

Item 1
File 12-0237

Department:
San Francisco International Airport (Airport)

EXECUTIVE SUMMARY

Legislative Objective

- Resolution approving a new agreement between New South Parking – California (New South Parking) and the Airport for the management and operation of the Airport's public and employee parking facilities, for a not-to-exceed amount of \$95,969,983.

Key Points

- In October 2011, the Airport issued a competitive Request for Proposals (RFP) for the management and operation of the Airport's public and employee parking facilities. New South Parking received the highest score from the Airport, based on experience, operating and maintenance plans, security plans, customer service and marketing plans, and financial qualifications.
- New South Parking has an existing five-year agreement with the Airport for the operation and maintenance of public and employee parking facilities, as previously approved by the Board of Supervisors. The existing agreement began on July 1, 2007 and terminates on June 30, 2012. The proposed new agreement between New South Parking and the Airport is for a five-year period, from July 1, 2012 to June 30, 2017.
- Under the proposed agreement between New South Parking and the Airport, New South Parking would manage and operate the Airport's public and employee parking facilities, including (a) collection of public parking fees, (b) facilities maintenance and janitorial services, (c) security services, (d) management of the Employee Parking Program and collection of employee parking fees, and (e) providing the Airport with monthly operational and fiscal reports on such parking operations.

Fiscal Impacts

- The proposed agreement provides for annual compensation that includes (a) reimbursable costs and (b) a management fee. In the first year of the agreement, the Airport would reimburse New South Parking for their costs to operate and maintain the public and employee parking facilities, up to a maximum of \$17,977,385. Reimbursable costs include (a) staff costs for operating the public and employee parking facilities, (b) management, administrative, technical, and support staff costs, (c) office expenses, (d) insurance, and (e) subcontract costs for janitorial, security and other related services. In addition, the Airport would pay New South Parking a management fee of \$99,000, which includes profit and costs that are not otherwise eligible for reimbursement under the proposed agreement, for a guaranteed maximum price in the first year of \$18,076,385. The guaranteed maximum price increases by up to 3 percent per year, for a total not-to-exceed amount over five years of \$95,969,983.

Recommendations

- Approve the proposed resolution.

MANDATE STATEMENT / BACKGROUND

Mandate Statement

In accordance with City Charter Section 9.118(b), the proposed new agreement between the Airport and New South Parking - California is subject to Board of Supervisors approval because the proposed agreement is for an amount greater than \$10,000,000.

Background

On March 21, 2007, the Board of Supervisors approved a three-year agreement between the Airport and New South Parking – California (New South Parking) for the management and operations of the Airport's public and employee parking facilities, for a total not-to-exceed agreement amount of \$48,287,442 for the three-year period from July 1, 2007 to June 30, 2010, with two additional one-year options to extend (File 07-0227). According to Mr. Kevin Van Hoy, Manager of Parking for the Airport, the Airport selected New South Parking after a competitive Request for Proposals (RFP) process. At the conclusion of the initial three-year agreement period on June 30 2010, the Airport exercised the two consecutive one-year options to extend the agreement with New South Parking, for the periods from July 1, 2010 to June 30, 2011 and July 1, 2011 to June 30, 2012, respectively.

In October 2011, the Airport issued a new competitive RFP for the management and operation of the Airport's public and employee parking facilities. Mr. Van Hoy advises that the Airport Commission received three proposals from the following firms: (a) New South Parking, (b) Standard Pacific, and (c) Ampco U-Street. The Airport selected New South Parking as the highest ranking firm for the provision of management and operation services of the Airport's public and employee parking. New South Parking received a score of 178.5 on the written proposal and oral evaluation, compared to Standard Pacific, which received the second highest score of 158.3.

Table 1 below shows the fee proposals submitted by the three proposers. According to Mr. Van Hoy, while the Ampco U-Street proposal of \$95,894,052 was \$75,931 less over the five-year term of the proposed \$95,969,983 agreement with New South Parking, the New South Parking proposal received a higher overall score, based on experience, operating and maintenance plans, security plans, customer service and marketing plans, and financial qualifications.

Table 1. Total Fee Proposal Over Five-Year Term of the Proposed New Agreement

	New South Parking – California	Standard Pacific	Ampco U-Street
Guaranteed Maximum Price	\$95,969,983	\$97,287,588	\$95,894,052

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve a new five-year agreement between the Airport and New South Parking, in a not-to-exceed amount of \$95,969,983, for the management and operation of the Airport's public and employee parking facilities. Management and operation services include (a) collection of public parking fees, (b) facilities maintenance and janitorial services, (c) security services, (d) management of the Employee Parking Program¹ and collection of employee parking fees, and (e) providing the Airport with monthly operational and fiscal reports.

Under the proposed Agreement, New South Parking would manage and operate all public and employee parking facilities at the Airport as follows:

Public Parking Facilities – Domestic Terminal Parking Garage; International Terminal Garage A; International Terminal Garage G; Long-Term Public Parking Garage

Employee Parking Facilities – Lot C; Lot D; Westfield Garage; SFO Business Center

Other Parking Facilities – Airport Impound Lot; Air Cargo Lots: Northfield Cargo Building 1A, Plot 3, Plot 5, Plot 7, Plot 9, Plot 10 and Plot 11

FISCAL IMPACTS

Under the proposed new agreement, which has been recommended by the Airport on the basis of a competitive Request for Proposal process, the Airport would reimburse New South Parking for their costs to manage and operate the public and employee parking facilities, up to a maximum of \$17,977,385 in the first year of the agreement, as shown in Table 2 below. In addition, the Airport would pay New South Parking a management fee in the first year of \$99,000, which includes profit and costs that are not otherwise eligible for reimbursement under the proposed agreement, for a maximum guaranteed price in the first year of \$18,076,385. Under the proposed agreement, the maximum guaranteed price, which includes reimbursable costs and the management fee, increases by up to 3 percent per year.

¹ New South Parking will manage and operate the Airport's Employee Parking Program. This responsibility includes, but is not limited to: sale of permits as specified by the Airport, issuance of permit decals and access cards, company billings, revenue collection, accounting and deposits to City's designated bank account.

Table 2. New South Parking Budget for Managing and Operating the Public and Employee Parking Facilities in the First Year of the Agreement

Operating Costs

New South Parking Personnel Costs

Parking garage cashiers, valets, and supervisory staff	\$5,440,115
General management, administrative, technical, and support staff	2,407,562
Payroll taxes	<u>1,336,265</u>
Subtotal, Personnel Costs	9,183,942

New South Parking Non-Personnel Costs

Office expenses	563,465
Insurance	<u>105,463</u>
Subtotal, Non-Personnel Costs	668,928

Subcontractor Costs

Janitorial services	2,399,087
Security and traffic control	3,616,035
Credit card and merchant fees	1,583,653
Other contract services	<u>525,740</u>
Subtotal, Subcontractor costs	8,124,515

Total Operating Costs **\$17,977,385**

Management fee 99,000

Total First Year Guaranteed Maximum Price **\$18,076,385**

As shown in Table 3 below, the proposed agreement is for a not-to-exceed total amount of \$95,969,983 over a five year term.

Table 3. Maximum Annual Amount Payable by the Airport to New South Parking under the Proposed Agreement

	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	Five-Year Total
Annual Guaranteed Maximum Price	\$18,076,385	\$18,618,677	\$19,177,237	\$19,752,554	\$20,345,131	\$95,969,983

As shown in Table 4 below, provided by Mr. Van Hoy, under the existing agreement between the Airport and New South Parking for the management and operations of the public and employee parking facilities, the Airport has realized net parking revenues of \$63,850,087 in FY 2010-11 after reimbursing New South Parking.

**Table 4. Net Parking Revenues to the Airport
FY 2007-08 to FY 2011-12**

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12 (through February 2012)
Annual Gross Revenue from Public and Employee Parking Fees	\$66,784,266	\$69,542,529	\$74,313,172	\$81,008,062	\$59,431,059
Reimbursable Costs	15,493,260	16,083,566	16,465,201	17,157,975	10,859,300
Net Parking Revenues to the Airport	\$51,291,006	\$53,458,963	\$57,847,971	\$63,850,087	\$48,571,759

RECOMMENDATIONS

Approve the proposed resolution.