



Legislation Text

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Fiscal Note

Fiscal Note: The 2017 Adopted Capital Budget includes \$39.4 million for the Judge Doyle parking garage project. This includes \$24 million of proceeds from TID 25, \$13.1 million from Parking Utility Reserves, \$1.3 million GO borrowing for City Fleet vehicle stalls (Fleet Service Budget), and \$1.0 million GO borrowing for a Bike Station (Engineering - Bicycle and Pedestrian). In addition, \$0.3 million remains from a TIGER grant related to a Transit Oriented District in the South Capitol area. As such, total funding available is \$39.7 million. The expenditure period for TID 25 ends on September 19, 2017. The estimated cash balance in TID 25 on December 31, 2016, is \$29.5 million; the net surplus is \$27.4 million. The Parking Utility has an estimated cash balance on December 31, 2016 of \$35.7 million.

This resolution authorizes the use of an additional \$6 million from Parking Utility reserves for the project. The \$6 million would be repaid, with interest, from the ground lease revenues generated by the Judge Doyle project. Under the developer proposal, initial ground lease payments would be \$180,000 for Block 88 and \$575,000 for Block 105 once the buildings on the blocks are occupied. The lease payments increase by 5% every 5 years. Assuming lease payments for Block 88 begin in 2020 and for Block 105 in 2022, and the earnings rate for the city investment pool gradually increases from 0.5% to 1.5%, the \$6 million would be returned to Parking Utility reserves over a 12-year period.

Title

Amending the 2017 Capital Budget to Increase by \$6 million the Funding & Authorization for the Judge Doyle Public Parking Garage Project on Block 88.

Body

WHEREAS, on April 19, 2016, the Common Council adopted RES-16-00317 to approve the selection of Beitler Real Estate Services LLC as the Judge Doyle Development Team with which to commence negotiations on proposal version B (Underground public parking garage on Block 88), and directed the Judge Doyle Negotiating Team to immediately initiate negotiations with the selected development team and to report back to the Board of Estimates by June 27, 2016; and

WHEREAS, on July 5, 2016, the Common Council adopted RES-16-00510, to authorize the Mayor and City Clerk to execute the Development Agreement with Beitler Real Estate Services LLC for the Judge Doyle Project; and

WHEREAS, on September 9, 2016, the Common Council adopted RES-16-00698, to enter into a contract for architectural/engineering design services for the public portion of the Judge Doyle project; and

WHEREAS, the Judge Doyle design team has completed the cost estimate for the Block 88 underground public garage as a required element of the schematic design phase and has reviewed it with City staff; and

WHEREAS, due to increased competition for construction work and rising material costs, the initial cost estimates exceeded the authorized construction budget by \$10 million; and

WHEREAS, through the efforts of the design team, its cost estimators and City staff, that \$10 million gap has been reduced to approximately \$6.0 million; and

WHEREAS, in order to keep the design process on track to complete the construction drawings and publicly bid the project to commit the \$24 million of TIF funding for the public garage by September 19, 2017, the last date to contract for expenditures in TID #25; and

WHEREAS, based on the City staff analysis of the cost estimates and the value analysis for the design of the ramp, further program reductions would either produce a garage of inferior quality that the City would not be willing to accept, or have a car count far less than is acceptable for the replacement of the Government East parking garage; and

WHEREAS, the Schematic Design phase of the architect's contract requires that prior to completion of that phase, the City's designated representative and the parking manager must approve the estimated cost before the architect proceeds to the Design Development phase of the work; and

WHEREAS, the architect has confirmed that the drawings can remain on schedule if the cost issue is resolved by March 21, 2017; and

WHEREAS, the Parking Utility has reserves in excess of \$35 million on December 31, 2016; and

WHEREAS, the revenue stream to be created by the Judge Doyle project's public private venture creates a unique opportunity to cover the gap by using some of the early year's lease payments;

NOW, THEREFORE BE IT RESOLVED that the Common Council does hereby amend the 2017 Capital Budget to increase the funding authorization for the Judge Doyle Public Parking Garage Project on Block 88 by \$6.0 million of Parking Utility reserves to be repaid with interest at the earnings rate of the city investment pool by lease revenues paid to the City by the developer for leasing City land on which the private development will be built.