



STAFF REPORT

To the Honorable Mayor and City Council
From the City Manager

DATE: October 24, 2022

SUBJECT

Waive second reading and adopt an ordinance amending Divisions 4 and 10 of Article VII of Chapter 20 (the "Parking Ordinance") of the City Code of the City of Redwood City relating to parking in the downtown area

RECOMMENDATION

Waive second reading and adopt an ordinance amending Divisions 4 and 10 of Article VII of Chapter 20 of the City Code of Redwood City relating to parking in the downtown area.

STRATEGIC PLAN GUIDING PRINCIPLE

Transportation

BACKGROUND

The City Council periodically reviews and provides policy direction on various components of the City's parking program. Parking policy is adjusted regularly to reflect changes in use and City priorities. Staff is seeking final City Council approval on the approach and timing of measures to address a structural financial deficit and to manage anticipated parking demand.

Annual transfers from the General Fund to the Parking Fund replace any annual revenue shortfall. From FY 2006-07 through FY 2019-20, approximately \$7.5 million has been transferred to balance the deficit. Following the sale of the Middlefield Parking Lot (also called "Block 2" or the "Box Garage") in 2012, sale proceeds have been used to offset capital improvement costs for parking projects, reducing the potential need for transfers from the General Fund for those projects, but one-time sale proceeds have not been used to offset ongoing operating costs. The operating deficit remains today.

Pandemic Impacts

The Covid-19 pandemic has had a significant impact on parking program activity. Consequently, FY 2019-20 parking revenues were reduced by about a third compared to FY 2018-19. In May 2020, parking transactions went down by over 90% compared to May 2019. Since that low point, the City has seen steady increases in transactions and parking occupancy rates. There was a 15-20% reduction in activity again in late November and December 2020 when additional pandemic restrictions were implemented. Even with the increases in activity since early 2021, revenue collections for Fiscal Year 2021-22 were a little over \$1.5 million, approximately 50% of pre-pandemic revenues.

At the September 12th, 2022, City Council meeting a public hearing was held on these parking policy and fee change recommendations (listed below in the fiscal impact section), and the City Council introduced the proposed ordinance. There was wide support for the recommendations from both the public comments and the City Council. The recommendations were identified as reasonable, and some Councilmembers liked the incremental steps that are being recommended as they minimize financial impacts on the public. There was interest to continue efforts to reduce the parking and commuting burden on low-income employees and residents of the Downtown.

ANALYSIS

For a thorough analysis of details on the proposed policy recommendations, please refer to the September 12, 2022, [staff report](#) for the public hearing regarding the Downtown parking update and policy recommendations. Based on the previously presented analysis, staff recommends making policy changes now to address the ongoing structural deficit of the parking program and to effectively manage the parking supply.

EQUITY IMPACT STATEMENT

Equity and/or inclusion was considered in development or implementation of item through the following:

Program implementation includes strategies to expand access and mitigate hardship:

- Provide a variety of parking options at different prices
- Provide discounted downtown employee commute programs
- Develop a Downtown Transportation Management Association (TMA) to expand commute options for downtown employees

Learnings related to equity consideration include:

Staff has considered equity in the implementation of the Downtown Parking Program through the development of discounted parking and alternative commute options for lower-income employees of downtown businesses. Staff will continue to develop these programs with consideration for the needs of low-income employees.

FISCAL IMPACT

For FY 2020-21 the Parking Fund had an operating cost of approximately \$2,600,000 and operating revenue of \$1,240,000. For FY 2021-22, revenue is estimated to be up about 10% and the cost have remained about even. It is anticipated that costs for FY 2022-23 will increase given inflation pressures and changes in CPI. The estimated annual fiscal impact of the proposed changes when parking activity returns to pre- pandemic levels:

- Increase periphery hourly parking rate from \$.25/hour to \$.50/hour – Increases revenues by \$126,000
- Increase Jefferson Garage hourly rate to \$1.00/hour during non-peak periods – Increases revenues by \$450,000
- Expand Meter Zone A and B hours – Increases revenues by \$372,000
- The proposed changes will require additional parking enforcement, which will cost about \$300,000 at current wage rates
- The proposed changes will require staff to update the parking meters and some signage, which will cost approximately \$5,000

In total, the proposed changes could increase parking revenues by \$643,000 annually. This increase would reduce the annual General Fund transfers to the Parking Fund by that amount. Any potential revenue surplus would be reinvested in the downtown per the City Code. This reinvestment could be in the form of expanded downtown employee commuter programs, capital projects to support the parking program, improved sidewalks, roadway beautification, or other downtown projects that the City Council could consider for the benefits of the downtown. Improvement projects would be developed in coordination with downtown stakeholders, including Redwood City Improvement Association, Downtown Business Group, downtown residents and employees, and private developers.

ENVIRONMENTAL REVIEW

This activity is not a project under California Environmental Quality Act (CEQA) as defined in CEQA Guidelines, section 15378, because it has no potential for resulting in either a direct or reasonably foreseeable indirect physical change in the environment.

PUBLIC NOTICE

Public notification was achieved by posting the agenda, with the agenda items being listed, at least 72 hours prior to the meeting.

ALTERNATIVES

The City Council may choose to:

1. Direct staff to modify the proposed ordinance and return for a new introduction of the modified ordinance; or
2. Not adopt the proposed ordinance.

ATTACHMENTS

Attachment A – Proposed ordinance

Attachment B – Parking revenue and expenditure summary

Attachment C – Redwood City Transit Pass Pilot Status Report

Attachment D – Downtown Redwood City Parking Map

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