

CHAPTER 4 : IMPLEMENTATION

4.1 - Introduction

The vision for Uptown and the Town Centre is one of lively, pedestrian-friendly, and diverse neighborhoods that espouse Paso Robles' unique sense of place and are well-connected to Downtown and the Salinas River. Insuring that Paso Robles grows and develops according to this vision will require the concerted efforts of many public and private parties, substantial investment of public and private monies, the best work of many designers and builders, and the sustained attention and support of the community and its leaders.

This implementation chapter of the Specific Plan describes an organized sequence of actions that can, and must, be taken by various players to realize the vision.

Fortunately, compared to many urban areas seeking reinvestment, the Uptown and Town Centre have many significant advantages from the outset:

- Paso Robles is located in a world-renowned wine producing region and is consequently a destination for many visitors.
- There are many very valuable buildings, businesses and institutions within Uptown and the Town Centre.
- There is a considerable amount of land that is under-utilized and subject to relatively short-term change.
- A number of privately financed, new development projects are in the pipeline. This is both a sign that the market is ready to reinvest in Paso Robles, and a jump-start for neighborhood development.
- The vision and energy of many community leaders – which gained further momentum and direction through the Charrette process – has focused political and economic attention on Uptown and the Town Centre.

Thus, the Specific Plan implementation has momentum from the start. The implementation strategy outlined below seeks to take maximum advantage of this head start.

A. The Players. The principal players in the implementation of this Specific Plan will be:

1. **Private investors, developers, builders, entrepreneurs, home buyers, and tenants.** The vast majority of new investment and construction in the Uptown / Town Centre will be made by private sector, for-profit developers, entrepreneurs, investors and property owners. The total cost of the improvements necessary to realize the vision could be over 550 millions of dollars (in 2009 dollars). The only way this kind of investment will occur is if capital is attracted to the Uptown/Town Centre based on the opportunity to earn a return on the investment. A key intention of this Specific Plan is to identify and define opportunities for such investment.
2. **The City of Paso Robles (City).** The City will regulate the design and use of existing and new development, will design and manage urban infrastructure, and in some cases will help to finance infrastructure or other short term projects that have a clear public purpose and benefit.
3. **Non-profit development companies and cultural institutions** will play a critical role in the construction and operation of below-market-rate (affordable) housing and various cultural facilities.

Paso Robles has a wealth of well-supported and well-operated cultural institutions (including the Pioneer Day Committee, the El Paso de Robles Area Historical Society, the County Office of Education, and the Paso Robles School District), great civic buildings (including the Paso Robles City Library, Paso Robles Event Center, the Pioneer Museum, the Children's Museum), and a number of distinguished churches and schools. Increasing and leveraging the value of these existing institutions and structures is a major focus of this Specific Plan. Attracting additional philanthropic and public capital to support the growth of these institutions, and creating opportunities for collateral development surrounding them, is a key strategy for building value in the Uptown/Town Centre.

B. Public Leadership. This implementation chapter of the Specific Plan is directed primarily toward the "public sector". Although many public agencies and entities will have important roles in funding and managing specific elements of this implementation, in terms of project leadership the "public" side of the ledger consists mainly of the City of Paso Robles.

The ultimate realization of the vision for Uptown and the Town Centre will be implemented mainly by private investment that is guided and supported by the City. The "instructions" for the private investors are found in the Development Code (Chapter 5) of this Specific Plan.

This chapter contains recommendations as to what the "public sector" can do to move the process forward, to help shape and coordinate the private investment, and to support and encourage the private investment through strategic investment of modest amounts of public funds from many sources.

C. Programs, Policies, and Projects. This Specific Plan is driven by a clear, physical vision. This vision is achieved through the implementation of a number of programs, policies, and projects for the plan area's neighborhoods, districts, and corridors. It is anticipated that successful implementation of these programs and projects will not only ensure that the plan area continues to grow in a compact, multi-modal, pedestrian-oriented manner that is respectful of Paso Robles' history and culture, but will also generate activity in Downtown, connect the plan area to the Salinas River, and create great value for the entire plan area.

These programs, policies, and projects, described in Chapter 2 (Vision and Plan), are implemented by a variety of entities – the City, non-profit organizations, and private developers, homeowners, etc. – and funded by a variety sources. This chapter describes the cost, phasing, and financing mechanisms for completing publicly-funded capital improvement projects that are identified by the vision. The costs, timing, and potential funding sources are summarized in Table 4.3-1.

D. Timing. This plan has a 25-year horizon. Many of the programs and projects described in this plan will not be able to be implemented immediately, either due to a lack of financing, the community's desire to implement other projects and programs, or both. Accordingly, the Plan's programs and projects have been prioritized as follows:

- Short-Term. To be pursued in the next 0-10 years.
- Mid-Term. To be pursued in the next 10-20 years.
- Long-Term. To be pursued beyond 20 years.

Projects and programs that are identified as "short term" are to be pursued by:

- Listing a project on the Capital Improvement Budget, to be accomplished with AB 1600 funds, General Fund funds, redevelopment funds, or enterprise funds.
- Budgeting staff time to implement a program.
- The plan itself acts to facilitate private development.
- Requiring public improvements as a condition of development.

Projects that are designated as having "mid-term" or "long-term" priority would become "short term" if sufficient grant funds become available. Certain projects may move forward while others may not. Also, certain projects that are identified to move forward in the short term may, due to changing priorities or lack of financing, be delayed, while projects that are identified to occur in the long term may be implemented earlier. Ultimately it is up the City – and the community – to decide which projects move forward and when.

Major publicly-funded projects and programs that are identified as "short term" priority are intended to lead private investment and create incentives for the private sector to follow. These are projects that provide a good deal of leverage, such that completing them early in the process with significant public funding and leadership expected to attract significant amounts of private investment, in turn substantially refilling the public coffers through the tax increment.

These projects and programs are described geographically by where they occur in each of the six plan areas – Uptown, Midtown, Downtown, South of Downtown, Riverside Avenue Corridor, and the Salinas River – in Chapter 2 (Vision and Plan). The timing, costs, and potential funding sources are summarized in Table 4.3-1.

4.2 - Implementation Program

A. Purpose. This implementation program sets forth actions and projects that execute the plan-initiatives established in Chapter 1. It provides information about several infrastructure improvement projects that will assist Paso Robles in achieving plan goals. Potential funding sources for these infrastructure projects are also presented.

B. Regulations and Ordinances. This Specific Plan depends upon the following actions relative to regulations and ordinances:

1. The Specific Plan will need to be adopted by the City of Paso Robles, establishing the Development Code (Chapter 5) as a subpart of the Zoning Code.

2. The plan area will need to be rezoned from the existing zoning;
3. The Land Use Element of the General Plan will need to be amended to revise the types and distribution of land uses, and establish the boundaries of the Specific Plan Area. If the Specific Plan is adopted in a manner that would increase the overall City population in the 2025 horizon year beyond the present 44,000, the General Plan will need to be amended to address this as well.

C. Plan-Wide Initiatives. In response to the goals of this Specific Plan and the plan-area's constraints and opportunities, the Plan's programs and projects have been categorized according to short-term, mid-term, and long-term priorities. See Chapter 2 (Vision and Plan) for a description of projects. The short-term projects were identified as having the positive effect of catalyzing additional activity and investment and are given priority in order to generate strategic momentum throughout the plan area.

D. Infrastructure Projects. The 1,100-acre Specific Plan area requires certain improvements to the existing infrastructure system to accommodate the vision and development potential identified by the Plan. This involves wastewater, stormwater, and water supply. These infrastructure projects are included among the projects shown in Table 4.3-1 and are described in greater detail in Chapter 3.

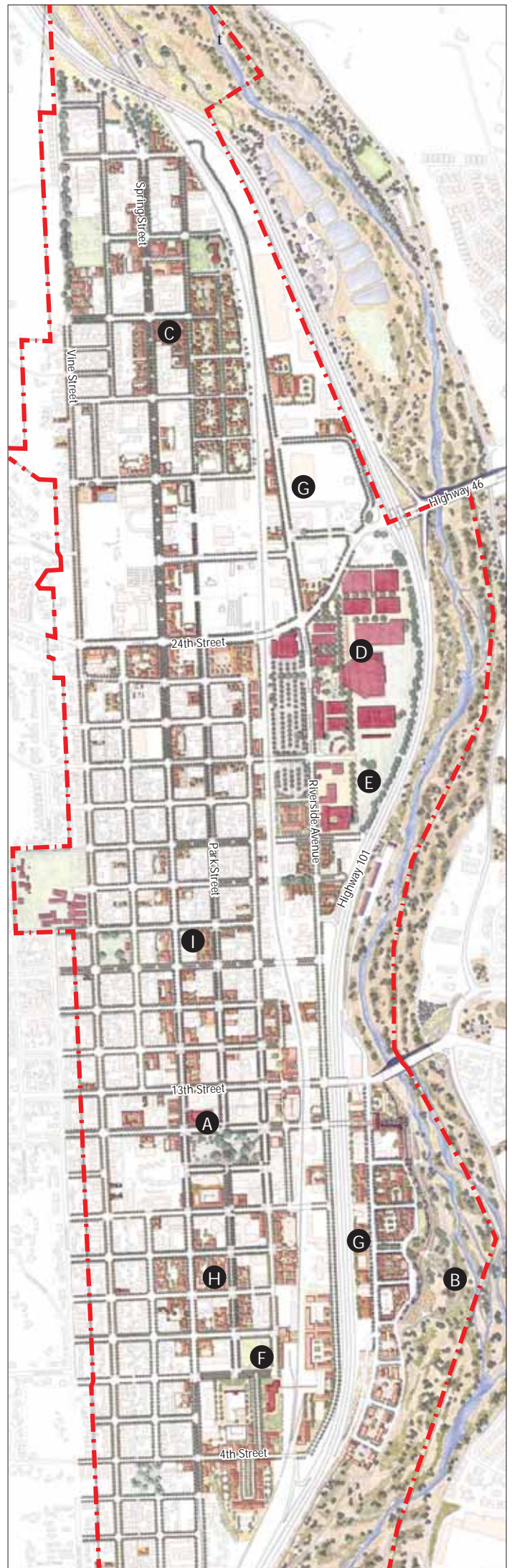
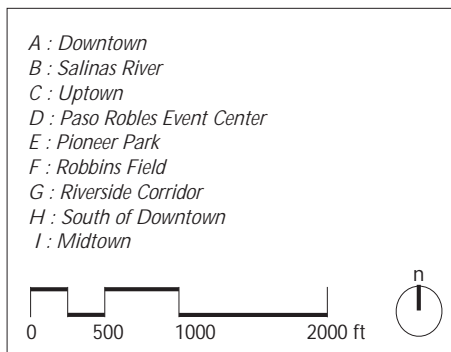
E. Parking Projects. Improving parking facilities in the plan area was identified as a priority during the Specific Plan charrette process and the City is considering options for building structured parking. Structured parking costs are included in the projects shown in Table 4.3-1 and assume \$45,000 per space in 2009 dollars. This figure assumes all associated costs (land acquisition, construction costs and soft costs). While construction of a parking structure is seen as critical to continued development and redevelopment in the plan area, in general structured parking facilities are not self-supporting. Even when operating revenues exist, they are often insufficient to cover debt service for the cost of construction. Because of this reality, it is often not possible for a City or any other owner to obtain 100 percent financing on their parking project without subsidies of some kind.

4.3 - Funding Sources

The implementation of the objectives of this Specific Plan will be financed by a number of funding sources, including assessment districts, private investment, direct City financing, and other government funding sources.

A. Property and Business Improvement District (PBID). Assessments established under a Property and Business Improvement District (PBID) are levied on businesses and real property within the PBID boundaries. Under the Property and Business Improvement District Law of 1994, revenues from PBID assessments may be used to fund capital improvements and maintenance costs for projects such as: parking facilities; benches, trash receptacles and other street furniture; public restrooms; fountains; parks; street improvements; sidewalks; plazas. A PBID formation petition, which is initiated by property owners, requires the signature of more than 50 percent of the property owners, weighted by assessment liability. PBIDs are formed with an initial term of five years. When this period expires, the PBID may be renewed for another five years. However, if debt is issued to finance capital improvements, assessments can be levied until the bonds mature. The term of debt service for PBID bonds is not to exceed 30 years. Without bond issuance, the maximum term for a PBID district is 10 years.

B. Lighting and Landscaping District (LLD). Under the Landscaping and Lighting Act of 1972, a landscaping and lighting district (LLD) may be created, with the approval of 2/3 of property owners in the district (required by Proposition 218), to levy annual assessments that are used to fund landscaping and lighting improvements and maintenance within the district's boundaries. Each property's annual levy is assessed proportionally only for improvements and maintenance costs determined to be



CHAPTER 4 : IMPLEMENTATION

of special benefit to that property, based on an annual report prepared by an assessment engineer. Paso Robles has an existing landscape and lighting district (Landscape and Lighting Maintenance District No. 1) with 13 zones and 133 sub-areas east of Highway 101. If property owners in the plan area or the City Council initiate the formation of and LLD in the plan area, the City has the option to incorporate the plan area into the existing LLMD No. 1, or to form a new and separate district. LLMD assessment revenues are primarily used to fund maintenance; however, it is also possible to issue bonds to fund the cost of construction for street improvements such as sidewalks and other paving, gutters, curbs, gutters, irrigation systems and drainage facilities.

C. Assessment District (AD). Under the Improvement Act of 1911 and the Improvement Bond Act of 1915, a city may establish an assessment district to levy additional taxes in order to issue bonds to fund public facilities and improvements that directly benefit property owners in the district. An AD is a useful tool in financing public facilities and infrastructure, and maintenance and services costs that benefit a specific area. Eligible projects may include: street paving and grading; curbs, gutters, streetlights and landscaping; water supply systems; storm drains; sanitary sewers; parks and recreation facilities. Unlike a Mello-Roos district (see below), the formation of the AD requires a majority vote of property owners that is proportionate to their assessment. In addition, AD bonds may only fund improvements within the district, and a nexus must be established between the improvements to be financed and benefits to the district's property owners. ADs are typically used as financing mechanisms for installing public improvements in areas of new development, but it is also possible to use them for existing development if a nexus can be established between the amount of the assessment, the public facility or improvement to be funded, and the benefit to property owners in the AD.

D. Mello-Roos Community Facilities District (CFD). Under the 1982 Mello-Roos Community Facilities District Act, a city may establish a CFD to levy taxes and issue bonds in order to fund public facilities and infrastructure, and public services. Formation of the CFD, which may be initiated either by the City Council or by a petition from property owners, must be approved by a 2/3 majority of registered voters in the district. In contrast to an assessment district (see above), Mello-Roos districts do not have a benefit nexus requirement and tax levies can be used to fund projects with general benefit. Mello-Roos bonds may be used to pay for public infrastructure projects such as: street and roadway improvements, including traffic signals and lighting; landscaping; bridges; water and sewer facilities; parks; libraries; police and fire stations. Mello-Roos can also be used to fund public services such as police, fire and emergency, public works, storm drainage maintenance, parks and open space maintenance, recreation, and library services. Public facilities and infrastructure projects that are financed under Mello-Roos must have a useful life of five years or more. Mello-Roos bonds, which are tax-exempt, are usually not rated. The debt is secured by taxes levied on property within the CFD and the bonds are not fiscal obligations of the city or county where the CFD is located.

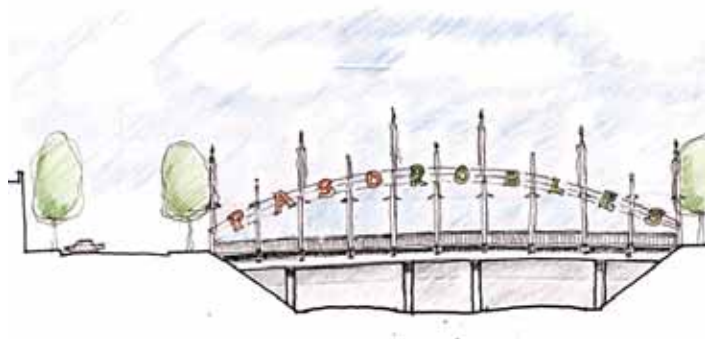
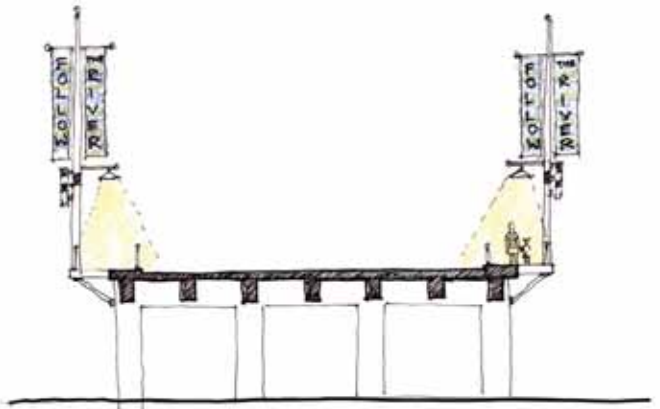
E. Downtown Parking District. The City has established a Downtown Parking District to provide financing for the development of parking facilities. The annual assessment levied on property within the district can be used to fund new construction, pay debt service, and pay operations and maintenance costs. New commercial development in the district that create parking impacts have the option of paying an in-lieu fee as a substitute for providing on-site parking. Revenue generated by the in-lieu fee program can be used to fund the construction of parking facilities as well as maintenance and operations. See Section 4.5 (Parking Costs and Financing Strategies) for more information.

F. User Fees. Many jurisdictions have been able to partially finance construction of new facilities such as parking structures using bonds funded through parking user (meter) revenues and fines. The ability to generate net revenues from meters (after accounting for enforcement and capital costs) depends upon local parking demand and supply dynamics as well as public policy objectives. For example, larger cities with high parking demand are generally capable of charging higher meter rates and spreading enforcement cost over a larger area. Meter revenues could also provide funding for a portion of ongoing O&M costs. User fees can also provide supplemental funding for museums and parks whose principal source of financing is a public or non-profit agency. Many museums and parks charge for selected programs and services, usually at a subsidized rate that is lower than the fee users would pay in the private sector for similar services. In these cases, the pricing of fees is often tiered for different users such as seniors and youth. By providing a sliding scale, user fees can be set in a way that ensures access to all segments of the community. The potential revenue generation by a user fee program depends on the support of the user base, and also on the extent to which the facilities charging user fees face competition from other recreational opportunities in the community.

G. Impact Fees. The City charges impact fees on new private development in order to offset the cost of growth to City facilities. Under the impact fee program, new development pays its "fair share" of the additional facilities costs created by new residents and businesses. Development impact fees in Paso Robles are used to finance street improvements, drainage improvements, general government facilities, police and fire facilities, library facilities, and parks and recreation facilities.

H. Developer Financed Public Improvements. A local government may agree to reimburse a private developer for all or a portion of the construction costs for public improvements when those improvements benefit other properties and are turned over to the City for operation and maintenance upon completion. For example, a city may reimburse a developer for constructing street improvements or improvements to existing drainage facilities in infill areas along with the proposed project. The reimbursement can be paid from general fund revenue; however, many cities provide the reimbursement to the developer by giving a credit for impact fees. In rare cases, private developers may build parking facilities. This generally occurs in dense urban areas, where parking is at a premium and operators are able to charge extremely high parking fees. Potentially, City-owned land could be provided to a developer with the requirement that development of the property include a parking facility. However, this option could limit the City's control and flexibility. Selling City-owned land and using the revenues to cover a portion of parking structure costs would produce similar results while allowing the City greater involvement in project implementation.

I. Non-Profit Capital Campaign. Funding for non-profit organizations is usually divided into two types: funding for operating expenses and funding for capital projects. While operating expenses such as salaries, programs, and rent are funded by an annual budget, a capital project, such as the construction of a new facility, is a one-time expenditure that is typically significantly greater than the organization's operating budget. Once a plan is developed for a new facility, it provides the basis for raising capital funds. While the development of a non-profit facility is often accomplished with assistance from public sources, the non-profit's ability to raise private funds is an important source of leverage in its partnership with public entities. Contributions of in-kind goods and services such as donated architectural services, contributed construction materials, or pro bono legal or construction management services are also a significant source of support. Adopt-a-bench and brick programs (where donors' names are inscribed on bricks or paving blocks) are popular ways to generate individual support. During the capital campaign, an endowment can be raised to provide for the long-term maintenance of the new facility. A



capital campaign requires both professional staff and dedicated volunteers. If successful, the capital campaign will reduce the amount of debt financing required for the new facility and will thereby ensure the financial viability of the non-profit organization

J. Local Transportation Fund (LTF). Under the the Transportation Development Act (TDA) of 1971, 0.25% was added to the statewide sales tax rate in order to fund local transportation. Known as the Local Transportation Fund (LTF), the State returns this revenue to its county of origin for use in operating transit systems. In regions with populations below 500,000, such as San Luis Obispo County, the LTF funds may be used for street and road improvements. In San Luis Obispo County, the San Luis Obispo County Council of Governments (SLOCOG) is the designated Metropolitan Planning Organization (MPO) and the Regional Transportation Planning Agency (RTPA) and is responsible for administering transportation grants for the region. While LTF funding can vary depending on how much annual sales tax revenue is generated in the County, SLOCOG distributes approximately \$2.2 million to \$2.8 million annually to local governments in the County for street and road improvement projects.

K. Proposition 1B Funds. Under Proposition 1B, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, approximately \$20 billion in general obligation bonds were issued by the State to fund transportation projects including congestion reduction, highway improvements, road improvements, public transportation, goods movement, air quality, and safety and security. Prop. 1B funds are available to fund improvements to local transportation facilities that will repair and rehabilitate local streets and roads, reduce local traffic congestion, improve traffic flow, or increase traffic safety. In San Luis Obispo County, the San Luis Obispo County Council of Governments (SLOCOG) is the designated Metropolitan Planning Organization (MPO) and the Regional Transportation Planning Agency (RTPA) and is responsible for administering transportation grants for the region. SLOCOG distributes approximately \$7 to \$8 million annually in Prop. 1B funds to local governments in the County for street and road improvement projects.

L. Proposition 40 Local Assistance Funds. Under Proposition 40, the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002, approximately \$800 million has been allocated to Local Assistance Grant programs that are targeted to improve, protect, develop, acquire, restore and enhance park and recreational facilities and open space. Prop. 40 funds can be used to fund projects that: protect rivers, lakes, streams and beaches; preserve open space and farmland; protect wildlife habitat; restore historical and cultural resources; and repair and improve park safety. While the State has frozen funds for new projects in response to the current budget crisis, the City has previously been successful in obtaining Prop. 40 funds for the Salinas River Parkway Project to acquire and restore river frontage, and enhance riparian habitat, water quality, flood control measures, and ground water recharge

M. Proposition 42 Funds. Under Proposition 42, the Transportation Congestion Improvement Act of 2002, revenue from the State sales and use tax on the sale of motor vehicle fuel is dedicated to transportation improvements and services including public transit and mass transportation, city and county street and road improvements (including road reconstruction and storm drainage repair), and state highway improvements. For several years after its approval, Proposition 42 funds were diverted to the State's general fund; however, under Proposition 1A, the Transportation Funding Protection Act of 2006, restrictions have been placed on the diversion of Prop. 42 funds. Currently, 40% of the total Prop 42 funds are allocated for local streets and roads purposes with 20% going to counties based on miles and vehicles and 20% allocated to cities based on population. Prop. 42 funds are among the most flexible transportation funding sources and can be used for road reconstruction, storm drainage repair, upgrading highway interchanges, bridge improvements, transit improvements, and street maintenance. The San Luis Obispo County Council of Governments (SLOCOG) is the designated Metropolitan Planning Organization (MPO) and the Regional Transportation Planning Agency (RTPA) and is responsible for administering transportation grants for the region. While Prop. 62 funding can vary depending on how much annual gas tax revenue is generated, SLOCOG distributes approximately \$4.7 to \$5.2 million annually in Prop. 42 funds to local governments in the County for street and road improvement projects.

N. American Recovery and Reinvestment Act (ARRA). The American Recovery and Reinvestment Act (ARRA) was signed into law in February 2009 and provides Federal funds for local street and road improvement as well as for capital improvements to transit systems. According to the San Luis Obispo County Council of Governments (SLOCOG), the designated Metropolitan Planning Organization (MPO) and the Regional Transportation Planning Agency (RTPA), the region is

expected to receive approximately \$11.6 million in street and road funding and \$3.1 million in transit capital funding in in FY 2009-10. It is expected that this funding is being provided on a one time only basis and its allocation will occur over a two-year period.

O. Redevelopment Agency Tax Increment Bonds. Because the plan area is located within the City's Redevelopment Project Area, many of the plan's infrastructure improvements are eligible for tax increment financing (TIF). TIF is a useful financing tool that allows the City to invest in infrastructure and other improvements and then pay for them by capturing the tax revenue, or increment, above the initial assessed value during the life of the district. TIF can be used to finance a variety of improvements pertaining to public infrastructure, land acquisition, demolition, utilities and planning costs. A TIF is an increasingly viable solution to funding the development of needed infrastructure, including structured parking. Other eligible infrastructure projects include: sewer expansion and repair; storm drainage; street construction and expansion; water supply systems; park improvements; curbs and sidewalks; street lighting; landscaping; environmental remediation; bridge construction and repair; libraries; and emergency service facilities. TIF districts do not generate tax revenues by increasing tax rates. Rather, the TIF district generates revenues by permitting the municipality to temporarily capture the tax revenues generated by the enhanced valuation of properties resulting from various redevelopment projects.

P. Community Development Block Grant Funds. Under Title I of the Housing and Community Development Act of 1974, the Community Development Block Grant (CDBG) program was established to provide Federal assistance to local communities to finance the development of housing, public facilities, and other improvements for the benefit low- and moderate income persons. Prior to the CDBG Program, Federal funding was made available for specific categories of community development. In contrast, CDBG funds, which are administered by the U.S. Department of Housing and Urban Development (HUD), give local communities a wide degree of latitude in using funds for a variety of development activities. In terms of infrastructure and public facilities improvements, CDBG funds may be used for activities which include, but are not limited to: acquisition of real property; relocation and demolition; rehabilitation of residential and non-residential structures; construction of public facilities and improvements, such as water and sewer facilities, streets, and neighborhood centers. The City of Paso Robles annually receives approximately \$273,000 in CDBG funds from HUD. The American Recovery and Reinvestment Act (ARRA), which was signed into law in February 2009 (see above), has supplied an additional \$1 billion in funds to the CDBG Program, \$74,160 being entitled to the City Paso Robles.

Q. General Obligation (GO) Bonds. General obligation bonds obtain the lowest possible interest rate of cost of borrowing for any given municipality. Because the full faith and credit of the municipality is pledged to such bonds, the rate of interest will reflect the best that the community has to offer. The primary way for a municipality to improve on its own full faith and credit pledge to a bond issue is to purchase municipal bond insurance. The general obligation bonds of local governments are most commonly paid from ad valorem property taxes and other general revenues. These bonds are considered the most secure of all municipal debt and are limited in California by Proposition 13 to debt authorized by a vote of two thirds of voters in the case of local governments.

R. Revenue Bonds. The issuance of tax-exempt revenue bonds by local governments is a common financing source for the construction of public facilities and infrastructure improvements. Debt is secured by a dedicated revenue stream rather than by the taxing power of the municipality. Common sources of revenue include service fees for sewer and water systems, parking garages, stadiums, auditoriums, golf courses, and recreation facilities. Because these fees are viewed as less secure than the municipality's taxing authority, revenue bonds typically carry higher interest costs than general obligation (GO) bonds (see above). When revenue bonds are issued to finance a parking project, the bond issuer pledges to the bond holders the revenue generated by the parking project. Revenue bonds are payable only from specifically identified sources of revenue, including pledged revenues derived from the operation of the financed parking facility, grants, and excise or other taxes. Parking revenue bonds secured solely by the revenues from a single, standalone, municipality-owned parking facility are acceptable at a reasonable tax-exempt rate only when irrefutable evidence is presented.

S. General Fund. The General Fund is the City's most flexible and accessible source of funding for public facilities and infrastructure improvements. General Fund revenue is mainly derived from property tax, transient occupancy tax and sales tax and is used to pay for basic municipal services such as police, fire, and public works. Because the City's General Fund revenue is limited, it should be viewed as a secondary source of financing for public facilities and infrastructure improvements.

4.4 Parking Costs and Financing Strategies

A. Parking Costs. Paso Robles intends to build structured parking and the per-space cost assumed in finance planning is \$45,000 in 2009 dollars. This figure assumes all associated costs, summarized below. Parking costs are typically divided into two general categories – capital costs for construction of parking infrastructure, and operations and maintenance costs which are typically combined together. Both kinds of cost need to be considered for funding and each may require separate funding sources because of the timing for when the financing is needed. Capital costs are infrequent, but may be large sums. Operations and maintenance costs are regular (typically budgeted for annually), smaller costs. Capital (or development) costs and operating/maintenance costs vary widely. Land acquisition costs, construction costs, soft costs, and operating expenses are types of costs that should be considered during the planning phase of a parking project.

Estimating the cost of construction a new parking structure is dependent upon several variables, including the number of spaces needed, the number of levels, the size/dimensions of the site and the architectural features for the structure. Other variables that affect parking structure costs include the type of flow system (one-way or two-way drive aisles), the number of access points, the amount of underground levels, and the size and shape of the site. Certain site dimensions and topography can make one site more efficient and less costly than other sites. In the event that the City chooses to build parking structures on multiple sites, the cost per space may vary depending on site characteristics and structure size. These factors need to be considered in the site selection process.

1. Land Acquisition Costs. Land (property) costs are often not included during the preparation of a parking project’s economic analysis. In many cases, an agency or institution planning for the parking facility already owns the land that serves as the site for the proposed parking facility. However, in those cases where land costs do need to be recouped, land costs become a significant part of the equation. There is no rule of thumb for typical land value (cost). The value can vary significantly from one location to another and depend upon a multitude of issues including access, density of development, surrounding land uses, income potential, etc. Efforts to acquire the land also cost, between \$15 to \$100 or more per square foot of land area.

Construction Costs - The most significant variable impacting construction or “hard” costs is the type of parking improvement. Surface parking lots can be constructed for as little as \$1,000 per space or less for a basic paving and striping project, and as much as \$6,000 or more per space for a grander project featuring an elaborate drainage systems, premium light fixtures, signage and graphics, and landscaping. Structured parking costs represent comparatively higher costs per space than surface parking, and typically range anywhere from \$25,000 to \$45,000 or more per space, depending on the project particulars. The low end of this range will likely buy a simple concrete parking structure with limited aesthetic appeal. More unique architectural features can drive the cost upward significantly.

2. Soft Costs. To derive a total project cost, other costs must be added to the construction and land costs. These additional costs are referred to as “soft” costs, and may include items such as a construction contingency, architectural/engineering fees, soils and materials testing, soil clean-up (hazardous material abatement), business relocation, demolition, debt service reserve funds, legal fees, and financing costs. Soft costs can vary significantly but typically fall within 15 to 35 percent of construction costs.

3. Operating Expenses. Operating expenses of parking facilities also vary dramatically. Variations are due to geographical location, size of facility staffing patterns, method of operation, local legal requirements, whether or not the garage is free or for pay (which would require personnel), whether or not there are rest rooms, and how large the structure is or how many levels of parking it provides. Annual costs per space range from about \$200 for basic maintenance, up to \$800 for a facility with attendants. These figures exclude parking, property, and sales taxes. The expenses can include security, enforcement, the cost of utilities, supplies, daily maintenance, lighting, cashiering, management and accounting services, structural maintenance, landscaping and insurance. Multi-story structures may require additional costs for fire control equipment and elevators, and underground parking may require mechanical ventilation. Public parking facilities typically do not pay taxes. Types of insurance coverage include comprehensive liability, the garage operator’s legal liability, fire and extended coverage, workers’ compensation, equipment coverage, money and security coverage (theft occurring on the premises), blanket honest coverage (employee theft), and rent and business interruption coverage, (structural damage resulting from natural phenomena).

B. Financing Strategies. Paso Robles is not unique in its objective to provide efficient parking without yet knowing how all of the costs will be paid. And like many cities, construction of a parking structure is seen as critical to

continued development and redevelopment activity. Most structured parking facilities are not self-supporting and even when operating revenues exist, they are often insufficient to cover operating expenses and debt service. Because of this reality, it is often not possible for a City or any other owner to obtain 100 percent financing on their parking project without subsidies of some kind. Many municipalities are in the process of eliminating parking from their budgets and intend to remain to be involved in managing the parking without being the sole provider of funding and financing for parking.

But there are many other cities similar to Paso Robles that intend to remain responsible for a majority of the cost of providing public parking. There are a number of strategies that have been successfully used to finance parking facility capital projects. Common financing methods include federal grants, tax-increment financing, taxes from business improvement districts or parking tax districts, and net revenues from other facilities. To determine the most appropriate means of financing for Paso Robles, a market and financial analysis study was completed. When user fees (pay parking revenues) are a part of the financing equation, the projected demand and revenues of a proposed parking facility project are quantified, and so is the extent to which the user fees will cover the operating expenses and debt service. However, for those projects that do not “pencil out” a subsidy is required.

The financing strategies presented below have been used by cities similar to Paso Robles. The strategies are summarized as options, and are based in-part, upon the EPS study completed for the City in 2006. The decision-making process for parking facility financing should begin with a general agreement regarding basic principles and end with a more detailed approach for resolving funding, management, and cost allocation issues. A number of guiding principles that can guide future actions and decisions regarding the sources and use of funds for parking facilities are described below. A consensus among key stakeholders on general principles will help guide and resolve financing-related issues as they arise throughout the implementation process.

The City’s financing strategy should be guided by the following principles:

- The improvement program that is ultimately adopted must be financially feasible, i.e., funding sources must be identified, and quantified that match programmed expenditures. In addition, maintenance, operations and depreciation must be considered prior to project development. Given the significant cost associated with construction of parking facilities, it will be important to develop a strategic approach to project financing and prioritization of investments. As a general principal, the investment in new parking facilities should occur only after adequate funding sources have been identified and committed for both one-time and ongoing costs. Consequently, the actual project schedule and phasing will need to be adapted to funding realities. In addition, since the construction of parking facilities generally leads to Operations and Maintenance (O&M) costs, capital investment must be matched with increased operation revenues.
- Innovative ways of covering project costs should be pursued based on a concerted public-private partnership and leveraging the diverse spectrum of potential sources available. The large cost of meeting the parking needs suggests that existing sources and standard techniques will need to be leveraged and expanded in a number of ways. Private funding through fees and assessments will also be required, and the support of stakeholders will be critical for success. Under some proposed financing scenarios, voter approved funding mechanisms may be necessary. In addition, funding mechanisms and programs should be established early on so as to build up reserve accounts that grow over time. In general, it is anticipated that the financing program will be based on a concerted public-private partnership.
- The costs associated with parking facilities should be allocated in a proportional and equitable manner and, to the extent possible, across a range of potential beneficiaries and user groups associated with the facilities. No single financing mechanism is expected to cover the full cost of construction and operating a parking structure. Rather, a combination of sources will be required in order to provide adequate funding and allocate costs among different groups. The section below outlines several financing scenarios developed to illustrate the range of financial responsibilities that could be assigned to various entities. It provides further detail on the nature and potential applicability of various funding mechanisms. In lieu fees are not addressed below, but are in the policy recommendations section, since the Paso Robles already has an in lieu program.

1. Federal Grants. At least two potential funding sources are available at the federal level. Location, intended use of the facility, and availability of grant money are the variables that typically govern whether a project receives federal grant money. The U.S. Department of Transportation offers two types of grants that may be applicable to a parking project: Federal

Transit Capital Investment Grants and Federal Transit Formula Grants. The capital grant can be applied to virtually any infrastructure improvement pertaining to the establishment or improvement of mass transit systems. Qualified applicants include: public agencies, states, municipalities, public corporations, boards and commissions, and private agencies through contractual agreements with a public agency grantee. Qualifying parties must submit an application with detailed requirements and approval of the project by the Federal Transit Administration (FTA) and Federal Highway Administration (FHWA).

2. Tax Increment Financing. Implementation of a tax increment finance ("TIF") district is a common financing mechanism employed by municipalities. Tax increment financing is a way to use tax revenue growth produced by an increase in the tax base of a specified area to fund improvements. A TIF is an increasingly viable solution to funding the development of needed infrastructure, including structured parking. Projects are taxed through an anticipated increase in the area's property tax revenues. TIF districts do not generate tax revenues by increasing tax rates. Rather, the TIF district generates revenues by permitting the municipality to temporarily capture the tax revenues generated by the enhanced valuation of properties resulting from various redevelopment projects.

3. Parking Tax Districts. A parking tax district typically addresses a narrow selection of issues directly related to parking. In cases where the municipality is the sole provider of parking, the collection of parking taxes tends to be applied in a uniform manner on an assessed value basis or as a fee per space based on zoning parking standards or requirements, and typically with a partial exemption for parking spaces provided above a threshold percentage. Typically, no commercial property is 100 percent exempt unless its owner provides 100 percent of the parking requirements mandated through the zoning ordinance within the district. Single-family residential property is usually exempt, but multi-family apartments usually are not exempt. Examples of some California cities with this strategy are provided below.

Covina, California has a vehicle Parking District Tax. This tax is assessed only on the difference between the number of spaces provided and the number required by the zoning ordinance. There are no exceptions to this tax for owners who provide parking.

Alhambra, California includes parking within a Business Assessment District Tax. This tax is assessed uniformly on all commercial property based on the gross receipts of the business. Because this tax supports functions other than parking, such as beautification, cleaning signage, etc., there are no exceptions for parking provided.

Fullerton, California owns almost all of the off-street parking within the city, and all businesses within the parking district were assessed a parking district tax to retire bonds for the construction of parking. No exemptions were offered as almost no properties supplied their own parking needs. Because the bond debt was retired several years ago, the parking tax district was also retired.

4. General Obligation Bonds. General obligation bonds obtain the lowest possible interest rate of cost of borrowing for any given municipality. Because the full faith and credit of the municipality is pledged to such bonds, the rate of interest will reflect the best that the community has to offer. The primary way for a municipality to improve on its own full faith and credit pledge to a bond issue is to purchase municipal bond insurance. The general obligation bonds of local governments are most commonly paid from ad valorem property taxes and other general revenues. These bonds are considered the most secure of all municipal debt and are limited in California by Proposition 13 to debt authorized by a vote of two thirds of voters in the case of local governments.

5. Revenue Bonds. When revenue bonds are issued to finance a parking project, the bond issuer pledges to the bond holders the revenue generated by the parking project. Revenue bonds are payable only from specifically identified sources of revenue, including pledged revenues derived from the operation of the financed parking facility, grants, and excise or other taxes. Parking revenue bonds secured solely by the revenues from a single, stand-alone, municipality-owned parking facility are acceptable at a reasonable tax-exempt rate only when irrefutable evidence is presented.

6. Parking District / Special Assessments. Special assessments are charges to real property based upon a benefit conferred by a public improvement, in this instance, parking. In order to collect special assessments from Historic District property owners, the City would need to establish a Parking District. A special assessment would require the support of the owners of a majority of the proposed district. Alternatively, the City could generate similar revenues through an increase in the business license tax without voter approval. It is assumed that in either case residential development would be excluded from this fee. Business license taxes can be assessed based on the land use of the business.

For example, an annual assessment of \$0.62 per square foot of retail restaurants, \$0.42 per square foot of office/light industrial, and \$0.31 per square foot of lodging could be charged to the businesses. These fees would be based on future land use projections and would be charged as the land develops. If parking facilities are built before all projected development occurs, the City may experience a funding gap period during which General Fund loans or alternative short-term funding mechanisms would be required to pay for capital costs and operations.

7. Certificates of Participation. A Certificate of Participation (COP) allows the public to purchase a share of the lease revenues paid by a municipal entity for the acquisition or construction of specific equipment, land, or facilities. COP proceeds are then used to fund the project or acquisition. The technique provides long-term financing that does not constitute indebtedness under the state constitutional debt limit and does not require voter approval. Repayment of COPs can come from a variety of sources, including general fund revenues or earmarked funds in the general fund such as special tax proceeds or fees. Potential revenues from tax increases and parking meter fees are discussed below. These sources could also be used to cover operations and maintenance costs.

8. Conventional Debt Financing. Conventional loans are loans that are not insured or guaranteed by a government agency. This method of obtaining funds for a capital improvement project involves a lending process that is often rigorous, and may result in higher financing costs incurred by the borrower. Banks want to lend to parties that have a clear record of profitable operations, that generate a cash flow sufficient to repay the loan, and that have enough collateral or assets to secure the loan. Conventional financing requirements include a clean credit record and no bankruptcies or foreclosures.

Sales Tax Increase - A voter-approved, City-wide sales tax increase could provide a revenue stream to make lease payments on parking structure capital construction. If intended to provide dedicated funding for parking-related projects, this type of sales tax measure would require a two-thirds majority vote of residents and would depend on significant public support. A general tax increase, in contrast, would require only a simple majority but would not be earmarked specifically for parking-related projects and might be subject to changing budget priorities.

Transient Occupancy Tax Increase - A transient occupancy tax (TOT) is similar to a sales tax increase as it requires two-thirds voter approval if it is to be dedicated to a specific purpose, or simple majority approval if it is to be a general tax. A TOT increase could provide a revenue stream to secure COP financing or other form of debt financing.

9. User Fees and Enforcement Fines - Many jurisdictions have been able to partially finance construction of parking structures using bonds funded through parking user (meter) revenues and fines. And some jurisdictions utilize meters as a parking management tool to encourage turnover and control employee parking. Ultimately, the ability to generate net revenues from meters (after accounting for enforcement and capital costs) depends upon local parking demand and supply dynamics as well as public policy objectives. For example, larger cities with high parking demand are generally capable of charging higher meter rates and spreading enforcement cost over a larger area. Meter revenues could also provide funding for a portion of ongoing O&M costs.

10. Redevelopment Agency Funds. Downtown is a redevelopment area and as new redevelopment occurs, tax increments will accrue to the Redevelopment Agency. While a substantial portion of Redevelopment funds are already committed to existing projects, some share of tax increment funding may be available for parking structure financing. In addition, RDA-owned land could be sold to generate revenues for parking structure construction and operations.

11. Private Funding. In rare cases, private developers may build parking facilities. This generally occurs in dense urban areas, where parking is at a premium and operators are able to charge extremely high parking fees. Potentially, City-owned land could be provided to a developer with the requirement that development of the property include a parking facility. However, this option could limit the City's control and flexibility. Selling City-owned land and using the revenues to cover a portion of parking structure costs would produce similar results while allowing the City greater involvement in project implementation.

CHAPTER 4 : IMPLEMENTATION

Table 4.3-1

Planning Area	Project / Action	Cost Estimate (Includes total constructions cost, design fees, and contingency fees in 2009 dollars. Does not include land costs, except for parking structures)	Priority (Short-term, mid-term, long-term)	Timing
Uptown	Street Improvements (including street tree, planters, irrigation)			
	Spring Street between 24th and 36th Streets (Street Section 1)	\$2,614,450	short-term	
	Vine Street between 24th and 32nd Streets (Section 8)	\$185,550	mid-term	
	Park Street extension (including the acquisition of right-of-way)	\$2,650,000 - \$2,900,000	long-term	
	Pedestrian bridge across railroad tracks south of 24th Street Bridge	\$2,600,000	mid-term	
	28th Street at-grade pedestrian crossing at railroad tracks	\$110,000	mid-term	
	Vine Street between 32nd and 36th Streets (Street Section 9)	\$500,000	short-term	
	Transit			
	Utilities			
	Domestic Water			
	Upgrade	\$1,210,000		
	Proposed	\$700,000		
	Sanitary Sewer			
	Upgrade	\$200,000		
	Proposed	\$820,000		
	Stormdrain			
	Upgrade	\$180,000		
	Proposed	\$1,250,000		
	Parks and Open Space			
	Aquatics Complex Expansion (11,000 sf)	\$5,000,000	long-term	
	Georgia Brown Elementary School playfield improvements	\$2,214,495	mid-term	
	New playing field between 24th and 26th Streets at railroad tracks	\$6,534,000	long-term	
Oak Park Community Center (11,000 sf)	\$5,00,000	short-term		
Midtown	Street Improvements (including street tree, planters, irrigation)			
	Spring Street between 21st and 24th Streets (Street Section 1)	\$826,744	short-term	
	Spring Street between 15th and 21st Streets (Street Section 1)	\$918,800	short-term	
	Park Street between 15th and 24th Streets (Street Section 10)	\$2,824,569	mid-term	
	Transit			
	Utilities			
	Domestic Water			
	Upgrade	\$1,490,000		
	Proposed	\$110,000		
	Sanitary Sewer			
	Upgrade	\$0		
	Proposed	\$0		
	Stormdrain			
	Upgrade	\$230,000		
	Proposed	\$330,000		
	Urban Stream	\$1,997,692 - \$2,707,692	mid-term	
	Parks and Open Space			
Playfield or park surrounded by 16th, Vine, 17th, and Oak Streets	\$5,000,000	mid-term		

CHAPTER 4 : IMPLEMENTATION

Table 4.3-1

Planning Area	Project / Action	Cost Estimate (Includes total constructions cost, design fees, and contingency fees in 2009 dollars. Does not include land costs, except for parking structures)	Priority (Short-term, mid-term, long-term)	Timing	
Downtown	Street Improvements (including street tree, planters, irrigation)				
	Spring Street between 10th and 15th Streets (Street Section 3)	\$861,260	short-term		
	Park Street tree planters (between 12th and 15th Streets)	\$119,000	mid-term		
	Tree grates for Park Street Farmers Market	\$98,640	short-term		
	11th - 15th Street bulb-outs	\$346,500	short-term		
	180 additional angled on-street angled parking spaces	\$25,000	short-term		
	13th Street traffic calming (Street Section 6)	\$97,000	short-term		
	Railroad Avenue transformation between 10th and 14th Streets (Street Sections 15 and 16)	\$158,000	mid-term		
	Transit				
	Off-street Parking Improvements				
	Southeast Corner of 13th and Railroad Streets				
	Improved surface lot	\$700,000	short-term		
	3-story park-once structure	\$23,100,000	short-term		
	4-story park-once structure	\$30,700,000	short-term		
	3-story park-once structure + one floor subterranean	\$28,200,000	long-term		
	Southeast Corner of 10th and Pine Streets				
	Improved surface lot	\$700,000	short-term		
	3-story park-once structure	\$23,100,000	short-term		
	4-story park-once structure	\$30,700,000	short-term		
	3-story park-once structure + one floor subterranean	\$28,200,000	long-term		
	10th Street Between Spring and Park Streets (City Hall Lot)				
	Improved surface lot	\$595,000	short-term		
	3-story park-once structure	\$19,635,000	short-term		
	4-story park-once structure	\$26,095,000	short-term		
	3-story park-once structure + one floor subterranean	\$23,970,000	long-term		
	Utilities				
	Domestic Water				
	Upgrade	\$190,000			
	Proposed	\$0			
	Sanitary Sewer				
	Upgrade	\$490,000			
	Proposed	\$68,250			
	Stormdrain				
	Upgrade	\$240,000			
	Proposed	\$760,000			
	Parks and Opens Space				
	City Park Improvements	\$4,629,760	short-term		
	Buildings				
	City Library Expansion	\$6,000,000	long-term		
	Performing Arts Center (alternate location is in Riverside Corridor)	\$21,000,000	long-term		

CHAPTER 4 : IMPLEMENTATION

Table 4.3-1

Planning Area	Project / Action	Cost Estimate (Includes total constructions cost, design fees, and contingency fees in 2009 dollars. Does not include land costs, except for parking structures)	Priority (Short-term, mid-term, long-term)	Timing
South of Downtown	Street Improvements (including street tree, planters, irrigation)			
	Spring Street between 6th and 10th Streets (Street Section 1)	\$567,907	short-term	
	Spring Street between 4th and 6th Streets (Street Section 1)	\$991,993	short-term	
	7th Street between Park and Pine Street (Street Section 20)	\$771,390	short-term	
	4th, 6th, 8th - 10th Street bulb-outs	\$282,500	short-term	
	4th Street Railroad Underpass	\$3,000,000 - \$4,000,000	long-term	
	Pine Street Realignment between 4th and 6th Streets	\$21,150,000	short-term	
	Pedestrian bridge across railroad tracks between Pine Street and the near-vicinity of the historic Farmers' Alliance building	\$2,600,000	long-term	
Transit				
South of Downtown	Utilities			
	Domestic Water			
	Upgrade	\$190,000		
	Proposed	\$380,000		
	Sanitary Sewer			
	Upgrade	\$580,000		
	Proposed	\$170,000		
	Stormdrain			
	Upgrade	\$0		
	Proposed	\$460,000		
	Urban Stream	\$4,420,000 - \$6,630,000		
	Buildings			
	New City Hall (40,000 sf)	\$18,000,000	long-term	
	Public Safety Building Center Addition (15,500 sf)	\$7,000,000		
Parks and Open Space				
Relocation of Robbins Field	\$2,722,500	mid-term		
Robbins Field Transformation to Civic Park	\$4,843,725	long-term		
Robbins Field improvements	\$1,000,000	short-term		

CHAPTER 4 : IMPLEMENTATION

Table 4.3-1

Planning Area	Project / Action	Cost Estimate (Includes total constructions cost, design fees, and contingency fees in 2009 dollars. Does not include land costs, except for parking structures)	Priority (Short-term, mid-term, long-term)	Timing
Riverside Avenue Corridor	Street Improvements (including street tree, planters, irrigation)			
	Riverside Avenue between 24th Street and Black Oak Drive (Street Section 16)	\$331,384	short-term	
	Riverside Avenue between 19th and 24th Streets (Street Section 18)	\$508,776	short-term	
	Riverside Avenue between 13th and 19th Streets (Street Section 15)	\$586,736	short-term	
	Riverside Avenue south of 13th Street (Street Section 16)	\$1,512,360	short-term	
	Paso Robles Street (Street Section 2)	\$460,432	long-term	
	12th Street Pedestrian Bridge	\$2,500,000 - \$5,000,000	long-term	
	13th Street Bridge Pedestrian Bridge Improvements	\$1,800,000 - \$2,000,000	long-term	
	Equestrian Underpass Beneath Highway 101	\$2,500,000 - \$3,000,000	long-term	
	Landscape Improvements to Paso Robles Event Center		long-term	
	Utilities			
	Domestic Water			
	Upgrade	\$0		
	Proposed	\$510,000		
	Sanitary Sewer			
	Upgrade	\$100,000		
	Proposed	\$250,000		
	Stormdrain			
	Upgrade	\$200,500		
	Proposed	\$1,030,000		
	Urban Stream	\$610,000 - \$920,000		
Parks and Open Space				
Pioneer Park Transformation, including Historical Institutions	n/a	long-term		
Paso Robles Event Center				
Grounds	\$10,275,00	long-term		
Parking lot	\$3,000,000	long-term		
24" box trees and irrigation, landscape perimeter and fencing	\$622,429	long-term		
Salinas River	River restoration			
	Riverfront Promenade	\$5,829,500	???	
	Playfield on east side of the river	\$3,930,000	long-term	
	Amphitheater	\$2,682,225	long-term	
	River Discovery Center (7,500 sf)	\$3,400,000	long-term	
	Hot Springs Pedestrian Bridge	\$2,000,000 - \$6,000,000	long-term	
	Charolais Road Pedestrian Bridge	\$2,000,000 - \$6,000,000	long-term	

