



Edwin M. Lee, Mayor
Philip A. Ginsburg, General Manager

Date: December 7, 2017

To: Recreation and Park Commission

Through: Phil Ginsberg, General Manager
Dana Ketcham, Director Property Management, Permits and Reservations

From: Brian DeWitt, Property Manager

Subject: Golden Gate Park - Segway Tour Concession

Agenda Item Wording

Discussion and possible action to authorize the Department to enter into a lease for up to 5 years with the San Francisco Electric Tour Company for the continued operation of Segway tours in Golden Gate Park leaving from behind the Bandshell in the Music Concourse with terms substantially the same as the term sheet dated December 1, 2017.

Strategic Plan

Objective: 2.3: Work with partners and neighborhood groups to activate parks through organized events, activities, and unstructured play

Background

San Francisco Electric Tour Company (SFETC) entered into a lease agreement with Recreation and Park Department (The Department) on January 28, 2011 following an RFP process. Segway tours are a low impact alternative way to see Golden Gate Park and the tour route was collaboratively developed by Department staff, neighborhood residents, pedestrian safety groups and other interested stakeholders.

SFETC has successfully operated Golden Gate Segway Tours for over 5 years and are the #1 rated tour on TripAdvisor and was named as one of the top 10 tours in the United States by Trip Advisor in 2015.

SFETC is focused on safety by making helmet mandatory, use of florescent reflective vest for guests, and require all guest to pass their safety training. SFETC has trained and given Segway tours to over 75,000 visitors to Golden Gate Park. Every tour is guided and narrated though a wireless radio system transmitting to a single ear bud for each rider.

San Francisco Electric Tour Company has also generated over \$850,000 for the department since October 2011. Income each year is listed below:

SF Electric Tour Company	
Rent Payments 2011-2017	
Year	Rent
2011 (Feb. - Dec.)	\$ 52,674
2012	\$ 113,174
2013	\$ 155,959
2014	\$ 152,986
2015	\$ 166,239
2016	\$ 137,803
2017 (Jan - Sep.)	\$ 106,018
Total Revenue	\$ 884,853

The existing lease expired on January 31, 2016 and SFETC has been operating on a month to month lease since that time.

RFP Selection Process Summary

On February 6, 2017, the Recreation and Park Department issued a Request for Proposals (RFP) soliciting an operator for Segway tours in Golden Gate Park. The RFP was sent to 70 Segway Tour operators. The RFP solicited an operator with experience operating Segway tours, the ability to finance a Segway tour operation, and a robust marketing and business plan.

The Department received timely responses to the RFP from the following entities:

- **San Francisco Electric Tour Company**
- **Silicon Segway**

The Department convened a three-member selection panel to evaluate and score the proposals. In evaluating the submissions, proposals were scored on three main categories: (a) Qualifications and Experience; (b) Business, Marketing, and Operating Plan; and (c) Financial Capability, Financial Projections and Proposed Financial Terms.

After reviewing and discussing the merits of each proposal, the selection panel interviewed each of the Segway tour operators who submitted proposals. After the interviews, the selection panel scored each of the operators and unanimously ranked SFETC the highest out of the two proposals.

Proposed Lease

The Department has negotiated a term sheet attached as Exhibit A with SFETC and is in the process of finalizing the lease. The proposed terms appear below and are the same as the prior lease except for an increase to the base rent and decrease to the yearly base rent increase formula from the greater of 5% or CPI to 3% or CPI.

Summary of Terms

Term	The term of the lease shall be for five years.																												
Permitted Use	Operation of guided Segway tours in Golden Gate Park.																												
	<table border="1"> <thead> <tr> <th>Base Rent</th> <th>Monthly Base</th> </tr> </thead> <tbody> <tr> <td>January</td> <td>\$4,000</td> </tr> <tr> <td>February</td> <td>\$4,000</td> </tr> <tr> <td>March</td> <td>\$8,000</td> </tr> <tr> <td>April</td> <td>\$8,000</td> </tr> <tr> <td>May</td> <td>\$8,000</td> </tr> <tr> <td>June</td> <td>\$17,000</td> </tr> <tr> <td>July</td> <td>\$17,000</td> </tr> <tr> <td>August</td> <td>\$17,000</td> </tr> <tr> <td>September</td> <td>\$17,000</td> </tr> <tr> <td>October</td> <td>\$8,000</td> </tr> <tr> <td>November</td> <td>\$8,000</td> </tr> <tr> <td>December</td> <td>\$4,000</td> </tr> <tr> <td>Total</td> <td>\$120,000</td> </tr> </tbody> </table>	Base Rent	Monthly Base	January	\$4,000	February	\$4,000	March	\$8,000	April	\$8,000	May	\$8,000	June	\$17,000	July	\$17,000	August	\$17,000	September	\$17,000	October	\$8,000	November	\$8,000	December	\$4,000	Total	\$120,000
Base Rent	Monthly Base																												
January	\$4,000																												
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Total	\$120,000																												
Base Rent (minimum)	Base rent amounts to be increase each year based on the greater of a 3% or CPI increase each year.																												
Percentage Rent	18% of all Gross Receipts.																												
Security Deposit	\$8,000																												
Minimum Hours of Operation	Lessee will be required to operate between the hours of 9am to 5pm during the fall and winter and 8am to 7pm during the spring and summer, pursuant to Daylight Savings Time.																												
Department Approval	Lease requires Department approval of the Lessee’s equipment, rates and charges, signage, tour route, and hours of operation.																												
Operational and Safety	See Exhibit A term sheet for details of operational and safety requirement. All requirements are the same as the prior lease.																												

Staff Recommendation:

Department staff recommends that the Commission authorize the General Manager to negotiate and enter into on behalf of the Department a five-year lease with San Francisco Electric Tour Company in accordance with the term sheet attached as Exhibit A.

Supported By:

SF Travel
Academy of Science
Japanese Tea Garden

Opposed By:

Janine Aiello

Kathy Howard, Friends of the Music Concourse, in connection with the 2011 lease approval stated concerns about concessions behind the Bandshell.

Ray Holland, in connection with the 2011 lease approval indicated that he was in favor of Segways in Golden Gate Park but had concerns about the proposed route. In 2011, he was the President of the Planning Association of the Richmond.

Attachments

Exhibit A – Term Sheet dated December 1, 2017.

Exhibit A to Staff Report

Term Sheet dated December 1, 2017

Tenant: San Francisco Electric Tour Company, Inc.

Landlord: San Francisco Recreation and Park Department (the Department)

Premises: A portion of the plaza and adjacent area located immediately southwest of the Golden Gate Park Music Concourse

Term: The lease shall be for 5 years, targeting commencing on February 1, 2018 and terminating on January 31, 2023

Extension Option(s): None.

Use: Operation of a guided Segway® PT Tour concession within Golden Gate Park from the designated area immediately west of the Music Concourse; storage of Segways in designated containers.

Rent: The greater of Base Rent distributed on a monthly basis (as shown in the table below) or **18%** of gross revenues, whichever is higher. Base Rent will be adjusted annually, on the anniversary date, based on the greater of the current CPI or 3%

Base Rent	Monthly Base
January	\$4,000
February	\$4,000
March	\$8,000
April	\$8,000
May	\$8,000
June	\$17,000
July	\$17,000
August	\$17,000
September	\$17,000
October	\$8,000
November	\$8,000
December	\$4,000
Total	\$120,000

Operational Requirements: Tenant shall operate its Segway tour operations in Golden Gate Park at the highest level of safety. Tenant must adhere to all City policies for Golden Gate Park and comply with the following:

- a. Tenant must ensure that Segways are only operated on the Department approved routes in Golden Gate Park or otherwise

- approved in writing by the Department.
- b. Segways must not travel faster than 12 miles per hour at any time.
- c. Each rider must weigh more than 100 pounds and be a minimum of 12 years of age.
- d. Each rider must follow approved code of conduct and traffic laws at all times when operating in Golden Gate Park.
- e. Prior to commencing any Segway tour, Tenant must require each rider to read the Code of Conduct and complete the waiver and release form.
- f. Prior to commencing any Segway tour, Tenant shall give each rider a brief safety training with trained and experienced staff and the following safety guidelines:
 - (i) Wear your helmet at all times.
 - (ii) Follow the tour guide and ride single file on the right side of the road, trail and bridge.
 - (iii) Cross all ramps perpendicularly.
 - (iv) Follow all traffic laws.

Hours of Operations: Tenant shall manage and operate a Segway® PT Tour concession to the general public between the hours of 9am to 5pm in the fall and winter and 8am to 7pm in the spring and summer, seven days a week (able to close during inclement weather but base rent will not be adjusted). Adjusted operating hours may be agreed to in writing by the Department’s General Manager.

Pricing: Current tour types and pricing are: Standard (2.5 hr. @ \$75), Mini (1.5 hr. @ \$55), and Private (@\$105 to \$150 Depending on group size). Rate increases require the Department’s approval. Rate decreases are allowed including promotional discounts.

Storage: Tenant has and will maintain two 20-foot shipping containers on the Premises for storage (depicted on Exhibit A)

Personnel: Current senior tour guides staff will be augmented seasonally with full and part time staff. Tenant is required to staff and train appropriate number of staff to safely and effectively conduct sales, training, and tours.

City Contracting Requirements: Tenant shall comply with all applicable City contracting and lease requirements, including, without limitation, the City’s Non-discrimination in Benefits Ordinance, Minimum Compensation Ordinance, Health Care Accountability Ordinance, First Source Hiring

Program, and Conflict of Interest Ordinance.

NOTE: San Francisco Minimum Wage Ordinance (MWO) set the minimum wage at \$14 as of 7/1/17, raising it to \$15 on 7/1/18 (refer to the MWO for additional details).

Special Events: The Music Concourse may be partially or completely closed to accommodate special events. The Department retains the authority, in its sole discretion, to prohibit the Tenant from operation during the length of special events.

Existing Concessions: Four concessions currently operate adjacent to the Premises west of the Golden Gate Park Music Concourse: Annie’s Hot Dogs, Annakoot, Sam’s Chowder, and Parkwide. Tenant must peacefully coexist. These concessions will continue to operate under their existing lease agreements with the Department.

Utilities and Maintenance: City shall not provide any utilities to the Premises. City shall maintain, repair, and keep in good condition the Golden Gate Park Music Concourse and the parking lot and restrooms adjacent to the Premises.

Tenant’s Maintenance: Tenant shall keep the premises and all fixtures and equipment clean, neat, safe, sanitary, and in good order at all times. Tenant shall remove all waste, trash, rubbish, papers, cartons and refuse from the Premises, to pick up trash and debris in the immediate vicinity of the Premises and dispose of trash in containers provided by Tenant that are large enough to adequately serve the needs of the facility. Tenant shall also remove graffiti on the Premises and storage containers within 48 hours by removing or painting over with closely matching color.

Waste Management: Tenant shall keep the Premises free of food, spills, and debris and in a neat, clean, orderly and attractive condition at all times, provide adequate garbage, compost and recycling receptacles, and empty such receptacles as often as needed to keep them from overflowing during operational hours. Tenant is responsible for hauling away trash generated by its operations and is prohibited from using the park trash bins.

Condition of Premises: As-is.

Tenant None.

Improvements:

Insurance and Indemnity:

Tenant, at no cost to the City, shall procure and keep in effect at all times during the Term insurance as follows:

1. Workers' Compensation, in statutory amounts, with Employers' Liability Limits not less than \$1,000,000 each accident, injury, or illness
 - a) The Workers' Compensation policy(ies) shall be endorsed with a waiver of subrogation in favor of the City for all work performed by the Contractor, its employees, agents and subcontractors.
- 2) Commercial General Liability Insurance with limits not less than \$1,000,000 each occurrence and \$2,000,000 general aggregate for Bodily Injury and Property Damage, including Contractual Liability, Personal Injury, Products and Completed Operations;
- 3) Commercial Automobile Liability Insurance with limits not less than \$1,000,000 each occurrence, "Combined Single Limit" for Bodily Injury and Property Damage, including Owned, Non-Owned and Hired auto coverage, as applicable.
- 4) Commercial General Liability and Commercial Automobile Liability Insurance policies must be endorsed to provide:
 - a) Name as Additional Insured the City and County of San Francisco, its Officers, Agents, and Employees.
 - b) That such policies are primary insurance to any other insurance available to the Additional Insureds, with respect to any claims arising out of this Agreement, and that insurance applies separately to each insured against whom claim is made or suit is brought.

Branding and Signage:

Tenant shall comply with RPD's branding guidelines and all signage must be approved in writing by The Department.