

THIS PRINT COVERS CALENDAR ITEM NO. : 10.11

**SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY**

DIVISION: Sustainable Streets

BRIEF DESCRIPTION:

Approving the City of San Francisco Japan Center Garage Corporation's Fiscal Years 2016-2017 and 2017-2018 Operating Budget for the Japan Center Garage.

SUMMARY:

- Under an agreement executed in February 2013, the City of San Francisco Japan Center Garage Corporation (Corporation) leases the Japan Center Garage from the City and County of San Francisco. Through a prior lease agreement, the Corporation has managed this facility since 2002.
- The SFMTA provides general oversight and policy direction while the Corporation manages the day-to-day operation of the garage.
- Pursuant to the lease, the Corporation is required to submit an annual operating budget for review and approval by the SFMTA.
- The SFMTA's proposed Operating Budget for Fiscal Years 2016-2017 and 2017-2018 includes net revenues generated by this garage.

ENCLOSURES:

1. SFMTAB Resolution
2. Fiscal Years 2016-2017 and 2017-2018 Operating Budget for the Japan Center Garage

APPROVALS:

DATE

DIRECTOR _____ 7/12/16

SECRETARY R. Boomer _____ 7/12/16

ASSIGNED SFMTAB CALENDAR DATE: July 19, 2016

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PURPOSE

This calendar item requests the San Francisco Municipal Transportation Agency (SFMTA) Board of Directors approval of the City of San Francisco Japan Center Garage Corporation’s Fiscal Years 2016-2017 and 2017-2018 Operating Budget for the Japan Center Garage.

GOAL

This action is consistent with the SFMTA 2013-2018 Strategic Plan.

- Goal 2: Make transit, walking, bicycling, taxi, ridesharing and carsharing the preferred means of travel
 - Objective 2.3: Increase use of all non-private auto modes
 - Objective 2.4: Improve parking utilization and manage parking demand

DESCRIPTION

The Japan Center Garage is located at 1610 Geary Boulevard and provides 920 parking spaces. Through an agreement executed in February, 2013, the City of San Francisco Japan Center Garage Corporation (Corporation) leases the garage from the City and County of San Francisco. The Corporation contracts with a professional parking operator for the day-to-day operation and management of the garage, while the SFMTA provides general oversight and policy direction. Under a prior lease agreement, the Corporation has leased the facility since 2002.

Under the lease agreement, the SFMTA receives the net income from garage operations, minus any contribution to the Corporation’s capital improvement fund, as described below.

Pursuant to the lease, the Corporation is required to submit an annual operating budget for the review and approval by the SFMTA Board of Directors. The two-year Operating Budget submitted by the Corporation is consistent with the requirements of Charter Section 8A.106 for the even-numbered year and the Corporation will be provided an opportunity to submit amendments to the two-year Operating Budget in the odd-numbered year.

Enclosure 2 shows details of the proposed Operating Budget for Fiscal Years 2016-2017 and 2017-2018. A high-level summary is provided in the following table:

	FY2015-2016 Actuals	FY2016-2017 Proposed Budget	Variance to FY2015-2016 Actuals	FY2017-2018 Proposed Budget	Variance to FY2016-2017 Proposed Budget
Gross Revenue	\$5,430,759	\$5,998,021	10.4%	\$6,196,251	3.3%
Parking Tax	\$1,079,098	\$1,192,517	10.5%	\$1,232,130	3.3%
Expenses	\$2,049,680	\$1,952,775	-4.7%	\$2,087,365	6.9%
Capital Set-aside	\$150,000	\$450,000	n/a	\$450,000	n/a
Net Income to SFMTA	\$2,151,980	\$2,402,729	11.7%	\$2,426,756	1.0%

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Based on projections of parking demand and the continued adjustment of rates under the SFpark pricing policy, staff anticipates a moderate increase in parking revenue during FY2017. The anticipated gross revenue is \$5,998,021, which is 10.4 percent above the actual amount realized during FY2016.

Expenditures for FY2017 are proposed at \$1,952,775, which is 4.7 percent under the actual amount for FY2016. This modest reduction will be achieved via enhanced scrutiny by agency and Corporation staff to ensure maximum operational efficiency.

Additionally, the Corporation will resume contributions to its capital account. Contributions to the account were disallowed under the first three years of the Corporation's current lease, because SFMTA undertook a large Capital Improvement Program to benefit all garages beginning in 2013. The Corporation's contributions to its capital account began again in March 2016. This amount of the capital set-aside will be \$450,000 for FY2017 and \$450,000 for FY2018.

For FY2017, it is anticipated that the Corporation will generate \$2,402,729 in net income for the SFMTA. This amount is 11.7 percent above the actual amount received for FY2016.

For FY2018, the staff anticipates garage performance to be in line with FY2017, generating \$2,426,756 in net income for the SFMTA. Staff will continue to monitor the garage performance and revise these projections if necessary.

PUBLIC OUTREACH

Staff conducted outreach with the Corporation and with the parking operator contracted to manage the Japan Center Garage. No further public outreach was conducted.

ALTERNATIVES CONSIDERED

No alternative was considered. The garage must have an approved operating budget in order to continue daily operations, which provides parking to the residents and businesses in the area, and generates significant income to support SFMTA programs.

FUNDING IMPACT

Approval of this Operating Budget will result in a net income of \$4,829,485 to the SFMTA during the next two fiscal years. Appropriate net revenues are included in the SFMTA's proposed Operating Budget for Fiscal Years 2017 and 2018.

ENVIRONMENTAL REVIEW

On June 22, 2016, the SFMTA, under authority delegated by the Planning Department, determined that the Operating Budget for Fiscal Years 2016-2017 and 2017-2018 is not a "project" under the California Environmental Quality Act (CEQA) pursuant to Title 14 of the California Code of Regulations Section 15060(c) and 15378(b).

A copy of the CEQA determination is on file with the Secretary to the SFMTA Board of Directors and is incorporated herein by reference.

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OTHER APPROVALS RECEIVED OR STILL REQUIRED

The Japan Center Garage Corporation Board of Directors approved this two-year operating budget at its meeting on June 16, 2016.

The City Attorney's Office has reviewed this calendar item.

RECOMMENDATION

Staff recommends that the SFMTA Board of Directors approve the City of San Francisco Japan Center Garage Corporation's Fiscal Years 2017 and 2018 Operating Budget for the Japan Center Garage.

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. _____

WHEREAS, The City of San Francisco Japan Center Garage Corporation (Corporation) operates the Japan Center Garage on behalf of the City and County of San Francisco under a lease agreement with the City; and,

WHEREAS, Under the terms of the lease, the Corporation is required to submit an annual operating budget to the San Francisco Municipal Transportation Agency (SFMTA) Board of Directors; and,

WHEREAS, The Corporation has submitted its Fiscal Years 2017 and 2018 Operating Budget to the SFMTA Board of Directors for review; and,

WHEREAS, The two-year Operating Budget submitted by the Corporation is consistent with the requirements of Charter Section 8A.106 for this even-numbered year; and,

WHEREAS, The Corporation will be provided an opportunity to submit amendments to the two-year Operating Budget in the odd-numbered year; and,

WHEREAS, The SFMTA's proposed Operating Budget for Fiscal Years 2017 and 2018 includes net revenues generated by this garage; and,

WHEREAS, The SFMTA Board of Directors has reviewed the Corporation's Fiscal Years 2017 and 2018 Operating Budget; and,

WHEREAS, On June 22, 2016, the SFMTA, under authority delegated by the Planning Department, determined that the Operating Budget for Fiscal Years 2017 and 2018 is not a "project" under the California Environmental Quality Act (CEQA) pursuant to Title 14 of the California Code of Regulations Section 15060(c) and 15378(b); and,

WHEREAS, A copy of the CEQA determination is on file with the Secretary to the SFMTA Board of Directors and is incorporated herein by reference; now, therefore, be it

RESOLVED, That the SFMTA Board of Directors approves the City of San Francisco Japan Center Garage Corporation's Fiscal Years 2017 and 2018 Operating Budget for the Japan Center Garage.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of July 19, 2016.

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency

ENCLOSURE 2

Fiscal Years 2016-2017 and 2017-2018 Operating Budget for the Japan Center Garage

	FY 2015-2016 Actuals	FY 2016-2017 Proposed Budget	Variance to FY2015- 2016 Actuals	FY 2017-2018 Proposed Budget	Variance to FY2016- 2017 Proposed Budget
REVENUE					
Taxable Transient Revenue	\$ 3,601,830	\$ 4,058,695	12.7%	\$ 4,226,245	4.1%
Taxable Monthly Parking	\$ 1,782,203	\$ 1,887,093	5.9%	\$ 1,917,251	1.6%
Non-Taxable Monthly Parking	\$ 20,000	\$ 25,000	25.0%	\$ 25,000	0.0%
Taxable Misc Parking	\$ 11,456	\$ 11,800	3.0%	\$ 12,154	3.0%
Gross Parking Revenue	\$ 5,415,490	\$ 5,982,588	10.5%	\$ 6,180,650	3.3%
Non-Parking Revenue	\$ 15,469	\$ 15,433	-0.2%	\$ 15,601	1.1%
Gross Revenue	\$ 5,430,759	\$ 5,998,021	10.4%	\$ 6,196,251	3.3%
Parking Tax	\$(1,079,098)	\$ (1,192,517)	10.5%	\$ (1,232,130)	3.3%
Net Revenue	\$ 4,351,661	\$ 4,805,504	10.4%	\$ 4,964,121	3.3%
EXPENSES					
Personnel Cost	\$ 770,969	\$ 747,728	-3.0%	\$ 770,160	3.0%
Payroll Expense	\$ 370,667	\$ 349,358	-5.7%	\$ 369,678	5.8%
Utilities	\$ 119,526	\$ 125,381	4.9%	\$ 129,142	3.0%
Services	\$ 375,324	\$ 375,471	0.0%	\$ 389,737	3.8%
Supplies	\$ 99,900	\$ 75,000	-24.9%	\$ 95,150	26.9%
Other Costs	\$ 51,400	\$ 41,670	-18.9%	\$ 51,948	24.7%
Garage Management	\$ 244,184	\$ 214,354	-12.2%	\$ 257,623	20.2%
Corporate Expenses	\$ 17,711	\$ 23,813	34.5%	\$ 23,927	0.5%
Total Expenses	\$ 2,031,969	\$ 1,952,775	-3.9%	\$ 2,087,365	6.9%
NET OPERATING INCOME	\$ 2,301,980	\$ 2,852,729	23.9%	\$ 2,876,756	0.8%
25% Capital set-aside	\$ 150,000	\$ 450,000		\$ 450,000	
Income to MTA	\$ 2,151,980	\$ 2,402,729	11.7%	\$ 2,426,756	1.0%