



DATE: June 14, 2016

CATEGORY: Public Hearing

DEPT.: Community Development/
Public Works

TITLE: **Downtown Parking Maintenance and
Operation Assessment District for
Fiscal Year 2016-17**

RECOMMENDATION

1. Adopt a motion waiving the reading of the Statement of the Engineer of Record.
2. Adopt a Resolution Adopting the Engineer's Report for the Downtown Parking Maintenance and Operation Assessment District for Fiscal Year 2016-17 and Authorizing its Delivery to Santa Clara County, 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 (District) in order to adequately fund the continued maintenance and operation of Parking District No. 2. The downtown property owners created the District under the premise that both commercial and residential properties in the District benefit equally from the provision and maintenance of public parking facilities regardless of use of the property, the location of the property relative to the public parking facilities, and the amount of parking provided on-site by the property owners. The District supports the availability of convenient, safe, and attractive public parking, and pedestrian alleyways connecting the public parking facilities to Castro Street.

Each year property owners are assessed a proportionate share of the maintenance and operation costs based on an assessment formula. The assessment formula for the District is comprised of two components—one based on land use and the second based on parcel area. Approximately 75 percent of the maintenance and operation assessment is calculated and allocated on the basis of land use. The remaining 25 percent of the assessment is calculated according to the size of the parcel.

From 1979 to 1987, the assessment was \$50,000. The assessment was raised most years until 1996 to increase the proportion of operating costs funded by the maintenance

assessment. The most recent increase was completed in Fiscal Year 1996-97, when the assessment was raised to approximately \$158,606. The assessment has not been increased since; it requires a vote of property owners in accordance with Proposition 218.

ANALYSIS

Based on State and City requirements, the City renews the District on an annual basis in order to establish and levy assessments for the District. Staff recommends no increase in the maintenance assessment for Fiscal Year 2016-17 because the present assessment revenue, combined with the District's other operating revenues, is adequate to cover current expenditures. The Engineer's Report summarizes the District's revenues and expenditures for Fiscal Year 2016-17.

The District revenues for Fiscal Year 2016-17 are estimated at \$1.18 million and are used for maintenance and operating expenses. In general, the balance of operating expenses is funded from the District's other revenues, such as permit fees and property taxes. Due to agreements related to the dissolution of the Revitalization Authority, the District no longer receives rent revenue from the CVS Pharmacy ground lease (\$40,000). The total other revenues will increase and is estimated that the District will receive \$648,500 in property tax revenue and \$316,100 in permit revenue.

The District continues to fund the implementation of the Downtown Parking Work Plan. Previous projects funded include a study of the parking permit program and evaluation and identification of parking technology solutions. The District is currently funding the implementation of parking technology (real-time wayfinding signs), a feasibility study on how to create new public parking spaces (currently on hold due to the Hope Street Parking Lots development project), and a parking consultant who is developing guidelines for additional parking programs (i.e., valet parking, shared parking agreements, potential expansion of the District). The District also continues to fund a Police Assistant position to focus on downtown parking enforcement efforts.

A public meeting on the District assessment was held on May 17, 2016. At that meeting, City Council adopted a resolution preliminarily approving the annual Engineer's Report for the Downtown Parking Maintenance and Operation Assessment District for Fiscal Year 2016-17. If approved after the public hearing, the assessments will be forwarded to the County for placement on the property tax rolls. Property owners are encouraged to call the Community Development Department at (650) 903-6306 prior to the public hearing if they have any questions regarding individual assessments.

FISCAL IMPACT

If the assessment for the District is approved after the public hearing, approximately 222 property owners will contribute \$158,606 toward the cost of maintaining the downtown parking lots and structures used by residents, businesses, and customers in the District. The median assessment is approximately \$1,000, and many property owners pass the assessment costs on to their tenants.

ALTERNATIVES

If the resolution adopting the Engineer's Report for the Downtown Parking Maintenance and Operation Assessment District for Fiscal Year 2016-17 and authorizing its delivery to Santa Clara County is not adopted, the report would not be approved and the assessments will not be delivered to Santa Clara County. The funds from the District would not be allocated toward the cost of maintaining the downtown parking facilities.

PUBLIC NOTICING

In addition to the standard agenda posting, notices have been sent to all affected property owners, the Central Business Association, and published in the newspaper.

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Attachments: 1. Resolution
2. Engineer's Report
3. Statement of the Engineer of Record