

THIS PRINT COVERS CALENDAR ITEM NO. : 10.6

**SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY**

DIVISION: Sustainable Streets

BRIEF DESCRIPTION:

Approving the City of San Francisco Japan Center Garage Corporation's Fiscal Year 2019 and Fiscal Year 2020 Operating Budgets 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 Budgets for Fiscal Year (FY) 2019 and 2020 includes net revenues generated by this garage.


ENCLOSURES:

1. SFMTAB Resolution
2. Fiscal Years 2019 and 2020 Operating Budgets for the Japan Center Garage

APPROVALS:

DATE

DIRECTOR  3/26/2018

SECRETARY  3/26/2018

ASSIGNED SFMTAB CALENDAR DATE: April 3, 2018

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PURPOSE

Requesting the San Francisco Municipal Transportation Agency (SFMTA) Board of Directors approval of the City of San Francisco Japan Center Garage Corporation's Fiscal Years 2019 and 2020 Operating Budget for the Japan Center Garage.

STRATEGIC PLAN GOALS AND TRANSIT FIRST POLICY PRINCIPLES

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

This action is consistent with the following SFMTA Transit First Policy Principles.

1. To ensure quality of life and economic health in San Francisco, the primary objective of the transportation system must be the safe and efficient movement of people and goods.

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.

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A high-level summary of the proposed Operating Budget for FY 2019 and FY 2020 is provided in the following table:

	FY2018 Projected Actuals	FY2019 Proposed Budget	Variance to FY2018 Projected Actuals	FY2020 Proposed Budget	Variance to FY2019 Proposed Budget
Gross Revenue	5,564,842	5,582,307	0.3%	5,661,828	1.4%
Parking Tax	1,104,636	1,200,000	8.6%	1,225,000	2.1%
Expenses	2,146,107	2,114,939	-1.5%	2,114,939	0%
Capital Set-aside	450,000	450,000	n/a	450,000	n/a
Net Income to SFMTA	1,864,099	1,817,368	-2.5%	1,871,889	3.0%

For FY 2019, it is anticipated that the Corporation will generate \$1,817,368 in net income for the SFMTA. This amount is 2.5 percent below the actual amount projected to be received for FY2018.

For FY 2020, staff anticipates garage performance to be generally in line with FY 2019, generating \$1,871,889 in net income for the SFMTA, which is 3.0 percent above the amount proposed for FY 2019. Staff will continue to monitor the garage performance and revise these projections if necessary.

STAKEHOLDER ENGAGEMENT

Staff engaged 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 \$3,634,736 to the SFMTA during the next two fiscal years. Appropriate net revenues are included in the SFMTA’s proposed Operating Budget for Fiscal Years 2019 and 2020.

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ENVIRONMENTAL REVIEW

On February 5, 2018 the SFMTA, under authority delegated by the Planning Department, determined that the Operating Budget for Fiscal Years 2018-2019 and 2019-2020 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.

OTHER APPROVALS RECEIVED OR STILL REQUIRED

The Japan Center Garage Corporation Board of Directors approved this two-year operating budget at its meeting on December 21, 2017.

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 2019 and 2020 Operating Budgets 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 Year (FY) 2019 and Fiscal Year 2020 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 2019 and 2020 includes net revenues generated by this garage; and,

WHEREAS, The SFMTA Board of Directors has reviewed the Corporation's FY 2019 and FY 2020 Operating Budget; and,

WHEREAS, On February 5, 2018 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 2019 and 2020 Operating Budgets 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 April 3, 2018.

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency

ENCLOSURE 2

Fiscal Years 2017 and 2018 Operating Budgets for the Japan Center Garage

	FY 2018 Projected Actuals	FY 2019 Proposed Budget	Variance to FY 2018 Projected Actuals	FY 2020 Proposed Budget	Variance to FY 2019 Proposed Budget
REVENUE					
Taxable Transient Revenue	\$3,721,830	\$3,748,695	0.7%	\$3,796,245	1.3%
Taxable Monthly Parking	\$1,795,203	\$1,781,162	-0.8%	\$1,812,629	1.8%
Non-Taxable Monthly Parking	\$20,853	\$25,000	19.9%	\$25,000	0.0%
Taxable Misc Parking	\$11,456	\$11,800	3.0%	\$12,154	3.0%
Gross Parking Revenue	\$5,549,342	\$5,566,657	0.3%	\$5,646,028	1.4%
Non-Parking Revenue	\$15,500	\$15,650	1.0%	\$15,800	1.0%
Gross Revenue	\$5,564,842	\$5,582,307	0.3%	\$5,661,828	1.4%
Parking Tax	(\$1,104,636)	(\$1,200,000)	8.6%	(\$1,225,000)	2.1%
Net Revenue	\$4,460,206	\$4,382,307	-1.7%	\$4,436,828	1.2%
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	\$377,750	\$395,471	4.7%	\$389,737	-1.4%
Supplies	\$99,900	\$95,000	-4.9%	\$85,150	-10.4%
Other Costs	\$95,400	\$93,670	-1.8%	\$78,948	-15.7%
Garage Management	\$294,184	\$284,518	-3.3%	\$268,197	-5.7%
Corporate Expenses	\$17,711	\$23,813	34.5%	\$23,927	0.5%
Total Expenses	\$2,146,107	\$2,114,939	-1.5%	\$2,114,939	0.0%
NET OPERATING INCOME	\$2,314,099	\$2,267,368	-2.0%	\$2,321,889	2.4%
25% Capital set-aside	\$450,000	\$450,000		\$450,000	
Income to SFMTA	\$1,864,099	\$1,817,368	-2.5%	\$1,871,889	3.0%