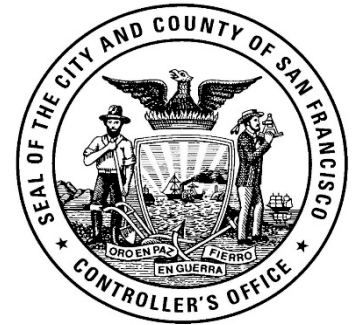


Treasure Island Board of Directors

Informational Item No. 4: Fiscal Year 2023-2024 Budget Introduction



December 20, 2022

City & County of San Francisco
Treasure Island Development Authority

FY2023-24 Budget Timeline

- **December 15th** – Mayor released FY24 & FY25 Budget Instructions
- **December 20th** – FY 2023-24 Budget Introduction to TIDA Board
- **January 11th** – Bring draft budget to the TIDA Board for review/comment
- **February 8th** – Bring proposed budget to the TIDA Board for approval to submit to Mayor’s Budget Office
- **Early February** – TIDA proposed budget submission to City Administrator’s Central Budget & Planning Office
- **Mid-February** – City Administrator submits budget to Mayor’s Budget Office
- **March** – Proposed department budgets are published on the Controller’s Office website. Controller publishes an update to the 5-Year Financial Plan (Joint Report), which highlights near-term budgetary shortfalls
- **June 1st** – Mayor’s Budget Office publishes two-year budget
- **June** – Budget and Finance Committee hearings
- **July 1st** – Mayor’s Proposed Budget is loaded into financial system by Controller’s Office
- **July** – Board of Supervisors adopts FY2023-24 & FY2024-25 Budget



Mayor's Budget Instructions

- On December 15th, the Mayor's Budget Office released budget instructions announcing a \$728M projected deficit over the next 2 fiscal years
- To balance the citywide budget, General Fund departments were asked to decrease ongoing General Fund support by 5% ongoing in FY24 and another 3% ongoing in FY25 to provide General Fund savings
 - The Mayor will be focused on policy priorities of economic recovery, clean and safe streets, homelessness and mental health
- **Non-General Fund departments are being directed to balance within their own revenue projections.** TIDA is considered a Non-General Fund department, as it does not receive any revenue support from the General Fund.
- In addition, the City Administrator's budget will focus on resolving chronic operational issues in the ongoing effort to stabilize ADM's core service delivery

Fiscal Year 2021-2022 Year-End Close

FY2022 Actuals

Revenues

- Commercial leasing revenues were approx. \$870K* above adopted budget
- Residential leasing revenues were approx. \$722K* above adopted budget
- Higher than budgeted rent revenues was largely due to conservative budget estimates, improved rent collection efforts, and identifying new lease opportunities

Expenses

- TIDA expenditures were approx. \$5.92M* below adopted budget
- Savings largely due to development professional contracts that were not entered into due to scheduling delays, unfilled TIDA staffing positions, and PUC utilities and maintenance savings

TICD Shortfall Payment

- Since TIDA's total Authority Cost expenses were below total revenues, no shortfall payment was invoiced to TICD
- TICD was invoiced \$5,860,475 for direct development costs (City Costs)
- Approximately \$4.77M below adopted budget expected from TICD

**Amounts are unaudited and may not be representative of any back-rent collected after year-end close.*

Fiscal Year 2023-2024 Budget Introduction

TREASURE ISLAND DEVELOPMENT AUTHORITY



TICD Shortfall Payment

DDA Requirement

- Prior to 2015, TIDA revenues exceeded expenses
- Surplus revenues were put into a reserve account
- Subsequent to 2015 as expenses exceeded revenues, funds from the reserve account were used to balance revenues
- Per the DDA, when the reserve account is exhausted, TIDA is to invoice TICD for an amount to balance revenues and expenses

Payments To-Date

- FY 2019-20 was the first year in which it became necessary to invoice TICD to cover TIDA budgetary shortfalls; TICD was invoiced \$5,320,248 to balance FY2020 expenses
- In FY 2021, TICD was invoiced \$7,965,964 to balance FY2021 expenses; approx. \$2.71M under adopted budget
- In FY 2022, TICD was not invoiced any additional amount to balance FY2022 expenses



Fiscal Year 2022-23 Mid-Year Performance

- Commercial leasing revenues are tracking at/near budget
- Residential leasing revenues are tracking at/near budget
- Commercial rent collections have improved and stabilized to pre-pandemic levels
 - The majority of tenants became current with their rent this year
 - During Covid-19, a small number of tenants terminated their leases or decreased their leaseholds, though there have been other tenants who have back-filled vacancies
- Total expenditures are expected will be within budget
- As anticipated in the budget, total FY2022-23 expenses will likely exceed revenues
 - TICD will be responsible for supplementing TIDA revenues to balance current FY expenses as required under the DDA; TIDA anticipates invoicing TICD for a shortfall payment, if any, by fiscal year end (\$4.1M Authority Costs revenue budgeted in FY2023)
 - TICD will be responsible for funding various Subsidies as required by the DDA (\$2.3M DDA Subsidies revenue budgeted in FY2023)
 - TIDA is now invoicing TICD for direct development costs on a quarterly basis (\$10.8M City Cost revenue budgeted in FY2023)



FY 2022-23 Budget Planning

- Mayoral Budget Instructions will be released on December 15th
- Department-phase of budget planning:
 1. Starting point – start with second year of prior 2-year adopted budget: \$31.33M in FY 2023-24
 2. Budget adjustments:
 - What will the revenue projections look like in FY23-24? Is there revenue uncertainty?
 - Where do we anticipate budget growth and possible increases?
 - Are there areas where we can identify cost savings?
 3. Review proposed budget with TICD
 4. Present proposed budget to TIDA Board for review and approval for submission to City Administrator's Budget and Planning Office who will share with Mayor's Budget Office
- Mayor-phase of budget planning: typically minor changes made by Mayor's Budget staff
- Mayor's Proposed Budget published and presented to the Board of Supervisors



FY 2023-24 Budget Planning

Anticipated Budget Growth:

- Developer Housing Subsidies to support future affordable housing development
- Parks maintenance for newly completed parks
- Transitional housing related fees/costs
- Westside Bridges local match funding to leverage state/federal grants
- Public Works Construction oversight and other services for development
- PUC Engineering and fields services support for development
- City agency and consultant professional services/contracts in support of development program



FY 2023-24 Budget Planning

Contract Services:

- As-needed engineering services
- Transitional housing advisory services
- Task-Force/program management support
- Environmental assessment/planning studies
- Park planning and operations support

Community Serving Programs Support

Total Support Services:

- One Treasure Island (ShipShape, food pantry, construction training program, community facilities planning, etc.)
- YMCA Operations – free to island residents
- Island youth participation in Boys & Girls Club Camp Mendocino summer program
- After-school & on-island summer youth programs
- Childcare Center Facility maintenance & operating subsidy
- Dept. of Public Health on-island services
- Traffic management during Fleet Week, July 4th, and New Year's Eve

Discussion