

CITY OF NAPA CITY COUNCIL  
**AGENDA REPORT**

CONSENT CALENDAR  
AGENDA ITEM 5.E.  
Date: September 20, 2016

To: Honorable Mayor and Members of City Council

From: Rick Tooker, Community Development Director

Prepared by: Robin Klingbeil, Senior Project Coordinator

Subject: Resolution Scheduling Hearing to Modify the Boundary, Revenue Purpose, and Name of Parking and Business Improvement Area 1, Benefit Zone 1 (2005)

**ISSUE STATEMENT:**

Adopt a Resolution of Intention to Modify the Parking and Business Improvement Area 1, Benefit Zone 1 (2005), by: (1) Renaming the area the “Downtown Parking Assessment Area”, (2) Amending the Boundaries to add six new parcels, (3) Amending Allowable Uses of Assessment Revenue to Include Parking Maintenance, (4) Fixing the Time and Place of a Public Meeting and Public Hearing Thereon, and Giving Notice Thereof; and 5) Determining that these actions are not subject to CEQA.

**DISCUSSION:**

Background:

In the early 1970s, the City Council created Parking and Business Improvement Area 1 with two benefit zones that generate a tax on business licenses in the downtown area -- Benefit Zone 1 for parking and Benefit Zone 2 for promotions. (Also in the 1970s, the Council established parking exempt zoning, which since has evolved to include a defined boundary that is contiguous with the parking benefit zone.) In January 2005, Council added 28 parcels to the parking benefit zone, but the law under which the 2005 zone was created resulted in an assessment on the business license rather than a tax. The two zones, while very similar in purpose, are subject to different regulations and thus are distinctly separate for revenue tracking and reporting purposes. The map provided as Exhibit “A” to the attached resolution illustrates the benefit zones, with the red boundary representing the original parking benefit zone (tax area), and the blue shaded parcels with the solid blue boundary depicting the 2005 parking assessment area. The six blue-shaded parcels with the dashed outline, located on Main Street north of Clinton Street, are recommended for inclusion in the parking assessment area, further discussed below.

In 2005 when Council created the parking assessment area, it concurrently amended the Parking Exempt Overlay District (“PE District”) to include the same 28 parcels, and established the Parking Impact Fee which is charged on non-residential development to

help pay for public parking facilities in the PE District. These actions were implementation measures of the Downtown Mixed Use Development Strategy (adopted 2004), with the intent of encouraging residential mixed-use development by eliminating the on-site parking requirement for the non-residential development, while securing revenue to design and construct future parking facilities to serve development and businesses.

#### Boundary Amendment:

As an implementation measure of the adopted Downtown Specific Plan (2012) and Downtown Parking Management Plan (2015), the Council adopted an ordinance to amend the PE Overlay Zoning District to include the six parcels on Main Street (Ordinance O2016-10, adopted August 16, 2016), which became effective on September 16, 2016. Now that these parcels have been included in the PE District, bringing them within the boundaries of the corresponding PBIA and parking benefit zone would generate assessment revenue from the businesses located on those parcels to offset the City's costs of providing public parking. If approved, the boundaries of the PBIA would be consistent with the boundaries of the PE District, which would further the similar intents of the underlying Downtown Core Commercial zoning and the PE District – to promote a pedestrian oriented downtown by consolidating public parking that serves the area – and revenue necessary to do so.

Attachment 2 is a table listing all of the parcels in the current PBIA, Zone 1 (2005) and the six parcels proposed for inclusion, and includes the property owner and business names where applicable. Properties with a residential use would not be subject to the assessment.

#### Revenue Purpose:

Assessment revenue is collected with business license fees. As described above, its use is restricted for acquisition of future parking site/facilities, and design and construction of public parking. The tax revenue generated by the 1972 benefit zone has these same purposes with one additional allowable use: parking facility and site maintenance. Staff would like to modify the allowable purpose of the assessment revenue to include parking maintenance so the parking benefit zones operate identically for the benefit of the payers and for ease of administration.

#### Name Change:

The name “Downtown Parking & Business Area 1, Zone 1 (2005)” is overly complicated; renaming it “Downtown Parking Assessment Area” will continue to distinguish it from the Parking and Business Improvement Area 1, Zone 1, approved in 1972, and simplify the name and convey its meaning effectively.

#### Conclusion:

In accordance with CA Streets and Highways Code, Section 36530, businesses in this area are represented by an Advisory Board, which has been designated by Council as the Board of the Napa Downtown Association (NDA). As permitted under Section

36540, the Advisory Board may recommend modifications to the PBIA, including changes to the boundaries and usage of revenue. For this matter, the NDA has submitted a letter to the City (Attachment 3) in support of the expansion of the PBIA and parking benefit zone boundaries to include the described six parcels, renaming of the parking assessment benefit zone, and modifying the allowable use of assessment revenue.

Upon adoption of the Resolution of Intention, notices will be sent to the business owners located in the parking assessment benefit zone and the six parcels proposed to be added (all blue shaded parcels on Exhibit "A" to the resolution). A public hearing will be scheduled for November 1, 2016, to consider adoption of an Ordinance and related amendments to the Municipal Code and to hear any protests from the business owners subject to the action, with a second reading tentatively scheduled for November 15, 2016.

### **FINANCIAL IMPACTS:**

Businesses in the PBIA, Zone 1 and Zone 1 (2005) pay a surcharge equal to 70% of their business license fee, which is based upon gross receipts (see Exhibit B to the Resolution). Thirty-three businesses in the PBIA 1, Zone 1 (2005) currently pay this in the form of an assessment, which is dedicated to purchase of sites for parking, or for design and construction of parking, and amounts to approximately \$25,000 per year. With the proposed addition of the six parcels on Main Street, five new businesses (plus any new businesses opening in the future) would be subject to the 70% assessment, which would result in a modest increase in assessment revenue.

### **CEQA:**

The Community Development Director has determined that the Recommended Action described in this Agenda Report is not subject to CEQA, pursuant to CEQA Guidelines Section 15060(c).

### **DOCUMENTS ATTACHED:**

1. Attachment 1: Resolution of Intention, with Exhibits A (Map) and B (Rates)
2. Attachment 2: Table of Parcels, Property Owners and Businesses in Existing and Proposed Parking Assessment Area
3. Attachment 3: Letter of Recommendation from PBIA Advisory Board

### **NOTIFICATION:**

The Advisory Board of the Property and Business Improvement Area 1, Benefit Zone 1 (2005) has been notified of this agenda item, and an agenda has been posted in publicly accessible locations as required by law.

**RECOMMENDED ACTION:**

Staff recommends that the City Council move, second and approve each of the actions set forth below, in the form of the following motion. Move to:

Adopt a Resolution of Intention to Modify the Parking and Business Improvement Area 1, Benefit Zone 1 (2005), by: (1) Renaming the area the "Downtown Parking Assessment Area", (2) Amending the Boundaries to add six new parcels, (3) Amending Allowable Uses of Assessment Revenue to Include Parking Maintenance, and (4) Fixing the Time and Place of a Public Meeting and Public Hearing Thereon, and Giving Notice Thereof.