



[Appropriation - San Francisco Municipal Transportation Agency (SFMTA)-Sutter Stockton Garage Operating and Retail Rentals Revenues to SFMTA Sustainable Streets Operating Fund - Parking Management Operations - ~~\$7,145,350~~ \$2,837,223 - FY2017-2018]

**Ordinance appropriating ~~\$7,145,350~~ \$2,837,223 of San Francisco Municipal Transportation Agency (SFMTA)-Sutter Stockton Garage operating and retail rentals revenues to the SFMTA Sustainable Streets operating fund for the Sutter Stockton Garage parking management operations in FY2017-2018.**

Note: **Unchanged Code text and uncodified text** are in plain Arial font.  
**Additions to Codes** are in *single-underline italics Times New Roman font*.  
**Deletions to Codes** are in ~~*strikethrough italics Times New Roman font*~~.  
**Board amendment additions** are in double-underlined Arial font.  
**Board amendment deletions** are in ~~strikethrough-Arial font~~.

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

Section 1. The sources of funding outlined below are herein appropriated to reflect the funding available for Fiscal Year 2017-2018.

**SOURCES Appropriation**

Fund / Department ID	Project & Activity / Authority	Account	Description	Amount
22870 MTA SM Op	10001725-0001	435223	Sutter Stockton	\$6,593,750
Annual Account Ctrl/ XXXXX	MG Parking Garage & Lot Operation/ 10000 Operating		Garage Revenue	<u>\$2,377,223</u>

1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	22870 MTA SM Op	10001725-0001	XXXXXX	Sutter Stockton	\$551,600
4	Annual Account Ctrl/	MG Parking Garage &		Garage Retail Rentals	<u>\$460,000</u>
5	XXXXX	Lot Operation/		Revenue	
6		10000 Operating			
7					
8	<b>Total SOURCE Appropriation</b>				<b>\$7,145,350</b>
9					<u><u>\$2,837,223</u></u>

11 Section 2. The uses of funding outlined below are herein appropriated in Account 527000  
 12 (Professional & Specialized Services - Budget) and Account 552110 (Taxes) to fund Sutter  
 13 Stockton Garage parking management operations in the Municipal Transportation Agency for  
 14 Fiscal Year 2017-2018.

16 **USES Appropriation**

17	Fund /	Project & Activity /	Account	Description	Amount
18	Department ID	Authority			
19	22870 MTA SM Op	10001725-0001	527000	Professional Services	\$5,826,600
20	Annual Account Ctrl/	MG Parking Garage			<u>\$1,518,473</u>
21	XXXXX	& Lot Operation/			
22		10000 Operating			
23					
24					
25					

Fund /	Project & Activity /	Account	Description	Amount
Department ID	Authority			
22870 MTA SM Op	10001725-0001	552110	Parking Taxes	\$1,318,750
Annual Account Ctrl/	MG Parking Garage			
XXXXX	& Lot Operation/			
	10000 Operating			
<b>Total USES Appropriation</b>				<u>\$7,145,350</u>
				<u>\$2,837,223</u>

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 to Generally Accepted Accounting Principles.

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

FUNDS AVAILABLE  
BEN ROSENFELD, Controller

By: BSL  
BUCK DELVENTHAL  
Deputy City Attorney

By: [Signature]  
BEN ROSENFELD  
Controller

<p><b>Items 1 and 2</b> <b>Files 18-0057 &amp; 18-0082</b></p>	<p><b>Department:</b> Municipal Transportation Agency (MTA)</p>
<p><b>EXECUTIVE SUMMARY</b></p>	
<p style="text-align: center;"><b>Legislative Objectives</b></p> <p>The proposed legislation would approve: (1) a resolution to terminate the lease agreement between the City and County of San Francisco and the Uptown Parking Corporation for the management of the Sutter Stockton Garage and would authorize the Director of Transportation to execute a Lease Termination Agreement effective February 28, 2018 (File 18-0057); and (2) an ordinance to appropriate \$2,837,223 of San Francisco Municipal Transportation Agency (SFMTA) Sutter Stockton Garage operating and retail rental revenues to the SFMTA Sustainable Streets operating fund for the Sutter Stockton Garage parking management operations in FY 2017-18 (File 18-0082).</p> <p style="text-align: center;"><b>Key Points</b></p> <ul style="list-style-type: none"> <li>• The Uptown Parking Corporation (Uptown) is a non-profit corporation established to issue bonds and construct the Sutter Stockton Garage. The SFMTA has determined that leasing the Sutter Stockton Garage to the Corporation is no longer in the best financial interest of the City, and proposes to terminate the lease with Uptown. Uptown would transfer the title and control of all monies, deposits, and accounts of the Corporation to the SFMTA within five business days of February 28, 2018.</li> <li>• SFMTA would assume agreements that the Uptown Parking Corporation has previously entered into with 31 vendors and 15 subtenants under the proposed lease termination agreement. SFMTA would assume the daily operation of the Garage through its existing agreement for garage operations with Imperial Parking.</li> </ul> <p style="text-align: center;"><b>Fiscal Impact</b></p> <ul style="list-style-type: none"> <li>• Based on the budget provided by SFMTA, the proposed lease termination would save the SFMTA an estimated \$39,160 annually by discontinuing redundant corporate oversight services, including marketing and legal services. According to SFMTA, SFMTA would realize an estimated \$60,000 in additional annual savings from the reduction of Uptown Parking Corporation staff that are no longer needed, for a total of \$99,160 in estimated annual savings.</li> <li>• The proposed appropriation ordinance would (1) de-appropriate \$2,337,223 from the Sutter Stockton Garage’s operating revenue and \$460,000 from the Garage’s retail rental revenue, and (2) re-appropriate \$1,518,473 to the agreement between SFMTA and Imperial Parking, and \$1,318,750 to Parking Taxes, for a total appropriation of \$2,837,223.</li> </ul> <p style="text-align: center;"><b>Recommendations</b></p> <ul style="list-style-type: none"> <li>• Amend File 18-0082 to appropriate (a) \$2,837,223 rather than \$7,145,350 in sources, including (i) \$2,377,223 in Operating Revenue, rather than \$6,593,750, and (ii) \$460,000 in Retail Rental Revenue, rather than \$551,600; and \$2,837,223 rather than \$7,145,350 in uses, including, (c) \$1,518,473 in Professional Services, rather than \$5,826,600, and (d) \$1,318,750 in Parking Taxes, which is unchanged.</li> <li>• Approve the proposed resolution (File 18-0057), and the proposed ordinance as amended (File 18-0082).</li> </ul>	

**MANDATE STATEMENT**

City Charter Section 9.118(c) states that any modification, amendment or termination of a lease that had an initial term of ten years or more, including options to extend, or that had anticipated revenues of \$1 million or more is subject to Board of Supervisors approval.

City Charter Section 9.105 states that amendments to the Annual Appropriations Ordinance, after the Controller certifies the availability of funds, are subject to Board of Supervisors approval by ordinance.

**BACKGROUND**

The Sutter Stockton Garage (Garage) is a City owned parking garage under the jurisdiction of the San Francisco Municipal Transportation Agency (SFMTA), located at 444 Stockton Street. The Garage has approximately 1,900 parking spaces and provides approximately 29,500 square feet of retail/commercial space, currently leased to 15 tenants, and generates approximately \$14,290,700 in annual gross revenue (see Table 2 below).

The Uptown Parking Corporation is a non-profit 501 (c) 2 entity, dedicated to the operation of the Sutter Stockton and Union Square Garages. The Corporation was formed in 1956 for the sole purpose of assisting the City with the construction of the Sutter Stockton Garage through the sale of Uptown Parking Corporation bonds.<sup>1</sup> In 1959, the City leased the Garage to the Corporation through a lease agreement, which was subsequently replaced with a new lease agreement in 2013. Under the existing lease, the Corporation manages the day-to-day operations of the Garage with oversight and policy direction from the SFMTA. The existing lease included a provision that allows the City to terminate the lease at the Agency's convenience, upon 90 days' notice to the Corporation.

The SFMTA has determined that leasing the Sutter Stockton Garage to the Corporation is no longer in the best financial interest of the City. Since the execution of the 2013 lease, the SFMTA has expanded its capacity for direct garage management through the hiring of staff with technical knowledge, and through changes to policies and procedures for contracting and oversight to make them more efficient. In anticipation of the lease termination, the SFMTA assumed the daily operation of the Garage beginning February 1, 2018 through its existing agreement for garage operations with Imperial Parking<sup>2</sup>. On November 1, 2017, the SFMTA Board of Directors approved a resolution authorizing the Director of Transportation to execute the proposed Lease Termination Agreement.

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<sup>1</sup> In July 2012, the Uptown Parking Corporation bonds were fully paid off through the issuance of a revenue bond by the SFMTA.

<sup>2</sup> A Delaware limited liability corporation

## DETAILS OF PROPOSED LEGISLATION

The proposed legislation would approve:

- A resolution to terminate the lease agreement between the City and the Uptown Parking Corporation for the management of the Sutter Stockton Garage, and to authorize the Director of Transportation to execute a Lease Termination Agreement effective February 28, 2018 (File 18-0057); and
- An ordinance to appropriate \$2,837,223 of SFMTA Sutter Stockton Garage operating and retail rental revenues to the SFMTA Sustainable Streets operating fund for the Sutter Stockton Garage parking management operations in FY 2017-18 (File 18-0082).

File 18-0082 appropriates \$7,145,350, rather than the actual amount of \$2,837,223. The proposed ordinance should be amended to appropriate:

(a) \$2,837,223 rather than \$7,145,350 in sources, including (i) \$2,377,223 in Operating Revenue, rather than \$6,593,750, and (ii) \$460,000 in Retail Rental Revenue, rather than \$551,600; and

(b) \$2,837,223 rather than \$7,145,350 in uses, including, (i) \$1,518,473 in Professional Services, rather than \$5,826,600, and (ii) \$1,318,750 in Parking Taxes, which is unchanged.

### Details of the Proposed Lease Termination (File 18-0057)

According to Mr. Malone, SFMTA would assume all 15 leases with subtenants and 31 agreements with vendors that the Uptown Parking Corporation has entered into under the proposed lease termination. SFMTA would assume the daily operation of the Garage through its existing agreement for garage operations with Imperial Parking.

The Uptown Parking Corporation would transfer the title and control of all monies, deposits, and accounts of the Corporation to the SFMTA within five business days of February 28, 2018, and would provide an audit report and full accounting of all revenues, accounts, equipment, outstanding debts, and assets within 45 days of February 28, 2018. SFMTA would review the audit and accounting reports and provide comments and corrections within 30 days. Subsequent to any corrective actions which the SFMTA states that the Uptown Parking Corporation must make, SFMTA would hold the Uptown Parking Corporation, its Board Members, and officers harmless.

Under the proposed lease termination agreement, the City would have no obligation to any employee of the Uptown Parking Corporation, with the exception of the Corporate Manager, Mr. Anson Lee, and Corporate Accountant, Mr. Roel Payumo, who will be temporarily retained<sup>3</sup> to perform administrative services including correcting the audit and accounting reports, and transferring accounts, books, and records from the Corporation to the SFMTA. According to the lease termination agreement, the City would enter into agreements with Mr. Lee and Mr. Payumo to act as consultants to the SFMTA through March 31, 2018. After March 31, 2018, the City would pay Mr. Lee and/or Mr. Payumo on an hourly basis for their services.

<sup>3</sup> Mr. Lee and Mr. Payumo will be retained for no longer than 90 days after the lease termination date.

**FISCAL IMPACT**

Based on the budget provided by SFMTA, the proposed lease termination would save the SFMTA an estimated \$39,160 annually by discontinuing redundant corporate oversight services, including marketing and legal services, as shown in Table 1 below.

**Table 1: Estimated Annual Savings from Proposed Lease Termination**

<b>Corporation Expenditures</b>	
Taxes & Licenses Contingent	\$21,000
Marketing	1,800
Tenant Legal	15,760
Miscellaneous	600
<b>Total</b>	<b>\$39,160</b>

According to Mr. Ted Graff, SFMTA Director of Parking, SFMTA estimates additional annual savings of approximately \$60,000 from the reduction of Uptown Parking Corporation staff that are no longer needed<sup>4</sup>—for a total of approximately \$99,160 in annual savings. These savings would be reflected in the SFMTA’s proposed two-year FY 2018-19 and FY 2019-20 budget.

The proposed termination of the Uptown Parking Corporation Lease Agreement is consistent with the analysis and findings of the Controller’s June 2011 audit that questioned the need for continuing to have such leases with non-profit corporations when SFMTA could provide these services on an in-house basis. The Controller’s Office found that “leasing garages to non-profit corporations is unnecessarily costly to the City.”

Under the current lease agreement between the City and the Uptown Parking Corporation, the revenue from parking and other sources totaling \$14,290,700 for FY 2017-18, as shown in Table 2 below, is collected by the Corporation which, in turn, pays for the Sutter Stockton Garage operating expenses; any balance that is left over is paid to the SFMTA. As shown in Table 2 below, in the FY 2017-18 budget, net revenues of \$8,066,255 are paid to the SFMTA.

<sup>4</sup> 50 percent of the costs for a corporate manager and an accountant



**Table 2: The Garages' Expenditures & Revenues for FY 2017-18**

<b>Expenditures</b>	
Operating Expenses*	\$3,036,945
Parking Tax	2,637,500
Capital Set-Aside**	550,000
<b>Subtotal Expenditures</b>	<b>6,224,445</b>
<b>Revenue</b>	
Parking Revenue***	13,187,500
Non-Parking Revenue	1,103,200
<b>Subtotal Revenues</b>	<b>14,290,700</b>
<b>Total Balance Paid to SFMTA</b>	<b>\$8,066,255</b>

\*Includes personnel costs, utilities, services, supplies, and garage management as well as expenditures related to the Uptown Parking Corporation including corporate management personnel costs, corporate legal fees, trustee fees, and repayment for bonds.

\*\*The Capital Set-Aside will no longer be applicable under the proposed lease termination

\*\*\*Includes transient and monthly parking.

**Details of the Appropriation (File 18-0082)**

The proposed appropriation ordinance would (1) de-appropriate \$2,337,223 from the Sutter Stockton Garage's operating revenue and \$460,000 from the Garage's retail rental revenue, and (2) re-appropriate \$1,518,473 to Professional Services and \$1,318,750 to Parking Taxes. The total appropriation of \$2,837,223 is shown in Table 3 below.

**Table 3: Sources and Uses of Appropriation**

<b>Sources</b>	
Sutter Stockton Garage Operating Revenue	\$2,377,223
Sutter Stockton Garage Retail Rental Revenue	460,000
<b>Total Sources</b>	<b>\$2,837,223</b>
<b>Uses</b>	
Imperial Parking Agreement	\$1,518,473
Parking Taxes	1,318,750
<b>Total Uses</b>	<b>\$2,837,223</b>

The re-appropriation of \$2,837,223 in parking garage revenues is for the six-month period in FY 2017-18 from January 1, 2018 to June 30, 2018. According to Mr. Malone, Sutter Stockton Garage operating revenues and expenditures for FY 2018-19 will be included in the SFMTA's proposed two-year FY 2018-19 and FY 2019-20 budget.

**RECOMMENDATIONS**

1. Amend File 18-0082 to appropriate (a) \$2,837,223 rather than \$7,145,350 in sources, including (i) \$2,377,223 in Operating Revenue, rather than \$6,593,750, and (ii) \$460,000 in Retail Rental Revenue, rather than \$551,600; and \$2,837,223 rather than \$7,145,350 in uses, including, (c) \$1,518,473 in Professional Services, rather than \$5,826,600, and (d) \$1,318,750 in Parking Taxes, which is unchanged.
2. Approve the proposed resolution (File 18-0057), and the proposed ordinance as amended (File 18-0082).



BOARD OF SUPERVISORS  
SAN FRANCISCO

2018 JAN 23 PM 4:48

OFFICE OF THE MAYOR  
SAN FRANCISCO

TO: Angela Calvillo, Clerk of the Board of Supervisors  
FROM: *LCB* Acting Mayor London Breed  
RE: Appropriation – San Francisco Municipal Transportation Agency (SFMTA)  
-Sutter Stockton Garage Operating and retail rentals revenues to SFMTA  
Sustainable Streets Operating Fund for the parking management  
operations in FY 2017-18 - \$7,145,350  
DATE: January 23, 2018

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Attached for introduction to the Board of Supervisors is an ordinance appropriating \$7,145,350 of SFMTA-Sutter Stockton Garage operating and retail rentals revenues to the Municipal Transportation Agency for the Sutter Stockton Garage parking management operations in FY 2017-2018.

I respectfully request that this item be heard in Budget & Finance Committee.

Should you have any questions, please contact Mawuli Tugbenyoh (415) 554-5168.



## Wong, Linda (BOS)

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**From:** Malone, Rob <Rob.Malone@sfmta.com>  
**Sent:** Tuesday, March 06, 2018 4:08 PM  
**To:** Cohen, Malia (BOS); Fewer, Sandra (BOS); Stefani, Catherine (BOS)  
**Cc:** Wong, Linda (BOS); Maguire, Tom (MTA); Graff, Ted (MTA); Malone, Rob (MTA); Auyoung, Dillon (MTA); Martinsen, Janet (MTA)  
**Subject:** Security at City Parking Facilities (Follow up to 3/1 Budget & Finance Subcommittee meeting)

Dear Chair Cohen, Vice Chair Fewer and Supervisor Stefani,

On behalf of the SFTMA, I would like to thank you for supporting items 180082 and 180057 related to the Sutter Stockton Garage. We will look forward to these items being heard at the full Board of Supervisors meeting on March 13.

Thanks also specifically to Supervisor Stefani for the question regarding garage security and to Vice Chair Fewer for the questions regarding data collection/reporting on break-ins and whether proactive measures are being taken to prevent break-ins. I'd like to take a few moments to expand on the brief answers I gave at the microphone regarding recent and ongoing efforts the SFMTA is taking regarding these important issues.

- *Parking Access and Revenue Control System (PARCS) Upgrade at Garages* – We are about 1/3 of the way through a three-year program to upgrade the PARCS at all City garages. The new PARCS will improve overall security in several ways:
  - *Cameras and Central Monitoring* - Many additional cameras are being deployed. Every system device (ticket machine, pay-on-foot machine, etc.) has an imbedded camera. Additionally, all areas with new pay-on-foot machines and all entry and exit lanes are covered by cameras. These cameras are primarily protecting and monitoring the security of the payment process, but they have a secondary benefit of providing video of a significant portion of the garage. All new cameras we install are feeding live footage back to a command center at SFMTA. Moreover, cameras can be monitored by MTA Parking staff at their workstations.
  - *Ambassadors* – Because the PARCS upgrade is automating the payment process for exiting vehicles, employees that were formerly stuck in a booth for their whole shift are freed up to fulfill broader *ambassador* duties, which include customer service, walkthrough inspections of the garage, light janitorial work, etc.
- *Park Smart* – MTA's proactive efforts to reduce vehicle break-ins include participating as an active collaborator in the SFPD's Park Smart program. Under the auspices of this program, MTA is working to develop improved signage to deploy at garages and parking lots that encourages parkers to *park smart* by not leaving valuables in their parked vehicle. We are happy to be installing many additional cameras in garages as part of the PARCS upgrade; these are very helpful in following up on incidents after they happen. However, we strongly agree with the premise of *Park Smart* that the most ideal thing to do is to educate our parkers and help them avoid being a break-in victim in the first place. Additionally, we continue to work with SFPD staff from various stations to improve and hopefully systematize the manner in which we share data regarding the number and type of incidents observed and reported at garages and metered lots.
- *Sutter Stockton Garage security working group* – As I mentioned at the mic, we have been working for a couple of years with an ad hoc group that includes MTA, garage operations and security staff, PD Central Station, and USQ BID staff to closely monitor security incidents and concerns at the garage. The group reviews the details of reported incidents, discusses the efficacy of recent security efforts, and also plans new efforts and procedures in an attempt to address observed security issues. Most recently, starting in March 2018, the garage will deploy a PD 10B officer for 8 hours per day, at varying times, in an effort to increase PD visibility and hopefully deter unwanted activities. MTA will closely monitor the effect of the 10B deployment on the number and type of reported incidents at the garage in order to quantify its effectiveness. Also recently, we worked with a neighboring property owner and installed a fence at an upper level of the garage to deter trespassers from hopping from the garage structure to the roof of the adjacent building.

- *Pierce Garage* – The PARCS was upgraded at this facility in mid-2017. In response to a sustained history of auto break-ins, the PARCS installation here included 14 cameras that are covering all levels of the garage. Additionally, the altered rate structure at this garage is generating additional revenue that the MTA is using to support additional staff presence at the garage. An ambassador is shared between this garage and the Lombard garage, which is three blocks away. This allows periodic staff presence throughout the day to monitor overall operations. Additionally, as was begun in mid-2012, we continue to provide a security guard throughout the evening hours on Wednesday through Sunday.

Should you or your staff have any questions or comments about the information above, please don't hesitate to contact me by email or phone using my contact information below.

Regards,

**Rob Malone, MPA**  
Senior Manager  
Sustainable Streets - Parking

San Francisco Municipal Transportation Agency  
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