



Exhibit A

Proposed FY18-19 Budget

Table of Contents

| | |
|--|----|
| 1. Background | 1 |
| 2. Budget Summary | 3 |
| 3. Hunters Point Shipyard/Candlestick Point Major Approved Development Project Area..... | 8 |
| 4. Mission Bay North and South Major Approved Development Project Areas | 14 |
| 5. Transbay Major Approved Development Project Area..... | 17 |
| 6. Affordable Housing Obligations | 20 |
| 7. Asset Management and Development Services | 25 |
| 8. Debt..... | 28 |
| 9. Operations Budget..... | 30 |
| 10. Budgeted Positions..... | 32 |
| Appendix 1. Community Facilities Districts | 33 |
| | |
| <u>Exhibit 1: Proposed FY18-19 Budget Compared to FY17-18 Budget, \$Millions</u> | 4 |
| <u>Exhibit 2: Proposed FY18-19 Budget Programmatic Summary, \$Millions</u> | 5 |
| <u>Exhibit 3: Proposed FY18-19 Budget by Project Area/Cost Center, \$Millions</u> | 6 |
| <u>Exhibit 4: Mayor’s Plan for 10,000 Affordable Housing Units by 2020 - OCII Pipeline</u> | 20 |
| <u>Exhibit 5: OCII Affordable Housing FY18-19 Work Plan</u> | 21 |
| <u>Exhibit 6: Proposed FY18-19 Budgeted Positions</u> | 32 |
| <u>Exhibit A1: Community Facilities District Annual Tax Levies and Bond Balances</u> | 33 |

1. Background

The Office of Community Investment & Infrastructure (OCII) is the Successor Agency to the San Francisco Redevelopment Agency. On February 1, 2012, the State of California dissolved, under Cal. Health & Safety Code §§ 34170 *et seq* (the Dissolution Law), the San Francisco Redevelopment Agency (SFRA), along with all 400 redevelopment agencies in California. Pursuant to the Dissolution Law and to Board of Supervisors Ordinance 215-12, 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 Project Areas defined in Ordinance No. 215-12 as the Hunters Point Shipyard / Candlestick Point Redevelopment Project, the Mission Bay North and South Redevelopment Project, and the Transbay Redevelopment Project; (2) management of SFRA assets such as Yerba Buena Gardens, 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 Housing Obligations which include ensuring the development of affordable housing in the Project Areas.

Governance

The Successor Agency Commission, also known as the Commission on Community Investment and Infrastructure, established by the City through Ordinance 215-12, is the main governing body of OCII. The Commission is responsible for implementing and completing the enforceable obligations of the former Redevelopment Agency, including exercising land use and design approval authority for the Project Areas. 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 Project Areas.

Dissolution Law requires that there be an additional governing body known as an Oversight Board to oversee certain functions of OCII as the Successor Agency. The Oversight Board has a fiduciary duty to the holders of enforceable obligations with the former Redevelopment Agency and to the taxing entities that are entitled to an allocation of property taxes. The Oversight Board of the City and County of San Francisco reviews and approves OCII's expenditures and use of tax increment through the annual Recognized Obligation Payment Schedules (ROPS). The Oversight Board 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 Oversight Board, 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, as was the SFRA. However, under the Community Redevelopment Law, as amended by Dissolution Law, the Board of Supervisors, in its capacity as the legislative body for the City and County of San Francisco, 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. Budget Summary

The proposed Fiscal Year (FY) 18-19 budget of \$745.0 million represents an increase of \$208.2 million compared to the FY17-18 budget, as shown in Exhibit 1 below. Of this amount, \$610.6 million in uses (\$43.2 million for Operations and \$567.4 million for Non-Operations) is new budget authority and \$134.4 million is Current Year (CY) Prior Period Authority carried forward from FY17-18. CY Prior Period Authority is expenditure carried forward from FY17-18, including affordable housing loans awarded but not drawn down, multi-year construction budgets, unbudgeted bond proceeds, and pledged Redevelopment Property Tax Trust Fund (RPTTF) dollars.

Changes to current year revenue sources compared to FY17-18 are due primarily to (1) an increase in new bond proceeds due to three planned bond issuances in FY18-19 (one SB 107 Housing Bond, one Mission Bay Housing Bond, and one Mission Bay Infrastructure Bond). (2) an increase in Prior Period Authority due to bonds issued in FY16-17, and (3) an increase in property tax to fund debt service for the new bonds. These increases are offset by decreases in Developer Payments, Fund Balance, and Other.

Changes to current year uses compared to FY17-18 are due primarily to an increase in affordable housing loans. In FY18-19, OCII plans to enter into nine affordable housing loans, including four gap loans (CP10A, CP11A, MBS 6W, MBS 9) and five predevelopment loans (HPS 52/54, HPS 56, MBS 9A, TBY Block 2E, TBY Block 2W). The increase in affordable housing loans is offset by a decrease in Payments Due to Other Public Agencies following the FY17-18 transfer of Yerba Buena Gardens (YBG). In FY17-18, OCII will transfer the fund balance of the CDBG program funds, which is estimated at \$20.0 million, to the City as part of the transfer of YBG. In FY18-19, no major transfers are planned, therefore the Payments due to Other Public Agencies are much smaller than the prior fiscal year.

See Exhibit 1 below for these changes in detail.

Exhibit 1: Proposed FY18-19 Budget Compared to FY17-18 Budget, \$Millions*

| | FY17-18 Budgeted | FY18-19 Proposed | YOY Difference |
|---|---------------------|---------------------|------------------|
| Sources | | | |
| Property Tax Increment - TAB Debt Service | \$ 80.5 | \$ 61.7 | \$ (18.7) |
| Property Tax Increment - Mission Bay | \$ 30.6 | \$ 53.2 | \$ 22.6 |
| Property Tax Increment - Debt Portfolio | \$ - | \$ 2.0 | \$ 2.0 |
| Property Tax Increment - HPSY/CP | \$ - | \$ 0.2 | \$ 0.2 |
| Property Tax Increment - TJPA | \$ 3.9 | \$ 5.5 | \$ 1.6 |
| Property Tax Increment - Transbay | \$ 1.5 | \$ 1.8 | \$ 0.3 |
| Property Tax Increment - Other | \$ 4.5 | \$ 5.8 | \$ 1.3 |
| Property Tax Increment - ACA | \$ 3.6 | \$ 4.7 | \$ 1.1 |
| Subtotal CY Property Tax Increment | \$ 124.6 | \$ 134.8 | \$ 10.2 |
| New Bonds - Housing | \$ - | \$ 104.2 | \$ 104.2 |
| New Bonds - Infra | \$ - | \$ 39.2 | \$ 39.2 |
| Subtotal CY New Bonds | \$ - | \$ 143.4 | \$ 143.4 |
| Developer Payments | \$ 31.0 | \$ 23.5 | \$ (7.6) |
| Subtotal CY Developer Payments | \$ 31.0 | \$ 23.5 | \$ (7.6) |
| Rent, Lease & Garage Revenue | \$ 15.1 | \$ 6.0 | \$ (9.1) |
| Payments from Other Gov Entities | \$ 0.1 | \$ 3.8 | \$ 3.7 |
| Hotel Tax | \$ 4.8 | \$ 6.0 | \$ 1.2 |
| Subtotal CY Other | \$ 20.0 | \$ 15.8 | \$ (4.2) |
| Fund Balance - Housing | \$ 104.2 | \$ 79.6 | \$ (24.6) |
| Fund Balance - Non-Housing | \$ 69.6 | \$ 18.7 | \$ (50.9) |
| Subtotal CY Fund Balance | \$ 173.8 | \$ 98.3 | \$ (75.5) |
| Prior Period Authority - Housing | \$ 73.1 | \$ 181.5 | \$ 108.4 |
| Prior Period Authority - Non-Housing | \$ 114.3 | \$ 147.7 | \$ 33.4 |
| Subtotal CY Prior Period Authority | \$ 187.4 | \$ 329.2 | \$ 141.8 |
| Total CY Sources | \$ 536.8 | \$ 745.0 | \$ 208.2 |
| Uses | | | |
| Uses - Operations | | | |
| Operational Salaries and Benefits | \$ 8.4 | \$ 8.6 | \$ 0.2 |
| Affordable Housing Services | \$ 0.8 | \$ 1.2 | \$ 0.4 |
| Rent | \$ 0.5 | \$ 0.6 | \$ 0.1 |
| Retiree Health and Pension Costs | \$ 3.2 | \$ 3.5 | \$ 0.3 |
| Auditing & Accounting Services | \$ 0.6 | \$ 0.6 | \$ - |
| Legal Services | \$ 3.4 | \$ 1.4 | \$ (2.1) |
| Planning & Infrastructure Rvw | \$ 12.6 | \$ 9.1 | \$ (3.4) |
| Asset Management | \$ 4.3 | \$ 0.2 | \$ (4.1) |
| Workforce Development Services | \$ 0.6 | \$ 0.5 | \$ (0.1) |
| Other Professional Services | \$ 10.1 | \$ 5.6 | \$ (4.4) |
| Grants to Community-Based Organizations | \$ 4.7 | \$ 0.5 | \$ (4.2) |
| Payments to other Public Agencies | \$ 27.8 | \$ 10.4 | \$ (17.4) |
| Other Current Expenses | \$ 0.9 | \$ 1.0 | \$ 0.1 |
| Subtotal CY Uses - Operations | \$ 78.0 | \$ 43.2 | \$ (34.7) |
| Uses - Non-Operations | | | |
| Affordable Housing Loans | \$ 71.0 | \$ 220.3 | \$ 149.3 |
| Development Infrastructure | \$ 141.9 | \$ 120.9 | \$ (21.0) |
| Pass-through to TJPA | \$ 3.9 | \$ 5.5 | \$ 1.6 |
| Debt Service - OCII TAB Bonds | \$ 95.3 | \$ 109.8 | \$ 14.5 |
| Other Debt | \$ 7.1 | \$ 29.7 | \$ 22.5 |
| Fund Balance - Housing | \$ 36.3 | \$ 70.1 | \$ 33.9 |
| Fund Balance - Non-Housing | \$ 2.9 | \$ 11.1 | \$ 8.2 |
| Subtotal CY Uses - Non-Operations | \$ 358.3 | \$ 567.4 | \$ 209.0 |
| Prior Period Authority - Housing | \$ 73.1 | \$ 63.7 | \$ (9.4) |
| Prior Period Authority - Non-Housing | \$ 27.4 | \$ 70.7 | \$ 43.3 |
| Subtotal CY Prior Period Authority | \$ 100.5 | \$ 134.4 | \$ 33.9 |
| Total Budget Uses | \$ 536.8 | \$ 745.0 | \$ 208.2 |
| Sources vs. Uses | \$ - | \$ - | \$ - |

*Dollar amounts will be slightly off due to rounding.

As shown in Exhibit 2 below, OCII will expend \$133.3 million of the proposed FY18-19 budget of \$745.0 million on debt service and Pass-throughs to the Transbay Joint Powers Authority (TJPA). OCII will use the remaining \$611.6 million for programmatic needs: \$365.5 million for affordable housing, \$213.7 million for infrastructure, \$17.9 million for asset management, and \$16.5 million for project management and operations costs. Table 2 demonstrates that OCII expends the majority of its budget on affordable housing and infrastructure (49.1 percent and 28.7 percent respectively).

Exhibit 2: Proposed FY18-19 Budget Programmatic Summary, \$Millions*

| Use | Property Tax | Developer Payments | New Bonds - Housing | New Bonds - Infra | Rent, Lease & Garage Revenue | Fund Balance / Prior Period | Other | Total | Percent |
|----------------------------------|-----------------|--------------------|---------------------|-------------------|------------------------------|-----------------------------|---------------|-----------------|---------------|
| Affordable Housing | \$ - | \$ - | \$ 104.1 | \$ - | \$ 0.4 | \$ 261.1 | \$ - | \$ 365.5 | 49.1% |
| Infrastructure | \$ 3.7 | \$ 17.6 | \$ - | \$ 39.2 | \$ - | \$ 151.2 | \$ - | \$ 213.7 | 28.7% |
| Asset Management | \$ - | \$ - | \$ - | \$ - | \$ 5.1 | \$ 12.8 | \$ - | \$ 17.9 | 2.4% |
| Project Mgmt & Operations | \$ 10.5 | \$ 5.8 | \$ 0.1 | \$ 0.0 | \$ - | \$ - | \$ 0.0 | \$ 16.5 | 2.2% |
| Programmatic SubTotal | \$ 14.2 | \$ 23.5 | \$ 104.2 | \$ 39.2 | \$ 5.4 | \$ 425.1 | \$ 0.0 | \$ 611.6 | 82.1% |
| <i>Percent</i> | <i>2.3%</i> | <i>3.8%</i> | <i>17.0%</i> | <i>6.4%</i> | <i>0.9%</i> | <i>69.5%</i> | <i>0.0%</i> | <i>100.0%</i> | |
| Debt Service | \$ 115.2 | \$ - | \$ - | \$ - | \$ 0.5 | \$ 2.4 | \$ 9.8 | \$ 127.9 | 17.2% |
| Pass-through to TJPA | \$ 5.5 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5.5 | 0.7% |
| Non-Programmatic SubTotal | \$ 120.6 | \$ - | \$ - | \$ - | \$ 0.5 | \$ 2.4 | \$ 9.8 | \$ 133.3 | 17.9% |
| Total | \$ 134.8 | \$ 23.5 | \$ 104.2 | \$ 39.2 | \$ 6.0 | \$ 427.5 | \$ 9.8 | \$ 745.0 | 100.0% |

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

Of the \$611.6 million expended on programmatic needs, 69.5 percent will be funded by fund balance and prior period authority. In general, fund balances and the related prior period authority are cash balances from previously issued bonds, grants, restricted Community Development Block Grant funds, developer contributions held in escrow for future disbursement as grants to community-based organizations, or expenditures related to public art. The remainder of the programmatic expenditure is funded 23.4 percent by new bonds for housing and infrastructure, 3.8 percent by developer payments, 2.3 percent by property tax and 0.9 percent by rent, lease, and garage revenue.

Exhibit 3 below shows the total proposed FY18-19 budget of \$745.0 million by Project Area and Cost Center. The column headers describe OCII’s four major active project areas: Hunters Point Shipyard / Candlestick Point (HPSY/CP), Mission Bay North (MBN), Mission Bay South (MBS), and Transbay (TBY), as well as Yerba Buena Center (YBC) and Yerba Buena Gardens (YBG), Operations and Debt Service. Expenditure unrelated to the project areas and Operations and Debt Service 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, and shows the proposed asset management budget in the columns labeled YBC, YBG, and Other.

Exhibit 3: Proposed FY18-19 Budget by Project Area/Cost Center, \$Millions*

| | Operations | Debt | HPS / CP | MBN | MBS | TBY | YBC | YBG | Other | Total |
|---|---------------|-----------------|-----------------|----------------|-----------------|-----------------|---------------|---------------|----------------|-----------------|
| Sources | | | | | | | | | | |
| Property Tax Increment - TAB Debt Service | \$ - | \$ 61.7 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 61.7 |
| Property Tax Increment - Mission Bay | \$ - | \$ 46.4 | \$ - | \$ 3.6 | \$ 3.2 | \$ - | \$ - | \$ - | \$ - | \$ 53.2 |
| Property Tax Increment - Debt Portfolio | \$ - | \$ 2.0 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2.0 |
| Property Tax Increment - HPSY/CP | \$ - | \$ - | \$ 0.2 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 0.2 |
| Property Tax Increment - TIPA | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5.5 | \$ - | \$ - | \$ - | \$ 5.5 |
| Property Tax Increment - Transbay | \$ - | \$ 1.7 | \$ - | \$ - | \$ - | \$ 0.1 | \$ - | \$ - | \$ - | \$ 1.8 |
| Property Tax Increment - Other | \$ 3.9 | \$ - | \$ 1.0 | \$ - | \$ - | \$ 0.5 | \$ - | \$ - | \$ 0.4 | \$ 5.8 |
| Property Tax Increment - ACA | \$ 4.7 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 4.7 |
| Subtotal CY Property Tax Increment | \$ 8.6 | \$ 111.7 | \$ 1.2 | \$ 3.6 | \$ 3.2 | \$ 6.1 | \$ - | \$ - | \$ 0.4 | \$ 134.8 |
| Property Sales | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| New Bonds - Housing | \$ - | \$ 11.2 | \$ 23.7 | \$ - | \$ 69.4 | \$ - | \$ - | \$ - | \$ - | \$ 104.2 |
| New Bonds - Infra | \$ - | \$ 4.2 | \$ - | \$ - | \$ 35.0 | \$ - | \$ - | \$ - | \$ - | \$ 39.2 |
| Subtotal CY New Bonds | \$ - | \$ 15.4 | \$ 23.7 | \$ - | \$ 104.4 | \$ - | \$ - | \$ - | \$ - | \$ 143.4 |
| Developer Payments | \$ - | \$ - | \$ 17.5 | \$ 0.3 | \$ 4.1 | \$ 1.4 | \$ - | \$ - | \$ 0.1 | \$ 23.5 |
| Subtotal CY Developer Payments | \$ - | \$ - | \$ 17.5 | \$ 0.3 | \$ 4.1 | \$ 1.4 | \$ - | \$ - | \$ 0.1 | \$ 23.5 |
| Rent, Lease & Garage Revenue | \$ - | \$ 0.5 | \$ 0.5 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5.0 | \$ 6.0 |
| US Navy Cooperative Agreement | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Loan Repayments | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Payments from Other Gov Entities | \$ - | \$ 3.8 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 0.0 | \$ 3.8 |
| Hotel Tax | \$ - | \$ 6.0 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 6.0 |
| Subtotal CY Other | \$ - | \$ 10.3 | \$ 0.5 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5.0 | \$ 15.8 |
| Fund Balance - Housing | \$ - | \$ - | \$ 7.3 | \$ - | \$ 3.5 | \$ 68.5 | \$ - | \$ - | \$ 0.3 | \$ 79.6 |
| Fund Balance - Non-Housing | \$ - | \$ 2.4 | \$ - | \$ - | \$ - | \$ 11.3 | \$ - | \$ 5.0 | \$ - | \$ 18.7 |
| Subtotal CY Budget Sources | \$ - | \$ 2.4 | \$ 7.3 | \$ - | \$ 3.5 | \$ 79.8 | \$ - | \$ 5.0 | \$ 0.3 | \$ 98.3 |
| Prior Period Authority - Housing | \$ - | \$ - | \$ 120.2 | \$ 1.5 | \$ 54.0 | \$ 3.7 | \$ - | \$ - | \$ 2.1 | \$ 181.5 |
| Prior Period Authority - Non-Housing | \$ - | \$ - | \$ 8.6 | \$ 12.9 | \$ 75.5 | \$ 33.1 | \$ 7.8 | \$ - | \$ 9.8 | \$ 147.7 |
| Subtotal CY Sources - Prior Period Authority | \$ - | \$ - | \$ 128.8 | \$ 14.4 | \$ 129.6 | \$ 36.8 | \$ 7.8 | \$ - | \$ 11.8 | \$ 329.2 |
| Total CY Sources | \$ 8.6 | \$ 139.8 | \$ 179.0 | \$ 18.3 | \$ 244.7 | \$ 124.2 | \$ 7.8 | \$ 5.0 | \$ 17.6 | \$ 745.0 |
| Uses | | | | | | | | | | |
| Uses - Operations | | | | | | | | | | |
| Allocated Staff & Operating Expenses | \$ (7.7) | \$ 0.3 | \$ 3.9 | \$ 0.1 | \$ 1.4 | \$ 1.4 | \$ - | \$ - | \$ 0.5 | \$ - |
| Operational Salaries and Benefits | \$ 8.6 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 8.6 |
| Affordable Housing Services | \$ 1.2 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1.2 |
| Rent | \$ 0.6 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 0.6 |
| Retiree Health and Pension Costs | \$ 3.5 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 3.5 |
| Auditing & Accounting Services | \$ 0.2 | \$ - | \$ - | \$ 0.1 | \$ 0.3 | \$ - | \$ - | \$ - | \$ - | \$ 0.6 |
| Legal Services | \$ 0.3 | \$ - | \$ 0.8 | \$ - | \$ 0.2 | \$ 0.1 | \$ - | \$ - | \$ - | \$ 1.4 |
| Planning & Infrastructure Rvw | \$ 0.0 | \$ - | \$ 9.1 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 9.1 |
| Asset Management | \$ 0.2 | \$ - | \$ 0.0 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 0.2 |
| Workforce Development Services | \$ 0.1 | \$ - | \$ 0.3 | \$ - | \$ 0.0 | \$ 0.0 | \$ - | \$ - | \$ - | \$ 0.5 |
| Other Professional Services | \$ 0.6 | \$ - | \$ 2.8 | \$ 0.1 | \$ 0.4 | \$ 1.7 | \$ - | \$ - | \$ - | \$ 5.6 |
| Grants to Community-Based Organizations | \$ - | \$ - | \$ 0.5 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 0.5 |
| Payments to other Public Agencies | \$ - | \$ - | \$ 0.5 | \$ - | \$ - | \$ - | \$ - | \$ 5.0 | \$ 5.0 | \$ 10.4 |
| Other Current Expenses | \$ 0.9 | \$ - | \$ 0.0 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1.0 |
| Subtotal CY Uses - Operations | \$ 8.6 | \$ 0.3 | \$ 17.9 | \$ 0.3 | \$ 2.3 | \$ 3.3 | \$ - | \$ 5.0 | \$ 5.5 | \$ 43.2 |
| Uses - Non-Operations | | | | | | | | | | |
| Affordable Housing Loans | \$ - | \$ - | \$ 127.9 | \$ - | \$ 85.3 | \$ 7.0 | \$ - | \$ - | \$ - | \$ 220.3 |
| Development Infrastructure | \$ - | \$ - | \$ 0.2 | \$ 3.6 | \$ 105.7 | \$ 1.6 | \$ - | \$ - | \$ 9.8 | \$ 120.9 |
| Pass-through to TIPA | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5.5 | \$ - | \$ - | \$ - | \$ 5.5 |
| Debt Service - OCII TAB Bonds | \$ - | \$ 109.8 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 109.8 |
| Other Debt | \$ - | \$ 29.7 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 29.7 |
| Fund Balance - Housing | \$ - | \$ - | \$ - | \$ 1.5 | \$ 6.8 | \$ 61.5 | \$ - | \$ - | \$ 0.3 | \$ 70.1 |
| Fund Balance - Non-Housing | \$ - | \$ - | \$ 1.0 | \$ - | \$ - | \$ 10.1 | \$ - | \$ - | \$ - | \$ 11.1 |
| Subtotal CY Uses - Non-Operations | \$ - | \$ 139.5 | \$ 129.1 | \$ 5.2 | \$ 197.9 | \$ 85.7 | \$ - | \$ - | \$ 10.0 | \$ 567.4 |
| Prior Period Authority - Housing | \$ - | \$ - | \$ 23.2 | \$ - | \$ 34.7 | \$ 3.7 | \$ - | \$ - | \$ 2.1 | \$ 63.7 |
| Prior Period Authority - Non-Housing | \$ - | \$ - | \$ 8.7 | \$ 12.9 | \$ 9.8 | \$ 31.5 | \$ 7.8 | \$ - | \$ - | \$ 70.7 |
| Subtotal CY Uses - Prior Period Authority | \$ - | \$ - | \$ 31.9 | \$ 12.9 | \$ 44.5 | \$ 35.2 | \$ 7.8 | \$ - | \$ 2.1 | \$ 134.4 |
| Total Budget Uses | \$ 8.6 | \$ 139.8 | \$ 179.0 | \$ 18.3 | \$ 244.7 | \$ 124.2 | \$ 7.8 | \$ 5.0 | \$ 17.6 | \$ 745.0 |
| Sources vs. Uses | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

*Dollar amounts will be slightly off due to rounding.

As shown in Exhibit 3 above, MBS expenditures are the largest cost center in OCII's budget. These expenditures are primarily for affordable housing loans and infrastructure reimbursements. HPS2/CP expenditures are the second largest cost center. These expenditures are primarily for affordable housing loans. Attachment A describes the activities that OCII will undertake in FY18-19 in greater detail through narrative descriptions, workplans, and various tables.

For all project areas, OCII will ensure compliance with OCII's equal opportunity programs for workforce and contracting. Specifically, contract compliance staff will monitor all phases of construction, including hiring of local workers and payment of prevailing wages. OCII will work

closely with contractors, the Office of Economic and Workforce Development CityBuild program, and other community-based organizations to foster job creation for local workers and to improve the opportunities for local, small, minority, and women owned businesses to participate on OCII projects. These costs are embedded into the project and operations costs.

OCII administers six Community Facilities Districts (CFDs) created under California's Mello-Roos Act which support infrastructure and maintenance activities in project areas with funds from dedicated parcel taxes. Although the CFD activities are not included in OCII's budget, their spending plans, annual levies, and outstanding debt as of June 30, 2017 are included in Appendix 1.

3. Hunters Point Shipyard/Candlestick Point Major Approved Development Project Area

The Hunters Point Shipyard (the Shipyard) and Candlestick Point (together HPS/CP) are 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, to provide for the integrated planning and development of the Shipyard and the Candlestick Point portion of the Bayview Hunters Point Redevelopment Project Area. The U.S. Department of the Navy (Navy) performs environmental remediation and transfers property to OCII for subsequent development. Candlestick Point is subject to State and local land transfer agreements that allow for the re-use of the stadium site and adjacent underutilized parklands.

HPS2/CP will generate more than 12,000 permanent jobs; hundreds of new construction jobs each year; and an additional \$86 million in other community benefits including investment in homeowner assistance, workforce development and job training, scholarship and educational improvement, community builders, and construction of the South East Health Center. On December 14, 2012, the California State Department of Finance (DOF) issued a Final and Conclusive Determination under California Health and Safety Code § 34177.5 (i), that the Phase 1 and 2 Development and Disposition Agreements are enforceable obligations. HPS2/CP is being developed in two phases, HPS Phase 1 and HPS Phase 2/CP, which are described in greater detail below.

HPS Phase 1

The HPS Phase 1 Disposition and Development Agreement (HPS Phase 1 DDA) between OCII and the master developer implements the first phase of development of the Hunters Point Shipyard (HPS Phase 1). The agreement for the HPS Phase 1 development program provides for the construction of infrastructure, 26 acres of parks and open space, and up to 1,600 housing units, of which a minimum of 27 percent and a maximum of 40 percent will be affordable. Under the HPS Phase 1 DDA, the master developer is required to build the infrastructure and parks, and then sell land to various vertical developers. HPS Phase 1 is divided into two areas: the Hilltop, which consists of Blocks 1 and 49 through 57, and Hillside, which consists of Block 48 and will be developed in six phases.

HPS Phase 2/CP

The Disposition and Development Agreement (HPS Phase 2 DDA) between OCII and the master developer implements the Candlestick Point and Hunters Point Shipyard Phase 2 Project (HPS2/CP). The agreement for the HPS Phase 2/CP development program provides for 10,500 housing units, 32 percent of which will be Below Market Rate (BMR) and includes rebuilding 504 units in the Alice Griffith public housing development consistent with the City's HOPE SF

program and an additional 1,140 OCII funded affordable units on 10 stand-alone sites. The HPS Phase 2/CP plan also contains over 325 acres of parks and open space, an investment of more than \$2.7 billion in infrastructure and transportation improvements, and 65,000 square feet of Community Facilities Parcels to OCII-recommended tenants rent-free for public uses or otherwise to benefit the community. The Community Facilities Parcels are to include an International African Marketplace, San Francisco Public Library reading rooms, a Candlestick Point State Recreation Area Welcome Center and space for childcare, senior social and community services, education, the arts and public safety facilities. HPS Phase 2/CP is divided into two areas, Hunters Point Shipyard, the former site of the Hunters Point Navy Shipyard, and Candlestick Point, the former site of Candlestick Stadium.

Status Update

HPS Phase 1

OCII has issued Major Phase Approvals for all private development blocks on the Hilltop, with the exception of Block 1. To date, 375 units of housing on Blocks 49, 50, 51, 53, 54, 56, and 57 are complete. OCII has issued Major Phase Approvals for all private development blocks on the Hillside.

In FY18-19, OCII will work with the major developer to complete vertical construction and Hilltop parks and open space.

HPS Phase 2/CP

The Navy performs environmental remediation and transfers property to OCII for subsequent development. In September 2015, OCII received the first HPS Phase 2 land transfer from the Navy in a decade. The transfer consisted of 14 acres of land, which includes property to develop the Replacement Artists Studio building. Construction of utilities that serve the Replacement Artists Studio and Replacement Commercial Kitchen are complete.

In March 2016, the Commission approved an amended first Major Phase of development for Candlestick Point, revisions to the Candlestick Design for Development standards, amendments to the Candlestick Streetscape Master Plan, and corresponding changes to exhibits in the HPS Phase 2 DDA. In January 2017, the Commission approved the three sub-phases of development on Candlestick, CP-02, 03, and 04, which allow for a regional retail center of up to 635,000 square feet, 570 units of housing (including a 220 unit residential tower and 58 BMR housing units), 42,000 square foot film and art center, a 220-room hotel, 35,000 square feet of Community Facilities Space, and mixed-use developments with 130,000 square feet of ground floor neighborhood commercial and 1,140 housing units. Review and approval of design applications for the retail center and other private development blocks within Sub-Phases CP-02, 03, and 04 will continue throughout FY18-19.

On November 8, 2016, the voters adopted Proposition O, the Hunters Point Shipyard/Candlestick Point Jobs Stimulus Proposition, which exempts new office space development within HPS Phase 2/CP from the annual office development limitations set forth in Planning Code Sections 320-325, originally approved by voters in 1986 as Proposition M. In 2017, the Board of Supervisors amended the Hunters Point Shipyard and Bayview Hunters Point Redevelopment Plans to implement Proposition O.

In February 2017, the Commission approved the Legacy Foundation Board's Strategic Plan, which outlines programs and funding goals for the Community Benefit Fund for 2017 through 2021. The Community Benefit Fund is funded under the HPS Phase 1 and HPS Phase 2 DDA and provides programs to benefit the Bayview Hunters Point area as a whole. To date, the developer has provided \$1 million in funding required under the HPS Phase 1 DDA. The HPS Phase 2 Community Benefits Plan obligates each vertical developer to contribute 0.5 percent of the sales price of the initial sale of each market rate unit to the Community Benefits Fund. To date, the developer has provided \$0.5 million in funding required under HPS Phase 2/CP DDA. The earliest Phase 2 market rate units will complete construction in 2021.

In 2017, the master developer engaged architect David Adjaye to re-envision the urban design of HPS Phase 2. The HPS Phase 2 plan currently includes approximately 3 million square feet of research and development and office uses as a hub for emerging technologies on the Shipyard. In their pre-submittal Major Phase documents, the master developer seeks to increase the amount of research and development and office uses to 4.3 million square feet and to make other project updates.

In FY17-18, OCII worked with the master developer and City departments to revise project documents as needed to implement the re-envisioned HPS Phase 2/CP project. Approval of the re-envisioned project is expected in Summer 2018.

Proposed FY18-19 Work Plan

HPS Phase 1

- **Hilltop and Hillside Vertical Construction:** OCII will monitor construction progress, master developer's compliance with applicable workforce and contracting requirements, and provide inspection and approval as required by the Department of Building Inspection.
- **Major Phase Approval for Hilltop Block 1:** OCII will review and seek Commission approval for a Major Phase application on Block 1. OCII anticipates a residential development proposal with a total of 200 market rate for-rent units and 24 for-rent inclusionary units serving low-income families.
- **Completion and Maintenance of the Hilltop Parks & Open Space:** OCII will work with the master developer to complete construction of remaining open spaces in the Hilltop

development. OCII will work with San Francisco Public Works to monitor construction progress and developer's schedule of performance, as well as developer's compliance with applicable workforce and contracting requirements. OCII is developing a park and open space management plan and will continue efforts to solicit and contract for maintenance and services.

HPS Phase 2/CP

- **Shipyards Arts Complex:** The first development on HPS Phase 2 includes construction of replacement facilities for artist studio spaces on Navy Parcel B and a commercial kitchen on Navy Parcel A. OCII will work with the master developer on the construction of the replacement facilities for the artist building and oversee capital repairs of Building 101, an existing artist's studio building that will be retained. OCII will develop a management plan for the Shipyards Arts Complex, which will encompass Building 101, which is the replacement artist studio and commercial kitchen, gallery space, and connecting plazas. OCII will develop a model for the Arts Complex management.
- **Community Facilities Parcels and Community Facilities Space:** In FY18-19, OCII will work with the community and the developer to implement the International African Marketplace by working with retail consultants to develop a business plan and financial model. OCII is working with the Office of Early Childcare and Education to identify locations within the Project site to encourage the expansion of childcare facilities. OCII will work with the Commission, the Legacy Foundation Board, the Hunters Point Citizens Advisory Committee, and the public to develop solicitations for the Community Facilities Spaces. OCII will also work with other City departments, including OEWD, San Francisco Fire Department, San Francisco Police Department, San Francisco Public Library, and the San Francisco Unified School District, to program development for the Community Facilities Parcels.
- **Strategic Planning for the Legacy Foundation for Bayview Hunters Point:** In FY18-19, OCII will implement the Strategic Plan's recommendations.
- **Navy Parcel Transfer:** OCII will work with the Navy and regulators to complete land transfers and perform pre-development activities such as building and land surveys, as well as lead and asbestos abatement of Navy buildings slated for removal. After receiving authorization from the environmental regulators, the Navy will request the Commission accept the transfer of Navy Parcels B-1, G, and IR17/18 (together approximately 75 acres).
- **State Lands Trust Lands Exchange and California State Parks Properties:** In FY18-19, OCII will work on the development of Harney Way offsite improvements and future housing developments in Candlestick, which requires the acquisition of property currently owned by State Parks or the State Lands Commission. OCII will work with state agencies

to complete the transfer of properties. OCII will also work with the master developer and State Parks to prioritize capital improvements to the Candlestick State Park Recreation Area funded through the State Park land transfer. OCII will implement the State Trust agreement as the Navy conveys property to OCII.

- **Hunters Point Shipyard Re-envisioning:** OCII will continue to review and present changes to the HPS Phase 2 project to the Commission and other approval bodies as needed. In FY18-19, OCII anticipates receiving and reviewing the first Major Phase submittal for HPS Phase 2.
- **Hunters Point Shipyard Infrastructure Development and Mapping:** OCII will work with the San Francisco Public Works Infrastructure Task Force on the review and approval of infrastructure to support the development of HPS Phase 2/CP. OCII will work towards Board of Supervisors approval of a Final Map and Public Infrastructure Agreement(s) and City approvals of infrastructure construction drawings and permits.
- **Candlestick Point and Hunters Point Shipyard Phase 2 Open Space and Off-Site Planning:** OCII will continue to implement the community outreach process that began in FY15-16 and will coordinate with affected City departments on review and approval of the plans. The Major Phase Application for HPS Phase 2 will also include the schematic designs for approximately 15 acres of parks and open space.
- **Candlestick Point Retail (“CP Retail Center”):** The master developer has proposed revisions to the design of the CP Retail Center. In FY18-19, OCII will review schematic design submittal and will work with the City and the Master Developer on a workforce and hiring agreement for the many jobs anticipated in this development.
- **Candlestick Point Sub-Phases CP-02-03-04 Design Review:** In FY18-19, OCII will process design and permit approvals for multiple mixed-use developments in Sub-Phases CP-02, -03, and -04 in the first Major Phase of Candlestick Point. Based on current design applications, CP-02 will provide 314 market rate units and 105 BMR units; CP-03 will provide 524 market rate units and 28 BMR units, and CP-04 will provide 340 market rate units and 39 BMR units.
- **Candlestick Point Sub-Phase CP-05 Submittal:** OCII will review the Sub-Phase application for CP-05, located in the Alice Griffith neighborhood.
- **Candlestick Infrastructure Development and Mapping:** OCII will work with the San Francisco Public Works Infrastructure Task Force to review and obtain Board of Supervisors approval of a Final Map and Public Infrastructure Agreement(s). OCII will work with San Francisco Public Works, the Public Utilities Commission, San Francisco Municipal Transportation Agency, and other City departments to ensure that the

infrastructure described above meets City standards and is in conformance with the plan documents.

- **Support Alternative Financing.** The HPS Phase 2 DDA obligates OCII to find alternative sources of financing for the master developer's obligations. OCII obtained alternative financing, including a grant from the U.S. Department of Commerce, Economic Development Administration for capital repairs to Building 101 and a CalReUSE grant from the California Pollution Control Financing Authority to fund lead and asbestos abatement in HPS Phase 2/CP. In FY18-19, OCII will continue to administer the grants and will work with the master developer to pursue other alternative financing opportunities.

4. Mission Bay North and South Major Approved Development Project Areas

The Mission Bay North and South Redevelopment Project Areas were established in 1998 to create a vibrant transit-oriented and mixed-use community that will result in 6,404 residential units (29 percent of which will be affordable), 4 million square feet of office and biotechnology space, 419,000 square feet of retail uses, a new University of California San Francisco (UCSF) research campus and medical center, 18,000-seat event center, 250-room hotel, library, school, police headquarters, and a local police and fire department. The Mission Bay North and South Redevelopment Project Areas contain 49 acres of open space, approximately 41 of which are owned by OCII/City and approximately eight of which are owned by UCSF. Completion of the Mission Bay project will result in construction of more than \$700 million of new infrastructure, development of over \$8 billion in private vertical development, and creation of 31,000 permanent jobs.

Implementation of the Mission Bay project occurs through the Mission Bay North and South Redevelopment Plans and the Mission Bay enforceable obligations. The enforceable obligations, which include the Mission Bay North and South Owner Participation Agreements, and several related or attached documents including the Infrastructure Plans, Financing Plans, and the Tax Increment Allocation Pledge Agreements, are enforceable obligations and outline the public/private partnership between OCII and the Mission Bay master developer. On January 24, 2014, the DOF issued a Final and Conclusive Determination under California Health and Safety Code § 34177.5 (i), on the Mission Bay enforceable regulations.

Key responsibilities of OCII and its Commission include financing infrastructure, reviewing and approving land use, financing development of affordable housing on land donated by the master developer, maintaining the 41-acre Mission Bay Open Space System until 2043, creating and implementing the Mission Bay Art Program, and staffing the Mission Bay Citizens Advisory Committee. Of the 41-acre planned Mission Bay Open Space System, OCII currently operates over 20 acres of open space and contracts with a real estate management group to perform the day-to-day management of the parks. OCII funds park operations with special taxes collected through CFD #5, which OCII administers.

Status Update

Mission Bay continues to develop at a rapid pace. In FY17-18, market rate developers completed 350 units of market rate housing and delivered 680,000 square feet of office space. The Golden State Warriors continued construction of their 18,000-seat event center, which will include 100,000 gross square feet of retail and 580,000 gross square feet of office space. Uber continued construction of its 423,000 gross square foot headquarters. UCSF continued construction of its 180,000 gross square foot Precision Cancer Medicine Building and 343,000 gross square foot Mission Bay East Campus Phase I building. The master developer constructed two parks totaling 2.26 acres.

Proposed FY18-19 Work Plan

- **Mission Bay Public Art Program:** OCII will continue to develop a public art program for Mission Bay open spaces, which may include utilizing expertise within the art community, such as the San Francisco Arts Commission or consultants hired by OCII.
- **Golden State Warriors Event Center Construction:** OCII will continue to monitor the development of the Golden State Warriors Event Center, which includes an 18,000-seat event center, 100,000 gross square feet of retail and 580,000 gross square feet of office space.
- **Blocks 26/27 Construction:** OCII will continue to monitor construction of the new Uber headquarters on Blocks 26/27, which includes approximately 423,000 gross square feet of office space.
- **UCSF Blocks 33/34 Construction:** OCII will continue to monitor construction of Phase I of Blocks 33/34, which will consist of a single building with a 160-foot tower element, totaling 343,000 gross square feet of office and clinical space.
- **UCSF Blocks 36/X3 Precision Cancer Medicine Building Construction:** OCII will continue to monitor construction of the six-story 180,000 gross square foot medical/office building that will provide outpatient cancer care, including cancer specialty clinics, an infusion center, radiology, and radiation oncology therapy.
- **Block 1 Hotel Project Construction Start:** OCII will continue monitoring construction of a 250-room hotel.
- **Park P3 Construction Start:** OCII will monitor construction on the 1.17-acre Park P3, which forms an esplanade along the southern bank of Mission Creek and is directly adjacent to Block 1.
- **Park P19 Completion:** OCII will monitor construction of the 0.55-acre Park P19 along Terry Francois Boulevard. Park P19 is designed for passive recreation and stormwater treatment and to provide a buffer between the neighboring OCII-sponsored affordable housing site and Terry Francois Boulevard.
- **Bayfront Park P22 Construction Drawings:** In FY18-19, OCII will monitor construction of Bayfront Park P22, a 5.4-acre waterfront park along the San Francisco Bay. Park P22 will provide flexible open space, similar to Chrissy Fields, to allow for local and regional activities. With its location adjacent to the future Golden State Warriors site, Park P22 will also provide opportunities for coordinated events with the Golden State Warriors event center.

- **Mission Creek Park P2 Parking and Maintenance Agreements:** OCII will finalize the maintenance agreements with the Mission Creek Harbor Association for the community garden and parking area.
- **Mission Creek Park P2/P8 Construction Drawings and Construction Start:** The master developer will complete construction drawings and begin construction of the 3.28-acre park along Mission Creek.
- **Construction Coordination:** OCII will work with the developers, San Francisco Public Works Task Force, Office of Economic and Workforce Development, Public Utilities Commission, and other City agencies to coordinate the efforts to alleviate the traffic congestion created by construction in Mission Bay.

Future Park Management Strategy: OCII will continue working with the City, the Port, and the Public Utilities Commission, who are the current owners of Mission Bay Parks, on the future park management strategy as per the approved Long Range Property Management Plan, which was approved by the Department of Finance in December 2015.

- **Street Improvements:** The master developer will continue construction of the remaining Mission Bay roadway improvements. In FY18-19, all streets in the southern portion of Mission Bay will be complete. Improvements include surface roadway and sidewalk improvements, as well as underground utilities. Completion of the street grid system will significantly improve the local connectivity of Mission Bay.

5. Transbay Major Approved Development Project Area

The Transbay Redevelopment Project Area (Transbay) was adopted in 2005 and consists of approximately 40 acres in downtown San Francisco surrounding the new Transbay Transit Center (TTC), which is currently under construction by the Transbay Joint Powers Authority (TJPA). Transbay project area goals include developing: 1) the new, multi-modal TTC and related public infrastructure; 2) a new, transit-oriented neighborhood on approximately 10 acres of publicly-owned property, most of which was formerly owned by the State of California (State); and 3) approximately 1,400 affordable housing units or 35 percent of the new residential units constructed in the Transbay project area. OCII acts as the master developer for most of the formerly State-owned parcels in Transbay, issuing requests for proposals and selecting developers to construct the improvements, as specified in the Redevelopment Plan for the Transbay Redevelopment Project Area and related documents.

At completion, Transbay will contain more than 3,200 new housing units, including approximately 1,400 affordable units, approximately 2.4 million square feet of new commercial space, and approximately 4 acres of new public open space. In addition, the new TTC site will include a 5.4-acre rooftop park. The development program embodies a balanced approach to density with office and residential towers spaced apart to protect views and sunlight and with retail and townhouses to maintain visual interest at the ground level. The program includes significant widening and improvement of sidewalks, converting Folsom Street to two-way traffic, and reconfiguring an Interstate 80 off-ramp, all with the goal of creating a safe and attractive pedestrian environment.

The TJPA is responsible for planning, constructing, and eventually operating the new TTC. OCII is charged with implementing the Redevelopment Plan pursuant to its enforceable obligations, including: 1) the 2008 Tax Increment and Sales Proceeds Pledge Agreement between OCII, the City, and the TJPA (Pledge Agreement), which irrevocably commits land sale and tax increment revenue from formerly State-owned parcels for the TTC; 2) the 2006 Transbay Redevelopment Project Implementation Agreement between OCII and the TJPA (Implementation Agreement), which requires OCII to prepare and sell the formerly State-owned parcels and to construct and fund new infrastructure improvements (such as parks and streetscapes) and affordable housing obligations; and 3) AB 812 (codified in Section 5027.1 of the California Public Resources Code), which mandates that 25 percent of the residential units developed in the Transbay project area be available to low-income households and an additional 10 percent, for a total of 35 percent, shall be available to moderate-income households.

On April 15, 2013, DOF issued a Final and Conclusive Determination under California Health and Safety Code § 34177.5 (i), that the Pledge Agreement, the Implementation Agreement, and the AB 812, are enforceable obligations of OCII.

Status Update

Phase 1 of the TTC, including the above-ground bus station and the train box for the below-ground

train station, is underway and scheduled for completion in Summer 2018. The City approved a Mello-Roos community facilities district that will provide partial funding for the TTC and other infrastructure costs. Of the publicly owned parcels over which OCII has jurisdiction, two parcels are fully complete and six parcels are in various stages of development and pre-development. The sale of various sites has generated more than \$600 million in funding for construction of the TTC.

Per the Implementation Agreement, OCII is developing infrastructure plans for the new neighborhood, including new streetscape improvements on Folsom Street and two major new public parks. OCII completed construction of the Folsom Street freeway off-ramp in July 2015.

Proposed FY18-19 Work Plan

- **Parcel T:** In FY12-13, the TJPA sold Parcel T for development into a 1,070-foot high-rise office tower. Because Parcel T is in Zone 2 of the Transbay project area and under the jurisdiction of the City, it was reviewed and approved by the San Francisco Planning Commission and started construction in April 2013, with an expected completion date in 2018.
- **Block 9 Construction Monitoring:** Construction began in 2016. Block 9, known as 500 Folsom Street, consists of 436 market-rate units and 109 inclusionary affordable rental units in a 450-foot tower and adjacent podium and townhouse buildings, including ground-floor retail, open space, and underground parking. In FY18-19, OCII will monitor construction to ensure the project is built consistent with the approved plans, meets the schedule required in the Disposition and Development Agreement (DDA), and the developer conducts early outreach and marketing in accordance with the approved plan.
- **Block 6/7:** Blocks 6/7, located at 280 and 222 Beale Street, was sold to a developer for \$54.8 million in October 2013 for market-rate and affordable housing development. The Block 6 project is complete. Construction is underway at Block 7. In FY18-19, OCII will convert to permanent financing and transfer to MOHCD.
- **Block 5 Construction Monitoring:** Construction began in 2015. Block 5, known as 250 Howard Street, is an approximately 767,000 square foot commercial office project in a 550-foot tower. In FY18-19, OCII will monitor construction progress to ensure the project is built consistent with the approved plans and meets the schedule required in the DDA.
- **Block 8 Construction Monitoring:** Construction began in 2016. Block 8, known as 400 Folsom Street, consists of 398 market-rate units and 150 affordable rental units in a 550-foot tower and adjacent podium and townhouse buildings, including ground-floor retail, open space and underground parking. In FY18-19, OCII will monitor construction progress to insure the project is built consistent with the approved plans and meets the

construction schedule required in the DDA. Construction is scheduled for completion in 2019.

- **Block 1 Construction Monitoring:** Construction began in 2017. Block 1, known as 160 Folsom Street, includes 237 market rate units and 156 affordable units in a 400-foot tower and adjacent podium and townhouse buildings. In FY18-19, OCII will monitor construction progress to ensure the project is built consistent with the approved plans and meets the construction schedule required in the OP/DDA. Construction is scheduled for completion in 2020.
- **Block 4 Design Concept and DDA:** In 2017, OCII entered into an Option Agreement with a development team for Block 4 to provide market rate and affordable housing. In FY18-19, OCII will work with the development team to obtain approval of an affordable housing developer partner, term sheet, and subsequent Exclusive Negotiation Agreement. Construction will begin following the opening of the TTC. Construction will begin in FY19-20.
- **Folsom Streetscape Improvements Bid Process and Construction Start:** In 2013, OCII entered into a memorandum of agreement with San Francisco Public Works to manage the design and construction of the Folsom Street Improvement Project (FSIP). FSIP provides for the improvement of Folsom Street from 2nd street to Spear Street, including widening sidewalks, landscaping, and installing new streetlights and traffic signals, and street furniture. In 2017, OCII and San Francisco Public Works obtained bids for FSIP. Construction will begin in FY18-19.
- **Under-Ramp Park Design Approvals:** In FY18-19, OCII will complete schematic design and design development documents for a 2.4-acre park under the Interstate 80 off-ramp and TTC bus ramps between Folsom and Howard Streets. In addition, OCII will complete negotiations with TJPA and Caltrans to lease space under freeway ramps that are part of the future Under-Ramp Park site.
- **TJPA Support:** OCII will assist the TJPA with various financial and market analyses, as required by TJPA's funding partners and the TJPA Board of Directors.

6. Affordable Housing Obligations

OCII has retained Affordable Housing Obligations throughout Hunters Point Shipyard/Candlestick Point, Mission Bay North and South, and Transbay. OCII manages these affordable housing obligations through direct oversight along with services procured from the Mayor’s Office of Housing and Community Development (MOHCD) through a 2014 Memorandum of Understanding. During predevelopment, OCII coordinates selection of development teams and review of financial and other long-term agreements for the affordable housing sites in conjunction with MOHCD. During construction OCII and MOHCD jointly monitor construction, and MOHCD monitors marketing and makes financial disbursements. After construction is complete, OCII transfers assets to MOHCD, who monitors day-to-day operations.

Status Update

OCII’s obligations are a key part of former Mayor Lee’s plan to create 30,000 units by 2020, with one-third or 10,000 of the units as permanently affordable. OCII’s affordable housing projects will result in approximately 3,000 affordable units by 2020 through stand-alone projects funded with OCII subsidy, as well as inclusionary affordable units provided through private development. OCII’s progress toward meeting Mayor Lee’s plan is below.

Exhibit 4: Mayor’s Plan for 10,000 Affordable Housing Units by 2020 - OCII Pipeline

| Project Status | Affordable Stand-Alone | Affordable Inclusionary | Total |
|----------------------|------------------------|-------------------------|--------------|
| | Units | Units | |
| Completed & Occupied | 1,190 | 145 | 1,335 |
| In Construction | 565 | 262 | 827 |
| In Predevelopment | 381 | 111 | 492 |
| In Preliminary | 0 | 299 | 299 |
| Total | 2,136 | 817 | 2,953 |

To date, OCII has completed 1,335 units consisting of:

- 1,190 Affordable Stand-Alone Units in ten projects: 4800 Third Street, Rene Cazenave Apartments, 474 Natoma Street, 1180 4th Street, TBY Block 6, Dr. Davis Senior Residence, MBS Block 7 West, Alice Griffith Phase 1 and 2, Hunters View IIa, and Bill Sorro Community in South of Market.
- 145 Affordable Inclusionary Units in seven projects: HPS Block 51, 2000 Ellis Street, 72 Townsend, HPS Block 49, Windsor by the Bay, 1450 Franklin, and HPS Block 53 and 54.

FY18-19 Work Plan

While OCII will contribute approximately 3,000 affordable units towards the Mayor's goal of 30,000 affordable units by 2020, OCII's total affordable housing obligation totals 7,674 as shown in Exhibit 5 below. Currently over 5,490 OCII-sponsored affordable units remain to be completed: 2,999 OCII-funded units and 2,493 inclusionary units. Exhibit 5 below shows the remaining obligations by project area.

Exhibit 5: OCII Affordable Housing FY18-19 Work Plan

| | Total Affordable Units | Shipyard & Candlestick Point | Mission Bay | Transbay | Other* |
|--|------------------------|------------------------------|--------------|--------------|------------|
| OCII TOTAL PRODUCTION OBLIGATION | 7,674 | 3,757 | 1,904 | 1,464 | 549 |
| OCII-Sponsored Funded Units Production Obligation | 4,771 | 1,842 | 1,613 | 787 | 529 |
| Completed Prior to FY 13-14/FY 14-15 | 404 | 0 | 404 | 0 | 0 |
| Completed in FY 13-14/FY 14-15 | 506 | 0 | 149 | 120 | 237 |
| Completed in FY 15-16 | 189 | 0 | 0 | 69 | 120 |
| Completed in FY 16-17 | 552 | 182 | 198 | 0 | 172 |
| Completed in FY 17-18 | 171 | 121 | 0 | 50 | N/A |
| Subtotal OCII-Sponsored Funded Completed Units | 1,822 | 303 | 751 | 239 | 529 |
| In Construction | 565 | 31 | 260 | 274 | 0 |
| Predevelopment & Preliminary Planning | 1,226 | 636 | 345 | 245 | 0 |
| Future Sites | 1,208 | 872 | 257 | 79 | 0 |
| Subtotal OCII-Sponsored Funded Units Remaining Obligation | 2,999 | 1,539 | 862 | 598 | 0 |
| OCII-Sponsored Inclusionary Units Production Obligation | 2,903 | 1,915 | 291 | 677 | 20 |
| Completed Prior FY 13-14/14-15 | 265 | 0 | 265 | 0 | 0 |
| Completed FY 13-14/14-15 | 3 | 3 | 0 | 0 | 0 |
| Completed FY 15-16 | 76 | 65 | 0 | 0 | 11 |
| Completed FY 16-17 | 51 | 16 | 26 | 0 | 9 |
| Completed FY 17-18 | 15 | 15 | 0 | 0 | 0 |
| Subtotal OCII-Sponsored Inclusionary Completed Units | 410 | 99 | 291 | 0 | 20 |
| In Construction | 262 | 3 | 0 | 259 | 0 |
| Predevelopment & Preliminary Planning | 532 | 233 | 0 | 299 | 0 |
| Future Sites** | 1,699 | 1,580 | 0 | 119 | 0 |
| Subtotal OCII-Sponsored Inclusionary Units Remaining Obligation | 2,493 | 1,816 | 0 | 677 | 0 |
| Total Remaining Obligation | 5,492 | 3,355 | 862 | 1,275 | 0 |

* Projects in Bayview Hunters Point, Rincon Point-South Beach, South of Market, or Western Addition A-2

**OCII Inclusionary Units in HPSII/CP include 892 workforce units at 121-160% AMI serving moderate and middle income households.

The FY18-19 budget includes authority for loans for nine new affordable housing projects: Alice Griffith Phases 5 and 6, MBS Block 3 East, MBS Block 6 West, MBS Block 9, CP North 10A, CP South 11A, HPS Phase 1 Blocks 52/54, TBY Block 2 West, and TBY Block 2 East.

Hunters Point Shipyard / Candlestick Point

- **Alice Griffith Phase 5 and 6:** The Alice Griffith project, the recipient of a \$30.5 million grant from the U.S. Department of Housing and Urban Development (HUD) through its Choice Neighborhoods Initiative (CNI Grant), is being constructed in 6 phases. Phases 1 through 4 are complete. In FY18-19, OCII will provide predevelopment funding for Phases 5 and 6.
- **Candlestick Point Blocks 10A and 11A (CP 10A and CP 11A):** In FY18-19, OCII will provide gap financing for CP 10A and CP 11A, which consist of two family childcare units, affordable housing for households earning up to 60 percent of AMI, affordable housing for formerly homeless households, and ground floor retail.
- **HPS Phase 1 Blocks 52/54:** In FY18-19, OCII will provide pre-development for Block 52/54, which is a 100% affordable housing development of 99 rental units located on the Hilltop portion of HPS Phase 1.
- **Marketing of HPS Phase 1 Inclusionary Units:** In FY18-19, OCII will work with MOHCD to monitor the marketing and sales of the 15 inclusionary affordable home ownership units on these sites.

Mission Bay

- **MBS Block 6 East Affordable Housing:** In FY18-19, OCII will continue to monitor marketing and lease up of the 142 units of rental housing for very low-income families, which includes a set-aside of 20 percent of the units for formerly homeless families.
- **MBS Block 3 East Affordable Housing:** In FY18-19, OCII will monitor construction, marketing and lease up efforts of MBS 3E, which includes 62 units supportive rental housing for formerly homeless veterans, 56 units for low-income families, and 1 manager's unit.
- **MBS Block 6 West Affordable Housing:** In FY18-19, OCII will approve gap financing for MBS 6W, which includes 151 rental units, 38 of which will provide housing for residents voluntarily relocating from Sunnydale public housing due to construction starting for the Sunnydale rebuild.
- **MBS Block 9 Affordable Housing:** FY18-19, OCII will approve a schematic design, gap loan, and long-term ground lease for MBS Block 9, which includes 140 supportive rental units for extremely low-income formerly homeless persons as well as facilities for intensive on-site resident services.

- **MBS Block 9A Affordable Housing:** In FY18-19, OCII will issue a RFP to select a developer team and provide predevelopment funding for an affordable family homeownership housing project with 63 units.

Transbay

- **Block 6/7 Affordable Housing:** In FY18-19, OCII will monitor marketing of the Block 7 housing, which includes 119 units at 40 and 50 percent of AMI and one manager's unit in two podium buildings as well as adjacent townhouses. Twenty-four units will have housing site using project-based vouchers, and the ground floor includes a childcare facility and open space.
- **Block 9 Affordable Housing:** In FY18-19, OCII will monitor marketing of the 109 inclusionary units at 50 percent of AMI. Block 9 also includes 436 market-rate rental units and one manager's unit in a 400-foot tower, adjacent podium, and townhouse buildings with ground-floor retail, and open space and underground parking.
- **Block 8 Affordable Housing:** In FY18-19, OCII will monitor marketing of the 149 affordable units at 50 percent of AMI. Block 8 includes 398 market-rate units, 1 manager's unit in a 550-foot tower and adjacent podium and townhouse buildings, ground-floor retail, and open space and underground parking.
- **Block 1 Affordable Homeownership Housing:** In FY18-19, OCII will monitor marketing and lease up of Block 1, which includes 237 market rate units and 156 affordable housing ownership units for 80 to 120 percent of AMI in a 400-foot tower component and an 8-story podium building.
- **Block 4 Design Concept and DDA:** In FY18-19, OCII will work with the development team toward approval of an affordable housing developer partner, term sheet, and subsequent exclusive negotiations agreement. Construction will begin after the Transbay Temporary Bus Terminal, which occupies blocks 2, 3, and 4, is removed following the opening of the TTC in late 2017. Construction will start in FY19-20.
- **Block 2 West Affordable Housing:** In FY18-19, OCII will select a development team and provide predevelopment financing to construct approximately 77 affordable family rental units. Construction will begin after the Transbay Temporary Terminal, which occupies Blocks 2, 3, and 4, is removed after the opening of the TTC.
- **Block 2 East Affordable Housing:** In FY18-19, OCII will select a development team and provide predevelopment financing to construct approximately 167 affordable senior units. Construction will began after the Transbay Temporary Terminal, which occupies Blocks 2, 3, and 4, is removed after the opening of the TTC.

- **Transfer of OCII Completed Housing Assets:** In FY18-19, OCII will facilitate transfers to MOHCD of the following housing assets:
 - Transbay Block 6
 - Alice Griffith Phases 1, 2 and 3
 - MBS Block 7 West
 - Hunters View IIa
 - MBN N4P3 (Eviva)
 - Dr. Davis Senior Residence
 - 350 Friedell (HPS Phase 1 Block 49)
 - HPS Phase 1, Blocks 50, 51, 53, 54 inclusionary units

Supplement Education Revenue Augmentation Fund Loan Repayment to Low-Moderate Income Housing Asset Fund

In FY09-10, the former SFRA borrowed \$16.5 million from the Low and Moderate Income Housing Fund (LMIHF) to pay its Supplement Education Revenue Augmentation Fund (SERAF) assessment. Under Dissolution Law, MOHCD may receive repayments of the LMIHF loan into the City's Low and Moderate Income Housing Asset Fund. The FY18-19 budget includes a payment of \$1.8 million funded by property tax increment.

7. Asset Management and Development Services

OCII has significant responsibilities related to the on-going management of assets and development obligations in several active and expired redevelopment project areas, namely Yerba Buena Center, Rincon-Point South Beach, Western Addition A-2, South of Market, and Bayview Industrial Triangle. These asset management responsibilities include: (1) property management of physical land and buildings, (2) lease management, (3) loan management and administration, (4) oversight of public parking garages, (5) landlord and creditor responsibilities in bankruptcies, (6) managing and monitoring development agreements, (7) managing a community facilities district, (8) general asset management and problem-solving, and (9) implementing OCII's Long-Range Property Management Plan.

Status Update

Pursuant to Section 34191.5(b) of the California Health and Safety Code, OCII is required to prepare a Long-Range Property Management Plan that addresses the disposition and use of the properties of the former San Francisco Redevelopment Agency (SFRA), and submit the Long-Range Property Management Plan to the Oversight Board to the Successor Agency (Oversight Board) and the California Department of Finance (DOF) for their respective approvals. On November 23, 2015, by Resolution No. 14-2015, the Oversight Board approved the Long-Range Property Management Plan and authorized OCII to take all actions as needed to effectuate compliance with the Long-Range Property Management Plan. On December 7, 2015, the Department of Finance approved the Long-Range Property Management Plan and OCII's disposition of properties in accordance with the approved Long-Range Property Management Plan. OCII began implementing the Long-Range Property Management Plan with a focus on three priority projects to be transferred to the City: Shoreview Park, Fillmore Heritage Center (Garage and Commercial Parcel), and Yerba Buena Gardens. Shoreview Park transferred to the City in FY16-17. It is anticipated that Yerba Buena Gardens and Fillmore Heritage Center will transfer in FY17-18.

The Redevelopment Plan for the former Western Addition A-2 Redevelopment Project Area (the Western Addition) expired on January 1, 2009, and the SFRA moved into an asset management role for both its real property assets as well as other contractual obligations, such as owner participation agreements for private development, disposition and development agreements, and economic development loan agreements.

The Yerba Buena Center (YBC) Redevelopment Plan, which expired on January 1, 2011, consists of an 87-acre area south of Market Street that formerly consisted of dilapidated hotels and commercial and industrial buildings. The redevelopment of YBC was a highly successful effort, and the area has been central to the economic growth and vitality of San Francisco over the past two decades. Major cultural facilities -- such as the San Francisco Museum of Modern Art, the Museum of the African Diaspora, the Contemporary Jewish Museum, Yerba Buena Center for the Arts, the Mexican Museum (still in planning) -- were developed by or in partnership with SFRA.

Today, YBC is one of San Francisco's major cultural and convention/visitor districts. With the expiration of the YBC Redevelopment Plan in 2011, OCII moved into an asset management role for its numerous real property assets in YBC, which includes the Jessie Square Plaza, Yerba Buena Lane and adjacent commercial parcels, open space, recreational spaces, museums, and other land and buildings comprising the three-block area known as Yerba Buena Gardens.

The Redevelopment Plan for the South of Market project area does not expire until 2020, but Redevelopment Dissolution Law severely curtailed the SFRA's work program for this project area. OCII has very few enforceable obligations left in this project area, including several active façade and tenant improvement loan agreements that executed under SFRA's "Six on Sixth" Loan Program. Managing these loans includes processing subordination requests, monitoring the schedules for forgiving the loans, processing deeds of reconveyance, and consulting with legal counsel.

The Redevelopment Plan for the Bayview Industrial Triangle does not expire until 2020, but the SFRA's redevelopment program for this project area is largely complete. OCII occasionally receives requests for land use approvals. Work includes design review, zoning checks, and shepherding entitlement approvals through the Commission. OCII staff time will be reimbursed by the project sponsors.

The Redevelopment Plan for Rincon-Point South Beach does not expire until January 5, 2021, but SFRA's work program has been largely completed; therefore OCII's primary obligation is asset management. OCII also manages a community facilities district that provides additional landscaping and property maintenance on some of the project area's open spaces.

FY18-19 Work Plan

- **Yerba Buena Center-- 706 Mission Street/Mexican Museum Project:** In FY18-19, OCII will continue administration of the 706 Mission Street/Mexican Museum purchase and sale agreement for the Jessie Square Garage and Mexican Museum site and grant agreement.
- **Yerba Buena Center-- Post-transfer Closeout of Yerba Buena Gardens:** OCII anticipates transferring Yerba Buena Gardens (YBG) to the City by June 30, 2018. Any dollars that have not been expended on operations and capital improvements at YBG will be transferred to the City as part of the transfer of the YBG real estate assets. In FY18-19, OCII anticipates receiving approximately \$5 million in revenue that it would subsequently expend or transfer to the City as property owner.
- **Rincon-Point South Beach-- Port-Owned Property, including South Beach Harbor:** OCII holds leases with the Port on Port-owned property in South Beach Harbor. As per the Long-Range Property Management Plan, South Beach Harbor is scheduled for transfer to the Port through the termination of all OCII leases with the Port and transfer of the

associated improvements. As described later in the Debt section of the memo, in order to facilitate this transfer, in FY18-19 OCII and the Port will work to identify sources for partial or full prepayment of the CalBoating loan, depending on funding availability. In order to maximize flexibility, OCII proposed to budget full prepayment of the loan.

- **Rincon-Point South Beach-- Community Facility District #1:** OCII manages a community facilities district that taxes property owners to maintain streetscape and open space improvements in the South Beach neighborhood, and on-going work includes managing the contract with a landscape maintenance firm that does the maintenance work and managing the funds paid by the property owners.
- **Western Addition:** In FY18-19, OCII will facilitate the sale of a remnant parcel adjacent to the Fillmore Heritage Center, manage several developer agreements, and administer several tenant improvement loan agreements with businesses along Fillmore Street.
- **Multiple Project Areas:** OCII will focus on the transfer of remaining properties approved for transfer under the Long-Range Property Management Plan, including the remnant parcels in Yerba Buena Center, India Basin, and the Western Addition and the balance of the Hunters Point mini-parks, as well as completed affordable housing developments that have been approved for transfer to the Mayor's Office of Housing and Community Development (MOHCD).

8. Debt

OCII's proposed debt budget is \$139.8 million. Highlights of the debt budget include:

- **Debt Service for OCII Tax Allocation Bonds (TAB):** \$109.8 million in property tax increment for debt service on outstanding tax allocation bonds.
- **Cost of Issuance for New Bonds:** \$15.4 million in bond proceeds to fund cost of issuance for new bonds.
- **Debt Service for Hotel Bonds:** \$6.0 million in City and County of San Francisco hotel taxes to pay debt service on revenue bonds issued by the former San Francisco Redevelopment Agency.
- **Property Tax Increment for Debt:** \$1.8 million in property tax increment to repay an outstanding loan from the Low Moderate Income Housing Fund and staff time and professional services required to administer the debt portfolio.

In 1986, the dissolved SFRA and the San Francisco Port entered into a construction loan with the California State Parks Division of Boating and Waterways ("CalBoating") to fund capital improvements for South Beach Harbor. Annual debt service on this loan is \$535,995. OCII and the Port have the option to pre-pay the loan. The current pre-payment amount required to fully defease the CalBoating loan is \$6.2 million. Fully defeasing the loan could facilitate transfer of South Beach Harbor to the Port, as contemplated by the Long Range Property Management Plan, approved by the Commission in Resolution 53-2013. In FY18-19, OCII and the Port will work to identify sources to partially or fully pre-pay the loan, depending on funding availability. Proposed sources include \$2.4 million in fund balance composed of South Beach Harbor revenues and \$3.8 million in funds from the Port. In order to maximize flexibility, OCII proposes to budget full prepayment of the loan.

In FY18-19, OCII plans to issue three bonds: \$69.4 million in Mission Bay Housing Bonds to fund affordable housing loans in Mission Bay, \$23.7 million in SB107 Housing Bonds to fund affordable housing loans in HPS/CP, and \$35.0 million in Mission Bay Infrastructure Bonds to fund developer reimbursements in Mission Bay. Cost of Issuance on these bonds is estimated at \$15.4 million. Issuance of all bonds is dependent on the expenditure of current bond proceeds balances. OCII will assess the funding need at the time of each bond issuance.

In addition, OCII will monitor its tax allocation and special tax bond portfolios 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.

9. Operations Budget

The total proposed cost to operate OCII is \$16.3 million. Of this \$16.3 million, OCII will expend \$8.6 million salaries and benefits, \$4.2 million for non-labor costs that support the project areas, affordable housing, and development services. In addition, OCII will expend \$3.5 million for retiree health and pension costs.

OCII proposes to expend \$8.6 million for staff salaries and benefits, including OCII staff and City Administrator staff contracted to and funded by OCII. In FY18-19 OCII proposes a cost-neutral administrative conversion of four limited-term assignment (LTA) positions to four full-time equivalent (FTE) positions for design review and contract compliance. Budget highlights related to staff salaries and benefits include:

- A proposed three percent Cost of Living Allowance (COLA) contemplated in the 2015-2017 Memorandums of Agreement (MOA) between OCII and its labor partners, the International Federation of Professional and Technical Engineers Local 21 and Service Employees International Union Local 1021. These MOAs were approved by the Commission Resolutions 25-2017 and 26-2017. The budget also includes an equivalent increase for two City Administrator staff contracted to and funded by OCII, as negotiated in the 2017-2019 Memorandums of Understanding between the City and its labor partners.
- \$2.2 million to fund health benefits for retirees. This cost includes \$1.4 million for retiree FY18-19 health premiums and \$0.8 million to reduce OCII's future liability for retiree health benefits. As per OCII's actuarial valuation, holding all else constant, OCII will fully fund its health obligation to retirees over the amortization period if OCII makes an annual \$0.8 million payment toward its future liability for retiree health benefits.
- \$1.3 million payment to reduce OCII's unfunded pension actuarial (UAL) liability. As per OCII's actuarial valuation, holding all else constant, OCII will fully fund its pension obligation to retirees over the amortization period if OCII makes this payment on an annual basis.

Other items of note include:

- **Affordable Housing Services:** The proposed FY18-19 budget includes \$1.2 million for affordable housing construction monitoring and marketing provided by the Mayor's Office of Housing and Community Development.
- **Legal Services Related to OCII's General Operations:** The proposed FY18-19 budget includes \$0.3 million for legal services including:

- \$250,000 for specialized legal support, provided by outside counsel and funded by property tax increment; and
 - \$100,000 for general legal support, including housing program support, provided by the City Attorney's Office and funded by property tax increment.
- **Other Professional Services:** The proposed FY18-19 budget includes \$0.6 million for professional services including:
 - \$207,000 for general professional services;
 - \$108,000 for specialized services provided by staff from various departments in the City and County of San Francisco;
 - \$150,000 for temporary salaries to fund flexible staffing in response to short-term work surges; and
 - \$100,000 for public communications support, including website design.
- **Other Current Expenses:** The proposed FY18-19 budget includes \$0.9 million for other current expenses:
 - \$474,000 for insurance premiums and allowance for deductibles;
 - \$178,000 for technology infrastructure and support such as virtual server maintenance, e-mail, telephone, copy machines, software licensing fees, and hardware replacement;
 - \$242,000 for facilities improvements, materials and supplies, off-site records storage, mail and reproduction, and other current expenses;
 - \$37,000 for recruitment, employee training, and field expenses; and
 - \$15,000 for Commission and Oversight Board meeting expenses, including audiovisual recording of Commission meetings by SFGOV TV.

10.Budgeted Positions

The exhibit below shows budgeted positions and salary ranges. These positions reflect OCII employees plus City Administrator staff contracted to and funded by OCII. City Administrator staff are former OCII employees who transferred to the City Administrator post-dissolution and continue to work full-time on OCII-related work. The proposed FY18-19 budget contains 53 full-time equivalent positions (FTE) and two limited term appointments (LTA), and reflects a cost-neutral administrative conversion of five LTA into five FTE for design review, contract compliance, and other project support services. The two LTA appointments are for retirees who work part time. The FY18-19 budget also includes 1.0 FTE new Senior Office Assistant to provide administrative support to the Human Resources and Administration team and a conversion of 2.0 FTE positions: 1.0 FTE Accountant II to 1.0 FTE Accountant III and 1.0 FTE Management Assistant III to 1.0 FTE Management Assistant II.

Exhibit 6: Proposed FY18-19 Budgeted Positions

| Class | Class Title | FY17-18 Bgt | FY17-18 Proposed | YOY Difference |
|--------------------|---|----------------|---------------------|-------------------|
| 500 | Executive Director | 1 | 1 | 0 |
| 520 | General Counsel | 1 | 1 | 0 |
| 1060 | Deputy Director, Finance and Administration | 1 | 1 | 0 |
| 1060 | Deputy Director, Programs | 1 | 1 | 0 |
| 525 | Deputy General Counsel | 1 | 1 | 0 |
| 565 | Senior Civil Engineer | 1 | 1 | 0 |
| 930 | Staff Associate V | 1 | 1 | 0 |
| 535 | Development Services Manager | 1 | 1 | 0 |
| 540 | Housing Program Manager | 1 | 1 | 0 |
| 965 | Human Resources Manager | 1 | 1 | 0 |
| 550 | Senior Project Manager | 1 | 1 | 0 |
| 970 | Accounting Supervisor | 1 | 1 | 0 |
| 585 | Contract Compliance Supervisor | 1 | 1 | 0 |
| 1065 | Contract Compliance Specialist III | 1 | 1 | 0 |
| 630 | Senior Financial Analyst | 1 | 1 | 0 |
| 595 | Senior Development Specialist | 4 | 4 | 0 |
| 590 | Project Manager | 3 | 3 | 0 |
| 1025 | Housing Construction Specialist | 1 | 1 | 0 |
| 921 | Staff Associate IV | 1 | 1 | 0 |
| 990 | Assistant Project Manager | 2 | 2 | 0 |
| 615 | Development Specialist | 7 | 7 | 0 |
| 670 | Financial Systems Accountant | 1 | 1 | 0 |
| 715 | Sr. Personnel Analyst | 1 | 1 | 0 |
| 730 | Associate Planner | 0 | 2 | 2 |
| 1000 | Executive Assistant to Executive Director | 1 | 1 | 0 |
| 705 | Assistant Development Specialist | 1 | 2 | 1 |
| 720 | Senior Programmer Analyst | 1 | 1 | 0 |
| 640 | Contract Compliance Specialist II | 1 | 2 | 1 |
| 695 | Accountant III | 1 | 2 | 1 |
| 995 | Commission Secretary | 1 | 1 | 0 |
| 1030 | Management Assistant III | 1 | 0 | -1 |
| 775 | Accountant II | 1 | 0 | -1 |
| 1035 | Management Assistant II | 2 | 3 | 1 |
| 810 | Administrative Secretary | 1 | 1 | 0 |
| 915 | Staff Associate II | 0 | 1 | 1 |
| 860 | Senior Office Assistant | 0 | 1 | 1 |
| 855 | Record Specialist II | 1 | 1 | 0 |
| Total FTE | | 47 | 53 | 6 |
| Total LTA | | 7 | 2 | -5 |
| Total Staff | | 54 | 55 | 1 |

Appendix 1. Community Facilities Districts

Community Facilities Districts (CFDs) 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 and has no financial obligation. Disbursements from these CFDs are not part of the OCII budget and are included here for informational purposes only.

Exhibit A1: Community Facilities District Annual Tax Levies and Bond Balances

| | 2018 Tax Levy | FY 18-19 Exps - Debt Svc | FY 18-19 Exps- Operation | Bonds Outstanding 6/30/17 | Final Bond Maturity | Purpose |
|---------|------------------|-----------------------------|-----------------------------|------------------------------|------------------------|------------------|
| CFD #1 | \$0.2 | n/a | \$0.2 | n/a | n/a | Park Maintenance |
| CFD #4* | \$0.0 | \$0.5 | \$0.1 | \$19.6 | 8/1/2031 | Infrastructure |
| CFD #5 | \$2.5 | n/a | \$2.4 | n/a | n/a | Park Maintenance |
| CFD #6 | \$10.5 | \$8.4 | \$0.0 | \$130.0 | 8/1/2043 | Infrastructure |
| CFD #7 | \$4.3 | \$2.0 | \$0.0 | \$36.1 | 8/1/2036 | Infrastructure |
| CFD #8 | \$1.8 | n/a | \$0.7 | n/a | n/a | Park Maintenance |

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