Greg Wagner
Controller

ChiaYu Ma
Deputy Controller

Anna Van Degna
Director of Public Finance

OFFICE OF THE CONTROLLER

CITY AND COUNTY OF SAN FRANCISCO

MEMORANDUM

TO: Honorable Members, Capital Planning Committee

FROM: Grant Carson, Debt Capital Markets Specialist, Controller's Office of Public Finance
Vishal Trivedi, Financial Analyst, Controller's Office of Public Finance

DATE: July 27, 2026

SUBJECT: **Ordinance Authorizing the Issuance of Certificates of Participation (Open Space Fund) – Not to Exceed $43,000,000**

Supplemental Appropriation Ordinance for Certificates of Participation

Recommended Action

Staff respectfully requests that the Capital Planning Committee ("CPC") consider for review and recommendation to the Board of Supervisors (the "Board") the ordinance (the "COP Authorizing Ordinance") authorizing the issuance of Certificates of Participation ("COPs") in a not-to-exceed amount of $43,000,000 to finance Open Space capital improvement projects and, as market conditions warrant, refund outstanding City and County of San Francisco Finance Corporation Refunding Lease Revenue Bonds, Series 2018A (Open Space Fund – Various Park Projects) (the "2018A Bonds") for debt service savings. We also respectfully request that the Board review and consider for adoption the accompanying supplemental appropriation ordinance (the "Appropriation Ordinance" and, together with the COP Authorizing Ordinance, the "Ordinances") appropriating the proceeds of the Open Space Fund COPs.

Background

On March 7, 2000, voters approved Proposition C, establishing the Park, Recreation and Open Space Fund (the "Open Space Fund"), under City Charter Section 16.107. The Open Space Fund serves as a dedicated ongoing funding source for RecPark, whereby the City is required to set aside an amount equivalent to two and one-half cents ($0.025) for each $100 of assessed valuation from its annual property tax levy. These revenues are deposited into the Open Space Fund and may be expended solely to provide park and recreational services and facilities. Charter Section 16.107 also authorizes the issuance of revenue bonds or other evidences of indebtedness secured by the Open Space Fund. On June 7, 2016, voters approved Proposition B, extending the life of the Open Space Fund from fiscal year 2030-31 to fiscal year 2045-46.

On July 16, 2026, the Recreation and Park Commission adopted Resolution No. 2607-004 recommending that the Board adopt an ordinance authorizing the execution and delivery of COPs for project funding not to exceed $26,000,000.

The Projects

The proposed projects to be funded by the Open Space Fund COPs are discussed below:

India Basin Waterfront Park

India Basin Waterfront Park is a transformative 10-acre waterfront park, delivered in three phases, in the Bayview-Hunters Point neighborhood. The first phase was completed in August 2022, and the second phase, construction of a new park at 900 Innes Avenue, was completed and open to the public in October 2024. The third phase, renovation of India Basin Shoreline Park is now in construction, scheduled to be complete in early 2028. The new and revitalized park will include multiple access points to the water, a boathouse, food pavilion and restrooms, renovation of a city landmark – the Shipwright's Cottage, basketball courts, picnic areas, a playground, pathways and native landscaping. The park improvements will also close the gap in the Bay Trail.

Jackson Playground

The Jackson Playground Improvement Project in the Potrero Hill neighborhood will reorient existing sports fields to improve safety, access, and viewing while allowing simultaneous games. The project will also deliver a new playground, ball court, stage, dog play area, and gardens, along with a renovated and relocated historic clubhouse with expanded kitchen, restrooms, and a roughly 1,850 square foot addition. Construction is scheduled to begin in late 2027, with reopening expected in late 2029. Note that the Jackson Playground budget includes development fees, many of which have not been received.

Crocker Amazon (Baseball and Softball Fields Renovation)

The Crocker Amazon Baseball and Softball Fields Renovation will create a dynamic, inclusive play environment at one of the City's most important athletic complexes. Improvements include new safety surfacing, accessible walkways, seating, planting with irrigation, a drinking fountain, and site lighting.

McLaren Park

The McLaren Park project is the next iteration implementing the 2018 Vision Plan. Several projects across McLaren will be implemented with 2020 Bond funding and additional sources; these projects will focus on renewing infrastructure, improving accessibility, enhancing trail connectivity, upgrading the playground at Louis Sutter and the Jerry Garcia amphitheater facilities, restoring water quality at McNab Lake, improving pedestrian and bicycle safety along Visitacion Avenue, and initiating planning for a replacement restroom at the Mansell East Gateway after its loss to arson in 2023.

Embarcadero Plaza

The Embarcadero Plaza Project will revitalize Embarcadero Plaza and Sue Bierman Park into a vibrant five-acre park at the heart of San Francisco. The project includes revitalizing a multi-purpose space for large gatherings and pathways with landscaping and stormwater features. It will also enhance accessibility and connectivity while new seating, picnic areas, and shaded spaces will create a welcoming community hub. Developed through a public-private partnership and extensive community engagement, the design supports both neighborhood needs and downtown's economic recovery.

Plan of Finance

The COP Authorizing Ordinance would authorize the issuance of not-to-exceed $43.0 million in COPs to (i) finance $26.0 million of capital projects and (ii) if market conditions warrant, refund the outstanding 2018A Bonds. At current market rates, the refunding of the 2018A Bonds is projected to generate savings; however, interest rates and capital markets are subject to volatility.

The 2018A Bonds were issued to refund two previously outstanding series of LRBs, and the 2018A Bonds are the only outstanding bonds payable from the Open Space Fund.

Summary of 2018A Bonds

Series	Par Amount Outstanding	Average Interest Rate	Final Maturity
2018A Bonds	$8,620,000	5.00%	7/1/2029

For good faith estimates required by Code Section 5852.1 of the California Government Code regarding the proposed financing, see **Attachment 1**. The information set forth in **Attachment 1** is based on estimates of prevailing market conditions, with some interest rate cushion incorporated to reflect potential volatility between the time of authorization and pricing. Actual results may differ if assumed market conditions change.

The not-to-exceed sources and uses included in the Appropriation Ordinance are shown in the table below:

Not-to-exceed Sources & Uses of the Open Space Fund COPs

Sources:	
New Money COP Proceeds:	$33,000,000
Refunding COP Proceeds	10,000,000
Total Sources	$43,000,000
Uses:	
Refunding Escrow	$9,000,000
Project Funds	26,000,000
CSA Audit Fee (0.2% of Project Funds)	52,000
Capitalized Interest	2,100,000
Debt Service Reserve Fund	2,700,000
Delivery Date Expenses	
Cost of Issuance*	1,400,000
Underwriter's Discount	400,000
Reserve for Market Uncertainty	1,348,000
Total Uses	$43,000,000

**Includes an appropriation for Property/Business Interruption Insurance of $400,000*

Key Terms and Documents

Under the COP Authorizing Ordinance, the City will structure the Open Space Fund COPs using a lease-lease back structure between the City and a third-party trustee pursuant to a Property Lease, Lease Agreement, and Trust Agreement, through which the City will lease certain City-owned property to the trustee and the trustee will lease the City-owned property back to the City in exchange for base rental payments.

Property Lease and Lease Agreement: Pursuant to the Property Lease, the City leases City-owned property to a third-party trustee. Pursuant to the Lease Agreement, the City leases back the City-owned leased property from the third-party trustee. The City makes annual base rental payments to the third-party trustee in amounts required to repay the Open Space Fund COPs. When the Open Space Fund COPs are finally paid, the Property Lease and the Lease Agreement terminate. Base rental payments with respect to the Open Space Fund COPs are payable from Net Open Space Fund Property Tax Revenues.

Trust Agreement: Pursuant to the Trust Agreement between the City and a third-party trustee acting on behalf and for the benefit of Open Space Fund COP holders, the trustee administers and disburses payments and enforces the covenants and remedies in the event of a default by the City. The Trust Agreement provides for the terms of the Open Space Fund COPs, prepayment provisions, events of default, remedies in the event of default, and other related administrative provisions. The trustee holds proceeds derived from the sale of the Open Space Fund COPs and disburses payments for the costs incurred for the projects, as directed by authorized City representatives. A trustee will be selected based on via a competitive request for proposal ("RFP") process.

The Trust Agreement between the City and the trustee requires that the base rental payments be deposited semi-annually in the base rental fund maintained by the trustee. The trustee will apply such amounts as is necessary to make base rental payments with respect to the Open Space Fund COPs.

The Leased Property: It is anticipated that one or more of the following City-owned properties will serve as the leased property (the "Leased Property") for the Open Space Fund COPs:

- Minnie & Lovie Ward Recreation Center, 650 Capital Avenue, San Francisco, CA 94112
- Betty Ong Recreation Center, 1199 Mason Street, San Francisco, CA 94108
- Sunset Recreation Center, 2201 Lawton Street, San Francisco, CA 94108
- Palega Recreation Center, 500 Felton Street, San Francisco, CA 94134
- Herz Recreation Center, 160 Mrs. Jackson Way, San Francisco, CA 94134
- Garfield Pool, 1271 Treat Avenue, San Francisco, CA 94110
- Glen Park Recreation Center, 70 Elk Street, San Francisco, CA 94131
- Fire Station #5, 1301 Turk Street, San Francisco, CA 94115
- Fire Station #16, 2251 Greenwich Street, San Francisco, CA 94123
- Fire Station #4, 449 Mission Rock Street, San Francisco, CA 94158

The Property Lease and Lease Agreement between the City and trustee requires the City to make base rental payments semi-annually during the term of the lease in an amount sufficient to pay total base rental payments when due.

Additional Documents

The forms of the related financing documents—including the Preliminary Official Statement (including Appendix A), Purchase Contract, Notice of Intention to Sell, the Continuing Disclosure Certificate, and Escrow Agreement—will also be submitted to the Board for approval with the legislation.

Anticipated Financing Timeline

Preliminary Schedule	Dates*
• RecPark Commission Resolution Recommending Issuance of COPs	July 16, 2026
• Introduction of the Ordinances to the Board of Supervisors	July 28, 2026
• Capital Planning Committee Hearing	August 3, 2026
• Budget and Finance Committee Hearing	September 2, 2026
• Board Consideration of the Ordinances (1st Reading)	September 15, 2026
• Board Consideration of the Ordinances (2nd Reading)	September 22, 2026
• Potential Sale and Closing of the Open Space Fund COPs	Fall 2026

*Please note that dates are estimated unless otherwise noted.

Please contact Grant Carson (Grant.Carson@sfgov.org) or Vishal Trivedi (Vishal.Trivedi@sfgov.org) or if you have any questions. Your consideration of this matter is greatly appreciated.

Attachment 1

GOOD FAITH ESTIMATES

For purposes of compliance with Section 5852.1 of the California Government Code, the following information are good faith estimates provided by the City's Municipal Advisor, Backstrom McCarley Berry & Co., LLC.

1. True interest cost of the COPs: 4.59%

2. Finance charge for the COPs, including all fees and charges for third parties (including underwriter's compensation, municipal advisory fees, co-bond counsel fees, disclosure counsel fees, trustee fees and other payments to third parties): $1,084,522

3. Amount of COP proceeds expected to be received by the City, net of payments identified in 2 above and any reserve fund or capitalized interest funded with proceeds of the COPs: $34,843,203

4. Total payment amount for the COPs, being the sum of (a) debt service on the COPs to final maturity, and (b) any financing costs not paid from proceeds of the COPs: $59,812,444

The information set forth above is based on estimates of prevailing market conditions with an interest rate cushion. Actual results may differ if assumed market conditions change.