



City of Palo Alto

City Council Staff Report

(ID # 11716)

Report Type: Action Items

Meeting Date: 11/9/2020

Council Priority: Transportation and Traffic

Summary Title: Parking Management Policy Adjustments in the California Avenue area

Title: Direction to Modify the California Avenue Parking Policy to Expand Eligibility for City Garage Parking Permits, Modify the Evergreen Park Mayfield Residential Preferential Parking (RPP) Program to Reduce Employee Parking in the RPP District, and Develop a Parking In-Lieu Program for the California Avenue Business District (Continued From October 26, 2020)

From: City Manager

Lead Department: Transportation Department

Recommendation

Staff recommends that the City Council provide direction to staff to utilize additional parking supply provided by the new California Avenue Garage at 350 Sherman Avenue to reduce the number of employee permits made available in the Evergreen Park-Mayfield (EPM) Residential Preferential Parking (RPP) district by approximately 120 when 2021 permit renewal cycles begin in Spring 2021 and, direct staff to return with an ordinance establishing a parking in-lieu fee program in the California Avenue Business District for the equivalent of up to 200 spaces in the new garage.

Background

The City addresses parking and parking-related transportation challenges using a multi-pronged approach. Parking management strategies, targeted parking supply investments, and transportation demand management programs allow the City to utilize a variety of tools and strategies to address parking and traffic issues prioritized by the [City's General Plan](#) and to pursue Sustainability and Environmental goals with parking management tools ([Transportation Element](#)). To support these goals, the City has prioritized innovative planning approaches that center broad community engagement. While parking and traffic congestion issues can feel quite intractable, parking enhancement strategies that center community engagement, customer service, and careful market design can provide increased mobility and access for stakeholders, as well as wins for the environment.

Parking management strategies enacted in the City of Palo Alto have included the development of a city-wide Residential Preferential Parking (RPP) ordinance, intended to enhance the quality of life in residential neighborhoods by reducing the impact of parking associated with nearby businesses and institutional uses. Procedures for instituting neighborhood RPP programs were established by ordinance ([ordinance #5294](#)) in 2017. These procedures lay out a stakeholder and data-centric process for measuring parking availability, identifying impacts by time of day, designing appropriate solutions, and engaging the public in measuring success and program applicability.

The California Avenue Business District, immediately adjacent to the Evergreen Park and Mayfield neighborhoods, has regularly attracted business visitor and employee parkers, who, for lack of the right incentives offered, utilize residential blocks for trips that could be better suited by parking facilities in the main commercial area, especially to avoid commercial time-based restrictions. Commercial time restrictions, when needed, prioritize turnover and ease of parking space discovery to facilitate customer and employee trip satisfaction. Residential on-street curb parking, in turn, with RPP programming, prioritizes longer stays and facilitates short visitor trips. The RPP program design in Palo Alto facilitates flexibility and adaptability in meeting parking demand while centering resident experience and quality of life.

Discussions amongst City staff and community stakeholders regarding parking availability in the California Avenue commercial district and its surrounding neighborhoods led in recent years to Council decisions to increase parking supply in the California Avenue Business District by constructing a new parking garage at 350 Sherman Avenue (as part of the [Public Safety Building project](#)), and to establish the EPM RPP district in 2017. The EPM RPP program provides both residential and employee parking permits in the area, while the California Avenue Business District ([California Avenue parking facilities](#)) provides visitor and employee parking in surface lots and garages. Again, the current design of these programs prioritize commercial district parking facilities for higher turnover uses and employee parking; and, residential parking for convenient access for residents and resident visitors ([EPM RPP program information](#)).

Together, the new California Avenue Parking Garage (as part of the California Avenue Business District) and the EPM RPP program provide City staff the ability to effectively manage parking impacts in both residential and commercial zones in the area. The additional parking supply provided by the new garage allows the City to reduce the number of employee permits made available in the EPM RPP, in line with expectations of residential stakeholders outlined in the City's parking management work plan ([prioritized Parking Work Plan](#)). Following this reduction, staff would commence a phased process to eventually eliminate the remaining employee permits available in the EPM RPP district, evaluating the impact of the recommended permit reduction and phasing in additional reductions by 2022.

California Avenue Parking Assessment District and Evergreen Park-Mayfield Residential Preferential Parking History. City Council has previously recognized the need to be flexible with

the number of employee permits made available in the Evergreen Park-Mayfield Residential Preferential Parking Program. After establishing the EPM as an RPP district ([Resolution No. 9739](#)), Council approved a district redesign by creating additional zones, including a new Employee Parking Zone G ([CMR #8893](#)) on El Camino Real. While staff will aim to move all 290 employee permit holders in the EPM RPP to the California Avenue Business District, these 40 permits may be best accommodated as they are now in Zone G. Staff will monitor demand for these permits and decrease availability as possible.

Current Parking Context

Due to the pandemic, RPP enforcement was temporarily suspended March 16th through October 15th, allowing the public to park on- and off-street without time restrictions. To encourage reopening businesses and commercial district visitors to utilize readily available commercial parking facilities, and to facilitate tracking parking availability trends for analysis, staff have resumed RPP enforcement. Resuming RPP enforcement also preserves purchased permit value for residents as permits originally expected to expire in the fall of 2020 have been extended to Spring 2021. Permits sold in the spring of 2020 have not been required to park during the suspension of the program. Commercial time limit restrictions, however, will continue to be suspended until demand increases ([informational staff report 11627](#)).

Discussion

The completion of 350 Sherman Avenue Garage adds approximately 300 new parking spaces (its ~636 total spaces replace 310 pre-existing spaces) to the California Avenue commercial district, as well as opportunities to utilize a new Parking Guidance System (PGS) to manage the City's parking facilities more efficiently. The PGS is equipped with optical sensors to detect parking occupancy, as well as software capabilities for managing visitor parking stays and payments. Light-emitting diode (LED) lights indicate availability and other information to parkers.

Staff proposes, when commercial time restrictions are resumed, designating upper levels of the new garage for employee permit parking only, Monday through Friday, up until 11:00 AM. After 11:00 AM, visitor parking would also be allowed up to upper levels, to maximize space utility. Additional parking supply within the commercial core would also remain available to the public for hourly and permitted parking. This approach provides space for the approximately 120 EPM RPP employee permit holders to be transitioned over and would also accommodate the 228 waitlisted employees seeking California Avenue Business District employee and employer permits. Employee California Avenue Business District permits are valid at all public California Avenue lots and garages ([California Avenue Parking Facilities](#)). In the past, a 60% show rate for permit spaces has been typical (not all permit holders arrive each day), such that the added supply should be sufficient to accommodate both permit and visitor uses, including up to 200 spaces proposed in the potential in lieu program described in CMR 11702 and below.

California Avenue In-Lieu Parking Program Proposal

In the context of community and economic recovery from the pandemic and the evolving climate into the future, staff recommends Council approval to develop a parking in-lieu program for California Avenue. This commercial district rarely experiences new development in part due to the size of parcels and the need to provide off-street parking. In order to accommodate a new business or expansion of an existing use, a vacant storefront is needed. Several years ago, when the City had an active parking assessment district, property owners were able to meet parking requirements through this program. The proceeds from that assessment were dedicated toward paying bond obligations that were used to finance the building of a 2-story garage (Ted Thompson garage, Lot C3). This debt matured several years ago and so too the assessment is no longer levied. Since that time, a new use or business intensification could not result in a higher parking requirement than the previous use. For instance, a restaurant with its higher parking requirement could not occupy a former retail storefront, which has a lower parking requirement.

With COVID-19 and public health restrictions on indoor occupancy, some tenants and property owners may find it beneficial to allow a business to locate or expand into adjacent storefronts. With incentives the City has already implemented, this in-lieu parking program, and consideration of other factors, some individuals may find opportunity in vacant storefronts.

Details of this conceptual in-lieu parking program are summarized below. If Council is interested in advancing this concept, additional staff work is needed to create an implementable program which staff would bring back to Council as an ordinance. The concept is supported by the increase in new public parking spaces that will become available with the completion of the California Avenue parking garage. The City Council will need to weigh this option with other policy interests to reduce commercial parking in nearby residential neighborhoods and parking that supports existing businesses. On balance, staff anticipates that all these interests can be accommodated within the new and existing parking resources in the California Avenue area.

The conceptual, limited, in-lieu parking program as contemplated by staff would only apply to changes in uses in existing buildings that would intensify the use in terms of parking demand; new building construction would not be eligible. The program would apply to ground floor uses and only those uses that meet the City's retail, retail-like or expanded retail definition approved by City Council. The cost per space would be calculated based on the current rate for an in-lieu parking space established for the downtown in-lieu program (~106K/space) and could be paid upfront as in the existing in-lieu program or paid in annual installments extended over a certain number of years. The ability to reduce the upfront cost, and pay over time, may be important as a high initial cost may discourage participation. Importantly, as with the downtown program, no physical parking space is dedicated to a property owner or a tenant. Instead the surplus public parking in the area would absorb the parking demand generated by the more intense use. Unlike the downtown program, the in-lieu payments could be spread over time and ongoing, potentially ending when a new land use is introduced to the tenant space that has a comparable or lower parking requirement than the land use that existed prior to participation

in the program or when the property owner has paid the full value of the parking. Staff anticipates that businesses with direct street access to California Avenue would be eligible and possibly some properties on adjacent side streets. The program as envisioned could accommodate up to 200 parking spaces depending on how the City Council prioritizes its parking-related interests in the district. Establishment of a parking in-lieu program in the California Avenue area would create a new long-term revenue stream that staff would recommend be dedicated towards the 30 years debt associated with the new California Avenue garage which has an annual debt service of \$2.4 million.

Alternative Options: Although Staff recommends a phased approach to the reduction of employee RPP permits in EPM, City Council could alternatively eliminate more or all of the 250 employee EPM employee RPP permits. With this alternative action, Council should consider if it wants to eliminate employee permits in residential zones (currently 250 employee permits), or all employee permits including the non-residential zone G located on California Avenue (40 additional employee permits). If 290 RPP permits are allocated to the garage, staff would recommend reserving 174 spaces for these new garage permits (using our estimated 60% show rate). The 174 spaces coupled with approximately 228 employees that have been waiting on the garage waiting list, takes approximately half of the garage capacity (311 spaces) that would need to be reserved for garage permits. Staff, however, has concerns that doing so may impact the availability of visitor parking and other parking uses in the new garage. Furthermore, this would potentially reduce parking available for the proposed parking in-lieu program.

Staff is recommending a phased approach to allow time to analyze parking impacts in the neighborhood and garage utilization once travel patterns and parking demand stabilize. Additionally, the EPM RPP is currently the only place low income permits are available, though a reduced-price (low-income) business district employee permit option could be presented to the Finance committee at a future date. While future usage trends are especially uncertain in the current economic context, the technology systems installed provide staff the ability to monitor usage trends over time, and to make future recommendations based on more complete usage and parking availability data.

Table 1: After Commercial Time Restrictions Resume

Designate two upper levels of the new garage for employee permit parking only
After 11:00 AM, allow visitor parking up to upper levels

Table 2: Expanded Parking Supply in the California Avenue Business District

Previous lot parking supply at 350 Sherman Avenue	310
Total parking supply at all other public California Avenue district lots and garages	612
Previous total parking supply in the California Avenue Business District	922
New 350 Sherman Avenue parking supply	636
New total parking supply in the California Avenue Business District	1248

Table 3: Accommodating Employee Parking Demand

<i>Parking Demand Source</i>	<i>Recommended</i>	<i>Range Available</i>
Total waitlisted California Avenue Business District employees	~228	0 - 228
Total employee RPP permits in the EPM District (40 in Zone G, adjacent to ECR)	290	0 - 290
Public spaces available for the proposed parking in-lieu program	~200	0 - ~200

Sensors on the upper levels of the new garage will monitor just entries and exits and are well suited to permit holder parking. If a vehicle does not have a valid permit, with or without License Plate Recognition enabled, the system can automatically send an alert to enforcement personnel as needed. Staff will investigate further refinements and propose pilot enhancement options over time.

Finally, staff will implement Council approved employee permit pricing rate increases throughout the City by March 2021, including no longer providing free residential permits in the RPP, as stated in the adopted FY21 Municipal Fee Schedule. This consolidates demand for on-street spaces into the RPP program’s permit sales, enabling parking occupancy rates and availability to be understood more fully, for any future pricing adjustments or parking enhancements to be considered more carefully, in the light of known demand for street space. With Council’s approval of this action item, staff will prepare appropriate adjustments to the Evergreen-Mayfield Park RPP resolution and return to Council for approval later in 2020.

Policy Implications

The following Comprehensive Plan programs and policies are relevant to parking management policies:

Policy T-5.5 Minimize the need for employees to park in and adjacent to commercial centers, employment districts and schools

Policy T-5.11 Work to protect residential areas from parking impacts of nearby businesses and uses, recognizing that fully addressing some existing intrusions may take time.

Policy B-1.2 Promote Palo Alto’s image as a business-friendly community. Assume an active role in fostering businesses, including small start-ups, entrepreneurs, and innovative businesses.

Policy B-1.3 Engage with all stakeholders in the community, including businesses of all sizes, local retailers, the public, and City decision-makers in order to understand the challenges businesses and employers face.

Policy B-2.3 Recognize that employers, businesses and neighborhoods share many values and concerns, including traffic and parking issues and preserving Palo Alto's livability, and need to work together with a priority on neighborhood quality of life.

Policy B-3.3 Develop strategies for promoting businesses and employers that generate revenues that will support a full range of high-quality City services, including retain and attract revenue-generating businesses.

Policy B-4.2 Attract and support small businesses, start-ups, non-profit organizations, and professional services, which are vital to a diverse and innovative economy.

Resource Impact

At the time of the FY21 Operating Budget adoption, FY21 permit sales revenues anticipated for the California Avenue Business District and the EPM RPP were based on both the expected Council-approved increase in employee parking permit prices per the FY21 Adopted Municipal Fee Schedule, the policy to no longer provide the first permit free to residents in the RPP, and the increased number of spaces available due to the opening of the California Avenue garage. The previous annual permit price of \$403 was approved to increase to \$620. COVID-19 related impacts to the economy, however, have led to a significant drop off in demand for both employee and residential permits. The recommendation to move approximately 120 employee permits from the EPM RPP district into the new California Avenue garage will result in increased revenue to the California Avenue Parking fund and decreased revenue to the RPP fund. Additional parking enhancements will continue to be investigated with community input. While decreases in RPP employee permit sales would result from the recommended policy actions, the overall financial sustainability of the RPP program is expected to improve over time as parking availability data is collected and other parking enhancements are considered by Council as staff advance Parking Work Plan recommendations.

Currently, the effects of the COVID-19 pandemic and its related economic impacts are making parking trends extremely difficult to predict. However, staff has and will continue to closely monitor parking activity and recommend reasonable permit pricing adjustments in the annual budget process to manage availability of each space in the garage. Should Council approve the recommendations in this report, staff will further refine estimates based on programmatic changes and bring forward any recommended FY21 budgetary adjustments for Council consideration at mid-year.

Establishment of a parking in-lieu program in the California Avenue area would create a new long-term revenue stream that staff would recommend be dedicated towards the 30 years debt associated with the new California Avenue garage which has an annual debt service of \$2.4 million.

Timeline

The California Avenue garage is expected to open by November 2020, with rates previously

adopted by City Council (\$403 for a six-month permit). Further rate adjustments and permit availability changes will be explored and presented to Council by March 2021 after additional community engagement and initial review by the Planning and Transportation Commission and the Finance Community.

Stakeholder Engagement

The recommended action is a result of expectations of residential stakeholders outlined in the City's parking management work ([prioritized Parking Work Plan](#)), reflecting outreach and community engagement processes documented at the outset of the planning processes that created the citywide RPP program as well as subsequent RPP study ([Residential Preferential Parking Program Review](#)).

Environmental Review

The recommended action is exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to Section 15061(b)(3) of Title 14 of the California Code of Regulations since it can be seen with certainty that there is no possibility the proposed minor modifications to this existing program will have a significant effect on the environment and Section 15301 in that the program modifications will have a minor impact on existing facilities.