



Memorandum

TO: CITY COUNCIL

FROM: Councilmember Raul Perez
Mayor Sam Liccardo

SUBJECT: SEE BELOW

DATE: June 10, 2022

Approved by:

Date: 06/10/22

SUBJECT: Amendment to the Master Parking Rate Schedule for a Commercial Real Estate Parking Program and Various Parking Programs and Rates

RECOMMENDATION

Approve staff recommendation with the following revisions:

1. Exempt in-fill office/commercial Downtown projects that have:
 - a. Submitted a complete development application to the City on or before the date of this Council's vote (June 14, 2022);
 - b. Commenced negotiations with Department of Transportation (DOT) staff on prospective terms for a parking agreement prior to June 14, 2022 under the existing master parking rate schedule. Documentation should be provided.
2. Authorize the City Manager and DOT to complete negotiations with projects that meet Recommendation #1 and execute parking agreements.
3. Allow DOT staff discretion to negotiate with future applicants long term leases that may exceed the new rate schedule, if necessary for building financing, and subject to City Council approval.

DISCUSSION

Thank you to DOT staff for taking on the challenging task of updating our Master Parking Rate Schedule, especially with many commercial and office projects on the horizon. The proposed program provides clarity to commercial developers seeking for parking arrangements in our public garages, while maintaining flexibility for our City Staff to negotiate agreements that are in the best interest of our public parking assets and economic development efforts.

With that said, the only exception to the program would be projects that had already commenced conversations with DOT staff prior to this policy update, first unveiled at the November 3, 2021 Downtown Parking Board meeting.

For example, the SuZaCo Mixed Use Project (File # HP21-005) located at the southwest corner of 4th and East Santa Clara had initiated discussions with DOT staff as early as May 2021. The preliminary terms for a parking agreement were comparable to other Downtown projects but had stalled due to the development of this policy. Those terms included:

- Dedicated permits in the 4th Street and San Fernando garage at 1.5 stalls per 1000 ft of office
- A 5 year construction period followed by a 10 year initial period post-construction with two five year extension options.

As we know, financing for dense in-fill office projects is very complex and dynamic, including factoring in market demand for parking. While we agree that all commercial projects moving forward would need to comply with this new rate schedule, it would be unfair to pull the rug out from under this applicant that had started negotiations early on and built their pro-forma around it. Therefore, we ask that staff complete negotiations and execute a parking agreement with the aforementioned terms.