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Orrick: California Municipal Finance Authority Issues $735M Financing for SFMTA Potrero Yard Modernization P3 Project

The California Municipal Finance Authority has issued $735 million of tax-exempt bonds to support the redevelopment of the San Francisco Municipal Transportation Agency's (SFMTA) Potrero Yard, a critical transit facility serving the City and County of San Francisco.

Proceeds of the bonds will finance the construction and equipping of a new, state-of-the-art, four-story bus maintenance and operations facility, replacing the existing 111-year-old yard. The project is being delivered as SFMTA's first public-private partnership.

The bonds were issued in two series, including tax-exempt bonds and milestone bonds tied to construction progress. Wells Fargo Securities served as senior manager, with Jefferies as co-manager.

Orrick served as bond counsel in connection with the transaction.

THE COMPANIES
The San Francisco Municipal Transportation Agency is a multi-modal transportation agency responsible for transit, streets and parking within the City and County of San Francisco.

The California Municipal Finance Authority is a statewide issuer that provides access to tax-exempt financing for public benefit projects.

PRG-Potrero Properties LLC, an affiliate of Provident Resources Group, served as borrower, with Plenary Americas acting as development partner responsible for the design and construction of the project.

THE IMPACT
The financing enables the replacement of an outdated and capacity-constrained transit yard with a modern facility designed to improve operational efficiency, safety and service reliability. The project would be the nation's first known joint development of a bus maintenance facility with housing constructed adjacent to a bus facility, a groundbreaking approach that prioritizes safe, equitable, and sustainable transportation while also supporting the City's housing goals.

Structured as a public-private partnership, the transaction incorporates milestone-based bond issuances and an availability payment framework, supporting construction delivery while allocating performance risk and maintaining public sector operational control.

THE TEAM
The Orrick team included Charles Cardall, Justin Cooper, Matt Neuringer, Joe Lodico, Armando Martinez and Sean Baxter.

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