



CITY OF SAN JOSE, CALIFORNIA

DOWNTOWN PARKING BOARD

Meeting Minutes
February 7, 2007

1. Call to Order 8:07 AM

Roll Call

Board Members Janis Gemignani, Elizabeth Monley, Jim Renelle, Sal Saglimbeni, Diana Beechie, Andrew Bales, Troy Tibbils

Members Absent: None

Staff: Jim Ortbal, Abi Maghamfar, Joe Garcia, Angelique Nedrow, Kelly Kline, Ruth Shikada, Eric Anthony, Jessica Garcia-Kohl, Roma Dawson, DeAnna Stuth

Guests: Scott Knies, Judith McQuade, Erin Fritz, Bill Kepp, Jerry VonTress, Dan Fenton, Bob Carlson, Meghan Horrigan, Jay Slotnick, Adam Burger, Khairy Lawangeen, David Cahill, Roger Lobbes

Chair Gemignani called the meeting to order at 8:10 a.m. Vice Chair Monley moved to approve the December 6, 2006 meeting minutes. Board Member Renelle seconded. Motion was accepted (6-0-1). Board Member Saglimbeni abstained. Board Member Saglimbeni moved to approve the December 20, 2006 special meeting minutes. Vice Chair Monley seconded. Motion was accepted (6-0-1). Board Member Renelle abstained.

2. Chairperson Report

No Report.

3. Operations

A. Guadalupe River Park – Sat/Sun Free On-Street Parking

Joe Garcia (DOT) referred to the Guadalupe River Park Trail memo, which was included in the packet. Mr. Garcia reported that there are 471 non-metered parking spaces and 69 metered parking spaces along the Guadalupe River Park trail between Interstate 280 and Hedding Street. The Department of Parks, Recreation, and Neighborhood Services has not received any complaints from the community regarding availability of parking spaces during the week. With that information and from DOT's analysis, staff has determined that parking availability along the Guadalupe River Park trail is a non-issue, and therefore does not recommend changing metered parking to non-metered parking.

The Parking Board concurs with staff that no change is necessary.

Jim Ortbal (DOT) stated that staff will prepare an informational report with the Redevelopment Agency and report back to the City Council/Agency Board.

B. Legacy Partners/AboveNet Long-Term Parking

Abi Maghamfar (SJRA) reported that staff received a request in December 2006 to meet with a Legacy Partners and AboveNet representative regarding a request for 50 parking spaces at the 3rd Street Garage on a long-term basis. AboveNet is moving into one of Legacy's buildings at two and four North 2nd Street and wanted to make sure they have parking on a long-term basis that coincides with their lease. In December 2006, Mr. Maghamfar and Jim Helmer, the Director of the Department of Transportation met with Legacy Partners and AboveNet to discuss their request. Mr. Maghamfar and Mr. Helmer informed them that there is parking available at the 3rd Street Garage and there is no problem with issuing 50 or even more parking passes immediately. Legacy Partners and AboveNet's request was to have those spaces as of March 1, 2007 which is the date of the expected occupancy of the office space. They were seeking to have the long-term five years plus six months as a guarantee. Mr. Maghamfar and Mr. Helmer informed them that staff does not have the authority to enter into contracts for long-term leases with the potential users. That authority is under the discretion of the City Council.

At the December meeting, Mr. Maghamfar and Mr. Helmer had suggested providing a letter signed by the City Manager and the Redevelopment Agency's Executive Director indicating the City's commitment in meeting AboveNet's needs and assure AboveNet that the City has never turned away a customer in good standing from the monthly parking program. AboveNet will be provided with uninterrupted access for as long as AboveNet remains a tenant at four North 2nd Street and its account is in good standing.

Mr. Maghamfar referred to item 3.B in the packet that included a two page e-mail communication from Mr. Maghamfar and a Legacy Partners representative, as well as a letter dated January 26th from Legacy to the Chair of the DPB reiterating the desire for long-term parking. He mentioned that a representative from Legacy Partners was here at the meeting today. The item is on the agenda for action. It was requested by the DPB Chair as well as a representative from Legacy Partners to put the item on the agenda for discussion so that the Board may act on a 65 month lease for 50 parking spaces.

Jim Orthal added that in the Parking Management Plan (PMP) Update - Restated Implementation Plan Recommendations, staff has modified the Reduced Rate Parking Program for new businesses and added a new feature to that recommendation called Office Building Long-term Lease. This addition addresses some of the limitations that the City has in regard to modifying the program in a structured way across the entire downtown as opposed to targeting one particular business. Mr. Orthal clarified that the request from Legacy Partners and AboveNet is about guaranteed access for the lease term, not about a fixed price.

Judith Quade, a representative from Legacy Partners, said that they have an opportunity to gain a tenant who was planning on relocating out of downtown due to parking availability. Legacy was able to secure a lease with AboveNet but in the lease is a caveat that parking will be provided. The lease will be with Legacy Partners and they will ultimately be responsible for the payment of the monthly parking fee. Legacy is open to a long-term parking lease with market rates. If AboveNet went out of business, Legacy will continue to pay or lease the parking spaces to other tenants with the Board's approval.

Ms. Quade introduced Erin Fritz, a commercial real estate broker, who expressed that as a general policy parking availability is important when relocating tenants to the downtown in the future.

Vice Chair Monley expressed concern for a month-to-month lease versus a long term lease, in that in a month-to-month lease, parking rate amounts can change. She asked if the long-term lease would be guaranteeing a specific number of parking spaces as well as keeping the same parking rate amount. Mr. Maghamfar mentioned that the lease could have a clause that the lease rate changes as the City's rate changes.

Mr. Maghamfar said that in order for DPB to be placed as an item on the February 14th the Rules Committee Agenda, they have to prepare the report 1 week before which would be tomorrow, Thursday, February 8th by 5pm.

Mr. Ortbal mentioned that typically the City does not enter into long-term leases. Staff has proposed in the PMP Update a feature the Long-term Lease Program that will enable building owners who do not control their own parking to have a certain number of parking spaces to control for customers. He does not support establishing a process (approving this lease) that may generate policy around long-term leases without taking into account other businesses that may be interested in a long-term lease. He added that there is not an ability to have a long-term lease at the 4th Street Garage due to the tax exempt financing.

Board Member Bales supports a long-term lease that conforms to the City's parking rate.

Chair Gemignani would like to approve this long-term lease as soon as possible to accommodate Legacy Partners and AboveNet instead of having to wait to adopt the PMP.

Board Member Saglimbeni asked what the differences are in the Legacy and AboveNet proposal as to what is proposed for long-term leases in the PMP Update. Mr. Ortbal said they have similar conceptual ideas. The Long-term Lease Program in the PMP proposes up to 150 parking spaces instead of 50.

Bob Carlson (SJHDNA) asked if these parking spaces will be designated. Chair

Gemignani said no.

Board Member Bales recommended that City Council approve the lease with Legacy Partners with the terms to be negotiated by staff. Board Member Tibbils seconded. Motion carried unanimously.

4. Capital/Finance

A. Report by Capital/Finance Committee Chair

Board Member Bales reported on the 1st Quarter Financial Statement that there were modest concerns about growth and development.

B. 2006 – 07 1st Quarter Financial Statement

Mr. Maghamfar stated that at the December 20th meeting, when the report was initially presented, there were two items that the Board questioned. These items are listed on this meetings agenda as referral 1 and 2. Joe Garcia will report on these items. Mr. Garcia distributed a handout on the two items as described below:

Referral 1: First/280 Parking Lot Revenue Breakdown Details

Mr. Garcia reported that a request was made by the Board to review the breakdown from the 1st/280 parking lot for monthly and transient parkers. The handout shows the breakdown for July 2006 through December 2006. The report shows a total of 86 monthly parking permits with total revenue of \$18,870, 80% of which was from the monthly parkers.

Referral 2: Utilities, Rent, and Insurance Budget Line Item Details

Mr. Garcia reported why the Utilities, Rent and Insurance line item was decreased from approximately \$1.17 million to approximately \$800,000. When the budget was initially developed, staff assumed the Almaden/Woz lot would be dropped off from inventory. After subsequent action by the Board and City, staff added it to the budget. The Akatiff lot was also removed and added as part of the General Fund. The 2nd Quarter Financial Statement will reflect the mid-year changes in the budget at the next DPB meeting on February 21st.

Chair Gemignani expressed that the total revenue for the 1st Quarter was a larger amount than the revenue reported on a per lot breakdown. Mr. Garcia said the revenue will be updated and will reflect on the mid-year budget.

Chair Gemignani moved to approve the 1st Quarter Financial Statement. Board Member Saglimbeni seconded. Motion carried unanimously.

C. Convention Center Expansion Project

Dan Fenton, the Chief Executive Officer of the San Jose Convention and Visitors Bureau provided an update on the Convention Center Expansion Project. Mr. Fenton first introduced Jerry VonTress, the Director of Operations and Meghan Horrigan, the Manger of Public Relations.

Mr. Fenton updated the Board on parking cost of the project, and timing. The cost per parking space is estimated at \$40-45,000. The estimated total cost for Phase 1 parking is \$23 million for the 525 parking spaces to add to the downtown inventory. As of now, the current pro forma provides \$8 million. In the long-term, there may be a possibility to add 1,200 parking spaces. The Redevelopment Agency has released a Request for Qualifications (RFQ) for architect. Mr. Fenton said he expects to have the completed financing and project plans more defined by 1st Quarter of 2008. He also indicated that at that time it would be pertinent to know if there would be additional funds available to use for adding to the parking inventory. He added that as a preliminary number, the estimated revenue from the Mello Roos district would be approximately \$100 – \$120 million. The current hotel occupancy tax is 10% and would be increased to 14%.

Board Member Bales asked if \$10 million was the commitment from the hotels to add parking inventory. He noted that it would cost \$23 million for an opportunity to add 525 parking spaces and approximately \$8 million accounted for, which leaves a \$15 million gap. Board Member Bales also asked how many total parking spaces are currently in the garage. Mr. Maghamfar said there are 1,200 parking spaces, and 500 are encumbered by the hotels. This leaves 700 that are currently open to the public. The Convention Center Expansion project for Phase 1 and 2 would add 1,200 parking spaces that would be available for public use.

Board Member Tibbils asked how the additional 525 parking spaces will affect the parking deficit in the SOFA district and if these parking spaces will be available for use by SOFA district and restaurant parking. Mr. Fenton said there will be an opportunity for the SOFA district and restaurants to use the space on non-event days.

Chair Gemignani asked if there was a challenge with financing parking for the project using the Mello Roos proposal, City Funds and Downtown Parking Funds. Mr. Fenton said that the Mello Roos district will provide governance over the project. He is not sure how much governance they will have at the moment. Mr. Fenton would like to keep providing updates to the DPB as renderings, plans, and schedule become more defined.

5. Parking Management Plan

A. PMP Update – Restated Implementation Plan

Jim Ortbal reported that he and Abi Maghamfar submitted an updated report on the PMP that was in the packet. The report includes changes proposed by the Board and stakeholders since the last report from October 2006. This report is presented to the Board for further discussion of the Board followed by a community meeting in late February, Board approval in March, and City Council approval in April. Mr. Ortbal began identifying changes to the report by each recommendation.

Phase 1 Recommendation #5:

Funding availability from the Parking Fund and the Redevelopment Agency Fund for the proposed Greyhound acquisition has been integrated into the report.

Phase 1 Recommendation #11:

Propose a New Business/Tenant Reduced Monthly Parking Rate Program that offers the same monthly parking Bulk rate discount to large and small businesses. This program offers a 25% discount for a period of two years. The program is expected to be in effect for four years. The Office Building Long-Term Lease Program offers more flexibility for office buildings owners who do not have dedicated parking at their buildings to attract tenants that require a long-term parking lease.

Phase 1 Recommendation #12:

To begin the Validation Program on January 2008 with a 90% City subsidy and a 10% business participation share.

Phase 1 Recommendation #14:

This recommendation is a consolidation of marketing and advertising (from Phase 2 recommendation #7).

Phase 1 Recommendation #15:

This recommendation is modified. Instead of tying the parking discount rate to the largest discount offered in the bulk purchase program, the discount rate is tied to 50% of the City's monthly parking rate.

Phase 2 Recommendation #5:

Modifications to the Free Parking Program include the timing of when the program begins, the financial projections for the \$2 proposed parking rate, and changes to the garages to control late night activity. The Downtown Working Group (DWG) has suggested closing garages during the late night, or increasing the parking fee after 10pm to deal with the destructive late night activities. Staff will present a comprehensive report on a safety and security program for the garages in the April 2007 timeframe. Staff will present the Capital Budget to the Board in late spring 2007 that will reflect an enhanced maintenance program.

Mr. Maghamfar suggested that the Board discuss the fund availability for acquisition of the Greyhound in order to reprioritize the capital projects to place Greyhound as the first priority. The funding currently available in the Parking Fund and Redevelopment Fund is \$10.5 million, which is short by \$1.5 million for purchasing Greyhound and this does not include any relocation costs. There is a funding reserve of \$2.8 million set aside for Living Tomorrow Parking Plus.

Board Member Bales asked how many parking spaces would be available if the Greyhound site was acquired and how many would be available if Greyhound was not relocated. He also asked if there has been a recent relocation cost for

Greyhound. Mr. Maghamfar stated that approximately 200 parking spaces would be available if Greyhound was relocated and approximately 75 if they were not relocated. He said that a relocation cost prepared in 2002 to move Greyhound to a temporary location in modular buildings in the Diridon area was for approximately \$3/4 - \$1 million.

Board Member Beechie asked if the \$2 increase in parking rate would help purchase security cameras. Mr. Ortbal said that the safety and security program that will be presented to the Board in April and will include recommendations to install security cameras.

Board Member Saglimbeni asked for examples of some of the late night activities that happen in the garages and if most people are going to the garages to party or are they on their way to a nightclub or other activity. He is concerned whether the parking rate should be \$2 or \$5 in the late evening to dissuade the people who are at the garages for inappropriate late night activities. Mr. Ortbal said that there is drinking, vandalism to signs and pay stations and other inappropriate behavior happening in the garages especially after 10pm. The Police Department's Environmental and Building specialist has been identifying where problem areas are in the garages and how they can be fixed. The DWG has suggested taking a tour to see the activities first hand.

Board Member Tibbils thinks that the \$2 parking rate is a good start. He thinks beginning to charge the \$2 rate at 6pm is too early and may dissuade customers from eating at the restaurants downtown. He suggested starting the parking rate at 8pm. Mr. Garcia said that validation would be accepted until 10pm.

Mr. Ortbal suggests applying a higher parking rate at late night to help the safe and clean problems at the garages for the short-term. The long-term issue is about parking supply. He said he expects the security cost to be approximately \$3/4 million per year in the short-term. He anticipates keeping the clean and safe budget under \$500,000 per year.

Vice Chair Monley asked if charging at certain garages and not charging at other would move the late night activities to the garage that is free. Mr. Ortbal said that if there are free garages, there may be some movement, but if there is a small rate differential then probably not. There will be a couple surface lots that will remain free after 6pm on the weekend but they are more visible to the Police and have less undesirable late night activity in those garages.

Mr. Ortbal said that the 60 S. Market, Valley Title and Fairmont/Plaza Tower garages are currently open and charging. In the long-term the goal is to have a public system that has a rate that will encourage these garages to stay open and for more garages to open up in the future.

Chair Gemignani referred to recommendation #4, Public Valet Program, and

asked if the Request for Proposal (RFP) could be issued any earlier than May 2007. Mr. Ortbal said that due to the many items that are currently in progress, this is the earliest the RFP could be issued. Chair Gemignani also expressed a concern with recommendation #12, in that the non-profit organizations could not afford the retail validation program at the 95% - 5% split, and now the PMP plan shows a 90% - 10% split.

Board Member Saglimbeni is hesitant on the two-tiered pricing for the evening and late night. He feels recommendation #5 should be explained to the public so that they understand the reasoning for charging a higher parking rate in the evening or late night. He thinks the implementation date needs to be determined whether it be August 2007 or January 2008.

Scott Knies (SJDA) said that the Downtown Association is prepared to deal with the long-term issues with parking supply. The Association members would like to see convenient and available parking that is safe and secure. They are open to the idea of a late night charge of \$5 after 10pm. They will not support the \$2 parking fee in the evening until the parking supply issue is addressed. The Association plans on introducing a program that allows patrons who receive a parking citation to pay it at City Hall for \$1 if they pay it within one hour.

Bob Carlson (SJHDNA) suggested moving phase 2 recommendation #6 to phase 1. He pointed out that the 2nd St. James lot is gone. He suggested having the downtown free zone program start as soon as possible. In reference to the safety of the parking garages, he mentioned that the St. James Historic District is in the process of putting together a private security program to help with that issue in the district.

Roger Lobbes (Trinity Cathedral) suggested that a column be added to the table in phase 2 recommendation #5 for the late night fee of \$5 after 10pm.

The Board decided they are not ready to present the PMP to the community and would like to discuss the PMP at the Joint Committees meeting on February 21st. The Board decided that staff not make changes to the PMP.

6. Reports/Coordination

A. City Council Agenda Items

Mr. Ortbal reported that staff will present a recommendation on the Parking Guidance System Phase 2 at the DPB Joint Committee meeting on February 21st.

B. Downtown Working Group

Mr. Maghamfar reported that the DWG will hold a meeting on March 12 from 12-2pm at W118.

C. Downtown Projects Construction Coordination

Mr. Maghamfar reported that the Central Place project has reached above grade

and is scheduled for completion in June or July of 2008. The CIM 2nd Santa Clara Garage project is expected to have the revenue control equipment installed this week. They expect opening of the garage in the March/April timeframe.

D. Fountain Alley Parking Lot

Mr. Maghamfar reported that the Agency's Development Agreement with the operator terminated as of January 2007 and the Operating Agreement expires tomorrow, February 8th. The Agency is taking over management of the parking lot. Standard Parking has been assigned to manage the operations. There is no change to rates or operation. The Agency expects to pursue the development opportunities as soon as possible for a mixed-use project to be built in that location.

E. St. James/Julian Area Occupancy Report

Mr. Maghamfar reported that included in the packet is a report that was previously mentioned to the Board that was sent to the City Council on January 24th. There were no significant changes to the occupancy since the last report.

F. Market/San Salvador Parking Lot

Mr. Maghamfar reported that the lot closed on February 1st. Escrow closed February 6th. Mesa Development Corporation is the new owner of the site. They are expected to begin construction staging tomorrow.

7. Future Agenda Items

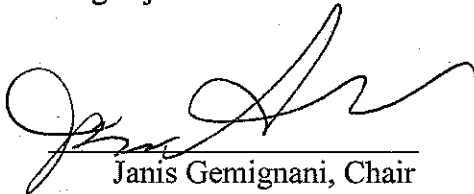
None

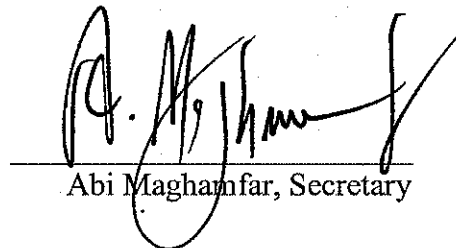
8. Public Comment

No further comments were made.

5. Adjournment

Meeting adjourned at 10:10a.m


Janis Gemignani, Chair


Abi Maghamfar, Secretary