

MEMORANDUM

November 9, 2017

TO: MEMBERS, PORT COMMISSION
Hon. Willie Adams, President
Hon. Kimberly Brandon, Vice President
Hon. Leslie Katz
Hon. Doreen Woo Ho

FROM: Elaine Forbes
Executive Director

SUBJECT: Informational presentation on proposed agreement with the City and JC Decaux for installation and service of public toilets in various locations, in exchange for advertising on public service kiosks in the right of way

DIRECTOR'S RECOMMENDATION: No Action Required

Executive Summary

In 1998, the City with the Port of San Francisco entered into a 20-year agreement with JC Decaux San Francisco to provide and install public toilets and public service kiosks (kiosks) on public property in exchange for the right to sell advertising on the kiosks. Public Works recently issued a request for proposals to provide a similar service and revenue agreement (Agreement), and has again selected JC Decaux. In the proposed new Agreement, JC Decaux would replace the 25 existing public toilets in exchange for the right to replace the 114 existing public service kiosks that display advertising Citywide. There are four public toilets and ten public service kiosks installed on Port property that would be replaced under this new Agreement.

Strategic Objectives

This Project supports the Port's Strategic Plan objectives as follows:

- **Livability:** The Agreement offers living wage for construction and maintenance work.
- **Economic Vitality:** The Agreement will provide needed public services for members of the public to enjoy Port property.

This Print Covers Calendar Item No. 13A

Background

In 1998, the Board of Supervisors approved a 20-year agreement with JC Decaux to provide and maintain 25 public toilets in exchange for a license to install and maintain 114 public service kiosks with print advertising. This agreement, which is managed by San Francisco Public Works and to which the Port is a partner, was amended several times and will expire February 14, 2018. Through this agreement, there are ten public service kiosks and four public toilets on Port property, for which the Port receives a proportionate share of advertising revenues.

Project Description

The City issued a request for proposal for services in 2016, and JC Decaux was the only proposer to respond to this solicitation. JC Decaux is proposing a new modern design that will be unique to San Francisco. The new Agreement would provide new toilet monitoring services, routine maintenance of toilets and kiosks, and give the City the option to purchase, install, and maintain an additional 15 public toilets at the City's cost. The City would receive a minimum annual guarantee payment of \$2.8 million, 20% of gross advertising revenues, and 50% of leasing or licensing fees from street furniture from this new agreement.

Because of the value and term of the proposed Agreement, it requires Board of Supervisors approval which is projected to occur in January and February of 2018 before the old agreement expires.

The new Agreement permits JC Decaux to install 114 new public service kiosks with print and digital advertising in the current locations in exchange for the installation and maintenance of 25 new public toilets. The Agreement also includes a bank of hours for the City to use on toilet monitoring service equivalent to 15 locations, 12 hours-a-day, 365 days-a-year. The City currently pays for monitoring services at seven JC Decaux public toilet locations, none of which are on Port property.

The new Agreement offers two toilet designs for the initial phase: a single and double stall version, allowing the City to replace the current one-stall toilets with two stall versions in the same location using existing utility connections. The Agreement also allows the City to request JC Decaux to install and maintain up to 15 new additional public toilets at City cost. The City would need to request these new toilets within three years of the approval date of the Agreement, seek environmental review pursuant the California Environmental Quality Act (CEQA), and hold public hearings on newly proposed sites prior to installation. The new Agreement has a ten-year term with options allowing up to another 10 years, or a maximum term of 20 years.

The Port has four public toilets installed under the old agreement: two at Jefferson and Powell, one at Pier 7, and one at Embarcadero and Harrison. The Port also has ten advertising kiosks on Port property, as shown in the table below.

#	Street	Cross Street	Kiosk Type
1	Embarcadero	Powell	Pillar Advertising
2	Jefferson	Powell	Pillar Advertising
3	Jefferson	Mason	Pillar Advertising
4	Taylor	Jefferson	Pillar Advertising
5	Jefferson	Hyde	Pillar Advertising
6	Embarcadero	Bryant	Pillar Advertising
7	Embarcadero	Howard	Pillar Advertising
8	Embarcadero	Ferry Building	Heritage News Swinging
9	Bay	Embarcadero	Pillar Advertising
10	Embarcadero	Ferry Building	Pillar Advertising

The current toilet and kiosks design have a faux historical design that references turn of the century Paris. The new proposed design is modern, unique to San Francisco, and is intended to be visually simple and blend into the background.

Regulatory Approvals and Permits

The proposed design for the replacement of the existing Public Toilets and Kiosks is in the process of environmental review pursuant to CEQA with the San Francisco Planning Department, as well as being evaluated by the Historic Preservation Commission for street furniture sited in historic districts or near landmark buildings.

The Civic Design Review Committee of the Arts Commission has approved the design of the toilets and kiosks. Once the Board of Supervisors approves the new Agreement, JC Decaux is required to submit to the applicable City agencies for permitting related to the replacement of street furniture.

All of the toilets currently on Port property and most of the kiosks are within the jurisdiction of the Bay Conservation and Development Commission (BCDC) and will require BCDC review for consistency with the existing permit. Any new toilets would require an amendment to the existing BCDC permit.

Climate Action

Sea Level Rise is not expected to impact the Agreement during its contract period of 10 years with options allowing up to another 10 years, or a maximum term of 20 years.

Local Business Enterprise (LBE)

At Public Works request, the Contract Monitoring Division waived the LBE requirements for this agreement because this is a services contract for advertising revenue in exchange for street furniture. The contract work is mostly performed by JC Decaux itself with limited subcontracting opportunities. The LBE requirement was also waived for the existing agreement. Current and future maintenance work-force are local and union members, and there are requirements for good faith efforts to use local businesses for the construction portion. JC Decaux is required to comply with prevailing wage requirements.

Financial Summary

Under the expiring agreement, JC Decaux provides the City with an initial base payment of approximately \$40,000 annually, and 7% of gross advertising revenues which amount to approximately \$700,000 annually; the Port receives a revenue allocation of approximately \$45,000 annually, based on a ratio of the number of Port kiosks relative to the total Citywide kiosks.

In the proposed new Agreement, after completion of the initial replacement phase, JC Decaux will be paying the City an annual minimum guarantee of \$2.8 million, 20% of gross advertising revenues, and 50% of any additional revenues generated through leasing and licensing from the toilets and kiosks. The Port would receive a pro-rata share of the minimum annual guarantee and the percentage of gross revenues based on the number of Port kiosks relative to the City total (10/114) reduced by the number of Port toilets relative to the City total (4/25) to reflect the capital and maintenance costs for the toilets. Public Works estimates that annual revenue to the Port from this agreement will be close to \$400,000 once the 12-month installation is complete. This annual amount would be reduced if the Port requested monitoring services for some of its locations. Monitoring services are anticipated to cost approximately \$167,700 per location.

Projected Revenue (Year 2)	Amount
Minimum Annual Guarantee	\$135,088
Percentage of Gross Revenues	\$256,393
Total	\$391,481

Schedule

Design approved by Arts Commission	November 2017
Architectural Design Review Committee	November 2017
Historic Preservation Commission	December 2018
Board of Supervisors Budget and Finance Committee	January 2018
Board of Supervisors Approval	February 2018

Next Steps

The new Agreement will provide the Port with replacement public toilets and kiosks and the option to expand the number of toilet locations at a cost. The new agreement also provides monitoring services that the Port could request at its option, which would result in less annual revenue.

The Port is a partner in the existing agreement with the City and JC Decaux San Francisco. For the proposed Agreement the Port would enter into a Memorandum of Understanding with Public Works to describe the services and revenue provided, under the Port Director's delegated authority.

Prepared by: Dan Hodapp
Senior Waterfront Planner

For: Katie Petrucione
Deputy Director, Finance & Administration

Diane Oshima
Deputy Director, Planning & Environment

Attachments

A: Map of Public Toilets and Kiosks

B: Rendering of Toilets and Kiosks