



COUNCIL REPORT

DATE: May 23, 2023

CATEGORY: Consent

DEPT.: Community Development,
Public Works

TITLE: **Renewal of Downtown Parking
Maintenance and Operation Assessment
District No. 2 for Fiscal Year 2023-24**

RECOMMENDATION

Adopt a Resolution of the City Council of the City of Mountain View Approving the Annual Engineer’s Report for the Downtown Parking Maintenance and Operation Assessment District No. 2 and Approving the Levying of Assessments for Fiscal Year 2023-24, to be read in title only, further reading waived (Attachment 1 to the Council report).

BACKGROUND

In 1959, the City Council approved the formation of Parking District No. 2. The Parking District was created to operate, maintain, and fund future capital improvement costs associated with public parking in downtown. This is the original source of funding supporting downtown parking operations. With the passage of Proposition 13 in June 1978, the property tax rate was reduced, and the funding to the Parking District was not adequate for the maintenance and operations of the existing Parking District. On June 29, 1979, the City Council approved the formation of Downtown Parking Maintenance and Operation Assessment District No. 2 (Assessment District) in order to adequately fund the continued maintenance and operation of the City’s downtown public parking facilities (Attachment 2—Assessment District Map).

Downtown property owners created the Assessment District under the premise that both commercial and residential properties in the Assessment 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 public parking facilities; and (3) the amount of parking provided on-site. This is the second source of funding supporting the maintenance and operations of the Parking District. This report is focused on actions associated with this funding source.

ANALYSIS

The purpose of this agenda item is to renew the District Assessment and approve the Annual Engineer’s Report (Exhibit A of Attachment 1) pursuant to the Mountain View City Code, along

with the estimated cost of maintenance and operations, and the assessments for each property owner. Staff recommends that the total amount of the assessment for Fiscal Year 2023-24 (\$158,606) be the same as in the previous 27 years.

The Assessment District supports the availability of convenient, safe, and attractive public parking and pedestrian alleyways connecting the public parking facilities to Castro Street. As part of the Assessment District's creation, the City developed a Downtown Parking Permit Program. Businesses and their employees, property owners, and residents within the Assessment District may purchase permits. The permits allow parking up to eight hours per day, Monday through Friday, at specifically designated public parking facilities. The Assessment District must conform to Mountain View City Code Section 17.128.30 and the applicable local revenue tools, including Assessment Districts.

Currently, property owners are annually assessed for a proportionate share of the maintenance and operation costs based on a two-part assessment formula: (1) land use and parking requirements for all the properties within the Assessment District; and (2) property square footage. Seventy-five percent (75%) of the maintenance and operation assessment is calculated and allocated on the basis of land use and parking requirements, and 25% of the assessment is calculated according to the size of each property. The assessment formula has not changed since Fiscal Year 1996-97.

The total assessment, including the formula, cannot be modified without compliance with the City Code and any applicable provisions of State law. Finally, the annual assessment amount is determined by the Assessment District Engineer's Report, which must be approved annually by Council pursuant to the City Code. 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 \$145, while the mean assessment is \$687, with many property owners passing the assessment costs on to their tenants.

Source of Funds for the Downtown Benefit Assessment District Fund

The Downtown Benefit Assessment District Fund is made up of several revenue sources, including permit fees, investment earnings, and property taxes. The Downtown Parking Maintenance and Operation Assessment District No. 2 is one line item (\$158,606) of the larger Downtown Benefit Assessment District Fund (\$2.255 million).

The Downtown Benefit Assessment District Fund preliminary revenues (combined) for Fiscal Year 2023-24 are estimated at \$2.255 million and are to be used to support the maintenance and operating expenses of the City's downtown public parking facilities. Specifically, revenue from Maintenance and Operation Assessment District No. 2 are used to fund contract maintenance services and utilities. Additional revenue sources (\$2.06 million) help cover the costs of operating

and maintaining the City's public parking within the Parking District. It is estimated that the Assessment District will receive \$1.14 million in property tax revenue (original source of funding supporting parking operations), \$145,700 in investment earnings, \$300,000 in Downtown Parking Permit revenue, and \$20,000 in other revenues for a total of \$2.06 million. The Maintenance and Operation Assessment District No. 2 receives no General Fund revenues.

Separate from operations and maintenance, the Downtown Benefit Assessment District fund also has a parking in-lieu fee when development projects that are proposing new construction or a change-of-use increase 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 Funds for the Downtown Benefit Assessment District Fund

The Downtown Benefit Assessment District Fund 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 Parking District is currently funding ongoing maintenance, including janitorial services, and parking technology at the two public parking structures, biannual parking occupancy data collection at the public parking facilities, completion and implementation of the Downtown Parking Strategy, and the development of temporary parking when public parking lots are under development. The District Fund 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 assessment term maintenance fund.

State Laws Impacting Downtown Benefit Assessment District Funds

With the passage of Assembly Bill 2097, municipalities are no longer able to collect parking in-lieu fees for projects that are within one-half mile of transit. This will impact the ability of the City to collect revenue to build and make improvements to parking facilities within the Parking District. The Downtown Parking Strategy recommended options, including requiring stronger transportation demand management (TDM) measures for projects, revamping the fee structure for the Downtown Parking Permit Program that allows office and other uses to utilize select public parking lots for greater than the three-hour limit, and implementing paid parking as options. Staff will be working on implementation of this program in Fiscal Year 2023-24 and will bring back options for Council's consideration at a future Study Session in spring 2024.

FISCAL IMPACT

The recommended actions will not have a fiscal impact to the City's General Fund. If the Engineer's Report and the renewal of the assessment for Parking Maintenance and Operation Assessment District No. 2 are approved, 220 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 Assessment District. All Assessment 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. Provide other direction. Any changes to the Assessment District boundaries or assessment formula would require further action(s) pursuant to the City Code and/or State law.

PUBLIC NOTICING

All property owners within the assessment district were notified via mail of the renewal.

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Attachments: 1. Resolution and Exhibit A
2. Downtown Parking Map