

Item 3 File 11-0726	Department: San Francisco Municipal Transportation Agency (SFMTA)
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objective</p> <ul style="list-style-type: none"> • Resolution authorizing the San Francisco Municipal Transportation Agency (SFMTA) to approve the Fourth Amendment to an existing agreement with Serco Inc. to support the SFpark Pilot Project increasing the not-to-exceed existing \$22,080,000 agreement by \$22,000,000 for a total not-to-exceed \$44,080,000. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • On June 16, 2008, the Board of Supervisors approved a two-year not-to-exceed \$22,080,000 agreement between the SFMTA and Serco, Inc. for Serco, Inc. to provide administrative services in support of the SFpark Pilot Project effective from June 1, 2008 through June 3, 2010. (Resolution 289-08). The SFpark Pilot Program seeks to improve parking in San Francisco by providing real-time parking availability via smart phone applications and demand pricing in targeted areas throughout the city. • On September 15, 2009, SFMTA approved the First Amendment to the Serco agreement to extend the term for an additional 25 months, for a total of 49 months, through June 30, 2012 with no additional cost. On May 1, 2010 and November 19, 2010, the SFMTA agreed on the Second and Third Amendments which were technical adjustments that documented specific subcontractor terms. There was no fiscal impact from the first three amendments and therefore approval of the Board of Supervisors was not required. • On August 10, 2011, the Board of Supervisors approved a loan from the Metropolitan Transportation Commission (MTC) (Resolution 392-10) for \$22,000,000 of Congestion Mitigation and Air Quality Improvement (CMAQ) funding to expand the SFpark Pilot Project. • The proposed Fourth Amendment would authorize Serco, Inc. to (a) replace, upgrade and install 11,100 parking meters in current targeted areas in the City as well as new areas, (b) provide improvements to the data warehouse and (c) provide for all related operational expenses. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The proposed resolution would also authorize the use of the proceeds from the \$22,000,000 loan from the MTC to increase the existing \$22,080,000 Serco agreement for a total not-to-exceed \$44,080,000 agreement in order to enhance the SFpark Pilot Program. • Under the proposed five-year loan agreement between the SFMTA and the MTC, the SFMTA would repay MTC a total of \$22,799,803 over five fiscal years, including (a) \$22,000,000 in loan principal and (b) \$799,803 in interest, at an annual rate of zero percent for the first two fiscal years and three percent annually on the remaining unpaid loan balance for the subsequent three fiscal years. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Approve the proposed resolution. 	

MANDATE STATEMENT & BACKGROUND

Mandate Statement

In accordance with Charter Section 9.118, any amendment of over \$500,000 to an agreement over \$10,000,000 in anticipated expenditures is subject to Board of Supervisors approval.

Background

On June 16, 2008, the Board of Supervisors approved a two-year not-to-exceed \$22,080,000 agreement between the San Francisco Municipal Transportation Agency (SFMTA) and Serco, Inc. for Serco, Inc. to provide SFMTA with administrative services in support of the SFpark Pilot Program from June 1, 2008 through June 3, 2010 (Resolution 289-08). The SFpark Pilot Program seeks to improve parking in San Francisco by providing real-time parking availability via smart phone applications and demand pricing in targeted areas throughout the city.¹

The original agreement, as previously approved by the Board of Supervisors, stated that the SFMTA did not conduct a competitive Request for Proposal process to select Serco for the existing agreement due to the specific knowledge and proprietary equipment that Serco retained, and therefore awarded Serco this agreement on a sole-source basis.

On September 15, 2009, the SFMTA approved the First Amendment to this agreement to extend the term by an additional 25 months, or through June 30, 2012 at no additional cost. On May 1, 2010 and November 19, 2010, the SFMTA approved the Second and Third Amendments respectively, to the existing Serco agreement, which were technical adjustments that documented specific subcontractor terms. There was no fiscal impact from the first three amendments and therefore approval of the Board of Supervisors was not required.

The SFpark Pilot Program is currently a \$24,750,000 SFMTA program which uses new technology and flexible pricing to make parking in San Francisco more efficient. The first phase of the Program upgraded 7,000 of San Francisco's 28,800 parking meters to accept credit cards and SF Smartcards (pre-paid parking cards). These new parking meters also have wireless sensors built into them that allow for real-time availability to be sent to an SFMTA data warehouse.

Since the 7,000 parking meters have been upgraded or installed, implementation of real time tracking of available parking spaces via smart phone applications has made it possible for drivers to find available parking spaces without circling the block numerous times. Along with these improvements, using the data from the sensors, the SFpark Pilot Program was able to institute flexible pricing which allows the City to change the price of parking based on demand.

As shown in the attached email, SFMTA Chief Financial Officer Sonali Bose stated that the SFpark Pilot Program has "improved driver convenience, Muni speed and reliability, economic vitality, and decreased collisions, greenhouse gas emissions, and fuel consumption."

¹ The areas with the updated meters include the Civic Center, Hayes Valley, Financial District, SoMa, Mission, Fisherman's Wharf, Fillmore and Marina neighborhoods.

From the beginning of the SFpark Pilot Program in 2008, SFMTA hoped to expand the \$24,750,000 Pilot Program if additional funding was made available. In 2010, The Metropolitan Transportation Commission (MTC) offered SFMTA \$22,000,000 of Congestion Mitigation and Air Quality Improvement (CMAQ) funding in order to expand the SFpark Program. On August 3, 2010, the SFMTA Board approved a \$22,000,000 loan from the MTC, which was approved by the Board of Supervisors on August 10, 2010 (Resolution 392-10).

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would authorize the SFMTA to approve the Fourth Amendment to the existing 49-month agreement, increasing the not-to-exceed \$22,080,000 agreement with Serco, Inc. by \$22,000,000, for a total not-to-exceed \$44,080,000 agreement. The funding for this increase is a loan from the MTC that was previously approved by the Board of Supervisors.

Mr. Jay Primus, SFpark Manager for the SFMTA, stated that the proceeds from a \$22,000,000 loan would be used for (a) \$16,755,000 in implementation costs and (b) \$5,245,000 for additional operating costs. Specifically, a total of 11,200 parking meters will be replaced, upgraded, or added in existing and new targeted areas. Further such monies would be used to enhance the SFMTA data warehouse for more accurate, real-time information on available parking spaces and to allow SFMTA to demonstrate and pilot test a residential parking program and enhance existing pilot programs to encourage additional car-sharing.

FISCAL IMPACTS

Under the proposed five-year loan agreement between the SFMTA and the MTC, the SFMTA is required to repay MTC a total amount of \$22,799,803 over five fiscal years, including (a) \$22,000,000 in loan principal and (b) \$799,803 in interest. As shown in Table 2 below, the \$22,000,000 loan would be paid back by SFMTA over five fiscal years from FY 2010-11 through FY 2014-15 from an estimated \$29,520,000 in increased SFMTA parking net revenues. According to Mr. Primus, FY 2010-11 and FY 2011-12 annual payments, or the first two years of the loan, are interest free followed by three fiscal years at three percent annual interest, on the outstanding balance, which will result in total interest payments of \$799,803, as shown in the table below:

	Principal Payments	Interest Payments	Total Payments	Estimated Annual Net Revenue Increase	Net Revenue Increase / (Decrease)
			(A)	(B)	(B) – (A)
FY 2010-2011	\$4,400,000	\$0	\$4,400,000	\$3,280,000	(\$1,120,000)
FY 2011-2012	4,400,000	0	4,400,000	6,560,000	2,160,000
FY 2012-2013	4,270,601	396,000	4,666,601	6,560,000	1,893,399
FY 2013-2014	4,398,719	267,882	4,666,601	6,560,000	1,893,399
FY 2014-2015	4,530,680	135,921	4,666,601	6,560,000	1,893,399
TOTAL	\$22,000,000	\$799,803	\$22,799,803	\$29,520,000	\$6,720,197

Mr. Primus stated that the SFMTA has already repaid the first loan payment to the MTC in the amount of \$4,400,000.

RECOMMENDATION

Approve the proposed resolution.