

File No. 130860

Committee Item No. 3

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee

Date: 11/06/2013

Board of Supervisors Meeting

Date: _____

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Resolution |
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| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Subcontract Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Contract/Agreement |
| <input type="checkbox"/> | <input type="checkbox"/> | Form 126 – Ethics Commission |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
| <input type="checkbox"/> | <input type="checkbox"/> | Application |
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Completed by: Victor Young Date November 1, 2013

Completed by: Victor Young Date _____

1 [Appropriation - Parking Garage Revenue and Expenditure - \$13,786,681 - FY2013-2014]

2
3 Ordinance appropriating \$13,786,681 of parking garage revenue and expenditures to
4 the Municipal Transportation Agency consisting of \$8,513,825 for the 5th and Mission
5 Parking Garage and \$5,272,856 for the Ellis-O'Farrell Parking Garage in order to
6 support the Department's projected revenue and expenditure increases.

7
8 Note: Additions are *single-underline italics Times New Roman*;
9 deletions are *strikethrough italics Times New Roman*.
10 Board amendment additions are double underlined.
11 Board amendment deletions are ~~strikethrough normal~~.

12 Be it ordained by the People of the City and County of San Francisco:

13 Section 1. The sources of funding outlined below are herein appropriated to reflect the
14 projected revenue for Fiscal Year 2013-2014.

15
16 **SOURCES Appropriation**

| 17 Fund | Index/Project Code | Subobject | Description | Amount |
|--------------------------|--------------------|-----------|---------------------------|-------------|
| 18 5X OPF AAA | 686073 | 35282 | 5 th & Mission | \$7,294,231 |
| 19 Parking Garages - Non | | | Garage | |
| 20 Project Controlled | | | | |
| 21 | | | | |
| 22 5X OPF AAA | 686073 | 35292 | 5 th & Mission | \$1,219,594 |
| 23 Parking Garages - Non | | | Garage - | |
| 24 Project Controlled | | | Commercial | |
| 25 | | | | |

| | Fund | Index/Project Code | Subobject | Description | Amount |
|----|------------------------------------|--------------------|-----------|-----------------|----------------------------|
| 1 | | | | | |
| 2 | 5X OPF AAA | 686074 | 35283 | Ellis-O'Farrell | \$4,238,722 |
| 3 | Parking Garages – Non | | | Garage | |
| 4 | Project Controlled | | | | |
| 5 | | | | | |
| 6 | 5X OPF AAA | 686074 | 35293 | Ellis-O'Farrell | \$1,034,134 |
| 7 | Parking Garages – Non | | | Garage - | |
| 8 | Project Controlled | | | Commercial | |
| 9 | | | | | |
| 10 | Total SOURCES Appropriation | | | | <u><u>\$13,786,681</u></u> |

Section 2. The uses of funding outlined below are herein appropriated to reflect the projected expenditures for Fiscal Year 2013-2014.

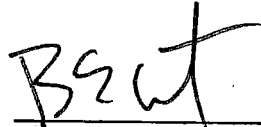
Uses Appropriation

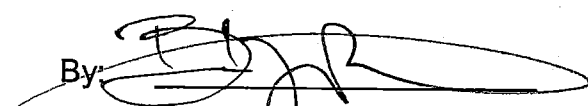
| | Fund | Index/Project Code | Subobject | Description | Amount |
|----|-----------------------|----------------------------------|-----------|--------------|-------------|
| 17 | 5X OPF AAA | 686073 | 02799 | Other | \$4,802,812 |
| 18 | Parking Garages - Non | 5 th & Mission Garage | | Professional | |
| 19 | Project Controlled | | | Services | |
| 20 | | | | | |
| 21 | 5X OPF AAA | 686073 | 05211 | Taxes | \$3,711,013 |
| 22 | Parking Garages – Non | 5 th & Mission Garage | | | |
| 23 | Project Controlled | | | | |
| 24 | | | | | |
| 25 | | | | | |

| Fund | Index/Project Code | Subobject | Description | Amount |
|---|------------------------|-----------|--------------------------|---------------------|
| 5X OPF AAA | 686074 | 02799 | Other | \$4,142,329 |
| Parking Garages – Non Project Controlled | Ellis-O'Farrell Garage | | Professional Services | |
| 5X OPF AAA | 686074 | 05211 | Taxes | \$1,130,527 |
| Parking Garages – Non Project Controlled | Ellis-O'Farrell Garage | | | |
| Total USES Appropriation | | | | \$13,786,681 |

Section 3. The Controller is authorized to record transfers between funds and adjust the accounting treatment of sources and uses appropriated in this Ordinance as necessary to conform with Generally Accepted Accounting Principles.

Section 4. The Controller is authorized to increase or decrease budgetary appropriation of transfers to the General Fund to reflect actual parking tax revenue collected at Municipal Transportation Agency operated parking garages.

APPROVED AS TO FORM:
 DENNIS J. HERRERA, City Attorney
 By: 
 Deputy City Attorney

FUNDS AVAILABLE
 BEN ROSENFELD, Controller
 By: 
 Date: October 18, 2013

Item 3
File 13-0860

Department:
San Francisco Municipal Transportation Agency

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed ordinance would appropriate a total of \$13,786,681 of SFMTA parking garage revenues and expenditures, including (a) \$8,513,825 for the 5th and Mission Parking Garage and (b) \$5,272,856 for the Ellis-O'Farrell Parking Garage in FY 2013-14.

Key Points

- The SFMTA had long-term leases with (a) the non-profit Downtown Parking Corporation for the Fifth & Mission Parking Garage and (b) the non-profit Ellis-O'Farrell Parking Corporation for the Ellis-O'Farrell Parking Garage to finance and manage these operations. The Board of Supervisors approved the termination of the (a) Downtown Parking Corporation lease in December of 2012 and (b) Ellis-O'Farrell Corporation lease in February 2013.
- Although the leases with the two non-profit corporations were terminated in FY 2012-13, the SFMTA budget approved for FY 2013-14 included net revenues to be paid by these two non-profit corporations to the SFMTA. The proposed supplemental appropriation would update the FY 2013-14 SFMTA budget to accurately reflect the existing SFMTA operations at these two City parking garages.

Fiscal Impact

- The SFMTA approved FY 2013-14 budget included net revenues of \$9,962,386 for the 5th and Mission Garage and \$1,828,012 for the Ellis-O'Farrell Garage. The current SFMTA projections for FY 2013-14 include (a) \$18,476,211 of adjusted revenues and \$8,513,825 of expenses for the 5th and Mission garage and (b) \$7,100,868 of adjusted revenues and \$5,272,856 of expenses for the Ellis-O'Farrell garage. The proposed supplemental appropriation reflects a \$5,000 difference due to minor miscellaneous non-parking revenues from vending machines and parking card deposits, which should be amended.
- While the nonprofit corporations were operating these two parking garages, the SFMTA received total average annual net revenues (gross revenues received less expenditures incurred) of \$11,173,588 over the past three fiscal years.
- In FY 2013-14, the SFMTA is projected to receive net revenues of \$12,664,749 from both the 5th and Mission and Ellis-O'Farrell parking garages. This \$12,664,749 net revenue projection is \$1,491,161 or 13.4% more than the \$11,173,588 average net revenues received by the SFMTA over the past three years from these two parking garages.

Recommendations

- Amend the proposed supplemental appropriation (a) on page 1, line 18 to increase the \$7,294,231 by \$5,000 to \$7,299,231; (b) on page 1, line 22 to reduce the \$1,219,594 by \$5,000 to \$1,214,594; (c) on page 2, line 2 to increase the \$4,238,722 by \$5,000 to \$4,243,722; and (d) on page 2, line 6 to reduce the \$1,034,134 by \$5,000 to \$1,029,134.
- Approve the proposed ordinance, as amended.

MANDATE STATEMENT

In accordance with Charter Section 9.105, after the Controller certifies the availability of funds, amendments to the Annual Appropriation Ordinance are subject to Board of Supervisors approval.

BACKGROUND

Both the Fifth and Mission Garage located at 833 Mission Street and the Ellis-O'Farrell Garage located at 123 O'Farrell Street are City-owned parking garages under the jurisdiction of the San Francisco Municipal Transportation Agency (SFMTA). The Fifth and Mission Garage has 2,585 parking spaces, provides over 25,000 square feet of retail space leased to various tenants and generates over \$19,000,000 in annual gross revenue. The Ellis-O'Farrell Garage has 950 parking spaces, provides over 11,000 square feet of retail/commercial space leased to three tenants and generates over \$6,000,000 in annual gross revenue.

Between 1957 and 2012, under various lease agreements, the nonprofit Downtown Parking Corporation assisted the City in financing the construction and renovation and managed the day-to-day operations of the Fifth and Mission Garage. Between 1965 and 2013, under various lease agreements, the nonprofit Ellis-O'Farrell Parking Corporation assisted the City in financing the construction and renovation and managed the day-to-day operations of the Ellis-O'Farrell Garage. In July of 2012, the SFMTA issued \$37,960,000 of 2012 Series A Parking Garage Refunding Revenue Bonds, which included (a) \$6,095,000 to pay off the outstanding Downtown Parking Corporation debt for the Fifth and Mission Garage, and (b) \$2,535,000 to pay off the outstanding Ellis-O'Farrell Parking Corporation debt for the Ellis-O'Farrell Garage.

On December 18, 2012, the Board of Supervisors approved a resolution (File 12-1138; Resolution 464-12) to terminate the lease between the City and County of San Francisco (City), on behalf of the SFMTA, and the non-profit Downtown Parking Corporation for the Fifth and Mission Garage. On February 12, 2013, the Board of Supervisors approved a separate resolution (File 13-0057; Resolution 039-13) to terminate the lease between the City, on behalf of the SFMTA, and the non-profit Ellis-O'Farrell Parking Corporation, for the Ellis-O'Farrell Garage.

As a result of the termination of both of these leases with the non-profit corporations, the SFMTA is now directly responsible for the management and daily operation of the Fifth and Mission and Ellis-O'Farrell parking garages, which includes receipt of daily gross parking revenues, managing retail commercial leases, and paying all operating expenses, including taxes. Ms. Sonali Bose, SFMTA Chief Financial Officer, advises that under the prior leases, the nonprofit organizations remitted their net income (revenues less expenses) to the SFMTA on an annual basis, which was included in the SFMTA's annual operating budget.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would appropriate an additional \$13,786,681 of SFMTA parking garage revenues and expenditures, including (a) \$8,513,825 for the 5th and Mission Parking Garage and (b) \$5,272,856 for the Ellis-O'Farrell Parking Garage for FY 2013-14 as shown in Table 1 below.

Table 1: Proposed Additional Revenues and Expenditures for the Fifth and Mission and Ellis-O'Farrell Parking Garages

| | | |
|---------------------------------|-------------|---------------------|
| Revenues | | |
| Fifth and Mission Garage | | |
| Parking Revenues | \$7,294,231 | |
| Commercial Revenues | 1,219,594 | |
| Subtotal | | \$8,513,825 |
| Ellis-O'Farrell Garage | | |
| Parking Revenues | 4,238,722 | |
| Commercial Revenues | 1,034,134 | |
| Subtotal | | 5,272,856 |
| Total | | \$13,786,681 |
| Expenditures | | |
| Fifth and Mission Garage | | |
| Other Professional Services | \$4,802,812 | |
| Taxes | 3,711,013 | |
| Subtotal | | \$8,513,825 |
| Ellis-O'Farrell Garage | | |
| Other Professional Services | \$4,142,329 | |
| Taxes | 1,130,527 | |
| Subtotal | | \$5,272,856 |
| Total | | \$13,786,681 |

According to Mr. Steven Lee, Manager of Financial Services for the SFMTA, although the leases with the non-profit corporations for the 5th and Mission and Ellis-O'Farrell parking garages were terminated in FY2012-13, due to the two-year budget cycle, the SFMTA budget approved for both FY2012-13 and FY2013-14, which was approved by the Board of Supervisors in June of 2012, included net revenues as previously paid by these two non-profit corporations to the SFMTA. The proposed supplemental appropriation would update the FY 2013-14 SFMTA budget to accurately reflect the existing SFMTA operations at these two City parking garages, including the additional revenues to be realized and expenses to be incurred by the SFMTA in FY 2013-14.

FISCAL IMPACT

Table 2 below shows the SFMTA's current projected revenues and expenses for FY 2013-14, SFMTA's FY 2013-14 approved budget and the differences, which reflects the proposed supplemental appropriation, for both the 5th and Mission and Ellis-O'Farrell Parking Garages.

Table 2: 5th and Mission and Ellis-O'Farrell Parking Garages FY 2013-14 Budgets

| | Projected for FY 2013-14 | FY 2013-14 Approved Budget | Difference Proposed Supplemental Appropriation |
|---|-----------------------------|----------------------------------|---|
| <u>5th and Mission Garage</u> | | | |
| Parking Revenues | \$18,555,067 | | |
| Adjustments ¹ | (1,293,450) | | \$7,299,231 |
| Commercial Revenues ² | <u>1,214,594</u> | | <u>1,214,594</u> |
| Total Revenues | \$18,476,211 | \$9,962,386 | \$8,513,825 |
| Operating Expenses | \$3,902,104 | | |
| Bond Refunding/new Capital Bonds ³ | <u>900,708</u> | | |
| Subtotal Expenses | \$4,802,812 | | \$4,802,812 |
| Parking Taxes (20% of parking revenues) | <u>3,711,013</u> | | <u>3,711,013</u> |
| Total Expenses | \$8,513,825 | | \$8,513,825 |
| <u>Ellis-O'Farrell Garage</u> | | | |
| Parking Revenues | \$5,652,635 | | |
| Adjustments | 419,099 | | \$4,243,722 |
| Commercial Revenues | <u>1,029,134</u> | | <u>1,029,134</u> |
| Total Revenues | \$7,100,868 | \$1,828,012 | \$5,272,856 |
| Operating Expenses | \$3,707,681 | | |
| Bond Refunding/new Capital Bonds | <u>434,648</u> | | |
| Subtotal Expenses | \$4,142,329 | | \$4,142,329 |
| Parking Taxes (20% of parking revenues) | <u>1,130,527</u> | | <u>1,130,527</u> |
| Total Expenses | \$5,272,856 | | \$5,272,856 |

¹ The adjustments reflect both lower actual operating expenses and differences between the approved gross and net revenues and the actual projected FY 2013-14 revenues.

² Commercial revenues reflect both lease revenues received from commercial tenants plus minor miscellaneous non-parking revenues from vending machines and parking card deposits.

³ In July 2012, the SFMTA issued \$37,960,000 of Parking Garage Refunding Revenue Bonds and \$25,835,000 of new Capital Improvement Bonds, for which the debt service on these bonds is being partially repaid from these two parking garages.

As shown in Table 2 above, the SFMTA approved FY 2013-14 budget included revenues of \$9,962,386 for the 5th and Mission Garage and \$1,828,012 for the Ellis-O'Farrell Garage. Under the previous lease agreements between the SFMTA and the nonprofit parking corporations, the revenue from parking and other sources was collected by the non-profit parking corporations which, in turn, paid for all of the daily operating expenses upon SFMTA's approval; the net annual revenues were included in the SFMTA's annual budget.

A comparison of Table 1 and Table 2 above reflects differences of \$5,000 in revenues, such that the proposed supplemental appropriation should be amended

- (a) on page 1, line 18 to increase the \$7,294,231 by \$5,000 to \$7,299,231;
- (b) on page 1, line 22 to reduce the \$1,219,594 by \$5,000 to \$1,214,594;
- (c) on page 2, line 2 to increase the \$4,238,722 by \$5,000 to \$4,243,722; and
- (d) on page 2, line 6 to reduce the \$1,034,134 by \$5,000 to \$1,029,134.

The \$5,000 difference reflects minor miscellaneous non-parking revenues from vending machines and parking card deposits, which would not be subject to the City's parking taxes.

Net Revenues to SFMTA With Nonprofit Operations in Prior Years

Table 3 below identifies the net revenues received by the SFMTA over the past three fiscal years from the nonprofit Downtown Parking Corporation, which managed the 5th and Mission Garage, and from the nonprofit Ellis-O'Farrell Parking Corporation, which managed the Ellis-O'Farrell Garage.

Table 3: Net Amounts of Revenues Remitted to SFMTA in Past Three Fiscal Years

| Fiscal Years | 5th and Mission Garage | Ellis-O'Farrell Garage | Total Revenues to SFMTA from two Parking Garages |
|---------------------|--|-------------------------------|---|
| FY 2010-11 | \$10,118,992 | \$1,649,162 | \$11,768,154 |
| FY 2011-12 | 9,670,342 | 1,774,424 | 11,444,766 |
| FY 2012-13 | 8,983,323 | 1,324,521 | 10,307,844 |
| Average | \$9,590,886 | \$1,582,702 | \$11,173,588 |

Mr. Lee advises that annual net revenues to the SFMTA from the 5th and Mission parking garage declined from FY 2010-11 through FY 2012-13 due to (a) annual increases in the nonprofit's operating costs, and (b) additional SFMTA administrative fees beginning in 2012. According to Mr. Lee, the reduction in annual net revenues to the SFMTA from the Ellis-O'Farrell parking garage declined in FY 2012-13 due to reduced hours for Early Bird rates and difficulty for parkers to access this garage because of the construction on the Central Subway. As shown in

Table 3 above, the SFMTA received total average annual net revenues (gross revenues received less expenditures incurred) of \$11,173,588 from these two garages over this three-year period.

Projected Net Revenues to SFMTA in FY 2013-14

Table 4 below shows the projected FY 2013-14 net revenues of \$12,664,749 to be realized from both the 5th and Mission and Ellis-O'Farrell parking garages. This \$12,664,749 net revenue projection is \$1,491,161 or 13.4% more than the \$11,173,588 average net revenues received by the SFMTA over the past three years from these two parking garages.

Table 4: Projected Net Revenues to the SFMTA

| | | |
|---|--------------------|---------------------|
| <u>5th and Mission Garage</u> | | |
| Parking Revenues | \$18,555,067 | |
| Commercial Revenues | <u>1,214,594</u> | |
| Total Revenues | \$19,769,661 | |
| Less Total Expenses | <u>\$8,513,825</u> | |
| Net Revenues to SFMTA | | \$11,255,836 |
| <u>Ellis-O'Farrell Garage</u> | | |
| Parking Revenues | \$5,652,635 | |
| Commercial Revenues | <u>1,029,134</u> | |
| Total Revenues | \$6,681,769 | |
| Less Total Expenses | <u>5,272,856</u> | |
| Net Revenues to SFMTA | | \$1,408,913 |
| <u>Projected Net Revenues to SFMTA from Both Garages</u> | | \$12,664,749 |

Ms. Bose advises that the FY 2014-15 and subsequent fiscal year revenues and expenditures from these two garages will be included in SFMTA's annual budget.

RECOMMENDATIONS

1. Amend the proposed supplemental appropriation (a) on page 1, line 18 to increase the \$7,294,231 by \$5,000 to \$7,299,231; (b) on page 1, line 22 to reduce the \$1,219,594 by \$5,000 to \$1,214,594; (c) on page 2, line 2 to increase the \$4,238,722 by \$5,000 to \$4,243,722; and (d) on page 2, line 6 to reduce the \$1,034,134 by \$5,000 to \$1,029,134.
2. Approve the proposed ordinance, as amended.

OFFICE OF THE MAYOR
SAN FRANCISCO



EDWIN M. LEE
MAYOR

TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: *for* Mayor Edwin M. Lee *JE*
RE: Substitute – Ordinance – 130860 - Appropriation - \$13,786,681 for parking garage revenue and expenditure - FY2013-2014
DATE: October 22, 2013

Attached for substitution to the Board of Supervisors is the ordinance Appropriating \$13,786,681 of parking garage revenue and expenditures to the Municipal Transportation Agency consisting of \$8,513,825 for the 5th and Mission Parking Garage and \$5,272,856 for the Ellis-O'Farrell Parking Garage in order to support the Department's projected revenue and expenditure increases.

I request that this item be calendared in Budget and Finance Committee on October 30th, 2013.

Should you have any questions, please contact Jason Elliott (415) 554-5105.

JE
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