

1 [San Francisco Affinity Phone Card Program]

2 AUTHORIZING THE DIRECTOR OF DEPARTMENT OF ADMINISTRATIVE SERVICES TO
3 ENTER INTO AN OPERATING AND LICENSING AGREEMENT WITH PACIFIC BELL
4 TELEPHONE COMPANY, A NORTHERN CALIFORNIA COMPANY, FOR THE DEVELOPMENT
5 AND OPERATION OF THE SAN FRANCISCO AFFINITY PHONE CARD PROGRAM AND
6 IMPLEMENTATION THEREUNDER.

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8 WHEREAS, the City and County of San Francisco seeks to promote
9 San Francisco and to raise additional funds for the City's General
10 fund by participating in the sale of "official" San Francisco pre-
11 paid telephone calling cards through a San Francisco Affinity Phone
12 Card Program (the "Program"); and,

13 WHEREAS, On April 22, 1996, the Board approved a resolution
14 authorizing the use of the City's Seal in connection with the
15 Program; and

16 WHEREAS, On May 20, 1996, the Board of Supervisors approved the
17 first Operating and Licensing Agreement, by and between the City and
18 Winston Taylor, Inc regarding the sale of Official San Francisco
19 Phone Cards; and,

20 WHEREAS, In September 1999, the Airport issued a
21 Telecommunications Request for Proposal which included a requirement
22 to provide "customized" pre-paid calling cards bearing the official
23 seal of the City and County of San Francisco, and a separate
24 operating and licensing agreement with the Department of
25

1 Administrative Services, for the rights to sell those pre-paid
2 calling cards outside the airport; and,

3 WHEREAS, For this Lease Agreement, a panel of City evaluators
4 determined that Pacific Bell Telephone Company, a Northern California
5 Corporation (Pacific Bell) submitted the best proposal in response to
6 the Airport's Telecommunications Request for Proposal; and,

7 WHEREAS, On November 15, 1999, the Board of Supervisors approved
8 the Lease Agreement between Pacific Bell and the Airport.

9 WHEREAS, the City, through its Department of Administrative
10 Services and Pacific Bell have negotiated an Operating and Licensing
11 Agreement for the Program, a copy of which is on file with the Clerk
12 of the Board of Supervisors under File No. 001437 (the
13 "Agreement"); and,

14 WHEREAS, The term of the Agreement is for three (3) years, with
15 a provision to extend the term of the Agreement for up to two (2)
16 additional one (1) year periods; and,

17 WHEREAS, In the event the Airport Lease is terminated, each of
18 the City and Operator shall have the option to terminate this
19 Agreement on the terms and conditions described in the Agreement;
20 and,

21 WHEREAS, Under the Agreement, the City would grant and license
22 to Pacific Bell the exclusive right to sell "official" San Francisco
23 prepaid telephone calling cards bearing the Seal of the City; and,

24 WHEREAS, Under the Agreement, the City would receive, from
25 Pacific Bell royalties equal to the greater of the Minimum Annual

1 Guarantee (MAG) as specified below or to 20% of gross revenues
2 generated from the Official Phone Card

3 (i) First year MAG - \$150,000

4 (ii) Second year MAG - \$200,000

5 (iii) Third year MAG - \$250,000; and,

6 WHEREAS, Subject to certain conditions precedent, the City shall
7 have the right to terminate the Agreement unless it receives
8 royalties from Pacific Bell equal to those listed above; and,

9 WHEREAS, Under the Agreement, the City may permit the San
10 Francisco Visitors and Convention Bureau (the "Bureau") to
11 participate in the program pursuant to the terms and conditions of a
12 separate agreement by and between Pacific Bell and the bureau; and,

13 WHEREAS, Within sixty (60) days of the effective date of the
14 Agreement the operator shall provide the City with a written
15 marketing and business plan with respect to the sale of San Francisco
16 Affinity Phone card. The Operator will work in good faith with the
17 City and the San Francisco Visitors and Convention Bureau (the
18 "Bureau") on developing promotional and marketing strategies for the
19 development of the program; and,

20 WHEREAS, Under the Agreement, all issues regarding the design
21 and appearance of all phone cards, and the content of all advertising
22 proposed for use in connection with the program shall be subject to
23 the City's prior written approval or disapproval, which shall not be
24 unreasonably withheld; and,

25

1 WHEREAS, Under the Agreement, the City acting through the
2 Department of Administrative Services has the right to approve or
3 disapprove, which shall not be unreasonably withheld, the location of
4 all vending machines used in connection with the program; whether or
5 not such vending machines are placed on City owned or controlled
6 property, and the City can require Pacific Bell to remove any such
7 vending machine from any location for any reason; and,

8 WHEREAS, The Agreement contemplates the potential placement of
9 vending machines on City owned or controlled property, including
10 without limitation, at the locations described on Exhibit B of the
11 Agreement, subject to the approval of any City commissions,
12 departments or agencies with jurisdiction over such locations, in
13 their sole discretion and any conditions or modifications as they may
14 impose; and,

15 WHEREAS, The City's Planning Department has determined that the
16 placement of vending machines on the City owned or controlled
17 properties is categorically exempt from further environmental review
18 and that no Master Plan referral is required; and,

19 WHEREAS, The Board hereby finds that the Program will serve the
20 purposes of promoting the City and raising additional revenue for the
21 City's General Fund and, therefore, it is in the best interest of the
22 City to participate in the Program pursuant to the terms of the
23 Agreement; now, therefore, be it

24 RESOLVED, That the San Francisco Board of Supervisors hereby
25 authorizes the Department of Administrative Services to enter into

1 the Agreement, approves as to form by the City Attorney, to
2 administer the Program pursuant to the terms and conditions of the
3 Agreement and to exercise all rights of the City contained therein,
4 including without limitation, the right to extend the term of the
5 Agreement and the right to approve the placement of vending machines
6 in the locations described on Exhibit B to the Agreement and on
7 additional property owned or controlled by the City, subject, where
8 applicable, to such additional approvals and modifications as may be
9 required any City commissions, departments or agencies with
10 jurisdiction over such locations.

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City and County of San Francisco

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

Tails

Resolution

File Number: 001437

Date Passed:

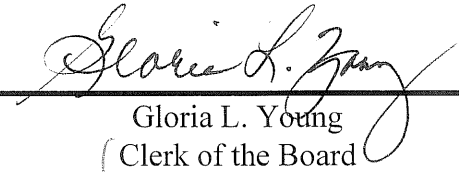
Resolution authorizing the Department of Administrative Services to enter into an operating and licensing agreement with Pacific Bell Telephone Company, a Northern California company, for the development and operation of the San Francisco Affinity Phone Card Program and implementation thereunder.

September 25, 2000 Board of Supervisors — ADOPTED

Ayes: 11 - Ammiano, Becerril, Bierman, Brown, Katz, Kaufman, Leno, Newsom, Teng, Yaki, Yee

File No. 001437

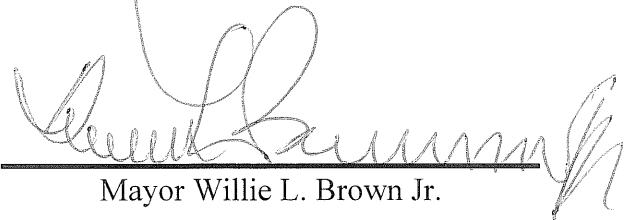
I hereby certify that the foregoing Resolution was ADOPTED on September 25, 2000 by the Board of Supervisors of the City and County of San Francisco.



Gloria L. Young
Clerk of the Board

OCT - 6 2000

Date Approved



Mayor Willie L. Brown Jr.