


CITY COUNCIL ACTION REQUEST

DEPARTMENT(S) Transportation	CEQA Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment.	COORDINATION City Attorney's Office and City Manager's Budget Office	Director Approval /s/ John Ristow
COUNCIL DISTRICT(S) 3			CMO Approval  10/16/24

SUBJECT: Amendment to Parking Agreement with SJ North 1st LLC

RECOMMENDATION

Adopt a resolution authorizing the City Manager or her designee to negotiate and execute a first amendment to the parking agreement with SJ North 1st LLC to retroactively extend the term length from September 30, 2024 to June 30, 2029.

BASIS FOR RECOMMENDATION

Prior to 2020, the City offered a program for owners of downtown Class B & C office buildings, which are buildings that do not have onsite or offsite parking sufficient to meet their parking needs, the ability to enter into parking agreements for parking permits at downtown City-owned garages with the following terms:

- Two permits per 1,000 square feet;
- \$25 rate per permit during a holding term where permits were inactive and allowed property owners to market property;
- Once permits were assigned to tenants, the then market rate would apply; and
- Term lengths were capped at five years.

In October 2019, the City and SJ North 1st Street LLC entered into an agreement for the property located at 1 West Santa Clara Street based upon the then current offering with a term through September 30, 2024.

In June 2022, the City Council approved an amendment to the Master Parking Rate Schedule which introduced the Commercial Real Estate Parking Program. This program was similar to the pre-2020 program, noted above, but with slightly higher holding fees and longer term lengths.

In July 2024, representative from SJ North 1st Street LLC approached the City to explore extending the existing parking agreement for an additional five years under the more favorable fee structure versus the current Commercial Real Estate Parking Program.

At its October 1, 2024 meeting, the City Council approved the Downtown San José Office Incentives, which included an amendment to the Master Parking Rate Schedule introducing a parking agreement program for two years of free parking to new businesses downtown. However, this newly approved program does not address the current needs from the owners of 1 West Santa Clara who would like to continue to have parking under contract to offer to prospective tenants, particularly if a new tenant does not qualify for the new Downtown San José Office Incentive.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

COST AND FUNDING SOURCE

The current agreement and proposed amendment would continue to generate nominal revenue to the General-Purpose Parking Fund for an estimate of \$2,700 per month during the inactive holding term. Assuming all 108 permits allocated under this agreement were activated at the current \$125 per month rate, the General-Purpose Parking Fund would generate \$13,500 per month or \$162,000 annually.

FOR QUESTIONS CONTACT: Arian Collen, Division Manager, Department of Transportation, at arian.collen@sanjoseca.gov.