OCII
office of
COMMUNITY INVESTMENT
and INFRASTRUCTURE

107-0152022-002

Agenda Item **No.5(c)**
Meeting of April 19, 2022

MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: James B. Morales, Interim Executive Director

SUBJECT: Approving a Budget for the period July 1, 2022 through June 30, 2023, and authorizing the Transmittal of the Budget and Interim Budget to the Mayor's Office and the Board of Supervisors

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EXECUTIVE SUMMARY

This memorandum describes the proposed budget by program for the Office of Community Investment & Infrastructure's ("OCII") work as a Successor Agency under Redevelopment Dissolution Law for Fiscal Year ("FY") 2022-23.

On April 19, 2022, the Commission will consider Resolution 11-2022, which approves the final proposed budget for the remaining enforceable obligations in the project areas of Hunters Point Shipyard/Candlestick Point, Mission Bay North, Mission Bay South, and Transbay, as well as for operations and debt. Resolution 11-2022 also authorizes the Interim Executive Director to submit the approved budget and the interim budget to the Mayor's Office and the Board of Supervisors. The interim budget is in place from July 1, 2022 until the Board of Supervisors finally passes the annual budget at a later date.

Staff recommends approval of Resolution 11-2022 approving the proposed budget for the period of July 1, 2022 through June 30, 2023, and authorizing the transmittal of the budget and the interim budget to the Mayor's Office and the Board of Supervisors.

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DISCUSSION

The proposed FY 2022-23 Budget totals $717.3 million, which is $151.5 million more than the FY 2021-22 budget of $565.8 million. Of this amount, $458.0 million is new budget authority and $259.2 million is Prior Period Authority carried forward from FY 2021-22. Prior Period Authority ("PPA") is expenditure carried forward from prior fiscal years, including affordable housing loans awarded but not drawn down and multi-year construction budgets.

Changes to current year revenue sources compared to FY 2021-22 are primarily due to an increase in new bonds issued to fund infrastructure projects and an increase in PPA that reflects the use of affordable housing bond proceeds from bonds issued in a prior year. OCII issued affordable housing bonds in FY 2021-22 but will not issue such bonds in FY 2022-23.

Table 1 shows the proposed FY 2022-23 Budget summarized by program.

Table 1: Proposed FY 2022-23 Budget Programmatic Summary, *Millions**

Sources	Property Tax	Developer Payments	New Bonds - Infra	Rent & Lease Revenue	Fund Balance	Prior Period Authority	Other	Total	*Percent*
Uses									
Direct Program Spending									
Affordable Housing	$ -	$ 50.5	$ -	$ -	$ 112.0	$ 198.0	$ -	$ 360.5	*50.3%*
Infrastructure & Other Non-Housing	$ 14.7	$ 8.3	$ 89.0	$ -	$ 26.7	$ 60.7	$ 2.2	$ 201.7	*28.1%*
Comm Dev & Workforce	$ -	$ 1.7	$ -	$ -	$ -	$ 0.5	$ -	$ 2.2	*0.3%*
Direct Programmatic Subtotal	**$ 14.7**	**$ 60.5**	**$ 89.0**	**$ -**	**$ 138.6**	**$ 259.2**	**$ 2.2**	**$ 564.3**	*78.7%*
Indirect Program Spending									
Project Mgmt & Operations	$ 11.1	$ 6.3	$ 0.1	$ -	$ 1.3	$ -	$ 0.3	$ 19.0	*2.7%*
Debt	$ 89.2	$ -	$ 3.0	$ -	$ 0.1	$ -	$ 4.5	$ 96.7	*13.5%*
TJPA Pass-through	$ 36.8	$ -	$ -	$ -	$ -	$ -	$ -	$ 36.8	*5.1%*
Other	$ -	$ -	$ -	$ 0.4	$ -	$ -	$ -	$ 0.4	*0.1%*
Indirect Programmatic SubTotal	**$ 137.0**	**$ 6.3**	**$ 3.1**	**$ 0.4**	**$ 1.4**	**$ -**	**$ 4.8**	**$ 152.9**	*21.3%*
Total	**$ 151.8**	**$ 66.8**	**$ 92.1**	**$ 0.4**	**$ 140.0**	**$ 259.2**	**$ 7.0**	**$ 717.3**	*100.0%*
	21.2%	*9.3%*	*12.8%*	*0.1%*	*19.5%*	*36.1%*	*1.0%*	*100.0%*	

As shown in Table 1, in FY 2022-23 OCII proposes to expend $564.3 million, or 78.7 percent of its budget, on direct program spending including $360.5 million on affordable housing, $201.7 million on infrastructure and other non-housing activities, and $2.2 million on community development and workforce activities. OCII will fund these activities using primarily PPA, fund balance, and new bonds - infrastructure. Fund balance reflects funds received in a prior year that OCII is budgeting for the first time in FY 2022-23.

To support the delivery of these direct programmatic activities, the Proposed FY 2022-23 Budget includes funding for indirect program expenditures, such as project management and operations, debt, and the payment of pledged property tax to the Transbay Joint Powers Authority for funding obligations related to the Transbay Terminal Project. Exhibit 2 of the Proposed FY 2022-23 Budget shows a total of $152.9 million budgeted to these indirect programmatic expenditures, which are primarily supported through property tax.

NEXT STEPS

Pending Commission approval, staff will submit the Proposed FY 2022-23 Budget to the Mayor on May 1, 2022. Following Mayor's Budget Office review, the Mayor will submit OCII's Proposed FY 2022-23 Budget to the Board of Supervisors on June 1, 2022. The Board of Supervisors will review and act on OCII's budget in July 2022. OCII staff will update the Commission as the budget process evolves.

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

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James B. Morales
Interim Executive Director