

MUNICIPAL TRANSPORTATION AGENCY
City and County of San Francisco

DIVISION: Off-Street Parking

BRIEF DESCRIPTION:

This report provides a comprehensive update on various programs, projects and services currently administered by the Off-Street Parking Division. The report is informational only, and no action by the SFMTA Board is requested.

SUMMARY:

- SFMTA manages forty off-street parking facilities owned by the Parking Authority, SFMTA and Recreation and Parks Department, providing over 15,000 spaces.
- The continued soft economy and rising gasoline prices have apparently changed the public's travel behavior resulting in flat or reduced occupancy levels at most parking facilities and generally flat gross revenues.
- Staff is completing the Scope of Work for a Parking Access and Revenue Control System (PARCS) assessment study. Staff anticipates awarding a consultant contract for this assessment in September 2008.
- Staff has prepared a draft RFP to develop a Capital Improvement Program and an Asset Management Plan for all off-street parking facilities. The final RFP will be presented to the SFMTA Board for approval in September 2008. Staff anticipates that the Bureau of Engineering for the Department of Public Works may submit a proposal for that work.
- Three RFPs for new parking management contracts are in different stages of implementation. Specific detail for each RFP is provided in this report.
- Staff has prepared a draft RFP for the retail space lease for the Moscone Center Garage, which will be presented to the SFMTA Board at its August 19, 2008 meeting.
- Seventy five percent of the staff positions in the Off-Street Parking Division are vacant. Staff is working on filling the vacant positions as soon as possible.
- This report addresses many issues identified in the Chance Management consultant's report prepared in 2007.
- The City Attorney's Office has reviewed this calendar item.

ENCLOSURES:

1. Attachment A – List of Parking Garages
2. Attachment B – List of Parking Lots
3. Attachment C – Off-Street Parking Division - Organization Chart

APPROVALS:

DATE

DEPUTY OF DIVISION

PREPARING ITEM

FINANCE

EXECUTIVE DIRECTOR/CEO

SECRETARY

ADOPTED RESOLUTION

SHOULD BE RETURNED TO: Amit M. Kothari, Off-Street Parking

_____	_____
_____	_____
_____	_____
_____	_____

ASSIGNED MTAB CALENDAR DATE: _____

EXPLANATION:

The mission of the Off-Street Parking Division is to provide safe, secure, and convenient parking to the visitors, employees and businesses in the downtown core and other commercial and residential districts. Through effective management of over 15,000 spaces at forty parking facilities throughout the City, the Division supports the economic vitality of the City. A detailed list of the parking facilities is shown on Attachment A (Parking Garages) and Attachment B (Parking Lots).

Various parking policies and programs administered by the Division support the City's *Transit First* policy, help reduce traffic congestion on city streets and promote alternate modes of transportation. The Division monitors current and anticipated parking demand, and evaluates innovative alternatives to the expansion and development of new parking facilities.

This report provides a comprehensive update on many projects, programs and services administered by the Off-Street Parking Division, including the following:

- Parking Occupancies and Revenue Trends
- Assessment of the condition of the parking garages and lots
- Capital Improvement Program and Asset Management Plan
- FY 2007-08 Capital Improvement Projects
- Parking Access & Revenue Control System (PARCS)
- Garage Management Contracts
- Retail spaces at parking facilities
- Off-Street Parking Division Organizational Structure

The report also addresses many issues discussed in the report prepared by Chance Management, Inc. in June 2007 that assessed the operations, staffing and business practices of the Parking Authority.

Parking Occupancies and Revenue Trends

Occupancy at the parking facilities over the last year has been lower than prior years. With a few exceptions, occupancy levels have decreased up to ten percent at most facilities for January through June 2008 as compared to the same period in 2007. Review of traffic at all the parking facilities for the same six-month comparison shows a 5 percent decrease in transient occupancies and a 2 percent increase in monthly occupancies. Gross revenues have been flat during these periods. The soft economy, slightly higher unemployment rate than last year, and reduced travel as a result of higher gasoline prices are some of the likely reasons for lower occupancies at City parking facilities. Staff anticipates that this trend will continue over the next year.

Condition of Parking Garages and Lots

It is critical that the parking facilities are maintained in a clean, safe and attractive manner, since parking is one the first impressions of the City that visitors have. Finding a clean, convenient and affordable parking space quickly adds to the overall experience and satisfaction for a visitor to the City.

Although several parking facilities are currently operating at an acceptable or better level, most of the facilities require immediate attention and capital investment to bring those

facilities to an acceptable or better condition. The poor condition of the parking facilities can be attributed to one or more of the following:

- Age – more than half of the facilities are over 40 years old and need rehabilitation.
- Staffing Resources – limited staffing resources over the years have resulted in minimal regular inspections of the parking facilities resulting in reduced routine maintenance and minimal preventive maintenance. Staffing resources have also impacted adherence to contractual requirements expected out of private parking vendors, and resulting neglect of the parking facilities.
- Contractual Variations – While most garage management agreements reimburse vendors for maintenance costs, some of the current management contracts pay a flat monthly fee to the parking vendor. This arrangement provides little incentive for the operator to maintain the garages in a clean and safe condition, as maintenance expenses are paid by the operator and lower the operator's profit.

Although severely understaffed at this time, the Off-Street Parking Division has stepped up inspections of the garages and follow-up discussions with vendors to improve the overall condition of the parking facilities. Once fully staffed, it is anticipated that each garage will be inspected on a weekly basis and each lot will be inspected on a bi-weekly basis. A better record-keeping protocol has already been established to track facility inspections and repairs.

Capital Improvement Program & Asset Management Plan

The City's parking facilities were developed over a span of seven decades with the oldest facility, Union Square Garage built in 1941 to the newest facility, North Beach Garage built in 2002. Although most facilities operate in a satisfactory condition, they do show signs of age, and need immediate attention and capital investment to improve the operations and extend their useful life.

In order to fully evaluate each facility and prepare a comprehensive Capital Improvement Program (CIP), a consulting firm specializing in civil/structural engineering, with broad expertise in design and rehabilitation of public facilities will be hired. The firm, with assistance from the SFMTA staff and garage managers, will prepare a CIP that will address the following:

- Structural and seismic condition and strength of the facilities
- Condition of mechanical systems, including electrical, HVAC, and elevators
- Drainage and waterproofing
- Lighting retrofit and other energy conservation improvements (such as solar panel installation)
- Vehicular and pedestrian safety
- Compliance with state and federal standards and regulations (e.g. ADA regulations)
- Accommodation of emerging alternate fuel vehicle technologies
- CCTV surveillance systems and other safety devices
- Aesthetic improvements such as painting, landscaping and decorative lighting

The consultant will develop a CIP that identifies needed improvements at each facility over the next 20 years. This information will be used to program funding through SFMTA's biennial budget process and to explore external funding.

The consultant will research and recommend industry best practices in reference to proven maintenance practices and develop an Asset Management Plan, recommending type and frequency of routine maintenance that will prolong life of the parking facilities and the

equipment. The Asset Management Plan will help protect and preserve these valuable City assets. Depending upon the preliminary site evaluations and need for specialized testing, the development of the CIP and AMP could cost between \$750,000 and \$1,000,000.

The anticipated schedule for the development of the CIP and AMP is as follows:

Milestone	Month/Year
Finalize the RFP	August 2008
SFMTA Board Approval of RFP	September 2008
Advertisement of RFP	September 2008
Evaluation/Selection of Consultant	January 2009
SFMTA approval of award	February 2009
CSC and HRC approvals	February 2009
Notice to Proceed	March 2009
Development of CIP/AMP Completed	March 2010

Staff anticipates that the Bureau of Engineering for the Department of Public Works may submit a proposal for that work.

FY 2007-08 Capital Improvement Projects

Although all facilities will be included in the development of a CIP/AMP as described above, it is equally important to undertake any necessary improvements in a timely manner without undue delay. In the FY2007-08 Budget, the SFMTA Board approved five projects, the status of which is provided in the following table:

Project (Approved Budget)	Status
5 th & Mission Garage - Stairwell Replacement (\$600,000)	Contract has been awarded. Agreement between Downtown Parking Corp. and the contractor is being finalized. Project completion expected in Spring 2009.
Ellis O'Farrell Garage – Soil Remediation & Ground Water Testing (\$15,000)	Completed
Portsmouth Sq. Garage – Sump Pump Replacement (\$28,500)	Recent quote around \$60,000. Exploring alternatives.
St. Mary's Square Garage – Soil Remediation & Ground Water Testing (\$23,000)	Completed
Union Sq. Garage ADA Improvements (\$125,000)	Design/specifications sent out for quotes. Award anticipated in September 2008.

Staff will continue to make progress on these projects, and any other capital improvements that may need immediate attention.

Parking Access & Revenue Control System (PARCS)

A reliable Parking Access and Revenue Control System can significantly improve daily garage operations and provide much needed revenue control and reporting capabilities. Almost all parking garages managed by SFMTA currently have Datapark systems which are fairly antiquated and provide limited revenue tracking and report generating capabilities. To address this, an RFP was advertised in fall of 2007 soliciting proposals from qualified parking consulting firms. The scope of services included evaluation of SFMTA's needs in terms of access and revenue control and development of specifications to acquire a new PARCS system. Only one proposal was received by the RFP due date. Since the proposal,

as submitted, did not fully meet SFMTA’s needs, staff has continued discussions with the proposer over the last three months on modifying scope and revising the proposed fees. With further clarification from the staff and modifications to the scope of services, the proposer has provided three alternatives and a fee proposal for each for SFMTA’s consideration. Staff anticipates selecting and finalizing the scope, and drafting an agreement over the next two weeks. Anticipated schedule for the project is as follows:

Milestone	Month/Year
Finalize scope and agreement	August 2008
SFMTA Board Approval	September 2008
Notice to Proceed	October 2008
Specifications for PARCS Completed	September 2009

Once the consultant prepares the specifications for a new PARCS, an RFP will be prepared to solicit proposals from PARCS equipment vendors to install PARCS equipment at all garages and integrate them into a central system with real-time monitoring and reporting capabilities.

Garage Management Contracts

The daily operations of all parking garages are currently managed by non-profit corporation staff and/or by private parking vendors under multi-year management contracts. Some of these contracts have expired, and continue on a month-to-month basis. Staff has scheduled a systematic replacement of these current contracts with new multi-year contracts. Additional details are provided in the following sections:

Sutter-Stockton and Union Square Garages

Uptown Parking Corporation (UPC) leases the Sutter-Stockton and Union Square Garages and operates the garage through management contracts with AMPCO System Parking and City-Park, respectively. Through a RFP advertised in April 2008, the UPC received proposals for a new management contract. After a thorough review of all proposals and further discussions with the proposers, staff has recommended the UPC to reject all proposals and re-advertise. Anticipated schedule for this second RFP process is as follows:

Milestone	Month/Year
Proposal revised and advertised	August 2008
Proposals due	October 2008
Evaluation of Proposals	Nov./Dec. 2008
Negotiations / draft agreement with highest ranking firm	January 2009
UPC Board approval of highest ranking firm	February 2009
SFMTA Board Approval	March 2009
New contract begins	May 1, 2009

The selected firm will manage these two facilities for an initial term of four years with an option to continue for two one-year extensions.

5th & Mission Garage

5th and Mission Garage, the largest City facility, is leased to Downtown Parking Corporation (DPC), which operates the garage through a management contract with AMPCO System Parking. Through a RFP advertised in May 2008, the DPC received proposals for a new management contract. These proposals are currently being reviewed by the Contract Compliance staff. If an adequate pool of “responsive” proposals is identified, an Evaluation

Panel comprised of DPC Board members and SFMTA staff will begin evaluating all “responsive” proposals. Anticipated schedule for the remaining process is as follows:

Milestone	Month/Year
Evaluation of Proposals	Aug./Sept. 2008
Negotiations / draft agreement with highest ranking firm	October 2008
DPC Board approval of highest ranking firm	November 2008
SFMTA Board Approval	January 2009
New contract begins	March 1, 2009

The selected firm will manage this facility for an initial term of four years with an option to continue for two one-year extensions.

Ellis-O’Farrell Garage

Ellis-O’Farrell Garage is leased to the Ellis-O’Farrell Parking Corporation, which operates the garage through a management contract with Parking Concepts, Inc. A RFP is currently being finalized to solicit proposals for a new management contract. Anticipated schedule for the remaining process is as follows:

Milestone	Month/Year
Finalize and advertise RFP	August 2008
Proposals due	October 2008
Evaluation of Proposals	November 2008
Negotiations / draft agreement with highest ranking firm	December 2008
Corporation Board approval of highest ranking firm	January 2009
SFMTA Board Approval	February 2009
New contract begins	April 1, 2009

The selected firm will manage this facility for an initial term of four years with an option to continue for two one-year extensions.

Consolidated Garage Management Contract

In addition to the four parking facilities outlined above, there are two other parking garages leased to non-profit corporations (Japan Center and Portsmouth Square). The remaining 14 facilities are operated by nine garage management companies under separate facility contracts, each of which has varying terms and conditions. To manage these facilities effectively and to reduce operating and management expenses, it is imperative that the management of the 14 facilities (that are not leased to nonprofit corporations) be consolidated under one or two management contracts with consistent terms and conditions. As described above, staff anticipates completing the RFP process for the three nonprofit corporation garages and entering into new contracts for those facilities by May 2009. Subsequently, staff anticipates releasing an RFP for a consolidated management contract for the 12 garages (not under lease) in the summer of 2009. This staggered approach of advertising RFPs will allow private operators to focus and develop comprehensive proposals for each of the RFPs without having to rush into preparing multiple proposals at the same time.

Retail Spaces at Parking Garages

Ten parking facilities currently managed by SFMTA have retail spaces, totaling over 95,000 square feet. City's Real Estate Division (RED) manages all aspects of these retail spaces. Recent activities include:

- SFMTA's Finance & Information Technology Division (FIT) met with RED to reaffirm work order services and monitoring of garage commercial/retail spaces with quarterly updates. FIT will be working the RED to indentify/prioritize current and upcoming issues and develop a plan of action to ensure that the maximum revenue potentials are achieved.
- FIT is in the process of updating a matrix of garage retail spaces for agency-wide contract database. FIT will provide periodic updates to the SFMTA Board on the leasing activity.
- Staff has prepared a draft RFP for the Moscone Center Garage Master Retail Lease. The RFP process will be conducted though the City's Real Estate Division on behalf of the SFMTA. Staff anticipates presenting the RFP to the SFMTA Board for review and approval at its August 19, 2008 meeting. The Moscone Center Garage has 7 retail spaces totaling over 4,400 square feet.

Organizational Structure

SFMTA manages a total of forty parking facilities, including six garages owned by the Parking Authority, four garages owned by the Recreation and Parks Department, and 20 metered parking lots. These facilities generate more than \$80 million in gross revenues annually. The Off-Street Parking Division, a newly created division reporting to the Executive Director / CEO, has broad responsibilities to manage all aspects of Off-Street Parking Operations including:

- Day-to-day operation and management of the facilities
- Near-term and long-term capital improvements, including system upgrades and facility improvements
- Financial management, including biannual operating budgets, revenue/expense monitoring, payment of invoices, and internal and external audits.
- Setting policies and procedures to support broader benefits to motorists, businesses, employers and to promote other modes of transportation
- Reviewing rate structures and schedules, and recommending rate revisions to the SFMTA Board
- Contract administration
- Support the City's Transit First Policy by developing policies that reduce number of vehicles on the city streets
- Support in achieving the 2008-2012 Strategic Goals adopted by the SFMTA Board

The mission of the Off-Street Parking Operations Division is to provide safe, secure, and convenient parking to the visitors, employees and businesses in the downtown core and commercial and residential districts in which the City parking facilities are located. Effective management of parking facilities is extremely important due to the benefits they provide, including:

- Parking for employers and businesses in the downtown and neighborhood business districts and thereby supports economic vibrancy
- Support for major events that attract millions of visitors to downtown generating significant sales tax revenues for the City
- Dependable source of revenues that fund other modes of transportation including buses, rail and trolleys.

In order to effectively manage these invaluable City assets, and to deliver the highest benefit to the transportation system, it is critical that the Off-Street Parking Division is adequately staffed with professionals with broad expertise in public parking services and programs. Considering the Division's needs over the next couple of years, the staffing plan, as approved in the FY 2008-09 operating budget included the following positions:

Position	Status
Director of Off-Street Parking	filled
Executive Secretary	vacant
Deputy Director	vacant
Parking Operations Manager	vacant
Capital Improvement Manager	vacant
Principal Administrative Analyst (2)	vacant
Senior Management Assistant	filled

An Organization Chart is presented in Attachment C. The Operations Section will be responsible for the day-to-day operations and management of parking garages and lots, and assuring that the parking facilities are clean, safe and attractive. This section will also track facility revenues and expenses and will assist with internal and external audits. The Capital Improvements Section will be responsible for identifying, designing and constructing all capital improvements including preparation of a CIP, AMP and design and installation of the PARC System.

The breadth of the Division responsibilities and complexity of managing multiple contracts necessitate a skilled and highly motivated team with passion for customer service. Due to financial perils of currently inadequate resources, the Division places a very high priority on filling the vacancies, currently at 75 percent, in a timely manner. Until these positions are filled, it is anticipated that the frequency of facility inspections, depth of contract review, regular audits and implementation of new programs and services will be limited.

Other Off-Street Parking Related Updates

- Effective 2008-09 and 2009-10 budget cycle, FIT staff has formulated and implemented a uniform budget submittal package for use by all garages. This established a new benchmark in the quality of garage budget submittals and improved the overall budget review process.
- FIT has implemented new procedures requiring all direct management garages to deposit revenues daily into a SFMTA's bank account instead of transferring funds monthly. FIT staff verifies that deposits are made daily and reviews monthly reports submitted by the garage operators. Any variance in daily deposits are reviewed and analyzed and the garage operator is asked to explain these variances with supporting documentation. This procedure has significantly improved the financial control of the garage revenues.
- FIT is preparing an RFP to solicit proposals to place advertisements on various SFMTA properties, including parking facilities. The RFP will be presented to the SFMTA Board in August/September.
- Staff is assisting the Controller's Office with financial audits of seven garages currently managed by two different vendors.

2008-2012 Strategic Plan Goals and Objectives

The Off-Street Parking Operations Division's activities support the following Strategic Plan Goals and Objectives:

Goal 1: Customer Focus

To provide safe, accessible, clean, environmentally sustainable service and encourage the use of auto-alternative modes through the Transit First Policy

Goal 2: System Performance

To get customers where they want to go, when they want to be there

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 a leader in the industry

Goal 4: Financial Capacity

To ensure financial stability and effective resource utilization

The City Attorney's Office has reviewed this item.

ATTACHMENT A

OFF-STREET PARKING OPERATIONS

CITY OWNED GARAGES

<u>Garage Name</u>	<u>Address</u>	<u>Year Opened</u>	<u>Spaces</u>	<u>Operator</u>
Civic Center	355 McAllister	1958	843	Imperial Parking
Ellis O'Farrell	123 O'Farrell Street	1964	950	Ellis O'Farrell Parking Corp. (Parking Concept, Inc.)
Fifth & Mission	833 Mission Street	1957	2,585	Ampco System Parking
Golden Gateway	250 Clay Street	1965	1,095	Five Star/Elite Parking
Japan Center	1610 Geary Blvd.	1965	920	Japan Center Garage Corporation (Parking Concept, Inc.)
Lombard Street	2055 Lombard Street	1988	205	Convenient Parking Co.
Mission Bartlett	3255 21 st @ Bartlett	1983	350	Pacific Park Management
Moscone Center	255 Third St.	1984	732	DAJA International Inc.
Performing Arts	360 Grove Street	1983	598	DAJA International Inc.
Polk Bush	1399 Bush Street	1993	129	NM Parking
Portsmouth Square	733 Kearny Street	1960	504	Portsmouth Square Plaza Parking Corporation
SF General Hospital	2501 23 rd Street	1996	1,657	Pacific Park Management
St. Mary's Square	433 Kearny Street	1952	414	Pacific Park Management
Sutter Stockton	444 Stockton Street	1959	1,865	Uptown Parking Corp.
Union Square	333 Post Street	1941	985	City Park
Vallejo Street	766 Vallejo Street	1969	163	Pacific Park Management
North Beach	735 Vallejo Street	2002	203	Pacific Park Management
16 th & Hoff	42 Hoff Street	1996	98	Pacific Park Management
1660 Mission Street	1660 Mission Street	1994	59	Convenient Parking

Total # of Garages: 19

Total # of Stalls: 14,355

ATTACHMENT B

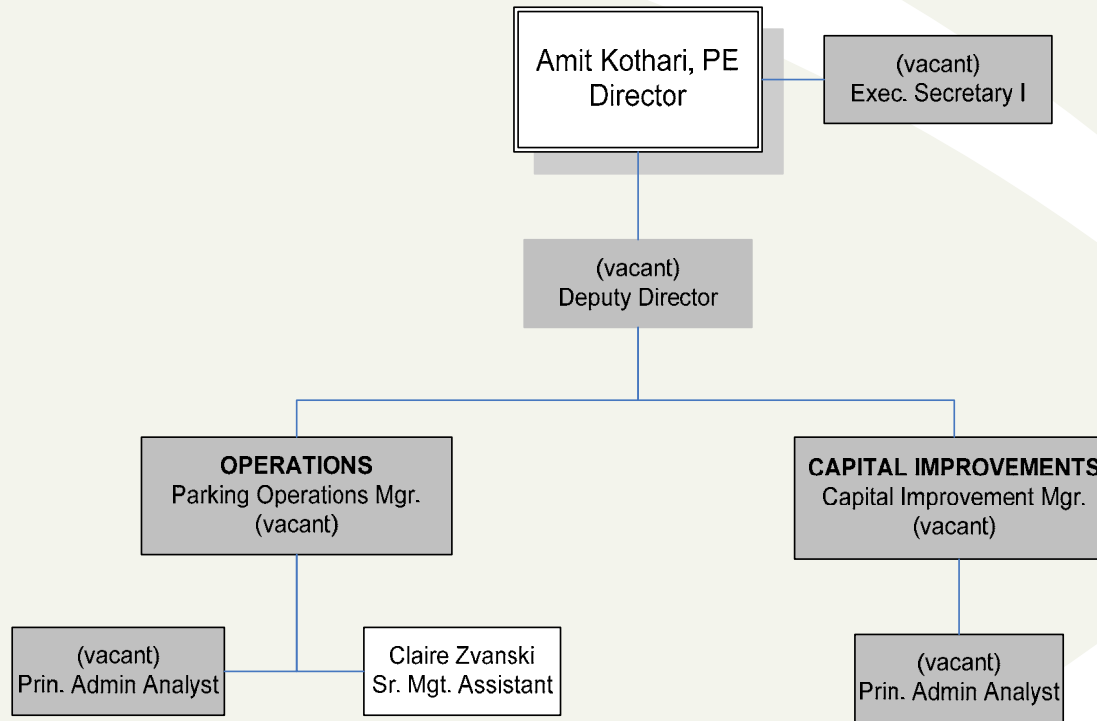
OFF-STREET PARKING OPERATIONS
METERED PARKING LOTS

<u>Address</u>	<u>Neighborhood</u>	<u># Spaces</u>
3252 Pierce Street @ Lombard	Marina	116
2450 California Street @ Steiner	Pacific Heights	48
457 Castro Street @ 18 th Street	Castro	20
4116 18 th Street @ Collingwood	Castro	20
324 8 th Avenue @ Clement	Laurel Heights	26
330 9 th Avenue @ Clement	Laurel Heights	21
421 18 th Avenue @ Geary	Richmond	34
5732 Geary Blvd. @ 21 st Avenue	Richmond	21
1340 7 th Avenue @ Irving	Sunset	36
1325 9 th Avenue @ Irving	Sunset	41
1275 20 th Avenue @ Irving	Sunset	24
2500 Ocean Avenue @ Junipero Serra	Merced Manor	20
3000 19 th Avenue @ Ocean Avenue	Merced Manor	20
807 Ulloa Street @ Clairmont	West Portal	23
174 West Portal Avenue @ 14 th Avenue	West Portal	19
4061 24 th Street @ Noe	Noe Valley	16
1 Lilac Street @ 24 th Street	Mission	18
20 Norton Street @ Mission Street	Excelsior	28
25 Felton Street @ San Bruno Avenue	Portola	10
Phelan Loop-Ocean Avenue @ Harold Avenue	Ocean	21
7 th & Harrison Lot (managed by Convenient Parking) (not a metered lot)	SOMA	101

Total # of Parking Lots: 21
Total # of Spaces: 683

ATTACHMENT – C

Off-Street Parking Division (8.0 FTE)	
DRAFT	8/1/2008



Shaded positions are currently vacant

- Patricia Wu, Principal Admin. Analyst (Finance & IT Division) is on loan to Off-Street Parking Division, and supports accounting/finance related needs. Aida Corpuz, Executive Secretary I (Finance & IT) provides part-time support to the Director.

Attachment C Accessible version
Off-Street Parking Division (8.0 FTE)
Draft 8/1/2008

- Amit Kothari, PE, Director
 - Vacant, Executive Secretary I
 - Vacant, Deputy Director
 - OPERATIONS, Vacant, Parking Operations Manager
 - Vacant, Principal Administrative Analyst
 - Claire Zvanski, Sr. Management Assistant
 - CAPITAL IMPROVEMENTS, Vacant, Capital Improvement Manager
 - Vacant, Principal Administrative Analyst

Parking Operations Manager and Capital Improvement Manager report to the Director of Off-Street Parking Division

Patricia Wu, Principal Administrative Analyst (Finance & IT Division) is on loan to Off-Street Parking Division, and supports accounting/finance related needs. Aida Corpuz, Executive Secretary I (Finance & IT) provides part-time support to the Director.

THIS PRINT COVERS CALENDAR ITEM NO. 10

**PARKING AUTHORITY
City and County of San Francisco**

DIVISION: Finance and Information Technology

BRIEF DESCRIPTION:

Authorizing the SFMTA Executive Director/CEO, as the authorized representative of the Parking Authority, or his designee, to issue a Request for Proposals for a new contract for advertising on San Francisco Parking Authority property, on substantially the same terms as presented to this Commission.

SUMMARY:

- In 2004, the City entered into a Transit Advertising Agreement for transit vehicles with a term of five years. The Agreement expires on June 30, 2009.
- Under the proposed contract, the contractor will have the right to advertise on a wide range of properties owned or licensed by the SFMTA, including vehicles and parking garages but not including the structures covered by the City's Transit Shelter Advertising Agreement, and will provide related infrastructure.
- The contractor will pay the SFMTA the greater of (i) a percentage of its gross revenues from advertising under the contract, or (ii) a Minimum Annual Guarantee (MAG).
- Under the proposed agreement, the SFMTA and the winning firm will enter into a 10-year contract, which will also include options to extend the contract for two additional five-year terms.
- The contractor will also pay the SFMTA annual administrative and marketing fees, as well as provide broadcast media support.
- The proposed contract shall include an option for the SFMTA to include advertising in the new Central Subway stations and tunnel after their completion.

ENCLOSURE:

1. Parking Authority Commission Resolution

APPROVALS:

DIRECTOR OF DIVISION

PREPARING ITEM _____

FINANCE _____

EXECUTIVE DIRECTOR/CEO _____

SECRETARY _____

DATE

ADOPTED RESOLUTION Gail Stein, SFMTA Real Estate

BE RETURNED TO

ASSIGNED PAC CALENDAR DATE: _____

EXPLANATION:

Background

The City and Viacom Outdoor Group Inc. entered into the current Transit Advertising Agreement for transit vehicles (“Agreement”) effective as of July 1, 2004. The Agreement has a term of five years. Since the execution of the Agreement, Viacom Outdoor Group Inc. has changed its name to CBS Outdoor. The Agreement expires on June 30, 2009.

Major Provisions of the RFP and Sample Contract (Enclosure 2)

The RFP was developed after reviewing similar contracts in various cities, including New York, Chicago, Washington, D.C., Los Angeles and Atlanta. Additionally, other City departments have reviewed the RFP, including the Planning Department and the Recreation and Park Department.

Major provisions of the RFP and sample contract are outlined below:

Term

- The contract will be for a term of ten years, plus two five-year options to extend the contract in the SFMTA’s sole discretion.

Rights Granted

- The contractor will have the right to advertise on a wide range of properties owned or licensed by the SFMTA (not including the structures covered by the City’s Transit Shelter Advertising Agreement with Clear Channel Outdoor, Inc.) and will provide related infrastructure.
- The contract will also allow the contractor to advertise on property under the jurisdiction of other public entities (e.g., the Department of Recreation and Park), subject to an authorizing agreement between the SFMTA and the public entity.

Description of Included Property

- The following SFMTA property is included in the RFP and may be included in the contract: transit vehicles, parking garages, Twin Peaks Tunnel and SFMTA facilities, fare and parking media, signage, information kiosks and other.

Quality of Advertising

- The contractor will be required to comply with the provisions of the SFMTA Advertising Policy.

Maintenance Responsibilities

- The contractor will be required to maintain the advertisements that it installs and any infrastructure that supports such advertisements.

Revenue; Payments

- The contractor will pay the SFMTA the greater of (i) a percentage of its gross revenues from advertising under the contract, or (ii) a Minimum Annual Guarantee (MAG) of revenue starting at \$10,000,000 for the first year of the contract, escalated by 3.5% per year and increased at year 6 and (if the first option is exercised by the SFMTA) year 11 and (if the second option is exercised by the SFMTA) year 16.
- The contractor will also pay the SFMTA an annual administrative fee of \$500,000, annual marketing support of \$250,000, plus \$400,000 in media and/or services, and these will escalate annually according to the CPI of the Bay Area.

Central Subway Option

- The contract will include an option for the City to include advertising in the new Central Subway stations and tunnel after their completion.

Performance Requirements and Security

- The contract includes various performance related requirements and provides for financial consequences if these are not met. Listed below are some of these provisions:
 - Failure to provide an acceptable level of services will result in assessment of liquidated damages ranging from \$500/day to \$5,000/day, depending on the nature and severity of the failure;
 - A performance bond of \$7,000,000 for the first 10 years of the contract, increased to \$10,000,000 for the duration of the contract if the options to extend the contract term are exercised; and
 - A \$3,000,000 letter of credit for the first 10 years of the contract, increased to \$5,000,000 for the duration of the contract if the options to extend the contract term are exercised.

Termination

- The SFMTA may terminate the contract for default or convenience. The SFMTA may also partially terminate advertising rights with respect to any advertising space that is not sold by the contractor over a period of 60 days unless the contractor actually sells the space within 60 days following the SFMTA's notice of intent to partially terminate the contract.

Minimum Requirements for Proposers

- The proposer, its key management team, and each of its subcontractors must have at least three years experience in selling advertising on transit vehicles and/or other transit property in major metropolitan markets;
- The proposer must have had advertising contracts worth over \$10,000,000 per year for each of the last three years;
- The proposer must have had a corporate net worth of at least \$25,000,000 for the last three years.

Selection Process

- The selection of the winning bidder will be based on the following criteria. Each proposer may earn up to a maximum of 100 points:
 - Experience and Qualifications—20 points
 - Quality of the Proposal—30 points
 - Offer of Compensation—50 points (must meet minimum MAG to be considered responsive, highest offer gets 50 points, lower offers receive proportional number of points).
- The final contract will require approval by the SFMTA Board of Directors and the Board of Supervisors.
- The successful proposer shall work with the SFMTA in meeting its commitments and objectives regarding nondiscrimination and equal employment in the award and administration of this project, and shall ensure that barriers do not exist for the participation of Small, Local and Disadvantaged Business Enterprises.

Communications Prior to Contract Award and SFMTA Contact Person

It is the policy of the SFMTA that only employees identified in the RFP as contacts for this competitive solicitation are authorized to respond to comments or inquiries from proposers or potential proposers seeking to influence the contractor selection process or the award of the contract. This prohibition extends from the date the RFP is issued until the date when the contractor selection is finally approved by the SFMTA Board of Directors and, if required, by the San Francisco Board of Supervisors.

All firms and subcontractor(s) responding to this RFP are notified that they may not contact any SFMTA staff member, other than the person with whom contact is expressly authorized by this RFP -- Jason Gallegos-- for the purpose of influencing the contractor selection process or the award of the contract from the date the RFP is issued to the date when the contract award is approved by the Board of Directors of SFMTA and the Parking Authority Commission and, if required, by the San Francisco Board of Supervisors. This prohibition does not apply to communications with SFMTA staff members regarding normal City business not regarding or related to this RFP.

STRATEGIC PLAN GOALS:

This item will meet the following goals of the SFMTA Strategic Plan:

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

RECOMMENDATION:

The City Attorney's Office and the Contract Compliance Office have reviewed this Calendar Item, RFP and contract. Staff recommends that the Parking Authority Commission authorize the SFMTA Executive Director/CEO, as the authorized representative of the Parking Authority, or his designee, to issue a Request for Proposals for a new contract for advertising on San Francisco Parking Authority property, on substantially the same terms as presented to this Commission.

PARKING AUTHORITY COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION No. _____

WHEREAS, The current Transit Advertising Agreement for transit vehicles is due to expire on June 30, 2009; and

WHEREAS, The SFMTA has prepared a draft Request for Proposals for a new contract for advertising on San Francisco Municipal Transportation Agency and Parking Authority Commission property, including transit vehicles, for a term of 10 years, plus two five-year options to extend the contract at the SFMTA's election; and

WHEREAS, Under the new contract, the contractor will have the right to advertise on a wide range of properties owned or licensed by the SFMTA (not including the structures covered by the City's Transit Shelter Advertising Agreement with Clear Channel Outdoor, Inc.) and will provide related infrastructure; now, therefore, be it

RESOLVED, That the Parking Authority Commission authorizes the SFMTA Executive Director/CEO, as the authorized representative of the Parking Authority, or his designee, to advertise a Request for Proposals for a new contract for advertising on San Francisco Parking Authority property, on substantially the same terms as presented to this Commission.

I certify that the foregoing resolution was adopted by the Parking Authority Commission at its meeting of _____.

Secretary, Parking Authority Commission