

Board of Estimates  
Meeting of July 25, 2016  
Agenda Item #23, Legistar 42270, Capitol East parking garage

This agenda item is a resolution to (1) execute a contract with Graef Engineering for \$610,000 to complete architecture/engineering for a Capitol East District Parking Structure and (2) accept the Capitol East District Parking Structure Staff Report.

Regarding execution of a contract for \$610,000, it seems that such a resolution would be premature. As of July 12, 2016 the “Cosmos Parking Ramp may be a privately owned and operated ramp.” (TIF Board resolution approving the TID #36 project plan and boundary, Legistar #42918.) Should the City be committing funding to design a parking ramp that may be privately owned?

Regarding acceptance of the Capitol East District Parking Structure Staff Report, it is a bit difficult to make comments. The Staff Report is not part of the Legistar #42270 materials. Nor am I able to find the Staff Report anywhere on the cityofmadison.com website. Nor am I able to locate the draft Staff Report on the City’s website, though it had been available. Thus, my comments are based on the draft Staff Report which was prepared, per the Report, for the Board of Estimates meeting on 3/21/2016.

The draft Staff Report claims “TID #36 is performing well and anticipated to continue generating increment. However, it has reached the maximum amount of spending called for in its initial project plan.”

- Yet a March 15, 2016 memorandum from Joe Gromacki to the Board of Estimates states: “Although currently meeting its debt service obligations, the district has been unable to accrue any tax increment cushion in the event that the various development projects do not meet value growth expectations.”  
<https://madison.legistar.com/View.ashx?M=F&ID=4294984&GUID=2C44015A-5F51-4F4B-9B49-5374C63F7FD8>
- And the staff report itself seems to question the District’s ability to generate increment: “It is possible for the City to reimburse the non TIF supported G.O. portion through TID #36 at a future date if sufficient new increment materializes.”

TID #36 was amended in 2012. \$5.5 million was taken away from public works improvements (down to \$4,198,000 by taking relocation of train tracks and streetcar development) to give \$1.5M to developer loans (bringing those loans up to \$9.5M) and allocating \$4M to land acquisition. What effect will another \$9M, and up to \$13M, have on the public works improvements?

The draft Staff Report discusses the area’s growth and that the Park+ model shows new parking will be needed. The staff report says: “It is important to note the differences between the Parking Utility’s existing downtown structures and the proposed Capitol East Structure. The Downtown structures are all several decades old and located on high-value sites in the heart of the downtown. They are within high-density areas where parking is scarce and where they can command high rates for long term and short term parking. In contrast, the proposed Capitol East Structure will be located in a redeveloping area of the City and is adjacent to a power plant.”

- This parking garage will be leased to Gebhardt as below market rates, M-F, 6 am-6pm -- \$70 per stall per month. Even the parking lots along Wilson/Blair are \$105/\$110 for residents from 6am-

6pm. And the staff report does not mention the possibility of increasing the \$70 rate, or opening the ramp to public daytime use, at any point in the future.

- This redeveloping area already has an extreme lack of daytime parking, perhaps due to commuter use. If there were enough parking, then one would think that 655 E. Washington would not have sought permission for a 28 stall private parking lot. (Legistar #38071)

The draft Staff Report states: “City and developers have accommodated the need for structured parking through Tax Increment Financing (TIF) investments into individual projects. In this model, the City is effectively paying for the private parking within individual private development projects by borrowing against future tax revenue from the project.” And “TIF would instead be used to construct strategically-located public parking structures that could more efficiently meet the needs of individual development projects, while also serving the public at large.”

- The efficiency would cost the City \$13M.
- TIF funding for the existing Capitol East projects: (1) the Constellation received \$3,432,000 in TIF for parking costs; (2) Galaxie I received \$3,977,000 in TIF for parking costs; and, (3) Galaxie II received \$1,433,000 in TIF for 76 structured grocery parking stalls and reduced bank lending for commercial development.

The draft Staff Report states: “Moving forward, the City is interested in a new model. Rather than supporting private parking on a project-by-project basis, the new model would create public parking facilities that are strategically located in the District and can serve private development needs as well as public parking needs for events and amenities in the area.” And part “of the idea is also that this structure will be the City’s first application of the new model for providing parking in the District by consolidating it into a few public structures rather than subsidizing private parking on a project-by-project basis.”

- Deputy Mayor Anne Monks is reported as saying: “We didn’t want to detract from those priorities [the need to replace several downtown ramps] by adding a new ramp, which in this case, was *experimental*.” (emphasis added)  
<https://madison.legistar.com/View.ashx?M=F&ID=4228836&GUID=6758689E-A255-478E-981A-28F8A658A0BD> (meeting minutes from the January 13, 2016 Transit and Parking Commission meeting)
- Deputy Monks is also reported as saying at that meeting: “The Council had been emphatic if the City was to subsidize ramps for public purposes and multiple uses, the City should own them.”
- If this proposed ramp is a “new model,” then why is the Stone House development having its own parking structure? Only 2 blocks further down East Washington, it will have its own 358 stall parking structure. And, at least when the project received City approval, the developer was seeking TIF support for the proposed parking structure – clearly the City was/is looking to subsidize this ramp which will provide parking for multiple uses.  
<https://madison.legistar.com/View.ashx?M=F&ID=4192764&GUID=D386159D-16FC-498B-997A-E8684B800342>

The draft Staff Report cites the need for public parking due to “several new restaurants in this area, the proposed entertainment venue, new activities at Breese Stevens Field, increasing usage of Central Park.”

- The original plan for what is now called the Cosmos included its own 450 stall structured parking structure. The developer said: “Parking will be for users of development, *and most importantly, for patrons of the music venue*. We believe it is critically important to provide

sufficient parking to support the venue to assist in the long term success as well being considerate to adjacent neighborhoods.” (emphasis added) The original project plans said TIF would be sought for the structured parking and soil remediation.

<https://madison.legistar.com/View.ashx?M=F&ID=3307309&GUID=E912619C-361A-4AF0-A7E9-AE705A4FFD04>

- The music venue now has a capacity of 2,300 (originally, it was 1,500) with 35,000 square feet (originally 18,000). It is larger than the Overture, which has 2,251 seats.
- Breese Stevens seems to have worked out its parking arrangements. And Central Park is surrounded by free parking, in addition to being 3 ½ blocks away from the proposed ramp.

The draft Staff Report stated that the parking garage would operate at a loss of the full PILOT were to be assessed: lower rates lead to lower revenue which leads to less PILOT. The Report offers an income valuation option for calculating PILOT, which would put PILOT payments at a level that allows the garage to operate revenue neutral.

This ramp is proposed to be fully leased to a private developer. In the past when private entities leased space from a parking ramp, capacity of the ramp was first reviewed. See, for example, Legistar 43208 (the Capitol Square North garage is operating significantly under capacity during nighttime hours, so had stalls that could be leased to a hotel). This parking ramp should be a public ramp. Then if under capacity, excess stalls could be leased to a developer.

In conclusion, the draft Staff Report could lead a reader to believe that this proposed parking ramp is a new model which the City will continue to use, that a parking ramp built with public dollars can be leased to a developer without explanation as to why that is appropriate, that below market rates for a private developer are a good thing, that PILOT payments can be lowered to whatever amount is needed to ensure the ramp breaks even.

Respectfully Submitted,  
Linda Lehnertz