



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Hans F. Larsen

**SUBJECT: UPDATE TO MASTER PARKING
RATE SCHEDULE FOR PARKING
INCENTIVE PROGRAMS**

DATE: 12-02-10

Approved

Date

12/2/10

COUNCIL DISTRICT: 3

RECOMMENDATION

Adopt a resolution to repeal Resolution No. 75445 and set forth the Master Parking Rate Schedule to:

1. Expand the Free Parking Incentive program to include non-City and non-Redevelopment Agency operated or funded Incubators (including innovation centers, shared workspace centers or other similar entities) to:
 - a. Provide up to three years of free parking for Incubators that enter into a written lease agreement for a downtown office or commercial retail building, up to a maximum of 50 parking permits for each Incubator; and
 - b. Allow the Incubator to "opt out" of the written parking lease terms that require purchasing parking permits during the fully paid portion of the parking lease agreement, if the Incubator maintains its office space in San José.
2. Establish the following incentive programs and rate structures to increase flexibility and responsiveness of the Parking Program:
 - a. Nighttime Monthly permit rate for use between the hours of 5 pm to 6 am, in the range of \$25-\$50 at the Market/San Pedro Square, Second/San Carlos, Third Street, and Fourth Street Garages.
 - b. Special Event rate for major events in the range of \$5-\$15 at the Market/San Pedro Square, Second/San Carlos, and Third Street Garages.
 - c. Introductory Monthly rate providing a 25% discount for up to six months for new customers at underutilized parking facilities.

- d. University Semester rate for SJSU students in the range of \$150-\$175 per semester at the Fourth Street Garage and Second/San Carlos Garage.

BACKGROUND

On September 8, 2010, the Rules Committee referred to staff a series of proposals from Councilmember's Liccardo, Herrera and Nguyen in a report titled "San Jose is Open for Business" and directed staff to review them and return to the Community and Economic Development Committee (CEDC) for discussion prior to full Council consideration. The proposal included the following expansions to the Free Parking Incentive Program for non-City run business incubators, shared workspaces, innovation centers, or other entities with five or more small businesses:

- Allow the duration of free parking provided with a parking lease be up to one-half the duration of the tenant's office lease, without the current 2-year limitation.
- Allow the business applicant to terminate the parking lease at any point during its term, so long as the company continues to occupy its office space within San José.

At the November 29, 2010 CEDC meeting, staff presented a report titled Parking Incentive Programs to the committee analyzing the above recommendations. In addition, staff recommended several new programs and rate structures for inclusion in the Master Parking Rate Schedule to provide for more flexible and entrepreneurial management of the parking program. CEDC was supportive of staff's recommended parameters for modifications to the parking incentive program for non-City and non-Redevelopment Agency run Incubators, and the additional programs and rate structures proposed for enhanced flexibility and operation of the Parking Program.

ANALYSIS

As outlined in staff's report to CEDC, the proposed Master Parking Rate Resolution includes the following changes with regards to the Free Parking Incentive program for non-City and non-Redevelopment Agency operated or funded Incubators:

- For the purpose of the Free Parking Incentive program, "Incubator" is the collective term used for Business Incubators, Innovation Centers, Shared Workspace Centers, or other similar entity that is structured to accelerate the successful development of start-up companies through an array of business support services, resources and office space. To be eligible for the expanded program, the Incubator will need to provide support to a minimum of 5 start-up companies.
- The Incubator will be eligible for up to a 6 year parking lease, with free parking for up to 50 parking permits for one half of the lease term.

- The Incubator will be able to “opt out” of the parking lease terms that require purchasing parking permits during the fully paid portion of the lease, and not be assessed a fee, if the Incubator maintains its office space in San José for the entire term of the parking lease.
- All of the other parameters, terms and conditions in the parking lease incentive program for new, relocating or existing businesses approved by the City Council on April 6, 2010, will be applicable, including the requirement for the Incubator to provide a deposit for each of the parking permits provided. The Director of Transportation, or his/her designee, will also continue to have the authority to negotiate and execute parking lease agreements, including amendments, with businesses and Incubators, based on the parameters outlined in this memorandum.

The additional programs and rate structures recommended in this memorandum and outlined in staff's November 12, 2010 report to the CEDC are designed to enable the Parking Program to more flexibly respond to business needs and ease program administration, while improving return on investment.

EVALUATION AND FOLLOW UP

If Council approves the expanded parking lease incentive program, staff will outreach to the Irish Innovation Center to determine their interest in amending their existing parking lease agreement based on the parameters in this memorandum and amended Master Parking Rate Schedule. Staff will continue to monitor the use of various parking incentive programs in the rate schedule and coordinate any future potential changes with the Office of Economic Development and Downtown Parking Board (DPB).

POLICY ALTERNATIVES

The Master Parking Rate Schedule is a dynamic document that requires periodic updates for clarification and enhancements and provides the structure for various parking programs that support the vitality of the Downtown and various parking meter districts; and to generate revenues for operation of the Parking Program and funding for the General Fund.

PUBLIC OUTREACH/INTEREST

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or

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a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This memorandum will be posted on the City's website for the Council agenda. The expansion of the parking incentive program for Incubators was discussed at the DPB meeting on October 6, 2010.

COORDINATION

This memorandum has been coordinated with the Office of Economic Development and the Attorney's Office.

FISCAL/POLICY ALIGNMENT

The expanded parking incentive program for Incubators supports direction provided by Council to support the growth of start-up companies in San José.

BUDGET REFERENCE

Not applicable

CEQA

Statutorily Exempt, File No. PP10-067 (a), CEQA Guidelines Section No.15273 – Rates, Tolls, Fares and Charges.

/s/

HANS F. LARSEN
Acting Director of Transportation

For questions please contact Laura Wells, Deputy Director of Transportation, at 975-3725.