Office of Community Investment and Infrastructure

FY 2023-24 Budget Action

April 18, 2023

OCII

Office of Community Investment and Infrastructure

APPROVING A BUDGET FOR THE PERIOD JULY 1, 2023 THROUGH JUNE 30, 2024, AND AUTHORIZING THE TRANSMITTAL OF THE BUDGET AND INTERIM BUDGET TO THE MAYOR'S OFFICE AND THE BOARD OF SUPERVISORS

Budget: FY23-24 Process

- 1/9/23 OSB ROPS Workshop
- 1/25/23 OSB ROPS Action
- 4/4/23 Commission Budget Workshop
- 4/14/23 DOF Decision on ROPS
- 4/18/23 Commission Budget Action
- 5/1/23 Mayor's Budget Office Submission
- 6/1/23 Board of Supervisors Submission

Response to Mayor's 23-24 Budget Instructions

- In December 2022, OCII reduced Property Tax for staffing by $1.3M and supplanted with Other Funds (fees on hand).

- Of remaining $146.5M in General Fund support, $6.1M is available for further budget reductions:
  - $3.5M in RPTTF Admin is set by formula
  - $92.4M in Debt Service on bonds cannot be reduced
  - $41.0M in pledges for Affordable Housing loans and Infrastructure reimbursements are Mayoral priorities
  - $3.5M in retiree health and pension payments are existing obligations
  - Remaining $6.1M evaluated for cost savings

- Decrease from Workshop to Action is **$0.3M (5% of $6.1M)** in Property Tax support by increasing salary savings by holding 1.0 FTE Senior Engineer position vacant.

OCII's Property Tax Uses

Most of OCII's use of property tax is mandatory or fixed.

Expenditure Type	Mandatory	Discretionary	Total
ACA	$3.5	-	$3.5
Retiree Health and Pension	$3.5	-	$3.5
Debt Service	$92.4	-	$92.4
Pass-through to TJPA	$33.7	-	$33.7
HPS/CP infrastructure Reimbursements	$1.4	-	$1.4
Affordable Housing Project Costs	$5.9	-	$5.9
Other Project Costs/Staffing Costs	-	$6.1	$6.1
Total	**$140.4**	**$6.1**	**$146.5**
	95.8%	*4.2%*	*100.0%*

In FY 23-24 OCII, 95.8% of OCII's use of property tax is mandatory or fixed.

OCII's Property Tax Sources

Discretionary Property Tax revenues are limited to HPS2/CP and Other.

Table 1 to Resolution Exhibit Sources	FY 23-24 Workshop Proposed ($M)	FY 23-24 Action Proposed ($M)	Change
Property Tax - TAB Debt Service	$65.3	$65.3	-
Property Tax - Mission Bay	$27.1	$27.1	-
Property Tax - HPS2/CP	*$1.8*	*$1.8*	*-*
Property Tax - State Owned TBY	$33.7	$33.7	-
Property Tax - Other	*$15.2*	*$14.9*	*($0.3)*
Property Tax - ACA	$3.5	$3.5	-
Property Tax Increment Total	**$146.5**	**$146.2**	($0.3)

Of Property Tax - HPS2/CP and Property Tax – Other, $10.8M funds mandatory expenditures.

	FY 23-24 Workshop Proposed ($M)	FY 23-24 Action Proposed ($M)	Change
Sources			
Property Tax – HPS2/CP	*$1.8*	*$1.8*	*-*
Property Tax - Other	*$15.2*	*$14.9*	*($0.3)*
Uses			
Retiree Health and Obligations	-$3.5	-$3.5	-
Affordable Housing Obligations	-$5.9	-$5.9	-
HPS2/CP Infrastructure Reimbursements	-$1.4	-$1.4	-
Property Tax – Discretionary Balances	**$6.1**	**$5.8**	**($0.3)**

Budget Update: FY23-24 Sources

Total change in sources is a $0.3M reduction.

Sources	FY 23-24 Workshop Proposed ($M)	FY 23-24 Action Proposed ($M)	Difference ($M)	Justification
Property Tax	$146.5	$146.2	($0.3)	Increase salary savings by holding 1.0 Full Time Employee (“FTE”) Senior Engineer position vacant
Bonds	$127.9	$127.9	-	No change.
Developer Payments	$22.4	$22.4	-	No change.
Other Funds	$5.5	$5.5	-	No change.
Fund Balance	$142.1	$142.1	-	No change.
Prior Period Authority*	$273.4	$273.4	-	No change.
Total Sources	**$717.7**	**$717.4**	**($0.3)**	

*Prior Period Authority is expenditure carried forward from prior year, including affordable housing loans awarded but not yet drawn down fully and multi-year construction budgets.

Budget Update: FY23-24 Uses

Total change in uses is $0.3M reduction.

Uses	FY 23-24 Workshop Proposed ($M)	FY 23-24 Action Proposed ($M)	Difference ($M)	Justification
<u>Direct Program Spending</u>				
Affordable Housing	$331.6	$331.6	-	
Infrastructure & Other Non-Housing	$178.5	$178.5	-	
Project Management & Operations	$20.3	$20.0	*($0.3)*	Increase salary savings by holding 1.0 Full Time Employee ("FTE") Senior Engineer position vacant
Community Development & Workforce	$2.1	$2.1	-	
Direct Programmatic Subtotal	**$532.5**	**$532.2**	*($0.3)*	
<u>Indirect Program Spending</u>				
Debt	$151.0	$151.0	-	
Pass-through to TJPA	$33.7	$33.7	-	
Other	$0.4	$0.4	-	
Asset Management	$0.2	$0.2	-	
Indirect Programmatic Subtotal	**$185.3**	**$185.3**	-	
Total	**$717.7**	**$717.4**	*($0.3)*	

Budget: FY23-24 Summary

Cost Center Sources (M)	Mission Bay	Transbay	Hunters Point Shipyard / Candlestick Point	Debt Service/ Non-Projects	Total	*Percent*
Property Tax	$0.0	$44.4	$2.5	$99.4	$146.2	*20.4%*
Bonds	$0.0	$125.0	$0.0	$2.9	$127.9	*17.8%*
Developer Payments	$8.7	$1.4	$12.2	$0.0	$22.4	*3.1%*
Other Funds	$0.0	$0.0	$0.4	$5.1	$5.5	*0.8%*
Fund Balance	$23.7	$66.3	$0.2	$51.8	$142.1	*19.8%*
Prior Period Authority	$103.1	$59.4	$101.2	$9.7	$273.4	*38.1%*
Total Sources	**$135.6**	**$296.6**	**$116.5**	**$168.9**	**$717.4**	*100.0%*

Note: Affordable housing and staffing costs are embedded into Project costs above.

OCII Budget: FY 23-24 Highlights

- FY 23-24 Budget of $717.4M is an increase of $0.1M from FY22-23 Budget of $717.3M.
- Operational costs make up $20.0M or 2.8% of FY 23-24 Budget
- Staffing levels unchanged from prior year
  - 55.0 Full-Time Equivalent (“FTE”)
  - 36.0 FTE filled
  - 6.0 FTE salary savings; 3.0 FTE active recruitment; 10.0 FTE under recruitment
- Budget includes $116.0M in new affordable housing loans.
- Workplan includes issuance of $129.0M new money bond to fund infrastructure and affordable housing projects

Budget: FY 23-24

Questions?