

12-09-2020 Town Council Meeting Responses to Council Questions #1

ITEM #16: East Rosemary Parking Deck Update

Council Question:

On page 629, the Walker report notes an increase of 648 spaces in total supply. This is significantly larger than the number we've seen previously. Can we get a reconciliation?

Staff Response:

The 648 number is a "Net Change in Supply" which is arrived by taking the 1143 projected spaces for the new deck and the 200 that may be built in the new office building for a total of 1343 and subtracting the changes (removed). There are 695 spaces being removed: Wallace Deck – 309, CVS Deck – 270, 139 E. Rosemary (Inv. Title) – 91, and Lot 2/Rosemary-Columbia Parking lot – 25. If you subtract the number being removed from the projected supply, you arrive at the 648 for the "Net Change in Supply."

Council Question:

The numbers in terms of both revenue and expenses on pp. 632-634 are significantly different from the numbers prepared by Town staff. Can we have tables showing the two sets of projections side by side, an explanation of the key differences, and the implications for the viability of the project?

Staff Response:

Walker used the 2018 Parking Study as a baseline of occupancy, we shared access to all parking data sources (Parkeon meters, gate counters and Park Mobile data) for them to confirm occupancies and they also reviewed our 2019 parking income and expenses from Munis. There were some methodology differences used for calculating occupancy in Walker's analysis compared to that presented by Town staff as we sought to create a more conservative approach to our parking projections. Please see those variances noted below.

Revenue projections:

- *Overall, the Town's revenue projections are much more conservative than Walker's.*
- *The Town prorated revenues/expenditures in FY 2022 to recognize that operations would most likely not begin until January 2022. Walker projects a full year of revenues/expenditures for FY 2022.*
- *The Town projected more hourly spaces 525 vs Walker's 313.*
- *Walker's projections assume a higher monthly rental due to parking demand from the Wallace Office deck (new deck at existing Wallace Deck site) and from the Grubb Office deck (137 E. Rosemary).*

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Walker used a more gradual ramp-up of income based on their experience in parking. They also calculated in demand from the new office building in the location of the existing Wallace Deck for 2024 and we think this occupancy is more likely in 2025.

Expenditures projections:

- The Town used \$400/space for operating costs. Walker used \$470/space for operating costs. The Town’s projections did not include salaries/benefits as we felt those costs are not deck/lot specific. Our \$400 per space came from the 2018 Parking Study and cost the average for what we were originally expecting for construction.

Table 8: Breakeven Costs of Structured Parking

Project Cost Per Space	Annual Operating Cost Per Space						Monthly Revenue Per Space Needed
	\$300	\$350	\$400	\$450	\$500	\$550	
\$ 15,000	\$127	\$132	\$136	\$140	\$144	\$148	
\$ 16,000	\$134	\$138	\$143	\$147	\$151	\$155	
\$ 17,000	\$141	\$145	\$149	\$154	\$158	\$162	
\$ 18,000	\$148	\$152	\$156	\$160	\$165	\$169	
\$ 19,000	\$155	\$159	\$163	\$167	\$171	\$176	
\$ 20,000	\$162	\$166	\$170	\$174	\$178	\$182	
\$ 21,000	\$168	\$173	\$177	\$181	\$185	\$189	
\$ 22,000	\$175	\$179	\$184	\$188	\$192	\$196	

Rate: 6.50% Amortized Period: 25 Years

Source: Walker Consultants

- The Town used a conservative 1,100 for total number of spaces. Walker used 1,143 for total number of spaces.
- The Town prorated revenues/expenditures in FY 2022 to recognize that operations would most likely not begin until January 2022. Walker projects a full year of revenues/expenditures for FY 2022.
- The Town used level principal (preferred method of LGC) vs. Walker’s level payments for debt service calculations which means that our projections show higher debt payments in early years which reduce over time whereas Walker shows the same debt payment over the 20 years.

Overall, we felt it was a good comparable review of our data by using their technique to project occupancy. We think the projections are within reasonable variance to not cause any concern of the projections we used to make our decision to proceed, as ours was more conservative.

Council Question:

It has been mentioned that the “frame” of the façade on Rosemary may be too large/bold. Are we exploring any design alternatives?

Staff Response:

(The Council Packet for December 9th includes a set of drawings based on changes made

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regarding the bevel.) The east or Rosemary façade features a “frame” of precast concrete that surrounds the terracotta and metal panels. Some have felt that the frame appears too large while others have liked the frame design as currently configured. In the latest renderings the architects are proposing a “bevel” or sloping surface on the bottom part of the frame, which visually reduces the width of the panel by a shift in the plane of the surface. The bevel will create a subtle shadow effect depending on the time of day, season, and the angle from which one is viewing the façade. In addition, in earlier renderings the frame appears almost white in color. The material will actually be a “buff” or more sand color and the latest renderings have been adjusted to indicate this.

Council Question:

What would be the fiscal impact for the 1st and 2nd technology options?

Staff Response:

We believe that we can cover either of the first two options (up to \$750,000) in our current budget.

Council Question:

In the table on page 10 of the Walker report, it seems to have the deck operating for a full year in 2022 – hadn't we been assuming only a partial year of operation?

Staff Response:

That is correct, the Town assumed a partial year in our financial projections.

Council Question:

Can we see the Walker Opinion of Probable Costs and a comparison of how that differs from the town's analysis?

Staff Response:

The Opinion of Probable Costs is on the project website at:

<https://www.townofchapelhill.org/businesses/east-rosemary-street-redevelopment-project/>

Council Question:

What is the amount currently in the deck construction budget for parking technology? Are the figures quoted in slide 12 of the staff presentation what we'd pay over our currently budgeted amount, or are those total figures, with some of that cost already budgeted?

Staff Response:

Parking technology was intended to be a part of the original contingency for the project and

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thus we have reduced our contingency to 5% and budgeted for up to \$750,000 in technology costs.

Council Question:

Do our market studies show that \$5 increases to monthly leases every two years is sustainable?

Staff Response:

The Town has not had a market study completed that projects future potential of parking fees. We did project every 3 years a small increase in our fees based on Consumer Price Index percent change. Part of our desire to remove parking fees from our budget was to allow us to move closer to market-based pricing in general so that we were maximizing our income as well as better managing our parking.