



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL AND
REDEVELOPMENT AGENCY BOARD

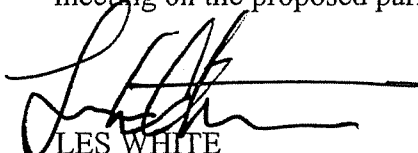
FROM: Les White
Harry S. Mavrogenes

SUBJECT: DOWNTOWN PARKING MANAGEMENT PLAN 2006/07 UPDATE AND PARKING GARAGE ENHANCED SECURITY PLAN **DATE: 05-31-07**

On May 29, 2007, the Transportation and Environment Committee accepted the Downtown Parking Management Plan 2006/07 Update and the Enhanced Parking Garage Security Plan, and approved forwarding the recommendations to the City Council/Redevelopment Agency Board for review and approval. During the Committee discussion, staff was requested to develop a methodology to evaluate the benefits and impacts of the proposed six-month pilot program for the \$5 entry fee after 10 pm on Thursday, Friday, and Saturday nights at the City's parking garages. The pilot program is designed to generate the necessary revenue to pay for enhanced security, expanded cleaning activities, and to act as a deterrent to loitering in the garages. Preliminarily staff suggests the following framework be used on a before and after basis to monitor and evaluate the proposed pilot program to determine its success:

- Parking customer survey feedback on the safety and cleanliness of parking garages
- Parking garage entries from 9 pm through 2 am, and projected versus actual parking revenue
- Reported incidences of inappropriate/illegal activity (e.g. vandalism, loitering, drinking, etc.)
- Reported activity and revenue from Downtown night clubs and other Downtown businesses
- Observations by DOT staff, the Police Security Detail, the private parking operator and security provider, and Downtown night clubs and businesses.

The Downtown Parking Board has requested that staff report back to the Board at its meetings later this summer and in the fall to determine benefits and impacts of the proposed six-month pilot program. Staff will make a presentation at City Council/Redevelopment Agency Board meeting on the proposed parking and security plans.



LES WHITE
City Manager



HARRY S. MAVROGENES
Executive Director

For questions please contact Jim Ortbal, Assistant Director of Transportation at 535-3845, or Abi Maghamfar, Director of Parking and Administration at 795-1891.

Attachments



Memorandum

TO: TRANSPORTATION AND
ENVIRONMENT COMMITTEE

FROM: James R. Helmer
Abi Maghamfar

**SUBJECT: DOWNTOWN PARKING MANAGEMENT
PLAN 2006/07 UPDATE AND PARKING
GARAGE ENHANCED SECURITY PLAN**

DATE: 05-22-07

Approved

Date

5-22-07

RECOMMENDATION

1. Recommend approval by the City Council/Redevelopment Agency Board of the Downtown Parking Management Plan 2006/07 Update, and the Implementation Plan, as follows:
 - A. Approve the reprioritization of parking development sites as follows:
 1. Establishment of the Greyhound site as first priority
 2. Establishment of the Parkside Hall and Convention Center sites as second priorities to be monitored as opportunities for future additional public parking
 3. Removal of the Notre Dame site from the list of parking development priority sites.
 - B. Authorize the Executive Director of the Redevelopment Agency to pursue acquisition of the Greyhound site for future parking development as part of a future mixed use development and direct the Executive Director to return to the City Council/Redevelopment Agency Board with a recommended purchase or lease/purchase option agreement.
 - C. Authorize the Executive Director and City Manager to pursue the development of approximately 70 Parking Plus spaces as part of the proposed Living Tomorrow project at 1st and San Fernando Streets, and to identify the source of funds to cover the estimated cost of approximately \$2.8 million in fiscal year 2008-09.
 - D. Adoption of a Master Parking Rate Resolution authorizing the Director of Transportation to:
 1. Extend the existing start up company parking incentive program with a 50% discount on monthly parking rates, which provides a total of 50 monthly parking spaces, with a maximum of 10 per eligible company, until July 31, 2009, and thereafter, to annually extend the discounts if sufficient parking supply exists to offer the discounts.

2. Implement an incentive program that provides a 50% discount on monthly parking rates for two years for the Software and Environmental Business Clusters and US Market Access Center participants until July 31, 2009, and thereafter, to annually extend the discounts if sufficient parking supply exists to offer the discounts.
 3. Implement an incentive program that provides a 25% discount on monthly parking rates for two years for new businesses coming to the Downtown area and occupying buildings with insufficient parking supply until July 31, 2009, and thereafter, to annually extend the discounts if sufficient parking supply exists to offer the discounts.
 4. Implement a long-term lease program (up to 60 months) allowing Downtown building owners with insufficient on-site parking to lease parking spaces at the Market Street, 3rd Street, and 2nd and San Carlos Garages at the established monthly parking rate until July 31, 2008, and to thereafter extend the program on a month to month basis if sufficient parking supply exists to extend the program.
 5. Modify the Free Parking Program effective January 1, 2008 as follows:
 - a. Eliminate the nighttime (after 6 pm) free parking portion of the program and charge a \$2 maximum rate, and to make future adjustments up to a maximum of \$5 on a biennial basis, or after January 1, 2009 with the consultation of the Downtown Parking Board.
 - b. Retain the weekend (Saturday and Sunday) and holiday daytime (6 am to 6 pm) portion of the program.
 - c. Add the Convention Center Garage to the nighttime (after 6 pm) \$2 maximum rate on days when no events are scheduled in convention and cultural facilities.
 - d. Provide one hour of nighttime (after 6 pm) free parking in the 4th Street Garage to support the Martin Luther King, Jr. library operations.
 6. Modify the parking validation program effective July 1, 2007 to include Downtown social service providers as eligible organizations to mitigate the impact of modifying the nighttime portion of the free parking program.
- E. Approve the creation of a secured parking capital development reserve account within the General Purpose Parking Fund, and adopt a City policy providing that funds deposited in the account will be used solely for the purpose of parking supply enhancement, including: land acquisition, design, development, construction, debt service, parking supply expansion, and improved yield, and direct staff to deposit funds in the account during each annual budget process at the rate of 50% of net operating revenues. The actual split would be based upon the needs of the existing system and the need for parking capital development, and by annual budget action of the Parking Board and City Council.
2. Approve an Enhanced Security Plan for public parking garages including adoption of a Master Parking Rate Resolution authorizing the Director of Transportation, on a pilot basis from July 1, 2007 through December 31, 2007, to charge a \$5 fee at entry after 10 pm on Thursday, Friday, and Saturday at the Market Street, 2nd/San Carlos, 3rd Street, 4th Street Garage, and Convention Center Garage, and authorizing the Director to reduce or eliminate the \$5 fee if the impacts are determined to outweigh the benefits after consultation with the Downtown Parking Board (DPB).

OUTCOME

Approval of the recommendations contained in the PMP 2006/07 Update will provide short and long-term policy direction to support the Downtown Parking Program's Mission: "To create and maintain a Downtown public parking system that provides available and accessible parking"; and to help achieve the three overarching goals of the PMP Update: 1) Convenient and Available Parking Supply, 2) Clean, Safe, and Inviting Parking Facilities, and 3) Parking Incentives that Expand Business Downtown.

BACKGROUND

Past City Council/Redevelopment Agency Board Actions

In November 2001, in connection with the "Strategy 2000 San Jose Greater Downtown Strategy for Development," the Redevelopment Agency Board and the City Council approved the 2001 Downtown Parking Management Plan. The 2001 PMP provided short and long-term strategies and priorities to meet parking demand, provide for capital needs, and support effective and efficient operations. The 2001 PMP included a significant capital development program that was built on the premise of a continued expansion of the national, regional, and local economies that was generating record levels of office occupancy and parking occupancy, and the associated parking and redevelopment tax increment revenues. Some elements of the 2001 PMP have been implemented, however due to the significant economic impact of the events of September 11th, 2001, the "dot.com" bust, and State budget actions that further impacted City and Redevelopment Agency revenues, the implementation of major capital elements of the 2001 PMP, including construction of new parking facilities, was deferred.

In October 2003, the Redevelopment Agency Board and City Council approved a revised set of short and long-term priorities, including the development of Parking Plus spaces within the 2nd and Santa Clara and Block-3 (Central Place) projects under construction by CIM, and site acquisition of the Notre Dame and Greyhound sites. Staff was further directed to monitor the economic climate in the Downtown area, explore options to continue progress on the PMP, and develop priorities based upon relevant economic and parking demand triggers.

In May 2004, the Downtown Parking Board (DPB), the City Council and the Redevelopment Agency Board approved a series of triggers for parking development and a revised framework for the implementation of short and long-term priorities within the 2001 PMP. Although the basic priorities of the 2001 PMP remained the same, the continued reduction in parking demand, and an approximate 25% office vacancy rate Downtown, required a modified and less aggressive PMP implementation framework.

In June 2005, in connection with the annual PMP progress report, staff reported that the Agency had fully funded construction of 405 Parking Plus spaces at a cost of approximately \$13.4 million at the 2nd and Santa Clara and Block-3 (Central Place) projects. Staff further reported

that the key indicators, including high office vacancy rates and low parking occupancy, had not necessitated implementation of the long-term PMP priorities.

In September 2005, the Redevelopment Agency Board and the City Council directed staff to work with the DPB to update the 2001 Downtown PMP to include, at a minimum:

- Examine a rate schedule change for the 4th Street Garage that:
 - Apply parking charges only until 7:30 p.m. so that parking would be free from 7:30 p.m. to 6:00 a.m.
 - Limit the change to Monday through Thursday
- Opportunities to use City (e.g. Parking Funds) or Redevelopment Agency resources to pay for or encourage existing private parking facilities to be available to the public on evenings and weekends
- Triggers for expanding, maintaining or phasing out the Free Parking Program
- Methodologies to increase the supply of new parking spaces in the Downtown while preserving the fiscal health of the Parking Fund

Development of the Downtown PMP 2006/07 Update

With input from the DPB and Downtown stakeholders, staff developed a scope of services that focused on short and long term goals, and elements of the 2001 PMP that required updating to conform to the current economic and parking conditions. Kaku Associates, the consultant that developed the 2001 PMP was retained to develop the Update. The Update process included significant input from many stakeholders including: the San Jose Downtown Association, San Jose Convention and Visitors Bureau, Team San Jose, San Jose Silicon Valley Chamber of Commerce, San Jose Downtown Residents Association, San Jose Museum of Art, The Tech Museum, PACT, St. James Historic District Residents Association, South of First Area Committee, HP Pavilion Management, Arena Authority, Valley Transportation Authority, and the Civic Plaza Parking and Traffic Committee.

In April 2006, a draft PMP Update was released. On July 12, 2006, following further outreach and public input, Kaku Associates submitted a revised set of draft recommendations. From July 2006 through March 2007, the DPB held a series of workshops, study sessions, and stakeholder and community meetings to review the plan, and receive input and feedback on the draft report.

Downtown Parking Board Actions

After almost a year of review, stakeholder and community input, and deliberations, the Downtown Parking Board at its March 14, 2007 meeting approved the Downtown Parking Management Plan 2006/07 Update and recommends approval by the Transportation and Environment Committee and full City Council. At a subsequent meeting on May 16, 2007, the Downtown Parking Board ratified their previous action on the PMP Update, and on a 4 to 3 vote approved an Enhanced Security Plan for the public parking garages, including on a pilot basis from July 1, 2007 through December 31, 2007 charging a \$5 fee at entry after 10 pm on

Thursday, Friday, and Saturday at the Market Street, 2nd/San Carlos, 3rd Street, 4th and San Fernando Street Garages. The DPB further approved for recommendation to the City Council that the \$5 fee at entry would be reviewed at its meetings during the pilot program with the option of reducing or eliminating the \$5 entry fee if the impacts of the fee are determined to outweigh the benefits.

ANALYSIS

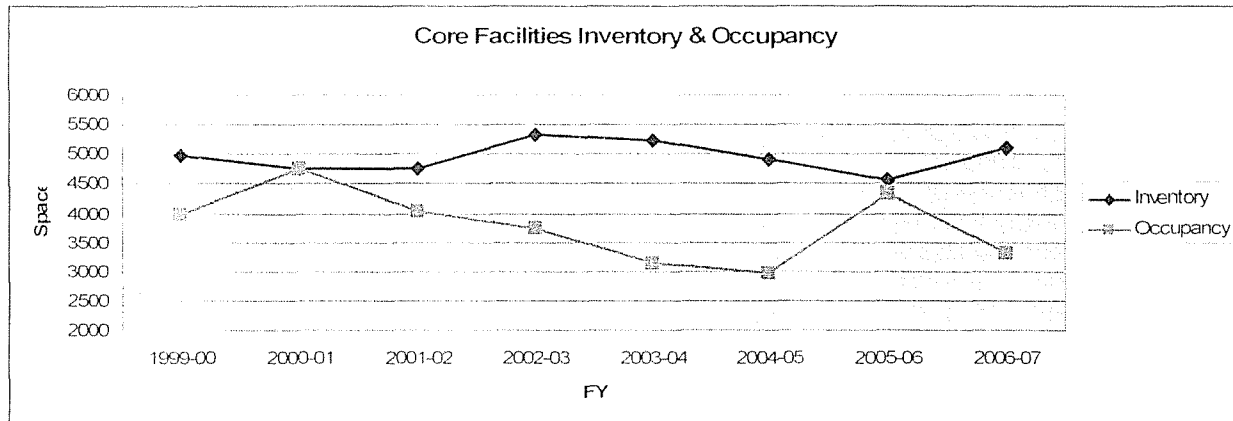
The analysis section of this report reviews the current economic and parking demand trends, describes the goals that the Parking Management Plan is focused on achieving, and the specific recommendations generated by the consultant and analyzed by staff.

Economic and Parking Demand Trends

Office Vacancy Rates – The Class “B” office vacancy rate in Downtown San Jose in the first quarter of 2007 was approximately 24%. This vacancy rate represents approximately 788,000 square feet of vacant office space. Class “B” offices are generally older buildings that are dependent on the public parking system for their parking needs because of their limited on-site parking. Based upon previous parking demand studies, 788,000 square feet of vacant space represents a reduction in daytime parking demand of approximately 2,300 to 2,800 spaces.

The Class “A” office vacancy rate in Downtown San Jose in the first quarter of 2007 was approximately 18%, prior to the purchase of the Sobrato building by BEA Systems. This vacancy rate represents approximately 918,000 square feet of vacant office space. Although Class “A” office space is not reliant on the public parking supply, it has an impact on the timing of demand for public parking in that Class “A” office space is more likely to fill before significant amounts of Class “B” office space are occupied, and in need of parking. Discussions with commercial office brokers indicate that a modest recovery is underway; however, significant recovery of the Downtown office market will most likely not occur until 2009, with an anticipation that it would take approximately two more years to reach office occupancy levels above 90%.

Parking Supply and Demand – The 2001 PMP forecasted the need for an additional 4,625 spaces to meet weekday, daytime demand by 2008, due to the loss of surface parking lots to development, and past and potential developments not fully meeting parking demand on site. Unfortunately, due to the economic downturn since 2001, most of the demand increasing factors did not materialize and ample daytime supply exists in the City’s public parking system. With the opening of the City Hall 4th and St John Employee Garage, additional supply has been added improving the current weekday, daytime availability at other City parking facilities due to the relocation of City employees to the new garage. The facility is also available to the public evenings and weekends. The graph below depicts the core daytime parking inventory and occupancy history:



Shifting Parking Demand Patterns – Since 2001, Downtown parking demand has been shifting from a daytime office driven environment to one more driven by evening restaurant and entertainment venues, and the development of high rise housing. This shift has created significant implications as it relates to meeting nighttime parking demand in certain areas of Downtown and further has impacted the supply and demand of free parking in the evening.

In the short term, the focus is on managing a tighter parking supply on weekend evenings, particularly in the Historic Core (San Fernando Street, 1st to 3rd) and SoFA areas, and on ensuring that facilities are operated in a safe and clean manner. The limited amount of free public parking in these areas results in early demand for limited free public spaces, which has resulted in two developments in regards to evening and late night parking activity:

1. Free public parking spaces fill first, limiting the number of customers that park in private facilities until later in the evening after the free public facilities are fully occupied.
2. Late night crowds generate additional maintenance, cleanliness, and security problems, which has led to higher operational costs, and reduced incentive for private facilities to stay open for a limited number of late night customers.

To that end, some private parking garages choose not to open in the evenings, causing an artificial supply shortage in the evenings. Modification of the free parking program, and communications between Downtown Parking Board members and staff with private parking operators are helping to encourage the opening of as many private parking facilities as possible.

Triggers to Develop Additional Parking Supply – The triggers adopted in 2004 established the framework to initiate actions related to future parking development. The four triggers are:

1. Decrease in Class B office vacancy rates in Downtown since Spring 2004
2. Increase in parking demand and occupancy in City parking facilities since Spring 2004
3. Increase in Parking Fund revenues above 2003-04 actual levels
4. Increase in Redevelopment tax increment revenue above 2003-04 actual levels

