditure are for lease payments to the Navy for interim use of Navy property.

ROPS 25-26 Hunters Point Shipyard/Candlestick Expenditure

Sources ($M) Uses	Bond Proceeds	Reserve Funds	Other Funds	RPTTF Non-Admin	RPTTF Admin	Total
Infrastructure	$0.0	$0.0	$4.2	$1.3	$0.0	$5.5
Professional Services	$0.0	$0.0	$3.4	$0.0	$0.0	$3.4
Community Benefits	$0.0	$0.0	$1.5	$0.0	$0.0	$1.5
Lease Payments to Navy	$0.0	$0.0	$0.4	$0.0	$0.0	$0.4
Total	**$0.0**	**$0.0**	**$9.5**	**$1.3**	**$0.0**	**$10.7**

In ROPS 25-26, on Shipyard Phase 1 the Master Developer continue to complete new streets and utility systems to support the development of 404 units over the next five years. HPS Phase 1.

On HPS/CP Phase 2 the Master Developer will begin infrastructure construction for the second Major Phase of housing and commercial development at Candlestick Point, that will consist of 675 units that will have 41% affordable units. The infrastructure improvements include new utilities, grading and new road section that will include the extension of Harney and Arelious Waker Drive, and include new transit amenities such as, bus rapid transit lanes and cycle track.

OCII will fund the majority of HPS/CP Phase 1 and Phase 2 expenditure with Other Funds, which are developer fees. In addition, OCII will expend $1.5 RPTTF Non-Admin to fund Phase 2 developer reimbursements.

Replacement Housing

SB 593 funding requires DOF approval of the ROPS, as well as additional budget approvals from the Mayor and the City Board of Supervisors. Approximately $345,000 in SB 593 Residual RPTTF is needed for staffing costs in FY 25-26 to develop SB 593 Units. OCII also intends to issue a new affordable housing bond that will fund up to 120 units of a larger 165-unit affordable housing project in Mission Bay Block 4 East Phase 1, which is currently in predevelopment subsequent to a developer selection process in FY 23-24. If approved by the Commission, Oversight Board and the City, OCII plans to include a portion of the 165 units that represent the remaining Mission Bay South affordable housing enforceable obligation ("MBS Units") across all four remaining housing parcels in Mission Bay and to also include SB 593 Units in all four projects.

ROPS 25-26 Replacement Housing Expenditure

Uses	Bond Proceeds	Reserve Funds	Other Funds	RPTTF Non-Admin	RPTTF Residual	RPTTF Admin	Total
Admin	$0.0	$0.0	$0.0	$0.0	$0.3	$0.0	$0.3
Total	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.3**	**$0.0**	**$0.3**

(This section is intentionally left blank)

Debt

In ROPS 25-26, OCII anticipates expending $94.2 million on its debt program, which is debt service for bonds, the proceeds of which were used to develop public infrastructure and affordable housing under enforceable obligations. The current outstanding principal balance on OCII's bonds is $891.2 million as of August 31, 2024. The largest expenditure will be for debt service on existing tax allocation bonds ("TAB"), which are bonds secured by property tax revenues and are OCII's primary debt instrument. The smallest expenditure will be the $5.6 million estimated annual debt service associated with planned bond issuances for affordable housing, transbay infrastructure, and mission bay south infrastructure.

ROPS 25-26 Debt

Sources ($M) Uses	Bond Proceeds	Reserve Funds	Other Funds	RPTTF Non-Admin	RPTTF Admin	Total
Debt Service – Existing TAB Bonds	$0.0	$0.0	$8.4	$80.1	$0.0	$88.5
Debt Service – New Replacement HousingBonds	$0.0	$0.0	$0.0	$5.6	$0.0	$5.6
Infrastructure	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Other Debt	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Grand Total	**$0.0**	**$0.0**	**$8.4**	**$85.8**	**$0.0**	**$94.2**

(This section is intentionally left blank)

Operating Costs

OCII expects to expend $9.1 million on direct salaries and benefits, which reflects labor costs for 55 full-time equivalent ("FTE") staff. There are no new FTEs. OCII will expend the remaining $12.3 million on non-labor expenses such as enforceable obligations, 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 $4.2 million in RPTTF Non-Admin on its retirement obligations, including accrued pension liability, health benefits for current retirees, and accrued retiree health liability. This is a total of $25.6 million for OCII's operational costs.

ROPS 25-26 Operating Costs

Operations	Amount ($M)
Sources	
Bond Proceeds	$6.0
Reserve Funds	$1.1
Other Funds	$8.0
RPTTF Non-Admin	$6.9
RPTTF Admin	$3.6
Total	**$25.6**
Uses	
Salaries and Benefits	$9.1
Non-Labor	$12.3
Retiree Health and Pension	$4.2
Total	**$25.6**

OCII will fund the majority of its operating costs with RPTTF Non-Admin and Other Funds, most of which are developer fees. RPTTF Admin will fund administrative costs that are not directly related to enforceable obligations. Bond Proceeds will fund enforceable obligations and staff time required to issue bonds and administer the debt portfolio.

RPTTF Request

In ROPS 25-26, OCII will expend $136.9 million in RPTTF Non-Admin, RPTTF Residual, and RPTTF Admin, which is a decrease of $4.0 million or 2.9% from the amended ROPS 24-25 request of $140.9 million. The primary factors driving this decrease are a decrease in infrastructure due to a rightsizing of pledged RPTTF for TJPA and developer reimbursements, a planned decrease in debt service schedule, and a decrease due to the use of Other Funds for staffing costs funded by RPTTF in prior year.

ROPS 24-25 RPTTF vs. ROPS 25-26 RPTTF

Uses	ROPS 24-25 Amount ($M)	ROPS 25-26 Proposed ($M)	Difference ($M)	Percent Change	Explanation
Affordable Housing	$0.0	$0.0	$0.0	0.0%	No change.
Replacement Housing	$0.3	$0.3	$0.1	25.5%	Slight increase in RPTTF Residual request for staffing costs.
Mission Bay	$5.1	$7.0	$1.9	37.3%	Increase due to request for pledged RPTTF to fund infrastructure reimbursements not requested in PY.
Transbay	$33.9	$32.0	($1.9)	-5.6%	Decrease due to rightsizing of pledged RPTTF for TJPA.
HPS/CP	$1.5	$1.3	($0.2)	-15.8%	Decrease due to rightsizing of pledged RPTTF for developer reimbursements.
Debt	$87.7	$85.8	($1.9)	-2.2%	Decrease due to planned decrease in debt service schedule.
Operations	$12.5	$10.5	($1.9)	-15.6%	Decrease due to use of Other funds for staffing costs funded by RPTTF in PY.
Total	**$140.9**	**$136.9**	**($4.0)**	**-2.9%**	

Changes in ROPS Lines

OCII retires or adds lines to the ROPS to reflect completed or new enforceable obligations.

Retired Lines

In general, retiring lines signifies that OCII has completed the enforceable obligation and is winding down, as required by Dissolution Law. In ROPS 25-26, OCII will retire two lines due to the completion of a projects.

ROPS 25-26 Retired Lines

Line #	Project Name	Project Area	Description/Project Scope	Explanation
107	Streetscape & Open Space Improvements for Folsom	Transbay	Coordination of design review through City Dept's and ancillary streetscape improvement, parcel preparation costs, construction management & administration of improvements	Completion of project
382	2011 Hotel Occupancy Tax Refunding Bonds	All Project Areas with Bond/Loan Obligations	Bond Debt Service	Completed Repayment of bond

New Lines

In ROPS 25-26, OCII will add nine new lines.

ROPS 25-26 New Lines

Line #	Project Name	Project Area	Description/Project Scope	Explanation
446	MBS Block 4E Phase II	Mission Bay South - Housing	MBS Block 4E Phase II Funding required for predevelopment	New AFH Loan
447	Transbay Block 4W B Affordable Housing Funding	Transbay - Housing	Transbay Block 4W B Funding required for predevelopment and construction	New AFH Loan
448	CPN Block 7 Affordable Housing Funding	HPS-CP-Housing	CPN Block 7 Funding required for predevelopment and construction	New AFH Loan
449	Mission Bay South Block 12W Phase II	Mission Bay South - Housing	MBS Block 12W Phase II Funding required predevelopment fulfillment of SB 593 Housing/ MBS OPA Requirements	New AFH Loan
450	City Services Housing Projects	Various - Housing	City Dept support for housing project coordination of infrastructure, planning and permit review.	New ROPS line for AFH services from city departments
451	Tax Allocation Bond Series 2025A Housing	All Project Areas with Bond/Loan Obligations	Bond Debt Service	New Debt Service Line
452	Tax Allocation Bond Series 2025B Transbay Taxable	All Project Areas with Bond/Loan Obligations	Bond Debt Service	New Debt Service Line
453	Tax Allocation Bond Series 2025C Transbay Tax Exempt	All Project Areas with Bond/Loan Obligations	Bond Debt Service	New Debt Service Line
454	Tax Allocation Bond Series 2025D Mission Bay South	All Project Areas with Bond/Loan Obligations	Bond Debt Service	New Debt Service Line

NEXT STEPS

Staff will incorporate Oversight Board input into the final ROPS. Pending Oversight Board approval, staff will submit the ROPS to the DOF on or before February 1, 2025. DOF will make its determination of the enforceable obligations, and the amounts and funding sources of the enforceable obligations, within 45 days of submission.

If DOF disapproves certain expenditures on the ROPS 25-26, OCII may request an opportunity to meet and confer with DOF. The meet and confer request must be made within five business days of DOF's determination. DOF will notify OCII and the County Controller as to the outcome of the meet and confer at least 15 days before the June 2025 property tax distribution. Staff will update the Oversight Board on the final actions of the ROPS process. During ROPS 25-26, OCII may request one amendment to ROPS 25-26. OCII must make the request before October 1, 2025, and must be for payments made in the period covering January – June 2026.

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

DocuSigned by:
Thor Kaslofsky
B10961FA8449406...

Thor Kaslofsky
Executive Director

Attachment A-1: ROPS 25-26 – Detail Worksheet
Attachment A-2: ROPS 25-26 – Notes Worksheet