



CITY OF SAN JOSE, CALIFORNIA

DOWNTOWN PARKING BOARD

Special Meeting Minutes February 21, 2007

1. Call to Order 8:07 AM

Roll Call

Board Members: Janis Gemignani, Elizabeth Monley, Sal Saglimbeni, Diana Beechie, Andrew Bales, Troy Tibbils (arrived 8:15)

Members Absent: Jim Renelle

Staff: Jim Ortbal, Abi Maghamfar, Joe Garcia, Brad Carrell, Mark Giovannetti, Angeline Nedrow, Jessica Garcia-Kohl, Kelly Kline, DeAnna Stuth

Guests: Nathan Phillips, Bob Carlson, Jay Slotnick, David Bird, Alicia Ross

Chair Gemignani called the meeting to order at 8:07 a.m.

2. FY 2006-07, 2nd Quarter Financial Statement

Brad Carrell (DOT) reported on the FY 2006-07, 2nd Quarter Financial Statement. Mr. Carrell referred to the report in the packet and outlined that the report represents the financial performance of the City's Parking Fund as it relates to the general public parking program for the 2nd Quarter of FY 2006-07.

- **Budget** for the Parking Program was modified at mid-year to reflect meaningful deviations from the original forecast. Facility revenue was increased from \$4.3 to \$4.6 million, primarily due to the exclusion of Almaden/Woz from the original estimate. The 4th/San Fernando revenue estimate was also increased after showing a strong second quarter.

On the expenditure side, modifications were made to the Supplies & Materials and the Utilities, Rent, Insurance categories. Primary reason for the budget increase to Utilities, Rent, Insurance, was the original omission of rent expense for the Almaden/Woz facility. Within the Transfers section, the Convention Center Transfer was adjusted upward from (\$625,000) to (\$1,041,000), in order to correct an inconsistency in reporting. The difference of \$416K represents the reimbursements for Revenue Control Equipment (\$266K) and deck repair (\$150K), as reported in the reimbursable section. There is no specific impact to the amount of the actual transfer or to the Ending Fund Balance.

- **Revenues** are currently at \$4.8 million and are tracking at 49% of the modified budget. Convention Center Garage, 4th/San Fernando Garage and meter revenues are slightly below 50%. However, both garages experienced a

stronger second quarter. Trends indicate that both the garages and meters will meet their estimates by fiscal year-end.

- **Operating Expenditures** are slightly over budget through six months at 51% and currently total \$3.6 million. While still slightly over the forecast, the budget modifications and a smaller total for expenses in the second quarter have brought the year-to-date expenditure total much closer to 50% at mid-year. Savings in Contractual Services are anticipated from commencement of the new parking agreement. Additional savings should be realized upon termination of the earthquake insurance policy after the final seismic project is completed at 2nd and San Carlos Garage.
- **Net Operating Surplus** is currently at 49% of the budget at \$640,642.
- **Capital Expenditures** are now totaling \$541,751 through the first half of the year. The PGS – Phase II project is now scheduled to begin in the 4th quarter of FY2006-07. Progress payments for the 2nd and San Carlos Garage seismic upgrade continue.
- **Total Ending Fund Balance** for FY2006-07 is \$13.8 million. This balance is higher than the modified budget of \$12.2 million, primarily due to capital funds being unexpended.

Board Member Bales asked staff what the reasoning was for modifying the budget within six months. He is concerned that the Net Operating Surplus percentage is lower than the approved annual budget. He is not aware of any other organization that modifies their budget mid-year. Jim Ortbal (DOT) replied that at mid-year the City develops a modified budget, but they do not always adjust the budget if it is not necessary. The reason for the budget increase to the Utilities, Rent, and Insurance line item was because staff thought that the omission of the rent expense for the Almaden/Woz facility was a significant item that needed to be reflected in the budget.

Mr. Ortbal referred to the 2nd Quarter Financial Report memo and notified the Board that within the transfers section, the Convention Center Transfer was adjusted to correct an inconsistency. He mentioned that this adjustment did not affect the Ending Fund Balance, but did affect the Net Operating Surplus. No further comments were made.

3. FY 2006-07 Semiannual Work Plan

Jim Ortbal referred to the FY 2006-07 Semiannual Work Plan provided in the packet. He reported that staff identified the items on the work plan that remain to be discussed for the 3rd and 4th quarter of this fiscal year. If there are other items that the Board identifies through its future agenda, staff will add them to the work plan.

Chair Gemignani asked why staff decided to switch to an annual customer satisfaction survey instead of a quarterly survey. Mr. Ortbal said the annual report would be more comprehensive and it would save staff time, however, staff could provide the Board with a semi-annual report

if the Board would like more frequent reports. He also mentioned that a new parking operator will begin operation March 1st and staff wants to provide them with a period of time in operation before performing a customer survey.

Chair Gemignani thinks the quarterly customer surveys provided the Board with useful information about the perception of parking in downtown. She is concerned that the Board will not receive the same information on an annual basis. Mr. Ortbal said the staff will present a customer survey to the Board in June and if the Board decides they would like the survey presented to them more frequently he suggested a semi-annual survey be presented in June and December. Board Member Saglimbeni supports a semi-annual customer survey.

Vice Chair Monley asked if there were any contracts that are to be renewed or are terminating that the Board should be made aware of for this remaining fiscal year since none are listed on the work plan. Joe Garcia (DOT) said that staff is updating and renewing purchase orders but they are routine and not over \$100,000 (which is the requirement to be presented to City Council). She is concerned that the Legacy Partners situation was brought to the Board in a rushed manner and she thinks this situation could have been presented to the Board at an earlier timeframe.

Abi Maghamfar (SJRA) reported that the Legacy Partners item was a routine request that came to the Department of Transportation and the Redevelopment Agency. Staff met with them and provided information to them about obtaining a long-term lease. Staff informed them that they would need to get approval from the Board, and then it will be presented to the City Council. Staff intended to present the topic at the February 7th meeting since the January meeting was cancelled and there was no action pending on the Legacy Partners item. In the interim, Legacy Partners contacted the Chair and Vice Chair before the February 7th meeting.

Chair Gemignani asked if the Board would have items that need to be presented to the City Council on event planning. Mr. Ortbal said that the Grand Prix would be a tentative item to add to the work plan in the June timeframe. Staff is reviewing the parking rates for the event and if the rates change from last year, they will put the item on the work plan.

4. 2nd Quarter Occupancy Report

Joe Garcia presented the 2nd Quarter Occupancy Report that was included in the packet. He reported that the Market Street Garage has high usage in the evening Thursday through Saturday. The 3rd Street Garage has high usage in the evening on Friday and Saturday. The 4th Street Garage has high usage Monday through Thursday since San Jose State is back in session and many students utilize this garage. The garage also has high usage on Sunday in the day and the evening. The 2nd/San Carlos Garage has high usage in the day and evening all week long.

Vice Chair Monley asked if the Convention Center Garage utilization in this report was similar to the last quarter report. Mr. Ortbal said that it is similar, but staff anticipates some improvement in the 3rd and 4th quarter this fiscal year. He added that Mr. Garcia and he met with Dan Fenton and Jerry VonTress from Team San Jose and the Convention Center Operators and everyone is seeing good trends.

Vice Chair Monley asked if these good trends are due to marketing efforts. Mr. Ortbal said that it is due to the business cycle improving and that Team San Jose is gaining experience with their model.

Abi Maghamfar added that January through March is when the Convention Center hosts many events and that is when the parking occupancy at the Convention Center garage increases.

Board Member Bales asked if there has been an increase in monthly parkers at the I-280 lot due to the closure of the Market/San Salvador lot. Mr. Garcia said that he could not recall any increase in monthly parkers at that lot.

Mr. Ortbal said he would look at the 2nd/San Carlos Garage to see if monthly parking has increased. No further comments were made to the 2nd Quarter Occupancy Report.

5. PGS Phase II

Joe Garcia reported on PGS Phase II. He stated that after two Requests for Proposals (RFP), a visit to Chicago and extensive negotiations by Mark Giovannetti from the Purchasing Department and Mathew Nguyen (DOT) for putting together the specifications and RFP, staff has brought this item to the Board for approval. He referred to the PGS memo dated February 13th in the packet. He stated that this item will be presented to the City Council March 20th. He mentioned that Mr. Giovanetti negotiated with TCS International, the selected vendor, for a pay structure that is conducive with a two phase system. Phase I would consist of TCS International installing two PGS signs and a fully functional system. Phase II would be the installation of the remaining 11 signs. Initially the City will make a payment of 10%, and then once they install the two signs and the system is fully functional, the City will make a payment of 50%. He added that the total cost of \$1.1 million is slightly under the \$1.2 million engineers estimate.

Board Member Bales asked where the first two signs will be installed. Mr. Nguyen distributed a map of where the signs will be installed. He believed the first two signs will be installed on Santa Clara Street.

In a previous DPB meeting the Board asked staff to speed up the messages on the Phase I PGS signs. Mr. Ortbal reported that speed of the messages on the signs has been adjusted.

Board Member Saglimbeni asked staff to clarify the cost breakdowns. Mr. Garcia said that the total cost for the PGS is \$1,091,400 and that 10% is the first payment. After the two signs are installed and the system is fully functional, the second payment of 50% will be made. The balance of 40% will be made when the installation of the remaining 11 signs are completed.

Board Member Tibbils moved to approve the PGS Phase II. Board Member Saglimbeni seconded. Motion carried unanimously.

6. Legacy Partners/AboveNet Long-Term Parking

Jim Ortbal reported that at the previous meeting Legacy Partners requested and the Board

approved a long-term lease from the City for 50 parking spaces. There were some questions as to when the recommendation was going to be presented to the City Council. He said he had subsequent discussions with the Director of Transportation and staff is in support of the Board's recommendation and therefore staff will present the recommendation to the City Council on March 13th.

This item will be presented to the City Council through the Department of Transportation staff reporting procedure that will describe preliminary conversations that staff had with Legacy Partners, AboveNet, and the Board and staff's recommendation. Staff's report to the City Council will describe that the Board is contemplating a long-term lease option as part of the PMP Update and that the PMP Update is not ready to be brought to the City Council yet. Any future long-term leases will be processed within the framework of what the PMP Update describes. Any long-term lease spaces that Legacy Partners obtain as part of the current agreement would count toward what the Board and the City Council approve as part of the PMP Update.

7. Parking Management Plan

A. PMP Update – Restated Implementation Plan

Jim Ortbal distributed a handout that provided a PMP Update Summary of major recommendations in the PMP Update. In the opening paragraph he describes the purpose of updating the PMP. The three large goals are, "Convenient and available parking supply," "Clean, safe and inviting parking facilities," and "Parking incentives to expand business downtown." The supporting material for these three goals identifies specific programs or proposals to achieve that goal.

Board Member Tibbils believes it is important to retain current office tenants in downtown. To that end, he would like to see the program include current tenants. Chair Gemignani said that the retention aspect would be covered in recommendation #11, item 2, Office Building Long Term Lease Program. Board Member Tibbils agreed. Abi Maghamfar reiterated that the provision on recommendation #11 to the landlord does not provide any discount on the rates.

Board Member Bales referred to the Parking Incentives to Expand Business Downtown section of the PMP Update Summary and asked why there was a 50% rate discount to businesses in Software, Environmental Business Clusters and the US Market Access Center and a 25% rate discount for all new businesses coming to downtown. Mr. Ortbal said the 50% rate discount is offered to the Software, Environmental Business Clusters and the US Market Access Center because they are special programs that the City and the San Jose Redevelopment Agency (SJRA) fostered and these are emerging businesses that the City wants to see grow in San Jose. Mr. Maghamfar said that all the companies are startups and are located in two buildings in downtown and SJRA pays for the office lease. Mr. Ortbal added that the 50% rate discount can be offered to businesses in the leased space in the two buildings established by the SJRA. The businesses have to sign up as individual businesses once they leave the incubator program, which is managed by SJRA and the City's Office of Economic Development.

Board Member Bales expressed concern about the relative priority of the Greyhound site versus the Parking Plus strategy.

Board Member Tibbils supports the relative priority of the Greyhound site.

Board Member Saglimbeni supports modifying the free parking program in the evenings after 6pm to a rate of \$2 beginning January 2008. He asked if the institution of the \$5 parking rate after 10pm will begin in June 2007. Mr. Ortbal said yes, and this \$5 parking rate increase will generate revenue to offset the security and cleaning expenses. The \$2 parking rate increase will help to create future supply development, and land acquisition. He added that the \$5 parking rate will be a pay on entry fee.

Board Member Bales suggested the modifications to the free parking program of the \$2 parking rate and the \$5 parking rate be aligned to begin at the same timeframe.

Mr. Maghamfar distributed an editorial article from the February 18th San Jose Mercury Newspaper. He highlighted and pointed out a sentence on the second page regarding better parking safety. Mr. Maghamfar read the highlighted sentence, "The Downtown Parking Board and private lot owners must do more to ensure safety. Underage drinking and fighting in parking garages are two reasons people avoid downtown." He explained the fact that the Mercury News recognized this Board as being an authority to address this issue is something to be considered moving forward.

Vice Chair Monley asked Board Member Tibbils if the San Jose Downtown Association members are ready to accept the modifications to the Validation, Valet service and the \$2 parking rate increase after 6pm. Board Member Tibbils said that some restaurants would get involved in the validation program and some operators have expressed that validation is not functional for them. Validation will be an individual choice. The members do not feel there is a working alternative to the \$2 parking rate increase. He supports the PMP Update.

Board Member Saglimbeni suggested that during the community meeting, it will be important to present all the programs that will be implemented before the \$2 parking rate increase is presented.

There was discussion amongst the Board and staff regarding the events and security at the Mardi Gras event that took place February 20th. Chair Gemignani stated that the Board should be informed and be part of the decision making process when decisions are being made to close garages, as was done for Mardi Gras. Mr. Ortbal indicated that was a safety decision that was made by the Police Department.

Mr. Ortbal informed the Board that the Downtown Working Group (DTW) has prepared a draft report that suggests that the DPB, staff, and private parking owners and operators establish recommendations that facilitate a better parking safety environment in downtown.

Board Member Tibbils suggested modifying the Validation Program by delaying the implementation of the change in the contribution by the merchants from 5% to 10% to January 2009 versus January 2008.

Angelique Nedrow (CAO) asked Board Member Tibbils to excuse himself from the meeting because he has a conflict of interest with his business being a user of the Validation Program. Mr. Tibbils left the meeting.

Vice Chair Monley would like the perception of parking availability be relayed to the consumer through the Marketing/Parketing Program. Mr. Ortbal informed the Board that the City has an agreement with the Downtown Association to market downtown parking and can direct the marketing efforts accordingly.

The Board was divided on modifying the merchants' contribution and the timing of the Validation Program. The Board decided to move forward with the Validation Program beginning in January 2008 with the merchant contribution of 10% (no change to the PMP - Update) for the purpose of the community meeting and receive further input from the broader constituency. At this time, Mr. Tibbils returned to the meeting as was informed of the Board's decision.

Mr. Maghamfar informed the Board that staff would need two weeks to prepare before a community meeting can be held. Staff anticipates mailing out over 7,000 flyers. Staff suggested that Mr. Ortbal and Mr. Maghamfar make the opening remarks by presenting the PMP Update Summary and the Board would discuss the PMP - Restated Implementation Plan Recommendations with the community.

The Board decided to hold a community meeting on March 12th from 6-7:30pm. Location is to be determined. They decided to cancel the monthly DPB meeting of March 7th. They decided to hold a special meeting on March 14th from 8-10am to discuss the results of the community meeting and take action on the PMP Update.

The Board decided that the PMP Update Summary should be sent to Dan McFadden, the Deputy City Manager who staffs the Downtown Working Group for the Board's proposal on how to deal with clean, safe and inviting parking in downtown. Mr. Ortbal mentioned that staff plans to update the Board on the Security Review and Enhanced Cleaning activities in the parking facilities at the meeting of April 4th.

8. Future Agenda Items

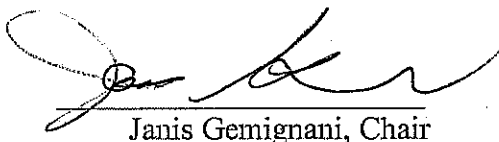
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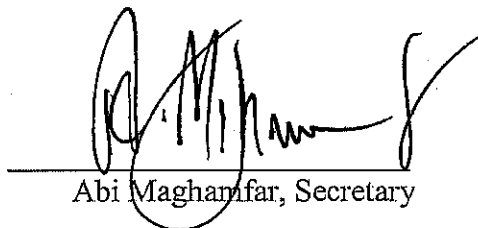
9. Public Comment

Bob Carlson (SJHDNA) suggested to move recommendation 6, phase 2 to phase 1.

10. Adjournment

Meeting adjourned at 10:17 a.m.


Janis Gemignani, Chair


Abi Maghamfar, Secretary