OCII
office of
COMMUNITY INVESTMENT
and INFRASTRUCTURE

107-0592021-002

Agenda Item **No.5(b)**
Meeting of November 16, 2021

**MEMORANDUM**

**TO:** Commission on Community Investment and Infrastructure

**FROM:** Sally Oerth, Interim Executive Director

**SUBJECT:** Approving a Budget and Levy of Special Taxes for Community Facility Districts administered by the Successor Agency to the Redevelopment Agency of the City and County of San Francisco

---

**EXECUTIVE SUMMARY**

OCII administers seven Mello-Roos Community Facilities Districts (CFDs) in the former Rincon Point South Beach, Mission Bay North and South, Bayview Hunters Point and Hunters Point Shipyard Redevelopment Project Areas. These CFDs finance specified public facilities and services and borrow money (by issuing bonds or incurring other debt) to assist with financing these facilities. Historically, OCII has submitted the CFD budget as an appendix to the overall OCII budget.

OCII staff now proposes to separate approval of the CFD budget from the rest of OCII's budget because OCII has an independent obligation to administer CFDs that are not subject to the Redevelopment Dissolution Law. On November 2, 2021 staff presented a CFD Workshop to the Commission and provided a greater level of detail on the CFD budget than previously presented to the Commission. The Commission proposed no changes to the CFD budget, and now staff recommend approval of the budget. Moving forward, each Spring, consistent with the OCII budget, the Commission will annually approve the CFD budget with more detail to increase transparency.

The CFD Budget includes the special tax levy for Fiscal Year (FY) 2021-22, finalized in August 2021, as well as projected expenditures for calendar year 2022. Under the Mello Roos Act, the special tax levy is set by the Rate and Method of Apportionment, which is approved by the Commission at the time of CFD formation. The total 2022 CFD budget is projected at $18.8 million, $18.7 million funded by the FY 2021-22 special tax levy and $0.1 million funded by pledged Mission Bay North Property Tax.

The following memorandum summarizes the proposed 2022 CFD Budget.



One S. Van Ness Ave.
5th Floor
San Francisco, CA
94103

415 749 2400

www.sfocii.org

The final CFD Budget, which describes the budget for each CFD in detail, including the 2022 work plan for each district, is attached to Resolution 40-2021.

## DISCUSSION

The Mello-Roos Act provides an alternative method of financing certain public capital facilities and services and allows local agencies to create CFDs to fill some funding gaps created after the passage of Prop 13 (June 1978). 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. 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. CFDs help to amortize costs over a longer time period to reduce the upfront burden of development. Repayment of CFD debt is secured by a special tax on property bills. To form a CFD, the landowners must petition for formation and obtain 2/3 approval with property owners within the district boundaries.

CFDs can be maintenance, infrastructure, or both. OCII administers the following CFDs:

**Table 1: Background on OCII's CFDs**

| 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) |

## Proposed 2022 CFD Budget

The proposed 2022 budget totals $18.8 million, which is $0.9 million more than the 2021 budget of $17.9 million. **Table 2** shows a more detailed breakdown of 2022 expenditures.

As shown in **Table 2**, of the $18.7 million budgeted for CFDs funded by special tax, 59.2% are for debt service for previously issued debt. Maintenance services account for 15.7% of spending to provide professional services to maintain parks in the maintenance districts. The budget contains 13.9% in funds collected to provide for developer reimbursements for infrastructure costs. The remaining 11.1% is projected to cover administrative expenses as well as reserves for unforeseen expenditures. CFD 4 also includes $124,003 in expenditures for debt service and administrative expenses, which are funded through Mission Bay North property tax.

**Table 2: Proposed 2022 CFD Budget Summary**

| 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** |

## NEXT STEPS

OCII staff presented to the Commission on November 2, 2021 the CFD Budget Workshop. The Commission proposed no changes to the overall CFD budget. Staff recommend approval of the proposed 2022 CFD Budget. OCII staff will bring a similarly detailed 2023 CFD Budget before the Commission in Spring 2022, as part of the regular OCII budget process.

*(Originated by Melissa Whitehouse, CFD Project Manager)*

DocuSigned by:
Sally Oerth
336F9B4FE72748A...
Sally Oerth
Interim Executive Director