

File No. 200569

Committee Item No. 3

Board Item No. 21

# COMMITTEE/BOARD OF SUPERVISORS

## AGENDA PACKET CONTENTS LIST

Committee: Budget & Appropriations Committee Date June 17, 2020

Board of Supervisors Meeting Date June 23, 2020

### Cmte Board

- Motion
- Resolution
- Ordinance
- Legislative Digest
- Budget and Legislative Analyst Report
- Youth Commission Report
- Introduction Form
- Department/Agency Cover Letter and/or Report
- MOU
- Grant Information Form
- Grant Budget
- Subcontract Budget
- Contract/Agreement
- Form 126 – Ethics Commission
- Award Letter
- Application
- Public Correspondence

### OTHER (Use back side if additional space is needed)

- OCII Interim FY2020-2021 Budget
- OCII Resolution No. 14-2020
- OCII Resolution No. 15-2020
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

Completed by: Linda Wong Date June 12, 2020

Completed by: Linda Wong Date June 19, 2020

1 [Office of Community Investment and Infrastructure, Operating as Successor Agency to the  
2 San Francisco Redevelopment Agency, Proposed Interim Budget - FY2020-2021]

3 **Resolution approving the FY2020-2021 Proposed Interim Budget of the Office of**  
4 **Community Investment and Infrastructure, operating as the Successor Agency to the**  
5 **San Francisco Redevelopment Agency.**

6  
7 WHEREAS, The Successor Agency to the Redevelopment Agency of the City and  
8 County of San Francisco, commonly known as the Office of Community Investment and  
9 Infrastructure (“OCII”), is implementing enforceable obligations of the Redevelopment Agency  
10 of the City and County of San Francisco (“Former Agency”) in accordance with the  
11 Community Redevelopment Law, Cal. Health & Safety Code, Sections 33000 et seq., as  
12 amended by the Redevelopment Dissolution Law, Cal. Health & Safety Code, Sections 34170  
13 et seq. (the “Law”), and with San Francisco City and County Board of Supervisors (“Board of  
14 Supervisors”) Ordinance No. 215-12 (Oct 4, 2012); and

15 WHEREAS, OCII, is a legal entity separate from the City and County of San Francisco  
16 (“City”), but the Law requires the Board of Supervisors to approve OCII’s annual interim  
17 budget in accordance with Cal. Health and Safety Code, Section 33606; and

18 WHEREAS, The Law requires OCII to receive approval from the Oversight Board of the  
19 City and County of San Francisco (“Oversight Board”) for its expenditures as listed in  
20 Recognized Obligation Payment Schedules (“ROPS”), which covers twelve-month fiscal  
21 periods; on January 27, 2020, the Oversight Board approved, by Resolution No. 1-2020, the  
22 ROPS for July 1, 2020, to June 30, 2021 (“ROPS 20-21”), which the California Department of  
23 Finance (“DOF”) approved on April 15, 2020, subject to several adjustments; and

1           WHEREAS, Consistent with the expenditures approved in the ROPS, the Successor  
2 Agency Commission (commonly known as the Commission on Community Investment and  
3 Infrastructure) will consider, by Resolution No. 14-2020 (June 16, 2020), its annual budget  
4 for FY 2020-21 (the “Budget”); and

5           WHEREAS, The OCII Executive Director is submitting the FY2020-2021 Interim  
6 Budget without Commission approval due to the limitations on public meetings of policy  
7 bodies under state and local emergency orders in response to the pandemic coronavirus  
8 COVID-19 public health crisis; and

9           WHEREAS, The Budget includes, among other things, the use of property tax  
10 revenues (formerly tax increment revenues) from various project areas of the former  
11 Redevelopment Agency of the City and County of San Francisco to pay for certain  
12 enforceable obligations consistent with the authority granted under Section 34177.7 of the  
13 California Health and Safety Code and under Board of Supervisors Resolution No. 538-16  
14 (Dec. 22, 2016); and

15           RESOLVED, By the Board of Supervisors that it does hereby approve the Interim  
16 Budget, as shown in Exhibit “A” attached hereto and incorporated as if set forth in full herein.

17

18 Exhibit A:     OCII FY 2020-21 Interim Budget

19

20

21

22

23

24

25



Exhibit A

# Interim FY20-21 Budget

**Table of Contents**

1. Background ..... 1

2. Program Summary ..... 2

3. Land Use and Infrastructure ..... 10

4. Housing Obligations ..... 12

5. Community and Workforce Development ..... 15

6. Debt ..... 18

7. Operations Budget ..... 20

8. Budgeted Positions ..... 22

Appendix 1. Community Facilities Districts ..... 23

## **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.

[This section is intentionally left blank]

## 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.

[This section is intentionally left blank]

### **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.

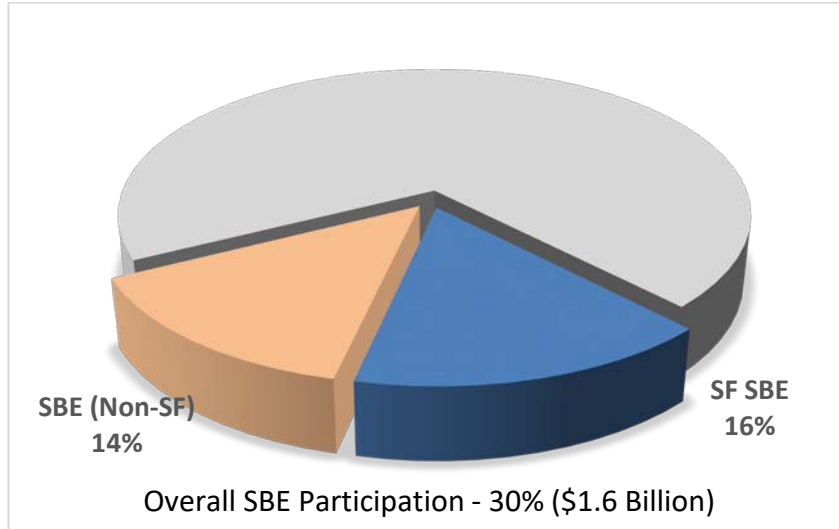
### **Community Development and Workforce**

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               | <b>\$2.2</b> |
| Workforce Development Services          |               | \$0.1                     | \$0.3                         |                     | <b>\$0.4</b> |
| Development Infrastructure              |               |                           |                               | \$0.3               | <b>\$0.3</b> |
| <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)*

# COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE

## RESOLUTION NO. 14-2020

*Adopted June 16, 2020*

### **APPROVING A BUDGET FOR THE PERIOD JULY 1, 2020 THROUGH JUNE 30, 2021, AND AUTHORIZING THE EXECUTIVE DIRECTOR TO SUBMIT THE BUDGET AND RATIFYING AND CONFIRMING THE EXECUTIVE DIRECTOR'S SUBMITTAL OF THE INTERIM BUDGET TO THE MAYOR'S OFFICE AND THE BOARD OF SUPERVISORS**

WHEREAS, The Successor Agency to the Redevelopment Agency of the City and County of San Francisco, commonly known as the Office of Community Investment and Infrastructure ("OCII"), is implementing the Community Redevelopment Law, as amended by the Redevelopment Dissolution Law, Cal. Health & Safety Code §§ 34170 *et seq.*, which requires the wind down of the affairs of the Redevelopment Agency of the City and County of San Francisco ("Former Agency") and the completion the Former Agency's enforceable obligations. Cal. Health & Safety Code § 34177; and,

WHEREAS, The Redevelopment Dissolution Law authorizes OCII to make payments only for the Former Agency's enforceable obligations, which are listed in a recognized obligation payment schedule ("ROPS") that is reviewed and approved by the Oversight Board of the City and County of San Francisco ("Oversight Board") and the California Department of Finance ("DOF"). The ROPS lists the total outstanding debts associated with each obligation and the amounts that are due and payable during the upcoming fiscal year; and,

WHEREAS, OCII is a separate legal entity from the City and County of San Francisco ("City"), Cal. Health & Safety Code § 34173 (g); San Francisco Ordinance No. 215-12 (Oct. 2012), but is subject to the governance of the Board of Supervisors of the City and County of San Francisco ("Board of Supervisors") acting in its legislative capacity; and,

WHEREAS, The Board of Supervisors, acting as the legislative body of the Successor Agency, adopted Ordinance No. 215-12 (Oct. 4, 2012), which, among other matters: (a) acknowledged and confirmed that the Successor Agency is a separate legal entity from the City, and (b) established the successor agency commission, the Commission on Community Investment and Infrastructure ("Commission" or "CCII") and delegated to it the authority to take any action that the Redevelopment Dissolution Law requires or authorizes on behalf of the Successor Agency and any other action that this Commission deems appropriate, consistent with the Redevelopment Dissolution Law, to comply with such obligations; and,

WHEREAS, The Board of Supervisors has final budget approval authority over the OCII, consistent with the DOF-approved ROPS, in its annual budget process in accordance with Section 33606 of the California Health and Safety Code and Section 3 of Ordinance No. 215-12 (Oct. 4, 2012); and,

- WHEREAS, The Department of Finance (“DOF”) has finally and conclusively determined, under Redevelopment Dissolution Law, that certain development agreements and tax allocation pledge agreements associated with Mission Bay North, Mission Bay South, Transbay, and Hunters Point Shipyard/Candlestick Point are enforceable obligations that survived the dissolution of the Former Agency. These agreements require, among other things, the construction and funding of public infrastructure and affordable housing for which property tax increment is pledged and allocated over time; and,
- WHEREAS, The Oversight Board of the City and County of San Francisco approved, by Resolution No. 02-2020 (Jan. 27, 2020), OCII’s ROPS 2020-21 and DOF subsequently approved, subject to several adjustments, the ROPS 2020-21 on April 15, 2020; and,
- WHEREAS, On June 2, 2020, the Commission held a workshop on the FY 2020-21 Proposed Budget; and,
- WHEREAS, The FY 2020-21 Proposed Budget, attached as Attachment A to this Resolution, includes, among other things, the use of property tax revenues (formerly tax increment revenues) from various project areas of the Former Agency to pay for certain enforceable obligations consistent with the DOF-approved ROPS 2020-21; and,
- WHEREAS, The FY 2020-21 Proposed Budget includes payments for debt service of tax allocation bonds that were authorized under the Community Redevelopment Law and the Redevelopment Dissolution Law; and,
- WHEREAS, In addition to the revenues included in the FY 2020-21 Proposed Budget, OCII may receive interest on bond proceeds; and,
- WHEREAS, In addition to the revenues included in the FY 2020-21 Proposed Budget, OCII may receive in excess of what was budgeted payments from developers to reimburse OCII for the cost of services provided; and,
- WHEREAS, The FY 2020-21 Proposed Budget includes \$15,473,823 of spending that is conditional upon the sale of tax allocation bonds for payment of qualified project costs under the Disposition and Development Agreement for Candlestick Point-Hunters Point Shipyard Phase 2. DOF, the Oversight Board and OCII must separately authorize these bonds and, if the bonds are sold, there will be issuance costs paid from the bond proceeds; and,
- WHEREAS, At the direction of OCII, the City Controller is authorized to pay issuance costs, transfer funds to comply with refunding requirements, and adjust the budget to reconcile estimated debt service and bond proceed amounts with actual debt service and bond proceed amounts, as reflected in the bond documents; and,
- WHEREAS, At the direction of OCII, the City Controller is also authorized to restructure accounting entries to conform to system requirements and Generally Accepted Accounting Principles (“GAAP”), provided that such restructuring is approved by OCII and has no policy impact; and,

WHEREAS, OCII serves as the administrator of certain Community Facilities Districts (“CFDs”) listed in Table A1 of the FY 2020-21 Proposed Budget, created under the provisions of the Community Facilities Act of 1982, as amended, Chapter 2.5 of Part 1 of Division 2 of Title 5 (commencing with Section 53311) of the California Government Code (known as the “Mello-Roos Act”), and is responsible to make debt service payments and make other expenditures in fulfillment of other obligations associated with the CFDs; and,

WHEREAS, The timing of the full Board of Supervisors’ consideration of the annual budget requires submission of an interim budget that is in place from July 1, 2020 until the Board of Supervisors finally passes OCII’s FY 2020-21 Proposed Budget; and,

WHEREAS, The interim budget is based on the proposed annual budget; and,

WHEREAS, In light of the limitations on public meetings of policy bodies under state and local emergency orders in response to the pandemic coronavirus COVID-19 public health crisis, the OCII Executive Director submitted the FY 20-21 interim budget in May without Commission approval to the Mayor’s Office; and,

WHEREAS, Approval of the FY 2020-21 Proposed Budget is not a “Project,” as defined by the California Environmental Quality Act (“CEQA”) Guidelines Sections 15378(b)(4) and 15378(b)(5) and is not subject to environmental review under CEQA; now therefore be it

RESOLVED, That the Commission approves the Proposed Budget for the period July 1, 2020 through June 30, 2021, attached to this Resolution as Attachment A, and furthermore authorizes the Executive Director to transmit the FY 2020-21 Proposed Budget, and to make any non-material changes to the FY 2020-21 Proposed Budget that may be proposed during review by the Mayor or Board of Supervisors, provided that the Executive Director shall seek Commission approval for any material changes to the budget; and be it further

RESOLVED, That all actions taken by the Executive Director in preparing and submitting the Interim Budget to the Board of Supervisors for review and consideration, as consistent with the documents herein and this Resolution, are hereby ratified and confirmed; and be it further

RESOLVED, That this Commission authorizes, consistent with enforceable obligations, the availability of funds, and a DOF-approved ROPS, the Executive Director to reprogram funds between expenditure categories within the project areas and administrative budget shown as columns on Table 3 of the attached FY 2020-21 Proposed Budget, and to move appropriated budgets for allocated staffing and operating costs between projects, and to transfer appropriations between affordable housing projects in response to changes in project schedules; and to expend funds appropriated in prior years in reserve accounts designated for affordable housing projects, community benefits grants, and other designated purposes; and be it further

RESOLVED, That this Commission authorizes OCII to expend, subject to any ROPS or contract approval that may be necessary, the interest earned on bond proceeds for purposes consistent with the bond indentures; provided, however, that OCII has determined that such interest is not subject to Internal Revenue Service arbitrage restrictions; and be it finally

RESOLVED, That this Commission authorizes OCII to expend, subject to any ROPS or contract approval that may be necessary, payments in excess of budgeted amounts received from developers to reimburse OCII for the cost of services provided.

I hereby certify that the foregoing resolution was adopted by the Commission at its meeting of June 16, 2020.

  
\_\_\_\_\_  
Commission Secretary

Attachment A: OCII's Proposed FY 2020-21 Budget





# Proposed FY20-21 Budget

**Table of Contents**

1. Background ..... 1

2. Program Summary ..... 2

3. Land Use and Infrastructure ..... 9

4. Housing Obligations ..... 11

5. Community and Workforce Development ..... 14

6. Debt ..... 17

7. Operations Budget ..... 20

8. Budgeted Positions ..... 22

Appendix 1. Community Facilities Districts ..... 23

## **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 \$527.3 million represents an increase of

\$5.9 million from the FY19-20 budget of \$521.3 million. Of this amount, \$301.4 million in uses is new budget authority and \$225.9 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.

[This section is intentionally left blank]

## 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            | \$ 201.0            | \$ 45.0           |
| <b>Subtotal CY Prior Period Authority</b> | <b>\$ 223.4</b>     | <b>\$ 225.9</b>     | <b>\$ 2.5</b>     |
| <br>                                      |                     |                     |                   |
| <b>Total CY Sources</b>                   | <b>\$ 521.3</b>     | <b>\$ 527.3</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             | \$ (15.8)         |
| <b>Subtotal CY Prior Period Authority</b> | <b>\$ 118.0</b>     | <b>\$ 59.6</b>      | <b>\$ (58.4)</b>  |
| <br>                                      |                     |                     |                   |
| <b>Total CY Uses</b>                      | <b>\$ 521.3</b>     | <b>\$ 527.3</b>     | <b>\$ 5.9</b>     |
| <br>                                      |                     |                     |                   |
| <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 \$362.2 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\***

|                                       | Sources | Property Tax    | Developer Payments | New Bonds - Infra | Rent & Lease Revenue | Fund Balance    | Prior Period Authority | Other         | Total           | Percent       |
|---------------------------------------|---------|-----------------|--------------------|-------------------|----------------------|-----------------|------------------------|---------------|-----------------|---------------|
| <b>Uses</b>                           |         |                 |                    |                   |                      |                 |                        |               |                 |               |
| <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          | \$ 186.3               | \$ -          | \$ 237.5        | 45.1%         |
| 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>\$ 15.0</b>    | <b>\$ -</b>          | <b>\$ 102.6</b> | <b>\$ 211.1</b>        | <b>\$ -</b>   | <b>\$ 362.2</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%         |
| TJPA Enforceable Obligation           |         | \$ 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>\$ 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>\$ 15.5</b>    | <b>\$ 2.3</b>        | <b>\$ 108.7</b> | <b>\$ 225.9</b>        | <b>\$ 8.5</b> | <b>\$ 527.3</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 \$527.3 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        | \$ 23.9        | \$ 17.4        | 201.0        |
| <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>\$ 23.9</b> | <b>\$ 17.4</b> | <b>225.9</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>\$ 59.1</b> | <b>\$ 17.6</b> | <b>527.3</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 TIPA                                | \$ -          | \$ -            | \$ -           | \$ -           | \$ -            | \$ 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         | \$ -           | \$ -            | \$ 19.4        | \$ 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>\$ 19.4</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>\$ 59.1</b> | <b>\$ 17.6</b> | <b>527.3</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.

### **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. Of the amount shown in Exhibit 5, OCII will spend \$196.8 million on development infrastructure reimbursements and \$11.7 million on support services. A small portion of developer infrastructure reimbursements will be reimbursed by Community Facilities District proceeds, which is discussed further in Appendix A-1. The remaining expenditures draw from multi-year project funding is 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 Area.

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

|                         | 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 which typically serve low or very-low income households (up to 60% or 50% area median income). The sources of funding for OCII’s affordable housing include taxable housing bonds, pay-go tax increment, and developer fees such as job-housing linkage fees. OCII makes direct loans to affordable housing developers in the form of predevelopment loans and constructions.

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***

| Sources                           | Fund Balance  | Prior Period Authority | Total by Use   |
|-----------------------------------|---------------|------------------------|----------------|
| <b>Uses</b>                       |               |                        |                |
| 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 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 |

In addition to the \$96.8 million in new affordable housing loans, OCII will expend \$24.9 million on existing affordable housing loans. Exhibit 11 shows affordable housing projects receiving continuing funding in FY20-21 and indicates the housing type for each project.

**Exhibit 11: OCII-Funded Existing Affordable Housing by Housing Type, Millions**

|                                       | Family Rental | Family Ownership | Total  |
|---------------------------------------|---------------|------------------|--------|
| <i>HPS Block 52/54 Predevelopment</i> | \$2.3         |                  | \$2.3  |
| <i>CP Block 11a Predevelopment</i>    | \$1.2         |                  | \$1.2  |
| <i>CP Block 10a Predevelopment</i>    | \$1.6         |                  | \$1.6  |
| <i>Alice Griffith 4 Construction</i>  | \$0.5         |                  | \$0.5  |
| <i>MBS 6E Construction</i>            | \$1.6         |                  | \$1.6  |
| <i>MBS 6W Construction</i>            | \$14.1        |                  | \$14.1 |
| <i>MBS 9a Predevelopment</i>          |               | \$3.5            | \$3.5  |
| Total                                 | \$21.3        | \$3.5            | \$24.8 |

## **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**

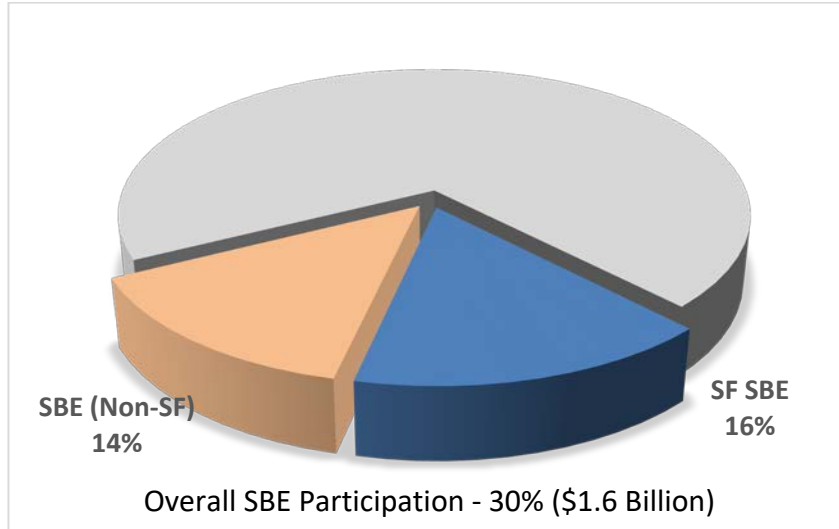
OCII, as the Successor Agency to the SFRA, has a long history of promoting equal opportunity in contracts for professional design and construction services and in the workforce of contractors performing work on OCII-administered contracts. OCII adopted and continues to actively implement the Equal Opportunity 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 12: 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 13.

**Exhibit 13: 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               | <b>\$2.2</b> |
| Workforce Development Services          |               | \$0.1                     | \$0.3                         |                     | <b>\$0.4</b> |
| Development Infrastructure              |               |                           |                               | \$0.3               | <b>\$0.3</b> |
| <b>Total</b>                            |               | <b>\$0.3</b>              | <b>\$0.3</b>                  | <b>\$2.2</b>        | <b>\$2.8</b> |

## 6. Debt

As of July 1, 2020, OCII will have long-term debt outstanding of \$987.4 million. Of this amount, \$800.4 million was Tax Allocation Bonds secured by property taxes generated in the redevelopment project area and \$19.7 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.

The table below summarizes OCII's outstanding debt, including the final maturity dates, original par amounts, and par amounts outstanding as of July 1, 2020. This table includes overlapping debt such as CFD debt.

### Exhibit 14: OCII Outstanding Debt

| Issue Name   | Final Maturity Date | Original Par           | Outstanding Principal as of 7/1/20 |
|--|---------------------|------------------------|------------------------------------|
| 1998 Series C Tax Allocation Revenue Refunding Bonds (San Francisco Redevelopment Projects)  | 8/1/24              | \$12,915,026           | \$1,072,519                        |
| 1998 Series D Tax Allocation Revenue Refunding Bonds (San Francisco Redevelopment Projects)  | 8/1/24              | \$21,034,002           | \$11,869,002                       |
| 2006 Series A Taxable Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects)  | 8/1/36              | \$50,731,331           | \$28,034,100                       |
| 2007 Series A Taxable Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects)  | 8/1/37              | \$118,285,000          | \$95,900,000                       |
| 2007 Series B Tax Allocation Refunding Revenue Bonds (San Francisco Redevelopment Projects)  | 8/1/22              | \$94,115,000           | \$3,405,000                        |
| 2009 Series A Taxable Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects)  | 8/1/24              | \$75,000,000           | \$0                                |
| 2009 Series E Taxable Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects)  | 8/1/39              | \$72,565,000           | \$55,820,000                       |
| 2014 Series A Tax Allocation Bonds (Mission Bay South Redevelopment Project)   | 8/1/43              | \$56,245,000           | \$52,445,000                       |
| 2014 Series B Taxable Subordinate Tax Allocation Refunding Bonds (San Francisco Redevelopment Projects)                            | 8/1/35              | \$67,955,000           | \$24,430,000                       |
| 2014 Series C Subordinate Tax Allocation Refunding Bonds (San Francisco Redevelopment Projects)                                    | 8/1/29              | \$75,945,000           | \$23,895,000                       |
| 2016 Series A Tax Allocation Refunding Bonds (Mission Bay North Redevelopment Project)   | 8/1/41              | \$73,890,000           | \$70,220,000                       |
| 2016 Series B Tax Allocation Bonds (Mission Bay South Redevelopment Project)   | 8/1/43              | \$45,000,000           | \$42,620,000                       |
| 2016 Series C Tax Allocation Refunding Bonds (Mission Bay South Redevelopment Project)   | 8/1/41              | \$73,230,000           | \$69,270,000                       |
| 2016 Series D Subordinate Tax Allocation Bonds (Mission Bay South Redevelopment Project)   | 8/2/43              | \$74,651,825           | \$69,651,825                       |
| 2017 Series A Taxable Third Lien Tax Allocation Bonds (Affordable Housing Projects)  | 8/1/44              | \$89,765,000           | \$76,355,000                       |
| 2017 Series B Third Lien Tax Allocation Bonds (Transbay Infrastructure Projects)   | 8/1/46              | \$19,850,000           | \$19,850,000                       |
| 2017 Series C Taxable Subordinate Tax Allocation Bonds (Mission Bay New Money and Refunding Housing Projects)                      | 8/1/43              | \$43,400,000           | \$37,020,000                       |
| 2017 Series D Taxable Subordinate Tax Allocation Refunding Bonds (San Francisco Redevelopment Projects)                            | 8/1/41              | \$116,665,000          | \$100,075,000                      |
| 2017 Series E Subordinate Tax Allocation Refunding Bonds (San Francisco Redevelopment Projects)                                    | 8/1/41              | \$19,745,000           | \$18,445,000                       |
| <b>Subtotal</b>  |                     | <b>\$1,200,987,184</b> | <b>\$800,377,446</b>               |
| <b>Former Agency Revenue Bonds</b>   |                     |                        |                                    |
| Hotel Occupancy Tax Revenue Refunding Bonds Series 2011  | 6/1/24              | \$43,780,000           | \$19,740,000                       |
| <b>Subtotal</b>  |                     | <b>\$43,780,000</b>    | <b>\$19,740,000</b>                |
| <b>Special Tax Bonds</b>   |                     |                        |                                    |
| Community Facilities District No. 4 (Mission Bay North Public Improvements) Variable Rate Revenue Bonds, Series 2002-North         | 8/1/32              | \$23,440,000           | \$10,600,000                       |
| Community Facilities District No. 6 (Mission Bay South Public Improvements) Special Tax Bonds, Series 2005A Parity-South           | 8/1/35              | \$15,160,000           | \$13,145,000                       |
| Community Facilities District No. 6 (Mission Bay South Public Improvements) Special Tax Bonds, Series 2005B Parity-South           | 8/1/34              | \$5,708,939            | \$4,460,470                        |
| Community Facilities District No. 6 (Mission Bay South Public Improvements) Special Tax Refunding Bonds, Series 2013A Parity-South | 8/1/33              | \$81,775,000           | \$69,690,000                       |
| Community Facilities District No. 6 (Mission Bay South Public Improvements) Special Tax Bonds, Series 2013B Parity-South           | 8/1/33              | \$19,635,000           | \$14,570,000                       |
| Community Facilities District No. 6 (Mission Bay South Public Improvements) Special Tax Bonds, Series 2013C Parity-South           | 8/1/43              | \$21,601,256           | \$21,601,256                       |
| Community Facilities District No. 7 (Hunters Point Shipyard Phase One Improvements) Special Tax Refunding Bonds, Series 2014       | 8/1/44              | \$36,445,000           | \$33,230,000                       |
| <b>Subtotal</b>  |                     | <b>\$203,765,195</b>   | <b>\$167,296,726</b>               |
| <b>Total</b>   |                     | <b>\$1,448,532,379</b> | <b>\$987,414,172</b>               |

Exhibit 15 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 the dates of last rating shown below.

**Exhibit 15: OCII Credit Ratings**

| Credit                              | Rating | Rating Agency     | Date of Last Rating |
|-------------------------------------|--------|-------------------|---------------------|
| <b>Tax Allocation Bonds</b>         |        |                   |                     |
| RPTTF Senior/Cross Collateralized   | AA     | Standard & Poor's | 12/16/2017          |
| RPTTF Subordinate                   | AA-    | Standard & Poor's | 12/16/2017          |
| RPTTF Third Lien/"SB 107"           | A      | Standard & Poor's | 2/24/2017           |
| Mission Bay North Infrastructure    | A      | Standard & Poor's | 3/17/2016           |
| Mission Bay South Infrastructure    | A-     | Standard & Poor's | 3/17/2016           |
| Mission Bay North and South Housing | A      | Standard & Poor's | 2/24/2017           |
| <b>Other</b>                        |        |                   |                     |
| Hotel Occupancy Tax Revenue         | A+     | Standard & Poor's | 5/26/2020           |

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.

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 non-TAB debt, including the Low Moderate Income Housing Fund loan and cost of issuance for one planned new money bond issuance, followed by the Hotel Occupancy Tax Refunding Bonds debt service payment. Exhibit 16 details these expenditures by sources and uses.

**Exhibit 16: FY20-21 OCII Debt Program, Sources by Uses, *Millions***

| Uses                               | Sources | New Bonds    | Property Tax  | Hotel Tax    | Fund Balance | Prior Period Authority | Total          |
|------------------------------------|---------|--------------|---------------|--------------|--------------|------------------------|----------------|
| Debt Service - TAB Debt            |         |              | \$89.3        |              | \$8.0        | \$1.4                  | <b>\$98.7</b>  |
| Debt Service - Non-TAB Debt        |         | \$0.3        | \$1.8         |              | \$0.0        | \$13.4                 | <b>\$15.4</b>  |
| Hotel Occupancy Tax Refunding Bond |         |              |               | \$4.5        |              |                        | <b>\$4.5</b>   |
| <b>Total</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> |

California Redevelopment Dissolution Law imposes limitations on the debt OCII can issue. OCII issues debt to finance the construction of affordable housing or infrastructure required by specified agreements and to refund outstanding debt. As shown in Exhibit 17, 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 17: 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. From time to time, OCII issues refunding bonds in accordance with its debt policy to achieve at least 3% net present value debt service savings. The amounts of the proposed refundings will be determined and presented to the Commission at the time of the refunding.

## 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 18 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 18: FY20-21 Operations, Sources by Uses, *Millions*

|                            | 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 19 provides details on the non-labor uses in the FY20-21 budget.

### Exhibit 19: 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 \$0.33 million for legal services as described below. There is an additional \$0.6 million in legal costs embedded into the project budgets.
  - \$0.28 million for specialized legal support provided by outside counsel; and
  - \$0.05 million 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 20 details these costs.

**Exhibit 20: FY20-21 Operational Work Orders with City Departments, *Millions***

| <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>\$3.6</b>  |

## 8. Budgeted Positions

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

### Exhibit 21: 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 Redevelopment Agency or OCII originally formed the CFDs, OCII’s administration of the CFDs is subject to the Mello-Roos Act and not the Redevelopment Dissolution Act. OCII’s activities as a CFD are not subject to review by the Board of Supervisors, the Oversight Board, or the Department of Finance. As noted below, OCII currently has \$176.2 million in outstanding CFD bonds in connection with three of the seven CFDs in Mission Bay North, Mission Bay South, and Hunters Point Shipyard Phase 1. Exhibit A-1 summarizes the CFD annual levies and outstanding debt.

CFDs #5 - Mission Bay North and South Park Maintenance and #8 - Hunters Point Shipyard Phase 1 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 1 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 |
| <b>Total</b> |  | <b>\$18.0</b>          | <b>\$11.4</b>            | <b>\$176.2</b>                      |                     |                              |

**COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE**

**RESOLUTION NO. 15-2020**

*Adopted June 16, 2020*

**APPROVING A BUDGET FOR COMMUNITY FACILITIES DISTRICTS  
ADMINISTERED BY THE SUCCESSOR AGENCY FOR THE PERIOD JULY 1, 2020  
THROUGH JUNE 30, 2021**

- WHEREAS, The Successor Agency Commission, commonly known as the Commission on the Community Investment and Infrastructure (“Commission”) is the legislative body for certain Community Facilities Districts (“CFDs”), that the Redevelopment Agency of the City and County of San Francisco (“Former Agency”) or the Successor Agency to the Former Agency, commonly known as the Office of Community Investment and Infrastructure, (“OCII”) established under the Mello-Roos Community Facilities Act of 1982, Chapter 2.5 of Part 1 of Division 2 of Title 5 (commencing with Section 53311) of the California Government Code (known as the “Mello-Roos Act”); and,
- WHEREAS, In forming and administering these CFD’s, OCII exercises authority separate from the Community Redevelopment Law, as amended by the Redevelopment Dissolution Law, and is responsible for issuing bonds and making debt service payments and other expenditures in fulfillment of the obligations associated with the CFDs; and,
- WHEREAS, OCII administers the CFDs listed in Exhibit A1 of the FY 2020-21 Proposed Budget and further described below; and,
- WHEREAS, The Former Agency Commission formed CFD #1 (South Beach Improvements and Maintenance), to levy special taxes upon the land within the District, to issue bonds for the financing of certain public improvements, to fund maintenance of public improvements and to establish an appropriate limit for the District, as described in Resolution Nos. 186 through 191, adopted by the Former Agency Commission on August 30, 1988; and,
- WHEREAS, The Former Agency Commission formed CFD #4 (Mission Bay North Public Improvements) to levy special taxes upon the land within the District, to issue bonds for the financing certain public improvements and to establish an appropriate limit for the District, all as described in Resolution Nos. 213 through 216, adopted by the Former Agency Commission on December 21, 1999; and,
- WHEREAS, The Former Agency Commission formed CFD #5 (Mission Bay North and South Park Maintenance) to levy special taxes upon the land within the District, to fund maintenance of public improvements and to establish an appropriate limit for the District, as described in Resolution Nos. 217 through 219, adopted by the Former Agency Commission on December 21, 1999; and,

WHEREAS, The Former Agency Commission formed CFD #6 (Mission Bay South Public Improvements), to levy special taxes upon the land within the District, to issue bonds for the financing of certain public improvements and to establish an appropriate limit for the District, all as described in Resolution Nos. 45 through 48, adopted by the Former Agency Commission on March 28, 2000; and,

WHEREAS, The Former Agency Commission formed CFD #7 (Hunters Point Shipyard Phase One Improvements), to levy special taxes upon the land within the District, to issue bonds for the financing of certain public improvements and to establish an appropriate limit for the District, as described in Resolution Nos. 5 and 6 , adopted by the Former Agency Commission on January 18, 2005; and,

WHEREAS, The Former Agency Commission formed CFD #8 (Hunters Point Shipyard Phase One Maintenance) to levy special taxes upon the land within the District, to fund maintenance of certain public parks and to establish an appropriate limit for the District, as described in Resolution Nos. 91 through 96, adopted by the Former Agency Commission on September 2, 2008; and,

WHEREAS, The Successor Agency Commission formed CFD #9 (Hunters Point Shipyard Phase 2/Candlestick Point Public Facilities and Services), to levy special taxes upon the land within the District, to issue bonds for financing of certain public improvements, to fund maintenance of public improvements and to establish an appropriate limit for the District, all as described in Resolution Nos. 17 through 21, adopted by the Successor Agency Commission on April 17, 2018; and,

WHEREAS, Exhibit A1 of the Proposed Budget for the period July 1, 2020 through June 30, 2021, includes the estimated special tax levy to finance the cost of public improvements and all other expenditures for maintenance of public improvements in the CFDs administered by OCII;

RESOLVED, That the Commission approves the CFD budgets in Exhibit A1 of the Proposed Budget for the period July 1, 2020 through June 30, 2021, attached to this Resolution as Attachment A.

I hereby certify that the foregoing resolution was adopted by the Commission at its meeting of June 16, 2020.

  
\_\_\_\_\_  
Commission Secretary

Attachment A: OCII's Proposed FY 2020-21 Budget



# Proposed FY20-21 Budget

**Table of Contents**

1. Background ..... 1

2. Program Summary ..... 2

3. Land Use and Infrastructure ..... 9

4. Housing Obligations ..... 11

5. Community and Workforce Development ..... 14

6. Debt ..... 17

7. Operations Budget ..... 20

8. Budgeted Positions ..... 22

Appendix 1. Community Facilities Districts ..... 23

## **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 \$527.3 million represents an increase of

\$5.9 million from the FY19-20 budget of \$521.3 million. Of this amount, \$301.4 million in uses is new budget authority and \$225.9 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.

[This section is intentionally left blank]

## 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            | \$ 201.0            | \$ 45.0           |
| <b>Subtotal CY Prior Period Authority</b> | <b>\$ 223.4</b>     | <b>\$ 225.9</b>     | <b>\$ 2.5</b>     |
| <br>                                      |                     |                     |                   |
| <b>Total CY Sources</b>                   | <b>\$ 521.3</b>     | <b>\$ 527.3</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             | \$ (15.8)         |
| <b>Subtotal CY Prior Period Authority</b> | <b>\$ 118.0</b>     | <b>\$ 59.6</b>      | <b>\$ (58.4)</b>  |
| <br>                                      |                     |                     |                   |
| <b>Total CY Uses</b>                      | <b>\$ 521.3</b>     | <b>\$ 527.3</b>     | <b>\$ 5.9</b>     |
| <br>                                      |                     |                     |                   |
| <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 \$362.2 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\***

|                                       | Sources | Property Tax    | Developer Payments | New Bonds - Infra | Rent & Lease Revenue | Fund Balance    | Prior Period Authority | Other         | Total           | Percent       |
|---------------------------------------|---------|-----------------|--------------------|-------------------|----------------------|-----------------|------------------------|---------------|-----------------|---------------|
| <b>Uses</b>                           |         |                 |                    |                   |                      |                 |                        |               |                 |               |
| <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          | \$ 186.3               | \$ -          | \$ 237.5        | 45.1%         |
| 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>\$ 15.0</b>    | <b>\$ -</b>          | <b>\$ 102.6</b> | <b>\$ 211.1</b>        | <b>\$ -</b>   | <b>\$ 362.2</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%         |
| TJPA Enforceable Obligation           |         | \$ 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>\$ 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>\$ 15.5</b>    | <b>\$ 2.3</b>        | <b>\$ 108.7</b> | <b>\$ 225.9</b>        | <b>\$ 8.5</b> | <b>\$ 527.3</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 \$527.3 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        | \$ 23.9        | \$ 17.4        | 201.0        |
| <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>\$ 23.9</b> | <b>\$ 17.4</b> | <b>225.9</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>\$ 59.1</b> | <b>\$ 17.6</b> | <b>527.3</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 TIPA                                | \$ -          | \$ -            | \$ -           | \$ -           | \$ -            | \$ 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         | \$ -           | \$ -            | \$ 19.4        | \$ 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>\$ 19.4</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>\$ 59.1</b> | <b>\$ 17.6</b> | <b>527.3</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.

### **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. Of the amount shown in Exhibit 5, OCII will spend \$196.8 million on development infrastructure reimbursements and \$11.7 million on support services. A small portion of developer infrastructure reimbursements will be reimbursed by Community Facilities District proceeds, which is discussed further in Appendix A-1. The remaining expenditures draw from multi-year project funding is 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 Area.

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

|                         | 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 which typically serve low or very-low income households (up to 60% or 50% area median income). The sources of funding for OCII’s affordable housing include taxable housing bonds, pay-go tax increment, and developer fees such as job-housing linkage fees. OCII makes direct loans to affordable housing developers in the form of predevelopment loans and constructions.

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***

| Sources                           | Fund Balance  | Prior Period Authority | Total by Use   |
|-----------------------------------|---------------|------------------------|----------------|
| <b>Uses</b>                       |               |                        |                |
| 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 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 |

In addition to the \$96.8 million in new affordable housing loans, OCII will expend \$24.9 million on existing affordable housing loans. Exhibit 11 shows affordable housing projects receiving continuing funding in FY20-21 and indicates the housing type for each project.

**Exhibit 11: OCII-Funded Existing Affordable Housing by Housing Type, Millions**

|                                       | Family Rental | Family Ownership | Total  |
|---------------------------------------|---------------|------------------|--------|
| <i>HPS Block 52/54 Predevelopment</i> | \$2.3         |                  | \$2.3  |
| <i>CP Block 11a Predevelopment</i>    | \$1.2         |                  | \$1.2  |
| <i>CP Block 10a Predevelopment</i>    | \$1.6         |                  | \$1.6  |
| <i>Alice Griffith 4 Construction</i>  | \$0.5         |                  | \$0.5  |
| <i>MBS 6E Construction</i>            | \$1.6         |                  | \$1.6  |
| <i>MBS 6W Construction</i>            | \$14.1        |                  | \$14.1 |
| <i>MBS 9a Predevelopment</i>          |               | \$3.5            | \$3.5  |
| Total                                 | \$21.3        | \$3.5            | \$24.8 |

## **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.

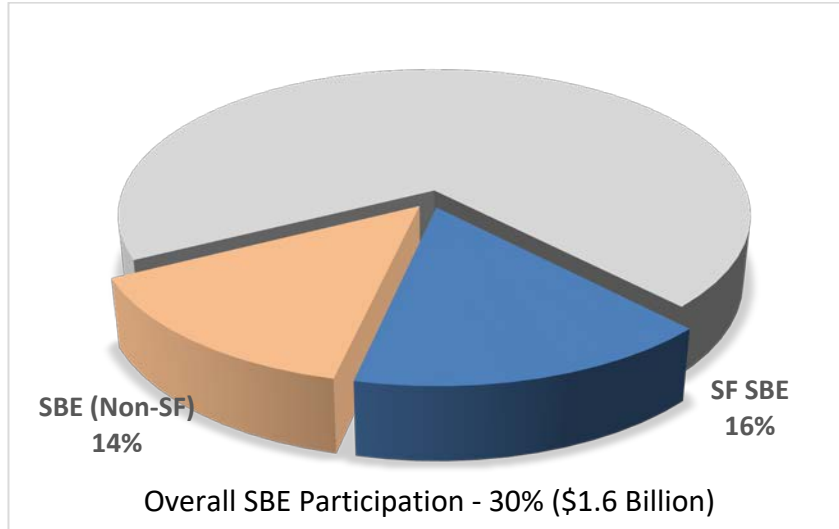
### **Community Development and Workforce**

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 12: 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 13.

**Exhibit 13: 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               | <b>\$2.2</b> |
| Workforce Development Services          |               | \$0.1                     | \$0.3                         |                     | <b>\$0.4</b> |
| Development Infrastructure              |               |                           |                               | \$0.3               | <b>\$0.3</b> |
| <b>Total</b>                            |               | <b>\$0.3</b>              | <b>\$0.3</b>                  | <b>\$2.2</b>        | <b>\$2.8</b> |

## 6. Debt

As of July 1, 2020, OCII will have long-term debt outstanding of \$987.4 million. Of this amount, \$800.4 million was Tax Allocation Bonds secured by property taxes generated in the redevelopment project area and \$19.7 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.

The table below summarizes OCII's outstanding debt, including the final maturity dates, original par amounts, and par amounts outstanding as of July 1, 2020. This table includes overlapping debt such as CFD debt.

### Exhibit 14: OCII Outstanding Debt

| Issue Name   | Final Maturity Date | Original Par           | Outstanding<br>Principal as of<br>7/1/20 |
|--|---------------------|------------------------|--|
| 1998 Series C Tax Allocation Revenue Refunding Bonds (San Francisco Redevelopment Projects)  | 8/1/24              | \$12,915,026           | \$1,072,519                              |
| 1998 Series D Tax Allocation Revenue Refunding Bonds (San Francisco Redevelopment Projects)  | 8/1/24              | \$21,034,002           | \$11,869,002                             |
| 2006 Series A Taxable Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects)  | 8/1/36              | \$50,731,331           | \$28,034,100                             |
| 2007 Series A Taxable Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects)  | 8/1/37              | \$118,285,000          | \$95,900,000                             |
| 2007 Series B Tax Allocation Refunding Revenue Bonds (San Francisco Redevelopment Projects)  | 8/1/22              | \$94,115,000           | \$3,405,000                              |
| 2009 Series A Taxable Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects)  | 8/1/24              | \$75,000,000           | \$0                                      |
| 2009 Series E Taxable Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects)  | 8/1/39              | \$72,565,000           | \$55,820,000                             |
| 2014 Series A Tax Allocation Bonds (Mission Bay South Redevelopment Project)   | 8/1/43              | \$56,245,000           | \$52,445,000                             |
| 2014 Series B Taxable Subordinate Tax Allocation Refunding Bonds (San Francisco Redevelopment Projects)                            | 8/1/35              | \$67,955,000           | \$24,430,000                             |
| 2014 Series C Subordinate Tax Allocation Refunding Bonds (San Francisco Redevelopment Projects)                                    | 8/1/29              | \$75,945,000           | \$23,895,000                             |
| 2016 Series A Tax Allocation Refunding Bonds (Mission Bay North Redevelopment Project)   | 8/1/41              | \$73,890,000           | \$70,220,000                             |
| 2016 Series B Tax Allocation Bonds (Mission Bay South Redevelopment Project)   | 8/1/43              | \$45,000,000           | \$42,620,000                             |
| 2016 Series C Tax Allocation Refunding Bonds (Mission Bay South Redevelopment Project)   | 8/1/41              | \$73,230,000           | \$69,270,000                             |
| 2016 Series D Subordinate Tax Allocation Bonds (Mission Bay South Redevelopment Project)   | 8/2/43              | \$74,651,825           | \$69,651,825                             |
| 2017 Series A Taxable Third Lien Tax Allocation Bonds (Affordable Housing Projects)  | 8/1/44              | \$89,765,000           | \$76,355,000                             |
| 2017 Series B Third Lien Tax Allocation Bonds (Transbay Infrastructure Projects)   | 8/1/46              | \$19,850,000           | \$19,850,000                             |
| 2017 Series C Taxable Subordinate Tax Allocation Bonds (Mission Bay New Money and Refunding Housing Projects)                      | 8/1/43              | \$43,400,000           | \$37,020,000                             |
| 2017 Series D Taxable Subordinate Tax Allocation Refunding Bonds (San Francisco Redevelopment Projects)                            | 8/1/41              | \$116,665,000          | \$100,075,000                            |
| 2017 Series E Subordinate Tax Allocation Refunding Bonds (San Francisco Redevelopment Projects)                                    | 8/1/41              | \$19,745,000           | \$18,445,000                             |
| <b>Subtotal</b>  |                     | <b>\$1,200,987,184</b> | <b>\$800,377,446</b>                     |
| <b>Former Agency Revenue Bonds</b>   |                     |                        |  |
| Hotel Occupancy Tax Revenue Refunding Bonds Series 2011  | 6/1/24              | \$43,780,000           | \$19,740,000                             |
| <b>Subtotal</b>  |                     | <b>\$43,780,000</b>    | <b>\$19,740,000</b>                      |
| <b>Special Tax Bonds</b>   |                     |                        |  |
| Community Facilities District No. 4 (Mission Bay North Public Improvements) Variable Rate Revenue Bonds, Series 2002-North         | 8/1/32              | \$23,440,000           | \$10,600,000                             |
| Community Facilities District No. 6 (Mission Bay South Public Improvements) Special Tax Bonds, Series 2005A Parity-South           | 8/1/35              | \$15,160,000           | \$13,145,000                             |
| Community Facilities District No. 6 (Mission Bay South Public Improvements) Special Tax Bonds, Series 2005B Parity-South           | 8/1/34              | \$5,708,939            | \$4,460,470                              |
| Community Facilities District No. 6 (Mission Bay South Public Improvements) Special Tax Refunding Bonds, Series 2013A Parity-South | 8/1/33              | \$81,775,000           | \$69,690,000                             |
| Community Facilities District No. 6 (Mission Bay South Public Improvements) Special Tax Bonds, Series 2013B Parity-South           | 8/1/33              | \$19,635,000           | \$14,570,000                             |
| Community Facilities District No. 6 (Mission Bay South Public Improvements) Special Tax Bonds, Series 2013C Parity-South           | 8/1/43              | \$21,601,256           | \$21,601,256                             |
| Community Facilities District No. 7 (Hunters Point Shipyard Phase One Improvements) Special Tax Refunding Bonds, Series 2014       | 8/1/44              | \$36,445,000           | \$33,230,000                             |
| <b>Subtotal</b>  |                     | <b>\$203,765,195</b>   | <b>\$167,296,726</b>                     |
| <b>Total</b>   |                     | <b>\$1,448,532,379</b> | <b>\$987,414,172</b>                     |

Exhibit 15 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 the dates of last rating shown below.

### Exhibit 15: OCII Credit Ratings

| Credit                              | Rating | Rating Agency     | Date of Last Rating |
|-------------------------------------|--------|-------------------|---------------------|
| <b>Tax Allocation Bonds</b>         |        |                   |                     |
| RPTTF Senior/Cross Collateralized   | AA     | Standard & Poor's | 12/16/2017          |
| RPTTF Subordinate                   | AA-    | Standard & Poor's | 12/16/2017          |
| RPTTF Third Lien/"SB 107"           | A      | Standard & Poor's | 2/24/2017           |
| Mission Bay North Infrastructure    | A      | Standard & Poor's | 3/17/2016           |
| Mission Bay South Infrastructure    | A-     | Standard & Poor's | 3/17/2016           |
| Mission Bay North and South Housing | A      | Standard & Poor's | 2/24/2017           |
| <b>Other</b>                        |        |                   |                     |
| Hotel Occupancy Tax Revenue         | A+     | Standard & Poor's | 5/26/2020           |

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.

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 non-TAB debt, including the Low Moderate Income Housing Fund loan and cost of issuance for one planned new money bond issuance, followed by the Hotel Occupancy Tax Refunding Bonds debt service payment. Exhibit 16 details these expenditures by sources and uses.

### Exhibit 16: FY20-21 OCII Debt Program, Sources by Uses, *Millions*

| Sources                            | New Bonds    | Property Tax  | Hotel Tax    | Fund Balance | Prior Period Authority | Total          |
|------------------------------------|--------------|---------------|--------------|--------------|------------------------|----------------|
| <b>Uses</b>                        |              |               |              |              |                        |                |
| Debt Service - TAB Debt            |              | \$89.3        |              | \$8.0        | \$1.4                  | <b>\$98.7</b>  |
| Debt Service - Non-TAB Debt        | \$0.3        | \$1.8         |              | \$0.0        | \$13.4                 | <b>\$15.4</b>  |
| Hotel Occupancy Tax Refunding Bond |              |               | \$4.5        |              |                        | <b>\$4.5</b>   |
| <b>Total</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> |

California Redevelopment Dissolution Law imposes limitations on the debt OCII can issue. OCII issues debt to finance the construction of affordable housing or infrastructure required by specified agreements and to refund outstanding debt. As shown in Exhibit 17, 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 17: 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. From time to time, OCII issues refunding bonds in accordance with its debt policy to achieve at least 3% net present value debt service savings. The amounts of the proposed refundings will be determined and presented to the Commission at the time of the refunding.



## 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 18 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 18: FY20-21 Operations, Sources by Uses, *Millions*

|                            | <b>Amount</b> |
|----------------------------|---------------|
| <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 19 provides details on the non-labor uses in the FY20-21 budget.

### Exhibit 19: FY20-21 Non-Labor Uses

| <b>Use</b>                          | <b>Amount</b> |
|-------------------------------------|---------------|
| 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 \$0.33 million for legal services as described below. There is an additional \$0.6 million in legal costs embedded into the project budgets.
  - \$0.28 million for specialized legal support provided by outside counsel; and
  - \$0.05 million 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 20 details these costs.

**Exhibit 20: FY20-21 Operational Work Orders with City Departments, *Millions***

| <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>\$3.6</b>  |

## 8. Budgeted Positions

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

### Exhibit 21: 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 Redevelopment Agency or OCII originally formed the CFDs, OCII’s administration of the CFDs is subject to the Mello-Roos Act and not the Redevelopment Dissolution Act. OCII’s activities as a CFD are not subject to review by the Board of Supervisors, the Oversight Board, or the Department of Finance. As noted below, OCII currently has \$176.2 million in outstanding CFD bonds in connection with three of the seven CFDs in Mission Bay North, Mission Bay South, and Hunters Point Shipyard Phase 1. Exhibit A-1 summarizes the CFD annual levies and outstanding debt.

CFDs #5 - Mission Bay North and South Park Maintenance and #8 - Hunters Point Shipyard Phase 1 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 1 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 |
| <b>Total</b> |  | <b>\$18.0</b>          | <b>\$11.4</b>            | <b>\$176.2</b>                      |                     |                              |



June 1, 2020

President Norman Yee  
Board of Supervisors, City and County of San Francisco

Supervisor Sandra Lee Fewer  
Chair, Budget and Finance Committee  
Board of Supervisors, City and County of San Francisco

**Re: Fiscal Years 2020-21 and 2021-22 Interim Budget**

Dear President Yee, Chair Fewer, and Members of the Board of Supervisors,

Today we submitted the interim budget for Fiscal Years (FY) 2020-21 and 2021-22 to the Clerk of the Board. This budget serves as a continuity budget allowing essential city spending and operations to continue on July 1, 2020 until the final budget is adopted by the Mayor and Board of Supervisors by October 1, 2020. Due to the delayed budget timelines this year the Mayor's Proposed Budget will be submitted the Board on August 1<sup>st</sup>, when the difficult choices to close the projected \$1.5 billion two-year deficit and adopt a balanced budget will be considered.

The interim budget is based on the previously adopted FY 2020-21 budget, adopted by the Mayor and the Board in August, 2019. This interim budget does, however, contain three key changes from the previously adopted budget:

1. Wage delays for city employees, as triggered by the March Joint Report and consistent with language in negotiated memorandums of understanding (MOUs);
2. No inclusion of appropriation for the gross hourly increase for the IHSS Minimum Compensation Ordinance (MCO) on July 1, 2020. An ability to fund a wage increase in FY 2020-21 will be determined with August budget deliberations and subject to October appropriation levels; and
3. No July 1<sup>st</sup> implementation of the 2.5% cost-of-doing business (CODB) increase for non-profit providers. Any ability to fund a CODB increase in FY 2020-21 will be contemplated with August budget deliberations and subject to October appropriation levels.

While the Mayor and Board deliberate the extremely difficult choices needed to balance the budget, departments are instructed to continue to freeze non-essential hiring and to not move forward with new programs or projects. Additionally, the Controller's Office has issued guidance to contracting departments on how to modify contracts to bridge the interim budget period.

We know that many hard choices lie ahead of us to balance the historic shortfalls we're confronted with, and we will have to work together to bridge these significant budget gaps.

Sincerely,

A handwritten signature in blue ink that reads "Kelly Kirkpatrick".

Kelly Kirkpatrick  
Mayor's Budget Director

cc: Severin Campbell, Budget and Legislative Analyst  
Ben Rosenfield, Controller

**From:** [Peacock, Rebecca \(MYR\)](#)  
**To:** [BOS Legislation, \(BOS\)](#)  
**Cc:** [Kittler, Sophia \(MYR\)](#); [Kirkpatrick, Kelly \(MYR\)](#); [Groffenberger, Ashley \(MYR\)](#)  
**Subject:** Mayor -- [Interim Budget Documents & Trailing legislation]  
**Date:** Monday, June 1, 2020 4:16:19 PM  
**Attachments:** [Interim Annual Appropriations Ordinance.zip](#)  
[Interim Annual Salary Ordinance.zip](#)  
[OCII Interim Budget.zip](#)  
[DPH State Recurring Grants.zip](#)

---

Attached for introduction to the Board of Supervisors are the following:

- Interim proposed AAO
- Interim proposed ASO
- Trailing Legislation
  - DPH State Recurring Grants
  - Interim proposed budget of OCII

Please let me know if you have any questions.

---

**Rebecca Peacock** ([they/she](#))  
(415) 554-6982 | [Rebecca.Peacock@sfgov.org](mailto:Rebecca.Peacock@sfgov.org)  
Office of Mayor London N. Breed  
City & County of San Francisco

\*\*\* I am working remotely. Please call me at 267-663-8648 with any questions \*\*\*\*