

RESOLUTION NO. NS-29,538

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA CRUZ UPDATING
PARKING IN-LIEU FEES IN PARKING DISTRICT NO. 1 AND RESCINDING
RESOLUTION NS-29,464

WHEREAS, proceedings for the formation of Parking District No. 1 were initiated by the City Council of the City of Santa Cruz in Resolution No. NS-2233, adopted June 25, 1956;

WHEREAS, thereafter Parking District No. 1 was duly formed and now exists in the Central Business District of the City of Santa Cruz, pursuant to said resolution, City ordinances, and the Parking District Law of 1951, California Streets and Highways Code, Section 35100 et seq.;

WHEREAS, the system of off-street automobile parking spaces in Parking District No. 1 has been acquired and improved for the benefit of the properties in said Parking District No. 1, and for the use by business owners, their employees, customers, and others in Parking District No. 1.

WHEREAS, bonds of Parking district No. 1 have been issued, sold, and delivered to finance the acquisition and improvement of parking supply and funds have been required to pay a portion of the principal and interest of said bonds;

WHEREAS, Santa Cruz Municipal Code Section 12.32.420 and California Streets and Highways Code Section 35108(g), authorize the City to fix and collect rentals, fees, and charges for the use of parking places in Parking District No. 1;

WHEREAS, the Downtown Commission recognized the need to create deficiency fee equity for sole medical practitioners with 1200 square feet or less office area;

WHEREAS, the Downtown Commission, in an effort to establish equity and fair standards for all businesses downtown, has recognized the need to assess deficiency fees from ongoing special events that do business in public parking lots at least once a month.

WHEREAS, on September 11, 2018, the City Council adopted a revised parking rates strategy to sunset the deficiency fee;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Santa Cruz as follows:

SECTION 1: DEFINITIONS. Terms used herein shall have the following meaning unless the context otherwise requires:

- (a) AFFORDABLE. "Affordable" as defined in Santa Cruz Municipal Code Section 24.16.015(1), 24.16.015(2), and 24.16.015(3)
- (b) BUSINESS PREMISE. "Business premise" means any land, building, or structure, or any portion thereof, used or occupied for business or commercial purposes or for the production

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of income, including any rented or leased residential property consisting of three dwelling units or more.

- (c) **DECISION MAKING BODY.** "Decision making body" shall mean the Santa Cruz City Council which is the final approval body for matters pertaining to Parking District No. 1.
- (d) **DWELLING UNIT.** "Dwelling Unit" means any building, or any part of a building, which is designed or used exclusively as a residence.
- (e) **DEFICIENCY FEE.** "Deficiency fee" means the Parking Deficiency Fee.
- (f) **HOURS.** When calculating the number of hours a special event occupies a City parking lot, the event shall base its percentage of use on a factor of nine (9) hours per day seven days per week.
- (g) **GROSS FLOOR AREA.** "Gross Floor Area" shall mean the sum of the gross horizontal floor area of a building measured from the exterior face of exterior walls, or from the centerline of a wall separating two (2) buildings; in cases where no walls exist or a roof projects more than two (2) feet beyond exterior wall, the gross horizontal floor area shall be that area covered by the roof excluding two (2) feet for standard roof projection. In buildings where multiple tenants share common area, the common area shall be divided among the tenants based on their percentage of privately occupied floor area.
- (h) **OFF-STREET PARKING SPACE.** "Off-street parking space" has the meaning set forth in the Santa Cruz Municipal Code, Title 24 (Zoning Ordinance), Chapter 24.10.
- (j) **ORDINANCES AND PROCEEDINGS.** "Ordinances and proceedings" refers herein to any City codes, ordinances, resolutions, and proceedings referring to such codes, ordinances, resolutions, and proceedings, as they now exist, or as they may be now or hereafter amended or modified.
- (k) **PARKING PLACES.** "Parking places" means all public parking lots owned or leased by the City, and located within Parking District No. 1.
- (l) **PERSON.** "Person" means any individual, corporation, general partnership, limited partnership, trust, or any other form of business organization.
- (m) **SPECIAL EVENT.** "Special event," means a promotional event or other special event that occupies a City public parking lot on an ongoing basis at least one time per month or more.

SECTION 2. OFF-STREET PARKING REQUIREMENTS IN PARKING DISTRICT NO. 1.

For the purpose of computing the parking space requirements, the requirements of Chapter 24.12 shall be modified below. These modifications incorporate shared parking standards. No ability to

gain additional parking space reductions under Chapter 24.12 of the Zoning Ordinance are permitted.

- (a) Unless otherwise required in this resolution, all parking ratios will be computed on the basis of one space for each four hundred (400) square feet of gross floor area.
- (b) Existing or reconstructed residential, hotel, or mixed-use residential uses shall pay fees based on the following standards: 0.25 space/unit
- (c) Residential parking requirements: New dwelling units, or dwelling units added to existing structures are required to provide on-site off-street parking or pay the required in-lieu fee based on the following parking requirements:
 - Affordable SRO Unit: 0.25 space/unit
 - Market-rate SRO Unit: 0.50 space/unit
 - Single-family Unit (townhouses included): 1.0 space/bedroom
 - Multiple-family Dwelling Unit: 1.0 space/bedroom
- (d) Medical and dental offices in excess of 1,200 square feet shall be computed on the basis of one space for each two hundred square feet (200 s.f.) of gross floor area, with a maximum requirement of five spaces for each practitioner, based on a maximum number of full-time equivalent practitioners at any given time
- (e) Food carts on private property and the kiosks on Pacific Avenue shall be computed on the basis of 0.25 space for each food truck or kiosk.
- (f) Special events operating at City of Santa Cruz Parking District lots with a frequency of at least once a month shall pay deficiency fees. Special events shall be computed on the basis of one space for each 400 square feet (400 s.f.) of parking lot area used, adjusted for the number of hours the special event uses the public parking lot.

SECTION 3: CALCULATION OF PARKING SHORTAGES IN PARKING DISTRICT NO. 1.

The parking space shortage for any use in Parking District No. 1 shall be computed as follows:

- (1) First, determine the number of off-street parking spaces that would be required for the business premise or residential use under Santa Cruz Municipal Code Title 24 (Zoning Ordinance), Chapter 24.12 as modified in this resolution, where the owner or occupant of such use or project is required to provide such off-street parking spaces on the date the fee is due.
- (2) Second, subtract therefrom the number of off-street parking spaces actually being provided for the premise by the owner or occupant of the premise, in conformity with the requirements of Chapter 24.12 as modified in this ordinance; include in the subtracted

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number only such spaces as are open to the public free of charge, or provided to residents when the shortage is being calculated on residential uses.

- (3) The number obtained by this subtraction is the parking space shortage for the premise. This shortage will be used in calculation of deficiency fees and in-lieu fees.
- (4) In the event that the project is a change of use of an existing development, the parking shortage will only be calculated for any intensification in required parking over the existing requirements. In-lieu fees for any parking shortage will only be assessed on difference between current requirements and new requirements. There will be no refunds of fees if the new project has a lower parking requirement than the proposed project.

SECTION 4. PARKING FEES IMPOSED. Deficiency fees and In-Lieu Fees for use of the parking spaces and other Parking District No. 1 facilities are hereby fixed and imposed.

These fees shall be as set forth in Section 5 and remain in effect until modified or repealed by a subsequent resolution of the Santa Cruz City Council. During the time set forth in Section 5(a), new projects will not be eligible to use the deficiency fee for parking shortfalls. For projects that cannot meet their on-site parking requirements, the in-lieu fee that is in place at the time of building permit shall apply.

SECTION 5. PARKING FEES FOR DEFICIENCY FEE AND IN-LIEU FEE.

- (a) **Deficiency Fee Rates.** Effective November 25, 1997, is hereby established at \$425 per space per year.
 - (1) As of January 1, 2019, this will reduce to \$340 per space per year
 - (2) As of January 1, 2020, this will reduce to \$255 per space per year
 - (3) As of January 1, 2021, this will reduce to \$170 per space per year
 - (4) As of January 1, 2022, this will reduce to \$85 per space per year
 - (5) As of January 1, 2023, the Deficiency Fee will be eliminated.
- (b) **ONE TIME IN-LIEU FEE RATE.** Where the Downtown Commission and the decision making body determine that a one time in-lieu fee is appropriate, the in-lieu fee shall be paid at the following rates:
 - (1) Non-residential and market-rate residential requirements: \$20,000 per parking space
 - (2) Affordable Housing:
 - a. Moderate Income: \$15,000 per parking space required
 - b. Low Income: \$10,000 per parking space required
 - c. Very Low Income: \$5,000 per parking space required

SECTION 6. IN-LIEU FEES. For any project within Parking District No 1, the developer shall have the option of paying a one-time in-lieu fee rather than providing off-street parking within the project, subject to the requirements below. The developer shall include in all tenant leases a disclosure statement stating that Parking District No. 1 does not guarantee dedicated parking.

- (a) For non-residential uses where Public Works staff and the Downtown Commission are able to determine that there is sufficient supply in Parking District No 1 or there is a public benefit in allowing such a project to proceed, even though its anticipated parking demand cannot be served in public parking facilities, the property owner of a project is allowed to proceed with the project by paying a one time in-lieu fee. The decision making body must make a finding that Parking District No 1 is capable of providing sufficient off-street parking supply to meet at least one half of the expected parking demand of the new project, or that the project provides a public benefit for new non-residential uses, or any net increase required parking for non-residential uses that results from change in use.
- (b) Residential uses do not require a finding of sufficient supply.
- (c) The in-lieu fee shall be paid on the shortage of parking spaces as calculated in Section 3.
- (d) This fee will apply to both new uses and intensification of existing uses when the calculated parking requirements increase. In the case of intensification, the in-lieu fee will only apply to the increase in requirements over the previous use, not the entire requirement.

SECTION 7. CALCULATION AND PAYMENT OF PARKING DEFICIENCY FEES.

- (a) The Director of Public Works, or the Director's designated subordinates, shall first determine the parking space shortage for each business premise which is liable for the deficiency fee as described in Section 3, and shall provide such information to the Director of Finance, or the Director's designated subordinate.
- (b) The Director of Finance, or the Director's designated subordinate, shall determine the deficiency fee for each person subject to the deficiency fee, with respect to each business premise, by multiplying the parking deficiency fee rate by the parking space shortage for each business premise.

SECTION 8. PERSONS LIABLE FOR PAYMENT OF DEFICIENCY FEES.

- (a) **BASIC RULE.** Any person who regularly maintains business premises within Parking District No. 1, and/or regularly conducts business thereon, is liable for payment of any required deficiency fee.
- (b) **INDIVIDUAL OR JOINT AND SEVERAL LIABILITY.** Individual or joint and several liability for payment of the deficiency fees shall be as follows:

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- (1) If the person subject to the deficiency fee is a corporation, the corporation shall be individually liable for payment of the deficiency fee;
- (2) If the person subject to the deficiency fee is a limited or general partnership, then the partnership and each of the general partners shall be jointly and severally liable for payment of the deficiency fee;
- (3) If the person subject to the deficiency fee is an individual doing business as a sole proprietor, then such individual shall be individually liable for the deficiency fee;
- (4) If the person subject to the deficiency fee is in some other form of business organization, then any individual or entity who may ordinarily be held responsible for the debts of such business organization shall be liable for the deficiency fee, either individually, or jointly and severally, as may be appropriate under the circumstances.

(c) LANDLORD AND TENANT.

- (1) RESIDENTIAL. When any leased or rented premises is used as a residence, either temporary or permanent, by a tenant, the landlord shall be liable for the payment of any required deficiency fee. In the case of residential uses, the deficiency fee shall only be collected on occupied units. To be billed for less than the full number of units, the landlord must deliver to the Director of Finance an affidavit stating the total number of occupied units. The following deadlines will be required for this affidavit:

January 1 billing deadline: December 15

April 1 billing deadline: March 15

July 1 billing deadline: June 15

October 1 billing deadline: September 15

Where the deadline date falls on a weekend or holiday, the deadline will be the next business day. These affidavits must be received in the Finance Department office, or have the deadline date postmark.

- (2) NON-RESIDENTIAL. In the case of leased or rented premises which are used for any non-residential purposes, by a tenant, the tenant shall be liable for payment of any required deficiency fee.
- (3) IN-LIEU FEE OPTION. Where a property is eligible for a one time in-lieu fee, the property owner shall be liable for the in-lieu fee, and the fee shall be calculated and paid at the time of the issuance of a building permit.

SECTION 9. QUARTERLY CHARGES FOR DEFICIENCY FEES. The deficiency fee shall be imposed, and shall be paid quarterly (four times per year) by the person who is liable for the deficiency fee when the deficiency fee is due. The deficiency fee shall be imposed no more than four times per year with respect to any particular business premises.

SECTION 10. DUE DATES FOR PAYMENT OF DEFICIENCY FEES. The first deficiency fee shall be due and payable in full on July 1 of each year; the second deficiency fee shall be due and payable on October 1 of each year; the third deficiency fee shall be due and payable on January 1 of each year; and the fourth deficiency fee shall be due and payable on April 1 of each year. If the due date falls on a Saturday, Sunday or holiday, then the payment is due on the next business day.

SECTION 11. LATE DEFICIENCY FEE PAYMENT PENALTIES. If the deficiency fee is not paid within thirty (30) days after the due date, a ten percent (10%) penalty shall be added to the deficiency fee, and if the deficiency fee is not paid within sixty (60) days after the due date, a twenty percent (20%) penalty shall be added.

SECTION 12. PURPOSES AND PROCEEDS. The purpose of this resolution is to provide revenue for Parking District No. 1 to assist in meeting bond payments. The proceeds of the fees herein fixed shall be deposited in the Bond Fund created by Section 30 of Resolution No. NS-2757, a resolution providing for issuance of bonds, adopted September 4, 1957, and applied to the purposes therein provided. Any excess not required for the purposes stated in said bond resolution shall be deposited in the Bond Fund created by subsequent bond resolutions authorizing the issuance of addition bonds for Parking District No. 1, and shall be applied to the purposes therein provided. Any excess thereafter shall be applied to enforcement, maintenance and other capital and operating costs of Parking District No. 1.

SECTION 13. COLLECTION AND ENFORCEMENT. The Director of Finance may adopt such billing procedures as are appropriate to the prompt and effective collection of the Parking Deficiency Fee. Collection of delinquent deficiency fees may be made and enforced in the same manner that provides for the collection and enforcement of the Business License Tax, and in any other manner provided or permitted by law.

SECTION 14. ADMINISTRATIVE REGULATIONS. The Director of Finance may adopt regulations consistent with the provisions of this resolution, whenever necessary or convenient, for the proper administration of this resolution.

SECTION 15. EFFECTIVE DATE. This resolution shall take effect immediately upon the date of its adoption.

SECTION 16 ARBITRATION. The Director of Public Works, or the Director's delegated subordinates, shall have the administrative authority to review deficiency fee billings which are contested by the person or party who is liable for the deficiency fee payment. The contesting person

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or party must notify the Director of Finance, or delegated subordinates, in writing within 10 days of the parking deficiency fee billing due date.

BE IT FURTHER RESOLVED that Resolution No. NS-29,464 is hereby rescinded.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Santa Cruz as follows:

PASSED AND ADOPTED this 11th day of June, 2019, by the following vote:

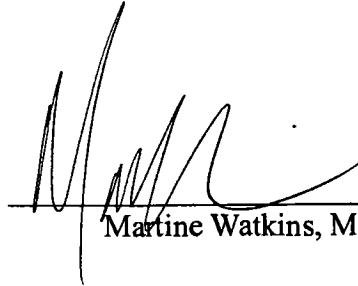
AYES: Councilmembers Krohn, Glover, Meyers, Brown, Mathews; Vice Mayor Cummings; Mayor Watkins.

NOES: None.

ABSENT: None.

DISQUALIFIED: None.

APPROVED:


Martine Watkins, Mayor

ATTEST:


Bonnie Bush, City Clerk Administrator