



COUNCIL REPORT

DATE: May 14, 2024

CATEGORY: Consent

DEPT.: Community Development,
Public Works

TITLE: **Renewal of Downtown Parking
Maintenance and Operation Assessment
District for Fiscal Year 2024-25**

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 2024-25, 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 (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.

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 them to park up to eight hours per day, Monday through Friday, at specifically designated public parking facilities.

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 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 \$100, while the mean assessment is \$652 with many property owners passing the assessment costs on to their tenants. The proposed assessment formula has not changed since Fiscal Year 1996-97.

The Assessment District must conform to Mountain View City Code Section 17.128.30 and the applicable local revenue tools, including assessment districts. Therefore, the total assessment, including the formula, cannot be modified without compliance with the City Code and any applicable provisions of state law.

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 2024-25 (\$158,606) be the same as in the previous 28 years.

The Assessment District will be used for the maintenance and operating expenses of the City's downtown public parking facilities. The Assessment District's preliminary revenues for Fiscal Year 2024-25 are estimated to be \$1.57 million from the following sources: assessments (\$158,606); property tax (\$1.09 million); investment earnings (\$145,700); permit revenue (\$156,000); and other revenues \$20,000). The Assessment District receives no General Fund revenues.

State Laws Impacting Parking District Funds

Separate from operations and maintenance, the Assessment District also has a parking in-lieu fee when development projects proposing new construction or 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.

With the passage of Assembly Bill 2097, which became effective January 1, 2023, 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 district. The Downtown Parking Strategy recommended options, including requiring stronger transportation demand measures (TDM) 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 is working on implementation of this paid parking program with a consultant in Fiscal Year 2024-25 and will bring back options for Council's consideration in spring 2025.

Uses of Assessment District Funds

The Assessment 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, parking consultants who developed guidelines for a valet parking program, and an assessment of paid parking options. The Assessment 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 developing temporary parking when public parking lots are under development. The Assessment District also continues to fund a Police Assistant position to focus on downtown parking enforcement efforts. Staff also estimates that an annual funding amount 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.

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 are approved, 209 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 Assessment District 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 Approving the Annual Engineer's Report
2. Downtown Parking Map