



# CITY OF SAN MATEO

City Hall  
330 W. 20th Avenue  
San Mateo CA 94403  
[www.cityofsanmateo.org](http://www.cityofsanmateo.org)

## Agenda Report

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Agenda Number: 8

Section Name: {{section.name}}

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**TO:** City Council  
**FROM:** Drew Corbett, City Manager  
**PREPARED BY:** Public Works Department  
**MEETING DATE:** March 02, 2020

**SUBJECT:**  
Parking In-Lieu Fee Increase – Approval

### RECOMMENDATION:

Adopt a Resolution to increase the Parking In-Lieu Fee and update the City's Fiscal Year 2019-20 and Fiscal Year 2020-21 Comprehensive Fee Schedules.

### BACKGROUND:

Within the Central Parking Improvement District (CPID), the City offers developers an option to pay a fee if the proposed project does not provide sufficient parking as required by the City's Municipal Code Section 11.62. The funds generated from the parking in-lieu fee are utilized to support increasing the availability of public parking in the CPID. City Council approved an increase in the parking in-lieu fee to \$26,311 per space on July 15, 2019, and directed staff to review the parking in-lieu fee amount and structure and propose modifications.

Staff brought analysis and recommendations for City Council's consideration on November 4, 2019. City Council directed staff to increase the base parking in-lieu fee to \$50,000 per space to reflect the actual cost of construction. Additionally, City Council directed staff to charge the full parking in-lieu fee for new development projects and a reduced parking in-lieu fee for projects converting existing buildings to accommodate new uses. Staff conducted a study session with City Council on February 18, 2020 to discuss options moving forward regarding parking requirements and fee studies to inform future Zoning Code amendments to revise parking requirements and align current parking demand for land use with parking requirements. City Council directed staff to return with the parking in-lieu fee increase to \$50,000 per space, and to initiate studies to evaluate how to assess parking demand and requirements in the CPID, assess potential Zoning Code amendments to ensure application of parking in-lieu fees is current, and identify potential for reduction in parking requirements based on provision of Transportation Demand Management (TDM) measures.

Based on City Council direction, staff has proposed a resolution to amend the City's fiscal year 2019-20 and fiscal year 2020-21 Comprehensive Fee Schedules as follows.

1. The parking in-lieu fee in the CPID is increased to \$50,000 per space for projects without approved planning applications.
2. The parking in-lieu fee will increase annually by the percentage increase in the Engineering News Record San Francisco Construction Cost Index.

If approved, the modifications to the fiscal year 2019-20 Comprehensive Fee Schedule will take effect 60 days from the date of adoption (May 1, 2020). The increased parking in-lieu fee will be included in the fiscal year 2020-21 Comprehensive Fee Schedule to take effect July 1, 2020. Projects with approved planning applications are subject to the parking in-lieu fee in effect at the time the planning entitlement was approved and will not be subject to the fee increase. Additionally,

consistent with City Council direction on February 18, staff is aware of the gap period between when the fee will be increased and when the updated comprehensive study on parking demand downtown is completed. To address this, staff recommends bringing forward a Municipal Code amendment on March 16<sup>th</sup> for Council consideration that would allow developers to utilize an independent project-specific parking demand study rather than existing parking requirement ratios as an interim zoning code amendment until the comprehensive update is completed.

Recent discussions at the Planning Commission have also involved the parking in-lieu fee and the evaluation of development projects within the CPID and the Limited Parking Zone (LPZ) contained therein. There have been some concerns from staff and the Planning Commission regarding evaluation of developer requests to pay the parking in-lieu fee rather than provide all required parking on-site. As established within the City's 2009 Downtown Area Plan, there is less parking permitted on-site within the LPZ than the other portions of the CPID area. Consequently, allowing payment of the parking in-lieu fee rather than providing on-site parking outside of the LPZ in an area that does not contain adequate parking facilities nearby can create impacts on the City's streets and neighborhoods. In addition to the recommendation to allow project-specific parking demand studies, staff recommends codifying objective standards for evaluation of parking in-lieu fee requests to address this concern and will bring these standards with the proposed interim ordinance to Council on March 16 for consideration. If the Council moves forward with the Municipal Code changes, they would take effect thirty days after the second reading of the ordinance.

**BUDGET IMPACT:**

Adoption of this Resolution will assist the City in providing adequate parking supply necessitated by new development.

**ENVIRONMENTAL DETERMINATION:**

Adoption of the attached Resolution increasing the parking in lieu fee is not a project subject to CEQA, because it is a government fiscal activity which does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment. (CEQA Guidelines Section 15378(b)(4).)

**NOTICE PROVIDED**

All meeting noticing requirements were met.

**ATTACHMENTS**

Att 1 – Proposed Resolution

Att 2 – Public Comment

**STAFF CONTACT**

Sue-Ellen Atkinson, Principal Transportation Planner  
seatkinson@cityofsanmateo.org  
(650) 522-7288

Jay Yu, Engineering Manager  
jyu@cityofsanmateo.org  
(650) 522-7323