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Approval of the Certificates of Participation for the HOJ Relocation Project: McDonalds Site Acquisition

April 8, 2019

ACTION ITEM

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Approval of \$16M in Certificates of Participation for the **HOJ Relocation Project - McDonalds Site Acquisition**



Acquisition of 814-820 Bryant for future reconsolidation of justice functions downtown



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- Longstanding priority of the Capital Plan
- City has identified five separate lots: (Lot Nos. 009, 012, 014, 043 and 045), all within Assessor's Block No. 3759 (Program Site) as necessary to acquire in order to facilitate the replacement of the Hall of Justice through relocation of certain as-yet identified elements of existing occupancy
- December 15, 2015 – Verbal Direction from BOS given to Real Estate Division to begin negotiations with property owners to acquire sites
- City acquired 450 6th Street, Assessor's Lot No. 43 on Block 3759 in 2016 for \$2.4 million



HOJ ADMIN EXIT APPROACH



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Fits with the Proposed FY2020-29 Capital Plan,
part of the COPs in FY20 for HOJ Exit Projects
(total \$131M)



SOURCES AND USES



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Sources

\$15,535,000 Par Amount

Uses

11,520,000	Site Acquisition
10,605	Title Insurance
8,050	Title Endorsement, Escrow Fees, and Other Fees
461,234	Demolition and Site Preparation
\$12,000,000	Total Estimated Project Cost
24,000	Audit Fee (0.2% Project Cost)
1,233,238	Debt Service Reserve Fund
1,337,138	Capitalized Interest/CP Interest and Fees
940,625	Cost of Issuance and Underwriter's Discount
\$15,535,000	Total Estimated Uses
465,000	Reserve for Market Uncertainty
\$16,000,000	Not to Exceed Total

TIMING OF ACQUISITION IS CRITICAL

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Negotiations have been off and on for 18 months

Sellers are at a decision point of selling to City or pursuing other options

Upon CPC's approval of COP authority:

- Mayor Breed will introduce legislation (4/16/19)
- Annual debt payments to be appropriated as part of the budget process

Target purchase date May 2019