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## **INTERNAL AFFAIRS COMMITTEE AGENDA**

A Committee of the Chico City Council: Councilmembers Huber, Ory, and Chair Brown

**Meeting of February 4, 2019 – 4:00 p.m. to 6:00 p.m.**

Council Chamber Building, 421 Main Street, Conference Room 1

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### **REGULAR AGENDA**

#### **A. CONSIDERATION OF THE DOWNTOWN IN-LIEU PARKING FEE**

In-Lieu fees can be established to give developers an opportunity to pay a fee in-lieu of reaching the minimum parking requirements. The Committee will discuss and consider policy as it relates to parking requirements in the Downtown In-Lieu Parking Benefit Area, as well as associated opportunity programs to be considered in order to ensure it is cost effective for future investment in the Downtown, while also collecting fees associated with mitigation efforts for more consolidated parking services. **(Report – Brendan Ottoboni, Public Works Director-Engineering)**

**Recommendations:** The Director of Public Works-Engineering recommends that the Committee approve one of the following recommendations for City Council consideration and direction:

1. Establish the Parking In-Lieu Fee of \$8,000 per space, with the option of 15 years amortization with lien against property; or
2. Establish the Parking In-Lieu Fee of \$7,000 per space, with the option of 10 years amortization with lien against property.

#### **B. BUSINESS FROM THE FLOOR**

Members of the public may address the Committee at this time on any matter not already listed on the agenda, with comments being limited to three minutes. The Committee cannot take any action at this meeting on requests made under this section of the agenda.

#### **C. ADJOURNMENT AND NEXT MEETING**

The meeting will adjourn no later than 6:00 p.m. The next regular Internal Affairs Committee meeting is scheduled for Monday, March 4, 2019, at 4:00 p.m. in Conference Rm. No. 1.

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### **SPEAKER ANNOUNCEMENT**

**NOTE:** Citizens and other interested parties are encouraged to participate in the public process and will be invited to address the Committee regarding each item on the agenda. In order to maintain an accurate and complete record, the following procedural guidelines have been implemented:

1. Speaker Cards – speakers will be asked to print his/her name on a speaker card to address the Committee and provide card to the Clerk prior to the completion of the Staff Report.
2. The Clerk will call speakers in the order the cards are received.
3. Speakers may address the Committee one time per agenda item.
4. Speakers will have three minutes to address the Committee.

**Distribution available in the office of the City Clerk**

**Posted: 01-29-19 prior to 5:00 p.m. at 421 Main St. Chico, CA 95928 and [www.ci.chico.ca.us](http://www.ci.chico.ca.us)**  
**Copies of the agenda packet are available for review at:**  
**City Clerk's Office, 411 Main St. Chico, CA 95928**



*Please contact the City Clerk at 896-7250 should you require an agenda in an alternative format or if you need to request a disability-related modification or accommodation in order to participate in a meeting. This request should be received at least three working days prior to the meeting in order to accommodate your request.*



## Internal Affairs Committee

### Agenda Report

Meeting Date: February 4, 2019

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TO: Internal Affairs Committee  
FROM: Public Works Director-Engineer, Brendan Ottoboni (879-6901)  
RE: Downtown In-Lieu Parking Fee

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#### REPORT IN BRIEF

In-Lieu fees can be established to give developers an opportunity to pay a fee in-lieu of reaching the minimum parking requirements. The purpose of an in-lieu program is not to impose an additional fee or burden on development, but to provide an alternative for projects having difficulty meeting minimum requirements on-site due to space constraints, financial feasibility, or both. Offering favorable financing options for the payment of the in-lieu fees reduces the upfront development costs and allows those costs to be amortized over longer period of time. Fees are established so the City can develop consolidated off-site parking to offset the amount required on individual parcels. By providing this in-lieu fee alternative to developers, certain projects that would otherwise have difficulty reaching the minimum parking requirements, due to space or financial constraints, would become feasible. Revenue generated by the in-lieu fees can be used to develop more centralized public parking facilities.

Setting an appropriate parking in-lieu fee amount can be challenging. A low fee will effectively encourage dense development, but a low fee will likely not supply necessary funds to effectively manage the potential impacts of a higher-than expected parking demand. If the per parking space fee is not commensurate to the cost of developing a parking space elsewhere, then the City is taking a risk. The burden of parking management, in this case, falls upon the City rather than the developer. This type of scenario often results in significant spillover parking impacts and congestion on streets.

#### Recommendations:

The Director of Public Works-Engineering recommends that the Committee approve one of the following recommendations for City Council consideration and direction:

1. Establish the Parking In-Lieu Fee of \$8,000 per space, with the option of 15 years amortization with the lien against property; or
2. Establish the Parking In-Lieu Fee of \$7,000 per space, with the option of 10 years amortization with the lien against property.

#### BACKGROUND

At its meeting of January 7, 2019, staff recommended six (6) parking related items to the Committee for approval for City Council consideration. The committee approved five (5) items and asked staff to bring back the Parking In-Lieu Fee item for further discussion. The Committee directed staff to provide a range of options for an In-Lieu Parking Fee and to look into In-Lieu Parking Fee zones as well. The Committee approved the In-Lieu Parking Benefit Area boundary at the last Internal Affairs meeting and recommended for City Council consideration. Exhibit A shows the approved In-Lieu Parking Benefit Area. The recommended fee will apply to the approved In-Lieu Parking Benefit Area.

#### DISCUSSION

Per staff's discussion with the members of the Parking/Access Resource Committee, creating In-Lieu

Parking Fee zones will be complicated. Therefore, it is recommended that a single fee should be established for the entire In-Lieu Parking Benefit Area. The goal is to come up with a fee which is equitably balanced between the cost the parking replacement fee and a reasonable return on investment in property improvements. Setting the fee too high will deter residential development in the downtown, and setting the fee too low will cause insufficient parking spaces in the Downtown.

The table below measures the cost of a single in-lieu parking fee (as a percentage) against the annual gross rent for a single apartment. The two examples are shown with the rent rates at \$900 per month and \$1250 per month. The recommended in-lieu fee options have 6.5 percent or less parking cost to gross rent ratio.

In-Lieu Fee (Per Parking Space)		\$4,000	\$5,000	\$6,000	\$7,000	\$8,000	\$9,000	\$10,000
Amortization Periods	Years							
	6	\$667	\$833	\$1,000	\$1,167	\$1,333	\$1,500	\$1,667
	8	\$500	\$625	\$750	\$875	\$1,000	\$1,125	\$1,250
	10	\$400	\$500	\$600	<b>\$700</b>	\$800	\$900	\$1,000
	15	\$267	\$333	\$400	\$467	<b>\$533</b>	\$600	\$667
<b>Example #1: \$900 Rent</b>	Rent/Mo.	\$900	\$900	\$900	\$900	\$900	\$900	\$900
	Rent/Yr.	\$10,800	\$10,800	\$10,800	\$10,800	\$10,800	\$10,800	\$10,800
	Years	<b>Percentage of Gross Revenue over Amortization Period</b>						
	6	6%	8%	9%	11%	12%	14%	15%
	8	5%	6%	7%	8%	9%	10%	12%
	10	4%	5%	6%	<b>6.5%</b>	7%	8%	9%
	15	2%	3%	4%	4%	<b>4.9%</b>	6%	6%
<b>Example #2: \$1250 Rent</b>	Rent/Mo.	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250
	Rent/Yr.	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
	Years	<b>Percentage of Gross Revenue over Amortization Period</b>						
	6	4%	6%	7%	8%	9%	10%	11%
	8	3%	4%	5%	6%	7%	8%	8%
	10	3%	3%	4%	<b>4.7%</b>	5%	6%	7%
	15	2%	2%	3%	3%	<b>3.6%</b>	4%	4%
<b>Note:</b> Percentage calculations do not account for annual rent increases, estimated to be 2-3% per year.								

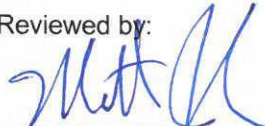
Revenue from parking in-lieu fees is meant to be utilized to fund the development or purchase of additional parking supply. The purpose of this funding strategy is to create a centralized parking supply to offset the reduction in parking on individual parcels. The average cost to design and construct a parking structure is about \$30,000 per stall. The recommended in-lieu fee per space is significantly lower than the estimated cost of developing a parking space. While the fee should not equate to the exact cost of construction of an off-street parking space, the fee should generate enough revenue to help fund a sufficient number of shared public parking spaces and/or other multimodal access projects and programs to accommodate projected demand for access to the new development.

Other funding measures such as adjusting parking meter rates should be considered to decrease the funding gap. Furthermore, some portion of In-Lieu Fee revenue could be considered to implement bike


lanes, bike valet, secure bike parking, widening sidewalks, and improvements to pedestrian walkability in the Downtown to offset the parking demand. Staff can assess the In-Lieu fees in five years to see if adjustment is needed.

The new parking in-lieu fee should be linked to a construction cost index and adjusted automatically on an annual basis. Consumer Price Index (CPI) act as measure of average change over time in the prices paid by urban consumers for goods and services. Readjusting in-lieu fees to the local CPI helps to ensure the program is dynamic and in concert with current real-estate markets.

Reviewed by:

  
for Brendan Ottoboni, Public Works Director-Engineering

Approved and recommended by:

  
Mark Orme, City Manager

**DISTRIBUTION:**

City Clerk (3)

**ATTACHMENTS:**

A- In-Lieu Parking Fee Boundary



REVISION	BY	DATE



CITY OF CHICO PUBLIC WORKS/ENGINEERING

DRAWN BY: RB DATE: 10/26/18  
 CHECKED BY: BK SCALE: NTS  
 APPROVED BY: \_\_\_\_\_  
 for the DIRECTOR OF ENGINEERING

IN-LIEU PARKING BOUNDARY

EXHIBIT  
**A**  
 SHEET 1 OF 1

Annotation for 02/04/19 Internal Affairs Committee meeting

*Regular Item*

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