



*Barbara Spector, Mayor
Rob Rennie, Council Member*

SPECIAL MEETING
TOWN OF LOS GATOS
PARKING AND INFRASTRUCTURE
AD HOC COMMITTEE
AGENDA

TOWN COUNCIL CHAMBERS
110 East Main Street
May 23, 2016
4:00 p.m. – 5:00 p.m.

MEETING CALLED TO ORDER

ROLL CALL

VERBAL COMMUNICATIONS *(Three minute time limit)*

1. Approval of February 9, 2016 Committee Meeting Minutes (Attachment 1)
2. Review Staff Report – Downtown Parking Garage (Attachment 2)
3. Set Next Steps for Downtown Parking Garage
4. Future Agenda Items

ADJOURNMENT

The next meeting of the Parking Ad Hoc Committee is scheduled for TBD, Town Council Chambers

Attachments

1. February 9, 2016 Committee Meeting Minutes
2. Staff Report – Downtown Parking Garage

IN COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT, IF YOU NEED SPECIAL ASSISTANCE TO PARTICIPATE IN THIS MEETING, PLEASE CONTACT THE CLERK DEPARTMENT AT (408) 354-6834. NOTIFICATION 48 HOURS BEFORE THE MEETING WILL ENABLE THE TOWN TO MAKE REASONABLE ARRANGEMENTS TO ENSURE ACCESSIBILITY TO THIS MEETING [28 CFR §35.102-35.104]

TOWN OF LOS GATOS

TOWN COUNCIL CHAMBERS
110 EAST MAIN STREET
LOS GATOS, CA 95030



Parking and Infrastructure Ad Hoc Committee

Tuesday, February 9, 2016

MINUTES

MEETING CALLED TO ORDER

The meeting began at 4:00 p.m.

ATTENDANCE

Committee Members:	Barbara Spector Rob Rennie	Mayor Council Member
Staff:	Laurel Prevetti Matt Morley	Town Manager PPW Director

Representatives from:
Barry Swenson Builder
Presidio Development Partners, LLC

VERBAL COMMUNICATIONS

None.

MINUTES

1. Approval of Minutes

MOTION: Approval of Committee Meeting Minutes from December 18, 2015.

VOTE: 2-0

COMMITTEE BUSINESS

2. Review Request for Information (RFI) Submittals for Downtown Parking Garage

The written staff report was reviewed and Mayor Spector asked for clarification as to whether the current RFI submittals are proposing purchase of air rights.

Mr. Morley stated that the RFIs were expanded to include the potential for purchase of property in order to look at the opportunities for decreasing the density and providing greater opportunities for increasing the parking and BMPs, so with that it includes the ground rights and the rights above that will essentially be air rights.

ATTACHMENT 1

2. Review Request for Information (RFI) Submittals for Downtown Parking Garage-Cont'd.

Property ownership was discussed between the Committee and Mr. Morley.

Mr. Morley stated that based on the information provided, the question for the Committee and ultimately the Council is whether or not it feels comfortable to move this forward to a negotiation on an agreement or an Request for Proposal (RFP).

Presidio Development Partners, LLC provided a recap of their RFI submittal and clarification on key areas. Questions and answers were discussed with the Commission.

Barry Swenson Builder provided a recap of their RFI submittal and clarification on key areas. Questions and answers were discussed with the Commission.

3. Set Next Steps for Downtown Parking Garage

Mr. Morley stated that there is much work still to be done if this is going to move forward and provided information and direction of what may be needed in the possible scenarios of next steps.

The Committee agreed to recommend to the Council to review the work of the Committee with the following specifics:

- A minimum of 6 BMR units
- A minimum of 55 public parking spaces above current levels
- Developer to identify the housing and commercial mix without a maximum number of units
- Maximize the dollar value return to the Town

4. Future Agenda Items

None at this time.

ADJOURNMENT

Meeting Adjourned at 1:10 p.m.



MEETING DATE: 05/23/16

**COUNCIL PARKING AND INFRASTRUCTURE
AD HOC COMMITTEE REPORT**

DATE: MAY 19, 2016
TO: COUNCIL AD-HOC COMMITTEE ON PARKING AND INFRASTRUCTURE
FROM: MATT MORLEY, DIRECTOR OF PARKS AND PUBLIC WORKS
SUBJECT: DOWNTOWN PARKING GARAGE FOLLOW UP TO MARCH 15, 2016
TOWN COUNCIL MEETING

INFORMATION:

Staff presented the progress of the Council Ad-Hoc Committee at the March 15, 2016 Council Meeting. Following discussion of the item, the Council provided direction with the following elements:

- Include at least six Below Market Price (BMP) units.
- Construct as few residential units as possible.
- Utilize paid parking for the garage only (not for other downtown parking spaces).
- Achieve a minimum of 300 parking spaces.
- Minimize the visual impact by considering the setback on the second level and the use of below grade parking.
- Utilize other Town funds to contribute, including the Town's housing fund and potential revenue sources from the November election.

As staff detailed at the Council meeting, the private developers who engaged through the Request for Information (RFI) have diminishing interest in providing additional analysis without gaining assurance that a future project will develop. Both consultants retain an interest in a project should it move forward with definition and with exclusive negotiations.

To accommodate the capacity of the developers to provide additional information, staff created a table (Exhibit 1) and requested that the developers calculate and complete the red cells. The goal of the table is to begin to capture some of the Council priorities and the anticipated impact to the project. Note that each column of the table is labeled with a letter for easy identification.

Presidio Development completed the cells and that work is reflected in the attachment. The company did express some concerns with the model. Most specifically, it tends to oversimplify the calculation and does not account for many yet to be determined factors of design, level of BMP, etc. Nonetheless, the developer agreed that the model reflects an appropriate magnitude of impact for a variety of options. This reflects several of the more significant "levers" referenced in previous discussions. Barry Swenson Builders was unable to complete the table as they did not feel they could commit the additional time to the project.

MAY 19, 2016

INFORMATION (cont'd):

To summarize the table, BMP units and public parking spaces require a subsidy, either from market rate units or additional capital.

- The table demonstrates a range of total units (market rate plus BMP) in column B.
- The table also modestly adjusts the number of BMP units in column D.
- Finally, the table varies the number of net new public parking spaces in column H.
- This results in fluctuations in column I and represents the amount of capital the Town would need to contribute to make the project work. Note that a negative number means the Town would receive revenue from the structure of that scenario.

BMP Units

Column B in the table provides for the number of BMP units assumed for each scenario. As previously detailed, one parcel retains the requirement for six BMP units as that parcel was purchased with restricted funds. Additionally, the Town's Zoning code requires the construction of BMP units in developments over five units. These requirements are calculated in column J of the attached table. The ad hoc should recommend one of the following with respect to scenarios where 6 BMP units are included:

- The 6 BMP unit commitment through the use of restricted funds meets the Town's Zoning requirement, so no additional units are required, or
- The use of restricted funds does not meet the Town's Zoning requirement. The project should construct the additional units from column J as well.

The calculations assume the former of the two options. Additional BMP units aligned with the second option will require adjustments throughout each scenario.

Market Rate Residential Units

The inclusion of market rate residential units provides the revenue or subsidy to fund BMP and parking. The attached table provides varied quantities for market rate units. The number of market rate units directly impacts the Town's capital investment need.

Pay for Parking

As discussed at previous meetings, paid parking within a parking structure where parking remains free throughout the rest of downtown does not provide a guaranteed revenue stream. This may be exacerbated by longer term parking available within each of the downtown parking lots. For example, portions of lots 1, 2, and 3 (those from Highway 9 to Grays Lane) have areas of parking with no time limits. Lots 9 and 10 (across from the Toll House and behind the Verizon building) also have no time limits. Because of this, no revenue should be assumed in relation to a paid parking model for a new garage.

PAGE 3

COUNCIL AD-HOC COMMITTEE ON PARKING AND INFRASTRUCTURE

SUBJECT: DOWNTOWN PARKING GARAGE FOLLOW UP TO MARCH 15, 2016
TOWN COUNCIL MEETING

MAY 19, 2016

INFORMATION (cont'd):

Parking Space Quantity

Per Council direction, the scenarios in the attachment address increased parking spaces, several in excess of the 300 requested through the Council action. Parking spaces require subsidy through either an increase in market rate units or an additional capital investment by the Town.

Design Elements

The element of the Council action specific to upper level setbacks has been included in the information and design elements provided by the developers. It should be noted that this and similar types of limitations impact the overall economics by decreasing the overall square footage available for the project, ultimately increasing the Town's capital contribution requirement. However, this project has not advanced enough to begin attributing costs to these types of limitations. Staff recommends that the Council track these and other ideas through staff for inclusion should a project materialize.

Capital Options

The Town's Low Income Housing fund retains a balance of just over \$3M. The Ad Hoc should provide input as to the applicability of this fund in light of the contribution already made for the purchase of the parcel with a six unit BMP obligation. This fund may be more applicable should the project advance with more than six BMP units to offset the costs of those additional units. These funds may not be appropriate to offset the costs associated with additional parking spaces.

Funding just under \$2M has been set aside within the Town's General Fund Allocated Reserve (GFAR) for the purchase of the portion of the parking lot that was originally acquired with RDA funds. These are unrestricted funds. If the BMP housing obligation is met onsite, these funds could contribute to the project in some other way, for example to increase the number of BMPs or to offset the cost to increase the number of public parking spaces. If the Town does not make significant steps towards meeting the BMP obligation by the deadline in early 2017, these funds will be necessary to retain the property.

As described at the Council meeting, the use of future funding sources, such as through a tax increase in November, remains a potential funding source. The Council will need to decide between competing priorities for these prospective funds.

PAGE 4

COUNCIL AD-HOC COMMITTEE ON PARKING AND INFRASTRUCTURE

SUBJECT: DOWNTOWN PARKING GARAGE FOLLOW UP TO MARCH 15, 2016
TOWN COUNCIL MEETING

MAY 19, 2016

CONCLUSION AND RECOMMENDATION:

Staff urges caution in the use of the dollar amounts included in this discussion. These numbers may vary widely based on the actual project requirements as the project is refined in scope and design.

Town staff recommends the ad hoc committee refer the item back to Council with one of the following recommendations:

- Table the discussion pending the outcome of initiatives at the November election.
- Pursue an option similar to one of the options numbered 2, 3, or 6 in exhibit 1 as these options have achievable funding scenarios given current budget constraints.
 - Include a recommendation for exclusive negotiations with Presidio Development towards a project. Alternatively, the ad hoc could recommend exclusive negotiations with Barry Swenson Builder.
 - Include a recommendation for allocation of funding for professional services to provide guidance in developing an agreement with the developer, with funding for this service reimbursed to the Town as a base cost to the developer.
- Determine that a downtown parking garage is not a feasible project given other Town capital project priorities and funding allocations.

Attachment:

Exhibit 1- Development Matrix

Parking Garage - Mix of Use Concepts

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
Scenario	Residential			Parking				Town Funding Contribution (1)	Standard BMP Requirement
	# Units	Type	BMP	Total	Required	Existing	Net New		
1	12	Town homes	6	341	21	120	200	\$ 9,000,000	1
2	24	Town homes	6	315	45	120	150	\$ 3,590,000	2
3	36	Town homes	6	289	69	120	100	\$ (320,000)	4
4	12	Town homes	12	338	18	120	200	\$ 11,415,000	0
5	24	Town homes	12	312	42	120	150	\$ 5,090,000	1
6	36	Town homes	12	286	66	120	100	\$ 1,075,000	3
7	40	Town homes	6	284	77	120	87	\$ (2,000,000)	5

(1) Level of Town contribution depends on a number of factors such as level of subsidy (ie pricing) for BMP units, size and finishes of BMP units, City fees, allowable height of building, etc.

Instructions To Developer

Fill in these cells

Adjust these only if absolutely needed