



Department of Transportation

Traffic Engineering and Parking Divisions

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Date: October 24, 2016
To: Board of Estimates
From: Sabrina Tolley, Assistant Parking Utility Manager
Subject: Capitol East Parking Garage Pro Forma

Based on feedback and questions from the EDC and TPC, the Parking Utility did additional analysis to perform revenue projections from hourly, special event, and monthly parking. A preliminary financial operating model, intended to show annual operating expenses and the ability of the long-term lease payments to cover these expenses was shared with EDC and TPC at last week's meetings. That model included a revenue line related to special event parking, based on the number of special events that the proposed music venue is projecting. This line was shown only to highlight the possibility that the garage *potentially* could generate enough revenue in year 1 to pay the full PILOT using a cost assessment approach, as opposed to the lower PILOT using an income approach.

The attached pro forma reflects anticipated revenue from long-term leases, hourly public parking, monthly night permits, and special events, using estimated rates and rate changes. For the purpose of demonstrating that the financial model is not dependent upon revenue generated from the proposed music venue, the attached pro forma excludes any demand or revenue projections associated with the music venue.

Summary of Capitol East Garage pro forma

- The only rates currently known are the proposed lease rates and current special event fee of \$5. All other rates, and future increases will be established by the Transit and Parking Commission, and are only estimates at this time.
- Except for the M-F daytime long-term parking lease agreements with American Family and Otto Gebhardt related to the office components of the development, there are no other parking agreements associated with the project.
- Long-term lease revenues alone will support annual operating costs, not including the PILOT payment.
- Based upon conservative occupancy and revenue projections from all sources of revenue, the parking garage is likely to be able to support payment of the full PILOT payment in year 1.

- The garage is expected to generate \$6,560,300 in General Fund revenue over the first twenty years via PILOT payments from the Parking Utility.
- The garage is expected to generate \$4,575,215 in Parking Utility net revenue over the first twenty years, after payment of PILOT.
- The garage is anticipated to have a life of 75 years.
- The music venue is not a consideration in the agreement or financial pro forma.

Rates in Pro Forma

A rate of \$0.65/hour was applied to the transient occupancy projections. This rate is intended to model revenue projections based upon this rate only; the hourly rate has not been established, and will be determined by Transit and Parking Commission. Likewise, the special event rate of \$5 is shown, as this is the current special event rate at all parking facilities. Any special event rate changes shown on the pro forma would also apply to downtown parking facilities (if the rate is \$8 at the Capitol East Garage, it is presumed that the special event rate is \$8 at other downtown parking garages). The number of events projected for the purpose of the pro forma assumes 24 per year from the area. Special event revenue projections in the pro forma are based upon demand in the area from existing sources.

Occupancy projections and number of stalls to calculate annual hourly revenue

The number of stalls listed on the pro forma (105 and 600) indicate the number of stalls publicly available for transient parking. A minimum of 105 spaces are expected to be available for public transient parking at all times with the 50 spaces available for public parking at all times in addition to a 10% oversell of leased spaces. The minimum number of transient spaces available at all times will likely be higher than 105. The total number of spaces to be constructed will not be known until the design is completed, but it is anticipated that there will be some additional number of spaces over 600, depending on design efficiency. The annual revenue from hourly parking is based upon conservative occupancy projections by time of day and day of week, based upon the 105 or 600 spaces available for transient parking, as applicable.

CAPITOL EAST GARAGE PARKING UTILITY PRO FORMA: YEARS 1 - 20

10/24/2016

* Yrs 16-20: Monthly Lease Rate Unknown - will be 110% of Resident Monthly rate, as established by Transit and Parking Commission

Rate & Increases	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16 *	Year 17 *	Year 18 *	Year 19 *	Year 20 *
Monthly Lease Rate/Stall	\$56.00	\$56.00	\$56.00	\$56.00	\$56.00	\$68.00	\$68.00	\$68.00	\$68.00	\$68.00	\$84.00	\$84.00	\$84.00	\$84.00	\$84.00	\$101.00	\$101.00	\$101.00	\$101.00	\$101.00
Lease Revenues to Operating Cost Comparison																				
Revenue from Leases (550 spaces)	\$ 369,600.00	\$ 369,600.00	\$ 369,600.00	\$ 369,600.00	\$ 369,600.00	\$ 448,800.00	\$ 448,800.00	\$ 448,800.00	\$ 448,800.00	\$ 448,800.00	\$ 554,400.00	\$ 554,400.00	\$ 554,400.00	\$ 554,400.00	\$ 554,400.00	\$ 666,000.00	\$ 666,000.00	\$ 666,000.00	\$ 666,000.00	\$ 666,000.00
Cap East Annual Operating Cost Estimates assumes 3% annual increase in expenses	\$309,000.00	\$318,270.00	\$327,818.10	\$337,652.64	\$347,782.22	\$358,215.69	\$368,962.16	\$380,031.02	\$391,431.96	\$403,174.91	\$415,270.16	\$427,728.27	\$440,560.11	\$453,776.92	\$467,390.22	\$481,411.93	\$495,854.29	\$510,729.92	\$526,051.82	\$541,833.37
Net Revenue (before PILOT) from LT Lease agreements	\$60,600.00	\$51,330.00	\$41,781.90	\$31,947.36	\$21,817.78	\$90,584.31	\$79,837.84	\$68,768.98	\$57,368.04	\$45,625.09	\$139,129.84	\$126,671.73	\$113,839.89	\$100,623.08	\$87,009.78	\$185,188.07	\$170,745.71	\$155,870.08	\$140,548.18	\$124,766.63

Revenue projections below include all anticipated sources of revenue: long-term leases, hourly, special event, and monthly. At this time, the only rate that is known is the current special event rate of \$5, and the proposed monthly lease rates. Any rate increases to the special event rate are assumed to apply to all downtown garages as well as the Capitol East Garage. Rates and the timing of future rate increases are estimates only, as these will be established by the Transit and Parking Commission. "R" denotes anticipated mid-year rate change.

	Spec Event: \$5 Hourly: \$.65 Monthly Night: \$40	Spec Event: \$5 Hourly: \$.65 Monthly Night: \$40	Spec Event: \$5 Hourly: \$.65 Monthly Night: \$40	Spec Event: \$5 Hourly: \$.65 Monthly Night: \$40	Spec Event: \$8 Hourly: \$1.00 Monthly Night: \$45	Spec Event: \$8 Hourly: \$1.00 Monthly Night: \$45	Spec Event: \$8 Hourly: \$1.00 Monthly Night: \$45	Spec Event: \$8 Hourly: \$1.00 Monthly Night: \$52	Spec Event: \$8 Hourly: \$1.00 Monthly Night: \$52	Spec Event: \$8 Hourly: \$1.00 Monthly Night: \$52	Spec Event: \$8 Hourly: \$1.20 Monthly Night: \$60	Spec Event: \$8 Hourly: \$1.20 Monthly Night: \$60	Spec Event: \$8 Hourly: \$1.20 Monthly Night: \$60	Spec Event: \$10 Hourly: \$1.50 Monthly Night: \$65	Spec Event: \$10 Hourly: \$1.50 Monthly Night: \$65	Spec Event: \$10 Hourly: \$1.50 Monthly Night: \$65	Spec Event: \$10 Hourly: \$1.80 Monthly Night: \$75	Spec Event: \$10 Hourly: \$1.80 Monthly Night: \$75	Spec Event: \$10 Hourly: \$2.00 Monthly Night: \$90	
Revenues																				
Revenue from Leases (550 spaces)	\$ 369,600.00	\$ 369,600.00	\$ 369,600.00	\$ 369,600.00	\$ 448,800.00	\$ 448,800.00	\$ 448,800.00	\$ 448,800.00	\$ 448,800.00	\$ 554,400.00	\$ 554,400.00	\$ 554,400.00	\$ 554,400.00	\$ 554,400.00	\$ 554,400.00	\$ 666,000.00	\$ 666,000.00	\$ 666,000.00	\$ 666,000.00	
Hourly Revenue (105 daytime, 600 evening/weekend)	\$ 203,925.54	\$ 212,082.56	\$ 216,324.21	\$ 229,303.67	\$ 242,283.12	\$ 249,551.61	\$ 259,533.68	\$ 290,677.72	\$ 299,398.05	\$ 323,143.55	\$ 335,325.81	\$ 348,738.85	\$ 369,663.18	\$ 414,022.76	\$ 426,443.44	\$ 447,765.61	\$ 501,497.49	\$ 516,542.41	\$ 547,534.96	
Special Event Revenue (assumes 24 events per year in district)	\$ 72,000.00	\$ 72,000.00	\$ 72,000.00	\$ 93,600.00	\$ 115,200.00	\$ 115,200.00	\$ 115,200.00	\$ 115,200.00	\$ 115,200.00	\$ 115,200.00	\$ 115,200.00	\$ 129,600.00	\$ 144,000.00	\$ 144,000.00	\$ 144,000.00	\$ 144,000.00	\$ 144,000.00	\$ 144,000.00	\$ 144,000.00	
Monthly Night: 10 permits	\$ 4,800.00	\$ 4,800.00	\$ 4,800.00	\$ 4,800.00	\$ 5,400.00	\$ 5,400.00	\$ 5,820.00	\$ 6,240.00	\$ 6,240.00	\$ 6,720.00	\$ 7,200.00	\$ 7,200.00	\$ 8,220.00	\$ 7,800.00	\$ 7,800.00	\$ 8,400.00	\$ 9,000.00	\$ 9,000.00	\$ 10,800.00	
Gross Annual Revenue	\$ 650,325.54	\$ 658,482.56	\$ 662,724.21	\$ 697,303.67	\$ 732,483.12	\$ 818,951.61	\$ 829,353.68	\$ 860,917.72	\$ 869,638.05	\$ 893,863.55	\$ 1,012,125.81	\$ 1,025,538.85	\$ 1,061,883.18	\$ 1,120,222.76	\$ 1,132,643.44	\$ 1,266,765.61	\$ 1,321,097.49	\$ 1,336,142.41	\$ 1,368,034.96	\$ 1,434,639.15
Expenses																				
Annual Operating Cost Estimates (before PILOT) assumes 3% annual increase	\$309,000.00	\$318,270.00	\$327,818.10	\$337,652.64	\$347,782.22	\$358,215.69	\$368,962.16	\$380,031.02	\$391,431.96	\$403,174.91	\$415,270.16	\$427,728.27	\$440,560.11	\$453,776.92	\$467,390.22	\$481,411.93	\$495,854.29	\$510,729.92	\$526,051.82	
Net Operating Revenue before PILOT	\$ 341,325.54	\$ 340,212.56	\$ 334,906.11	\$ 359,651.02	\$ 384,700.90	\$ 460,735.92	\$ 460,391.52	\$ 480,886.69	\$ 478,206.09	\$ 490,688.63	\$ 596,855.65	\$ 597,810.58	\$ 621,323.06	\$ 666,445.84	\$ 665,253.22	\$ 785,353.68	\$ 825,243.20	\$ 825,412.49	\$ 841,983.14	\$ 892,805.78
<i>PILOT Assumptions below are based on the cost approach (highest assessment method - full PILOT). Year 1 assumes value of \$13.5M - approx 2% of value. Assumes 2% annual increase.</i>																				
PILOT (General Fund Revenue)	\$ 270,000.00	\$ 275,400.00	\$ 280,908.00	\$ 286,526.16	\$ 292,256.68	\$ 298,101.82	\$ 304,063.85	\$ 310,145.13	\$ 316,348.03	\$ 322,674.99	\$ 329,128.49	\$ 335,711.06	\$ 342,425.28	\$ 349,273.79	\$ 356,259.27	\$ 363,384.45	\$ 370,652.14	\$ 378,065.18	\$ 385,626.49	\$ 393,339.02
Loss of earned interest on \$3,000,000 investment (.5% interest)	\$ 15,000.00	\$ 15,075.00	\$ 15,150.37	\$ 15,226.13	\$ 15,302.26	\$ 15,378.77	\$ 15,455.66	\$ 15,532.94	\$ 15,610.61	\$ 15,688.66	\$ 15,767.10	\$ 15,845.94	\$ 15,925.17	\$ 16,004.79	\$ 16,084.82	\$ 16,165.24	\$ 16,246.07	\$ 16,327.30	\$ 16,408.93	\$ 16,490.98
Parking Utility Net Revenue:	\$ 56,325.54	\$ 49,737.56	\$ 38,847.74	\$ 57,898.74	\$ 77,141.96	\$ 147,255.34	\$ 140,872.00	\$ 155,208.62	\$ 146,247.46	\$ 152,324.98	\$ 251,960.06	\$ 246,253.58	\$ 262,972.61	\$ 301,167.26	\$ 292,909.13	\$ 405,803.99	\$ 438,344.99	\$ 431,020.01	\$ 439,947.72	\$ 482,975.79

Cap East garage					
Estimated annual operating and maintenance costs	600 Stalls				
10/24/2016					
Utilities	\$15,000.00				
Repairs/maintenance	\$9,682.50				
Administration	\$33,800.00				
Equipment Maintenance	\$20,000.00				
Elevators	\$4,687.50				
Vandalism	\$535.00				
Snow removal	\$25,000.00				
Landscaping	\$5,000.00				
Credit card fees	\$44,531.25				
General supplies	\$30,996.09				
Parking Maintenance Worker (1 FTE Salary and Fringe)	\$68,117.00				
Workers Comp	\$4,026.00				
Security	\$16,536.00				
Sales Tax	\$31,000.00		Based on Gross Revenue of \$650,300		
Annual Operating Costs	<u>\$308,911.34</u>				