



CITY OF SAN JOSE, CALIFORNIA

DOWNTOWN PARKING BOARD

Meeting Minutes Joint Capital/Finance & Operation Committee December 19, 2007

1. Call to Order 8:11 AM

Roll Call

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

Members Absent: Elizabeth Monley

Staff: Jim Ortbal, Joe Garcia, Matt Farrell, Jessica Garcia-Kohl, Roma Dawson, Angelique Nedrow, Frank Hernandez, Abi Maghamfar, Arian Collen, Leticia Ortega

Guests: Bob Carlson, Louis Fresquez Jr., Scott Knies, Ed Moran, Jay Slotnick, Dennis Skaggs, Henry Cord, John Conway

Chair Gemignani called the meeting to order at 8:11 a.m.

Board Member Saglimbeni moved for the approval of the December 5, 2007 meeting minutes with one correction. Board Member Renelle seconded. Motion was accepted (6-0)

2. FY 2007-08, 1st Quarter Financial Statement

The Board reviewed the 2007-08 1st Quarter Financial Report that had been included in the packet as item two. Matt Farrell (DOT) distributed a supplemental report, which replaced the Overhead Allocation page of the report.

Board Member Bales commented on the numbers in general regarding Overhead Allocation. He stated there were two major deviations from the 2007-08 Proposed Budget. 1) The actual revenues from the \$5 rate is off from the projected revenues considering it was a Six-Month plan for the \$5 increase not 12 months. 2) The audit and overhead expenditures are shown as 100% expensed for the year in the first quarter; this causes cash flow implication since financial statements are prepared on accrual basis. This is not proper accounting, it should be divided into quarters. It changes the profile of how the fund is performing dramatically. There was further discussion by the Board with regard to cash vs. accrual accounting practices.

Board Member Bales made reference to the allocation handout; he questioned when the allocation formula was generated. Jim Ortbal explained that the charges are established by the City's Budget Office and the Department of Finance. They develop audit and overhead charges for all the special

funds and capital projects for the City. He also referenced the Financial Report which outlines separate Audit and Overhead expense for operating and capital.

Chair Gemignani questioned the RDA Loan Interest Reversal line item. She commented that reversal was inappropriate since the revenues were never realized and asked for correction and clarification in the mid year budget adjustment.

Abi Maghamfar pointed out that a correction is needed in the handout. Block 8 should be identified as Market/San Carlos not 3rd/San Fernando.

Board Member Bales asked why there was a separate allocation for the Fourth/San Fernando garage. Mr. Ortbal responded that this location is not consistent with the other facilities in the portfolio because of the low usage and low revenues ever since the location opened. Mr. Maghamfar noted that the audit and overhead charge was increased from \$50K/year to \$100K/year in FY 2006/2007 and that the location continues to operate in the red.

Board Member Bales made a comment that he thought all the locations should be charged an allocation of the expenses based on the number of parking spaces and staffing levels. Mr. Ortbal commented that he would review the ability to charge the allocation based on the number of spaces and whether or not the facility is manned or automated. He commented that the Market St. and Convention Center garages receive more than usual management oversight.

Chair Gemignani inquired about the Convention Center Deck Repair. Mr. Farrell reported that the project was aborted. The contractor discovered additional damage. The revised project will be bid in February/March 2008. Additional funds will be budgeted mid-year as part of the modified budget. Chair Gemignani wanted to be reassured that those expenses are reimbursed to the Parking Fund. Mr. Ortbal indicated that repair costs are deducted from revenues before being transferred to the Convention Center.

Mr. Farrell commented on the First/280 parking lot- It was reported that there is not a lot of activity at this lot; however it does offer low cost parking. The lease is long-term for this lot. Board Member Tibbils asked if there are plans for more improvement. Joe Garcia (DOT) commented that the lot was underutilized and that there were no plans for further improvement.

Mr. Garcia reported on the 1st/St. James lot- The lease for this 37-space lot with VTA expires in January 2008, and will not be renewed.

3. FY 2007-08 1st Quarter Occupancy Report

Joe Garcia asked if there were any questions regarding the FY 2007-08 1st Quarter Occupancy Report that was distributed in the packet as Item 3. There was no discussion on this item.

4. Semi-Annual Customer Satisfaction Survey

Joe Garcia provided an overview of the Customer Service Survey summary report that was distributed in the packet. He reported that 3 out of 5 combined averages were up. The goal is to

have a 4.0 or greater average for each category. Brief discussion ensued regarding the Market Street Garage. Mr. Garcia reported that the signage could be improved and is being reviewed, and allowing patrons to exit on the second floor of the garage could possibly improve the rating of the survey responses.

Board Member Bales suggested revising future reports to add a column to show previous ratings for comparison purposes.

5. Enhanced Security & Maintenance Plan & \$5 Pilot Program - Final Report & Recommendations

Joe Garcia referred to the memorandum that was distributed in the packet and gave a brief overview of a Power Point presentation handout that was distributed at the meeting. It is recommended that: The Downtown Parking Board support staff recommendation to not extend the \$5 rate beyond January 8, 2008, to proceed with implementation of the \$2 rate after 6 p.m. effective January 1, 2008 as previously approved, and to accelerate adjustment of the \$2 rate to \$3 rate effective January 1, 2009 with further adjustments on a biennial basis thereafter up to a maximum of \$5 in 2013.

Jim Ortbal discussed the three Policy Alternatives that were included in the handout. He further reported that:

- The enhanced security, cleaning and operational effort will continue at the enhanced level with the expectation that the results achieved to date will continue.
- The \$2 rate will generate sufficient revenues in 2008 to cover the cost of enhanced security, cleaning and operations, and provide for a small contribution to the Parking Capital Development Fund.
- Provides the public with one consistent evening rate that is the easiest of the alternatives to understand, market and administer.
- Accelerating the adjustment to the \$3 rate from January 2010 to January 2009 will begin generating revenues that will provide for approximately \$475,000 in annual contributions to the Parking Capital Development Fund, and over the long term will generate roughly similar revenue levels as if the \$5 rate were to continue in 2008.

Mr. Ortbal commented that staff recognized the \$5 rate was a quick deterrent regarding loitering. It was thought the same goal could be achieved without the continuation of the \$5 program.

Deputy Chief Katz commented that he and his department are in support of the Staff's recommendation.

Board Member Tibbils commented that he is in favor of the recommendation, but not the acceleration of the \$2 to \$3 by one year. He would prefer to see language added to the recommendation to assess the \$2 fee impacts. He commented about Agency-owned and operated lots that do not follow the \$2 rate, and his concerns about pricing consistency, and inquired about the possibility of having them participate. Mr. Maghamfar responded that the Central Place lot will follow suit, however, he disagreed with lowering Fountain Alley lot and Third/Santa Clara garage rates and stated that Fountain Alley lot has charged higher rates for many years, which the market supports and added that in recent months, the Agency has spent significant funding for improvement

and to clean the location. Mr. Maghamfar further noted that the Globe (Third/Santa Clara) location is a City owned facility, which revenues goes to the Parking Fund and will be reported on the quarterly financial statements; however, it will be managed by the developer for the next five years.

Board Member Saglimbeni asked if there was money set aside in the Capital Fund for the Greyhound design? Mr. Maghamfar commented that the funds identified are almost enough to cover the acquisition, however any cost above and beyond, including relocation and design is unfunded.

Brief discussion ensued about the Sales Tax Revenue chart. Board Member Bales would like to see staff continue to report the sales tax data on a quarterly basis. He felt it was a useful tracking device. Mr. Ortbal responded that the usefulness of the chart was relevant to the nightclub activity and that the \$2 rate includes other retailers and restaurants.

Board Member Saglimbeni stated although he is supportive of the recommendation, he is reluctant to commit to the \$3 rate acceleration. He was not opposed to the rate; he would rather review how things are going before committing to increasing to \$3 in January 2009.

Board Member Beechie and Renelle agreed with Board Member Saglimbeni.

Mr. Ortbal commented that the Board appears to be making a statement that the Capital Development Fund is not a priority. Chair Gemignani disagreed with Mr. Ortbal and that the Board is following the Parking Management Plan, which includes capital development.

Mr. Ortbal suggested the Board support staff recommendation and if circumstances change along the way, the Board can oppose the implementation of the \$3 rate in January 2009 and possibly repeal it.

Board Member Bales motioned to approve the staff recommendation with the caveat that a staff report quarterly on the progress and provide a formal review of the rate in June 2008 to include revenues generated, the expenses for continuing the enhanced security and cleaning efforts in various City parking facilities, and the potential impact on Downtown businesses.

Board Member Renelle seconded the motion. Motioned was passed (5 to 1) with Chair Gemignani opposing.

6. Future Agenda Items

Abi Maghamfar updated the Board on the following items:

- January 2, 2008 Downtown Parking Board meeting has been canceled.
- The next Downtown Parking Board meeting is February 6, 2008
- Sunshine Reform: In anticipation of the upcoming changes related to the Sunshine Reform, the Agency has created a web page for the Downtown Parking Board (www.Sjredevelopment.org). Effective 2008 the recordings of the DPB meetings will be made available on the page. Effectively, the style of minutes will be changed from detailed minutes to action minutes.
- Currently, the web page includes 2007 DPB Agendas, Minutes, and program/plans.

7. Public Comments

Dennis Skaggs questioned Cinema Validation Program during prepay after January when the \$2 rate goes in affect. Mr. Garcia stated the validations will be accepted with the exception of Sharks events and after 10 p.m. at the Market St. and Third St. garages. Mr. Maghamfar stated that the Agency has informed the Pavilion ownership of the pending changes and has informed them that they are required to accept retail and cinema validations. Should they choose to implement prepay, they will have to reimburse fees when customers come back with validations.

Bob Carlson commented that the financial reports would be better if the locations were ranked in order of profitability.

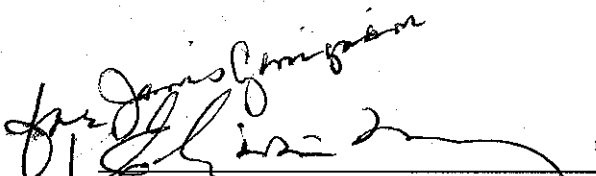
Scott Knies commented that SJDA is in support of the \$2 rate acceleration to \$3 in January 2009 with the caveat that the \$2 rate be reviewed prior to the increase to \$3.

Henry Cord is in support of the \$2 rate.

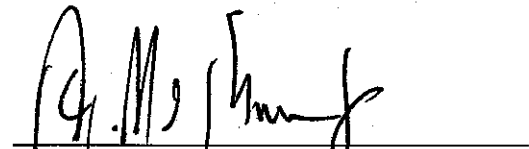
Mr. Ortbal stated that the recommendation would be considered by the City Council on January 8, 2008. Mr. Ortbal further stated that staff would provide a quarterly status update with a, mid calendar year/early summer revisit of the implantation of the \$3 fee for January 2009.

8. Adjournment

Meeting was adjourned at 10:21 a.m.



Janis Gemignani, Chair



Abi Maghamfar, Secretary