

Golden Gate Park Music Concourse Garage



Capital Planning Committee
July 22, 2024

Request for CPC consideration and approval:

1) Authorize the execution and delivery of Series 2024A Certificates of Participation (“Certificates” or “COPs”) in an amount sufficient to enable the City to terminate the ground lease and acquire the Music Concourse Garage (“the Garage”), which is currently owned and operated by the Music Concourse Community Partnership (“MCCP”);

Background – Music Concourse Garage

- The Music Concourse Garage is an 800-space underground parking facility located within Golden Gate Park.
- It serves GGP visitors and institutions, such as the California Academy of Sciences, the De Young Museum, and Gardens of GGP.
- Authorized in June 1988 by Proposition J, where the City set aside land in GGP for the Garage and allowed a ground lease of the land to the Music Concourse Community Partnership (MCCP), a private non-profit, so that the MCCP could construct and operate the garage.
- MCCP constructed the garage in 2005. It was funded through a combination of private donations and a loan secured by MCCP.
- The Garage generated revenues are used to pay operating costs and repay the construction debt.
- In November 2022, voters approved Proposition N which authorized the City to use public funds to acquire and operate the Garage.

Financing Structure

- RPD is proposing to issue debt to pay off all existing debt allowing the Department to assume ownership of the Garage.
- MCCP possesses an operating reserve of approximately \$1.1M.
- To fund the acquisition of the Garage, the City will issue Certificates of Participation in an amount not to exceed \$29.0M.
- **Reserve & Certificate of Participation Uses:**
 - Outstanding Loan Balance - The remaining principal balance on MCCP's loan plus accrued interest (\$21.6M) to construct the Garage
 - Subordinated Debt – Resulting from a 2008 operating shortfall, the DeYoung and Academy have agreed to settle the payment of debt for \$825K each.

Proposed Financing – Sources and Uses

Estimated Sources & Uses of the Proposed Series 2024A COPs (Music Concourse Garage)	
Sources:	
Music Concourse Garage COP Series 2024A Proceeds	
Not-To-Exceed Par Amount	29,000,000
Prior Reserve Fund	1,100,000
Total Sources	30,100,000
Uses:	
Project Funds	
First Republic Debt Payoff	21,600,000
Museum Loan Payoff	500,000
Capitalized Interest	1,000,000
Debt Service Reserve Fund	2,450,000
Delivery Date Expenses	
Cost of Issuance	1,050,000
Underwriter's Discount	240,000
Total Projected Uses	26,840,000
Plus: Reserve for Market Uncertainty	3,260,000
Total Uses (including Prior Reserve Fund)	30,100,000

Current Plan of Finance

Certificates of Participation

- Not to exceed par amount of \$29.0M
- Final Maturity of April 1, 2049*
- True Interest Cost: 5.09%*
- Average Annual Debt Service: \$1.74M*

**Preliminary estimates, subject to change.*

Lease-Lease Back Structure

- COPs are structured as a lease-lease back agreement, in which the City leases City-owned property to a Trustee and then pays to lease back the property
 - It is anticipated that the Music Concourse Garage will serve as the leased property securing the payments on the Certificates.
 - Assets can be substituted as needed.

Anticipated Financing Timeline

Milestones	Dates*
• Introduction of the COP Ordinance to the Board of Supervisors	June 25, 2024
• Capital Planning Committee Hearing	July 22, 2024
• Introduction of Supplemental Appropriation Ordinance and MTA Contract Resolution	July 30, 2024
• Budget and Finance Committee Hearing for COP Ordinance	July 31, 2024
• Board Consideration of the COP Ordinance (1 st Reading)	September 3, 2024
• Budget and Finance Committee Hearing for Supplemental Appropriation Ordinance and MTA Contract Amendment Resolution	September 4, 2024
• Final Board Consideration of COP Ordinance (2 nd Reading) and MTA Contract Resolution; Board Consideration of the Appropriation Ordinance (1 st Reading)	September 10, 2024
• Final Board Approval of the Appropriation Ordinance (2 nd Reading)	September 17, 2024
• Sale and Closing of the COPs / Transfer of Garage to City	December 2024

**Please note that dates are estimated unless otherwise noted.*

Operating Plan

- SFMTA will oversee the daily operations of the Garage.
- SFMTA will utilize their current contract with IMCO Parking, LLC (IMCO) to manage the Garage.
- SFMTA will seek approval from the Board of Supervisors to add the Music Concourse Garage to their existing contract with IMCO (Contract No. SFMTA-2021-64/2), which was previously approved in November 2022 (Resolution No. 474-22).
- All revenue generated by the Garage will be directed to the City. SFMTA will be reimbursed for their administrative costs associated with overseeing and managing Garage operations.
- RPD will seek approval from the Board of Supervisors for a FY24-25 supplemental appropriation. An estimated \$1.5M in revenue is proposed to be allocated towards \$900K of property insurance and financing interest, and \$600K for garage maintenance and GGP operations.

Thank you!

Questions?

