

File No. 190898

Committee Item No. 12

Board Item No. 9

### COMMITTEE/BOARD OF SUPERVISORS

#### AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date September 18, 2019

Board of Supervisors Meeting

Date September 24, 2019

#### Cmte Board

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| <input type="checkbox"/>            | <input type="checkbox"/>            | Motion                                       |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Resolution                                   |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Ordinance                                    |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Legislative Digest                           |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Budget and Legislative Analyst Report        |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Youth Commission Report                      |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Introduction Form                            |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Department/Agency Cover Letter and/or Report |
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| <input type="checkbox"/>            | <input type="checkbox"/>            | Grant Information Form                       |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Grant Budget                                 |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Subcontract Budget                           |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Contract/Agreement                           |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Form 126 – Ethics Commission                 |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Award Letter                                 |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Application                                  |
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OTHER (Use back side if additional space is needed)

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Completed by: Linda Wong

Date September 13, 2019

Completed by: Linda Wong

Date September 18, 2019

1 [Appropriation - Certificates of Participation to the General Services Agency to Fund Site  
2 Acquisition Costs for the Hall of Justice Relocation Project - \$78,600,000 - FY2019-2020]

3 Ordinance appropriating \$78,600,000 of Certificates of Participation to the General  
4 Services Agency to purchase the property located at 1828 Egbert Avenue and to fund  
5 the related demolition, site preparation, and other acquisition costs for the Hall of  
6 Justice Relocation Project in FY2019-2020; and placing \$78,600,000 on Controller's  
7 Reserve pending sales of Certificates of Participation.

8  
9 Note: **Unchanged Code text and uncodified text** are in plain Arial font.  
10 **Additions to Codes** are in *single-underline italics Times New Roman font*.  
11 **Deletions to Codes** are in ~~*strikethrough italics Times New Roman font*~~.  
12 **Board amendment additions** are in double-underlined Arial font.  
13 **Board amendment deletions** are in ~~Arial font~~.  
14 **Asterisks ( \* \* \* )** indicate the omission of unchanged Code  
15 subsections or parts of tables.

16 Be it ordained by the People of the City and County of San Francisco:

17 Section 1. The sources of funding outlined below are herein appropriated in the General  
18 Services Agency for Fiscal Year 2019-2020. Commercial Paper may be used as a funding  
19 source in the interim, prior to sale of the Certificates of Participation.  
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1 **Sources**

2	Fund /	Project & Activity /	Account	Description	Amount
3	Department ID	Authority			
4	15381 / 228875	10035309 – 0001 /	480141	Proceeds from	\$78,600,000
5	CPXCF COP HOJ	20886	Proceeds fr	Certificates of	
6	Relo-Site Aquis /	ADRE HOJ Relo –	Certificates of	Participation	
7	ADM Real Estate	Non-CPC / ADRE	Participation		
8	Division	HOJ Relocation			
9	<b>Total Sources</b>				<u><u>\$78,600,000</u></u>

10  
 11 Section 2. The uses of funding outlined below are herein appropriated in the General  
 12 Services Agency to fund the purchase of the property located at 1828 Egbert Avenue and  
 13 fund the related demolition, site preparation, and other acquisition costs.  
 14

15 **Uses**

16	Fund /	Project & Activity /	Account	Description	Amount
17	Department ID	Authority			
18	15381 / 228875	10035309 – 0001 /	567000	Purchase of	\$67,365,000
19	CPXCF COP HOJ	20886	Bldgs, Struct&Imprv	Property	
20	Relo-Site Aquis /	ADRE HOJ Relo –	Proj-Budget		
21	ADM Real Estate	Non-CPC / ADRE			
22	Division	HOJ Relocation			

1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	15381 / 228875	10035309 – 0001 /	581130	CSA 0.2%	\$134,730
4	CPXCF COP HOJ	20886	GF-CON-Internal	Controller's Audit	
5	Relo-Site Aquis /	ADRE HOJ Relo –	Audit	Fund	
6	ADM Real Estate	Non-CPC / ADRE			
7	Division	HOJ Relocation			
8					
9	15381 / 228875	10035309 – 0001 /	573110	Debt Service	\$5,734,765
10	CPXCF COP HOJ	20886	Bond Issuance	Reserve Fund	
11	Relo-Site Aquis /	ADRE HOJ Relo –	Cost - Unamortized		
12	ADM Real Estate	Non-CPC / ADRE			
13	Division	HOJ Relocation			
14					
15	15381 / 228875	10035309 – 0001 /	573110	Capital Interest	\$2,524,730
16	CPXCF COP HOJ	20886	Bond Issuance	Fund / CP Interest	
17	Relo-Site Aquis /	ADRE HOJ Relo –	Cost - Unamortized	& Fees	
18	ADM Real Estate	Non-CPC / ADRE			
19	Division	HOJ Relocation			
20					
21	15381 / 228875	10035309 – 0001 /	573110	Cost of Issuance	\$800,000
22	CPXCF COP HOJ	20886	Bond Issuance		
23	Relo-Site Aquis /	ADRE HOJ Relo –	Cost - Unamortized		
24	ADM Real Estate	Non-CPC / ADRE			
25	Division	HOJ Relocation			

1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	15381 / 228875	10035309 – 0001 /	573110	Underwriter's	\$555,775
4	CPXCF COP HOJ	20886	Bond Issuance	Discount	
5	Relo-Site Aquis /	ADRE HOJ Relo –	Cost - Unamortized		
6	ADM Real Estate	Non-CPC / ADRE			
7	Division	HOJ Relocation			
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9	15381 / 228875	10035309 – 0001 /	573110	Reserve for Market	\$1,485,000
10	CPXCF COP HOJ	20886	Bond Issuance	Uncertainty	
11	Relo-Site Aquis /	ADRE HOJ Relo –	Cost - Unamortized		
12	ADM Real Estate	Non-CPC / ADRE			
13	Division	HOJ Relocation			
14	<b>Total Uses</b>				<b>\$78,600,000</b>

16 Section 3. The uses of funding outlined above for \$78,600,000 are herein placed on  
 17 Controller's Reserve pending sales of Certificates of Participation.

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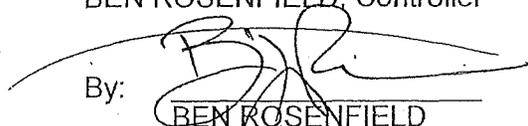
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Section 4. The Controller is authorized to record transfers between funds and adjust the accounting treatment of sources and uses appropriated in this Ordinance as necessary to conform with Generally Accepted Accounting Principles and other laws.

APPROVED AS TO FORM:  
DENNIS J. HERRERA, City Attorney

By:   
BUCK DELVENTHAL  
Deputy City Attorney

FUNDS AVAILABLE:  
BEN ROSENFELD, Controller

By:   
BEN ROSENFELD  
Controller

<p>Items 11 and 12 Files 19-0895 and 19-0898</p>	<p>Departments: Office of Public Finance Capital Planning</p>
<p><b>EXECUTIVE SUMMARY</b></p>	
<p style="text-align: center;"><b>Legislative Objectives</b></p>	
<ul style="list-style-type: none"> <li>• File 19-0895 is a resolution authorizing the execution and delivery of Certificates of Participation (COPs) in an amount up to \$94.6 million to (i) repay taxable commercial paper notes that the City issued to purchase 814-20 Bryant Street and 470 6<sup>th</sup> Street and related demolition, preparation and improvement costs; and (ii) finance and refinance the acquisition of 1828 Egbert Avenue and related site demolition, preparation, and improvement costs.</li> <li>• File 19-0898 is an ordinance appropriating \$78.6 million of the \$94.6 million in COPs proceeds to purchase 1828 Egbert Avenue. The balance of \$16 million in COPs proceeds were previously appropriated by the Board of Supervisors in May 2019 for the purchase of 814-820 Bryant Street and 470 6<sup>th</sup> Street, subject to future Board of Supervisors approval of the COPs sale and security documents (File 19-0416).</li> </ul>	
<p style="text-align: center;"><b>Key Points</b></p>	
<ul style="list-style-type: none"> <li>• In June 2019, the Board of Supervisors adopted the Ten-Year Capital Plan for FY 2020-21 through FY 2029-30, which calls for \$131 million in COPs to relocate City departments and functions from the Hall of Justice. Of the \$131 million in COPs to be issued in 2020, approximately \$79.5 million are allocated to the purchase of 814-820 Bryant Street, 470 6<sup>th</sup> Street, and 1828 Egbert Street, previously approved by the Board of Supervisors, and approximately \$51.6 million are allocated to constructing new holding cells and relocating existing offices with the Hall of Justice (Files 19-0895 and 19-0898 of this report).</li> </ul>	
<p style="text-align: center;"><b>Fiscal Impact</b></p>	
<ul style="list-style-type: none"> <li>• The \$94.6 million in COPs issuance includes \$78.6 million for the purchase and related costs for 1828 Egbert Avenue, and \$16 million for the purchase and related costs for 814-820 Bryant Street, 470 6<sup>th</sup> Streets, previously appropriated by the Board of Supervisors.</li> <li>• Of the \$94.6 million in COPs proceeds, \$79.5 million is directly allocated to the purchase of 1828 Egbert Avenue and 814-820 Bryant Street/470 6<sup>th</sup> Street, as provided in the Ten-Year Capital Plan. The balance is allocated to COPs financing, reserves, and related costs.</li> <li>• Issuance of the \$94.6 million in COPs conforms to the City's Debt Service limits and Debt Policy.</li> </ul>	
<p style="text-align: center;"><b>Recommendation</b></p>	
<ul style="list-style-type: none"> <li>• Approve the proposed ordinances.</li> </ul>	

## MANDATE STATEMENT

City Administrative Code Section 10.62(b) states that the Board of Supervisors may authorize the issuance of Certificates of Participation (COPs) and other lease financing debt to fund capital projects provided the annual debt service cost of such outstanding indebtedness does not exceed 3.25% of discretionary revenue as determined by the Controller and Director of Public Finance. Administrative Code Section 10.62(c) states that the Director of Public Finance may issue tax-exempt and taxable commercial paper notes to provide interim funds to finance the acquisition, construction and rehabilitation of capital improvements and capital equipment, subject to the project's and financing plan's approval by the Board of Supervisors and Mayor.

City Charter Section 9.105 states that amendments to the Annual Appropriation Ordinance are subject to Board of Supervisors approval by ordinance after the Controller certifies the availability of funds.

## BACKGROUND

The Hall of Justice (the Hall or HOJ), located at 850 Bryant Street, was constructed in 1958 and is seismically deficient. In January 2017, given the serious concerns about the safety and working conditions in the building, the City Administrator declared that the offices and jail located at the Hall of Justice be closed as quickly as possible. As a result, the Capital Plan was updated in 2017 to target an expedited exit in 2019 from the Hall of Justice for all staff and inmates. The building currently houses the County courthouse, County jails #3 and #4, and office space for various justice-related staff.

### 10-Year Capital Plan

In June 2019, the Board of Supervisors adopted the Ten-Year Capital Plan for FY 2020-21 through FY 2029-30. The Capital Plan calls for \$131 million in certificates of participation (COPs) for the Hall of Justice Relocation Projects to relocate the District Attorney's Office, Adult Probation Department, Police Department Investigations Unit, Medical Examiner, and other administrative offices from the Hall of Justice.<sup>1</sup> Staff from the District Attorney's Office, Police, and Adult Probation departments will be relocated to leased space by the end of 2020. Remaining City offices in the Hall will be consolidated on the Harriet Street side of the building and acquired properties once obtained. The Bryant Street side of the building will be demolished once all staff and inmates are vacated, and the remaining Harriet Street side will be enclosed, leaving a rectangular structure with better expected seismic performance. However, as of September 2019, there is no plan in place for relocation of inmates and staff from County Jail #4.<sup>2</sup> Demolition of the Bryant Street side of the Hall is planned for funding with FY 2024-25 COPs.

<sup>1</sup> Files 19-0895 and 19-0896 approved the issuance of \$94.6 million and \$62 million in COPs respectively. Of this amount, \$79.4 million of COPs proceeds are allocated to project costs for the purchase of 814-820 Bryant Street/470 6<sup>th</sup> Street and 1828 Egbert Avenue (File 19-0895), and \$51.6 million is allocated for tenant improvements to the Hall of Justice (File 19-0896), totaling \$131 million.

<sup>2</sup> County Jail #3 is currently closed.

**Previously approved resolutions**

In May 2019, the Board approved authorized the (a) the purchase of 814-820 Bryant Street and 470 6<sup>th</sup> Street for \$12 million for the purpose of relocating City departments and programs from the HOJ, and (b) the Controller to issuance of \$16 million in COPs to fund the purchase, subject to future Board of Supervisors approval of the COPs sale and security documents. (File 19-0420). The City issued short-term commercial paper in July 2019 to purchase these properties as interim financing pending the issuance of the COPs.

The Board authorized the purchase of 1828 Egbert Avenue in July 2019 in an amount of \$67.3 million to relocate the Police Department's evidence and property storage from the HOJ (File 19-0774). The approval of the purchase was subject to the Board of Supervisors future authorization of COPs to fund the purchase.

**DETAILS OF PROPOSED LEGISLATION**

File 19-0895 is an ordinance that would:

- Authorize the execution and delivery of Certificates of Participation (COPs) not-to-exceed \$94.6 million to finance and refinance the acquisition of property located at 1828 Egbert Avenue, and at
- Repay certain taxable commercial paper notes issued by the city for the acquisition of properties at 814-820 Bryant and 470 6<sup>th</sup> Street, and preparation for site demolition, preparation and improvement
- Approve the form of Supplement to the Trust Agreement between the City and County of San Francisco and U.S. Bank National Association
- Approve the respective forms of Supplements to Property Lease and Project Lease, each between the City and the Trustee for the lease and lease back of 375 Laguna Honda Boulevard City property and facilities (or other property as determined by the Director of Public Finance);
- Approve the form of an official statement in preliminary and final form;
- Approve the form of a Continuing Disclosure Certificate;
- Grant general authority to City officials to take necessary actions in connection with the authorization, sale, execution, and delivery of the Certificates of Participation;
- Approve modifications to documents;
- Ratify previous actions taken in connection to this ordinance;

Certificates of Participation

COPs are structured as a lease-lease back, in which the City-owned Laguna Honda Hospital campus at 375 Laguna Honda Boulevard would serve as the leased property to secure the

COPs.<sup>3</sup> The COPs could be structured for a term up to 25 years at an interest rate not-to-exceed 12 percent. According to the proposed ordinance, maximum annual debt service (or maximum annual base rent) is \$8.25 million.

The Office of Public Finance estimates that the COPs would be paid over 20 years with annual principal and interest payments of \$7.2 million and an estimated interest rate of 4.435 percent.

#### Negotiated Sale

The proposed ordinance permits the COPs to be sold through a negotiated or a competitive sale. Based on current market conditions, the Office of Public Finance intends to sell the COPs competitively. However, according to Ms. Jamie Querubin, Public Finance Deputy, the Office of Public Finance may propose a negotiated sale rather than a competitive sale if one of more of the factors described in the City's Debt Policy are present, which currently include: (1) significant deterioration in the City's overall credit rating or outlook; (2) market disruptions that are outside of the City's control, including new or proposed changes in taxation or sector risks; and (3) the transaction consists of (i) variable rate debt or commercial paper, (ii) a non-traditional debt structure (e.g. forward delivery bonds, long-dated maturities or special call features), or (iii) a public/private partnership.

#### Commercial Paper

The Office of Public Finance issued \$10.7 million in taxable commercial paper in July 2019 to purchase 814-820 Bryant Street and 470 6<sup>th</sup> Street, as noted above.<sup>4</sup> The Office of Public Finance anticipates issuing additional commercial paper to purchase 1828 Egbert Avenue, pending the sale of the COPs.

File 19-0898 is an ordinance appropriating \$78.6 million of the \$94.6 million in COPs proceeds for the purchase of purchase of 1828 Egbert Avenue. The balance of \$16 million in COPs proceeds were previously appropriated by the Board of Supervisors in May 2019 for the purchase of 814-820 Bryant Street and 470 6<sup>th</sup> Street (File 19-0416). In May 2019 when the Board of Supervisors approved the appropriation of COPs proceeds for the purchase of 814-820 Bryant Street and 470 6<sup>th</sup> Street, the Board of Supervisors also authorized \$16 million in COPs, pending additional Board action, as noted above (File 19-0420). The proposed ordinance authorizing \$94.6 million in COPs (File 19-0895) includes the \$16 million in COPs previously authorized by the Board of Supervisors.

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<sup>3</sup> The City leases the City-owned property to the Trustee and leases back the property. The City makes annual base rental payments to the Trustee in an amount required to repay the COPs. When the COPs are fully paid, the property lease is terminated. Annual base rental payments (in effect, debt service) are paid from the City's General Fund. The City entered into the Original Trust Agreement, Original Project Lease, and Original Property Lease in 2009 and entered into two supplemental agreements/leases to the Original Trust Agreement, Original Project Lease, and Original Property Lease for the subsequent series of COPs issued in 2009 and 2012. The City also intends to enter into a third supplemental agreement/lease in 2019 for refunding previously issued COPs.

<sup>4</sup> Commercial paper is short term (30 to 90 days) low-interest debt.

**FISCAL IMPACT**

Of the \$94,600,000 authorization, the City would pay approximately \$79,523,730 in total project costs, \$2,295,400 in financing costs, and \$10,829,871 in reserves and capitalized interest, totaling \$92,650,000. The balance of \$1,950,000 is for market uncertainty pending the sale of the COPs.

**Table 1: Estimated Project Costs for 814-820 Bryant & 470 6<sup>th</sup> St. and 1828 Egbert Ave.**

	814-820 Bryant Street/ 470 6th Street (File 19-0416)	1828 Egbert Avenue (File 19-0898)	Total
<b>Total Estimated Sources:</b>			
COPs Proceeds	\$16,000,000	\$78,600,000	\$94,600,000
<b>Total Estimated Sources:</b>	<b>\$16,000,000</b>	<b>\$78,600,000</b>	<b>\$94,600,000</b>
<b>Estimated Uses:</b>			
Purchase Price	\$11,520,000	\$67,300,000	\$78,820,000
Title Fees, Escrow Fees, Misc. Fees	18,766	65,000	83,766
Estimated Demolition/Site Preparation Costs	461,234		461,234
CSA Audit Fee (0.2% of project amount)	24,000	134,730	158,730
<b>Total Project Fund Deposits</b>	<b>12,024,000</b>	<b>67,499,730</b>	<b>79,523,730</b>
Cost of Issuance	807,525	800,000	1,607,525
Underwriter's Discount	133,100	555,775	688,875
<b>Total Delivery Expenses</b>	<b>940,625</b>	<b>1,355,775</b>	<b>2,296,400</b>
Reserve Fund	1,233,238	5,734,765	6,968,003
Capitalized Interest Fund/CP Interest & Fees	1,337,138	2,524,730	3,861,868
<b>Total Reserves and Capitalized Interest</b>	<b>2,570,376</b>	<b>8,259,495</b>	<b>10,829,871</b>
<b>Total Estimated Uses</b>	<b>15,535,000</b>	<b>77,115,000</b>	<b>92,650,000</b>
<i>Reserve for Market Uncertainty</i>	465,000	1,485,000	1,950,000
<b>Maximum Not-to-Exceed Par Amount</b>	<b>\$16,000,000</b>	<b>\$78,600,000</b>	<b>\$94,600,000</b>

Source: Office of Public Finance

**Debt Service**

Average annual debt service on the \$94.6 million in COPs is \$7.2 million. Total debt service over the anticipated 20-year term is \$144.5 million, which includes \$94.6 million in principal and \$49.9 million in interest. In addition, File 19-0896, included in this report, authorizes issuance of \$62.0 million in COPs, with annual debt service of \$4.7 million. Therefore, if the Board of Supervisors approves the proposed ordinances (Files 19-0895 and 19-0896), total annual debt service would be \$11.4 million. Debt service is paid from the City's General Fund.

**City's Debt Policy**

The current plan of finance anticipates utilizing the City's commercial paper program, which was approved by the Board of Supervisors in March 2009 (File 09-0197) and March 2010 (File

10-0269) to finance project costs pending issuance of the COPs. Of the City's total commercial paper program of \$250 million re-authorized by the Board of Supervisors in May 2016 (File 16-0427); \$105.25 million is unencumbered as of September 1, 2019.

The City's policy is to limit General Fund debt service at or below 3.25 percent of discretionary General Fund revenues. The anticipated incremental debt service associated with the delivery and execution of the COPs complies with the City's policy of limiting General Fund debt service payments at or below 3.25 percent of General Fund Discretionary Revenue, as set forth and maintained in the City's Capital Plan.

#### **RECOMMENDATION**

Approve the proposed ordinances.

OFFICE OF THE MAYOR  
SAN FRANCISCO



LONDON N. BREED  
MAYOR

2019-09-03 14:24  
JLB

TO: Angela Calvillo, Clerk of the Board of Supervisors  
FROM: Sophia Kittler  
RE: Appropriation of \$78,600,000 of Certificates of Participation to the General Services Agency to fund site acquisition costs for the Hall of Justice (HOJ) Relocation Project – FY 2019-20  
DATE: Tuesday, September 3, 2019

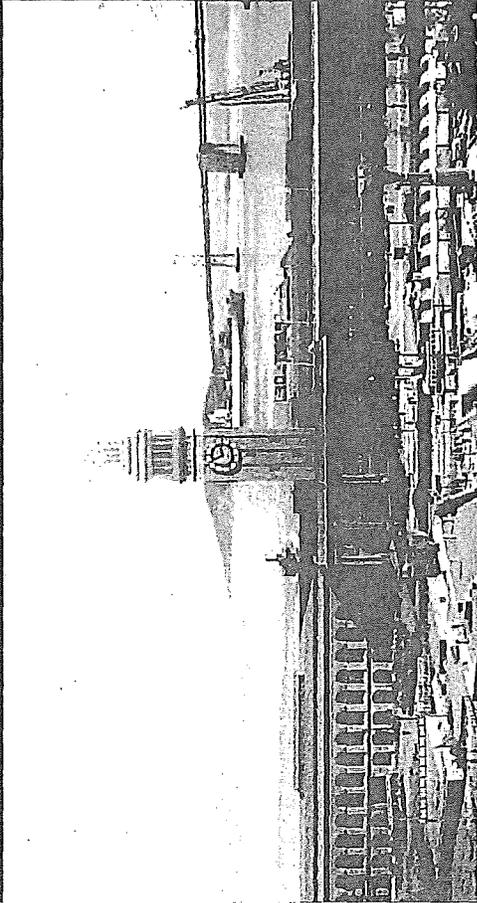
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**Ordinance appropriating \$78,600,000 of Certificates of Participation to the General Services Agency to purchase the property located at 1828 Egbert Avenue and to fund the related demolition, site preparation, and other acquisition costs in Fiscal Year 2019-20 and placing \$78,600,000 on Controller's Reserve pending sales of Certificates of Participation.**

Please note that Supervisor Peskin is co-sponsor of this legislation.

Should you have any questions, please contact Sophia Kittler at 415-554-6153.





# ONESF

Organizing Our Culture

[onesanfrancisco.org](http://onesanfrancisco.org)



## Approval of COPs for HOJ Exit Acquisitions and Relocation Projects

September 18, 2019



# Action Items

Approval of Certificates of Participation Authorization and Issuance to Acquire Real Property at 1828 Egbert Ave. and McDonald's site

- Project cost total \$79.4M

Approval of Certificates of Participation Authorization for HOJ Exit Relocation tenant improvement projects

- Project cost total \$51.7M

Total COPs Project Costs for HOJ Exit Relocation Projects: \$131M

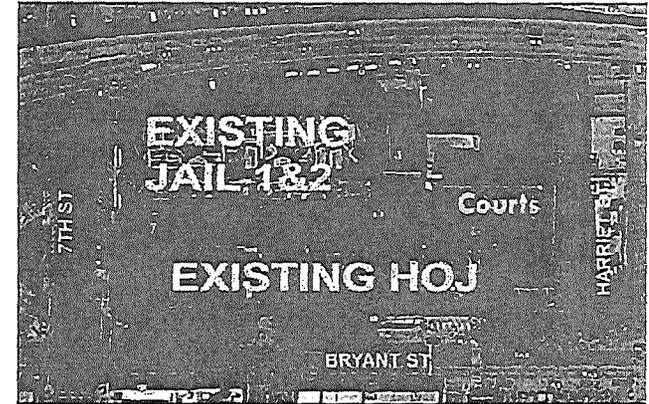
# Capital Plan



- Hall of Justice Relocation Projects are funded in San Francisco's FY2020-29 Capital Plan in the Certificates of Participation (COPs) Program – see Public Safety chapter for narrative

## General Fund Debt Program (\$M)

Issuance	Proposed Project	Amount
FY2019	Public Health 101 Grove Exit	108
FY2019	HOPE SF Horizontal Infrastructure	57
FY2020	Family Services Center / City Offices	50
FY2020	Hall of Justice Relocation Projects	131
FY2022	Critical Repairs Recession Allowance	60
FY2023	Critical Repairs Recession Allowance	60
FY2025	Hall of Justice Demolition & Enclosure	55
FY2026	Public Works Yards Consolidation	25
FY2028	Hall of Justice Consolidation Plan	417
<b>TOTAL</b>		<b>963</b>



- These relocation projects encompass acquiring property needed for the permanent closure of the Hall of Justice, tenant improvements needed to remove the remaining staff from the Bryant Street wing of the Hall, consolidating the few remaining City offices, and solving for remaining Courts-related dependencies on the Hall jails

# Acquisitions Overview



## 1828 Egbert

- Four-story building with reinforced concrete frame
- Approximately 126,988 s.f. total
- 63,300 s.f. of paved lot
- Occupancy Category 4 (most resilient)
- Current use is self-storage for 900 customers

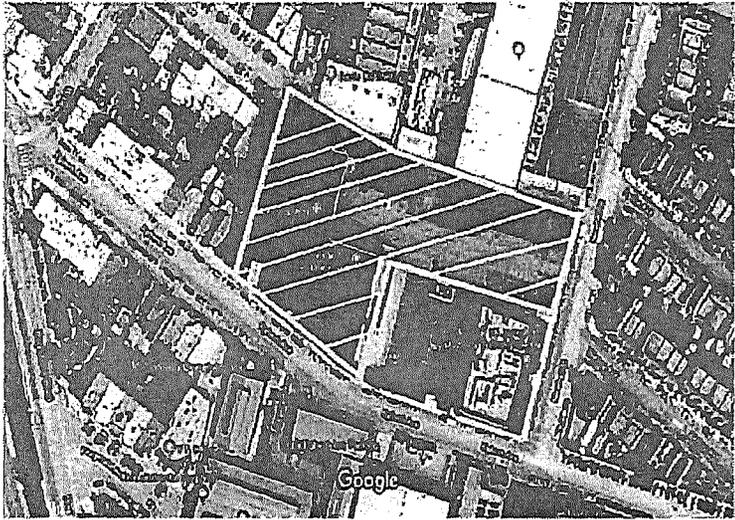
## McDonald's site

- Former McDonald's site
- 24,000 s.f. property
- 3 lots: 814-820 Bryant and 470 6<sup>th</sup> Street
- Existing structure will be demolished

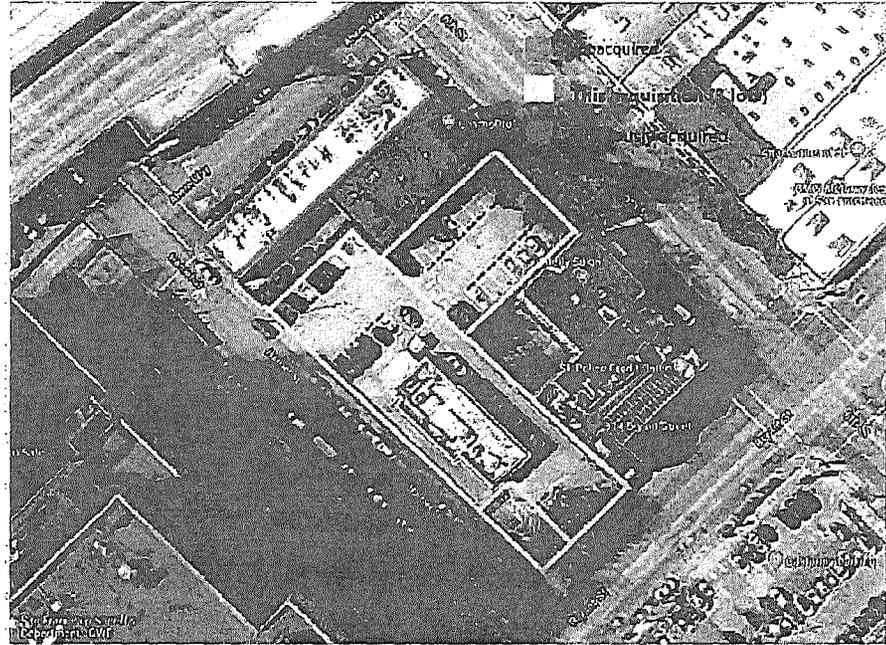
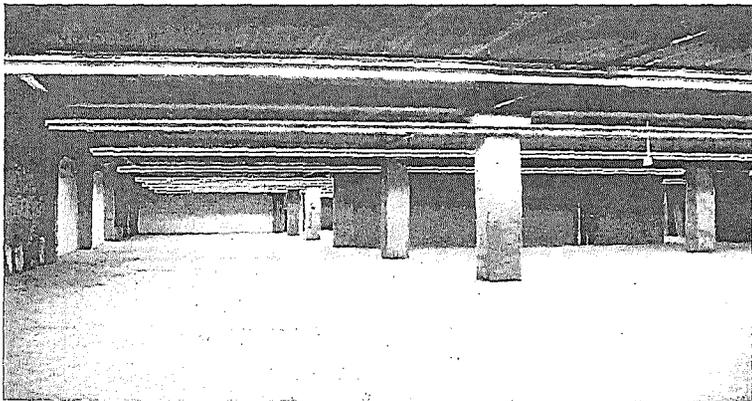
# Site Images



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1828 Egbert



McDonald's site (yellow outlines) and adjacent properties

# Acquisition Transactions



## 1828 Egbert

- Purchase Price: \$67.3MM
- Holdback \$5M in escrow if Seller fails to remove self-storage customers
- Lease back for six months w/option to extend another 3 mos.
  - \$1,000 per month
  - Taken out of Holdback amount

## McDonald's

- Purchase Price: \$11.6M
- Total not-to-exceed COP: \$16M includes transaction, financing, and site prep costs
- Already funded with Commercial Paper

# Acquired Site Planned Uses



## 1828 Egbert

- Police Evidence and Property
- SFPD will be able to vacate current storage facilities at 850 Bryant (HOJ) & Building 606
- Meets the Police's needs in terms of space, infrastructure, security and seismic strength for these essential functions
- Decreases the risk of lost or misplaced items and ensures the integrity of trial evidence, and retesting for those wrongly convicted
- Unique design meets high standards required of evidence storage facilities, ensuring secure 24/7 access and fire controls

## McDonald's

- Site acquisition to enable holistic campus planning and development for a reconsolidated Hall of Justice complex per the FY20-29 Capital Plan
- Interim plan for parking use

# Timeline for Site Acquisitions



- 820 Bryant already purchased with commercial paper
- Sept 2019: Introduce COPs legislation for authorization and issuance for both sites
- Oct 2019: Board approval of COPs for both sites
- Dec 2019 /Jan 2020: Expected issuance for both sites (following required 60 day hold)
- Jan 2020: Close escrow on Egbert purchase, lease back begins
- Summer or fall 2020: City takes possession of Egbert

808

# Site Acquisition COPs Breakdown



606

	1828 Egbert	McDonald's
Site Acquisition	\$67,300,000	11,520,000
Title Insurance	45,000	10,605
Title Endorsement, Escrow Fees Other Fees	20,000	8,161
Demolition and Site Prep		461,234
<b>Subtotal Estimated Project Cost</b>	<b>67,365,000</b>	<b>12,000,000</b>
Audit Fee	134,730	24,000
Debt Service Reserve Fund	5,734,765	1,233,237
Capitalized Interest Fund	2,524,730	1,337,138
Cost of Issuance + Underwriter's Discount	1,355,775	940,625
<b>Subtotal Costs of Issuance (rounded)</b>	<b>9,750,000</b>	<b>3,535,000</b>
<b>Total Estimated Costs (rounded)</b>	<b>77,115,000</b>	<b>15,535,000</b>
Reserve for Market Uncertainty	1,485,000	465,000
<b>Total Not to Exceed (rounded)</b>	<b>\$78,600,000</b>	<b>\$16,000,000</b>

# Tenant Improvements Overview



Some City offices are slated for HOJ Exit to leased and acquired properties, but those were never going to be enough to fully vacate the Bryant Street wing

- DA to 350 Rhode Island
- Adult Probation to 945 Bryant
- Police ID and SHF Warrants and Records (planned, still to be confirmed) to 777 Brannan
- Police Evidence to 1828 Egbert

## 910 Units/Staff that still need relocation include:

- Police Investigations
- SHF Security and Transportation
- Project SAFE
- Prisoner Legal Services
- Traffic Courts
- Courts-related holding
- Building services
- Room 125 data center

## Spaces available for restacking:

- Basement former OCME and supplies/storage rooms
- 1<sup>st</sup> floor former OCME suite
- 4<sup>th</sup> floor former DA spaces
- 5<sup>th</sup> floor Police spaces, including Commission Room
- 6<sup>th</sup> floor auditorium and storage spaces

# Planned TI Space Uses



## HOJ Office Relocations (\$19.2M)

Former OCME suites	Traffic Courts Courts offices SHF staff and storage Prisoner Legal Services Project SAFE if needed
4 <sup>th</sup> and 5 <sup>th</sup> floor offices	Police Investigations
Commission Room, Auditorium	Police and other overflow uses as needed

## Courts Holding Relocation (\$26.4M)

- Required for Courts operations
- Planned for basement of 425 7<sup>th</sup> Street

911

# Timeline and Budget for TI Projects



- Fall 2019: Space planning and design
- Early 2020: Expected Board item for COP issuance

Hall of Justice Exit Restacking Tenant Improvements	\$19,235,000
Adjacent Site Acquisition/Demo/TI	6,000,000
Courts-Required Holding Relocation	26,400,000
<b>Subtotal Estimated Project Cost (rounded)</b>	<b>51,635,000</b>
Audit Fee	103,270
Debt Service Reserve Fund	4,588,397
Capitalized Interest Fund	2,563,381
Cost of Issuance	803,864
Underwriter's Discount	451,088
<b>Subtotal Costs of Issuance (rounded)</b>	<b>8,510,000</b>
<b>Total Estimated Costs (rounded)</b>	<b>60,145,000</b>
Reserve for Market Uncertainty	1,855,000
<b>Total Not to Exceed (rounded)</b>	<b>62,000,000</b>