To: Honorable Mayor and Members of the City Council  
From: Dee Williams-Ridley, City Manager  
Submitted by: Paul Buddenhagen, Interim Deputy City Manager  
Subject: Eliminating Public Parking from the Proposed Berkeley Way Project  

RECOMMENDATION  
Authorize the City Manager to continue working with BRIDGE Housing Corporation on the proposed development of the City-owned site at 2012 Berkeley Way with a revised proposal that includes no public parking.

FISCAL IMPACTS OF RECOMMENDATION  
The City’s existing Berkeley Way public parking lot, which has 108 revenue generating parking spaces, yields approximately $665,000 annually in net revenue for the City. This revenue stream is equal to about $28.5M over a hypothetical 34-year time frame for financing of the project, assuming that parking needs would remain constant throughout this period.

Staff from the City, BRIDGE, and independent parking design consultants creatively and intensively examined every potential parking design they could imagine for the proposed development that could preserve this funding stream and incorporate public parking, but could not identify a feasible option. The option of no parking in the project is the most cost-effective way to proceed with the rest of the affordable housing and shelter development and will reduce the cost and time required to build the housing. The next closest option would cost the city approximately $40 million and result in a decrease of up to 25 housing units. The loss of the parking lot will result in a loss of approximately $665,000 per year for the City of Berkeley, but is preferable to all considered alternatives, which result in even greater revenue losses.

In all scenarios, the costs of construction and operations exceeded the projected revenue. Removing the proposed public parking component eliminates the financial liability that would accompany its construction and long-term operation.

Redesigning the project to exclude parking will result in a one-time increase to the project’s architectural and engineering costs of up to $250,000, but that increase will be more than offset by the elimination of parking garage construction costs (estimated at $12.3M to $21M), the cost of operating the facility at a loss over its lifetime and less complicated and costly overall project construction.
CURRENT SITUATION AND ITS EFFECTS
At its March 13, 2018 meeting, the Council directed the City Manager to provide project partners with specific new parking requirements to incorporate as much public parking as needed and to separately finance the subterranean parking with no affordable housing funds going to the parking structure and no loss of affordable housing units. At that time, staff believed that a single level of subterranean parking using puzzle lifts providing approximately 200 public parking spaces was the most financially feasible option. In subsequent analysis, staff have concluded that option is not feasible, primarily because structural columns located in the basement would preclude the puzzle lifts and the only alternative would be to use dependent stacker type lifts which would have to be operated by valets, resulting in very high operating costs.

City staff and the development team have been working together closely for a year to identify a preferred parking option. Alternatives considered ranged from no public parking spaces to more than 200, provided at grade, at one or two levels below grade, with simple lifts and puzzle lifts. The original development plan included parking which was strongly supported by local businesses. The current recommendation of no parking could have a negative impact on businesses in the immediate vicinity -- primarily the small retailers, restaurants, and personal services businesses occupying ground floor spaces, but also office tenants and landlords. They have indicated a strong preference for the inclusion of parking, and have expressed fear that the absence of parking on that site will threaten their viability. Reduced parking capacity on the block means that the goBerkeley program will need to be used to shift parking demand in the area towards the Center Street Garage and other locations with capacity in order to free up capacity closer to Berkeley Way.

None of the options yielded enough revenue to pay for both the construction and operation of the garage, let alone provide additional support to the Parking or General Funds. Every alternative with enough parking spaces to yield significant income requires deeper below-ground construction, becoming too costly to build, or full time valet operations, becoming too costly to operate.

BACKGROUND
On March 13, 2018, Council provided direction to the City Manager on a variety of issues, including prioritizing the Planning Department’s review of the proposal, working with BRIDGE toward a State Affordable Housing and Sustainable Communities (AHSC) program funding application, and initiating work on a lease revenue bond to fund the residential components. On June 26, 2018, the City Council reserved $11M in Housing Trust Funds in order to support the project’s application to the California Veterans’ Housing and Homelessness Prevention program (VHHP), in addition to the approximately $4M predevelopment loan the City has already made to the project. On July 24, 2018, the City Council authorized the City Manager to execute an amendment to the City’s Disposition and Development Agreement with BRIDGE Housing Corporation extending the timelines in the agreement.
BRIDGE and BHFP were originally selected as the development team for this site via a competitive process in 2014. The City entered into a Disposition and Development Agreement with BRIDGE for the site in June 2016 and into a predevelopment loan of $835,897 on April 18, 2017. Council identified Berkeley Way as its first priority for Housing Trust Fund and Berkeley’s set aside of Alameda County A1 funds on June 13, 2017.

ENVIRONMENTAL SUSTAINABILITY
It is possible that reduced parking will increase the use of public transportation and transit options other than private vehicles.

RATIONALE FOR RECOMMENDATION
Staff and the development team did not identify an alternative which generated enough revenue to cover the construction and operations fully.

ALTERNATIVE ACTIONS CONSIDERED
Staff did not identify another financially feasible alternative despite many scenarios evaluated.

CONTACT PERSON
Amy Davidson, Senior Community Development Project Coordinator, Health, Housing & Community Services, (510) 981-5406
Farid Javandel, Transportation Manager, Public Works, (510) 981-7061