TO:  HONORABLE CITY COUNCIL  
FROM:  CITY MANAGER  DEPARTMENT: PLANNING AND COMMUNITY ENVIRONMENT
DATE:  SEPTEMBER 12, 2005  CMR:375:05
SUBJECT:  APPROVAL OF AGREEMENT AND DECLARATION OF COVENANT TO PROVIDE PARKING AT 130 LYTTON AVENUE BETWEEN THE KENSON GROUP AND THE CITY OF PALO ALTO

RECOMMENDATION

Staff recommends that Council approve and authorize the City Manager to execute the attached Agreement and Declaration of Covenant to provide parking at 130 Lytton Avenue between the Kenson Group and the City of Palo Alto.

BACKGROUND

In November 2004, the Kenson Group, owners of the property at 130 Lytton, contacted the City to address a potential future loss of leased parking at the site. The development at 130 Lytton is part of the 2001/2002 Downtown Parking Assessment District, with building area of 47,234 square feet and a parking obligation of 189 spaces. 118 parking spaces are provided by 130 Lytton, leaving an obligation of 71 spaces under the 2001/2002 bond. Seventy of the 118 spaces for 130 Lytton are located in a two-story parking structure located on an adjacent parcel that is leased by the Kenson Group under a parking lease that expires in September 2014.

DISCUSSION

130 Lytton is the only property subject to the 2001/2002 bond that has a portion of its credited parking spaces located on leased property for which the lease may terminate during the assessment period. There is one other property with leased parking, but the obligation to provide parking extends beyond the term of the assessment. Three other properties provide parking offsite, however the subject properties and the parking location are under the same ownership. In addition, there are six other properties identified in the Assessment roll as providing parking on a separate legal parcel. These six properties all include buildings that cover multiple parcels and parking that is fully integrated into the site, such that the parking locations could not be independently developed.
In order to compensate for the potential loss of parking, the Kenson Group has agreed to enter into a parking covenant that would guarantee compensation for any loss of parking in the event that the parking spaces credited to 130 Lytton are converted to a use other than parking following the expiration of the parking lease.

Palo Alto Municipal Code Section 18.49.100(c) allows for assessment district parking requirements to be met by off-site parking as long as there is a binding Agreement and Declaration of Covenant. This Agreement will satisfy the Municipal Code requirements.

**RESOURCE IMPACT**

This Agreement will have no effect upon the finances of the Assessment District. Kenson Group and the City desire to address the potential future loss of the spaces while ensuring that the parking requirement is still met.

**POLICY IMPLICATIONS**

The approach taken is designed for these unique circumstances and is not designed to set policy for future City actions. This recommendation does not appear to represent any change in existing City policies.

**ENVIRONMENTAL REVIEW**

There are no environmental impacts from entering into this Agreement.

**ATTACHMENTS**

A: Agreement and Declaration of Covenant to Provide Parking (130 Lytton Avenue)

**PREPARED BY:**

STEVE EMSLIE
Director of Planning and Community Environment

**CITY MANAGER APPROVAL:**

EMILY HARRISON
Assistant City Manager