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Title: Conduct Public Hearing for Coastal Development Permits to Approve an Increase to Parking Meter Rates for On-Street and Parking Lot Meters in the Appealable and Non-Appealable Coastal Zones (Finance Director Charelian).
a) CONDUCT PUBLIC HEARING
b) ADOPT RESOLUTION NOS. 20-0114 AND 20-0115

Sponsors:

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Attachments: 1. Resolution No. 20-0114, 2. Resolution No. 20-0115, 3. Coastal Development Permit Application (Appealable Area), 4. Coastal Development Permit Application (Non-Appealable Area), 5. Parking Meter Zones Map

Date	Ver.	Action By	Action	Result
9/15/2020	1	City Council Regular Meeting	adopted	Pass

TO:
Honorable Mayor and Members of the City Council

THROUGH:
Bruce Moe, City Manager

FROM:
Steve S. Charelian, Finance Director
Carrie Tai, Community Development Director
Cynthia Mickschl, Revenue Services Manager
Erik Zandvliet, Traffic Engineer

SUBJECT:
Conduct Public Hearing for Coastal Development Permits to Approve an Increase to Parking Meter Rates for On-Street and Parking Lot Meters in the Appealable and Non-Appealable Coastal Zones (Finance Director Charelian).
a) CONDUCT PUBLIC HEARING
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RECOMMENDATION:
Staff recommends that the City Council conduct a public hearing for coastal development permits to allow increases for parking meter rates to \$2.00 per hour for on-street meters and City-owned parking lots in the appealable and non-appealable portions of the Coastal Zone.

FISCAL IMPLICATIONS:

Recommendations by staff are intended to offset revenue losses (approximately \$544,000 annually, plus \$51,000 retroactively waived) resulting from emergency actions taken by City Council that allow the use of metered on-street parking spaces by businesses to create outdoor areas. The revenue losses stem from the usage of at least 67 parking spaces and lost parking citations. The total loss is unknown since the number of parking spaces used will rise as more businesses request space. At the time of this report, several additional retail businesses have completed applications for use of parking spaces. As a result, the estimated revenue losses will increase.

The new parking meter rates are estimated to increase revenue by approximately \$750,000 dollars per year, which is anticipated to offset the losses. This estimate is based on current parking trends. Increasing hourly parking rates by \$0.25 for on-street meters (currently \$1.75 per hour) parking and \$0.50 for spaces in City lots (currently \$1.50 per hour). Each \$0.25 increase may result in additional revenue of \$114,000 for on-street parking and \$318,000 for City lot parking.

BACKGROUND:

On October 21, 2008, the City Council approved the 2008 Downtown Parking Management Plan. Applications were filed with the California Coastal Commission for items within the appealable portion of the Coastal Zone and subsequently approved. Changes to downtown parking rates require Coastal Development Permits (CDPs). Parking meter rates were last increased in 2018, with the appropriate CDPs for the appealable and non-appealable portions.

The Manhattan Beach City Council recently established an ad hoc subcommittee to review and recommend long-term solutions for local businesses in response to the COVID-19 pandemic. At the August 4, 2020, City Council meeting, the subcommittee recommended addressing revenue losses resulting from the business use of 67 on-street metered parking spaces (approximately \$544,000 annually). Additional revenue lost was due to a retroactive waiver granted by City Council of approximately \$51,000 for the monthly fees incurred by businesses utilizing metered parking spaces during June and July.

City Council directed staff to pursue increasing parking meter rates throughout the City to \$2.00 per hour and activate parking meter technology to zero-out the meter when a car vacates a space.

DISCUSSION:

Staff recommends conducting a public hearing to increase hourly parking rates by \$0.25 for on-street meters (currently \$1.75 per hour) and \$0.50 for spaces in City lots (currently \$1.50 per hour). This will create a uniform cost of \$2.00 per hour for all metered parking throughout the City. Based on this action the estimated annual increase to revenue is \$750,000.

In addition to increasing parking meter rates, activation of the option within the parking meter software will allow any unused time between vehicles to be “zeroed out” after a vehicle vacates a space before parking meter expiration. Based on the experience of the City’s parking meter software vendor (IPS Inc.), cities utilizing zero-out technology can experience an increase in revenue of up to 10% annually. Staff anticipates an increase to overall parking revenue from using this type of technology is approximately \$205,000 per year.

Due to the uncertainty surrounding the COVID-19 pandemic, it is unknown how long local businesses will need to operate under these conditions or when the use of parking spaces for outdoor business use will no longer be necessary. Requests for this use of parking spaces continue to come in and as those are approved, the revenue loss to the City for the use of those meters will increase.

The annual losses of approximately \$544,000 presented are based solely on the 67 parking spaces currently utilized and consider both per hour parking meter revenue and lost citation revenue. The potential for additional business use of on-street parking was considered in the revenue estimates by reducing the overall conservative parking meter revenue projections in order to accommodate about 15-25 additional spaces.

In addition to the estimated revenue loss from the use of parking meters and citation revenue, the most recent Capital Improvement Plan (CIP) includes over \$13 million in unfunded parking related projects. Specifically, structural analysis, repair and rehabilitation for Lot 3 (12th Street and Morningside Drive) and Lot 4 (38th Street and Highland Avenue). Per the City's Financial Policy, the CIP Fund receives \$0.50 of the hourly rate from on-street parking meters.

At the end of each fiscal year, the Finance Department will transfer funds from parking citation revenue loss from the Parking Enterprise Fund to the General Fund. The parking citation revenue loss will be based on the total number of parking spaces in use. Based on the initial usage of 67 parking spaces usage the amount of citation loss is estimated at \$87,000. There may be additional revenue loss from the portion of right-of way space outside the footprint of the parking space itself which would typically earn the City \$3.00 per square foot during each month of use. The amount of square footage usage is undetermined at this time.

PUBLIC OUTREACH:

The Ad-Hoc Subcommittee consists of two City Council members residents, representatives from the Chamber of Commerce and business improvement districts, and City staff. The discussion to raise parking meter rates and zero-out unused meter time was conducted during a regular-scheduled City Council meeting during an agendized report for long-term COVID-19 business solutions. Additionally, a public notice for Coastal Development Permits was published in the Beach Reporter announcing the date of the public hearing, which will allow the members of the public to provide input on this topic for the City Council's consideration.

ENVIRONMENTAL REVIEW:

The City has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a "Project" as defined under Section 15378 of the State CEQA Guidelines; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines the activity is not subject to CEQA. Thus, no environmental review is necessary.

LEGAL REVIEW:

Notices for Public Hearing were posted in accordance with legal requirements on September 3, 2020. The City Attorney has reviewed this report and determined that no additional legal analysis is necessary.

ATTACHMENTS:

1. Resolution No. 20-0114
2. Resolution No. 20-0115
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