

**THIS PRINT COVERS CALENDAR ITEM NO.: 10.2**

**SAN FRANCISCO  
MUNICIPAL TRANSPORTATION AGENCY**

**DIVISION:** Sustainable Streets – Transportation Engineering

**BRIEF DESCRIPTION:**

Approving various routine traffic and parking modifications as consent calendar items per the attached resolution.

**SUMMARY:**

- Under Proposition A, the SFMTA Board of Directors has authority to adopt parking and traffic regulations changes

**ENCLOSURES:**

1. SFMTAB Resolution

**APPROVALS:**

**DATE**

DIRECTOR OF DIVISION

PREPARING ITEM \_\_\_\_\_

\_\_\_\_\_

EXECUTIVE DIRECTOR/CEO \_\_\_\_\_

\_\_\_\_\_

SECRETARY \_\_\_\_\_

\_\_\_\_\_

ADOPTED RESOLUTION

BE RETURNED TO \_\_\_\_\_ Tom Folks

**ASSIGNED SFMTAB CALENDAR DATE:** \_\_\_\_\_

## PURPOSE

To approve various routine traffic and parking modifications.

### Benefit to the SFMTA 2008 – 2012 Strategic Plan:

## GOAL

Goal 1 - Customer Focus: To provide safe, accessible, reliable, clean and environmentally sustainable service and encourage the use of auto-alternative modes through the Transit First Policy

Objective 1.1 - Improve safety and security across all modes of transportation

Goal 2 - System Performance: To get customers where they want to go, when they want to be there

Objective 2.4 - Reduce congestion through major corridors

Objective 2.5 - Manage parking supply to align with SFMTA and community goals

## ITEMS:

- A. ESTABLISH – TOW-AWAY NO STOPPING ANYTIME – Sacramento Street, north side, from Mason Street to 142 feet easterly. **PH 4/2/2010 Requested by Fairmont Hotel**
- B. ESTABLISH – ROADWAY CLOSURE EXCEPT MUNI – 17th Street, between Castro Street and 125 feet west of Hartford Street. **PH 4/2/2010 Requested by City Planning**
- C. ESTABLISH – 15 MPH SPEED LIMIT – Stoneman Street, from Shotwell Street to Folsom Street. **PH 4/2/2010 Requested by Residents**
- D. ESTABLISH – TOW-AWAY NO STOPPING ANYTIME – Clayton Street, north side, from Market Street to approximately 290 feet westerly (replaces existing red zone) **PH 4/2/2010 Requested by Resident**
- E. ESTABLISH – TOW-AWAY NO STOPPING ANYTIME – Clayton Street, south side, from Market Street to approximately 340 feet westerly (to the east property line of 1467 Clayton Street). **PH 4/2/2010 Requested by Resident**
- F. ESTABLISH – UNMETERED MOTORCYCLE PARKING – 14th Street, north side, from 3 to 10 feet east of Belcher Street (2 spaces). **PH 4/2/2010 Requested by Resident**
- G. ESTABLISH – UNMETERED MOTORCYCLE PARKING – 14th Street, north side, from 20 to 27 feet east of Belcher Street (4 spaces). **PH 4/2/2010 Requested by Resident**
- H. ESTABLISH – RESIDENTIAL PERMIT PARKING AREA "S" AND "Z" BUFFER ZONE, 2-HOUR LIMIT, 8 AM TO 9 PM, MONDAY THROUGH FRIDAY – 23rd Street, between Church and Vicksburg Streets. **PH 4/2/2010 Requested by Residents**
- I. ESTABLISH – RESIDENTIAL PERMIT PARKING AREA "U" ELIGIBILITY – 472-474 Third Street (No new signs would be installed). **PH 4/2/2010 Requested by Residents**
- J. RESCIND – (NON-COMPLIANT) BLUE ZONE – Pine Street, north side, from Kearny Street to 28 feet westerly (28-foot zone). **PH 3/26/2010 Requested by SFMTA**

SAN FRANCISCO  
MUNICIPAL TRANSPORTATION AGENCY  
BOARD OF DIRECTORS

RESOLUTION No. \_\_\_\_\_

WHEREAS, The San Francisco Municipal Transportation Agency has received a request, or identified a need for traffic modifications as follows:

- A. ESTABLISH – TOW-AWAY NO STOPPING ANYTIME – Sacramento Street, north side, from Mason Street to 142 feet easterly.
- B. ESTABLISH – ROADWAY CLOSURE EXCEPT MUNI – 17th Street, between Castro Street and 125 feet west of Hartford Street.
- C. ESTABLISH – 15 MPH SPEED LIMIT – Stoneman Street, from Shotwell Street to Folsom Street.
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- J. RESCIND – (NON-COMPLIANT) BLUE ZONE – Pine Street, north side, from Kearny Street to 28 feet westerly (28-foot zone).

WHEREAS, The public has been notified about the proposed modifications and has been given the opportunity to comment on those modifications through the public hearing process; now, therefore, be it

RESOLVED, That the San Francisco Municipal Transportation Agency Board of Directors, upon recommendation of the Executive Director/CEO and the Director of Transportation Engineering, does hereby approve the changes.

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

SAN FRANCISCO  
MUNICIPAL TRANSPORTATION AGENCY  
BOARD OF DIRECTORS

RESOLUTION No. \_\_\_\_\_

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RESOLVED, That the San Francisco Municipal Transportation Agency Board of Directors, upon recommendation of the Executive Director/CEO and the Director of Transportation Engineering, does hereby approve the changes.

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

**THIS PRINT COVERS CALENDAR ITEM NO. : 14**

**SAN FRANCISCO  
MUNICIPAL TRANSPORTATION AGENCY**

**DIVISION: FINANCE AND INFORMATION TECHNOLOGY**

**BRIEF DESCRIPTION:**

Authorizing the Executive Director/CEO to execute the Ninth Amendment with Serco, Inc. for Meter Coin Collection, Counting and Management Services, to extend the current agreement by two years, to June 30, 2012 and increase the contract by \$16.9 million, for a total contract not-to-exceed amount of \$77.4 million.

**SUMMARY:**

- The Contract for Parking Meter Procurement, Coin Collections, Coin Counting and Management Support Service with Serco, Inc. has been in effect since 2002. Through the contract, more than 23,000 parking meters were purchased, installed and are maintained. There have been eight amendments to the agreement.
- Although the meter program has been successful, with revenue in excess of \$226.5 million and expenses of \$57.9 million, the parking meters are nearing the end of their life expectancy, and the SFMTA will soon need to procure new meters to install citywide.
- In addition, technology has evolved that allows customers to pay for parking at meters in a variety of ways, including by coin, smart card, credit card and cell phone.
- The proposed Ninth Amendment will extend existing coin collections and counting services for the SFMTA and the Port of San Francisco and will run concurrently with the newly extended SF*park* Agreement with Serco that includes a series of pilots that had to be postponed due to a delay in Federal funding.
- The SFMTA will use knowledge gathered from the SF*park* pilot projects to determine specifications for procuring new parking meters that will accommodate emerging technologies with regard to customer payment options, and help to evaluate how these new methods of payment will impact existing coin collections and counting needs.

**ENCLOSURES:**

1. SFMTAB Resolution
2. Ninth Amendment

**APPROVALS:**

DIRECTOR OF DIVISION  
PREPARING ITEM \_\_\_\_\_

**DATE**

FINANCE \_\_\_\_\_

EXECUTIVE DIRECTOR/CEO \_\_\_\_\_

SECRETARY \_\_\_\_\_

ADOPTED RESOLUTION

BE RETURNED TO: Lorraine Fuqua

**ASSIGNED SFMTAB CALENDAR DATE:** \_\_\_\_\_

## **PURPOSE**

This item requests authorization for the Executive Director/CEO to execute the Ninth Amendment with Serco, Inc. for Meter Coin Collection, Counting and Management Services, to extend the current agreement by two years, to June 30, 2012 and increase the contract by \$16.9 million, for a total contract not-to-exceed amount of \$77.4 million.

## **GOAL**

The extension of the Agreement for Meter Coin Collection, Counting and Management Services would assist the SFMTA in meeting the following Strategic Goals:

- Goal 4: Financial Capacity: To ensure financial stability and effective resource utilization.
- Goal 6: Information Technology: To improve service and efficiency, the SFMTA must leverage technology.

## **DESCRIPTION**

### **Background of Existing Meter Agreement**

On May 13, 2002, the Board of Supervisors adopted Resolution No. 305-02, which approved a five-year Agreement with Serco Management Services for a Parking Meter Management System. The Agreement, which went into effect June 4, 2002, has provided the SFMTA with the following services:

- Removal of 23,000 broken down mechanical meters throughout the City (excluding the Port of San Francisco), and installation of 23,000 single space and 250 multi-space electronic meters.
- Improved coin collection services that allow for more flexibility in collections procedures and the option to collect revenue through the use of Smart Card (pre-paid meter debit card) technology
- Improved coin counting services, including regular interval weighing and counting of various coin denominations (dime, nickel and quarter).
- Development of an integrated software database system that links various components of the meter system and allows tracking of Smart Card usage.
- Quick access to replacement meter parts, as needed.

There have been eight modifications to the original Agreement. Amendments 1, 2, 3, 5, 7 and 8 did not modify the amount of the contract more than \$500K or modify the scope of work, and thus were approved by the Executive Director/CEO under his contracting authority. All amendments are summarized below:

- The First Amendment, dated October 9, 2002, provided clarification of labor and management fees within the Agreement.
- The Second Amendment, dated May 25, 2005, provided further clarification of labor and management fees, and authorized the Contractor to develop and implement the Smart Card Program, which was included in the scope and budget of the contract.
- The Third Amendment, dated August 26, 2005, modified collection and coin counting rates because there was an increase in the number of coins deposited into meters, due to increased meter rates. The Third Amendment also allowed the SFMTA to purchase additional smart

cards.

- The Fourth Amendment, dated June 4, 2007, increased the not-to-exceed amount from \$50 million to \$61 million.; continued existing services; required the Contractor to upgrade the existing server and retrofit 55 handheld devices; provided armored car collection services for the public garages managed by the Parking Authority and the SFMTA expand services *upon SFMTA request*, and added the option to enlist the assistance of the Contractor to provide service enhancements including technology to provide assistance in primary audits, Muni fare revenue and the distribution, marketing and expansion of parking card services. The Fourth Amendment extended the agreement for three years; however, the BOS reduced the approval to one year and the not-to-exceed amount to \$51 million. This action required that the SFMTA request an additional two-year extension from the BOS, which was granted in June 2008, under the sixth amendment.
- The Fifth Amendment, dated June 4, 2008, extended the agreement to June 30, 2008. This was done in order to allow the Budget Analyst’s Office additional time to review the Sixth Amendment.
- The Sixth Amendment, dated July 1, 2008, continued existing services; extended the agreement to June 30, 2010 and increased the not-to-exceed amount from \$50 million to \$61 million; allowed the SFMTA to procure meters on behalf of the Port of San Francisco (Port) both to introduce credit card payment options and as a pilot area for the SFpark program; included coin room software and service enhancements; included an option to add kiosks at SFMTA metro stations.
- The Seventh Amendment, dated March 12, 2009, established the procurement, warranty and service agreements for the Port meters, with Serco acting as the procurement agent for the Port-selected vendor, Parkeon.
- The Eighth Amendment, dated January 1, 2010, established a 3% reduction on all management fees associated with the contract for the remaining six months of the Agreement, as part of the SFMTA vendor reduction program.

**Impact of the Delay of SFpark Federal Funding to the Existing Contract:**

The following timeline summarizes the events since the extension of the ongoing meter services agreement done in tandem with the SFpark Agreement:

DATE	EVENT:
April 17, 2007:	The SFMTA Board approves a three-year extension to June 2010 (resolution-07-052).
May 27, 2007:	The Board of Supervisors (BOS) reduces the extension to one-year (Resolution-277-07). SFMTA informs the BOS that the agency will need to return in two years to request a further extension, due to the SFpark pilots.
April 15, 2008	SFMTA Board approves a two-year extension to June 30, 2010 (resolution 08-067). Although the Board had previously approved the contract extension term, modifications to the scope of work that modified the not-to-exceed amount and necessitated review and approval of the Board.

<b>DATE</b>	<b>EVENT:</b>
June 24, 2008:	The BOS approves the two-year extension to bring the contract in line with <i>SFpark</i> pilots, to June 2010.(Resolution 288-08)
January 2009:	<i>SFpark</i> pilots delayed; authorization to spend not granted till June 2009.
September 15 2009:	The SFMTA Board approves a two-year extension of the <i>SFpark</i> pilots, to June 2012 (Resolution-09-167).
October 2009:	SFMTA determines it is necessary to request a two-year extension of the existing meter contract in support of the <i>SFpark</i> contract, as was done in the previous two extensions.
February 2, 2012:	The BOS approves an extension of the pilot programs through ordinance, to June 2012 (Ordinance 35-10).

At the time the MTA Board and the Board of Supervisors approved the Sixth Amendment to the Serco Agreement, the agency anticipated receiving Federal funds for the *SFpark* pilots in Spring of 2008. The results of the pilots for the parking management program, which included evaluation of parking meters equipped with the option to pay by credit card and by the SFMTA-issued parking card, were to be used in two ways: 1) to identify parking meter specifications for issuing a Request for Proposals for citywide parking meter replacement and 2) to gauge how and if the introduction of the credit card-payment option would alter existing coin counting and collection service requirements. This updated coin counting and collections data from the pilot programs would give contractors the ability to project and prepare for equipment, collections and counting crew, as well as infrastructure needs to meet the terms of a new citywide service agreement. SFMTA anticipated that the results from the pilots would be available by Spring 2009, which would have given the SFMTA time to develop specifications for procurement and coin collections and counting needs and issue an RFP in Fall 2009, and award a new contract for citywide parking meter procurement and coin management services by July 2010.

However, Federal funds were not officially allocated to the *SFpark* program until January 2009 and permission to spend funding was not granted by Caltrans until June 2009. As a result of the funding delay, on September 15, 2009, the SFMTA Board granted a two-year extension of the Agreement with Serco for the *SFpark* program in order to conduct the pilots and evaluate the results by June 30, 2012 (Resolution 09-0687). The Board of Supervisors subsequently approved an ordinance that extended the maximum pilot period for this project to match the June 30, 2012 contract extension expiration date granted by the SFMTA Board..

The *SFpark* major pilot projects are currently set to begin in mid-2010, with results and evaluation taking place in 2011. In addition, three small pilots have been completed or are underway, at the California/Steiner Street parking lot, the 400 and 500 blocks of Hayes Street and at the Port of San Francisco. These pilots have yielded promising responses from the public regarding the use of credit cards as a means of parking meter payment, but have also identified technological challenges to existing parking meter technology, including communication stability between meters and supporting enforcement and accounting software (available through



the vendor's server), clarity and ease of use of the user interface on the meters (required for additional instruction with regard to credit card payments), add-time features and card reader efficiency.

The SFMTA anticipates that the parking meters chosen for the *SFpark* pilot program will have been improved on many of the issues listed above. For example, they will have additional features that will allow payment status on credit card payments to be displayed and verified directly at the parking meter, which will allow for PCO enforcement by sight, and lower the dependency of server and website communications for meter enforcement.

In addition, the SFMTA will also be testing a pay-by-cell-phone option for the parking meters used in the *SFpark* pilots in order to test this customer payment option on a larger scale and gauge potential wireless communications challenges, customer ease of use, and ease of enforcement.

### **ALTERNATIVES CONSIDERED**

1. **Issuing a citywide RFP for Procurement and Coin Counting and Collections Services:** In the Fall of 2008 the SFMTA began preparation for a Request for Proposal to be released in Fall 2009, with the goal of awarding a citywide meter procurement and related coin collections, counting and management services agreement. Unfortunately the parking meter specifications data needed for procurement was unavailable due to the delay of the *SFpark* pilots.
2. **Issuing an RFP for Coin Counting and Collections Services only:** When it became clear in 2009 that the pilots would not begin in time to provide the specifications needed for a procurement contract, the SFMTA began drafting a modified RFP for coin counting collection management services only. However, as a result of smaller pilots conducted during Summer 2009 that yielded only anecdotal responses regarding payment preferences, it soon became apparent that the broader feedback from the citywide *SFpark* pilot programs was still needed to gauge public response to the introduction of alternate methods of payment. Therefore, a coin counting and collections 'only' RFP could not be released with adequate specification as to service needs.

Given that the options above proved untenable, the SFMTA opted to extend the current agreement for coin counting and collections management services until the results of the *SFpark* pilot are available, in order to release an RFP for citywide parking meter procurement and associated services.

## FUNDING IMPACT

Since the inception of the Serco agreement in 2002, the contract has earned approximately \$226.5 million in parking meter revenue. Coin counting, collections and software management expenses under the contract have totaled approximately \$59.7 million as of March 2010. The anticipated total expenses in the two-year extension, including a five percent contingency, are \$16.9 million, for a projected total contract amount of \$77.4 million.

The following tables provide more detail regarding revenue and expenses under the current agreement, and expense projections for the two-year extension:

### Revenues and Expenses under the Agreement

The Agreement has earned the following revenue to date:

<b>Fiscal Year</b>	<b>Amount</b>
FY 2001-02	\$12,446,169
FY 2002-03	\$14,203,884
FY 2003-04	\$24,107,482
FY 2004-05	\$24,148,426
FY 2005-06	\$29,405,468
FY 2006-07	\$30,000,905
FY 2007-08	\$31,186,914
FY 2008-09	\$32,524,232
FY2009-10 (Projected)	\$37.95 million*

*\*increase partially due to meter rate increases that went into July 1, 2009.*

The Agreement has also yielded the following expenses to date:

<b>Contract Year</b>	<b>Amount</b>
Contract year 1 (includes meter installation costs)	\$30,854,505
Contract year 2	\$2,812,315
Contract year 3	\$2,661,890
Contract year 4	\$4,525,077
Contract year 5	\$4,641,693
Contract year 6	\$3,284,813
Contract year 7	\$3,623,445
Contract year 8 (estimated as of April 1, 2010)	\$3.79 million
Contract year 9 (projected)	\$3.63 million
Contract year 10 (projected)	\$3.70 million

In an effort to support the SFMTA's budgetary demands, the Contractor reduced existing management fees 3% from January –June 2010, as requested by the agency, through the Eighth Amendment. In addition, the Contractor reduced annual expenses in coin counting, collections and software management services approximately 4.2% for year 9 (FY 2011) of the proposed two-year extension and approximately 2.3% for year 10 (FY 2012) of the extension, for an overall reduction projected for the two year-extension of approximately 3%.

In addition to ongoing service and support costs, the following non-service categories and expenses are provided for the current contract year and the two additional years proposed by the extension:

<b>Service provided</b>	<b>Current Year</b>	<b>Contract Year 9 (FY 2011)</b>	<b>Contract Year 10 (FY 2012)</b>
Equipment Maintenance (Meters and Coin Room)	\$ 505,000.00	\$ 580,000.00	\$ 666,250.00
Parking Card	\$ 595,000.00	\$ 750,000.00	\$ 750,000.00
Port coin-related services	\$ 209,315.76	\$ 202,095.52	\$ 206,558.08
Extended warranties and wireless communications for Port meters	n/a	\$ 124,884.32	\$ 148,705.30
<b>TOTAL</b>	<b>\$1,309,315.76</b>	<b>\$1,656,979.84</b>	<b>\$1,771,513.38</b>

- Equipment maintenance costs are expected to rise due to aging meters that will require additional parts replacement and upkeep.
- Parking Card revenue has increased from \$1.32 million in FY2007 to \$4.13 million in FY 2009, and sales for the first three quarters of FY2010 have already reached \$4.40 million. The SFMTA has budgeted funds for the anticipated growth of sales of cards. Expenses for procuring the cards (approximately \$2/card) are recouped through customer purchase of the cards at face value.
- Current Port meter warranties run through December 2010. The Port desires an extended hardware and software warranty through June 30, 2012, which will cost \$925/meter. Wireless communication fees are \$55/meter for the 111 parking meters purchased. Costs are subject to an annual CPI increase for each of the two proposed extension years. All costs incurred for Port services are reimbursed by the Port through work order.

Operating costs required for the operations and maintenance as reference above are budgeted in the SFMTA operating budgets for FY 2011 and FY 2012.

**Expanded SFMTA parking meter coin counting, collections and management services:**

Within the two years of the proposed extension, the SFMTA plans to install at least 2,000 additional parking meters at various locations throughout the city. These services will require additional coin collections, counting, software and management support as well as an increase of collections days from five to six days per week. In addition to these factors, the agreement allows for the option of providing supplemental labor to assist the Meter Shop in adhering to the aggressive installation schedule required to meet budget demands in FY 2011 and FY 2012. The costs for these services are listed below:

<b>Service</b>	<b>FY 2011 (Year 1 of extension)</b>	<b>FY2012 (Year 2 of extension)</b>
Coin Collections	\$748,476.34	\$763,656.10
Coin Counting	\$123,963.62	\$126,168.00
Parking Meter Procurement	\$1,392,840.00	\$1,392,840.00
Parking Meter Installation	\$322,237.81	\$ 327,407.92
<b>TOTAL</b>	<b>\$2,587,517.77</b>	<b>\$2,610,072.02</b>

A five percent contingency has been added to the total not-to-exceed amount to cover any additional expansion costs that might occur during the extension term.

**ADDITIONAL BENEFITS OF CONTRACT EXTENSION:**

- Additional 240 hours of integrated software management support, in anticipation of SFpark pilots and need to track revenue.
- Support system computer upgrades.
- Purchase of barcode scanner hardware for coin box inventory.
- Two additional collection vehicles in anticipation of SFpark meter equipment upgrades and possible additional meter installations.
- Purchase of 30 additional phones for the Meter Shop.

**OTHER APPROVALS RECEIVED OR STILL REQUIRED**

The City Attorney's Office has reviewed the report. The amendment will not be signed by the City Attorney at this time, because it must also be approved by the Board of Supervisors. The SFMTA Contract Compliance Office has reviewed the report.

**RECOMMENDATION**

SFMTA staff recommends that the SFMTA Board authorize the Executive Director/CEO to execute the Ninth Amendment with Serco, Inc. for Meter Coin Collection, Counting and Management Services, to extend the current agreement by two years, to June 30, 2012 and increase the contract by \$16.9 million, for a total contract amount not to exceed of \$77.4 million.

MUNICIPAL TRANSPORTATION AGENCY  
BOARD OF DIRECTORS

RESOLUTION No. \_\_\_\_\_

WHEREAS, On May 13, 2002, the Board of Supervisors adopted Resolution No. 305-02, which approved a five-year Agreement with Serco Management Services (“Serco”), now known as Serco Inc., for a Parking Meter Management System; and,

WHEREAS, There have been eight modifications to the original Agreement; Amendments One, Two, Five, Seven and Eight were approved by the Executive Director/CEO under his contract authority, and Amendments Four and Six received SFMTA Board and Board of Supervisors approval; and;

WHEREAS, Amendment Six extended the Agreement to June 30, 2012 and raised the not-to-exceed amount to \$61 million, in support of both ongoing services and the *SFpark* program; and,

WHEREAS, The *SFpark* pilots will provide needed specifications for new parking meter procurement, new options for customer payment, and evaluate the effect of new payment options on existing coin counting and collections needs; and,

WHEREAS, The SFMTA Board granted an extension to the *SFpark* pilots timeline to June 30, 2012, due to a significant delay in Federal funding needed to support the program; and

WHEREAS, The Board of Supervisors also approved an ordinance extending the pilot term for two years beyond the usual two-year pilot term maximum, to June 30, 2012; and

WHEREAS, The SFMTA plans to install at least an additional 2,000 meters in addition to the *SFpark* pilots in order to assist with growing budgetary demands; and

WHEREAS, The proposed Ninth Amendment will continue ongoing parking meter coin collections, counting and software management services for the SFMTA and the Port of San Francisco, and allow for needed software, equipment and vehicle upgrades; now, therefore, be it

RESOLVED, That the San Francisco Municipal Transportation Agency Board of Directors authorizes the Executive Director/CEO to execute the Ninth Amendment with Serco, Inc. for Meter Coin Collection, Counting and Management Services, to extend the current agreement by two years, to June 30, 2012, and increase the contract by \$16,800,000, for a total contract amount not to exceed \$77,300,000; and, be it further

RESOLVED, That the SFMTA Board of Directors recommends that the Board of Supervisors approve the Ninth Amendment.

I 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

**CITY AND COUNTY OF SAN FRANCISCO  
MUNICIPAL TRANSPORTATION AGENCY**

**NINTH AMENDMENT**

THIS AMENDMENT (this "Amendment") is made as of **July 1, 2010**, in San Francisco, California, by and between Serco Inc., formerly known as Serco Management Services Inc. ("Contractor" or "Serco"), and the City and County of San Francisco, a municipal corporation, acting by and through its Municipal Transportation Agency ("City" or "SFMTA").

**RECITALS**

- A. SFMTA and Contractor have entered into the Agreement (as described below).
- B. City and Contractor desire to modify the Agreement on the terms and conditions set forth herein

NOW, THEREFORE, Contractor and the SFMTA agree as follows:

- 1. Definitions.** The following definitions shall apply to this Amendment:

**Agreement.** The term "Agreement" shall mean the Agreement dated December 14, 2001 between Contractor and SFMTA, as amended by the First Amendment, dated October 9, 2002, the Second Amendment, dated May 25, 2005, the Third Amendment, dated August 26, 2005, the Fourth Amendment, dated June 4, 2007, the Fifth Amendment, effective June 4, 2008; the Sixth Amendment dated July 1, 2008, the Seventh Amendment, dated March 12, 2009, and the Eighth Amendment, dated February 1, 2010.

**b. Other Terms.** Terms used and not defined in this Amendment shall have the meanings assigned to such terms in the Agreement.

- 2. Modifications to the Agreement.** The Agreement is modified as follows:

*(a) Section 3 (Term of the Agreement) is amended to read as follows:*

The term of this Agreement shall commence on June 4, 2002 and shall end on June 30, 2012, unless sooner terminated.

*(b) Section 6.A (1) (Maximum Amount) is amended to read as follows:*

(1) **Maximum Amount.** In consideration for Equipment and Work provided under this Agreement and for the rights in the SFPM System, the City shall pay to Contractor an

amount not to exceed Seventy-Seven Million, Three Hundred Thousand Dollars (\$77,300,000).

*(c) Appendix E (Pricing and Payment Schedule), Section I (Pricing) is amended to read as follows:*

**I. Pricing**

1. Contractor shall provide the services described in this Agreement, as noted below, for the prices set out in the following tables.

<b>Product</b>	<b>Quantity</b>	<b>Unit Price</b>	<b>Total Price</b>
MacKay E-Purse	25,000	397.92	9,948,000.00
MKH4500 Case	25,000	158.60	3,965,000.00
Medeco Electromechanical Locks	25,000	136.96	3,424,000.00
Medeco Mechanical Locks with 1,000 keys	25,000	16.04	401,000.00
PDTS - DAP CE 5320 handheld	55	6,090.50	334,977.50
Reino Two Space (w/ 2 battery packs and electronic lock)	0	3,479.77	0
Reino Four Space (w/ 2 battery packs and electronic lock)	0	3,788.40	0
Reino Six Space (w/ 2 battery packs and electronic lock)	125	4,598.10	574,762.25
Reino Eight Space (w/ 2 battery packs and electronic lock)	125	4,944.48	618,060.00
Reino Ten Space (w/ 2 battery packs and electronic lock)	0	4,714.29	0
Reino Accessories and Audit Tools, including 400 locks and keys	1	40,449.00	40,499.00
MacKay E-Purse spares	1,500	385.65	578,475.00
MacKay E-Purse spare batteries	5,000	4.57	22,850.00
PDT spare batteries	25	74.57	1,864.25
Medeco Electromechanical Lock Spares	1,000	132.74	132,740.00
Medeco Mechanical Lock Spares	4,000	15.54	62,160.00
Medeco PDT keycards	165	56.60	9,339.00
Decals	50,000	0.34	17,000.00
Parking Meter Management System (including hardware)	1	1,073,784.00	1,073,784.00
Smart Card Program: Stand-Alone Card System	1	\$1,173,863.00	\$1,173,863.00

2. Contractor shall provide the services described in this Agreement, as noted below, for the prices set out in the following tables.

<b>Installation Service Description</b>	<b>Unit Price</b>
Monthly Management fee (8 months)	328,788.63
Fit 22,050 single space meter heads (including sleeve)	54.78
Install 4,000 new posts (ex double head meters)	111.99
Crop 4,282 posts	105.99
Straighten 920 posts	104.49
Replace 920 posts	264.37
Install 110 Reino J Bolt method	2,818.35
Install 110 Reino Flange Method	2,055.51

<b>Collection Services</b>	<b>07-01-08 to 06-03-09</b>	<b>07-01-09 to 06-03-10</b>	<b>07-01-10 to 06-30-11</b>	<b>07-01-11 to 06-30-12</b>
Monthly management fee	77,743.02	80,286.76	80,236.34	81,943.64
Single Space Meter Crew (1 driver and 2 collectors – 4 hour shift)	463.12 per hour	474.30 per hour	445.44 per shift	454.32 per shift
Multi-space Meter Crew (1 driver and 1 collector – 4 hour shift)	368.25 per hour	375.59 per hour	355.87 per shift	362.06 per shift

<b>Coin Counting Services</b>	<b>07-01-08 to 06-03-09</b>	<b>07-01-09 to 06-03-10</b>	<b>07-01-10 to 06-30-11</b>	<b>07-01-11 to 06-30-12</b>
Monthly management fee	28,911.75	30,068.42	29,436.46	29,712.75
Counting Crew – Hourly rate per person	28.44	29.57	26.29	27.05
Coin Room Spare Parts Allotment	5,000.00	5,000.00	5,000.00	5,000.00

<b>Coin Room Software Services</b>	<b>07-01-08 to 06-03-09</b>	<b>07-01-09 to 06-03-10</b>	<b>07-01-10 to 06-30-11</b>	<b>07-01-11 to 06-30-12</b>
Coin Room Machine Enhancements	38,472.00	N/A	N/A	N/A
Barcode Enhancements	5092.00	N/A	N/A	N/A
Asset Management Software	1,132.00	N/A	N/A	N/A
Miscellaneous Counting	1,132.00	N/A	N/A	N/A



<b>SFPM and Product support</b>	<b>07-01-08 to 06-03-09</b>	<b>07-01-09 to 06-03-10</b>	<b>07-01-10 to 06-30-11</b>	<b>07-01-11 to 06-30-12</b>
Monthly Management Fee	22,337.62	23,300.65	23,577.87	24,378.48

(d) *Appendix E (Pricing and Payment Schedule), Section II (Progress Payment Schedule) is amended to read as follows:*

(i) *Subsection A.4 (Parking Meter Installation Services) is amended to read as follows.*

#### **4. Parking Meter Installation Services**

As directed by the SFMTA, Serco shall install and repair parking meters for the prices provided in the following table. The City shall pay the Contractor for installation services on a monthly basis at the rates listed below. The City shall withhold as retention ten percent (10%) of each invoice. When the City formally accepts the installations as complete, as described in Appendix A, section X, the City will remit the retained amount to Contractor.

<b>Service</b>	<b>Unit Cost</b>
Meter installation (Monthly fee)	328,788.63
Installation of new single space meters including sleeve	54.78
Installation of new post	111.99
Crop Post	105.99
Straighten Post	104.49
Replace Post	264.37
Reino: J Bolt installation	2,818.35
Reino: Plate installation	2,055.51
<b>Total</b>	N/A

<b>Labor Costs</b>	<b>07-01-08 thru 06-30-09</b>	<b>07-01-09 thru 06-03-10</b>	<b>07-01-10 to 06-30-11</b>	<b>07-01-11 to 06-30-12</b>
Product Support Technician Hourly Rate	43.12	44.87	41.60	42.85
Hourly SIT Support Rate	N/A	N/A	176.23	179.74
Hourly IT Consultant	N/A	N/A	152.93	155.99
Data Input Hourly Services	N/A	N/A	25.21	25.96
Weekly Street Survey Crew	N/A	N/A	4,377.85	4,482.80
Weekly Meter Installation Crew	N/A	N/A	7,453.92	7,611.34
Weekly Meter Removal Crew	N/A	N/A	7,677.92	7,835.35
Weekly Meter Activation Crew	N/A	N/A	2,524.20	2,576.67

<b>Labor Costs</b>	<b>07-01-08 thru 06-30-09</b>	<b>07-01-09 thru 06- 03-10</b>	<b>07-01-10 to 06-30-11</b>	<b>07-01-11 to 06-30- 12</b>
Weekly Meter Acceptance Testing Crew	N/A	N/A	4,338.35	4,443.30
Weekly Meter Greeter	N/A	N/A	1,616.41	1,653.14

(ii) *Subsection B.5 (Related Equipment) is amended to read as follows:*

**5 Related Equipment**

If directed by the City, Contractor shall purchase or otherwise provide additional equipment, related software, and warranty or maintenance service contracts necessary to perform the services under this Agreement. Contractor shall seek no fewer than three bids for such equipment and services, and shall consult with the City prior to purchasing from a vendor that is not the lowest bidder. The City will reimburse the Contractor for the direct costs of the equipment and any related software or warranty service contracts. Contractor shall not charge the SFMTA more than the percentage rates indicated below for handling and other charges. The SFMTA shall pay Contractor an administrative fee for its procurement of Equipment that is authorized by SFMTA, calculated as a percentage of the cost of the Equipment. Contractor shall not divide a single procurement into multiples or issue multiple purchase orders in order to qualify for a higher percentage compensation. Contractor's procurement compensation shall be calculated as a percentage of the total costs of all Equipment procured from a single source, manufacturer or vendor, regardless of the number of purchase orders issued. The administrative fee shall be calculated as follows:

**Procurement Burden:**

<b>Single subcontractor, single order (One of multiple line items)</b>	<b>Percentage</b>
\$0 to \$499,999.99	6%
\$500,000 to 749,999.99	5.5%
\$750,000 and higher	5%

Contractor shall attach the invoices for the equipment to its reimbursement request.

**6. Subsection B.13 (San Francisco Parking Technology Procurement, Installation, Port Coin Collection and Coin Counting Services) is modified to read as follows:**

**13. San Francisco Parking Technology Procurement, Installation, Coin Collection and Coin Counting Services**

**a. Meter Procurement and Installation**

Contractor shall, upon written request of the SFMTA, serve as a contractor/purchasing agent for the SFMTA. Contractor shall provide with a project schedule within 30 days of the SFMTA notice to proceed covering meter procurement and installation activities.

SFMTA will provide the standards, specifications and terms and conditions for each subcontractor contract, as well as standards, specifications, quantities and delivery dates for procurement of required equipment and spare parts procurement, including multi-space parking meters and related services. Contractor shall request bids from at least three qualified subcontractors for each subcontract for parking related equipment and services for multi-space parking meters and services including but not limited to training, technical electronic repairs and other services as directed by the SFMTA.

Contractor shall receive all materials purchased for use under this task, inspect them for compliance with the procurement specifications, and transfer them to the SFMTA. SFMTA will provide warehouse space for the storage of equipment and parts ordered under this task. Contractor shall not be responsible for storage or warehousing. Contractor shall return materials received that do not comply with City specifications and requirements at no cost to the City.

Contractor shall provide project management and technical oversight for all subcontractors. Contractor shall also solicit discount agreements with subcontractors wherever available and as requested by SFMTA. Contractor shall ensure that each subcontractor performs to the standards and specifications stated in the subcontract and this Agreement.

Contractor shall perform this service utilizing its current staff. Should the number or volume of the procurements exceed existing staff capability, Contractor shall notify the SFMTA of the need for additional staffing, and shall negotiate supplemental staffing costs with the SFMTA using the labor rates quoted in the price section below. All labor rates shall include overhead and fringe/benefits costs.

*b. SF Port Coin Collection:*

Within 30 days of Contractor's receipt written notice from the SFMTA, Contractor shall provide a collection crew and a collection vehicle to collect coins from the Port of San Francisco multi-space parking meters ("Port Meters"). The Port Meters collection team shall comply with the current collection procedures as referenced in *Agreement Appendix: Multi-Space Collection Procedures*. Port Collection reports shall be identified in the San Francisco Parking Meter Management System (SFPMMMS) by route number.

The Port Meters collection team shall consist of one (1) crew shift, comprised of a crew leader and a collector, in accordance with *Agreement Appendix A Clause XII Collection Services*. Contractor shall collect monies from Port Meters Monday through Friday and on the five City Holidays defined in Agreement. The crew shall provide a documented cash box swap at the meter, but no electronic audit services. Contractor shall collect and process monies from Port Meters separately from SFMTA monies.

Unless otherwise directed by the SFMTA, Contractor shall not be responsible for installation of Port Meters. SFMTA will be responsible for maintenance of Port Meters. SFMTA and the Port shall determine the collection schedule and frequency. Contractor shall proceed with the collection schedule upon approval by the Port. Collection coverage for Port Meters will not exceed 1,000 parking spaces supported by 125-150 multi-space meters. The Contractor, SF Port and SFMTA shall review the actual collections services required after the first six months of the contract to determine whether the level of services should be adjusted based on the frequency with which the meters' coin boxes become full. Should any changes in collection services for the SF Port's multi-space parking meters be needed, Contractor shall negotiate terms for the additional and/or reduced collection crews with SFMTA and the Port.

c. SF Port Coin Counting:

Upon receiving 30 days written notice from the SFMTA and the Port, Contractor shall count, verify and reconcile the monies collected from Port Meters and shall keep these monies segregated from the SFMTA collections. Contractor shall provide a dedicated counting room staff consisting of three (3) fully trained Coin Counters. The Port counting room shall comply with the current coin counting procedures (See Appendix: Multi-Space Coin Counting Procedures) used for SFMTA parking meters and monies. Port Meter Counting reports shall be identified in the SFPMMMS by route and individual meter identification numbers (Location ID). The Port and SFMTA will have sole responsibility for reconciliation of Smart Card revenues.

Contractor shall reconcile all coin transactions. Monies collected shall be transported by a secure armored collection service. The Port shall provide deposit slips for use by Contractor. Contractor shall utilize the same equipment and current counting procedures established for this task for SFMTA monies. Contractor shall bill SFMTA for labor charges based only on actual hours reflected on employee time sheets.

The Contractor, SF Port and SFMTA shall review the actual counting services required after the first six months of the contract to determine whether the level of services should be adjusted based on the frequency with which the meters' coin boxes become full and therefore require changes in the frequency of collection and counting services. Should any changes in collection services for the SF Port's multi-space parking meters be needed, Contractor shall negotiate terms for the additional and/or reduced crew with SFMTA and the SF Port at the hourly rates established below.

Should the counting volume exceed the counting capacity described herein established in Coin Collection for the Port, Contractor shall, with written approval of the SFMTA and the Port, increase the number counting room staff at the hourly rates set out established below. Should SFPMMMS enhancements be needed to allow credit card reporting, Contractor shall notify SFMTA and implement enhancements with SFMTA approval.

**PRICING**

<b>Service</b>	<b>06-04-08 thru 06-03- 09</b>	<b>06-04-09 thru 06-03- 10</b>	<b>07/01/10 thru 06/30/11</b>	<b>07/01/10 thru 06/30/11</b>
Collection Crew Shift Rate	388.65	408.63	394.94	400.62
Counting Labor Crew: Hourly Rate (per person)	95.42	98.60	27.04	27.85

**3. Exhibit 1 to Appendix G (Warranty and Service Agreement) of Agreement is amended as follows:**

**a. Article III, Section A (Hardware Warranty Provisions) is amended by amending subsection 1 of Section A to read as follows:**

1. When used in accordance with the manufacturer's recommendations, Parkeon warrants that the Pay Stations, including batteries, shall be free from defects in workmanship and materials through June 30, 2012.

**b. Article III, Section B (Software Warranty Provisions) is amended to read as follows:**

- B. Software Warranty Provisions.** All Parkfolio software required to operate the Pay Stations shall be warranted to be free from defects and shall function as represented in the "Proposal to Serco to Provide Pay-By-Space Meters to the Port of San Francisco" from Parkeon dated August 13, 2008, through June 30, 2012.

**4. Effective Date.** Each of the modifications set forth in Section 2 shall be effective as of July 1, 2010.

**5. Legal Effect.** Except as expressly modified by this Amendment, all of the terms and conditions of the Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, Contractor and City have executed this Amendment as of the date first referenced above.

**CITY**

San Francisco Municipal Transportation Agency

**CONTRACTOR**

SERCO INC.

\_\_\_\_\_  
Nathaniel P. Ford Sr.  
Executive Director/CEO

\_\_\_\_\_  
Barry Lieberman  
Sr. Principal Contract Administrator

Approved as to Form:

City vendor number: 7390801

Dennis J. Herrera  
City Attorney

By: \_\_\_\_\_  
Robin M. Reitzes  
Deputy City Attorney

SFMTA Board of Directors

Resolution No. \_\_\_\_\_  
Dated: \_\_\_\_\_

\_\_\_\_\_  
Secretary, SFMTA Board

Board of Supervisors

Resolution No. \_\_\_\_\_  
Dated: \_\_\_\_\_

\_\_\_\_\_  
Clerk of the Board

## **Amendment No. 1 to**

### **Warranty and Services Agreement**

#### **In Support of Procurement of Parking Meters by the SFMTA**

This Amendment No. 1 to the Warranty and Services Agreement ("WSA") is made and effective as of July 1, 2010 by and between: Parkeon Inc., a corporation organized and existing under the laws of the State of Delaware ("Parkeon" or "Vendor"), Serco Inc., formerly known as Serco Management Services ("Serco" or "Contractor"), and the City and County of San Francisco ("City"), a municipal corporation, by and through its Municipal Transportation Agency ("SFMTA") (collectively, the "Parties").

#### **Recitals**

**A.** The WSA was entered into or or about March 12, 2009 among the City, Serco and Parkeon to establish hardware and software warranty provisions relating to the procurement of Pay Stations for the Port of San Francisco. As part of the Seventh Amendment to the Agreement between the City and Serco ("Agreement"), dated December 14, 2001, the WSA was attached as to Exhibit 1 to Appendix G of the Agreement. The WSA was designed to be a stand-alone agreement between the Parties.

**B.** The City and Serco have negotiated a Ninth Amendment to the Agreement, to extend the Agreement until June 30, 2012.

**C.** Subject to approval of the Ninth Amendment, the City, Serco and Parkeon wish to extend the hardware and software warranties on the Pay Stations through June 30, 2012.

NOW, THEREFORE, the Parties agree as follows:

**1. The Definitions section of the WSA is amended by amending Paragraph D to read as follows:**

**D. "Level II"** shall mean those service functions performed by Serco or its designee at a local service level, accessed only when Level I service has not been sufficient to solve the occurrence requiring servicing.

**2. Article III, Section A (Hardware Warranty Provisions) is amended by amending subsection 1 of Section A to read as follows:**

1. When used in accordance with the manufacturer's recommendations, Parkeon warrants that the Pay Stations, including batteries, shall be free from defects in workmanship and materials through June 30, 2012.

**3. Article III, Section A (Hardware Warranty provisions is amended by amending subsection 3 of Section A to read as follows:**

3. Except as otherwise provided herein, all Level I and Level II materials necessary

to repair or replace items under warranty is included in this warranty.

**4. Article III, Section B (Software Warranty Provisions) is amended to read as follows:**

**B. Software Warranty Provisions.** All Parkfolio software required to operate the Pay Stations shall be warranted through June 30, 2012 to be free from defects and shall function as represented in the "Proposal for City of San Francisco/Serco -- User Interface Changes & Enforcement at the Meter," dated November 17, 2009.

**5. Article III, Section C.2 (Serco/SFMTA Responsibilities) is amended by amending subsection k thereof to read as follows:**

k. SFMTA will provide all information required to open a support request with Parkeon Level III Service and make themselves available to work with the Parkeon support resource assigned to the support request.

**6. Article III, Section C.3 (Parkeon Responsibilities) is amended to read as follows:**

3. **Parkeon Responsibilities** – Parkeon or its authorized trained representative shall be responsible for Level III engineering support for all Pay Stations purchased by the City through the Agreement. Level III service is intended to provide additional technical Pay Station assistance to reinforce and support SFMTA during the warranty period.

**7. Article III, Section D.1 (SERCO/SFMTA Responsibilities) is amended by amending subsection f thereof to read as follows:**

f. Serco/SFMTA will provide all information required to open a support request with Parkeon Level III Parkfolio support and make themselves available to work with the Parkeon support resource assigned to the support request.

**8. Article III, Section D.2 (Parkeon Responsibilities) is amended by amending Section 2 and subsection a. to read as follows:**

2. **Parkeon Responsibilities** – Parkeon shall be responsible for Level III remote escalation service for Parkfolio issues.

a. Parkeon shall maintain a trained staff for a full service Level III Parkfolio support operation, to assist Serco/SFMTA once they have attempted the full range of Level I diagnosis and repair activities. This staff may include Parkeon-trained subcontractors, including those local to client for optimal responsiveness.

**9. Article IV (Compensation) is amended to read as follows:**

In consideration for the services provided by Parkeon, Serco shall charge SFMTA the amounts set forth in Exhibit 3.



10. Article V (Service Coverage) is amended to read as follows:

**Article V. SERVICE COVERAGE** – Serco shall provide service according to the following schedule.

<b>SERVICE</b>	<b>Hours of Coverage</b>	<b>Access to Level II Service.</b>
Level II Technical Service	5:00am-5:00pm Monday through Friday PT	<i>enes.ceric@serco-na.com</i>  <i>1-415-318-8860</i>
Emergency Support	8 a.m. to 5 p.m. PT on Saturdays. (There is no emergency support available on Sundays and public holidays.)	<i>Telephone number to be provided</i>

11.

**Effective Date.** Each of the modifications set forth in Section 2 shall be effective as of July 1, 2010.

12. **Legal Effect.** Except as expressly modified by this Amendment, all of the terms and conditions of the Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day first mentioned above.

**CITY**

MUNICIPAL TRANSPORTATION AGENCY

\_\_\_\_\_  
Nathaniel P. Ford Sr.  
Executive Director/CEO

Approved as to Form:

Dennis J. Herrera  
City Attorney

By \_\_\_\_\_  
Robin M. Reitzes  
Deputy City Attorney

**CONTRACTOR**

SERCO INC.

By \_\_\_\_\_  
Barry Lieberman  
Sr. Principal Contract Administrator

**VENDOR**

PARKEON

By \_\_\_\_\_  
Ian Newberg  
President

**THIS PRINT COVERS CALENDAR ITEM NO. : 15**

**SAN FRANCISCO  
MUNICIPAL TRANSPORTATION AGENCY**

**DIVISION:** Finance and Information Technology

**BRIEF DESCRIPTION:**

Authorizing the Executive Director/CEO to execute Amendment One to the Agreement for Advertising on San Francisco Municipal Transportation Agency Property with Titan Outdoor LLC, to allow window wraps on up to 5% of the SFMTA’s buses and up to 10% of the SFMTA’s light rail vehicles and to change the approval requirements for advertising in parking garages.

**SUMMARY:**

- The Agreement for Advertising on San Francisco Municipal Transportation Agency Property (the “Agreement”) between the City and Titan Outdoor LLC (“Titan”) began on July 1, 2009 for a term of five years.
- The Agreement includes language requested by the SFMTA Board during the contract award process that provides that the windows of transit vehicles that are otherwise fully wrapped with advertisements cannot also be covered with advertisements.
- As a result of current budget deficits, the San Francisco Municipal Transportation Agency (the “SFMTA”) has been asked to explore the possibility of amending the Agreement to include such window wraps given their revenue potential.
- SFMTA Safety and Security staff has confirmed that current improved wrap materials do not pose a safety/security risk either for customers or for law enforcement.
- The amendment to the Agreement (the “Amendment”) will allow window wraps on up to 5% of the SFMTA’s buses and up to 10% of the SFMTA’s light rail vehicles.
- SFMTA staff will ask the SFMTA Board to revisit this issue at such time as the economy improves and the SFMTA is no longer experiencing budget deficits.
- The Amendment also delegates the approval of advertising locations in parking garages solely to the Executive Director/CEO, except for parking garages under the jurisdiction of the Recreation and Park Commission, which shall also require the approval of the Recreation and Park Department.
- If approved by the SFMTA Board, the Amendment will be submitted to the Board of Supervisors for final approval.

**ENCLOSURES:**

1. Resolutions
2. Amendment to Agreement for Advertising on San Francisco Municipal Transportation Agency Property

**APPROVALS:**

DIRECTOR OF DIVISION  
PREPARING ITEM

**DATE**

FINANCE

EXECUTIVE DIRECTOR/CEO

SECRETARY

ADOPTED RESOLUTION BE RETURNED TO Gail Stein

**ASSIGNED MTAB CALENDAR DATE:** \_\_\_\_\_

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### **PURPOSE**

This calendar item authorizes the Executive Director/CEO to execute an amendment to the Agreement for Advertising on San Francisco Municipal Transportation Agency Property with Titan Outdoor LLC to allow for a limited number of vehicle wraps that include windows and to change the approval requirements for advertising in parking garages.

### **GOAL**

This item will meet the following goal and objectives of the SFMTA Strategic Plan:

- Goal 4, Financial Capacity: To ensure financial stability and effective resource utilization.

### **DESCRIPTION**

#### **Background**

The Agreement for Advertising on San Francisco Municipal Transportation Agency Property (the "Agreement") between the City and Titan Outdoor LLC ("Titan") began on July 1, 2009 for a term of five years. The Agreement includes language requested by the SFMTA Board during the contract award process that provides that the windows of transit vehicles that are otherwise fully wrapped with advertisements cannot also be covered. Currently, no SFMTA vehicles are fully wrapped with fully covered windows; however, 18 buses have advertisements that cover the back windows and 20 buses have advertisements that partially cover some of the side windows. The advertisements that partially cover windows were approved by Titan subsequent to the Board's approval of the FY 2011/2012 Operating Budget. Given current budget deficits, the SFMTA was asked to explore the possibility of amending the Agreement to include such window wraps given their revenue potential. Following the safety and security review described below, SFMTA staff negotiated an amendment to the Agreement with Titan (the "Amendment"), attached as Enclosure 2, that will allow a limited number of window wraps. The Amendment will also change the approval requirements for advertising in parking garages.

#### **Safety and Security Issues**

The main objection to window wraps has generally been the perception that they pose a safety and security risk for customers and law enforcement. Some customers claim that they cannot see into and/or out of vehicles when windows are wrapped while law enforcement personnel need to be able to see into vehicles to prevent criminal behavior. In order to address these questions, Titan demonstrated the quality and look of current improved window wrap materials for SFMTA staff, using actual wrap materials on a Muni bus.

Wrap materials combine perforated vinyl and uncovered spaces (holes) and have been engineered to provide significant light transmission. In response to past objections about the transparency of wrap materials from transit agencies throughout the United States, advertising companies have worked with manufacturers to improve this material. At this time, manufacturers such as 3M have created perforation patterns that cover no more than 50% of the window; the rest of the space in the pattern is uncovered (round holes). This combination of vinyl material and blank space results in a dark tinted look either into or out of the vehicle that allows in sufficient light to give a clear view. This contract amendment specifies that the window wrap material cannot be more than 50% vinyl/material and that at least 50% of the pattern must be uncovered

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(holes). Sample photographs of buses with wrapped windows using the material described above are attached. 3M manufactures the wrap materials in the United States and is Titan's primary supplier.

After the demonstration by Titan last month and an internal review, the Director of Safety, Security and Enforcement confirmed that the proposed wrap material do not pose a safety/security risk either for customers or for law enforcement. The perforations allow enough light inside the vehicle to provide an unobstructed view for riders and law enforcement personnel. In addition, the wraps do not affect the onboard safety cameras. The Director of Safety, Security and Enforcement also spoke with safety and security officers at other U.S. transit agencies and verified that those agencies allow window wraps and have not experienced safety or security issues as a result of using them. Further, in response to concerns about vandalism, staff confirms that the Agreement makes Titan responsible for replacing any advertising materials that are defaced by graffiti or other vandalism and for paying all related costs.

### **Revenue**

Titan has confirmed that window wraps will generate approximately \$500,000 in revenue for the SFMTA annually or \$1 million in total for FY 2011 and FY 2012. These projections are included in the operating budget.

The Agreement currently provides that 20% of the SFMTA's transit vehicles can be fully wrapped as long as the windows are not covered. It also specifies that historic vehicles cannot have any exterior advertising and that cable cars cannot be wrapped. In order to obtain the increased revenue from window wraps described above, the Amendment allows up to 5% of the SFMTA's buses and up to 10% of the SFMTA's light rail vehicles to have wraps that cover windows. The 20% overall cap in the Agreement remains the same, but will now include vehicles that are wrapped both with and without window coverings. The exclusions for historic vehicles and cable cars will not change.

Staff will ask the SFMTA Board to revisit this issue at such time as the economy improves and the SFMTA is no longer experiencing budget deficits.

### **Advertising in Parking Garages**

The Amendment also delegates the approval of advertising locations in parking garages solely to the Executive Director/CEO, except for parking garages under the jurisdiction of the Recreation and Park Commission, which will also require the approval of the Recreation and Park Department. Such approvals are solely administrative matters which do not require policy direction from the SFMTA Board and the Recreation and Park Commission and can be handled by SFMTA and Recreation and Park staff.

## **ALTERNATIVES CONSIDERED**

The SFMTA would forgo an opportunity to increase revenue if it declines to enter into the Amendment.

## **FUNDING IMPACT**

Estimated revenue for the SFMTA from window wraps is approximately \$500,000 annually or \$1 million in total for FY 2011 and FY 2012.

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**OTHER APPROVALS RECEIVED OR STILL REQUIRED**

The Agreement will require the approval of the Board of Supervisors.

The City Attorney's Office has reviewed this Calendar Item.

**RECOMMENDATION**

Staff recommends that the SFMTA Board of Directors authorize the Executive Director/CEO to execute the proposed amendment to the Agreement for Advertising on San Francisco Municipal Transportation Agency Property with Titan Outdoor LLC.

SAN FRANCISCO  
MUNICIPAL TRANSPORTATION AGENCY  
BOARD OF DIRECTORS

RESOLUTION No. \_\_\_\_\_

WHEREAS, The Agreement for Advertising on San Francisco Municipal Transportation Agency Property (the "Agreement") between the City and Titan Outdoor LLC ("Titan") began on July 1, 2009 has a term of five years; and

WHEREAS, The Agreement includes language requested by the SFMTA Board during the contract award process that provides that the windows of transit vehicles that are otherwise fully wrapped with advertisements cannot also be covered with advertisements; and

WHEREAS, As a result of current budget deficits, the SFMTA has been asked to explore the possibility of amending the Agreement to include such window wraps given their revenue potential; and

WHEREAS, SFMTA Safety and Security staff has confirmed that current improved wrap materials do not pose a safety/security risk either for riders or for law enforcement; and

WHEREAS, The amendment to the Agreement (the "Amendment") will allow window wraps on up to 5% of the SFMTA's buses and up to 10% of the SFMTA's light rail vehicles; and

WHEREAS, The Amendment also delegates the approval of advertising locations in parking garages solely to the Executive Director/CEO, except for parking garages under the jurisdiction of the Recreation and Park Commission, which shall also require the approval of the Recreation and Park Department; now, therefore, be it

RESOLVED, That the San Francisco Municipal Transportation Agency Board of Directors authorizes the Executive Director/CEO to execute Amendment One to the Agreement for Advertising on San Francisco Municipal Transportation Agency Property with Titan Outdoor LLC, to allow window wraps on up to 5% of the SFMTA's buses and up to 10% of the SFMTA's light rail vehicles and to change the approval requirements for advertising in parking garages; and, be it

FURTHER RESOLVED, That the SFMTA Board of Directors recommends this Amendment to the Board of Supervisors for its approval.

I 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

PARKING AUTHORITY COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION No. \_\_\_\_\_

WHEREAS, The Agreement for Advertising on San Francisco Municipal Transportation Agency Property (the "Agreement") between the City and Titan Outdoor LLC ("Titan") began on July 1, 2009 has a term of five years; and

WHEREAS, The Agreement provides, among other things, a process for approval of advertising space locations in parking garages under the jurisdiction of the SFMTA and the Parking Authority; and

WHEREAS, The SFMTA has prepared an amendment to the Agreement (the "Amendment") which delegates the approval of advertising locations in parking garages solely to the Executive Director/CEO, except for parking garages under the jurisdiction of the Recreation and Park Commission, which shall also require the approval of the Recreation and Park Department; now, therefore, be it

RESOLVED, That the Parking Authority Commission authorizes the Executive Director/CEO, as the authorized representative of the Parking Authority, to execute Amendment One to the Agreement for Advertising on San Francisco Municipal Transportation Agency Property with Titan Outdoor LLC to change the approval requirements for advertising in parking garages.

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

\_\_\_\_\_  
Secretary, Parking Authority Commission



## Enclosure 2

### AMENDMENT ONE TO AGREEMENT FOR ADVERTISING ON SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY PROPERTY

This Amendment to the Agreement for Advertising on San Francisco Municipal Transportation Agency Property is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2010, by and between the City and County of San Francisco, a municipal corporation (the "City"), acting by and through its Municipal Transportation Agency (the "SFMTA"), and Titan Outdoor LLC (the "Contractor").

#### RECITALS

- A.** Effective July 1, 2009, the City entered into an Agreement for Advertising on SFMTA Property with the Contractor for the placement of Advertisements on Vehicles and other SFMTA Property (the "Agreement").
- B.** The parties have negotiated this Amendment One to the Agreement to allow for Wraps that include the windows of Vehicles.

NOW, THEREFORE, the parties amend the Agreement as follows:

**1. Section 1.39 of the Agreement is amended to read as follows:**

**1.39 Wrap.** An Advertisement covering an entire Vehicle, which may include windows.

**2. Section 3.4 (b) of the Agreement is amended to read as follows:**

**(b) Wraps.** Contractor may apply Wraps to all Vehicles except Historic Streetcars and cable cars; provided, however, that Contractor may only apply Wraps as follows:

**(i)** Wraps that include windows may be applied to no more than 5% of the SFMTA's buses;

**(ii)** Wraps that include windows may be applied to no more than 10% of the SFMTA's light rail vehicles; and

**(iii)** Overall, Wraps may be applied to no more than 20 percent of all authorized Vehicles at any one time (Wraps that include windows and Wraps that do not include windows).

Wraps may not cover Vehicle numbers or SFMTA insignia. All Wraps are subject to policies adopted by the SFMTA Board of Directors regarding Wrap advertising. Wrap Advertisements shall not damage the Vehicles, their paint schemes or decal applications. Contractor shall reimburse City for any damage to Vehicles by reason of the application of any Wraps. Wrap materials must be in perforation patterns that are not more than 50% vinyl/material and not less than 50% uncovered space in order to provide sufficient light transmission into and out of Vehicles.

**3. Section 4.1 of the Agreement is amended to read as follows:**

**4.1 Approvals Required.** The Director must approve all Advertising Space locations in parking garages under the jurisdiction of the SFMTA and the Parking Authority. For those parking garages under the jurisdiction of the Recreation and Park Commission, the Recreation and Park Department must also approve the location of Advertising Space. Contractor shall assist the SFMTA in obtaining the consent of garage operators that may be required to place advertising in certain garages.

**4. Effective Date.** The modifications set forth above shall be effective on the date of this Amendment.

**5. Legal Effect.** Except as expressly modified by this Amendment, all of the terms and conditions of the Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment One to be executed as of the date first referenced above.

<p><b>CITY</b></p> <p>By _____ Nathaniel P. Ford Sr. Executive Director/CEO San Francisco Municipal Transportation Agency</p> <p>MTA Board of Directors Resolution No. _____ Dated: _____</p> <p>ATTEST:</p> <p>_____ Secretary, Municipal Transportation Agency Board of Directors</p> <p>Board of Supervisors Resolution No. _____ Dated: _____</p> <p>Attest:</p> <p>_____ Clerk of the Board</p>	<p><b>CONTRACTOR</b></p> <p>TITAN OUTDOOR LLC</p> <p>By _____ Donald R. Allman Chief Executive Officer</p> <p>Approved as to Form:</p> <p>Dennis J. Herrera City Attorney</p> <p>By: _____ Robin M. Reitzes Deputy City Attorney</p>
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