

# Transit and Parking Commission

May 9, 2018 Meeting

# Judge Doyle Project Financing Issues Project Update

Presentation to Committees

Judge Doyle Staff Team

May 2018

# Agenda

- Fundamental Principles and Goals of the Project
- Recap of Project Activities
- Cost Factors since 2015
- Block 88 Cross-section
- Options and Path Forward

# Fundamental Principles and Goals

- Redevelop Blocks 88 and 105 to maximize property values, promote continued development south of the Capitol Square, and provide additional hotel rooms for Monona Terrace events.
- Place new public parking below ground on Block 88 to maximize potential development on that block.
- Focus TID 25 revenues on public infrastructure rather than private subsidies.
- Ensure continuous access to and operation of the public parking on Blocks 88 and 105.

# Recap of Project Activities

- April 2016 – Common Council selects Beitler to construct Version B (underground public parking garage, retail space, bicycle center, and apartments on Block 88 and a hotel and apartments on Block 105) at an estimated cost of \$32 million.
- July 2016 – Common Council authorizes the Development Agreement and Developer Services Agreement with Beitler.
- July 2016 to May 2017 – Staff and Beitler work on project design and zoning changes; informed that two floors of above-ground construction must be completed prior to allowing parking in underground garage; City committees review and approve the proposals.
- March 2017 – Common Council approves a \$6 million increase to the budget for the publicly-owned underground garage based on revised cost estimates.

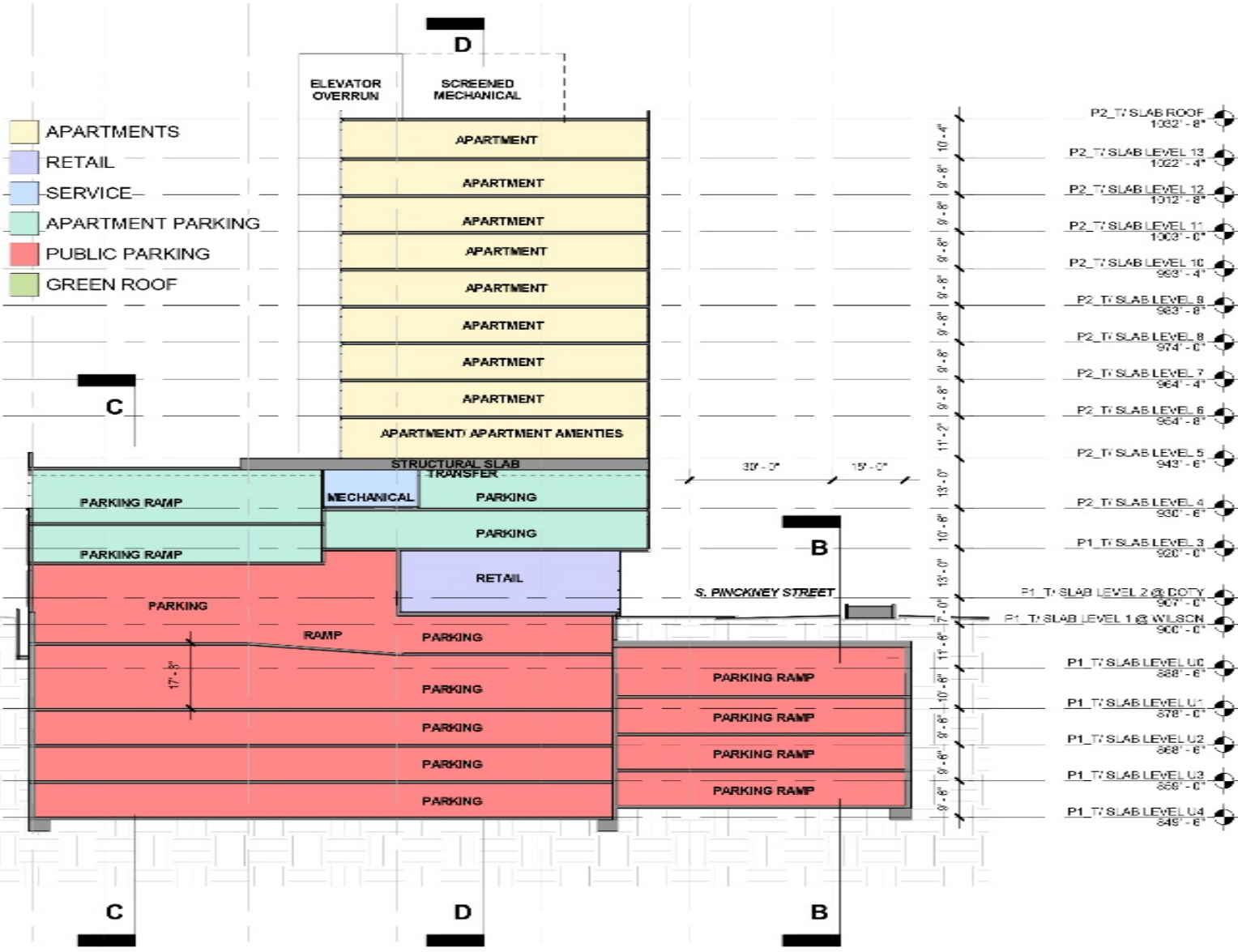
## Recap of Project Activities (page 2)

- September 2017 – JP Cullen selected to construct publicly-owned underground garage on Block 88; bid is \$6 million under the March 2017 budget. Construction commences in October.
- November 2017 – Beitler has JP Cullen prepare an estimate for the Block 88 apartments, parking and retail spaces.
- January 2018 – City project team reviews Block 88 private development costs – now estimated at \$48.5 million; value engineering to reduce costs commences with Beitler, LVDA (architect) and JP Cullen.
- April 2018 – Beitler informs the City that it cannot proceed with the Block 88 private development unless the City pays for the private parking, retail space and transfer slab (the “Podium”) at an estimated cost of \$11 million.

## Cost Factor Changes since 2015

- 2015 was a very favorable economic year; three years has elapsed.
- More complete design and construction documents.
- Higher steel prices (market forces and US tariffs).
- Tight construction market.
- Softening high-end apartment market.
- Rising interest rates.
- ***Result for Judge Doyle Project*** – private development construction costs up 30% on Block 88 and an unknown amount on Block 105; design changes are anticipated.

- APARTMENTS
- RETAIL
- SERVICE
- APARTMENT PARKING
- PUBLIC PARKING
- GREEN ROOF



- P2\_T1 SLAB ROOF 1032'-8"
- P2\_T1 SLAB LEVEL 13 1022'-4"
- P2\_T1 SLAB LEVEL 12 1012'-8"
- P2\_T1 SLAB LEVEL 11 1003'-0"
- P2\_T1 SLAB LEVEL 10 993'-4"
- P2\_T1 SLAB LEVEL 9 983'-8"
- P2\_T1 SLAB LEVEL 8 974'-0"
- P2\_T1 SLAB LEVEL 7 964'-4"
- P2\_T1 SLAB LEVEL 6 954'-8"
- P2\_T1 SLAB LEVEL 5 943'-6"
- P2\_T1 SLAB LEVEL 4 930'-6"
- P1\_T1 SLAB LEVEL 3 920'-0"
- P1\_T1 SLAB LEVEL 2 @ DCTY 907'-0"
- P1\_T1 SLAB LEVEL 1 @ WILSON 900'-0"
- P1\_T1 SLAB LEVEL U0 888'-6"
- P1\_T1 SLAB LEVEL U1 878'-0"
- P1\_T1 SLAB LEVEL U2 868'-6"
- P1\_T1 SLAB LEVEL U3 858'-0"
- P1\_T1 SLAB LEVEL U4 848'-6"

- 10'-4"
- 9'-8"
- 9'-8"
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- 9'-8"
- 9'-8"
- 9'-8"
- 11'-2"
- 13'-0"
- 10'-8"
- 13'-0"
- 7'-0"
- 11'-8"
- 10'-8"
- 9'-8"
- 9'-8"
- 9'-8"
- 9'-8"

30'-0" 15'-0"

S. PINCKNEY STREET

17'-8"



# Options

- Roof Slab on Ground Floor Retail -- \$5.4 million (\$6m with soft costs)
- Transfer Slab with Retail and One Floor of Parking -- \$7.5 million (\$8.3m with soft costs).
- Transfer Slab, Retail and Two Floors of Parking -- \$9.92 million (\$11m with soft costs).

# Recommendation and Path Forward

- **Recommendation** – Transfer Slab, Retail and Two Floors of Parking (\$4.4 million above current budget amount) and recover the cost and interest through ground lease, commercial rents and parking revenues.
- **Why?**
  - Consistent with fundamental principles and goals of the project.
  - Maximize above ground development potential.
  - Maintain control of 160 parking spaces for future development.
  - Ensure continuous access to underground public parking spaces during future construction.

# Status of Parking Utility Reserves

- 2017 Year-End Balance was \$33.5M
- The 2017 Year-End Balance reflects payments of \$4M of the \$19.1M budgeted for Judge Doyle and \$1.6M of the \$3.6M budgeted for Capitol East Garage.
- If all remaining balances for capital projects budgeted through 2018 (Cap East, Judge Doyle, & approximately \$4M in other projects) were paid in full by year-end, the 2018 projected year-end reserve balance would be \$17.5M.

# Impact of additional \$4.4M on Parking Utility Reserves

- 2018 balance reflects all capital projects budgeted through 2018 as paid in full by year-end.
- Assumes all currently planned capital projects proceed as scheduled; \$2M in capital expenses are reflected in 2020-2023 for unforeseen capital expenses (\$500K annually); the 2018 CIP included \$553K for the four year period.

