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July 26, 2024

**The Honorable Members of the Board of Supervisors
City and County of San Francisco
1 Dr. Carlton Goodlett Place, Room 244
San Francisco, CA 94102**

Subject: Request for Approval – Contract Modification No. 2 to SFMTA Contract No. SFMTA-2021-64/2 with IMCO Parking, LLC to add operation of the Music Concourse Garage to the contract scope of work and to increase the contract amount by \$27,000,000.

Honorable Members of the Board of Supervisors:

The San Francisco Municipal Transportation Agency (SFMTA) requests that the San Francisco Board of Supervisors authorize the Director of Transportation to execute Contract Modification No. 2 to SFMTA Contract No. SFMTA-2021-64/2: Management of the Group B Off-Street Parking Facilities, with IMCO Parking, LLC, to add operation of the Music Concourse Garage to the contract scope of work and to increase the contract amount by \$27,000,000, for a revised total contract amount of \$207,000,000.

BACKGROUND

The Music Concourse Garage (Garage) is an 800-space underground parking facility located in Golden Gate Park that serves visitors to the park and to institutions located in the park, such as the California Academy of Sciences and the De Young Museum. As authorized by Proposition J (June 1998), the City set aside land in Golden Gate Park for the Garage and placed the land under the jurisdiction of the Golden Gate Park Concourse Authority (Authority), a non-profit corporation controlled by the City. In 2003, the Authority and Recreation and Parks Department (RecPark) executed a ground lease of the land to the Music Concourse Community Partnership (MCCP), a private non-profit, so that the MCCP could construct and operate the Garage. The MCCP raised \$36 million from private donors and took out loans to cover the remainder of the \$55 million needed to construct the Garage; the Garage opened to the public in 2005.

RecPark has determined that the City can more efficiently and economically manage the Garage itself. In November 2022, voters approved Proposition N, which authorized the City to use public funds to acquire and operate the Garage. RecPark staff estimate that the transfer of the Garage to the City will be completed by September 2024, but a final date has not been determined.

RecPark has requested the SFMTA manage the Garage on RecPark's behalf, using a contracted parking facility manager, in the same manner as the SFMTA currently manages other RecPark parking facilities (which include Union Square Garage, Portsmouth Square Garage, Civic Center Garage, one-half of St. Mary's Garage, and the Kezar Stadium parking lot). RecPark receives the net revenues of those facilities, (which are gross revenues less operating expenses), and RecPark reimburses the SFMTA's administrative costs to oversee garage operations and management. The SFMTA will manage the garage pursuant to the same policies and procedures used to manage all city-owned parking garages, including the demand-responsive pricing policy.

Group B Garages, Contract No. SFMTA-2021-64/2 (IMCO Contract)

The SFMTA has divided the parking garages under its jurisdiction into Groups A and B, which are relatively equal in size as measured by the sum total of parking spaces in those facilities. On January 27, 2022, the SFMTA issued a Request for Proposal and commenced a competitive selection process for two contracts for garage management and operations services for the Groups A and B parking garages. Following that competitive selection process, on September 20, 2022, the SFMTA Board of Directors approved contract No. SFMTA-2021-64/2 with IMCO Parking, LLC (IMCO Contract) for operation and management of the Group B garages, for a term of nine years (five-year base term, and two two-year extension options), and an amount not to exceed \$180 million. The Board of Supervisors approved the contract on November 8, 2022. The IMCO Contract term commenced on February 1, 2023.

Staff recommends adding the Garage Group B, which is managed by IMCO Parking, because Imperial Parking, the senior partner in the IMCO Parking joint venture, currently manages the Garage, so assignment to IMCO will result in the most efficient transition. Upon transfer of the Garage to RecPark, the proposed Second Amendment would add the Garage to the SFMTA's existing parking facilities management contract with IMCO Parking, Contract No. SFMTA-2021-64/2, one of two parking management contracts the SFMTA uses to operate the 21 parking facilities under its jurisdiction.

MODIFICATION NO. 2

Adding the Music Concourse Garage to the IMCO Contract

The SFMTA and RecPark staff agree the most efficient way to incorporate the Garage into the portfolio of parking facilities the SFMTA manages is to add the Garage to the IMCO Contract. Imperial Parking, LLC (Impark) currently manages the Garage under a contract with the M CCP. Impark is the senior joint venture partner of IMCO, the contracted manager of the SFMTA's Group B Garages. The IMCO Contract provides that the SFMTA may add or delete parking garages from the Contract scope of work. Because Impark and IMCO have nearly the same management team, transferring management of the Garage from Impark to IMCO will not disrupt Garage operations, and supervisors and staff assigned to the Garage will not change.

Under the IMCO Contract, the SFMTA pays IMCO a monthly management fee of \$10,000, and also reimburses IMCO its expenses incurred operating and maintaining the Group B garages, which total approximately \$20,000,000 annually. Reimbursable operating expenses include labor costs (wages and benefits), and electricity, water, sewer and other utilities costs, facility maintenance, janitorial services, and security. The reimbursable operating expenses are set out in annual operating budgets for each Group B garage; IMCO prepares the budgets, and the SFMTA reviews and approves them, and includes those approved expenses in the SFMTA's regular budget process. Under the proposed Second Amendment, the management fee paid to IMCO would be increased by \$1,600 per month, which is calculated using the negotiated rate of \$2.00 for each parking space that the SFMTA adds to the Group B garages, as provided in the IMCO Contract. The SFMTA would also reimburse IMCO approved expenses it incurs in operating the Garage, which will be approximately \$300,000 per month, for a total amount not to exceed \$27,000,000 over the remaining 90 months of the IMCO Contract term.

ALTERNATIVES CONSIDERED

The SFMTA has two existing garage-management contracts, one with IMCO Parking and one with LAZ Parking. The SFMTA could assign the Music Concourse Garage to either of these contracts. But staff recommends assigning the Garage to IMCO Parking, because Imperial Parking, the senior partner in the IMCO Parking joint venture, currently manages the Garage, so assignment to IMCO will result in the most efficient transition.

STAKEHOLDER ENGAGEMENT

Stakeholders from the SFMTA's Streets Division, Parking & Curb Management, RecPark Property Management, and the Controller's Office provided input on the plan for RecPark to assume possession and control of the Music Concourse Garage and for SFMTA to manage Garage operations.

FUNDING IMPACT

There is no funding impact to the SFMTA because RecPark will reimburse the SFMTA for its costs incurred in overseeing Garage operations and management.

SFMTA BOARD ACTION

On June 4, 2024, The SFMTA Board of Directors and the Parking Authority Commission authorized the second amendment to contract No. SFMTA 2021-64/2 between the SFMTA and IMCO Parking, LLC, to add the Music Concourse Garage to contract scope of work and to add \$27,000,000 to the contract amount for a revised contract amount of \$207,000,000.

REQUEST FOR APPROVAL

The SFMTA respectfully requests that the Board of Supervisors authorize the Director of Transportation to execute Contract Modification No. 2 to SFMTA Contract No. SFMTA 2021-64/2: Management of the Group B Off-Street Parking Facilities, with IMCO Parking, LLC.

Sincerely,



Jeffrey P. Tumlin
Director of Transportation