

**Community Facilities Districts (CFD)
Budget Workshop**

November 2, 2021



Agenda

- **CFD Background / Overview**
- **CFD Budget and Workplan**
- **Next Steps**

Workshop Goals

- Increase awareness and understanding of CFDs
- Provide detailed overview on CFD Budget, which Commission will consider November 16, 2021
- Highlight upcoming CFD Workplans

CFD Background

- Mello-Roos Act (1982) allows local governments to create CFDs to fill some funding gaps created after the passage of Prop 13.
- CFDs have the power to:
 - Levy and collect special tax;
 - Finance specified public facilities and services; and
 - Borrow money (issue bonds or incur debt) to finance facilities.
- CFDs help to amortize costs over a longer time period to reduce the upfront burden of development. Repayment of CFD debt is secured by special tax on property bills.
- To form a CFD, the landowners need to petition for formation and obtain 2/3 approval with property owners within the district boundaries.

CFD Background

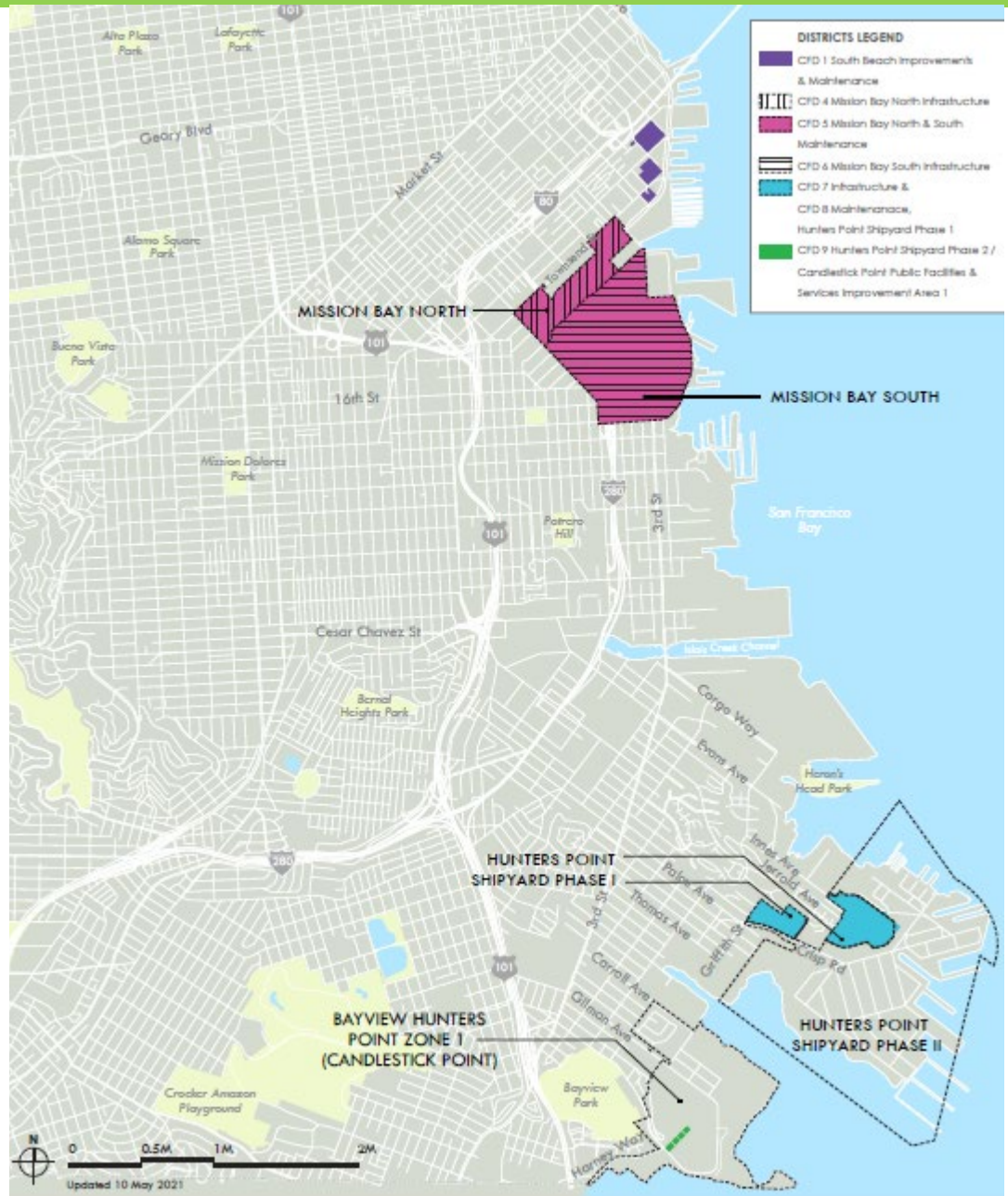
- A CFD is a voter approved district that levies a special tax based on the unique tax formula (Rate and Method of Apportionment, or RMA) approved by the Commission at formation.
- Seven CFDs cover multiple project areas:
 - South Beach / Rincon Point
 - Mission Bay North and South
 - Hunters Point Shipyard Phase 1
 - Candlestick Point / Hunters Point Shipyard Phase 2
- Under the Mello-Roos Act, the Commission is the legislative body for the CFDs and OCII staff administers the CFDs.

CFD Background

- CFDs are separate from Redevelopment Dissolution Law, and thus are not subject to review by the Board of Supervisors, the Oversight Board, or the Department of Finance.
- OCII's CFDs are related to the enforceable obligations under dissolution; for example, OCII could not form a new CFD today outside of enforceable obligations.
- **Infrastructure CFDs** in OCII Redevelopment Areas were formed to provide a revenue source for infrastructure before tax increment was available, (i.e., largely when the developer was the sole taxpayer).
- **Maintenance CFDs** were formed to fund services on an on-going basis above and beyond the normal tax base.

CFD Background

OCII CFD Geographic Boundaries



CFD Background

CFD	Title	Formation Year	Infrastructure / Maintenance	Term	Outstanding Debt (Millions) August 2021	Available Bond Capacity (Millions) August 2021
CFD 1	South Beach Improvements and Maintenance	1988	Infrastructure / Maintenance	Facilities – Ended; Services – No Sunset	\$0.0	\$0.0
CFD 4	Mission Bay North Public Improvements	1999	Infrastructure	2032* (last debt service payment)	\$6.3	\$0.0
CFD 5	Mission Bay (North and South) Maintenance District	1999	Maintenance	FY 2043-44	N/A	N/A
CFD 6	Mission Bay South Public Improvements	2000	Infrastructure	2050	\$115.8	\$56.3
CFD 7	Hunters Point Shipyard Phase One Improvements	2005	Infrastructure	FY 2055-56	\$31.8	\$30.5
CFD 8	Hunters Point Shipyard Phase One Maintenance	2008	Maintenance	No sunset	N/A	N/A
CFD 9	Hunters Point Shipyard Phase 2 / Candlestick Point Public Facilities and Services	2018	Infrastructure / Maintenance	Facilities - NTE 75 years; Services - No Sunset	\$0.0	\$202.0 (project area 1)

CFD Budget

- Historically, the Commission has approved the CFD budgets annually as an appendix to the overall OCII budget.
- Now proposing to separate approval of the CFD budget to increase budget transparency and emphasize OCII's separate authority under CFD law.
- Moving forward, each Spring, consistent with the OCII budget, the Commission will annually approve the CFD budget for the following calendar year.

CFD Budget

Expenditure Type	FY 21-22 Special Tax	% FY 21-22 Special Tax	Mission Bay North Property Tax	Fund Balance
Debt Service	\$ 11,065,549	59.2%	\$ 70,000	\$ -
Maintenance and Operations	\$ 2,940,049	15.7%	\$ -	\$ -
Infrastructure Reimbursement	\$ 2,604,824	13.9%	\$ -	\$ 22,368,662
Maintenance Reserve	\$ 1,087,864	5.8%	\$ -	\$ 15,047,024
Administrative Expenses	\$ 652,100	3.5%	\$ 54,003	\$ -
Contingency (10%)	\$ 326,257	1.7%	\$ -	\$ -
Total	\$ 18,676,643	100.0%	\$ 124,003	\$ 37,415,686

CFD Budget

- The Proposed 2022 CFD budget totals \$18.8 million, which is \$0.9 more than the 2021 CFD budget of \$17.9 million.
- \$18.7 million of this is funded through the FY 21-22 Special Tax Levy; \$124,003 is budgeted for CFD 4 through Mission Bay Property tax as CFD 4 is the only CFD without a special tax levy.
- Of the special tax funds, 59.2% or \$11.1 million, are for debt service for previously issued debt.
- Maintenance services account for the next largest portion of the annual budget, 15.7% or \$2.9 million, to provide professional services to maintain parks in the maintenance districts

CFD 1: South Beach / Rincon Point Project Area

CFD 1 is a maintenance CFD for Rincon Point South Beach



CFD 1: South Beach / Rincon Point Project Area

Budget

Expenditure Type	Expenditure Detail	FY 21-22 Special Tax	Fund Balance 06.30.21	Total
Maintenance and Operations	Professional services to maintain open space, including tree maintenance	\$ 125,500	\$ -	\$ 125,500
Administrative Expenses	Staffing and consulting costs to administer CFD	\$ 34,584	\$ -	\$ 34,584
Contingency (10%)	Reserve for unexpected maintenance and operations expenses	\$ 14,233	\$ -	\$ 14,233
Maintenance Reserves	Reserve for future maintenance expenses	\$ 16,826	\$ 763,181	\$ 780,007
Total		\$ 191,143	\$ 763,181	\$ 954,324

CFD 1: South Beach / Rincon Point Project Area

Workplan

- Provide landscape maintenance for four public plazas and streetscape maintenance on two City blocks
- Prepare long-term projections for park operations
- Prepare long-term projections for park maintenance and operations to identify appropriate size for maintenance reserve

Mission Bay North and South Project Areas

There are three CFDs in Mission Bay

- CFD 4 is an infrastructure CFD for Mission Bay North
- CFD 6 is an infrastructure CFD for Mission Bay South
- CFD 5 is a maintenance CFD for Mission Bay North and South



CFD 4: Mission Bay North Infrastructure

Budget

Expenditure Type	Expenditure Detail	Mission Bay North Property Tax
Debt Service	Redeem remaining outstanding bonds	\$ 70,000
Administrative Expenses	Staffing and consulting costs to administer CFD	\$ 54,003
Total		\$ 124,003

CFD 4: Mission Bay North Infrastructure

Workplan

- Calling \$6.18 million of \$6.24 million in outstanding 2002 variable rate bonds in 2021
- Call remaining \$70,000 in bonds in 2022
- Evaluate CFD “sunset” prior to 2032

CFD 6: Mission Bay South Infrastructure

Budget

Expenditure Type	Expenditure Detail	FY 21-22 Special Tax	Fund Balance 06.30.21	Total
Debt Service	Debt service for previously issued debt	\$ 9,115,311	\$ -	\$ 9,115,311
Administrative Expenses	Staffing and consulting costs to administer CFD	\$ 163,570	\$ -	\$ 163,570
Infrastructure Reimbursement	Direct reimbursement to developer for costs of infrastructure construction	\$ 1,887,259	\$ 18,166,774	\$ 20,054,033
Total		\$ 11,166,140	\$ 18,166,774	\$ 29,332,914

CFD 6: Mission Bay South Infrastructure

Workplan

- Work with FOCIL-MB to identify the value of the reimbursements for past and current work
- Work with FOCIL-MB to refine projections of future reimbursements
- Analyze impact of calling or refunding 2005 and 2013 CFD bonds on special tax requirement

CFD 5: Mission Bay North / South Maintenance

Budget

Expenditure Type	Expenditure Detail	FY 21-22 Special Tax	Fund Balance 06.30.21	Total
Maintenance and Operations	Professional services to maintain park system including landscaping, janitorial, and security	\$ 2,239,549	\$ -	\$ 2,239,549
Administrative Expenses	Staffing and consulting costs to administer CFD	\$ 153,555	\$ -	\$ 153,555
Contingency Reserve (10%)	Reserve for unexpected maintenance and operations expenses	\$ 239,310	\$ -	\$ 239,310
Maintenance Reserve	Reserve for future maintenance and operations expenditures	\$ 127,670	\$ 8,059,712	\$ 8,187,382
Total		\$ 2,760,084	\$ 8,059,712	\$ 10,819,796

CFD 5: Mission Bay North / South Maintenance

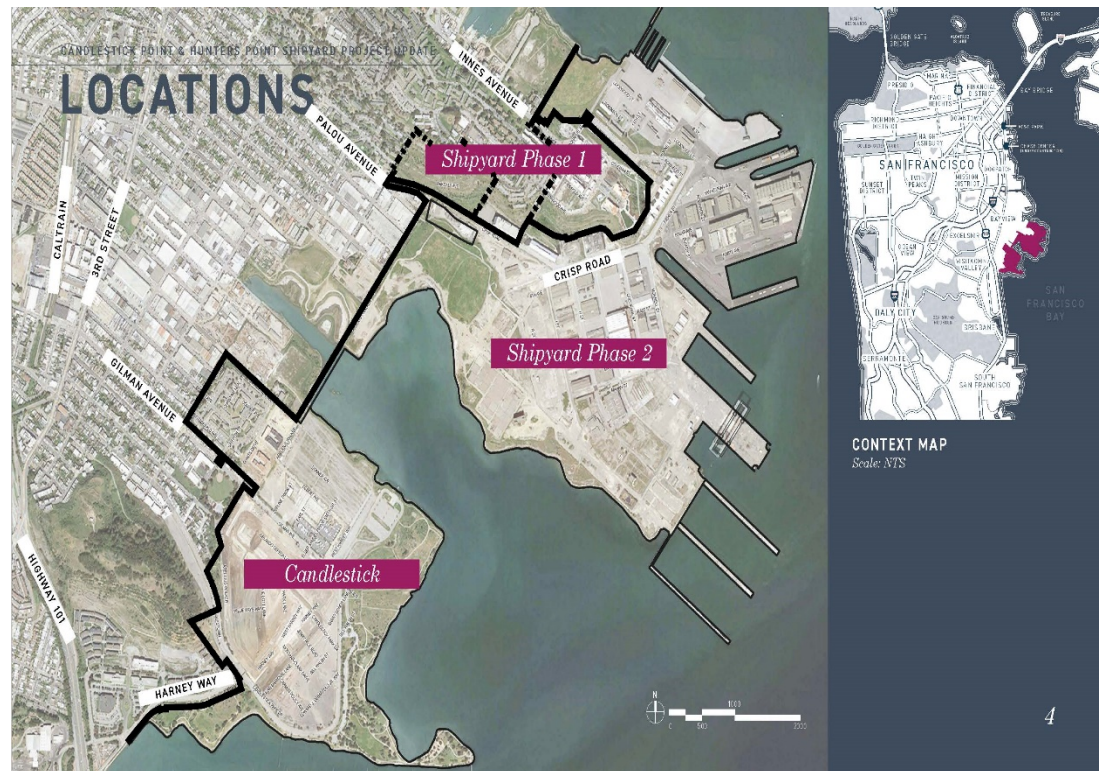
Workplan

- Maintain 24.3 acres of passive and active park space, including 1.7 new acres that will be added this fiscal year.
- Refine expenditure projections for out years at full build out of 41 acres total.
- Review capital reserve needs.

Hunters Point Shipyard / Candlestick Point

There are three CFDs in HPS/Candlestick Point

- CFD 7 is an infrastructure CFD for Hunters Point Shipyard Phase 1
- CFD 8 is a maintenance CFD for Hunters Point Shipyard Phase 1
- CFD 9 is an infrastructure and maintenance CFD for Hunters Point Shipyard/Candlestick Point Phase 2



CFD 7: Hunters Point Shipyard Infrastructure

Budget

Expenditure Type	Expenditure Detail	FY 21-22 Special Tax	Fund Balance 06.30.21	Total
Debt Service	Debt service for previously issued debt	\$ 1,950,238	\$ -	\$ 1,950,238
Administrative Expenses	Staffing and consulting costs to administer CFD	\$ 148,255	\$ -	\$ 148,255
Infrastructure Reimbursement	Direct reimbursement to developer for costs of infrastructure construction	\$ 717,565	\$ 4,201,888	\$ 4,919,453
Total		\$ 2,816,058	\$ 4,201,888	\$ 7,017,946

CFD 7: Hunters Point Shipyard Infrastructure

Workplan

- Prepare long-term cost projections for future infrastructure reimbursements

CFD 8: Hunters Point Shipyard Maintenance

Budget

Expenditure Type	Expenditure Detail	FY 21-22 Special Tax	Fund Balance 06.30.21	Total
Maintenance and Operations	Professional services to maintain park system	\$ 575,000	\$ -	\$ 575,000
Administrative Expenses	Staffing and consulting costs to administer CFD	\$ 121,900	\$ -	\$ 121,900
Contingency Reserve (10%)	Reserve for unexpected maintenance and operations expenses	\$ 69,690	\$ -	\$ 69,690
Maintenance Reserve	Reserve for future maintenance and operations expenditures	\$ 573,599	\$ 5,122,944	\$ 5,696,543
Total		\$ 1,340,189	\$ 5,122,944	\$ 6,463,133

CFD 8: Hunters Point Shipyard Maintenance

Workplan

- Select, and on-board new parks maintenance contractor
- Maintain 4 acres of active park space, 14 acres of open space and the Site Office Building
- Prepare long-term projections for park operations to identify appropriate size for maintenance reserve

CFD 9: Hunters Point Shipyard Phase Two

Budget

Expenditure Type	Expenditure Detail	FY 21-22 Special Tax	Fund Balance 06.30.21	Total
Administrative Expenses	Staffing and consulting costs to administer CFD	\$ 30,236	\$ -	\$ 30,236
Contingency Reserve (10%)	Reserve for unexpected maintenance and operations expenses	\$ 3,024	\$ -	\$ 3,024
Maintenance Reserve	Reserve for future maintenance and operations expenditures	\$ 369,769	\$ 1,101,186	\$ 1,470,955
Total		\$ 403,029	\$ 1,101,186	\$ 1,504,215

CFD 9: Hunters Point Shipyard Phase Two

Workplan

- Prepare long-term projections for park operations to identify appropriate size for maintenance reserve

CFD Next Steps

- CFD Budget action, November 16, 2021.
 - “Approving a 2022 Budget for Community Facilities Districts administered by the Successor Agency for the period July 1, 2021 through June 30, 2022 for the Special Tax Levy and January 1 through December 31 for expenditures. (Discussion and Action)”
- Review CFD Budget for FY 2022-23 in Spring 2022.

CFD Budget Workshop

Questions / Comments

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