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May 29, 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 – Second Amendment to Management and Operation Agreement between the San Francisco Municipal Transportation Agency and Friends of the Cable Car Museum

Honorable Members of the Board of Supervisors:

The San Francisco Municipal Transportation Agency (SFMTA) requests that the San Francisco Board of Supervisors approve and authorize the Director of Transportation to execute a Second Amendment to the Management and Operation Agreement of the Cable Car Museum between City and County of San Francisco, acting by and through its San Francisco Municipal Transportation Agency and Friends of The Cable Car Museum (FCCM) to extend the term of the agreement for an additional five years effective July 1, 2024.

BACKGROUND

The San Francisco Municipal Transportation Agency (SFMTA) operates a cable car barn building located at 1201 Mason St. in the City and County of San Francisco. The building consists of SFMTA's cable car maintenance facility and the Cable Car Museum. Both the cable car maintenance facility and the Cable Car Museum are under SFMTA's jurisdiction. The Cable Car Museum provides a free educational museum experience for residents and tourists alike. Part of the museum space overlooks the cable machinery and a machine shop at the Cable Car Barn; it also has various cable car display artifacts and a gift shop area.

On September 1, 2009, the SFMTA Board of Directors adopted Resolution No. 09-155 which authorized the Executive Director/CEO to execute a Management and Operation Agreement with FCCM to operate and manage the day-to-day operation of the Cable Car Museum and Gift Shop for a ten-year term with two five-year extension options, and on November 3, 2009, the Board of Supervisors adopted Resolution No. 432-09 which approved the same Management and Operation Agreement between the SFMTA and the FCCM. Later on November 16, 2021, the SFMTA Board of Directors adopted Resolution No. 211116-135 which authorized the Director of Transportation to execute a First Amendment for an additional five-year term, and on May 10, 2022, the Board of Supervisors adopted Resolution No. 191-22 which approved the same First Amendment. If approved, the proposed Second Amendment would extend the term of the agreement for five years effective July 1, 2024.



Due to the post-pandemic and current market conditions, FCCM has faced challenges in generating the same level of revenue needed to operate the museum at pre-pandemic levels. Despite these obstacles, FCCM has expressed a keen interest in continuing to manage and operate the Cable Car Museum for a second five-year term. Following a thorough review of FCCM's recent financial statements by staff including discussion between representatives from both parties and after careful consideration, it has been mutually agreed that maintaining the current concession fee level with annual adjustments reflected in the Second Amendment is in the best interest of both parties.

The SFMTA and FCCM wish to continue their relationship by exercising the second of two five-year extension options via the proposed Second Amendment. This will provide consistency with respect to museum management, scheduling and continued SFMTA collaboration. The museum continues to provide free visits and tours to San Francisco residents and tourists.

Negotiating a new contract with another operator would result in additional overhead costs to the SFMTA, unnecessary operational challenges and schedule interruption. FCCM already has in-depth management experience operating the Cable Car Museum and this extension amendment will allow the Cable Car Museum to continue to serve the public without schedule interruption and unnecessary operational challenges.

FUNDING IMPACT

The Second Amendment to the Management and Operation Agreement will generate \$237,733 in total Concession Fees for the SFMTA. Each year during the five-year extension term the Concession Fee is adjusted per below annual Concession Fee schedule:

July 1, 2024 thru June 30, 2025 - \$44,778

July 1, 2025 thru June 30, 2026 - \$46,122

July 1, 2026 thru June 30, 2027 - \$47,505

July 1, 2027 thru June 30, 2028 - \$48,930

July 1, 2028 thru June 30, 2029 - \$50,398

SFMTA BOARD ACTION

On April 2, 2024, the SFMTA Board of Directors approved Resolution No. 240402-031 authorizing the Director of Transportation of the SFMTA to execute the Second Amendment to the Agreement between SFMTA and FCCM and to forward to the Board of Supervisors for final approval per Section 9.118 of the San Francisco Charter which requires Board of Supervisors' approval because of the term of the Second Amendment exceeds ten (10) or more years beyond the initial term contract.



REQUEST FOR APPROVAL

The SFMTA respectfully requests that the Board of Supervisors approve the Second Amendment to Management and Operation Agreement of the Cable Car Museum between City and County of San Francisco, acting by and through its San Francisco Municipal Transportation Agency, and Friends of The Cable Car Museum to extend the term of the agreement for five years effective July 1, 2024.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Jeffrey Tumlin'.

Jeffrey Tumlin
Director of Transportation