



Exhibit A

# Interim FY20-21 Budget

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## **1. Background**

On February 1, 2012, the State of California dissolved the San Francisco Redevelopment Agency (“SFRA”) along with all 400 redevelopment agencies in California under Cal. Health & Safety Code §§ 34170 et seq (“Dissolution Law”). Pursuant to the Dissolution Law and to Board of Supervisors (“BOS”) Ordinance 215-12, the Office of Community Investment & Infrastructure (“OCII”) is the Successor Agency to the SFRA.

OCII is charged with completing work related to approved enforceable obligations. Those enforceable obligations are related to: (1) the Projects defined in BOS Ordinance No. 215-12 as the Mission Bay North and South Projects, the Transbay Project, and the Hunters Point Shipyard/Candlestick Point Project; (2) management of SFRA assets, existing economic development agreements such as loans, grants, or owner participation agreements, and other real property and assets of SFRA that must be wound down under the Dissolution Law; and (3) OCII’s Retained Affordable Housing Obligations.

### **Governance**

Ordinance 215-12 establishes the Successor Agency Commission as the main governing body of OCII. The Commission provides financial and policy oversight and exercises land use and design approval authority for the Projects. The Commission is comprised of five members appointed by the Mayor and confirmed by the Board of Supervisors, with two of the seats held by residents of the two supervisorial districts that contain the largest amounts of the Projects.

Dissolution Law requires there be a governing body known as an Oversight Board (“OB”). The OB has a fiduciary duty to the holders of enforceable obligations with the former SFRA and to the taxing entities that are entitled to an allocation of property taxes. The OB reviews and approves OCII’s expenditures and use of tax increment through the annual Recognized Obligation Payment Schedules. The OB also approves the issuance of bonds, transfers of property, and other matters related to the dissolution of SFRA. The Mayor appoints four of the seven members of the OB, subject to confirmation by the Board of Supervisors. One of those four members represents the largest group of former OCII employees. The remaining three members are representatives of affected taxing entities: the Bay Area Rapid Transit District, the San Francisco Unified School District, and the San Francisco Community College.

Dissolution Law establishes that OCII is a separate entity from the City and County of San Francisco (“CCSF”), as was the SFRA. However, under the Community Redevelopment Law, as amended by Dissolution Law, the BOS, in its capacity as the legislative body for CCSF, must still approve OCII’s annual budget (Cal Health & Safety Code § 33606). Accordingly, the OCII’s budget must be approved first by the Commission and subsequently approved by the Mayor and Board of Supervisors.

## **2. Program Summary**

OCII's primary activity is funding and facilitating delivery of affordable housing and infrastructure in the project areas of Mission Bay North and South, Transbay, and Hunters Point Shipyard/Candlestick Point. OCII's programmatic spending reflects this mission. Much of OCII staff time is spent on working closely with development partners and City agencies on land use plans and the associated permits and maps necessary to build these new communities. Additional details on OCII's staffing efforts related to that review, as well as information on FY20-21 programmatic goals for the delivery of public infrastructure (such as parks and open spaces), affordable housing units, and support of community benefits and workforce development can be found in the subsequent sections. Below are brief summaries OCII's three Projects, along with FY20-21 program highlights.

### **Mission Bay**

The project areas of Mission Bay North and Mission Bay South, together referred to as Mission Bay, were established in 1998 to create a vibrant transit-oriented and mixed-use community that will result in 6,514 residential units (29 percent of which will be affordable), 4 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 including a 550-bed hospital, 18,000-seat event center, 250-room hotel, library, school, police headquarters, and a local police and fire department. Mission Bay also contain 49 acres of open space, approximately 41 of which are owned by the City (master leased by and managed by OCII) and approximately eight of which are owned by UCSF. The master developer of the Mission Bay Project, FOCIL MB, is responsible for constructing public infrastructure and parks pursuant to an Owner Participation Agreement. OCII reimburses the developer for constructed infrastructure. OCII is responsible for approving the land uses and designs of both the public and private development projects and directly funds affordable housing in Mission Bay. Completion of the Mission Bay Project is anticipated in six to 10 years and will result in construction of more than \$900 million of new infrastructure, development of over \$8 billion in private vertical development, and creation of 31,000 permanent jobs.

To date 5,908 residential units, 3.375 million square feet of office and biotechnology space, 540,000 square feet of retail uses, a 550-bed hospital, an 18,000-seat event center, 60 percent of the UCSF research campus and 30 acres of open space have been built. In FY20-21, OCII will continue to reimburse the master developer for completed infrastructure using a combination of tax allocation bond proceeds, property tax increment, and Community Facility District ("CFD") funds. OCII will also monitor the construction of 293 affordable housing units on Blocks 6W and 9, fund a stand-alone affordable housing project on Block 9a, continue to review designs and permits for open spaces and private commercial development, and plan for the use of public art fees contributed by various developers. Four parks will complete construction in FY20-21, and OCII will incorporate these completed parks into OCII's existing contract with a third party parks

manager, which is funded through maintenance CFD #5. In FY20-21, the Uber Headquarters, which is comprised of four office towers totaling over 1 million square feet of office space, will finish construction including tenant improvements. Additionally, UCSF will complete construction of a new medical building and begin construction of another. The 250-room hotel at Block 1, which is currently seeking entitlement to add 49 rooms, will complete construction in FY20-21.

## **Transbay**

The Transbay Project was established in 2005 and is located primarily between Folsom and Howard Streets, east of 2nd Street, and west of Spear and Main Streets. A small portion of the Transbay Project extends south of Folsom Street along Essex Street to Harrison Street. The Transbay Project consists of two zones: Zone 1 is under the land use authority of OCII and consists of twelve blocks of land, of which eleven were formerly owned by the State, while Zone 2 is under the City Planning Department's jurisdiction. OCII is responsible for funding the design and construction of several new parks, streetscape improvements on Folsom Street, selling designated former State-owned parcels to fund construction of the Salesforce Transit Center, and forming partnerships with for-profit and non-profit developers to provide housing on the blocks, including directly funding a significant amount of affordable housing. Thirty-five percent of all new housing units in the entire Transbay Area will be affordable. When Zone 1 is fully built out, there will be approximately 3,200 residential units (of which 43 percent will be affordable), 800,000 square feet of office, 75,000 square feet of retail, and 3.5 acres of open space.

In FY20-21, all of the office space and 1,267 residential units will be complete, 929 units will be in construction, and 930 units will be in the planning phase. OCII will continue to monitor the two projects in construction (Blocks 9 and 1), both of which are mixed-income projects with anticipated completion during FY19-20. The 930 units in the planning phase consist of two projects that will occupy each end of the current Temporary Bus Terminal. First, a large mixed-income residential project on Block 4, which may require amendments to the Redevelopment Plan and associated design controls to allow for maximum efficiency of the site. Second, a stand-alone affordable housing on Block 2 subsidized by OCII. OCII is in negotiations with a development team on Block 4 and anticipates seeking a development team for Block 2 in FY20-21.

Regarding infrastructure development, in FY20-21 OCII will disburse funds through an existing contract with San Francisco Public Works ("SFPW") for a major streetscape construction project on Folsom Street between Essex and Spear Streets. OCII will also disburse funds through existing contracts with SFPW and third party design consultants to facilitate the design and predevelopment activities associated with two future parks: the 2.4 acre Under-ramp Park, which will be located underneath the Fremont off-ramp and the bus ramp to the Salesforce Transit Center, and the 1-acre Transbay Park that will be located in the middle section of the current Temporary Bus Terminal (Block 3).

## **Hunters Point Shipyard and Candlestick Point**

The Hunters Point Shipyard/Candlestick Point Project is composed of approximately 780 acres along the southeastern waterfront of San Francisco. The San Francisco Board of Supervisors originally adopted the Shipyard Redevelopment Plan in 1997 and amended it in 2010, along with the Bayview Hunters Point Redevelopment Plan. These amendments added Candlestick Point to the Project, to facilitate integrated development of the Hunters Point Shipyard and Candlestick Point Projects. Hunters Point Shipyard will be developed in two distinct phases by different master developers: Lennar, which is developing Hunters Point Shipyard Phase 1, and FivePoint, which is developing Hunters Point Shipyard Phase 2/Candlestick Point. Together, the entire Hunters Point Shipyard/Candlestick Point Project will generate more than 12,100 units of housing (of which approximately one-third will be affordable), 326 acres of parks, over 4.4 million square feet of commercial space, and approximately \$89 million of community benefits such as homeowner assistance, workforce development, job training, educational assistance, and contributions to South East Health Center.

To date, a total of 842 units have been built at Hunters Point Shipyard Phase 1 and Candlestick Point, including the first four phases of a revitalized Alice Griffith public housing development. At Hunters Point Shipyard Phase 1, OCII will begin construction on two OCII funded affordable housing projects totaling over 112 units on Blocks 52/54, and complete schematic designs on an additional 73 affordable units on Block 56, while also working with Lennar and a third party Community Builder on predevelopment activities for multiple mixed-income residential projects on Blocks 1 and 48. OCII will continue to work with Lennar to facilitate the completion and acceptance of new open spaces at Hunters Point Shipyard Phase 1 and will seek to enter into a contract with a third party parks manager funded through maintenance CFD #8. OCII owns the artists' studio building known as "Building 101" and will continue to implement an existing contract with SFPW, which is funded by a federal Economic Development Administration grant, to design and implement significant upgrades to this artists' building.

At Candlestick Point, OCII staff will work with FivePoint and various City departments to approve infrastructure permits and Final Maps necessary to transform the former 22-acre Candlestick stadium site into a new mixed-use development with a combination of office, retail, hotel, film and arts center, and affordable senior housing development. Both Lennar and FivePoint have made significant monetary contributions in accordance with their Community Benefits Agreements, and OCII anticipates funding multiple contracts for scholarships, homeownership assistance, and other economic development programs in FY 20-21.

## **Year-Over-Year Comparison and Budget Summary**

As shown in Exhibit 1, the proposed FY20-21 budget of \$531.7 million represents an increase of

\$10.3 million from the FY19-20 budget of \$521.3 million. Of this amount, \$305.9 million in uses is new budget authority and \$225.8 million is Prior Period Authority carried forward from FY19-20. Prior Period Authority is expenditure carried forward from prior fiscal years, including affordable housing loans awarded but not drawn down and multi-year construction budgets.

Year-over-year (“YOY”) changes to current year revenue sources compared to FY19-20 are primarily due to an increase in pledged property tax and fund balance. These increases are offset by a decrease in new bonds due to a deferred issuance of a housing bond and a decrease in Prior Period Authority due to spending down on existing housing loans.

Changes to current year uses compared to FY19-20 are primarily due to an increase in infrastructure reimbursements and payments made to reduce outstanding Mello Roos debt in Mission Bay North. These increases are offset by a decrease in affordable housing loans as OCII continues to pay down three loans made in prior years. FY20-21 uses have also decreased due to the drawing down of construction funds in Transbay and the transfer of South Beach Harbor.

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## Exhibit 1: Proposed FY20-21 Budget Compared to FY19-20 Budget, *Millions\**

|   | FY19-20<br>Budgeted | FY20-21<br>Proposed | YOY<br>Difference |
|---|---------------------|---------------------|-------------------|
| <b>Sources</b>                            |                     |                     |                   |
| Property Tax Increment - TAB Debt Service | \$ 74.6             | \$ 63.2             | \$ (11.4)         |
| Property Tax Increment - Debt Portfolio   | \$ 2.3              | \$ 2.3              | \$ 0.1            |
| Property Tax Increment - Mission Bay      | \$ 47.9             | \$ 49.4             | \$ 1.5            |
| Property Tax Increment - HPS2/CP          | \$ 0.3              | \$ 1.0              | \$ 0.6            |
| Property Tax Increment - State Owned TBY  | \$ 8.9              | \$ 21.7             | \$ 12.8           |
| Property Tax Increment - Other            | \$ 5.7              | \$ 7.9              | \$ 2.2            |
| Property Tax Increment - ACA              | \$ 4.4              | \$ 4.5              | \$ 0.0            |
| <b>Subtotal CY Property Tax Increment</b> | <b>\$ 144.1</b>     | <b>\$ 149.9</b>     | <b>\$ 5.9</b>     |
| New Bonds - Housing                       | \$ 25.4             | \$ -                | \$ (25.4)         |
| New Bonds - Infra                         | \$ 15.3             | \$ 15.5             | \$ 0.2            |
| <b>Subtotal CY New Bonds</b>              | <b>\$ 40.7</b>      | <b>\$ 15.5</b>      | <b>\$ (25.2)</b>  |
| Developer Payments                        | \$ 16.7             | \$ 16.5             | \$ (0.2)          |
| <b>Subtotal CY Developer Payments</b>     | <b>\$ 16.7</b>      | <b>\$ 16.5</b>      | <b>\$ (0.2)</b>   |
| Rent & Lease Revenue                      | \$ 0.9              | \$ 2.3              | \$ 1.3            |
| Loan Repayments                           | \$ 5.9              | \$ -                | \$ (5.9)          |
| Payments from Other Gov Entities          | \$ 4.4              | \$ 4.0              | \$ (0.4)          |
| Hotel Tax                                 | \$ 4.5              | \$ 4.5              | \$ (0.0)          |
| <b>Subtotal CY Other</b>                  | <b>\$ 15.8</b>      | <b>\$ 10.8</b>      | <b>\$ (5.0)</b>   |
| Fund Balance - Housing                    | \$ 74.1             | \$ 97.3             | \$ 23.2           |
| Fund Balance - Non-Housing                | \$ 6.6              | \$ 11.4             | \$ 4.8            |
| <b>Subtotal CY Fund Balance</b>           | <b>\$ 80.7</b>      | <b>\$ 108.7</b>     | <b>\$ 28.0</b>    |
| Prior Period Authority - Housing          | \$ 67.4             | \$ 24.9             | \$ (42.5)         |
| Prior Period Authority - Non-Housing      | \$ 156.0            | \$ 200.9            | \$ 45.0           |
| <b>Subtotal CY Prior Period Authority</b> | <b>\$ 223.4</b>     | <b>\$ 225.8</b>     | <b>\$ 2.4</b>     |
| <b>Total CY Sources</b>                   | <b>\$ 521.3</b>     | <b>\$ 527.2</b>     | <b>\$ 5.9</b>     |
| <b>Uses</b>                               |                     |                     |                   |
| <b>Uses - Operations</b>                  |                     |                     |                   |
| Operational Salaries and Benefits         | \$ 9.3              | \$ 10.4             | \$ 1.0            |
| Affordable Housing Services               | \$ 1.8              | \$ 1.4              | \$ (0.4)          |
| Rent                                      | \$ 0.7              | \$ 1.1              | \$ 0.4            |
| Retiree Health and Pension Costs          | \$ 3.9              | \$ 4.2              | \$ 0.2            |
| Auditing & Accounting Services            | \$ 0.2              | \$ 0.3              | \$ 0.0            |
| Legal Services                            | \$ 1.4              | \$ 1.4              | \$ 0.1            |
| Planning & Infrastructure Rvw             | \$ 5.4              | \$ 6.7              | \$ 1.3            |
| Real Estate Development Services          | \$ 0.2              | \$ 0.1              | \$ (0.1)          |
| Workforce Development Services            | \$ 0.4              | \$ 0.4              | \$ (0.0)          |
| Other Professional Services               | \$ 3.6              | \$ 4.6              | \$ 1.0            |
| Grants to Community-Based Organizations   | \$ 1.7              | \$ 2.4              | \$ 0.8            |
| Payments to Other Public Agencies         | \$ 6.3              | \$ 0.4              | \$ (6.0)          |
| Other Current Expenses                    | \$ 1.1              | \$ 1.2              | \$ 0.1            |
| <b>Subtotal CY Uses - Operations</b>      | <b>\$ 36.1</b>      | <b>\$ 34.6</b>      | <b>\$ (1.5)</b>   |
| <b>Uses - Non-Operations</b>              |                     |                     |                   |
| Affordable Housing Loans                  | \$ 98.9             | \$ 96.8             | \$ (2.1)          |
| Development Infrastructure                | \$ 149.1            | \$ 196.8            | \$ 47.7           |
| Pass-through to TJPA                      | \$ 8.6              | \$ 21.1             | \$ 12.5           |
| Debt Service - OCII TAB Bonds             | \$ 101.9            | \$ 97.3             | \$ (4.6)          |
| Public Art                                | \$ 1.1              | \$ 1.1              | \$ 0.0            |
| Other Debt                                | \$ 7.6              | \$ 19.9             | \$ 12.3           |
| <b>Subtotal CY Uses - Non-Operations</b>  | <b>\$ 367.2</b>     | <b>\$ 433.1</b>     | <b>\$ 65.8</b>    |
| Prior Period Authority - Housing          | \$ 67.4             | \$ 24.9             | \$ (42.5)         |
| Prior Period Authority - Non-Housing      | \$ 50.6             | \$ 34.7             | \$ (15.9)         |
| <b>Subtotal CY Prior Period Authority</b> | <b>\$ 118.0</b>     | <b>\$ 59.6</b>      | <b>\$ (58.4)</b>  |
| <b>Total CY Uses</b>                      | <b>\$ 521.3</b>     | <b>\$ 527.2</b>     | <b>\$ 5.9</b>     |
| <b>Sources vs. Uses</b>                   | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>       |

\*Dollar amounts will be slightly off due to rounding.



As shown in Exhibit 2, of the \$362.1 million budgeted to direct programmatic needs, OCII will expend \$122.2 million on affordable housing, \$237.5 million on infrastructure and other non-housing activities, and \$2.5 million on community development and workforce activities. These expenditures will draw primarily from Fund Balance and Prior Period Authority (“PPA”). Fund Balance reflects funds received in a prior year that OCII is budgeting for the first time in FY20-21. PPA reflects budget approved in prior years that OCII will expend over time.

**Exhibit 2: Proposed FY20-21 Budget Programmatic Summary, Millions\***

| Uses                                  | Sources | Property Tax    | Developer Payments | New Bonds - Housing | New Bonds - Infra | Rent & Lease Revenue | Fund Balance    | Prior Period Authority | Other         | Total           | Percent       |
|---------------------------------------|---------|-----------------|--------------------|---------------------|-------------------|----------------------|-----------------|------------------------|---------------|-----------------|---------------|
| <b>Direct Program Spending</b>        |         |                 |                    |                     |                   |                      |                 |                        |               |                 |               |
| Affordable Housing                    |         | \$ -            | \$ -               | \$ -                | \$ -              | \$ -                 | \$ 97.3         | \$ 24.9                | \$ -          | \$ 122.2        | 23.2%         |
| Infrastructure & Other Non-Housing    |         | \$ 23.8         | \$ 9.4             | \$ -                | \$ 15.0           | \$ -                 | \$ 3.1          | \$ 186.2               | \$ -          | \$ 237.5        | 45.0%         |
| Comm Dev & Workforce                  |         | \$ -            | \$ 0.3             | \$ -                | \$ -              | \$ -                 | \$ 2.2          | \$ -                   | \$ -          | \$ 2.5          | 0.5%          |
| <b>Direct Programmatic Subtotal</b>   |         | <b>\$ 23.8</b>  | <b>\$ 9.7</b>      | <b>\$ -</b>         | <b>\$ 15.0</b>    | <b>\$ -</b>          | <b>\$ 102.6</b> | <b>\$ 211.1</b>        | <b>\$ -</b>   | <b>\$ 362.1</b> | <b>68.7%</b>  |
| <b>Indirect Program Spending</b>      |         |                 |                    |                     |                   |                      |                 |                        |               |                 |               |
| Asset Management                      |         | \$ 0.4          | \$ -               | \$ -                | \$ -              | \$ -                 | \$ -            | \$ -                   | \$ 3.9        | \$ 4.4          | 0.8%          |
| Project Mgmt & Operations             |         | \$ 13.6         | \$ 6.3             | \$ -                | \$ 0.2            | \$ 0.4               | \$ -            | \$ -                   | \$ 0.1        | \$ 20.6         | 3.9%          |
| Debt                                  |         | \$ 91.1         | \$ 0.5             | \$ -                | \$ 0.3            | \$ 1.5               | \$ 6.1          | \$ 14.7                | \$ 4.5        | \$ 118.6        | 22.5%         |
| Pass-through to TJPA                  |         | \$ 21.1         | \$ -               | \$ -                | \$ -              | \$ -                 | \$ -            | \$ -                   | \$ -          | \$ 21.1         | 4.0%          |
| Other                                 |         | \$ -            | \$ -               | \$ -                | \$ -              | \$ 0.4               | \$ -            | \$ -                   | \$ -          | \$ 0.4          | 0.1%          |
| <b>Indirect Programmatic SubTotal</b> |         | <b>\$ 126.2</b> | <b>\$ 6.8</b>      | <b>\$ -</b>         | <b>\$ 0.5</b>     | <b>\$ 2.3</b>        | <b>\$ 6.1</b>   | <b>\$ 14.7</b>         | <b>\$ 8.5</b> | <b>\$ 165.1</b> | <b>31.3%</b>  |
| <b>Total</b>                          |         | <b>\$ 149.9</b> | <b>\$ 16.5</b>     | <b>\$ -</b>         | <b>\$ 15.5</b>    | <b>\$ 2.3</b>        | <b>\$ 108.7</b> | <b>\$ 225.8</b>        | <b>\$ 8.5</b> | <b>\$ 527.2</b> | <b>100.0%</b> |

\*Dollar amounts will be slightly off due to rounding.

In order to support the delivery of these direct programmatic activities, the Proposed FY20-21 Budget includes funding for indirect program expenditures, such as asset management, project management and operations, debt service, and pass-through of pledged property tax to the Transbay Joint Powers Authority (“TJPA”). Exhibit 2 shows a total of \$165.1 million budgeted to these indirect programmatic expenditures, which are primarily supported through property tax and developer payments.

Exhibit 3 shows the total Proposed FY20-21 Budget of \$527.2 million by Project and cost center. The column headers describe Operations, Debt, and OCII’s major active projects: Hunters Point Shipyard Phase 1 and Phase 2 / Candlestick Point (“Hunters Point Shipyard / Candlestick Point” or “HPS/CP”), Mission Bay North (“MBN”), Mission Bay South (“MBS”), and Transbay (“TBY”). Expenditures unrelated to the major active project areas, Operations, or Debt are rolled up and shown in the Other column. Exhibit 3 integrates the proposed budget for affordable housing into the appropriate project area, according to each project’s location.

**Exhibit 3: Proposed FY20-21 Budget by Project Area/Cost Center, *Millions*\***

|   | Operations    | Debt            | HPS / CP       | MBN            | MBS             | TBY            | Other          | Total        |
|---|---------------|-----------------|----------------|----------------|-----------------|----------------|----------------|--------------|
| <b>Sources</b>                                      |               |                 |                |                |                 |                |                |              |
| Property Tax Increment - TAB Debt Service           | \$ -          | \$ 63.2         | \$ -           | \$ -           | \$ -            | \$ -           | \$ -           | 63.2         |
| Property Tax Increment - Debt Portfolio             | \$ -          | \$ 2.3          | \$ -           | \$ -           | \$ -            | \$ -           | \$ -           | 2.3          |
| Property Tax Increment - Mission Bay                | \$ -          | \$ 26.1         | \$ -           | \$ 0.4         | \$ 22.9         | \$ -           | \$ -           | 49.4         |
| Property Tax Increment - HPS2/CP                    | \$ -          | \$ -            | \$ 1.0         | \$ -           | \$ -            | \$ -           | \$ -           | 1.0          |
| Property Tax Increment - State Owned TBY            | \$ -          | \$ -            | \$ -           | \$ -           | \$ -            | \$ 21.7        | \$ -           | 21.7         |
| Property Tax Increment - Other                      | \$ 4.5        | \$ -            | \$ 0.9         | \$ -           | \$ -            | \$ 2.3         | \$ 0.1         | 7.9          |
| Property Tax Increment - ACA                        | \$ 4.5        | \$ -            | \$ -           | \$ -           | \$ -            | \$ -           | \$ -           | 4.5          |
| <b>Subtotal CY Property Tax Increment</b>           | <b>\$ 9.0</b> | <b>\$ 91.6</b>  | <b>\$ 1.9</b>  | <b>\$ 0.4</b>  | <b>\$ 22.9</b>  | <b>\$ 24.0</b> | <b>\$ 0.1</b>  | <b>149.9</b> |
| New Bonds - Infra                                   | \$ -          | \$ 0.5          | \$ 15.0        | \$ -           | \$ -            | \$ -           | \$ -           | 15.5         |
| <b>Subtotal CY New Bonds</b>                        | <b>\$ -</b>   | <b>\$ 0.5</b>   | <b>\$ 15.0</b> | <b>\$ -</b>    | <b>\$ -</b>     | <b>\$ -</b>    | <b>\$ -</b>    | <b>15.5</b>  |
| Developer Payments                                  | \$ -          | \$ 0.5          | \$ 13.0        | \$ 0.0         | \$ 0.6          | \$ 2.3         | \$ 0.1         | 16.5         |
| <b>Subtotal CY Developer Payments</b>               | <b>\$ -</b>   | <b>\$ 0.5</b>   | <b>\$ 13.0</b> | <b>\$ 0.0</b>  | <b>\$ 0.6</b>   | <b>\$ 2.3</b>  | <b>\$ 0.1</b>  | <b>16.5</b>  |
| Rent & Lease Revenue                                | \$ 0.4        | \$ 1.5          | \$ 0.4         | \$ -           | \$ -            | \$ -           | \$ -           | 2.3          |
| Payments from Other Gov Entities                    | \$ 0.1        | \$ -            | \$ 3.9         | \$ -           | \$ -            | \$ -           | \$ -           | 4.0          |
| Hotel Tax   | \$ -          | \$ 4.5          | \$ -           | \$ -           | \$ -            | \$ -           | \$ -           | 4.5          |
| <b>Subtotal CY Other</b>                            | <b>\$ 0.5</b> | <b>\$ 6.0</b>   | <b>\$ 4.3</b>  | <b>\$ -</b>    | <b>\$ -</b>     | <b>\$ -</b>    | <b>\$ -</b>    | <b>10.8</b>  |
| Fund Balance - Housing                              | \$ -          | \$ -            | \$ 51.2        | \$ -           | \$ 39.0         | \$ 7.0         | \$ -           | 97.3         |
| Fund Balance - Non-Housing                          | \$ -          | \$ 6.1          | \$ 2.4         | \$ -           | \$ 1.1          | \$ 1.9         | \$ -           | 11.4         |
| <b>Subtotal CY Budget Sources</b>                   | <b>\$ -</b>   | <b>\$ 6.1</b>   | <b>\$ 53.6</b> | <b>\$ -</b>    | <b>\$ 40.2</b>  | <b>\$ 8.9</b>  | <b>\$ -</b>    | <b>108.7</b> |
| Prior Period Authority - Housing                    | \$ -          | \$ -            | \$ 5.7         | \$ -           | \$ 19.2         | \$ -           | \$ -           | 24.9         |
| Prior Period Authority - Non-Housing                | \$ -          | \$ 1.4          | \$ -           | \$ 42.7        | \$ 115.6        | \$ 23.8        | \$ 17.4        | 200.9        |
| <b>Subtotal CY Sources - Prior Period Authority</b> | <b>\$ -</b>   | <b>\$ 1.4</b>   | <b>\$ 5.7</b>  | <b>\$ 42.7</b> | <b>\$ 134.8</b> | <b>\$ 23.8</b> | <b>\$ 17.4</b> | <b>225.8</b> |
| <b>Total CY Sources</b>                             | <b>\$ 9.5</b> | <b>\$ 106.0</b> | <b>\$ 93.5</b> | <b>\$ 43.2</b> | <b>\$ 198.5</b> | <b>\$ 59.0</b> | <b>\$ 17.6</b> | <b>527.2</b> |
| <b>Uses</b>   |               |                 |                |                |                 |                |                |              |
| <b>Uses - Operations</b>                            |               |                 |                |                |                 |                |                |              |
| Allocated Staff & Operating Expenses                | \$ (11.1)     | \$ 0.7          | \$ 4.3         | \$ 0.4         | \$ 2.7          | \$ 2.7         | \$ 0.2         | 0.0          |
| Operational Salaries and Benefits                   | \$ 10.4       | \$ -            | \$ -           | \$ -           | \$ -            | \$ -           | \$ -           | 10.4         |
| Affordable Housing Services                         | \$ 1.4        | \$ -            | \$ -           | \$ -           | \$ -            | \$ -           | \$ -           | 1.4          |
| Rent  | \$ 1.1        | \$ -            | \$ -           | \$ -           | \$ -            | \$ -           | \$ -           | 1.1          |
| Retiree Health and Pension Costs                    | \$ 4.2        | \$ -            | \$ -           | \$ -           | \$ -            | \$ -           | \$ -           | 4.2          |
| Auditing & Accounting Services                      | \$ 0.3        | \$ -            | \$ -           | \$ -           | \$ -            | \$ -           | \$ -           | 0.3          |
| Legal Services                                      | \$ 0.3        | \$ -            | \$ 1.0         | \$ -           | \$ -            | \$ 0.1         | \$ -           | 1.4          |
| Planning & Infrastructure Rvw                       | \$ 0.1        | \$ -            | \$ 6.5         | \$ -           | \$ -            | \$ -           | \$ -           | 6.7          |
| Real Estate Development Services                    | \$ 0.1        | \$ -            | \$ 0.0         | \$ -           | \$ -            | \$ -           | \$ -           | 0.1          |
| Workforce Development Services                      | \$ 0.3        | \$ -            | \$ 0.1         | \$ -           | \$ -            | \$ -           | \$ -           | 0.4          |
| Other Professional Services                         | \$ 1.2        | \$ -            | \$ 1.4         | \$ -           | \$ 1.4          | \$ 0.8         | \$ -           | 4.6          |
| Grants to Community-Based Organizations             | \$ -          | \$ -            | \$ 2.4         | \$ -           | \$ -            | \$ -           | \$ -           | 2.4          |
| Payments to Other Public Agencies                   | \$ -          | \$ -            | \$ 0.4         | \$ -           | \$ -            | \$ -           | \$ -           | 0.4          |
| Other Current Expenses                              | \$ 1.2        | \$ -            | \$ -           | \$ -           | \$ -            | \$ -           | \$ -           | 1.2          |
| <b>Subtotal CY Uses - Operations</b>                | <b>\$ 9.5</b> | <b>\$ 0.7</b>   | <b>\$ 16.1</b> | <b>\$ 0.4</b>  | <b>\$ 4.1</b>   | <b>\$ 3.6</b>  | <b>\$ 0.2</b>  | <b>34.6</b>  |
| <b>Uses - Non-Operations</b>                        |               |                 |                |                |                 |                |                |              |
| Affordable Housing Loans                            | \$ -          | \$ -            | \$ 51.2        | \$ -           | \$ 38.5         | \$ 7.0         | \$ -           | 96.8         |
| Development Infrastructure                          | \$ -          | \$ -            | \$ 16.1        | \$ 29.3        | \$ 135.6        | \$ 8.0         | \$ 7.8         | 196.8        |
| Pass-through to TJPA                                | \$ -          | \$ -            | \$ -           | \$ -           | \$ -            | \$ 21.1        | \$ -           | 21.1         |
| Debt Service - OCII TAB Bonds                       | \$ -          | \$ 97.3         | \$ -           | \$ -           | \$ -            | \$ -           | \$ -           | 97.3         |
| Public Art  | \$ -          | \$ -            | \$ -           | \$ -           | \$ 1.1          | \$ -           | \$ -           | 1.1          |
| Other Debt  | \$ -          | \$ 6.6          | \$ -           | \$ 13.4        | \$ -            | \$ -           | \$ -           | 19.9         |
| <b>Subtotal CY Uses - Non-Operations</b>            | <b>\$ -</b>   | <b>\$ 103.9</b> | <b>\$ 67.3</b> | <b>\$ 42.7</b> | <b>\$ 175.3</b> | <b>\$ 36.1</b> | <b>\$ 7.8</b>  | <b>433.1</b> |
| Prior Period Authority - Housing                    | \$ -          | \$ -            | \$ 5.7         | \$ -           | \$ 19.2         | \$ -           | \$ -           | 24.9         |
| Prior Period Authority - Non-Housing                | \$ -          | \$ 1.4          | \$ 4.4         | \$ -           | \$ -            | \$ 19.3        | \$ 9.6         | 34.7         |
| <b>Subtotal CY Uses - Prior Period Authority</b>    | <b>\$ -</b>   | <b>\$ 1.4</b>   | <b>\$ 10.1</b> | <b>\$ -</b>    | <b>\$ 19.2</b>  | <b>\$ 19.3</b> | <b>\$ 9.6</b>  | <b>59.6</b>  |
| <b>Total CY Uses</b>                                | <b>\$ 9.5</b> | <b>\$ 106.0</b> | <b>\$ 93.5</b> | <b>\$ 43.2</b> | <b>\$ 198.5</b> | <b>\$ 59.0</b> | <b>\$ 17.6</b> | <b>527.2</b> |
| <b>Sources vs. Uses</b>                             | <b>\$ -</b>   | <b>\$ -</b>     | <b>\$ -</b>    | <b>\$ -</b>    | <b>\$ -</b>     | <b>\$ -</b>    | <b>\$ -</b>    | <b>-</b>     |

\*Dollar amounts will be slightly off due to rounding.

As shown in Exhibit 3, Mission Bay South expenditures are the largest cost center in OCII's budget, reflecting the project area's maturity relative to other project areas. These expenditures are primarily for affordable housing loans and infrastructure reimbursements. Debt reflects the second largest cost center as OCII continues to manage a portfolio of 18 bonds. HPS/CP is the third largest cost center, reflecting affordable housing projects and continued construction of the parks and infrastructure in the project area.

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### **3. Land Use and Infrastructure**

OCII's Projects are developed in accordance with land uses approved through a variety of regulatory documents including Redevelopment Plans, design and zoning control documents, as well as phased development applications ("Major Phases" or "Sub Phases"). The design and construction of infrastructure, including streets, utilities, parks and open spaces must be in compliance with these regulatory documents. OCII staff work closely with other City agencies, developers, and a variety of professional consultants to review and ultimately approve the land uses and designs. Below is a summary of the major land use reviews OCII will undertake in FY20-21.

#### **FY20-21 Land Use Approvals and Planning**

##### **Mission Bay**

Mission Bay is the most mature of OCII's Projects. The major land use approvals in Mission Bay are complete, along with the majority of the infrastructure; however, three projects are anticipated to seek or finalize approvals for additional entitlements in FY20-21. These projects are: a hotel and residential project proposed by the Golden State Warriors on Blocks 29-30, a commercial office building proposed by Alexandria Real Estate on the vacant land at 1450 Owens St, and additional hotel room entitlement by SOMA Hotel at the Block 1 hotel project that is already in construction. In addition, OCII will finalize discussions with the San Francisco Arts Commission on how to program the public art fees paid by various developers pursuant to the Redevelopment Plan requirements.

##### **Transbay**

Transbay is comparable to an infill style of development, rather than a master developed project on vacant land. As such, the existing infrastructure and streetscape network of downtown primarily supports the developments in the Transbay Project. OCII will utilize an existing contract with a third party design consultant to prepare schematic designs for Under-ramp Park. As this park will be owned by the TJPA, OCII will seek final design approvals from the TJPA Board of Directors as well as the OCII Commission, and utilize an existing contract with SFPW to prepare the project for construction bidding. Planning work for Transbay Park will continue in FY20-21. OCII will utilize an existing contract with SFPW to design this park. OCII anticipates formal schematic design approvals in FY20-21.

##### **Hunters Point Shipyard/Candlestick Point**

The Hunters Point Shipyard/Candlestick Point Project is composed of two phases, Hunters Point Shipyard Phase 1 and Hunters Point Shipyard Phase 2/Candlestick Point. Hunters Point Shipyard Phase 1 is composed of two areas, Hilltop and Hillside. While the majority of the infrastructure in the Hilltop portion of Phase 1 is complete, the Hillside portion is scheduled to begin site work in FY20-21. Activity in the Hunters Point Shipyard Phase 2/Candlestick Project will focus on the Candlestick Point, specifically the former Candlestick Park stadium site. OCII will work closely with FivePoint and many City agencies through several work orders to review these proposed plans

and recommend necessary actions to the Commission and other approval bodies in FY20-21.

### **FY20-21 Infrastructure and Non-Housing Completions**

There are a number of infrastructure projects in active planning or construction. Due to project timing, a limited number of these projects will achieve completion in FY20-21. Three small parks will complete construction in Mission Bay, and seven park projects will complete construction in Hunters Point Shipyard Phase 1. In Transbay, construction of the Folsom Street Improvement Project was scheduled to be complete in FY20-21, but SFPW has encountered delays and construction will not be complete until FY21-22. Exhibit 4 summarizes anticipated infrastructure project completions.

**Exhibit 4: FY20-21 Infrastructure & Non-Housing Project Completions**

|                               | Mission Bay | Transbay | HPS/CP | Total |
|-------------------------------|-------------|----------|--------|-------|
| Parks and Open Space Projects | 3           | 0        | 7      | 10    |

### **FY20-21 Infrastructure Funding**

OCII anticipates expending \$237.5 million on infrastructure in FY20-21, using the sources shown in Exhibit 5. Additional infrastructure reimbursement and management of completed open spaces may be funded by CFD funds in infrastructure CFDs (#4 - Mission Bay North Public Improvements, #6 - Mission Bay South Public Improvements), #7 - Hunters Point Shipyard Phase One Improvements and #9 - Hunters Point Shipyard Phase 2/Candlestick Point Public Facilities and Services. Of the amount shown in Exhibit 5, OCII will spend \$196.8 million on development infrastructure reimbursements and \$11.7 million on support services. The remaining expenditures draw from multi-year project funding reflected in PPA.

**Exhibit 5: FY20-21 Infrastructure & Non-Housing Sources by Uses, Millions**

| Uses   | Sources                                  | Developer Payments | New Bonds     | Property Tax  | Fund Balance | Prior Period   | Total by Use   |
|--|--|--------------------|---------------|---------------|--------------|----------------|----------------|
|  | <i>Other Professional Services</i>       | \$1.8              |               | \$1.2         |              |                | \$3.0          |
|  | <i>Planning &amp; Infrastructure Rvw</i> | \$6.5              |               |               |              |                | \$6.5          |
|  | <i>Legal Services</i>                    | \$1.1              |               | \$0.0         |              |                | \$1.1          |
|  | <i>Public Art</i>                        |                    |               |               | \$1.1        |                | \$1.1          |
| Support Services Subtotal                          |  | \$9.4              | \$0.0         | \$1.2         | \$1.1        | \$0.0          | \$11.7         |
| Development Infrastructure Reimbursements Subtotal |  |                    | \$15.0        | \$22.6        | \$2.0        | \$157.2        | \$196.8        |
| Prior Period Authority - Non-Housing Subtotal      |  |                    |               |               | \$0.0        | \$29.0         | \$29.0         |
| <b>Total by Source</b>                             |  | <b>\$9.4</b>       | <b>\$15.0</b> | <b>\$23.8</b> | <b>\$3.1</b> | <b>\$186.2</b> | <b>\$237.5</b> |

#### 4. Housing Obligations

One of OCII's most important missions is to ensure the completion of the affordable housing obligations throughout Mission Bay North and South, Transbay, and Hunters Point Shipyard/Candlestick Point. Exhibit 6 shows OCII's total housing production obligation of 21,820 units, which represents the full build out of the Projects from inception to completion. This includes market rate units, developer funded inclusionary affordable units, and OCII funded affordable housing units. By the start of FY20-21, OCII anticipates that a total of 8,946 housing units will be complete across the Projects.

**Exhibit 6: OCII's Total Housing Production, as of July 1, 2020**

|                         | Mission Bay North | Mission Bay South | Transbay     | Hunters Point Shipyard Phase 1 | Hunters Point Shipyard Phase 2 / Candlestick Point | Total         |
|-------------------------|-------------------|-------------------|--------------|--------------------------------|--|---------------|
| Completed               | 2,964             | 2,944             | 2,196        | 505                            | 337  | 8,946         |
| In Construction         |                   | 152               |              |                                |  | 152           |
| Predevelopment          |                   | 281               | 683          | 593                            | 1,263  | 2,820         |
| Preliminary Planning    |                   | 173               | 247          | 294                            | 1,225  | 1,939         |
| Future Development      |                   |                   | 80           | 36                             | 7,847  | 7,963         |
| <b>Total by Project</b> | <b>2,964</b>      | <b>3,550</b>      | <b>3,206</b> | <b>1,428</b>                   | <b>10,672</b>                                      | <b>21,820</b> |

Of the 21,820 total housing units shown in Exhibit 6, OCII's development agreements require the agency to produce over 7,000 affordable housing units, over 60 percent of which will be funded by OCII. The OCII-funded units are known as OCII's Retained Affordable Housing Production Obligation, shown in Exhibit 7, by Project.

**Exhibit 7: OCII-Funded Retained Affordable Housing Production Obligation, by Project**

|                         | Mission Bay North | Mission Bay South | Transbay   | Hunters Point Shipyard Phase 1 | Hunters Point Shipyard Phase 2 / Candlestick Point | Total       |
|-------------------------|-------------------|-------------------|------------|--------------------------------|--|-------------|
| Completed               | 409               | 612               | 466        |                                | 337  | 1824        |
| In Construction         |                   | 152               |            |                                |  | 152         |
| Predevelopment          |                   | 289               |            | 112                            | 332  | 733         |
| Preliminary Planning    |                   | 173               | 247        | 70                             | 227  | 717         |
| Future Development      |                   |                   | 80         | 36                             | 748  | 864         |
| <b>Total By Project</b> | <b>409</b>        | <b>1226</b>       | <b>793</b> | <b>218</b>                     | <b>1644</b>  | <b>4290</b> |

### FY 20-21 Housing Completions

In FY20-21, 152 housing units will complete in OCII’s Project Areas. These completions are comprised of OCII-funded affordable units in Mission Bay South. There are no completions scheduled of OCII-funded affordable, inclusionary affordable, or market rate units in Mission Bay North, Transbay, Hunters Point Shipyard Phase 1, and Hunters Point Shipyard Phase2/Candlestick Point. Exhibit 8 provides a breakdown of projected completions by Project.

**Exhibit 8: OCII’s Housing Production, FY20-21 Projected Completions**

|                                   | Mission Bay South | Total      |
|-----------------------------------|-------------------|------------|
| <i>Project</i>                    | <i>Block 6W</i>   |            |
| <b>Housing Type</b>               |                   |            |
| OCII Funded Affordable Units      | 152               | 152        |
| Inclusionary Affordable Units     |                   |            |
| Market Rate Units                 |                   |            |
| <b>FY 20-21 Total Completions</b> | <b>152</b>        | <b>152</b> |

### FY20-21 Housing Budget

Each fiscal year, OCII funds a significant amount of affordable housing in stand-alone projects that include connection to services appropriate to the target population. OCII typically funds a combination of loans for predevelopment of projects just beginning the design process, gap loans for ongoing projects that will be soon begin construction, and additional construction funding for projects where overall funding sources have changed.

To fulfill its production obligation, OCII anticipates expending \$122.5 million in FY20-21, as shown in Exhibit 9. Of this amount, OCII will expend \$96.8 million on new affordable housing loans, \$24.9 million on existing loans, and \$0.8 million on professional services. An additional \$0.3 million is integrated into the proposed budget for Operations shown in Exhibit 2 and also included in Exhibit 9.

**Exhibit 9: OCII-Funded Affordable Housing Program, FY20-21 Sources by Uses, *Millions***

| Uses                              | Sources | Fund Balance  | Prior Period Authority | Total by Use   |
|-----------------------------------|---------|---------------|------------------------|----------------|
| New Affordable Housing Loans      |         | \$96.8        |                        | \$96.8         |
| Existing Affordable Housing Loans |         |               | \$24.9                 | \$24.9         |
| Professional Services             |         | \$0.8         |                        | \$0.8          |
| <b>Total by Source</b>            |         | <b>\$97.6</b> | <b>\$24.9</b>          | <b>\$122.5</b> |

In FY 20-21, OCII will fund five new new housing loans. Exhibit 10 below lists three predevelopment loans and two construction loans. These loans will result in construction of housing that serves a wide variety of housing needs, including typical family rental units, first time homeownership units, and senior and supportive housing units. Exhibit 10 provides a breakdown of the new OCII-funded affordable housing loans by housing type.

**Exhibit 10: OCII-Funded New Affordable Housing Loans by Housing Type, *Millions***

|  | Family Rental | Senior Rental Housing | Supportive Housing | Total  |
|--|---------------|-----------------------|--------------------|--------|
| <i>Mission Bay South Block 9 Predevelopment/Construction</i>     |               |                       | \$35.0             | \$35.0 |
| <i>Mission Bay South Block 12W Predevelopment</i>                | \$3.5         |                       |                    | \$3.5  |
| <i>Transbay 2E and 2W Predevelopment</i>                         | \$3.5         | \$3.5                 |                    | \$7.0  |
| <i>Hunters Point Shipyard Phase 1, Blocks 52/54 Construction</i> | \$47.7        |                       |                    | \$47.7 |
| <i>Hunters Point Shipyard Phase 1, Block 56 Predevelopment</i>   | \$3.5         |                       |                    | \$3.5  |
| Total  | \$58.2        | \$3.5                 | \$35.0             | \$96.8 |



## **5. Community and Workforce Development**

OCII has multiple agreements through which developers make financial contributions for community benefits and economic development grants and programs. The most significant of these agreements exist for the Hunters Point Shipyard Phase 1 and Hunters Point Shipyard Phase 2/Candlestick Point Projects. Both projects have a Community Benefits Agreement that identifies milestones at which the master developer is obligated to make community benefits payments to OCII. OCII programs and expends these funds to benefit the community.

In Hunters Point Shipyard/Candlestick Point, OCII plans to execute contracts with third party partners to implement community benefits programs for educational uses, homeownership assistance, contractor assistance, and other neighborhood building, wellness and economic development efforts.

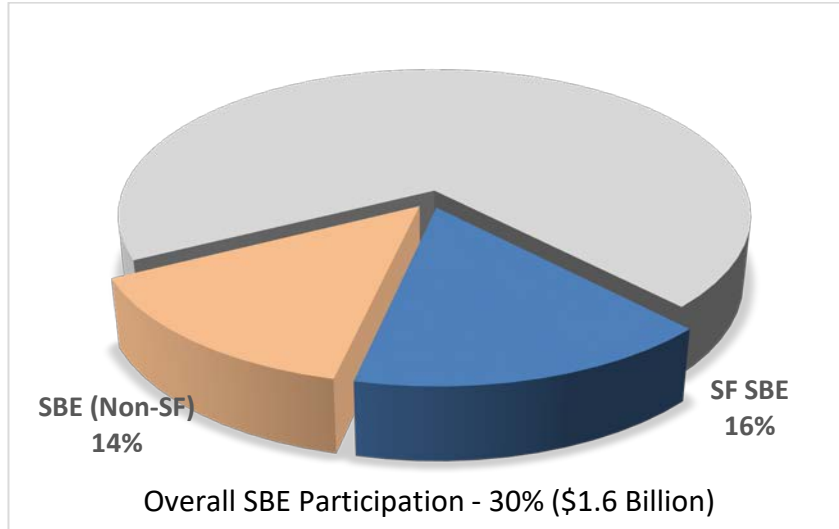
### **Community Development and Workforce**

OCII, as the Successor Agency to the SFRA, has a long history of promoting equal opportunity in contracts for professional design and construction services and in the workforce of contractors performing work on OCII-administered contracts. OCII adopted and continues to actively implement the Equal Opportunity Programs (“EOP”) of the prior SFRA. These programs are comprehensive and mirror ordinances enacted by the City, including nondiscrimination in contracts and benefits, health care accountability, minimum compensation, prevailing wage, local hiring, and small business contracting.

OCII’s EOP program applies to all OCII-administered contracts, including Development and Disposition Agreements, ground leases, and loan agreements, among others. OCII administers the EOP program on all stages of a project, from design through construction.

Since dissolution of the former SFRA in 2012, OCII has overseen the award of over \$5.5 billion in contracts with over \$1.6 billion or 30 percent credited to small business enterprises (“SBE”s). Of this amount, \$877 million, or 16 percent of all awards and 53 percent of SBE awards, is attributed to San Francisco-based small businesses. Minority and women-owned businesses have also participated in a significant manner with over \$875 million in contracts or nearly 16 percent of all awards, reflecting the ethnic and gender diversity of the region. As an economic driver, OCII’s SBE program has benefited over 1,000 local and small businesses since 2012. In FY20-21, OCII will continue to promote small business contracting and facilitate economic development.

**Exhibit 11: SBE Participation on OCII-Administered Contracts, 2012-2019**



In addition to small business contracting, OCII has a robust workforce development program to hire local residents. Since 2012, over 45,610 workers (of which 6,720 are San Francisco residents) have performed over 16 million construction hours on OCII-administered projects. Local residents performed nearly 3.2 million hours or 20 percent of the total, garnering \$139 million in wages. For FY20-21, OCII will continue to implement its local construction hiring program to ensure local residents have employment opportunities on OCII-administered projects.

Besides construction hiring, commercial projects overseen by OCII provide permanent hiring opportunities. In FY19-20, the Golden State Warriors completed construction of its Chase Center sports arena and, with the assistance of the San Francisco Office of Economic and Workforce Development (“OEWD”), hired 128 local residents for end-use positions pursuant to the owner participation agreement between OCII and the developer. In FY20-21, OCII anticipates completion of several other commercial buildings, which will offer additional end-use employment opportunities. OCII will continue to work with applicable developers and OEWD to transition workforce development efforts from construction hiring to permanent end-using hiring for the upcoming fiscal year.

In support of the mission to build communities through housing and infrastructure, OCII provides direct grants, funded by developers, to fund community benefits programs. In addition, OCII contracts with OEWD to support local hire efforts on OCII-administered projects. In FY20-21, OCII will expend a total of \$2.5 million on these Community Development and Workforce activities. An additional \$0.3 million is integrated into the proposed budget for Operations shown in Exhibit 2 and also included in Exhibit 12.

**Exhibit 12: OCII’s Community Development and Workforce Sources by Uses, *Millions***

| <b>Use</b>                              | <b>Source</b> | <b>Developer Payments</b> | <b>Property Tax Increment</b> | <b>Fund Balance</b> | <b>Total</b> |
|---|---------------|---------------------------|-------------------------------|---------------------|--------------|
| Grants to Community-Based Organizations |               | \$0.2                     |                               | \$2.0               | \$2.2        |
| Workforce Development Services          |               | \$0.1                     | \$0.3                         |                     | \$0.4        |
| Development Infrastructure              |               |                           |                               | \$0.3               | \$0.3        |
| <b>Total</b>                            |               | <b>\$0.3</b>              | <b>\$0.3</b>                  | <b>\$2.2</b>        | <b>\$2.8</b> |

## 6. Debt

In FY20-21, OCII anticipates expending \$118.6 million on its debt program. The largest expenditure will be for debt service on existing and new tax allocation bonds (“TAB”), which are bonds issued against property tax revenues and are OCII’s primary debt instrument. The second largest expenditure will be debt service on OCII’s Other or non-TAB debt, including hotel bonds, the Low Moderate Income Housing Fund loan, and cost of issuance for one planned new money bond issuance. Exhibit 13 details these expenditures by sources and uses.

**Exhibit 13: FY20-21 OCII Debt Program, Sources by Uses, Millions**

| Sources                       | New Bonds    | Property Tax  | Hotel Tax    | Fund Balance | Prior Period Authority | Total by Use   |
|-------------------------------|--------------|---------------|--------------|--------------|------------------------|----------------|
| <b>Uses</b>                   |              |               |              |              |                        |                |
| Debt Service - OCII TAB Bonds |              | \$89.3        |              | \$8.0        |                        | \$97.3         |
| Other Debt                    | \$0.3        | \$1.8         | \$4.5        | \$0.0        | \$13.4                 | \$19.9         |
| Prior Period Authority        |              |               |              |              | \$1.4                  | \$1.4          |
| <b>Subtotal by Source</b>     | <b>\$0.3</b> | <b>\$91.1</b> | <b>\$4.5</b> | <b>\$8.0</b> | <b>\$14.7</b>          | <b>\$118.6</b> |

As of June 30, 2019, OCII had long-term debt outstanding of \$998.5 million. Of this amount, \$860.0 million was Tax Allocation Bonds secured by property taxes generated in the redevelopment project area and \$23.1 million was Hotel Occupancy Tax Revenue Refunding Bonds secured by occupancy tax revenues from the occupancy of guest rooms in the hotels within the City. Exhibit 14 below shows the credit ratings, which are an assessment of the creditworthiness of a borrower, as assessed by credit rating agencies, for OCII’s outstanding long-term debt as of June 30, 2019.

**Exhibit 14: OCII Credit Ratings**

| Credit                              | Rating | Rating Agency     |
|-------------------------------------|--------|-------------------|
| <b>Tax Allocation Bonds</b>         |        |                   |
| RPTTF Senior/Cross Collateralized   | AA     | Standard & Poor's |
| RPTTF Subordinate                   | AA-    | Standard & Poor's |
| RPTTF Third Lien/"SB 107"           | A      | Standard & Poor's |
| Mission Bay North Infrastructure    | A      | Standard & Poor's |
| Mission Bay South Infrastructure    | A-     | Standard & Poor's |
| Mission Bay North and South Housing | A      | Standard & Poor's |
| <b>Other</b>                        |        |                   |
| Hotel Occupancy Tax Revenue         | A+     | Standard & Poor's |

In FY19-20, Moody’s Investors Services upgraded the rating on the RPTTF Senior/Cross Collateralized credit to Aa3 from A2 due to Moody’s revised Tax Increment Debt Methodology.

California Redevelopment Dissolution Law imposes limitations on the debt OCII can issue. OCII may only issue debt to finance the construction of affordable housing or infrastructure required by specified agreements and to refund outstanding debt. As shown in Exhibit 15, in FY20-21 OCII anticipates issuing one new money tax-exempt TAB. Proceeds from the issuance will fund reimbursement of Pre-Agreement costs in HPS/CP, as per the Financing Plan. This issuance is OCII’s first TAB backed by property tax increment generated in Candlestick Point.

**Exhibit 15: FY20-21 Planned New Money Issuances**

| <b>New Bond</b>  | <b>Use</b>     | <b>Amount (\$M)</b> |
|--|----------------|---------------------|
| 2020A Hunters Point Shipyard / Candlestick Point Infrastructure Bond | Infrastructure | \$15.0              |
| Cost of Issuance and Staffing Costs                                  | Reimbursements | \$0.5               |
| <b>Total</b>   |                | <b>\$15.5</b>       |

OCII will monitor its tax allocation bond portfolio to determine if market conditions favor refunding bonds. OCII will issue all refunding bonds in accordance with OCII’s debt policy and ensure that all refunding bonds result in net present value debt service savings, thereby decreasing tax increment required for debt service and increasing tax increment available to finance future debt or pay housing and development expenses on a pay-go basis. The amounts of the proposed refundings will be determined and presented to the Commission at the time of the refunding. OCII’s budget resolution will reflect this market uncertainty and will authorize staff to refund bonds in accordance with OCII’s debt policy and upon approval of the Commission, the Oversight Board, and Department of Finance.

## 7. Operations Budget

In FY20-21, OCII will expend \$20.6 million to fund its operational costs. Specifically, OCII will expend \$10.4 million on salaries and benefits, which reflects labor costs for 55 Full-Time Equivalent staff, the same number of staff as FY 19-20. OCII will expend the remaining \$6.0 million on non-labor expenses such as 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 on its retirement obligations.

Exhibit 16 details the sources and uses for OCII's operations. OCII will fund the majority of its operating costs with property tax and developer fees. Bond proceeds will fund staff time required to issue bonds.

### Exhibit 16: FY20-21 Operations, Sources by Uses

|                            | Amount        |
|----------------------------|---------------|
| <b>Sources</b>             |               |
| Bond Proceeds              | \$0.2         |
| Other Funds                | \$6.9         |
| Property Tax               | \$13.5        |
| <b>Total</b>               | <b>\$20.6</b> |
| <b>Uses</b>                |               |
| Salaries and Benefits      | \$10.4        |
| Non-labor                  | \$6.0         |
| Retiree Health and Pension | \$4.2         |
| <b>Total</b>               | <b>\$20.6</b> |

Exhibit 17 provides details on the non-labor uses in the FY20-21 budget.

### Exhibit 17: FY20-21 Non-Labor Uses

| Use                                 | Amount       |
|-------------------------------------|--------------|
| Work Orders with City Departments   | \$3.6        |
| Professional Services               | \$0.8        |
| Software and Information Technology | \$0.3        |
| Other Current Expenses              | \$0.5        |
| Insurance                           | \$0.5        |
| Legal                               | \$0.3        |
| <b>Total</b>                        | <b>\$6.0</b> |

Items of note in the Non-Labor budget include:

- **Affordable Housing Services:** The proposed FY20-21 budget includes \$1.4 million for affordable housing construction monitoring, marketing, and lease up sources provided by

the Mayor’s Office of Housing and Community Development.

- **Legal Services Related to OCII’s General Operations:** The proposed FY20-21 Operations budget includes \$0.3 million for legal services as described below. There is an additional \$585 thousand in legal costs embedded into the project budgets.
  - \$275,000 for specialized legal support provided by outside counsel; and
  - \$50,000 for general legal support, including housing program support, provided by the City Attorney’s Office.
  
- **Other Professional Services:** The proposed FY20-21 budget includes \$0.8 million for professional services including:
  - \$0.2 million for affordable housing professional services;
  - \$0.2 million for financial and information technology services;
  - \$0.2 million for professional services related to asset management;
  - \$0.1 million for general professional services; and
  - \$0.1 million for public communications support, including website design.
  
- **Other Current Expenses:** The proposed FY20-21 budget includes \$0.5 million for other current expenses:
  - \$0.2 million for facilities improvements, materials and supplies, off-site records storage, and mail and reproduction;
  - \$0.2 million for recruitment, employee training, temporary salaries, and field expenses; and
  - \$0.1 million for Commission and Oversight Board meeting expenses, including audiovisual recording of Commission meetings by SFGOV TV.

The non-labor budget also includes operational work performed via work orders with City departments. Exhibit 18 details these costs.

**Exhibit 18: FY20-21 Operational Work Orders with City Departments**

| <b>Department</b> | <b>Service</b>                | <b>Amount</b> |
|-------------------|-------------------------------|---------------|
| MOH               | Affordable Housing Services   | \$1.5         |
| ADM               | Rent, Mail, OLSE              | \$1.2         |
| OEWD              | Contract Compliance Support   | \$0.3         |
| CON               | Accounting and Audit Services | \$0.2         |
| Planning          | Project Areas Support         | \$0.2         |
| DT                | IT Services                   | \$0.2         |
| CAT               | Legal                         | \$0.1         |
| TTX               | Investment Management         | \$0.1         |
| <b>Total</b>      |                               | <b>\$3.7</b>  |

## 8. Budgeted Positions

The proposed FY20-21 budget contains 55 Full Time Equivalent (“FTE”s).

### Exhibit 19: FY20-21 Budgeted Positions

| Class | Title                                    | FY 19-20<br>Budget | FY 20-21<br>Proposed | YOY Difference | Hourly Step Salary Range |           |           |           |           |
|-------|--|--------------------|----------------------|----------------|--------------------------|-----------|-----------|-----------|-----------|
|       |  |                    |                      |                | 1                        | 2         | 3         | 4         | 5         |
| 500   | Executive Director                       | 1                  | 1                    | 0 \$           | 132.36                   | \$ 138.98 | \$ 145.93 | \$ 153.22 | \$ 160.89 |
| 520   | General Counsel                          | 1                  | 1                    | 0 \$           | 99.58                    | \$ 104.56 | \$ 109.79 | \$ 115.28 | \$ 121.04 |
| 1060  | Deputy Director                          | 2                  | 2                    | 0 \$           | 92.85                    | \$ 97.50  | \$ 102.37 | \$ 107.49 | \$ 112.86 |
| 525   | Deputy General Counsel                   | 1                  | 1                    | 0 \$           | 80.20                    | \$ 84.21  | \$ 88.42  | \$ 92.85  | \$ 97.49  |
| 556   | Senior Engineer                          | 1                  | 1                    | 0 \$           | 75.86                    | \$ 79.66  | \$ 83.64  | \$ 87.82  | \$ 92.21  |
| 930   | Staff Associate V - A                    | 1                  | 1                    | 0 \$           | 73.73                    | \$ 77.42  | \$ 81.29  | \$ 85.36  | \$ 89.62  |
| 1015  | Contract and Fiscal Services Manager (Z) | 1                  | 1                    | 0 \$           | 70.47                    | \$ 73.99  | \$ 77.69  | \$ 81.57  | \$ 85.65  |
| 535   | Development Svcs Manager                 | 1                  | 1                    | 0 \$           | 70.47                    | \$ 73.99  | \$ 77.69  | \$ 81.57  | \$ 85.65  |
| 540   | Housing Program Manager                  | 1                  | 1                    | 0 \$           | 70.47                    | \$ 73.99  | \$ 77.69  | \$ 81.57  | \$ 85.65  |
| 965   | Human Resources Manager                  | 1                  | 1                    | 0 \$           | 70.47                    | \$ 73.99  | \$ 77.69  | \$ 81.57  | \$ 85.65  |
| 550   | Sr. Project Manager                      | 1                  | 1                    | 0 \$           | 70.32                    | \$ 73.84  | \$ 77.53  | \$ 81.41  | \$ 85.48  |
| 585   | Contract Compl. Supervisor               | 1                  | 1                    | 0 \$           | 65.70                    | \$ 68.98  | \$ 72.43  | \$ 76.05  | \$ 79.85  |
| 1065  | Contract Compl. Sp. III                  | 1                  | 1                    | 0 \$           | 62.23                    | \$ 65.35  | \$ 68.61  | \$ 72.04  | \$ 75.65  |
| 630   | Sr. Financial Analyst                    | 1                  | 1                    | 0 \$           | 61.97                    | \$ 65.07  | \$ 68.32  | \$ 71.74  | \$ 75.33  |
| 595   | Snr Development Specialist               | 4                  | 4                    | 0 \$           | 60.89                    | \$ 63.93  | \$ 67.13  | \$ 70.48  | \$ 74.01  |
| 1110  | Principal Personnel Analyst              | 1                  | 1                    | 0 \$           | 60.81                    | \$ 63.85  | \$ 67.04  | \$ 70.39  | \$ 73.91  |
| 1025  | Housing Construction Specialist          | 1                  | 1                    | 0 \$           | 60.74                    | \$ 63.78  | \$ 66.97  | \$ 70.32  | \$ 73.83  |
| 590   | Project Manager                          | 3                  | 3                    | 0 \$           | 60.74                    | \$ 63.78  | \$ 66.97  | \$ 70.32  | \$ 73.83  |
| 655   | Senior Planner                           | 1                  | 1                    | 0 \$           | 60.34                    | \$ 63.36  | \$ 66.52  | \$ 69.85  | \$ 73.34  |
| 990   | Asst. Project Manager                    | 2                  | 2                    | 0 \$           | 56.60                    | \$ 59.43  | \$ 62.40  | \$ 65.52  | \$ 68.80  |
| 615   | Development Specialist                   | 8                  | 8                    | 0 \$           | 56.60                    | \$ 59.43  | \$ 62.40  | \$ 65.52  | \$ 68.80  |
| 921   | Staff Associate IV                       | 1                  | 1                    | 0 \$           | 56.60                    | \$ 59.43  | \$ 62.40  | \$ 65.52  | \$ 68.80  |
| 1100  | Accountant IV                            | 1                  | 1                    | 0 \$           | 54.42                    | \$ 57.14  | \$ 60.00  | \$ 63.00  | \$ 66.15  |
| 670   | Financial Systems Accountant             | 1                  | 1                    | 0 \$           | 54.42                    | \$ 57.14  | \$ 60.00  | \$ 63.00  | \$ 66.15  |
| 730   | Associate Planner                        | 2                  | 2                    | 0 \$           | 50.85                    | \$ 53.39  | \$ 56.06  | \$ 58.87  | \$ 61.81  |
| 1000  | EA to Executive Director                 | 1                  | 1                    | 0 \$           | 49.11                    | \$ 51.57  | \$ 54.15  | \$ 56.85  | \$ 59.70  |
| 705   | Assistant Development Specialist         | 2                  | 2                    | 0 \$           | 49.03                    | \$ 51.49  | \$ 54.06  | \$ 56.76  | \$ 59.60  |
| 720   | Senior Programmer Analyst - A            | 1                  | 1                    | 0 \$           | 48.77                    | \$ 51.21  | \$ 53.77  | \$ 56.46  | \$ 59.28  |
| 640   | Contract Compl. Sp. II                   | 2                  | 2                    | 0 \$           | 47.52                    | \$ 49.89  | \$ 52.39  | \$ 55.01  | \$ 57.76  |
| 695   | Accountant III                           | 1                  | 1                    | 0 \$           | 47.02                    | \$ 49.37  | \$ 51.84  | \$ 54.43  | \$ 57.15  |
| 995   | Commission Secretary                     | 1                  | 1                    | 0 \$           | 46.62                    | \$ 48.95  | \$ 51.39  | \$ 53.96  | \$ 56.66  |
| 775   | Accountant II                            | 0                  | 1                    | 1 \$           | 38.89                    | \$ 40.84  | \$ 42.88  | \$ 45.02  | \$ 47.27  |
| 1035  | Mgmt. Assistant II                       | 2                  | 2                    | 0 \$           | 38.57                    | \$ 40.49  | \$ 42.52  | \$ 44.64  | \$ 46.88  |
| O1035 | Mgmt. Assistant II                       | 1                  | 0                    | -1 \$          | 38.57                    | \$ 40.49  | \$ 42.52  | \$ 44.64  | \$ 46.88  |
| 810   | Administrative Secretary - A             | 1                  | 1                    | 0 \$           | 35.77                    | \$ 37.56  | \$ 39.44  | \$ 41.41  | \$ 43.48  |
| 915   | Staff Associate II                       | 1                  | 1                    | 0 \$           | 33.89                    | \$ 35.58  | \$ 37.36  | \$ 39.23  | \$ 41.19  |
| 855   | Record Specialist II - A                 | 1                  | 1                    | 0 \$           | 30.23                    | \$ 31.74  | \$ 33.33  | \$ 34.99  | \$ 36.74  |
| 860   | Senior Office Assistant - A              | 1                  | 1                    | 0 \$           | 30.23                    | \$ 31.74  | \$ 33.33  | \$ 34.99  | \$ 36.74  |
|       |  | 55                 | 55                   | 0              |                          |           |           |           |           |



## Appendix 1. Community Facilities Districts

Community Facilities Districts (“CFD”s) are special taxing districts formed under the California Mello-Roos Act. The revenues supporting the activities and/or bond obligations of these districts come solely from special taxes approved by electors within the district at the time of its formation. OCII acts as administrator of the CFDs.

OCII administers seven CFDs created under California’s Mello-Roos Act. Although the CFD activities are not included in OCII’s budget, their spending plans and annual levies as of June 30, 2020, are provided below for informational purposes only.

CFDs #5 - Mission Bay North and South Park Maintenance and #8 - Hunters Point Shipyard Phase One Maintenance are maintenance CFDs, which provide funds to operate, maintain, and repair open space parcels such as public parks and plazas in the District. CFDs #4 - Mission Bay North Public Improvements, #6 - Mission Bay South Public Improvements, and #7 Hunters Point Shipyard Phase One Improvements are infrastructure CFDs, which provide funds to acquire and develop infrastructure such as streetscapes and sewers in the District. CFDs #1 - South Beach Improvements and Maintenance and CFD #9 - Hunters Point Shipyard Phase 2/Candlestick Point Public Facilities and Services fund both maintenance and public improvements.

### Exhibit A1: OCII’s Community Facilities District

| CFD     | Project Area                                     | 2020 est. Tax Levy (M) | FY20-21 Debt Service (M) | 2/20/2020 Principal Outstanding (M) | Final Bond Maturity | Purpose                      |
|---------|--|------------------------|--------------------------|-------------------------------------|---------------------|------------------------------|
| CFD #1  | Rincon Point                                     | \$0.2                  | n/a                      | n/a                                 | n/a                 | Maintenance & Infrastructure |
| CFD #4* | Mission Bay North                                | \$0.0                  | \$0.5                    | \$19.5                              | 8/1/2031            | Infrastructure               |
| CFD #5  | Mission Bay North & South                        | \$2.7                  | n/a                      | n/a                                 | n/a                 | Maintenance                  |
| CFD #6  | Mission Bay South                                | \$11.0                 | \$8.9                    | \$123.5                             | 8/1/2043            | Infrastructure               |
| CFD #7  | Hunters Point Shipyard Phase 1                   | \$2.6                  | \$2.0                    | \$33.2                              | 8/1/2036            | Infrastructure               |
| CFD #8  | Hunters Point Shipyard Phase 1                   | \$1.2                  | n/a                      | n/a                                 | n/a                 | Maintenance                  |
| CFD #9  | Hunters Point Shipyard Phase 2/Candlestick Point | \$0.4                  | n/a                      | n/a                                 | n/a                 | Maintenance & Infrastructure |

\*Debt Service for CFD #4 is paid from tax increment pledged under the Financing Plan of the Mission Bay North Owner Participation Agreement (11/16/98)