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Jeffrey Tumlin, Director of Transportation

February 25, 2022

**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 – First 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 First 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, retroactive to July 1, 2019.

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 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.

The current agreement expired on June 30, 2019 and FCCM is currently holding over in a month-to-month tenancy. If approved, the proposed amendment would extend the term of the agreement for five years, retroactive to July 1, 2019. The rationale for the delay is attributed primarily to both parties, as the SFMTA and FCCM were negotiating the value of certain



museum artifacts, which since have been transferred to the SFMTA for a price of \$160,000, as part of the original Management and Operation agreement. The process to determine and agree to the value of those assets (primarily historic Cable Car parts) was lengthy, and when combined with the economic constraints of COVID-19 and pandemic related closures, delays to finalize the First Amendment had reasonably occurred.

Due to the impact of the COVID-19 pandemic, FCCM was temporarily closed in accordance with the City's health order and for various health and safety concerns. FCCM reopened on August 1, 2021. FCCM's revenues have declined with fewer museum visitors and therefore, FCCM anticipates that it will not be able to generate the same level of revenue necessary to operate the museum at pre-pandemic levels. Upon staff's review of FCCM's most recent years' financial statements, SFMTA staff has agreed to forgive the concession fee payment for FY20-21 due to COVID-19 closures and that the annual concession fee would be reduced for remainder of the period covered by the First Amendment.

The SFMTA and FCCM wish to continue their relationship by exercising the first of two five-year extension options via the proposed First 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. By this First Amendment, the SFMTA is helping to facilitate the preservation of a viable operation and going concern. The First Amendment is a business retention strategy, which is in the best interest of all parties and the public served.

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 First Amendment to the Management and Operation Agreement will generate \$174,744 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, 2019 thru June 30, 2020 - \$51,500
July 1, 2020 thru June 30, 2021 - \$0 due to COVID-19 pandemic impact and museum closure
July 1, 2021 thru June 30, 2022 - \$37,563
July 1, 2022 thru June 30, 2023 - \$42,207
July 1, 2023 thru June 30, 2024 - \$43,474



SFMTA BOARD ACTION

On November 16, 2021, the SFMTA Board of Directors approved Resolution 211116-135 authorizing the Director of Transportation of the SFMTA to execute the First 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 First 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 First 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, retroactive to July 1, 2019.

Sincerely,

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

Jeffrey P. Tumlin
Director of Transportation