

OFFICE OF THE CITY MANAGER

September 9, 2002

TO: CITY COUNCIL
FROM: Cynthia J. Kurtz, City Manager
SUBJECT: Old Pasadena Zoning Parking Credit

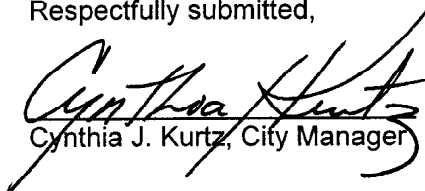
On Monday August 12, 2002, the Finance Committee unanimously approved staff's recommendations as outlined in the attached report. The Committee also directed staff to pursue application of the new parking credit rates to all property owners and tenants who have existing contracts for parking credits and requested information regarding when all interests using parking credits would be paying the same rate.

In response to the Committee's concerns, staff completed an extensive review of all parking credit files to ensure that all parties that have been granted parking credits have paid the annual fee designated in their respective contracts. All discrepancies between assignment of parking credits and revenue received by the Department of Finance have been accounted for. By and large these discrepancies are caused by turnover in building tenants without notice to the City and/or changes in use of the building resulting in a change to the actual number of credits needed for the new use. The policy recommended by staff that henceforth all parking credits be assigned to the building owner will result in a much more straightforward and efficient administrative record keeping.

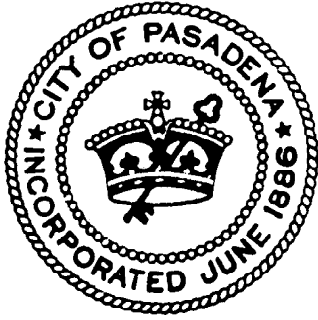
As of August 30, 2002, the Department of Finance's records indicate that the City has billed for 2546 credits for a total of \$284,917. Of this amount, \$280,476 has been collected and \$4,441 has been referred to the City's collection section. In addition to the above, there are 102 credits that were previously billed to businesses that are no longer in business. Property owners will be given the opportunity to enter into new contracts for these credits and will be expected to pay any retro-activity. If the property owner chooses not to enter into these agreements, the credits will be released back into the unallocated pool. In addition to the 102 credits, the Department of Finance and the Department of Transportation are reconciling records to account for 84 more credits that should be billed. It appears that these relate to changes in uses of space that credits were allocated but contracts not amended. This is another reason why staff strongly believes that the contracts should be between the City and the property owners and not the City and the business owner. In total, there are currently 2,732 zoning parking credits. If the City Council approves staff's recommendation to add the Marriott spaces to the program, there will be an additional 210 credits available to be allocated.

Finally, staff is working with the City Attorney to determine whether the current parking credit fees could be raised pursuant to the contracts that have already been entered into between the City and private interests. While some of the existing contracts do not have a maximum; most existing contracts do not provide for an increase in rates beyond the caps already established (\$200 and \$400). Opportunities to charge the recommended \$720 fee; however, would occur in the event of a sale of property, since the parking credits are not recorded with the land, or in a change of use. Staff estimates that it would take approximately 10 years for most interests to be paying the same rate. In order to accomplish this transition; however, the City needs to prepare a new contract for the Marriott Garage parking credits and would be used whenever existing credits change hands.

Respectfully submitted,



Cynthia J. Kurtz, City Manager



Agenda Report

TO: CITY COUNCIL **DATE:** August 19, 2002

THROUGH: FINANCE COMMITTEE (AUGUST 12, 2002)

FROM: CITY MANAGER

SUBJECT: ZONING PARKING CREDIT PROGRAM MODIFICATIONS
FOR THE OLD PASADENA PARKING DISTRICT

RECOMMENDATION:

It is recommended that City Council:

1. Approve the Initial Study (Exhibit A) and adopt the Negative Declaration prepared for this zoning code amendment;
2. Adopt the de minimus finding of no impact to fish and wildlife;
3. Change the boundary of the Old Pasadena Parking Fund Boundary to include the block bound by Walnut Street to the north, Holly Street to the south, Fair Oaks Avenue to the west and Raymond Avenue to the east;
4. Amend the Zoning Code to allow a 50 percent over-subscription of zoning parking credits in the Marriott facility, and adopt a finding of General Plan consistency as contained in this report;
5. Allow Staff to assign zoning parking credits to the Marriott Subterranean Public Parking Facility;
6. Assign future zoning parking credits to contributing buildings in the Old Pasadena National Register Historic District and existing buildings that will require additional parking; require property owners to provide replacement parking, to the extent possible, prior to applying for zoning parking credits;
7. Modify guidelines and regulations for assignment of all future zoning parking credits to property owners only;
8. Modify the General Fee Schedule to increase the cost of any new assignment of zoning parking credits from \$119.63 annually per credit to \$720 so that it is implemented in a phased approach as follows: \$240 per credit for Fiscal Year 2003, \$520 for Fiscal Year 2004 and \$720 for Fiscal Year 2005. Any further adjustments to the cost of zoning parking credits shall be based on a study of the market rate at that time.
9. Direct the City Attorney to prepare an ordinance amending the Zoning Code and prepare a resolution amending the Old Pasadena Parking Fund Boundary and Zoning Parking Credit Guidelines.

RECOMMENDATION OF THE OLD PASADENA PARKING METER ZONE ADVISORY COMMISSION:

The Old Pasadena Parking Meter Zone Advisory Commission met on June 20, 2002 to review staff's recommendations regarding assignment of zoning parking credits to the Marriott Subterranean Parking Facility. The Commission voted unanimously to support staff's recommendations for issues 3, 4 and 5 as referenced above. However, the Commission asked that their concern regarding Recommendations 6 and 7 be presented to City Council and subsequently re-considered Recommendation 8 during a special meeting held on July 22, 2002.

Recommendation 6

The Old Pasadena Parking Meter Zone Advisory Commission suggests that the property owners of contributing and existing buildings, be required to provide replacement parking to the extent possible prior to applying for zoning parking credits. The reasoning for the suggestion is that there are a few properties in Old Pasadena that have been providing parking spaces either to their building or adjacent businesses and without constructing replacement or as much parking on the site as possible, there will be a greater demand for parking in the future. The Planning Commission also supports this action. This recommendation is now included in staff recommendation number 6 above.

Recommendation 7

The Old Pasadena Parking Meter Zone Advisory Commission requests that mechanisms be put in place to ensure that property owners complete the zoning parking credit application and have a signed, recorded contract prior to issuance of a building permit. The Commission also suggests that satisfaction of parking requirements be included as a task on the "checklist" for building permits. The Old Pasadena Management District is also committed to provide the City with a list of addresses as properties become vacant in the future so that the City can make a decision to re-assign zoning parking credits. This recommendation will be included in the City's administrative procedures for issuing zoning parking credits.

Recommendation 8

During their regularly scheduled meeting on July 18, 2002, the Old Pasadena Parking Meter Zone Advisory Commission expressed their desire to re-visit their concurrence with recommendation number 8 regarding the fees for the additional parking credits. The Commission held a special meeting on July 22, 2002 to consider a different parking rate for future assignment of zoning parking credits. The Commission felt that a higher rate for assignment of new credits would place an unfair burden on all new contract holders; and recommended that all contract holders in the pool should be on the same rate schedule. The Commission further recommended that the new contract holders pay the existing rate as adopted in the General Fee Schedule until a study is completed involving the business community to determine the appropriate fee for the Zoning Parking Credits.

RECOMMENDATION OF THE PLANNING COMMISSION:

On July 24, 2002, the Planning Commission considered the recommendation presented by staff and concurred with staff's recommendations by a vote of 6-2 with the following amended language for Recommendation 8:

- a. Undertake a study with public input to clarify public policy on parking in Old Pasadena with respect to property owners, tenants and residents;
- b. Work towards eliminating caps in future contracts and also examine those that currently exist;
- c. Strive for a policy to achieve equity as far as payment;
- d. Develop a fee schedule that includes a legal review of existing contracts to determine whether an "escape" clause exists for contracts with current caps of \$200 and \$400; and
- e. Approve an interim rate of \$240 per year and complete a study as quickly as possible to determine the rates of existing and future contracts.

BACKGROUND:

The Zoning Parking Credit Program allows buildings to utilize public parking spaces in lieu of constructing or acquiring parking spaces to meet zoning code requirements. The program was developed and implemented in the 1980's and was a key element in the restoration of Old Pasadena. Currently, all zoning parking credits have been assigned and the following staff recommendations, if approved by City Council, will (1) enable the City to assign an additional 210 zoning parking credits to the Marriott Subterranean Public Parking Facility, (2) limit assignment of the credits to historic buildings and contributing buildings to the National Register Historic District, and (3) establish a new fee for each newly assigned zoning parking credit for continued rehabilitation of buildings in the Old Pasadena District.

The current Old Pasadena Parking Development Fund Boundary does not include the block north of Holly Street within the Old Pasadena Parking Meter Zone. In order for zoning parking credit fees from the Marriott Parking Structure to be included in the Old Pasadena Parking Structure Fund, a boundary change is necessary to include the Marriott Parking Structure. Exhibit B shows the existing boundary lines for the Old Pasadena Parking Development Fund and the proposed area to be included in the fund boundary.

Currently, the Zoning Code allows a 50 percent over-subscription of assignment of zoning parking credits in the public parking facilities located in the CD-1 Zone. The Marriott Parking Structure is located in the CD-15 Zone and specific City Council action is needed to enable this structure to increase the actual number of parking credits sold. When the Zoning Parking Credit program was established, the Zoning Code was amended to allow for a 50 percent oversubscription in CD-1. This over-subscription was based on a parking analysis that showed that shoppers in Old Pasadena do not visit a single store, but visit several stores.

Since the opening of the Marriott Parking Structure, the facility has been supporting businesses that are located in the northern portion of the Old Pasadena area for long and short-term parking needs. A review of the parking utilization in this parking structure indicates that overall use of parking spaces in the structure has been less than 60 percent. Thus, this structure is

underutilized. With addition of the facility into the parking credit program, spaces in the Delacey and Schoolhouse parking structures can be freed up by transferring month-to-month parking to the Marriott facility.

Therefore, staff recommends that City Council allow the same 50 percent increase applied to other structures in Old Pasadena to the Marriott Subterranean Parking Facility. This will increase the number of available credits from 140 parking credits to 210 credits.

The Marriott Public Parking Structure has been providing monthly and visitor parking since opening of the parking structure in April 2000. Therefore, it is recommended that City Council permit assignment of zoning parking credits to the Marriott Subterranean Parking Facility. This action will enable future rehabilitation of historic and existing buildings wherein construction of code required parking is not feasible within the Old Pasadena Parking Meter Zone.

When the zoning parking credit program was first developed, the Old Pasadena area was in need of rehabilitation and many property owners, particularly those restoring historic structures, needed an incentive to restore their properties. In some cases the credits have been used to construct new buildings. Because 210 credits will increase the number of credits by less than 10 percent, staff is recommending that these credits be used for rehabilitation of existing buildings in Old Pasadena. Staff proposes that the City only enter into agreements for:

- a. Contributing Buildings to the Old Pasadena National Register Historic District; and
- b. Existing buildings that will require additional parking.

New buildings constructed on vacant lots or lots that have parking would not qualify for the use of parking credits. Existing buildings will be able to enter into agreements for credits for an expansion or for a change in use that requires more intensive parking. This will serve as an incentive for rehabilitation. However, the applicant for the zoning parking credits will be required to demonstrate that the site is too small for construction of new or replacement parking spaces prior to approval of an application. Currently, the program does not require that parking be provided if possible and many of the applicants for the zoning parking credits have entered into agreements for the credits because the cost of a credit was far less expensive than constructing new parking spaces.

Since inception of the current zoning parking credit program, applications for zoning parking credit contracts have been submitted by property and business owners, architects, developers and real estate agents. Staff has found that it is not always easy to obtain all necessary information or signed contracts from some of the applicants because some individuals no longer represent the project after the completion of the work. Additionally, changes in tenants have resulted in problems because the new tenant may not have been aware of the parking credit contract or the need to have a contract. Therefore, staff recommends that only property owners be allowed to apply for zoning parking credits.

The current annual rate for each zoning parking credit is \$119.63. A very low parking credit fee was set many years ago in an effort to promote rehabilitation. Those conditions no longer exist and staff recommends to modify the General Fee Schedule to increase the cost of any new assignment of zoning parking credits from \$119.63 annually per credit to \$720 so that it is

implemented in a phased approach as follows: \$240 per credit for Fiscal Year 2003, \$520 for Fiscal Year 2004 and \$720 for Fiscal Year 2005. Any further adjustments to the cost of zoning parking credits shall be based on a study of the market rate at that time. (An annual rate of \$720 per credit was derived by multiplying the current average parking rate of \$60 for a monthly access card by 12.) If the price of a parking space were set based on construction cost, an estimated cost of \$12,000 per space financed with 20 year bonds at 6 percent would require a payment of approximately \$1,050 per year. Moreover, this amount does not include any maintenance costs.

ENVIRONMENTAL DETERMINATION:

Staff conducted an initial study for the proposed zoning code amendment and found that there would be no significant impact as a result of the proposed zoning code amendment. A negative declaration was prepared and available with the initial study for public review from July 3, 2002 through July 24, 2002. Staff's recommendation is that the Council adopt the negative declaration for this amendment.

GENERAL PLAN CONSISTENCY:

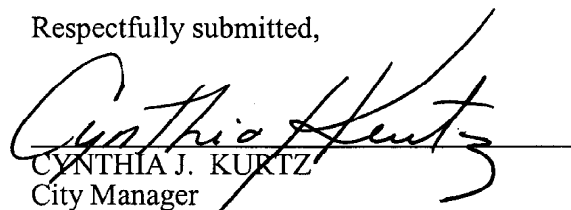
The proposed amendment is consistent with the General Plan and in particular the Mobility Element of the General Plan. The proposed amendment furthers the City's goals of encouraging users of automobiles to park once and walk to various businesses. Policy 3.3 says, "Reduce the Level of Vehicular Trips in General, and Specifically the Use of Autos for Drive-Alone Trips."

The use of the Marriott Garage and in particular the allocation of parking credits to existing buildings that are contributing to the Old Pasadena National Register Historic District furthers the City's goals of Historic Preservation. Objective 6 of the Land Use Element states, "Historic Preservation: Promote preservation of historically and architecturally significant buildings and revitalization of traditional neighborhoods and commercial areas." The amendments implement Policy 6.3 entitled, "Adaptive Reuse: Encourage and promote the adaptive reuse of Pasadena's historic resources."


FISCAL IMPACT:

The current cost of zoning parking credits is \$119.63 annually and the cost is adjusted annually by the Consumer Price Index. The recommended phasing plan for new rates for any new zoning parking credits will generate \$50,400 (210 credits x \$240) in Fiscal Year 2003. This will be \$25,277.70 more than if the parking credits were to remain at the same rate as the General Fee Schedule for zoning parking credits of current contracts. Additional revenues will be generated as contract holders terminate contracts and the credits are re-assigned to property owners that continue to meet the criteria.

Respectfully submitted,



CYNTHIA J. KURTZ
City Manager

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for 


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Reviewed by:



Bahman Janka, Transportation Administrator
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Concurred by:



Richard Bruckner, Director
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- attachments:
- A. Initial Study
 - B. Old Pasadena Parking Development Fund Boundary Map