



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 08/15/2023

ITEM NO: 14

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DATE: August 4, 2023

TO: Mayor and Town Council

FROM: Laurel Prevetti, Town Manager

SUBJECT: Receive the Report on Downtown Paid Parking Program Models and Consider the Following Actions:

- a. Direct Staff to Return to Council with an Updated Fee Resolution to:
  - i. Increase the Rates Effective January 1, 2024 for Residential Permit Parking to \$52 per Year for Vehicle One, and \$72, \$92, and \$112 for Vehicles Two, Three, and Four, Respectively;
  - ii. Set Rates for Residential Permits in the Olive Zone to Match Rates for the Town's Other Residential Parking Zones Effective January 1, 2024; and
  - iii. Eliminate the Annual Fee for Employee Parking in the Olive Zone Effective January 1, 2024;
- b. Provide Direction to Staff Regarding the Establishment of Residential Permit Rates for Low Income Residents Defined as Households with Income of Less than 80% of Area Median Income;
- c. Provide Direction to Staff Regarding the Two Free Visitor Passes that are Available to Each Household in the Residential Permit Parking Areas; and
- d. Provide Feedback and/or Direction on the Paid Parking Program Options, Pricing Models, Service Delivery Scenarios, and Staffing Alternatives Required to Support a Functioning and Effective Downtown Paid Parking Program

**RECOMMENDATION:**

Receive the report on downtown paid parking program models and consider the following actions:

- a. Direct staff to return to Council with an updated Fee Resolution to:

**PREPARED BY:** Nicolle Burnham  
Parks and Public Works Director

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Reviewed by: Town Manager, Assistant Town Manager, Town Attorney, and Finance Director

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RECOMMENDATION (continued):

- i. Increase the rates effective January 1, 2024 for residential permit parking to \$52 per year for vehicle one, and \$72, \$92, and \$112 for vehicles two, three, and four, respectively;
- ii. Set rates for residential permits in the Olive Zone to match rates for the Town's other residential parking zones effective January 1, 2024; and
- iii. Eliminate the annual fee for employee parking in the Olive Zone effective January 1, 2024;
- b. Provide direction to staff regarding the establishment of residential permit rates for low-income residents defined as households with income of less than 80% of Area Median Income (AMI);
- c. Provide direction to staff regarding the two free visitor passes that are available to each household in the Residential Permit Parking Areas; and
- d. Provide feedback and/or direction on the paid parking program options, pricing models, service delivery scenarios, and staffing alternatives required to support a functioning and effective downtown paid parking program.

EXECUTIVE SUMMARY:

The Town of Los Gatos has long been considering ways to manage parking. In 2019, the Town Council accepted the Dixon Parking Roadmap<sup>1</sup>. Following acceptance of the Parking Roadmap, a limited number of programs and policies have been implemented with some success. Programs that currently exist include residential permits, Olive Zone permits, downtown employee parking permits, and parking enforcement. Council has also directed installation of wayfinding signs to improve visibility and provide guidance to existing parking lots, which is moving slowly due to a recent loss of a staff resource. Installation of parking pay kiosks and a mobile application have been delayed due to lack of staffing.

The report proposes changes to residential permit fees and Olive Zone fees based on past Council direction. Attachment 1 is a map of the downtown parking zone and Olive Zone.

Future improvements to, or expansion of, the parking program are not possible without the addition of staffing resources. In December 2022 Town Council asked staff to document the parking fees that would be required for parking to be a cost recovery operation. This staff report analyzes four options for paid parking, with the costs and revenue for each. The analysis demonstrates that a paid parking program in Los Gatos could recover costs by charging a rate of \$1.25 per hour for on-street parking; charging \$1.00 per hour for public off-street parking after the first two free hours; and making some changes to employee and residential permit programs and Oak Meadow Park parking.

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<sup>1</sup> [www.losgatosca.gov/DocumentCenter/View/23807/Los-Gatos-Parking-Roadmap](http://www.losgatosca.gov/DocumentCenter/View/23807/Los-Gatos-Parking-Roadmap)

EXECUTIVE SUMMARY (continued):

A key consideration is that generating the revenue from parking requires adding staff to implement the program, but adding the staff before there is revenue is not fiscally prudent. The report discusses scenarios for contracting services related to implementing the program and staff is looking forward to Council direction.

BACKGROUND:

As employees and patrons arrive to downtown Los Gatos, parking is the first impression of their experience. Providing both an efficient wayfinding and parking program is crucial in promoting a positive experience and increasing economic and community vitality.

Recognizing the importance of parking experience, on December 17, 2019 Town Council accepted the [Parking Roadmap](#)<sup>2</sup> (Roadmap) developed by Dixon Resources Unlimited (Dixon). The Roadmap is a multi-step, multi-phase guide to enhancing parking in Downtown. The Roadmap is clear that significant resources are needed to develop and support a consistent and positive parking experience. At the time the report was accepted, the Council discussed the need for consistent enforcement of the timed parking, importance of an effective wayfinding program, and supported various other aspects of the Roadmap. It was also recognized by the Town Council and staff that such a program would require additional staffing resources.

The Roadmap documents that an effective parking program has many layers to function successfully and requires intention to implement and maintain. When in place and operating effectively, customers and employees spend less time looking for available parking and have a clear understanding of the requirements for particular spaces, resulting in an overall improved parking experience. In a fully implemented and staffed parking program, policies like employee permits, paid parking, and short-term parking options provide stakeholders greater flexibility to park in a location that meets their needs. Guests who choose to stay parked longer (e.g., when shopping, dining, or for other services) can pay remotely to alleviate the stress of having to move their vehicle to comply with two- or three-hour time limits. Employees can park worry free for the duration of their shift.

Since 2019, implementation of the Parking Roadmap has been a key Council priority. As such, staff has been working to develop parking related programs and has learned that staff is stretched too thin to successfully provide the Town's existing parking services and that additional programs require commensurate additional staffing to implement and manage.

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<sup>2</sup> <https://www.losgatosca.gov/DocumentCenter/View/23807/Los-Gatos-Parking-Roadmap>

BACKGROUND (continued):

Among work completed, staff contracted with Hunt Design to update the downtown wayfinding signage; developed and implemented an employee parking program; and explored with Council a “park once” philosophy and the “Pay to Stay” program. In June 2020, a part-time parking program manager [0.25 Full Time Equivalent (FTE)] was hired into the Police Department to begin the Parking Roadmap implementation. The 0.25 FTE temporary position expired in June 2023, and its funding was not renewed. Early work on implementation of the parking program was hampered by the COVID-19 pandemic.

The pilot downtown employee permit parking program (hereafter not referred to as a pilot) has been a success with over 1,000 employees registered for an employee permit during the pilot program period that started in July 2022. A survey completed in April 2023 indicated that 72% of participating employees experienced improvements in their parking experience. 71% of respondents said it took less than five minutes to find an available employee parking space. 83% of the employees also indicated that the employee parking program either improved or had no negative impact on visitor parking.

On December 6, 2022, Town Council received an update on the progress made toward implementing the Parking Roadmap. After hearing public comment, including suggestions from the Chamber of Commerce that supported a paid parking program downtown, the Council provided the following direction:

1. Determine the necessary fees and charges for a parking program that would be fully cost recoverable;
2. Explain how a paid parking program could help the downtown business community;
3. Implement the wayfinding program; and
4. Evaluate the charges for residential permits.

Council’s general direction included a move toward two-hours of free off-street parking with pay-to-stay fees ranging between \$2.00 to \$2.50 per additional hour; on-street parking was assumed to remain free. At that time, staff had been working on a Request for Proposals for parking kiosks that would allow users to pay at their respective parking lots and a phone-based application that would facilitate ease of payment remotely.

Following that direction, staff contracted with Dixon to evaluate the staffing model necessary to support a paid program and potential parking rates that would generate the revenue needed to make the operation fully cost recovery. In addition, staff and Dixon evaluated the elements of the parking program that had been implemented and provided an update on those elements. This analysis is discussed further in this report and in Attachments 2 and 3.

BACKGROUND (continued):

The wayfinding and signage project is still in development at this time. Hunt Design is preparing the final documents to allow for competitive bidding of the project. Parks and Public Works will facilitate the bidding for construction and oversee the implementation of the signage (including removal of the older signs). Staff anticipates bidding the project in September, awarding in early November with construction occurring over the winter.

DISCUSSION:

**RESIDENTIAL PERMIT PARKING**

Currently, residential parking permits in the downtown costs \$42 and residential parking permits in the Olive Zone cost \$248. Staff recommends aligning both the downtown and Olive Zone to have the same residential permit parking rates.

Rate Adjustments: As noted in the December 2022 Town Council discussion, the fees associated with residential permits have not been adjusted in many years. Dixon recommended that the current downtown base rate of \$42 per year be escalated by \$20 for each additional vehicle. Staff recommends increasing the rates higher than Dixon recommended to \$52, \$72, \$92, and \$112 per year, for the first, second, third, and fourth vehicles respectively. This pricing is intended to more accurately reflect to true cost of parking and discourage residents from procuring unnecessary permits. It is recommended that the Olive Zone rates be adjusted to match the downtown rates. If Council agrees, staff will return with an updated Fee Resolution with these changes.

Low-Income Rate: In addition to adjusted rates, Dixon recommended that the Town offer low-income residents (defined as households at or below 80% Area Median Income) a discounted rate of \$25 per car for up to four vehicles. While this is a good idea, income verification is time consuming and beyond the Town's existing staff resources. For this reason, staff is not recommending implementing a low income rate, but is seeking feedback from Council on this concept.

Visitor Permits: At present, each resident in the residential zone is eligible to have two visitor permits each year at no charge. There is nothing to prevent residents from using the free visitor parking permits on a regular basis to avoid purchasing parking permits for a second and third vehicle. Staff is seeking direction from Town Council regarding the future of the residential zone visitor parking permits, and whether these permits should be issued free of charge.

DISCUSSION (continued):

**OLIVE ZONE EMPLOYEE PERMIT PARKING**

Currently, the Town offers parking permits to employees of businesses located in the downtown and Olive Zone. Employee parking permits in the Olive Zone are \$248 per year with limited participation and employee permits in downtown are free. As previously noted, staff recommends making the Olive Zone employee parking permits free to align them with the downtown employee parking permits. Since there is no designated employee parking in the Olive Zone, employees would be able to park in any space and would be verbally discouraged from parking in front of businesses.

Ideally, Olive Zone employee parking would be restructured by moving all employee parking off West Main Street to Church Street and Villa Avenue. Parking Lot 7 at Alpine should also include designated employee spaces. This would allow the Olive Zone and downtown programs to operate on the same principle and provide visitors with the best available parking. With both areas essentially functioning on the same principle, the two programs could be combined, allowing for free or very low-cost permits. This would create an equitable system for all employees. However, current staffing levels in Parks and Public Works are such at implementing these additional changes in Olive Zone parking are not possible.

**EFFECTIVE PAID PARKING FOR LOS GATOS**

Dixon produced two documents to support discussion of a paid parking program. These are a Cost Recovery Evaluation (Attachment 2) and a Staffing Plan (Attachment 3) to effectively support paid parking. Together these reports outline how the Town could implement paid parking as a full cost recovery operation and in a manner that would provide the support needed to provide a positive experience for the public.

The following four options of paid parking were evaluated:

- Option 1: Retain existing time limits for on-street parking; introduce paid parking off-street.
- Option 2: Retain existing time limits for on- and off-street parking.
- Option 3A: Implement paid on- and off-street parking at lowest rates possible to achieve cost recovery.
- Option 3B: Implement paid on- and off-street parking at market rates for municipal parking.

Table 1 outlines the financial impacts of each option as well as other considerations. The results of the analysis indicate Options 1 and 2 are not full cost recovery. Neither of these programs implement paid on-street parking. If paid on-street parking were not implemented,

DISCUSSION (continued):

but payment is required for the lots, then users would vie for the limited number of available on-street spaces while the surface lots remain underutilized.

For Options 3A and 3B, paid on-street parking is included with two hours of free parking provided in the lots. Excess revenue generated from these options would be used for improvements in the downtown area, such as improvements to parking assets, streetscape improvements, etc.

**Table 1. Summary of Strategy and Financial Impacts per Option**

		Option 1	Option 2	Option 3A	Option 3B
Strategy	On-/Off-Street	For Downtown only: - Free, 2h time limit on-street - 2h free, then \$2.50/h off-street For Olive Zone: - Free, 2h time limit on-street - Free, 3h time limit off-street	For Downtown & Olive Zone: - Free, 2h time limit on-street - Free, 3h time limit off-street	For Downtown & Olive Zone: - 0h free, \$1.25/h on-street - 2h free, \$1.00/h off-street	For Downtown & Olive Zone: - 0h free, \$3.00/h on-street - 2h free, \$2.50/h off-street
	Permits/Other	- Escalating rate model for Residential Parking Permits: Permit 1 \$42; Permit 2 \$60; Permit 3 \$80; Permit 4 \$100; low-income permit \$25 (per year) - Employee Parking Permits (all zones): \$10/month (\$120/year); \$5/month for low-income rate (\$60/year) - Introduce 30-minute short-term spaces on-street - Shift Oak Meadow Park responsibilities and revenue to parking fund.			
Policy		- Add no reparking rule.	- Add no reparking rule.	- Remove most time limits.	- Remove most time limits.
Benefits		- Enables Town to trial paid parking equipment with a smaller scope. - The no reparking rule will improve availability of on-street parking.	- Minimal changes to implement. - Minimal outreach and public education required.	- Gentle introduction of paid parking with low rates. - Removal of time limits enhances customer flexibility.	- Maximizes revenue to fund other initiatives. - More likely to encourage parking space turnover. - Maximizes employee utilization of permit zones.
Drawbacks		- May not change on-street parking behavior without consistent enforcement. - Program is unsustainable.	- Program is unsustainable. - Customers have very few options for all-day parking.	- Generates less revenue to fund other initiatives.	- More expensive for customers and visitors.
Equipment Needs		+ 1 pay station (Oak Meadow) + 9 pay stations (Downtown)	+ 1 pay station (Oak Meadow)	+ 1 pay station (Oak Meadow) + 29 pay stations (Downtown) + 18 pay stations (Olive Zone)	
Staffing Needs <sup>4</sup>		+ 1 Park Services Officer Temp + 1 Parking Manager FTE + 1 Maintenance Worker FTE + 1 Parking Control Officer FTE	+ 1 Park Services Officer Temp + 1 Parking Manager FTE + 1 Parking Control Officer FTE	+ 1 Park Services Officer Temp + 1 Parking Manager FTE + 1 Maintenance Worker FTE + 1 Admin Assistant FTE + 2 Parking Control Officer FTE	
Estimated Annual Budget <sup>5</sup>					
Revenue Total		\$300,388.50	\$254,409.00	\$1,443,872.24	\$3,111,057.20
OPEX	Equipment <sup>6</sup>	\$142,718.65	\$12,054.14	\$256,670.69	\$304,185.46
	Staffing	\$540,118.99	\$378,004.45	\$821,998.09	\$821,998.09
	Total OPEX	\$682,837.64	\$390,058.59	\$1,078,668.78	\$1,126,183.55
Year 1 Net Gain/Loss		<b>-\$382,449.14</b>	<b>-\$135,649.59</b>	<b>\$365,203.46</b>	<b>\$1,984,873.65</b>
Initial CAPEX <sup>7</sup>		\$217,500.00	\$56,000.00	\$540,500.00	\$540,500.00

Note: Excerpted from Parking Program Cost Recovery Evaluation, Appendix A prepared by Dixon (Attachment 2).

OPEX indicates annual operating expenditures and CAPEX indicates capital expenditures. In addition to initial capital costs of installing equipment, the equipment can have an ongoing operational cost due to pay station network fees, credit card fees (currently \$0.25 plus 3% per transaction), cellular access to facilitate transactions, and equipment servicing warranties or contracts.

DISCUSSION (continued):

Revenue: Revenue was estimated for each option with the following assumptions:

1. Paid parking is implemented at Oak Meadow Park at \$6.00 per vehicle per day for all users, residents, and non-residents alike. This fee would match Vasona County Park's parking fee. Options would be available for annual pass for frequent users and for senior users at a rate of \$80 and \$60 per year respectively. Staff is not recommending implementing paid parking at Vasona at this time unless and until Council directs an increase in staffing resources.
2. Olive Zone is added as a paid parking area unless otherwise specified. If paid parking is not implemented in the Olive Zone, but is implemented in the remaining areas of downtown, patrons may be inclined to park in the Olive Zone and walk downtown, which would impact Olive Zone businesses. The revenue analysis completed by Dixon assumed that fees for Olive Zone would match the fees for downtown. The analysis did not assume free employee parking permits in downtown and the Olive Zone as discussed in more detail below.
3. The Town currently offers parking permits to employees of businesses located in the downtown and Olive Zone. Employee parking permits in the Olive Zone are \$248 per year with limited participation and employee permits in downtown are free. For the financial analysis, employee parking permits in both zones are assumed to be \$10 per month, with a low-income rate of \$5 per month. Despite this model assumption, staff is proposing at present for all employee parking remain free (i.e., eliminate the fee for Olive Zone) until a staffing model can be developed that would support management of the employee permits, at which time, all employee parking permits would be priced at an appropriate structure.
4. Currently, the rate for downtown residential parking permits is \$42 for up to four vehicles per household. The analysis assumed that residential permit rates are adjusted per Dixon's recommendation to escalate the fee for each additional vehicle by \$20: \$42 per year for the first vehicle, and \$60, \$80, and \$100 for the second, third, and fourth vehicles respectively. The \$42 base fee has been in place for a number of years with no increase, so staff is recommending that the rate for the first vehicle be \$52 per year, or \$1.00 per week. Pricing for the second, third, and fourth vehicles are proposed at \$72, \$92, and \$112 per year respectively. This pricing is intended to more accurately reflect to true cost of parking and discourage residents from procuring unnecessary permits.
5. Revenue from leasing parking spots to Tesla for charging stations in the amount of \$96,000 annually would be contributed to the parking program. Tesla revenue currently supports downtown improvements. (Note: ChargePoint revenue of approximately



DISCUSSION (continued):

\$28,400 per year is credited to the Streets program and is not considered as revenue for the parking fund).

For more information on these assumptions, see Attachment 2.

Staffing: Parking programs in other jurisdictions that have not been fully staffed and thoughtfully implemented have struggled to succeed. Dixon provided case studies on the paid parking management in the cities of Paso Robles, Santa Rosa, and Sausalito (Attachment 4). These three cities were selected for their similar demographics to the Town. As such, staff is strongly recommending thoughtful consideration of both the paid parking model and the required staffing to support the selected model.

***Existing Staffing Resources and Challenges:*** Parking enforcement is currently staffed from 9 a.m. to 6 p.m. Monday through Saturday, consistent with signage and permit parking area restrictions. Two Parking Control Officers (PCO) are responsible for parking enforcement Town-wide as well as assisting the Police Department with other duties, such as assisting with traffic management during the Presidential visit.

All residential and Olive Zone permits are handled by the Police Outreach Coordinator, including guiding permit holders with the online system, providing customer service to residents who are not comfortable with online transactions, and working with the parking vendor who manages the permit software. This position is also responsible for resolving parking tickets, organizing, and staffing Neighborhood Watch meetings, conducting other Community Policing outreach events, and other duties.

Previously, a part-time temporary Parking Manager established and implemented the downtown employee parking permit program and monitored utilization of the designated employee parking spaces. In 2023, the position was located in the Parks and Public Works Department to facilitate the wayfinding project as well as other aspects of the program.

This position was not included in the adopted Fiscal Year 2023/24 Budget and this work has not yet been reassigned to an existing employee given other workload priorities in the Parks and Public Works (PPW) Department. There is currently a gap in managing downtown employee permits and providing customer service. Specifically, there is no staff assigned to remove employees that no longer work in Town, handle renewals, or respond to requests for permits for new employees.

***Proposed Staffing Alternatives:*** Staffing needed to support each of the four paid parking options is presented in Table 1. Costs for each option were determined using fully burdened

DISCUSSION (continued):

salary information for the required staffing needed. Staffing levels were determined from review of industry best practices for municipal parking programs. Staffing classifications were considered as well as responsibilities and best practices for the standard functions of program management, enforcement, and field staff.

Given the need for additional staffing to implement any of the paid parking options, staff is seeking direction from Council as to which option it would like to explore further, if any. If Council decides not to pursue paid parking at this time, then staffing options to manage the existing employee parking permit program include a modification to the Budget to reinstate the temporary Parking Manager position or a realignment of the duties of an existing PPW position, recognizing that other work would not be completed.

If Council would like to pursue a paid parking option, below are three staffing alternatives for consideration and direction:

Staffing Alternative A: The Town adds staff and manages a paid parking program with internal resources. This is the model upon which the Dixon analyses are based.

Staffing Alternative B: Contract the services of a parking program manager. The cost for this would be determined through competitive bidding and would be based on the final scope of services. Initial estimates suggest costs could be approximately \$150,000 for one year of program management, which would be less than the fully loaded cost of adding Parking Manager staff position. Examples of work that could be completed in Year 1 include with this type of contract might include installation of paid parking kiosks (capital costs would be in excess of the management fee noted), implementation of a mobile application for payment, development of the job class specifications for the various parking related positions the Town would need to add to support the permanent program, and ongoing outreach and coordination with the community.

Staffing Alternative C: Contract the services for capital development, operation, maintenance, enforcement and management of the paid parking program, including residential and employee permits. The cost for this level of service has not been determined at this time.

Staffing Alternative B and C would require staff time to develop the program, competitively bid the service and oversee its implementation, in addition to the resources needed to manage the current program for residential and employee permits during the transition. If those alternatives were to be considered, staff recommends the addition of a Parking Manager or Parking Coordinator position to oversee the work of the contractors.

CONCLUSION:

Staff is recommending changes to the residential permit parking program fees, which have not been increased in recent years; modifications to the Olive Zone parking fees and structures; and is seeking feedback and direction on implementing low-income rates once staffing is added to the parking program.

Staff has evaluated four options for implementing a paid parking program in Town. All of these require additional staff to support the program and two of these are projected to be fully cost recovery. If the Council is interested in pursuing paid parking, Options 3A or 3B would ensure the program is fully cost recoverable. Staff is seeking direction from Council on next steps.

COORDINATION:

This report was coordinated with the Economic Vitality Manager, Town Manager, Town Attorney, Finance Director, and the Los Gatos Monte Sereno Police Chief.

Outreach is occurring in coordination with the Complete Streets and Transportation Commission and the Los Gatos Chamber of Commerce on August 10, 2023. A supplemental memorandum will be prepared to provide a summary of the feedback received during that outreach.

FISCAL IMPACT:

Revenue from the residential and Olive Zone parking permit programs was \$46,041 for Fiscal Year 2022/2023. Changes to the residential permit parking fees may increase revenue slightly, and the actual amount will vary on the number of permits issued. Charging higher rates for additional cars may reduce the number of total permits issued.

Other proposed actions are policy considerations and have no revenue implications until additional direction is provided.

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.

Attachments:

1. Downtown and Olive Zone Boundaries
2. Cost Recovery Evaluation
3. Parking Staffing Plan
4. Case Studies