



**DATE:** May 12, 2020

**CATEGORY:** Public Hearing

**DEPT.:** Community Development and Public Works

**TITLE:** **Renewal of Downtown Parking Maintenance and Operation Assessment District No. 2 for Fiscal Year 2020-21**

### **RECOMMENDATION**

1. Hold a public hearing on the annual renewal of the Downtown Parking Maintenance and Operation Assessment District No. 2 for Fiscal Year 2020-21.
2. Adopt a Resolution Preliminarily Approving the Annual Engineer's Report for the Downtown Parking Maintenance and Operation Assessment District No. 2 for Fiscal Year 2020-21, to be read in title only, further reading waived (Attachment 1 to the Council report).

### **BACKGROUND**

On June 29, 1979, the City Council approved the formation of the Downtown Parking Maintenance and Operation Assessment District No. 2 (District) in order to adequately fund the continued maintenance and operation of the City's downtown public parking facilities (Attachment 2—District Map). Downtown property owners created the District under the premise that both commercial and residential properties in the District benefit equally from: (1) the provision and maintenance of public parking facilities regardless of property use; (2) the location of the property owner's parcel relative to the public parking facilities; and (3) the amount of parking provided on-site.

The District supports the availability of convenient, safe, and attractive public parking and pedestrian alleyways connecting the public parking facilities to Castro Street. Also, as part of the District's creation, the City developed a Downtown Parking Permit Program. Businesses and their employees, property owners, and residents within the District are allowed to purchase permits. The permits allow them to park up to eight hours per day, Monday through Friday, at specifically designated public parking facilities.

The District must conform to the provisions of Proposition 218, (also called the “Right to Vote on Tax Act”), which was approved by California voters in November 1996 to regulate various local revenue tools, including assessment districts. For existing assessment districts, Proposition 218 requires a ballot measure if a district’s assessment formula is changed and/or the amount of the assessment to the District is increased. No ballot is required if the City Council directs staff to proceed with the recommended assessment using the same formula and total assessment amount.

Currently, property owners are annually assessed a proportionate share of the maintenance and operation costs based on a two-part assessment formula: land use/parking requirements for all the properties within the District and property square footage. Seventy-five percent (75%) of the maintenance and operation assessment is calculated and allocated on the basis of land use/parking requirements. Twenty-five percent (25%) of the assessment is calculated according to the size of each property. The total assessment, including the formula, cannot be modified without the approval of the property owners via a ballot. Finally, the annual assessment amount is determined by the District Engineer’s Report written pursuant to the Mountain View City Code, which must be approved annually by Council. The assessments are then collected through the County of Santa Clara on the annual property tax rolls. The annual median assessment per site is approximately \$1,000, and many property owners pass the assessment costs on to their tenants. The proposed assessment formula has not changed since Fiscal Year 1996-97.

## ANALYSIS

The purpose of this agenda item is to hold a public hearing and preliminarily approve the Engineer’s Report (Attachment 3) pursuant to the Mountain View City Code for the District. The Engineer’s Report outlines the estimated cost of maintenance and operations along with the assessments for each property owner. Staff recommends that the assessment formula and total amount of the assessment for Fiscal Year 2020-21 (\$158,606) be the same as in the previous 24 years. The public hearing and final action are scheduled for June 23, 2020.

The District preliminary revenues for Fiscal Year 2020-21 are estimated at \$1.87 million and will be used for maintenance and operating expenses of the City’s downtown public parking facilities. In general, the operating expenses are funded from assessment (\$158,606), but other revenues also support the District, such as permit fees, investment earnings, and property taxes. It is estimated the District will receive \$1.02 million in property tax revenue, \$172,000 in investment earnings, \$500,000 in permit revenue, \$158,606 in assessments, and \$23,000 in other revenues for a total of \$1.87 million. The

District receives no General Fund revenues. Separate from operations and maintenance, the District also has a parking in-lieu fee when new construction or change of use increases the amount of parking required. A developer can either provide the required parking on-site or pay the in-lieu fee. If fees are paid, they are required to be reserved for the creation of new public parking supply.

### Uses of District Funds

The District supports the operations and maintenance of the public parking facilities, as well as the implementation of downtown parking projects. Previous projects funded include a study of the City's Downtown Parking Permit Program, the evaluation and identification of parking technology solutions, a parking consultant who developed guidelines for a valet parking program, and paid parking. The District is currently funding janitorial services, ongoing maintenance of the parking technology at the two public parking structures, biannual parking occupancy data collection at the public parking facilities, a valet parking pilot program at Parking Lot 11 (Villa Street at Franklin Street), and a Downtown Parking Strategy to help manage the demand of public parking in downtown Mountain View. The District also continues to fund a Police Assistant position to focus on downtown parking enforcement efforts.

Staff also estimates that the annual funding of \$37,500 is needed for future major maintenance projects, such as painting of the parking structures, pavement repairs, and restriping. This amount is set aside each year as part of the District's long-term maintenance fund.

### Downtown Parking Strategy

The Downtown Parking Strategy is being developed to provide a comprehensive and integrated approach to the management of downtown parking. On October 15, 2019, the City Council held a Study Session to discuss the Downtown Parking Strategy. During the Study Session, Council supported a broad set of parking goals addressing parking efficiency and supply, implementing parking technology and supporting transportation demand management. In addition, at the February 4, 2020 City Council meeting on Council Major Goals, Council provided direction to add the exploration of a third parking structure. The Downtown Parking Strategy is expected to be completed in Second Quarter 2021.

## **FISCAL IMPACT**

The recommended actions will not have a fiscal impact to the City's General Fund. If the Engineer's Report and the proposed assessment are approved after the public hearing on June 23, 2020, 212 property owners will pay an assessment for the cost of maintaining and operating the downtown parking facilities used by residents, businesses, and customers in the District. All of the District revenues are held in a separate Parking District Fund, and all expenses, including parking operations, maintenance, and other activities, are paid out of this fund.

## **ALTERNATIVES**

1. Do not approve the resolution recommended by staff. If the resolution is not adopted, the City would need to seek new funding to maintain the downtown public parking facilities.
2. Direct staff to amend the Engineer's Report and return to City Council with the amended report at the June 23, 2020 City Council meeting.
3. Provide other direction. Any changes to the District boundaries or assessment formula would require a ballot.

**PUBLIC NOTICING**

Notice of this public hearing (May 12, 2020) and public hearing scheduled for June 23, 2020 was mailed directly to property owners located within the District on May 1, 2020 (Attachment 4). In addition to the Agenda posting, the Central Business Association has been noticed. A notice of the public hearing for June 23, 2020 will be published in a newspaper of general circulation.

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822-05-12-20CR

- Attachments:
1. Resolution Preliminarily Approving the Annual Engineer's Report
  2. Downtown Parking Map
  3. Draft Annual Engineer's Report
  4. Public Hearing Notice