

THIS PRINT COVERS CALENDAR ITEM NO. 17

**SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY**

DIVISION: Sustainable Streets

BRIEF DESCRIPTION:

Directing SFMTA staff to reopen the solicitation process under Request for Proposals (RFP) #SFMTA 2009/10-14, titled "Request for Proposals for Operation and Management of Parking Facilities," by issuing an addendum setting new deadlines and making any necessary updates to that RFP.

SUMMARY:

- On March 2, 2010, staff presented a report to the SFMTA Board of Directors summarizing the outcome of solicitation #SFMTA 2008/09-30 "Request for Proposals for Operation and Management of Parking Facilities." The report requested that the Board of Directors approve initiating negotiations to award new contracts to the highest ranking proposers under the RFP. The Board did not support moving forward with these awards.
- Subsequently, staff issued a revised RFP (#SFMTA 2009/10-14) in April 2010 designed to increase participation by potential bidders. While the deadline for proposals was June 21, 2010, on June 18, the deadline was cancelled, placing the solicitation on hold.
- Because most of the current garage management agreements have expired or are interim agreements, new and consistent contracts are necessary to effectively manage these garages. Staff recommends reopening the RFP process for solicitation #SFMTA 2009/10-14.
- If directed by the SFMTA Board of Directors, staff will issue an addendum to reopen the solicitation process to all qualified operators. The proposals will be due on February 28, 2011. A tentative schedule is shown on Page 4.

ENCLOSURES:

1. SFMTA Board Resolution

APPROVALS:

DATE

DIRECTOR OF DIVISION
PREPARING ITEM

FINANCE

EXECUTIVE DIRECTOR/CEO

SECRETARY

ADOPTED RESOLUTION
BE RETURNED TO:

_____ Amit Kothari _____

ASSIGNED SFMTAB CALENDAR DATE: _____

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PURPOSE

The purpose of this report is to update the San Francisco Municipal Transportation Agency (SFMTA) Board of Directors regarding the revised Request for Proposals (RFP) #SFMTA 2009/10-14, titled “Request for Proposals for Operation and Management of Parking Facilities,” and to seek the Board’s direction on continuing the RFP process for awarding new contracts for the management of 13 garages administered by the SFMTA.

GOAL

This action is consistent with the SFMTA 2008-2012 Strategic Plan.

- Goal 2:** System Performance – To get customers where they want to go, when they want to be there
Objective 2.5: Manage parking supply to align with SFMTA and community goals

- Goal 3:** External Affairs/Community Relations – To improve the customer experience, community value, and enhance the image of the SFMTA, as well as ensure SFMTA is the leader in the industry
Objective 3.1: Improve economic vitality by growing relationships with businesses, community, and stakeholder groups

- Goal 4:** Financial Capacity – To ensure financial stability and effective resource utilization
Objective 4.1: Increase revenue by 20% or more by 2012 by improving collections and identifying new sources
Objective 4.2: Ensure efficient and effective use of resources

DESCRIPTION

The SFMTA’s Off-Street Parking Section manages 40 parking facilities, generating over \$85 million in gross revenue annually. The mission of the Off-Street Parking Section is to provide clean, safe and convenient parking to the visitors, employees and businesses in the downtown core, as well as to the commercial and residential districts. Through effective management of over 15,000 spaces at these facilities, the Off-Street Parking Section supports economic vitality in the City’s downtown and neighborhood commercial districts.

The current agreements with private operators for the management of most of the parking facilities have expired and are either continuing on a month-to-month basis or operating under interim agreements. These agreements should be replaced with a smaller number of consistent agreements that “bundle” garages into groups in order to achieve improved oversight and increased efficiencies. This approach is consistent with the recommendations contained in the 2007 report by Chance Management on the Parking Authority’s oversight and management practices with respect to parking garages.

In April 2009, the SFMTA advertised solicitation #SFMTA 2008/09-30, titled “Request for Proposals for Operation and Management of Parking Facilities,” soliciting proposals from qualified parking operators to manage 14 off-street parking facilities divided into three groups. Group A consisted of six facilities encompassing 3,315 spaces, while Group B consisted of four facilities with

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2,944 spaces and Group C included four facilities with a total of 387 spaces. The operators were to be paid a management fee of \$6,000 per month for Group A, \$5,000 per month for Group B and \$2,000 per month for Group C, with the potential to earn substantially more by meeting revenue and customer satisfaction incentives. Operation of individual garages was to be phased in over time as existing agreements expired.

On November 30, 2009, staff announced that all bids received in response to the RFP were being rejected. The bids were rejected due to the small number of responses received. While SFMTA received 11 qualified proposals from five different firms, after assigning the first two groups to the highest-ranking firms, there was only one qualified firm left to be considered for the final group. This reflects a lack of competition.

Upon further consideration, in March 2010 the staff presented a report to the SFMTA Board of Directors summarizing results of this RFP process and recommending that staff be authorized to initiate contract negotiations with the highest ranking proposers. The Board did not approve this recommendation.

Subsequently, on April 23, 2010, SFMTA advertised a revised RFP soliciting proposals from private parking operators. This RFP was designed to encourage more prospective operators to submit proposals. Instead of being divided into three groups of varying sizes, the facilities were divided into three equal groups, based on the level of effort required, in order to achieve the highest operational efficiencies, oversight and opportunities for enhanced small/local business participation and joint venturing. The groupings are set forth below:

Group A – Six Facilities (Gross Revenue – over \$9M, Spaces - 2,210)

1. Civic Center Garage, located at 355 McAllister Street (845 spaces)
2. Lombard Street Garage, located at 2055 Lombard Street (205 spaces)
3. Mission Bartlett Garage, located at 3255 21st Street (350 spaces)
4. Performing Arts Garage, located at 260 Grove Street (600 spaces)
5. 7th & Harrison Lot, located at 415 7th Street (110 spaces)
6. 16th & Hoff Garage, located at 42 Hoff Street (100 spaces)

Group B – Two Facilities (Gross Revenue - Over \$13M, Spaces - 1,510)

1. Golden Gateway Garage, located 250 Clay Street (1,095 spaces)
 2. St. Mary's Garage, located at 433 Kearny Street (415 spaces).
- (Current valet operations result in doubling the capacity of the St. Mary's Garage to over 800 spaces, resulting in a total of nearly 2,000 spaces for Group B).*

Group C – Five Facilities (Gross Revenue – Over \$8M, Spaces - 2,875)

1. SF General Hospital Garage, located 2500 24th Street (1,655 spaces)
2. Moscone Center Garage, located at 255 3rd Street (730 spaces)
3. North Beach Garage, located at 735 Vallejo Street (200 spaces)
4. Vallejo Garage, located at 766 Vallejo Street (160 spaces)
5. Polk Bush Garage, located at 1399 Bush Street (130 spaces)

Under the second RFP, the operators of each group would receive a monthly management fee of \$8,000 and there would be no incentive payments. In addition, there would be no “phase-in” of

facilities. The selected operators would take over operation of all facilities in their group upon commencement of the contract. A 20 percent Local Business Enterprise (LBE) participation goal was established for each group.

Staff believes that certain aspects of the previous RFP may have discouraged some operators from submitting proposals. For example, the low monthly management fee combined with the potential for performance based incentives may have discouraged some operators from submitting proposals. Likewise, the phased assumption of individual garages (waiting as much as two years into the contract to assume responsibility for all garages and receive the full monthly payment) may have discouraged some operators from responding.

The deadline for proposals in response to the April 2010 RFP was June 21, 2010. On June 18, 2010, staff notified the prospective bidders that the deadline for submission of proposals was cancelled and that those bidders would be given at least two weeks' notice of any new deadline. Staff now recommends that the solicitation process under the April 2010 RFP be reopened by issuing an addendum to that RFP establishing a new deadline for submissions. A tentative schedule for the remainder of the RFP process is shown below:

Milestone	Date
Addendum Issued Reopening the RFP Process	January 21, 2011
Qualification Questionnaire Due	February 4, 2011
Proposals, Required Documents and Bid Security Due	February 28, 2011
Evaluation of Proposals and Interviews	March – May 2011
Civil Service Commission Certification Process/Hearing	June 2011
Negotiations/draft agreement with highest ranking firm per Group	June 2011
SFMTA Board Approval	August 2011
Notice to Proceed/Contract Start Date	November 2011

If directed by the SFMTA Board of Directors, staff will issue an addendum that will provide the new timeline. The addendum will also inform prospective proposers that anyone who may not have previously submitted a Qualification Questionnaire is eligible to submit one and participate in this RFP process. This approach will ensure that all interested parties are given an opportunity to submit a proposal.

Under the terms of the second RFP, a proposer needs to submit only one proposal irrespective of which group of facilities the proposer is interested in. All proposals received by the due date will be reviewed for completeness, compliance with the eligibility requirements of the RFP, qualifications and experience, management approach, staffing and marketing plans, etc.

The three highest-ranked proposers (one for each group of garages) will be invited to negotiate agreements for an initial term of six years, with an option to extend for a maximum of three additional years.

Please note that from this point until contract award, any communication regarding this RFP must be through the designated staff identified in the RFP. In accordance with the SFMTA's policy on communications prior to contract award, prospective proposers are not allowed to discuss this

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RFP with any other staff members or with the SFMTA Board members. The designated SFMTA staff contact is Winnie Xie, Manager of Contract Services.

ALTERNATIVES CONSIDERED

Since most of the current parking facility management contracts have already expired, it is important to complete this RFP process and award new contracts. The alternative to discontinue the RFP process and continue the month-to-month agreements was considered and is not recommended.

FUNDING IMPACT

Continuing with the RFP process and awarding new contracts will not result in a fiscal impact to the adopted budget for FY2010-11.

OTHER APPROVALS RECEIVED OR STILL REQUIRED

Approval by the Civil Services Commission on a Personal Services Contract (PSC) is anticipated in June 2011. The final agreements will require approval by the SFMTA Board of Directors.

The City Attorney's Office has reviewed this item.

RECOMMENDATION

Staff recommends that the SFMTA Board of Directors adopt the attached resolution directing staff to reopen the solicitation process under RFP #SFMTA 2009/10-14, titled "Request for Proposals for Operation and Management of Parking Facilities," by issuing an addendum setting new deadlines and making any necessary updates to the RFP.

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. _____

WHEREAS, The mission of the Off-Street Parking Section is to provide clean, safe and convenient parking to the visitors, employees and businesses in the downtown core, as well as to the commercial and residential districts; and

WHEREAS, Through effective management of over 15,000 spaces at 40 parking facilities, the Off-Street Parking Section supports economic vitality in the City's downtown and neighborhood commercial districts, supports the City's *Transit First* policy, develops various parking policies and programs that help reduce traffic congestion on City streets and promotes alternate modes of transportation; and

WHEREAS, In April 2010, the SFMTA advertised a solicitation #SFMTA 2009/10-14, titled "Request for Proposals for Operation and Management of Parking Facilities" (the RFP), soliciting proposals from qualified parking operators to manage 13 off-street parking facilities divided into three groups; and

WHEREAS, In June 2010, the SFMTA cancelled the deadline for submission of proposals in response to this RFP; and

WHEREAS, Most of the current management agreements for management of parking facilities administered by the SFMTA have either expired and are continuing on a month-to-month basis, or are operating under interim agreements, and new and consistent management agreements are needed for effective management and oversight of these parking facilities; now therefore, be it

RESOLVED, That the SFMTA Board of Directors directs SFMTA staff to reopen the solicitation process for Request for Proposals #SFMTA 2009/10-14, Operation and Management of Parking Facilities, by issuing an addendum setting new deadlines and making any necessary updates to that RFP.

I hereby certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of _____.

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency