



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: May 25, 2010

TO: Mayor and Councilmembers

FROM: Transportation Division, Public Works Department

SUBJECT: Public Hearing For The Parking And Business Improvement Area Annual Assessment Report For Fiscal Year 2011

RECOMMENDATION: That Council:

- A. Consider appropriate protests to the Parking and Business Improvement Area Annual Assessment Report for Fiscal Year 2011, as required under the California Parking and Business Improvement Area Law of 1989;
- B. Adopt, by reading of title only, A Resolution of the Council of the City of Santa Barbara Fixing and Assessing the Parking and Business Improvement Area Assessment Rates for Fiscal Year 2011, and Confirming Approval of the Parking and Business Improvement Area Annual Assessment Report for Fiscal Year 2011; and
- C. Adopt, by reading of title only, An Ordinance of the Council of the City of Santa Barbara Amending Chapter 4.37 of the Santa Barbara Municipal Code by Establishing New Business Categories and Revising Rates of Assessment for Specified Categories of Businesses of the Downtown Parking and Business Improvement Assessment District Established by City Ordinance No. 4179, Adopted on September 3, 1991, Pursuant to the Requirements of Parking and Business Improvement Area Law of the 1989 California Streets and Highways Code Sections 36500-36551.

DISCUSSION:

The Parking and Business Improvement Area (PBIA) was established in 1970 in response to La Cumbre Plaza Shopping Center's "Free Parking" campaign. The downtown business community was concerned about losing customers and wanted to offer a similar free period. In order to accomplish this goal, the downtown business community and the City joined together in a partnership to form the PBIA. The original PBIA area contained nine surface lots and approximately 1,100 spaces. There are now five parking structures and seven surface lots, for a total of 3,600 spaces available to customers 361 days per year. This successful partnership continues to provide affordable short-term parking rates to customers and clients of the downtown area.

The funds generated by the PBIA partially finance the operation and maintenance of the parking lots, and partially offset the cost of offering the 75-minute free parking period. This 40-year partnership between the downtown business community and the Downtown Parking Program has helped to keep downtown Santa Barbara viable.

The governing body of the PBIA is required to prepare and adopt an annual report that describes any proposed changes to the PBIA District's boundaries, benefit zones, business classifications, and the method and basis of levying assessments. The annual report must be prepared prior to the beginning of each fiscal year.

The Downtown Parking budget is funded primarily by hourly parking revenues and to a lesser extent, by PBIA revenues and permit sales. The PBIA revenues are directed solely towards hourly employee salaries and utility costs in support of the operation of City parking lots. Other revenues, derived from hourly parking charges and permits, support the balance of expenses. The PBIA is the assessment mechanism that allows the City to provide affordable parking rates to customers and clients of the downtown area.

On October 5, 1999, Council adopted Ordinance No. 5126, enacting a new PBIA (Santa Barbara Municipal Code, Chapter 4.37) and Benefit Assessment District, pursuant to the State PBIA Law of 1989 (California Streets and Highways Code Sections 36500 - 36551). The Engineers Report, approved by Council on October 5, 1999, is on file with the City Clerk's Office and provides an explanation of the PBIA assessments. The report includes detailed information on boundaries, benefit zones, and the classifications of businesses, as well as an explanation of how assessments are levied. For Fiscal Year 2011, there are no proposed changes to the PBIA boundaries or benefit zones; however, there are proposed changes to the assessment levels. These proposed changes are explained in the Addendum to the Final Engineers Report on Formula and Methodology of Assessment, and will be available for public viewing at the City Clerk's office.

Approximately 4.3 million customer transactions were processed last year. Each of those patrons benefited from the free parking period. Last year's business-paid PBIA assessments contributed approximately \$.20 per ticket towards the maintenance costs for providing the free period.

Prior to the start of Fiscal Year 2007, the Downtown Parking Committee (DPC) requested that staff review the current PBIA Assessment to determine if all of the downtown businesses were being assessed equitably. The City hired Penfield & Smith to conduct a review of all the assessment categories. Staff worked with an ad-hoc DPC Subcommittee and presented the results of the review with recommended changes to the DPC at their February 2007 meeting. The DPC recommended moving forward with the changes at that meeting; however, they were placed on hold following the April 2007 DPC meeting where the directors of the Lobero and Granada Theaters expressed concern regarding payment of PBIA fees. Staff conducted an analysis on the impact to parking during events at the theaters and presented the results to the DPC Subcommittee, who recommended a change to the Performing Arts category with a cost

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that was less than the recommendation in February 2007. Staff has been working with the DPC for the past three years on the PBIA adjustments and the DPC has consistently recommended moving forward with these changes.

At the April 8, 2010, meeting, the DPC, serving as the PBIA Advisory Board, reviewed the annual PBIA report draft (attached as an Exhibit to the Resolution) and the recommended adjustments, and also recommended that Council approve the annual PBIA Engineers Report and rates effective July 1, 2010. Additionally, although the non-profit performing arts theaters are not included in the PBIA changes, the DPC recommended that they be charged \$.20 for 50% of the seats in the theater, per performance. The recommendation is to adopt this change for Fiscal Year 2012, allowing time for theaters to include the PBIA rate into their booking fees for the following season.

Under the law establishing the City's PBIA District, Council is required to conduct an annual Public Hearing to consider protests to the PBIA Annual Assessment Report. Staff received three written protests prior to submittal of this Council Report; one from American Riviera Bank, one from Hotel Santa Barbara and another from Metropolitan Theatre Corporation. On May 11, 2010, Council modified the DPC recommendation to \$.16 per \$100 sales for Movie Theatres and approved the PBIA Annual Assessment Report. Council subsequently adopted the Resolution declaring Council's intent to Levy PBIA rates and set the date for the Public Hearing on the Annual PBIA Assessment for May 25, 2010. At the above mentioned meeting, Council introduced an Ordinance of the Council, amending Chapter 4.37 of the Santa Barbara Municipal code.

The following are the recommended adjustments to the PBIA categories:

- Theaters (Movie) rates would change from \$.08 per \$100 sales to \$.16 per \$100 sales
- Fitness Facilities/Health Club is a new category with the same applied rate of \$.29 per \$100 sales
- Financial Institution rates would change from \$32.50 per million on deposit on January 1 of each year, to \$.48 per useable square foot annually
- Hotels & Motels rates would change from their being exempt to \$67.50 per guest room per quarter, or \$270 per guestroom per year (for rooms without assigned parking)

BUDGET/FINANCIAL INFORMATION:

The revenue generated from the PBIA fees is \$840,000, or 13% of the parking budget. If the PBIA Annual Report is not approved, options such as redirections to the Capital Program Operating Budget, or charging for all parking, even short-term parking, will need to be considered.

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APPROVED BY: City Administrator's Office