

PARKING RAMP - CONTRACTUAL REQUIREMENTS

City Council Meeting - September 22, 2014

I wish to comment on what it is that we are contractually required to provide for JAMF and RCU under the development contracts entered in 2013. You have all heard that we have no choice but to proceed with a parking ramp because it is required by the contract. But is it?

For that we have to look at the relevant language in the contracts – there is a contract with JAMF and a contract with RCU. I've been assured via an open record request that there have been no changes.

Let's start with RCU¹:

What does the city have to do per Section 5?

It must construct a 200 stall temporary lot and provide RCU with free parking there of up to 120 spots – it has done that.

It must use best efforts to:

¹ RCU contract language:

5. (A). The Parties agree that the others have met their obligations under the Agreement to date in regard to the provision of adequate parking. It is acknowledged that RCU will lose approximately 100 parking stalls by the sale of Parcel II, and in excess of 20 parking stalls by the sale of certain RDA land in Block 6. The RDA shall make available for use, and the City shall construct and operate, a temporary public parking facility on Block 7 prior to the commencement of construction activities on Parcel II. Said temporary parking lot is expected to have about 200 stalls of which no less than 120 shall be available during regular business hours to RCU at no cost. The City shall control parking in this temporary lot by means mutually satisfactory (including automated parking gates if determined necessary to control parking as requested by RCU) to the Parties to ensure RCU primary access to at least 120 parking stalls Monday through Friday between ordinary business hours (anticipated between approximately 7 a.m. and 4 p.m.). The City shall continue to make available at least 120 parking stalls at no cost to RCU for the duration of the existence of the temporary public parking lot on Block 7. Said temporary lot on Block 7 shall remain until a public parking facility, surface or structured, providing a minimum of 120 parking stalls is constructed on the USPS Site or such other location mutually agreeable location within 800 feet of RCU property.

(B). The City and RDA will use its best efforts to acquire sufficient land and obtain necessary approvals to construct a parking ramp or other parking structure on the USPS Site on or before January 1, 2018. If such a parcel is acquired and approvals granted, the City and RDA both shall use best efforts to

develop the site as a public parking facility, either surface or structured of at least 120 stalls, with a liner or standalone commercial building on Barstow Street as conceptually depicted in Exhibit D. Should the City construct such a parking facility, it shall provide to RCU the opportunity to obtain at least 120 (plus a number equal to any RCU parking stalls lost through any land transaction with the City or RDA to construct the parking facility) parking permits in such parking facility at a cost and on terms comparable to other similar municipal parking facilities. RCU shall be given a reasonable time to accept or decline the opportunity to lease such stalls before they are offered to other entities or the general public.

- a) Secure approvals to:
- b) Purchase the Post Office – it has done that
- c) Provide either surface or structured parking no more than 800 feet away– that is still open
- d) Provide 120 spaces plus whatever is lost should a ramp be erected
- e) Offer parking permits at a cost and terms comparable to other similar municipal facilities
- f) RCU then has the option to accept or reject up to 120 spaces on the surface lot or ramp.

Let's look at the contract with JAMF².

The provisions are similar, however, the quantity is 210 spaces. It too has the option of accepting or rejecting the parking spots offered to it if ramp or surface parking is provided.

2

5. (A). The Parties agree that the others have met their obligations under the Agreement to date in regard to the provision of adequate parking. It is acknowledged that RCU will lose approximately 100 parking stalls by the sale of Parcel II, and in excess of 20 parking stalls by the sale of certain RDA land in Block 6. The RDA shall make available for use, and the City shall construct and operate, a temporary public parking facility on Block 7 prior to the commencement of construction activities on Parcel II. Said temporary parking lot is expected to have about 200 stalls of which no less than 120 shall be available during regular business hours to RCU at no cost. The City shall control parking in this temporary lot by means mutually satisfactory (including automated parking gates if determined necessary to control parking as requested by RCU) to the Parties to ensure RCU primary access to at least 120 parking stalls Monday through Friday between ordinary business hours (anticipated between approximately 7 a.m. and 4 p.m.). The City shall continue to make available at least 120 parking stalls at no cost to RCU for the duration of the existence of the temporary public parking lot on Block 7. Said temporary lot on Block 7 shall remain until a public parking facility, surface or structured, providing a minimum of 120 parking stalls is constructed on the USPS Site or such other location mutually agreeable location within 800 feet of RCU property.

(B). The City and RDA will use its best efforts to acquire sufficient land and obtain necessary approvals to construct a parking ramp or other parking structure on the USPS Site on or before January 1, 2018. If such a parcel is acquired and approvals granted, the City and RDA both shall use best efforts to

develop the site as a public parking facility, either surface or structured of at least 120 stalls, with a liner or standalone commercial building on Barstow Street as conceptually depicted in Exhibit D. Should the City construct such a parking facility, it shall provide to RCU the opportunity to obtain at least 120 (plus a number equal to any RCU parking stalls lost through any land transaction with the City or RDA to construct the parking facility) parking permits in such parking facility at a cost and on terms comparable to other similar municipal parking facilities. RCU shall be given a reasonable time to accept or decline the opportunity to lease such stalls before they are offered to other entities or the general public.

So what does this mean?

- 1) City has to act in good faith
- 2) City must secure approvals
- 3) City can build a ramp or provide surface parking
- 4) City can charge for either type of parking at similar municipal facilities.

That does not sound as if we have a duty to build a ramp, does it?

In fact we do not.

Should we?

That really is a matter of economics.

We had a reasonable estimate of the cost of a ramp back in April 2014 - \$10.3 million. Through the expenditure of \$180,000, we have another estimate of \$9.6 million. Which one is right? We don't know.

What we know from the Walker Study:

1) As designed, the ramp is too small to do what we want – offer parking to the public, JAMF, RCU, and the new developments. So it sounds like we should go back to the drawing boards. In fact the application of statistics on the Walker Study results in JAMF being allotted 180 rather than the requested 210 spots and RCU 220 rather than 230 (120 + 110 will lose with the ramp), and the ramp is still short.

Before doing going back to the drawing board, we should acknowledge that we have a pretty good idea that it will cost at least \$9.6 million. Why not determine revenues that we can secure – I like Madison's \$150-220/month better than Eau Claire's \$36-38 – I'm guessing our new finance director feels the same way. Then we should sit down with JAMF and RCU to see how many spots they will actually commit to at the resulting price. Using that information, we should work with an expert like Walker to find out what the true costs of the ramp are – operating costs, which includes personnel (let's not assume that our folks have extra time) and capital costs. Realistically in 30-50 years, the entire structure will need to be rebuilt – nothing lasts forever. With that we can determine whether more design studies are needed or if the entire idea is unworkable.

Note that we should do the same with respect to surface parking. Most businesses own their lots and do maintain them – typically every 10-15 years, the lots need to be repaved. Let's put these costs together and again work with JAMF and RCU to see what they are willing to commit to with a surface lot –

again, I prefer the Madison rates \$105 to \$150 per month over those of Eau Claire \$11.50-\$28.00.

May I recommend to the Council that we proceed as a City in a business like fashion? Yes, let's observe the terms of the contract. If the economics work out for a parking ramp and we have a real commitment from our partners, JAMF and RCU, by all means, move forward with a new design. If it doesn't, let's use the same process for surface parking.

What we should not do is to continue plowing more money into a design that we already know, courtesy of the Walker study, does not meet the City's goals in developing the TIF 8 district.