



Agenda Item No. _____

File Code No. 550.10

CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: May 11, 2010

TO: Mayor and Councilmembers

FROM: Transportation Division, Public Works Department

SUBJECT: Parking And Business Improvement Area Annual Assessment Report, Fiscal Year 2011 - Intention To Levy

RECOMMENDATION: That Council:

- A. Approve the Fiscal Year 2011 Parking and Business Improvement Area (PBIA) Annual Assessment Report;
- B. Adopt, by reading of title only, A Resolution of the Council of the City of Santa Barbara Declaring Council's Intention to Levy Parking and Business Improvement Area Assessment Rates for the 2011 Fiscal Year, at a Public Hearing to be Held on May 25, 2010, at 2:00 p.m.; and
- C. Introduce and subsequently 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 governing body of the PBIA requires the preparation and adoption of an annual report describing any proposed changes to the PBIA District's boundaries, benefit zones, business classifications, and method and basis of levying assessments. The annual report must be prepared prior to the beginning of each fiscal year. There are no proposed changes to the PBIA boundaries or benefit zones for Fiscal Year 2011. However, there are proposed changes to the business categories and assessment levels.

The Downtown Parking budget is funded primarily by hourly parking revenues and to a lesser extent, by PBI and permit sales. The PBI 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 PBI is the assessment mechanism that allows the City to provide affordable parking rates to customers and clients of the downtown area. These funds partially offset the operating and maintenance costs of the 75 minute free period. This 40-year partnership between the downtown business community and the Downtown Parking Program has helped to keep downtown Santa Barbara viable.

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 PBI 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 PBI Assessment to determine if all of the Downtown businesses were being assessed equitably. The City hired Penfield and Smith to conduct a review of all of 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, the changes were placed on hold following the April 2007 DPC meeting, where the directors of the Lobero and Granada Theaters expressed concern regarding payment of PBI. 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 that was less than the recommendation given in February 2007. Staff has been working with the DPC over the past three years on the PBI adjustments and the DPC has consistently recommended moving forward with the changes.

Penfield & Smith completed the PBI Addendum to Final Engineer's Report of Formula and Methodology of Assessments dated April 7, 2010 (2010 Addendum). The 2010 Addendum is attached to and incorporated by reference to the 2011 PBI Annual Assessment Report.

The following are the recommended adjustments to the PBI categories, as contained in the 2011 PBI Annual Assessment Report and the 2010 Addendum:

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

The DPC reviewed the draft 2011 PBI Annual Assessment Report (attached) and the recommended adjustments at its April 8, 2010 meeting, and also recommended that Council approve the 2011 PBI Annual Assessment Report, its attached 2010 Addendum and the recommended assessment rates effective July 1, 2010. The draft 2011 PBI Annual Assessment Report and the 2010 Addendum will be presented to Council for its consideration and approval on May 11, 2010. Additionally, although the non-profit performing arts theaters are not included in the PBI changes, the DPC recommended that the non-profit performing arts theaters be charged at \$.20 for 50% of the seats in the theater per performance. They recommend this change for Fiscal Year 2012, allowing time for theaters to include the PBI rate into their booking fees for the following season.

BUDGET/FINANCIAL INFORMATION:

The revenue generated from the PBI is \$840,000 or 12% of the parking budget. If the PBI Annual Report is not approved, options such as charging for all parking, even the short-term parking, will need to be considered.

PREPARED BY: Browning Allen, Transportation Manager/BB/mj

SUBMITTED BY: Christine F. Andersen, Public Works Director

APPROVED BY: City Administrator's Office