

From: [Thomas Busse](#)
To: [Board of Supervisors, \(BOS\)](#); [Calvillo, Angela \(BOS\)](#)
Subject: Follow Up on Public Comment on File 170948
Date: Tuesday, September 19, 2017 3:57:06 PM
Attachments: [SFMOMA.pdf](#)

Dear Clerk of the Board:

In support of my previously submitted public comment for Thursday's Budget and Finance Committee meeting hearing which I will be unable to attend, I request the attached highly relevant news article be added to this file which will aid the supervisors in their decision making.

Many thanks,
Thomas J. Busse

From the San Francisco Business Times:

<https://www.bizjournals.com/sanfrancisco/news/2017/05/23/sfmoma-parking-garage-sale-soma-stockbridge-yelp.html>

Exclusive: Art of the deal - SFMOMA parking garage sale could top \$40 million

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May 23, 2017, 1:22pm PDT

Even parking garages are worth tens of millions of dollars in San Francisco.

The SFMOMA garage at 147 Minna St. is nearing a sale that could surpass \$40 million, according to a source with knowledge of the property.

About 20 prospective buyers have each submitted eight-figure bids for the 412-stall property, said the source. The demand reflects the property's prime location in between North America's largest modern art museum and 140 New Montgomery, the headquarters of Yelp Inc. (NYSE: YELP).

Stockbridge Capital is the seller and declined to comment.

"You've got such a good revenue stream. It's incredible real estate," said Bill Cumbelich, a CBRE broker who previously completed leases at 140 Montgomery on behalf of Stockbridge and partner Wilson Meany.

"You're right in between SFMOMA and Transbay...you're in the ideal location," said Cumbelich, who isn't involved in the garage sale.

The property is 145,500 square feet and was built in 1999. Its income stream isn't clear, but listed parking rates are \$35 for 24 hours and \$360 per month.

Broker Cartter Berg of Eastdil Secured is marketing the property, which is listed at the commercial real estate website Ten-X. He didn't respond to a request for comment.

The pending sale would be Stockbridge's second major deal on the block. Stockbridge and partner Wilson Meany sold the historic 295,000-square-foot 140 New Montgomery to Pembroke Real Estate for \$284 million in 2016.

It wasn't clear when the garage sale would close, but a second source said it was approaching "best and final" offers.

Marketing materials state that the garage "benefits from access to 10 office buildings within a two block radius that have virtually no tenant parking onsite...the SFMOMA Garage represents an excellent



EASTDIL SECURED/TEN-X

The SFMOMA garage is nearing a multimillion dollar sale.

opportunity to acquire an extremely secure cash flow with no additional near term capital requirements."

SFMOMA is one of the potential buyers of the garage, according to the second source tracking the sale. SFMOMA didn't immediately respond to a request for comment.

The eight-story property is zoned for up to 350 feet, but the source said it would be challenging to redevelop the site, in part because SFMOMA has an easement access through the site.

The property and its land were last assessed at \$26 million, according to city data.

Roland Li

Reporter

San Francisco Business Times



From: [Thomas Busse](#)
To: [Board of Supervisors, \(BOS\)](#)
Subject: Public Comment on File 170948 for the Budget and Finance committee
Date: Tuesday, September 19, 2017 3:34:42 PM

To Members of the Committee:

Although I will not be able to attend the budget and finance committee meeting on 9/20, I would like to call attention to 147 Minna's current secured assessment of \$26,363,680 paid by Stockbridge LLC. This translates into an annual cost of \$263,636 lost property tax of which the city and county retains about \$179,272, not including the additional \$47,454 collected to help reduce the city's bond indebtedness, which now must be pushed to homeowners and renters citywide.

Of course, Redevelopment dissolution throws a kink into this, but we should also consider the lost business tax revenue to the city as well as the lost State and Federal income tax, as I doubt SFMOMA will really pay UBIT. There is also the indirect impact of municipal bond subsidy and the market distortions it creates, which primarily benefits high-net-worth individuals at the expense of the revenue sources directly funding vital programs such as Medi-cal while crowding out investment in new ventures and the small business forming the backbone of our economy.

How do we know SFMOMA won't issue ridiculous Capital Appreciation bonds or descend into the dark world of OTC derivatives like the Airport Commission? Is SFMOMA's board really up to the task of bond oversight having built a museum only to have to rebuild it a few years later? Here's a fresh idea: if SFMOMA promises to cut down on annoying fundraising solicitations, why not use SF's fancy non-fiduciary JPA with no CDIAC reporting requirements to enable SFMOMA to sell \$100 bonds directly to its members instead of Well-Heeled subscribers to *The Bond Buyer*.

If SFMOMA, which can get away with its \$25 general admission charge to see its third rate collection, is sufficiently capitalized to issue \$30M in bonds to put up a parking lot right next to a brand new \$1.3B subway paid by a regressive sales tax, then it should do so on its own. If Stockbridge LLC is willing to sell the parcel to SFMOMA, it could do so through a lease-buyback arrangement. This proposal sends mixed messages about the city's priorities: we shoot the property tax base in the foot in order to eliminate the property tax component of parking space rental in a transit zone. It too hard to ask SFMOMA visitors to join the proletariat or to walk a block from the Mission garage since they can't live there anymore thanks to Mayor Moscone? Perhaps they could visit the Old Mint on the way.

Respectfully Submitted,

Thomas J. Busse