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
February 9, 2016
3:00 p.m. – 4:00 p.m.

MEETING CALLED TO ORDER

ROLL CALL

VERBAL COMMUNICATIONS *(Three minute time limit)*

1. Approval of December 18, 2015 Committee Meeting Minutes
2. Review Request for Information (RFI) Submittals for Downtown Parking Garage
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. December 18, 2015 Committee Meeting Minutes
2. Staff Report on Responses to Questions from RFP
3. Responses to Questions from Responding Companies

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

Friday, December 18, 2015

MINUTES

MEETING CALLED TO ORDER

The meeting began at 4:00 p.m.

ATTENDANCE

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

Representatives from:
Barry Swenson Builder
Presidio Development Partners, LLC

VERBAL COMMUNICATIONS

None.

MINUTES

1. **Approval of Minutes**
   MOTION: Approval of Committee Meeting Minutes from November 19, 2015.

   VOTE: 2-0

COMMITTEE BUSINESS

2. **Review Request for Information (RFI) Submittals for Downtown Parking Garage**
   a. Interview with responding companies

   The Committee and Mr. Morley held a dialogue with representatives of Barry Swenson Builder and Presidio Development Partners, LLC discussing questions about the Downtown Parking Garage RFI.

   Mayor Spector commented that with the information provided by the respondents through this process, it will help guide the Committee and Council in making a decision as to what to do.

ATTACHMENT 1

3. Set Next Steps for Downtown Parking Garage

Based on the information discussed about the possibility of increasing the parking, Mayor Spector would like the ideas explored. Staff will explore if there is going to be some allowance in reference to the mandated number of parking spaces.

Council Member Rennie requested documentation which shows the economic benefits of selling the property versus renting.

Mayor Spector requested an analysis of BMP units.

Staff will provide the requested information to the Committee at the next meeting to review. Staff's goal is to provide enough information to get the Committee to the point that they are able to provide an opinion one way or another to Council, as to whether this preliminary idea has legs to stand on or not. If it is recommended to Council as something to pursue, Council would then decide if the next step would be to issue a Request for Proposal (RFP) that would then take these preliminary ideas to something more.

The next meeting is tentatively scheduled for the end of January.

4. Future Agenda Items

None.

ADJOURNMENT

Meeting Adjourned at 5:11 p.m.

DRAFT

MEETING DATE: 02/09/16

COUNCIL PARKING AND INFRASTRUCTURE AD HOC COMMITTEE REPORT

DATE: FEBRUARY 4, 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 QUESTIONS FROM REQUEST FOR INFORMATION (RFI)

INFORMATION:

At the December 18, 2015 meeting, the Committee reviewed submittals from two companies in response to the Town's RFI for a downtown parking garage and received verbal presentations from the two companies that provided responses. The Committee requested additional information as follow up in the following areas:

1. Explore ideas for increasing parking available for public use.
2. Provide documentation on the benefit of selling the property versus renting the property.
3. Provide an analysis of BMP units.

The staff questions and responses are provided as Attachment 3 to the agenda. Both companies believe that additional work is necessary to further develop the idea and to refine numbers of parking spaces, residential units, mix of use, and other variables. This work will require an investment in time and money by both the Town and the involved company or companies. All of the information provided to date is very preliminary and conceptual in nature – none of the information is absolute. A project that develops from this effort will likely include many variations from the already provided information as a result of negotiations.

NEXT STEPS:

The use of the RFI process is intended to explore the project at a high conceptual level. At this stage, identifying specifics is premature. The goal is to get enough information about potentials for the site to provide direction on next steps or more generally, this type of project could work or this type of project will not work. Based on the information provided to date, the Committee may wish to discuss the following:

1. Does the potential increased number of parking spaces warrant continued pursuit of additional parking through a public private partnership?
2. Is the type of development necessary to deliver the parking reasonable for the location?
3. Are the below market rate units enough to meet the needs of the Committee?

NEXT STEPS (cont'd):

4. Are there other solutions the Committee would like staff to explore?
5. Does the Committee have enough information to provide direction to staff for next steps?

The RFI process has served its purpose to this point and staff recommends that the Committee recommend to the full Council one of the following:

1. Refine Town requirements and direct staff to formulate a Request for Proposals (RFP).
2. Develop a structure for and negotiate directly with one or more of the current respondents.
3. Develop a report to the full Council based on input from the Committee, recommending or seeking input on next steps.
4. Recommend to the Council not pursuing a public private partnership to develop a parking structure at the site with supporting reasoning.

CONCLUSION AND RECOMMENDATION:

Staff recommends that the Ad Hoc Committee review and comment on the attached documents and based on the discussion, determine the next steps for the project.

Responses to Town Questions provided by Swenson –

As a result of that meeting, we're looking for help with the following information. We're not asking for schematics or layouts at this point, with the intention of helping minimize the work involved.

Introductory information provided by Swenson:

If we were to purchase the property for "X" amount with a Development Agreement with the Town that includes building out a certain amount of parking stalls (possibly condo-out the garage) alone with a certain amount of BMR units, the financials definitely move in a positive direction. When we speak about doing a Garage Condo, we're doing this to create the ability for new home owners to buy units and take title to a condo, and not to deliver ownership of a garage condo to the Town. The Garage Condo will still remain in the ownership of the Developer, but part of the Developer Agreement would be to provide a certain number of stalls; then, the developer could charge for parking / not be restricted from this perspective.

1. Remove the limitations on a ground lease and look at sale of the property with the following needs-

a. 6 BMP units and

b. 12 BMP units (6 additional)

c. Maximized public parking (use condo model for public parking)

If you were to increase the amount of BMRs to be included in the project, the land sale price will decrease.

Another idea would be for the Town of Los Gatos to reinvest the funds from the sale of the property in subsidizing additional BMR units. Leveraging the funds from the sale could potentially add an additional 6 BMR units to the development.

2. Under the guidelines in number 1, what do for sale units look like in terms of density and size?

a. Is it feasible to reduce the density from this number?

If you were to increase the number of stalls required, the sale price of the property will decrease. Under the guidelines of Question 1, most likely the density of the project would decrease (think town home style condos compared with micro unit apartments).

3. Under this scenario, what revenue to the Town would you expect from the sale of the property?

Depends on total number of units. When considering the project revenue on a per unit basis, for example, the offer would be based on an approved number of condos, and would fluctuate based on what actually gets approved. (A true public-private partnership)

4. How many total dedicated public parking spaces would be reasonable?

a. Are there other ways to increase this number?

As far as the number of stalls, the feasibility depends on the number of market rate units that can be approved including their type and size. An idea would be to increase the number would be to allow the maximum amount of town home style condos and reduce the amount of BMRs required. Both "levers and pulleys" are interconnected.

5. We'd like your perspective on a pay for parking model for this location only, assuming all other locations remain free. We can categorize this as informed estimates and that actual price sensitivity will need to be determined.

a. What rate would be reasonable?

b. What revenue could be expected annually?

A pay for parking model would need to be studied. Perhaps the Town can commission this study and present to the Town Council the findings of such a report. As of now, we do not have data for the Town of Los Gatos that supports a pay for parking model, rates, or expected annual revenue.

Responses to Town Questions provided by Presidio Development–

As a result of that meeting, we're looking for help with the following information. We're not asking for schematics or layouts at this point, with the intention of helping minimize the work involved.

1. Remove the limitations on a ground lease and look at sale of the property with the following needs-

a. 6 BMP units and

b. 12 BMP units (6 additional)

c. Maximized public parking (use condo model for public parking)

2. Under the guidelines in number 1, what do for sale units look like in terms of density and size?

We believe we can achieve approximately 34 for-sale units over a podium consisting of 24 2-story TH's and 10 three BR family-sized flats. 6 BMPs would equate to 17.6% affordability and 12 would equate to 35.3%, the latter of which would make the economics of the project less feasible without some form of subsidy, although this depends on the level of subsidy; more info is needed to fully vet this point.

a. Is it feasible to reduce the density from this number?

Yes, per above, we would be reducing the number of units from 59 apartments (51 DUA) to 34 TH's/three BR flats (30 DUA) - so a reduction of approximately 25 units.

3. Under this scenario, what revenue to the Town would you expect from the sale of the property?

Assuming 6 BMP's, and if the replacement parking were not required, we would estimate that the land value for each for-sale unit would be worth approximately $250k/unit, therefore a land value of approximately $8.5M. Given that an additional 180 parking spaces would need to be constructed in addition to the 68 for the residential and assuming an average blended (surface parked and below grade) cost of a parking space of $35k/space that would equate to an additional $6.3M in added project costs, leaving $2.2M of land value. Once you factor in additional BMP's beyond the six, much of any residual land value would likely diminish, again subject to the level of subsidy with the BMPs.

4. How many total dedicated public parking spaces would be reasonable?

If we assume we can provide the same parking as before, we would be providing 248 spots of which 80 would be at grade and 168 below grade. Assume each TH unit needs 2 parking spots, that would be 68 parking spots for the residential, leaving 180 (100 below grade + 80 at grade) for the public and commercial.

a. Are there other ways to increase this number?

While TH's usually require 2 spots/units, if the market accepted 1.5/unit, that would open up an additional 17 spots. In addition, we could work with our parking consultants to further study mechanical parking efficiencies.

5. We'd like your perspective on a pay for parking model for this location only, assuming all other locations remain free. We can categorize this as informed estimates and that actual price sensitivity will need to be determined.

a. What rate would be reasonable?

While it would make sense to do a more thorough market survey and bring on a parking consultant upon selection to move forward, looking at similar town garages, such as Menlo Park Parking Plaza and other similar Silicon Valley towns, a fair assumption could be to charge $1/hour (note: Menlo Park also issues daily permits for $10/day, annual passes for $600/year and limited overnight passes so there exist multiple potential parking revenue streams).

b. What revenue could be expected annually?

If you assume $1/hr for 180 city spots and an average occupancy of 65% from 7 am to 10 pm (15 hours) that would equate to $1,755/day or $641k/year in gross income. Assuming a rough estimate of operating expenses at 30% ,that would equate to $450k/year, $1229/day in net operating income.