



URBAN SERVICES COMMITTEE

Agenda

Tuesday, December 2, 2014
5:00 pm

Madison Avenue Meeting Room
500 SW Madison Avenue

- Discussion/**Possible Action**
- I. Council Policy Review and Recommendation: 7.15, "Fee-in-Lieu Parking Program for Parking-Related Improvements in the Central Business (CB) District and the Riverfront (RF) District" (Attachment)
- Information
- II. Other Business

Next Scheduled Meeting

Tuesday, December 16, 2014 at 5:00 pm
Madison Avenue Meeting Room, 500 SW Madison Avenue

Agenda

None at this time.

MEMORANDUM

Date: November 25, 2014

To: Urban Services Committee

From: Ken Gibb, Community Development Director 

Re: Fee-In-Lieu Policy Review and Downtown Commission Recommendation

Background:

Once every three years the City Council reviews the Council Policy 7.15, which establishes the program that allows for developers of property in the downtown area to pay a fee in lieu of provision of parking spaces for new development or significant redevelopment downtown. This policy was enacted in 2002 as part of the Downtown Parking Study recommendations to provide flexibility in provision of parking spaces downtown, recognizing that downtown is intended to be a highly urbanized area, with commercial, residential, and retail uses, and that land is a finite resource downtown that should be prioritized for provision of those uses. This program works in concert with other policies that were adopted for downtown development, including the standard to provide one parking space per 1,000 sq. ft. of new building development, regardless of use type (unlike other zones that require various parking space provisions per square foot), and the provision of public parking lots downtown. The Corvallis Downtown Parking Study identified several means by which to address parking needs in the present and in the future, and to generate funding to provide for those future parking needs. The Study considered several parking solutions for the future, including locations for parking structures, and recommended the fee-in-lieu program as a way to generate funding for future parking improvements and providing flexibility for developers of downtown projects. The Downtown Commission reviewed this Policy at their October 2014, meeting as it has in past years, and has made a recommendation to the City Council based on staff's analysis of current land and construction costs. The Commission's discussion is reflected in the excerpted minutes from the October 8, 2014, meeting, as attached.

Discussion:

The fee-in-lieu parking fund currently contains roughly \$57,000, which has been paid by various downtown developers over the years between 2006 and 2014. Those payments varied in cost depending on the base cost established by the Policy at the time, representing approximately 50% of the cost of actual construction of surface parking spaces, and the Engineering News Record Construction Cost Index applied to the base fee. The base fee currently in place since the 2011 Council Policy review is \$9,600 per space. The ENR-CCI index is 9153. Based on these

two values, the most recent contributor to the fee-in-lieu fund in March 2014 paid 9,836.95 per space.

Staff have performed an analysis of land values downtown since the 2011 review, and have found that the current value of land has increased roughly 10% since the last review. Based on this, 50% of the cost of a surface parking space downtown was found to be \$10,560.00. The ENR-CCI value is currently 9846. Staff have provided a memo presented to the Downtown Commission that explains in greater detail the derivation of these values, and discussion about the methods used to calculate the cost of participation in the fee-in-lieu program. The Downtown Commission engaged in a detailed discussion about the Policy, method of determining cost of contribution, and staff's analysis of values, to arrive at a recommendation for the Urban Services Committee's consideration in Policy review. The staff memo, and Downtown Commission meeting minutes reflecting that discussion are included in this packet as Attachment A. Staff have also included a draft Policy (Attachment B) that reflects the changes discussed and recommended by the Downtown Commission, including adjusting the fee-in-lieu base fee to \$10, 560.00 per space.

Requested Action:

The Urban Services Committee is asked to consider the Downtown Commission's recommendations regarding the Fee-in-Lieu Policy, and make a recommendation to the City Council.

Review and Concur:



Nancy Brewer, Corvallis City Manager, Pro Tem

MEMORANDUM

Date: October 2, 2014

To: Downtown Commission and Downtown Parking Committee

From: Sarah Johnson, Associate Planner

Re: Fee-In-Lieu Policy Review

Issue:

In December 2002, the City Council adopted Council Policy 7.15 (attached), which established a fee-in-lieu parking program to allow flexibility in parking requirements for the Central Business (CB) zone and the Riverfront (RF) zone. The program was adopted based on the recommendations of the Corvallis Downtown Parking Study Phase 2: Parking Management Plan. The fee-in lieu program will be evaluated by the Urban Services Committee of the City Council this fall as part their regular review of Council policies.

Discussion:

The fee-in-lieu parking fund currently contains roughly \$57,000. The current cost per parking space was established during the 2011 Council Policy review, with input from the Downtown Commission. The cost is derived from a 2011 base of \$13,000 per space cost. Currently, the per space cost to contribute to the fee-in-lieu fund is a base fee of \$9,600, representing 50 percent of actual per space cost for surface parking and circulation area, with adjustments based on the Engineering News Record Construction Cost Index 20-City average (ENR CCI). The most recent contribution to the program was made in March 2014, and the actual cost per space was \$9,836.95, representing the base fee plus adjustment per the ENR-CCI.

2014 Costs

Staff have conducted a review of land values and construction costs using the base calculation method that has been used in previous reviews of the policy. The method assumes 500 sq. ft. of area per parking space (parking plus circulation area for a parking lot built to City standards), and combines land cost and construction cost. In a review of current land and construction costs, staff found that since 2011, land values for unimproved property in the downtown area has increased roughly 12.5%, and construction costs have increased 7.5%. Based on these increases, staff averaged a 10% increase in total cost per surface parking space, for a total cost in 2014 \$21,120. Applying the longstanding policy of establishing the base fee at 50 percent of the actual cost at policy review, the new base fee would be \$10,560. The current ENR CCI Index value is 9846. If the City applies the base fee and Index value as it has in the past, City

staff would reference the Index each time a developer elected to pay the fee-in-lieu for off-street parking, and would typically arrive at a per-space fee greater than the base fee of \$10,560. This is explained further below.

Calculation Method

The current calculation method, which uses an adjustment to the base rate based on the ENR CCI, results in a new, typically higher, rate each time a developer asks about the cost of the fee-in-lieu program. This is because the construction costs change on a yearly and even monthly basis. As a result, the Policy rarely states the correct actual cost. Applying the ENR CCI calculation is meant to more correctly reflect the true cost of construction of a parking space, but staff note that this can be confusing to potential developers, who may familiarize themselves with the fee-in-lieu Council Policy, only to be told that the number in the Policy is not the actual rate. When the Downtown Commission reviewed this Policy in 2009, staff highlighted his condition, and the Commission elected to recommend the City Council remove the ENR CCI calculation from the policy, resulting in a static fee that is stated in the Policy and changes only when the Policy is reviewed and land value and/or construction cost is found to have changed. The City Council considered the Commission's recommendation but chose to retain the Index reference requirement in the Policy.

For reference, staff have calculated the change in construction cost from 2011 to 2014, and found that construction cost has increased \$445 per space in the three-year period. The ENR CCI does not take into account increase in land value or acquisition cost.

Staff suggest that the Commission could consider again recommending a change in the method of calculation for ease of understanding and clarity in implementation. The calculation could be made at the time of Council Policy review, and would remain in place for the duration of that effective period. In this case, the 2014 cost would remain at \$10,560 for each effective year, until the next Policy review, when the number would again be calculated based on that year's land values and construction costs.

Because Council Policies are reviewed relatively frequently, this method would not be expected to result in a significant loss in potential revenue, and would provide a more straightforward calculation. Potential contributors to the program would have a clear understanding of the cost for fee-in-lieu, and that cost would not change over the intervening months between proposal of a project and initiation of construction/payment of fees, as can currently be the case as developers work through the process.

Requested Action:

The Downtown Parking Committee will receive and review this information at their October 7th meeting, and the Downtown Commission will review the Policy at their October 8th meeting. Staff and members of the Parking Committee will be available at the Downtown Commission meeting to provide the Commission with comments and discussion points from the Parking Committee the night before.

Staff have included a copy of the CPP 7.15 for review. The Urban Services Committee will review the fee-in-lieu policy at an upcoming meeting. Staff request that the Parking Committee and Downtown Commission review the policy and information contained in the analysis above and be prepared for further discussion of the fee-in-lieu program. The Downtown Commission will be encouraged to provide a recommendation to the Urban Services Committee.

EXCERPT OF DRAFT OCTOBER 8, 2014, DOWNTOWN COMMISSION MEETING MINUTES – DISCUSSION OF COUNCIL POLICY 7.15 – FEE-IN-LIEU PARKING PROGRAM

V. COUNCIL POLICY 7.15 FEE-IN-LIEU PARKING PROGRAM REVIEW, DISCUSSION AND RECOMMENDATION.

Planner Sarah Johnson highlighted the staff memo on the history of the fee-in-lieu parking fund, noting the Commission had taken on responsibility for review and recommendations in regard to the policy. The policy arose from the 2002 Downtown Parking Plan, intended to provide additional flexibility to development and provision of parking in the Downtown Core. Other parking policy approaches include public parking lots; the parking exemption area, which stipulated that development was not required to provide, off-street parking for additional development; the provision of one parking space per 1,000 square feet of building space (rather than variable parking for different uses); and the Parking Fund. The policy recognizes the limited amount of downtown property and its relative value for highly urban mixed uses, as opposed to surface parking lots.

The fee-in-lieu fund is intended to fund additional parking solutions in the future, either by public means, by public-private partnerships, or other scenarios for surface or structured parking. Until May 2014, there was only one \$37,000 contribution to the fund in 2006 from the Renaissance Building, paying for six parking spaces. In May 2014, the Jax Building contributed for two parking spaces, and the fund currently contains about \$57,000.

When the Downtown Commission took on review of the policy the cost of a parking space was \$4,500, plus additional construction cost, measured by the Engineering News Record Construction Cost Index 20-City average (ENR CCI). Each time someone contributes to the fund, the ENR CCI adjustment is applied to it. In 2009, the Commission made an extensive analysis of the actual cost of construction and determined the cost should increase substantially. It calculated underdeveloped downtown property values and added construction costs for surface parking spaces, assuming 500 square feet per parking space (including some circulation area). Under those calculations, the base value increased to \$9,200 per parking space.

In 2011, it was determined that land value had not increased substantially from 2009, but materials had, so the base value was increased to \$9,600. When the Jax Building was developed in 2014, the cost was about \$9,800 per parking space, using the adjusted ENR CCI. Staff analysis this year found that land values had increased about 12.5%, and using the ENR CCI, found a 7.5% increase in construction costs, with an average 10% total cost increase, increasing the base fee to \$10,560. (The actual total cost per space was \$21,120, but the policy establishes the base fee at about 50% of the actual construction cost at policy review).

Planner Johnson said the Commission reviews the policy every three years, and makes a recommendation. During the previous review, there was consideration of removing the ENR CCI valuation from the policy, since a developer initially reviewing the policy will see one

number but usually the ENR CCI generally causes an increase from that number over time. However, the Council's Urban Services Committee recommended it should remain in, wanting to capture increased valuations over the intervening three years of growth.

She reviewed the policy with the Parking Committee, which asked how often the ENR CCI was used. She related that it was often used, and the Committee felt that developers understand that costs shift and numbers change in response and that it should be reflected in policies. The Parking Committee recommended the Downtown Commission recommend to the Council to adopt the new base value of \$10,560 per parking space for participation and keep the ENR CCI value in the fee-in-lieu parking policy.

Director Ken Gibb added that the idea of the policy only charging 50% of the actual cost was not to price people out of contributing to it. Part of the rationale is that public parking spaces have multiple uses during the day; they are not dedicated to only one site or particular business. The Commission could weigh in on that policy, if it wished.

Commissioner Weiner said the \$57,000 in the fund didn't seem that much; he asked how much had to be in the fund before it could be used to build something; or whether the funds could be used to temporarily lease parking spaces. Director Gibb concurred that \$57,000 wasn't much, but that the Public Works Departments Parking Fund budgets about \$200,000 per year for opportunities that come along, and this sum could be combined with that, perhaps along with a developer opportunity. In terms of leasing vacant spaces, he said the idea of making use of existing parking was a good one, and that Public Works staff talked with property owners about leasing spaces, but it didn't get far. The best recent example of shared parking was valet parking, among private property owners. He noted that developers understood funds were going into a construction fund, not a general fund.

Planner Johnson read aloud from the policy that "Funds may be used to convert existing private parking spaces to publicly accessible parking spaces through the purchase *or lease* of underutilized private parking spaces". Commissioner Henry stated that it appeared that the Parking Committee had done their homework and that it made sense to forward the recommendation. Director Gibb said the fee-in-lieu fund hadn't been used much, but it was a nice flexible option to offer prospective developers to avoid going through a variance process or other land use action to allow them to avoid providing code-required parking. Typically, parking has been provided on-site instead.

Commissioner Henry moved to recommend to the Urban Services Committee the changes and updates to the fee-in-lieu parking program policy as described in the staff report; Commissioner Morris seconded; motion passed.

CITY OF CORVALLIS
COUNCIL POLICY MANUAL

POLICY AREA 7 - COMMUNITY IMPROVEMENTS

CP 02-7.15 **Fee-in-Lieu Parking Program for Parking-Related
Improvements in the Central Business (CB) District and the
Riverfront (RF) District**

<u>Adopted</u>	<u>December 16, 2002</u>
Revised	November 21, 2005
Affirmed	May 7, 2007
Revised	September 8, 2009
Revised	October 17, 2011

7.15.010 **Purpose**

The Land Development Code requires all new development in the CB and RF Districts (the downtown) to construct, at a minimum, one parking space per 1,000 square feet of commercial space and one space per each residential unit. The Corvallis Comprehensive Plan directs that the downtown area is to remain in a compact urban form, and it is sometimes difficult in the downtown to provide both the required parking and the required urban density to maintain such a form on the same piece of property. The Fee-in-Lieu Program allows developers to pay a fee for each parking space rather than construct said space. The fund into which the fee is paid is reserved for future provision of publicly accessible parking spaces in the CB and RF Districts.

7.15.020 **Policy**

7.15.021 **Applicability**

This Policy applies to all development in the CB and RF Districts required to construct parking spaces according to provisions of the Land Development Code. In general, it is recognized that constructing public parking improvements is preferred to payments in lieu of construction. However, in certain instances, it may be in the best interest of the

community to accept payments in lieu of construction to provide for improvements that will help maintain the CB and RF Districts in a compact urban form. The decision to allow payment in lieu of construction will be made by the Planning Commission and/or City Council for development proposals requiring a public hearing, or by the Community Development Director for development projects which are permitted uses.

7.15.022 Determination of Fee-in-Lieu Parking Program Fee

The fee associated with this Fee-in-Lieu Program is established as of ~~September 2011, to be \$9,600~~ December **2014 to be \$10,560.00** for each parking space ~~the construction of which~~ a developer chooses not to construct or provide through long-term agreement for the use of available nearby spaces. This fee shall be tied to the Engineering News Record Construction Cost Index 20-City average (ENR CCI) for ~~September 2011, which was 9153~~ **August 2014, which was 9846**. The fee shall be updated yearly based on each year's updated ENR CCI for ~~September~~ **August**. The actual in-lieu of fee amount shall be established at the time of payment.

7.15.023 Fee Collection

The Fee-in-Lieu Parking Program fee will be collected by the City, prior to the issuance of any final occupancy permits for the building or portion thereof associated with the fees.

Notwithstanding any other provision herein to the contrary, whenever a Fee-in-Lieu Parking Program charge for five or more spaces would otherwise be due and collectable, the developer may apply upon forms provided by the City Manager for payment of the charge in not more than 20 semi-annual installments plus interest. Upon receipt of such an application, the City Manager shall compute the amount of the Fee-in-Lieu Parking Program charge, the dates upon which each installment on that charge is due, the name or names of the developer(s) of the development for which the Fee-in-Lieu Parking Program charge is imposed, and the description of the property upon which the development is occurring or has occurred. The total amount of the charge shall be subject to interest at the rate of 10 percent per annum, which interest shall be the full and only compensation to the City for its administrative costs and shall be secured by property, bond(s), deposits, letter of credit, or other security acceptable to the City Manager. Each installment shall be paid within 15 days of the dates established above, beyond which 15-day period a late fee shall be charged. The late fee shall equal five percent of the amount due and an additional late charge shall be assessed for each month the installment remains unpaid. If the developer elects to secure the charge(s) with real property, the developer shall obtain the consent of the

owner or owners of record or of the contract purchaser or purchasers of record of the real property. The burden of showing the identity of the owner or owners of record or of the contract purchaser or purchasers of record of the parcel shall be upon the developer. Any deferred payment secured with real property shall become a lien upon the property, and the City Manager shall docket the lien in the docket of liens; and from the time that docketing is completed, the City shall have a lien upon that described property for the total amount of the charge. That lien may be enforced in the manner provided in Oregon Revised Statutes (ORS) Chapter 223. That lien herein shall have priority over all other liens and encumbrances of any character.

7.15.024 Accounting

Fee-in-Lieu Parking Program fees and all the interest earnings on those fees will be placed in an account specific to the provision of publicly accessible parking in the CB and RF Districts. These accounts will be co-managed between the Community Development Department and the Finance Department. The City will maintain a record of all properties that have met their required parking space obligation by paying the appropriate fee for the spaces. Payment of this fee does not absolve the developer from any future obligation to participate in future construction of publicly accessible parking spaces through additional funding mechanisms (e.g., a local improvement district, tax increment financing, etc.). Payment of this fee also does not guarantee the developer that parking spaces will be constructed for the sole use of or in the immediate proximity of that development.

7.15.025 Project Implementation

Projects funded from the Fee-in-Lieu Parking Program may be implemented either by the construction of publicly accessible parking spaces through the City's Capital Improvement Program or by disbursing funds to a developer constructing the improvements. Funds may also be used to convert existing private parking spaces to publicly accessible parking spaces through the purchase or lease of underutilized private parking spaces. Planning for parking capital improvement projects funded by Fee-in-Lieu Parking Program fees will be initiated at the discretion of the Community Development Director, contingent upon budget approval by the City Council. It should be recognized that to provide for a logical and cost effective construction of parking improvements, projects funded by Fee-in-Lieu Parking Program fees may be phased and may be constructed such that the parking spaces do not directly serve the parcels from which the fee was collected.

7.15.030 Review and Update

The Community Development Director will prepare the Council Policy review every three years for City Council approval.

CAP USC Final Update

The Climate Action Plan Task Force wants to update you per the Scope of Work that we completed over the summer.

First of all, we want to thank you for your interest in this effort and the support and feedback you provided us in developing the Scope of Work that we used to guide our efforts.

We said that we would have a plan to the City Council by the end of the year, and I'm happy to report that we will!

As you recognized, our timeline was very "ambitious," but the fact that we are sitting here today to let you know that we'll have a draft ready for the next city council meeting is a testament to the importance of this issue to our community.

Since setting our scope of work with you, we have:

1. Completed a basic framework of a CAP with goals and actions for six key topic areas:
 - Buildings and Energy
 - Consumption and Solid Waste
 - Food and Agriculture
 - Health and Social Services
 - Land Use and Transportation
 - Urban Natural Resources
2. Recruited topic area experts and developed an advisory panel composed of people with expertise in the process of developing a climate action plan.
3. Begun outreach to the community through our website and by conducting two community meetings to provide information about the climate action plan and to receive public input. The public meetings – October 29 and November 12 at the library—were both well-attended, with about 50 people at each.
 - We took feedback from the meeting and revised the draft based on that input.
4. We also received feedback from our topic experts and incorporated it into the CAP accordingly.
5. We have sent updated sections of the draft to some members of our advisory panel already, and others will get the full draft when it is complete.
6. We will a draft at the City Council meeting on Dec. 15th, so look for it in your packets.

There are a few things that we will not have time to do before submitting the draft plan for the Dec. 15th meeting, but we will aim to complete them before taking the plan to the new Council in January. These include:

- Incorporating feedback from our Advisory panel, updating our website and seeking further public input.
- Additional research to clarify some of the relative costs and benefits of actions. We want to add a table containing all of the recommended actions, with at least a rough estimate of financial impacts and impact on greenhouse gas reductions.

- We are still working on setting reduction targets and measures. Establishing an emissions reduction target for a forecast year is an important milestone in the process of climate action planning.

We'll talk more about next steps when we present it to the full Council, but as we discussed, we hope that the Climate Action Plan that we present will serve as the foundation for a climate-related goal for the next City Council and for integration into updates of the 2020 Vision Statement, the Comprehensive Plan, and other city plans and policies.

Again, thank you for the interest and support you showed in this effort and we look forward to working with the new USC and the new council to implement this Climate Action Plan.

Climate Action Plan Task Force

Julie Arrington	Marys Peak Group—Sierra Club
Zach Baker	Member at Large
Dan Blaustein-Rejto	Member at Large
Glencora Borradaile	Member at Large
Claudia Keith	League of Women Voters
Linda Lovett	Corvallis Sustainability Coalition
Annette Mills	League of Women Voters
Kris Paul	350 Corvallis
Marge Stevens	First United Methodist Church Natural Step Ministry