

Parking Garage Proposal:
Transfer Ownership and Management to
the Lexington Parking Authority

Council Questions Raised at the
February 7, 2012 meeting

How will the Parking Authority Cash Flow Operations and Repairs of the Garages?

The Lexington Parking Authority Financial Improvements

Revenue:

Current Revenue Base = \$1,305,457

New Revenues Generated = \$347,257

- Small monthly rate change at all four facilities
- Validation program moved to fifty percent of market rate
- Night/Weekend revenues gained through automation
- Collect all day tickets with gates left down
- Implement \$2 after 5 PM & weekends at Transit Center, Annex and Courthouse
- Modify the Victorian Square major event rate from \$10 to \$13

The Lexington Parking Authority Financial Improvements

Expenses:

Annual Savings, Maintenance and Repairs = \$53,292
Annual Savings, Other Operating Expenses = \$100,479

- **Maintenance reduction (after initial repairs)**
 - Less maintenance and repair to structures
 - Less maintenance to revenue control equipment with the installation of new equipment
- **Electricity reduction**
 - New lighting installed resulting in a fifty percent cost reduction
- **Equipment Automation**
 - Less personnel expense

Lexington & Fayette County Parking Authority

Transition Financial Analysis

Combined Revenues and Expenses for the Victorian Square, Transit Center, Annex and Courthouse Garages

All Four Garages Combined	<i>LFUCG</i>	<i>LFUCG</i>	<i>Parking Authority</i>	<i>Parking Authority</i>
			<i>Transition year</i>	
	FY2011	FY2012	FY2013	FY2014
	Actual	Projected	Projected	Projected
<u>REVENUES</u>				
Monthly Parking	\$715,153	\$748,000	\$817,380	\$817,380
Daily Parking	\$367,950	\$370,000	\$499,657	\$494,990
Validations/Event Parking	\$132,070	\$134,000	\$282,222	\$282,222
Broadway Shops Rent	\$49,482	\$53,457	\$53,457	\$71,457
Total Revenues	\$1,264,655	\$1,305,457	\$1,652,716	\$1,666,049
<u>EXPENSES</u>				
Professional Services	(\$483,374)	(\$479,914)	(\$427,696)	(\$359,886)
Maintenance	(\$143,056)	(\$142,032)	(\$88,740)	(\$88,740)
Electricity	(\$150,743)	(\$149,664)	(\$98,883)	(\$85,689)
Other Operating Expenses	(\$245,542)	(\$243,784)	(\$246,304)	(\$246,304)
Total Operating Expenses	(\$1,022,715)	(\$1,015,394)	(\$861,623)	(\$780,619)
Net Surplus Before Debt Service	\$241,940	\$290,063	\$791,093	\$885,430
Debt Service				
Structural Repair Debt Service (based on 6 mil @ 5% interest)			(\$480,000)	(\$480,000)
Operational CapEx Debt (based on 1.03 mil @ 6% interest)			(\$140,515)	(\$140,515)
On-Street Surplus			\$400,000	\$400,000
Total Net after Debt Service			\$570,578	\$664,915

Employee Parking

Overview

Employee Parking Downtown

- To address employee parking in the garages to be transferred to the Lexington-Fayette County Parking Authority, we have reviewed current employee parking data and the average number of new hires each year in the Phoenix and Government Center buildings.
- Over the past five years, an average of 34 employees have been hired each year to work in the Phoenix and Government Center buildings.
- Multiple scenarios have been considered. However, one remains the most viable solution.

LFUCG Pays Employee Parking

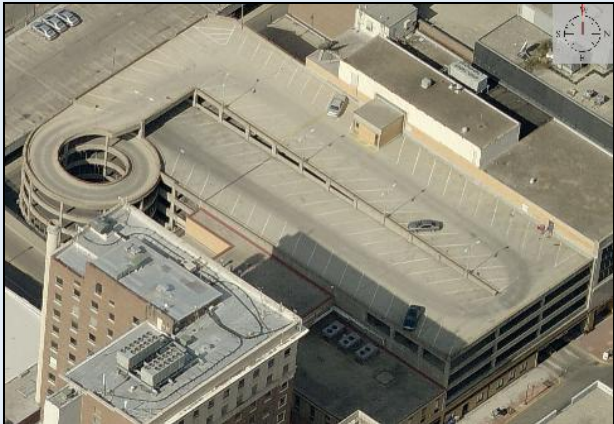
- LFUCG will not be charged for employee parking for all current employees for a period of five years beginning July 1, 2012 until June 30, 2017.
- LFUCG will pay for new employees hired after the executed transfer agreement at fifty percent of the current market rate.
- Prior to July 1, 2017, LFUCG will evaluate its long term strategy for its parking needs and budgetary impact.

Proposed Transfer of Ownership of Garages to the Lexington Parking Authority

Parking Garages To Be Transferred



Transit Center
Age 17, 777 spaces



Annex
Age 45, 380 spaces



Victorian Square
Age 27, 380 spaces



Broadway Shops
Five Store Fronts



Courthouse, Age 15, 518 spaces
(Transfers in 2032 after debt service paid.)

Transfer Agreement

- Transfers ownership, management, repair, and/or maintenance of parking facilities **“as is”** to the Lexington Parking Authority.
- Transit, Annex, and Victorian transfer occurs concurrent with execution of transfer agreement. Courthouse transfers after final debt service payment (2032).
- Real property or “Broadway Shops” transfer with the Victorian Garage.
- Transit Garage transfers with a deed restriction for Lextran. Because the garage was acquired/constructed with certain federal funds, Lextran operations remain with its current space allocation until it no longer wishes to operate at the location.
- Transfer includes leases, subleases, management agreements, contracts, and any other documents which restrict use or operation of any of the facilities or parking spaces.

Transfer Agreement

- Repairs are planned in the following order: Annex, Victorian, Transit, Courthouse, and Government Center.
- LFUCG has right of first refusal on the sale or transfer of each of the parking facilities.
- LFUCG can reacquire each parking facility at any point upon payment of any outstanding debt on that particular facility or assumption and payment of any improvements or repairs on a depreciated value basis as mutually agreed upon.
- LFUCG shall maintain “air rights” to each of the garages.
- Prior to closing, the Lexington Parking Authority will provide a detailed financial plan. The plan will show its financial viability to own and operate the garages.
- The Lexington Parking Authority will report annually to the Urban County Council.

Questions?