

North Barstow Parking Ramp Design – A Bad Deal for the Taxpayers

September 22, 2014

Should we complete the design of the North Barstow Parking Ramp?

1. We have already spent \$180,000
2. Should the city spend an additional \$180,000

Is this a good investment or are we simply throwing more good money after bad. Instead of borrowing and potentially wasting these funds, let's first make a decision whether we need a ramp or not!

Does it make sense financially?

We're told the development of a new \$8.5 million valuation building(s) on the corner of Wisconsin and Barstow will pay for this \$9.6 to \$10 million parking ramp. Really? Do you really think it will?

I've seen math exercises where you take all the zeroes off the national debt, and get those *trillions* down to *thousands*, which is something *everyone* can understand. Perhaps you've seen such an exercise too. It was called "the national debt on the kitchen table," or some such name. Boy, does it work!

Well, let's take that same principle of "removing the zeroes" to this project:

If I agreed to pay you \$1.00 per year *beginning* in 2030, would you give me \$100 today? I would hope not, because you wouldn't get your money back until 2130 (116 years later). Bad, bad deal . . . for *you*. No one with any sense would do this.

But that deal is actually a better one than what you're proposing we do with this parking ramp. I'll show you how. Let's start by getting the millions down to hundreds:

Instead of an \$8.5 million "new" building, let's call it an \$85 building, and instead of a \$9.6 million parking ramp, let's call it a \$96 parking ramp. The property tax rate is actually 0.7%, but for simplicity sake, let's assume it's 1.0%. It can't get any easier than this:

- \$85 “new” building
- \$96 parking ramp
- 1% property tax rate
- Parking ramp pays NO taxes, but it will need to be repaired and maintained. Surely too, it will be replaced after 30 years use.
- The “new” building pays \$0.85 per year in property taxes once the TIF ends, which is 15 years from now.

Here’s the numbers:

First 15 years of the TIF: Property tax revenue is \$0

Next 15 years of the TIF: Property tax revenue is \$0.85 / year, or \$12.75 during the 15 year period.

Parking revenue? What about maintenance and upkeep costs? Replacement costs after 30 years . . . another \$96!?!? Remember too, \$0 tax revenue from the parking ramp!

Bottom line:

City borrowed \$96 to build the parking ramp.

After 30 years, assuming there was a “new” \$85 building that paid property taxes, the city received \$12.75 in property tax revenue.

But meanwhile, the city paid to *maintain* the parking ramp. And, thirty years later the city needs to *replace* the parking ramp! Another \$85? \$100? \$150?

Please don’t put the taxpayer through this rotten deal. Please don’t borrow the money *on our behalf as property owners/taxpayers* to enter this really bad deal.

Let’s put the zeros back in. Here’s reality:

\$9.6 million parking ramp

\$8.5 million “new” building taxed at 0.7% for the final 15 years of a 30 year TIF = \$892,500 in property tax revenue.

Will JAMF or RCU leave Eau Claire if you do this? Of course they won't. Their employees can walk. There is adequate space downtown. Don't make us taxpayers foot the bill. Our property taxes are already in the top 6 – 8% nationwide. Our city debt has tripled since 2001. We can't afford such rich and unnecessary subsidies.