



STAFF REPORT TO THE CITY COUNCIL

DATE: Regular Meeting of February 25, 2020

TO: Members of the City Council

SUBMITTED BY: David Biggs, City Manager

SUBJECT: Operating Memorandum with Hercules Development Partners LP regarding Bayfront Parking

RECOMMENDED ACTION: Approve an Operating Memorandum (Attachment 1) with Hercules Development Partners LP regarding Bayfront Parking.

FISCAL IMPACT OF RECOMMENDATION: None as result of this action. Future implementation of elements of the Operating memorandum may have costs associated with those actions and would be governed by the terms of the Operating Memorandum.

DISCUSSION: The development of the Hercules Bayfront is guided by the Hercules Waterfront Master Plan and the terms of a Development Agreement between the City and the developer Hercules Development Partners LP. The Bayfront is currently under construction with Phase 1 – the Exchange to be completed in April, 2020, and with Phase 2 – the Grand under construction. The third phase on three blocks, the Warehouse and the Annex, were approved by the City Council on July 23, 2019, and construction drawings have been submitted to the County for plan check.

With the approval of each phase to date language has been included in the approvals in regard to parking for each phase and the requirement under the Master Plan and the Development Agreement regarding the future formation of a joint public/private Parking District. On a parallel path, the City and Developer have been working on a Parking Demand and Supply analysis to determine how much parking may be needed to serve the entire Bayfront, public and private development, using shared parking as the basis to ensure enough parking is provided and that it used efficiently as possible. That Demand and Supply Analysis has been completed, and it shows, based on the assumptions articulated, that at a peak period, demand would exceed supply by 40 spaces. While this is a dynamic model, it does establish a possible scenario around which the parking program for the area can be shaped.

At the time of the approvals appeal for Phase 3, City staff and the developer had agreed to a Conceptual Memorandum of Understanding regarding Bayfront Parking (Attachment 2). This Conceptual MOU was signed by the developer and was presented to the City Council as a way to bridge concerns regarding parking and the desire to allow Phase 3 to proceed while the final form and nature of the Parking District were still in development. The City Council was not comfortable with all of the terms of the Conceptual MOU, and while they did approve the project on appeal, they did

not approve the Conceptual MOU, and instead imposed a parking related condition of approval on Phase 3 in the form of 11(f) which requires a future approval of an Implementation Agreement regarding parking, prior to issuance of building permits for Phase 3. The Council also requested that the staff and the developer continue to work towards the resolution of parking related issues.

Ultimately, the developer objected to the inclusion of Condition 11(f), and has filed a challenge to that condition. However, since that time, staff and the developer have continued to explore means to resolve the issue and to allow Phase 3 to proceed while having an agreeable framework to address parking.

This effort has resulted in the attached Operating Memorandum which incorporates most elements of the previous Conceptual MOU. In addition, it does provide the City with access to an additional 40 spaces to meet the projected peak period parking demand. The transformation of the Conceptual MOU into an Operating Memorandum is in recognition that the Development Agreement specifically provides for the use of an Operating memorandum as a means to address areas which require clarification in regard to the implementation of the Development Agreement.

Should the City Council approve the Operating Memorandum as presented, it acknowledges that this approval is deemed to satisfy Condition 11(f). Once again, the Operating Memorandum provides a framework to implement the concepts of shared parking and the parking district, in whatever final form that takes, consistent with the Master Plan and Development Agreement. Those implementation steps will likely take some additional time, and this recommended Operating Memorandum will allow Phase 3 to proceed without all the details finalized, while still maintaining a fixed date by which the Implementation actions must be completed.

ATTACHMENTS:

1. Operating Memorandum
2. Conceptual MOU from July 23, 2019

<i>Financial Impact</i>			
Description:			
Funding Source:			
Budget Recap:			
Total Estimated cost:	\$	New Revenue:	\$
Amount Budgeted:	\$	Lost Revenue:	\$
New funding required:	\$	New Personnel:	\$
Council Policy Change: Yes <input type="checkbox"/> No <input type="checkbox"/>			