

# AWV MITIGATION PROJECT

## CENTRAL WATERFRONT PARKING GARAGE SCENARIOS

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### BACKGROUND

Rick Williams Consulting has evaluated the cost of operation and revenue for three parking garage scenarios that could be located along Seattle's Central Waterfront. All estimates contained herein are only reflections of baseline assumptions provided from multiple sources, ~~including local developers and contractors,~~ in an effort to create a reasonable assumption of cost and revenue potential. If a facility were pursued, a more detailed and refined analysis would need to be developed using actual numbers based on design, site conditions, local regulations and permitting, financing costs, etc.

### PARKING SCENARIOS

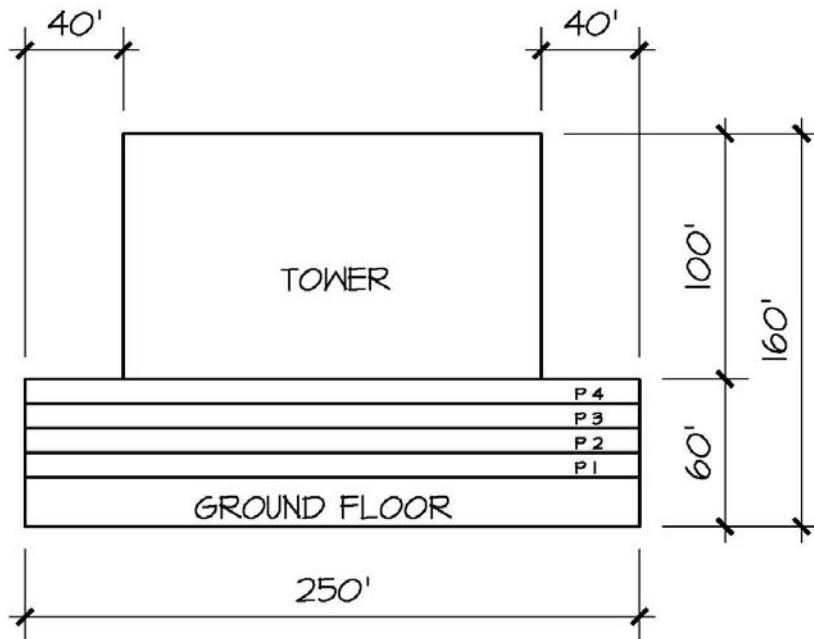
~~Five~~ Three parking garage scenarios were developed for the existing surface parking lot at Western Avenue & Spring Street—a lot that is approximately 36,000 square feet (sf) in area (240 feet x 150 feet). Existing zoning on the site is DMC 160, and allows a podium height of 60 feet, above which there are 40-foot setbacks off of each of the east-west street. In addition, the code has restrictions on above-grade parking and for a lot this size would require that 30% of the perimeter be developed with an intervening (non-parking) use. Based on this zoning envelop it is assumed that each above-grade parking level could accommodate about 93 parking stalls. Below-grade parking would not require the intervening use, and could accommodate an estimated 102 stalls per floor. The following ~~options~~ scenarios were evaluated: (3 publicly owned and 2 private):

1. All parking is above grade in a stand-alone podium garage (up to the 60-foot height for which no additional setbacks are required). First floor = retail and ramps (no parking). Above that there are 4 parking floors (plus parking on the roof) so 5 levels of total parking. This scenario totals 466 stalls. It is assumed that this facility would be publicly owned.
2. All parking is above grade in a mixed-use development. Roof parking is lost assuming that this area would be used as a balcony / roof garden of a mixed use tower built above the podium. As such, there are 4 levels of parking for a total of 373 stalls. This scenario assumes that 102 stalls would be dedicated to the mixed use portion of the development (a ratio of 0.5 spaces per 1,000 sf for the tower space), leaving 270 stalls for general public use. It is assumed that this facility would be publicly owned.
3. Same as above, but add one level of the parking is below-grade parking so 373 available for public on four above grade levels and 102 reserved for mixed use below grade, for a total of 475 stalls.
4. Same as Scenario 2, but assumed to be privately owned.
5. Same as Scenario 4, but land costs removed from financing.

Figure 1. Diagram of Parking Garage Scenario 1 – Garage Podium Only



Figure 2. Diagram of Parking Garage Scenario 2 – Garage plus Tower



## KEY ASSUMPTIONS

Value of land	\$325 per foot (per WSDOT estimate)
Direct cost to construct parking (above grade)	\$78 per foot (JE Dunn – estimate for 2010 urban garage) <sup>41</sup>
Direct cost to construct parking (sub surface)	<del>135% of above-grade</del> <sup>2</sup> \$163 per SF (Lewis Builds – estimate for Seattle project)
<u>Direct cost to construct retail</u>	<u>\$100 per SF (Lewis Builds – estimate for “larger” retail shell in the 12,000 to 45,000 SF range in Seattle)</u>
Indirect Costs	30% of Hard Cost. Includes architectural, engineering, legal, state and local land reviews, TIF’s, SDC’s, etc.
Sales Tax	9.5% of hard costs
Property Taxes	None assumed for a publicly-owned garage (Scenarios 1 – 3) <u>Use comparables from Seattle downtown (Scenarios 4 &amp; 5)</u>
Financing	5.0% at 20 years
Operating costs	Based on RWC national and regional models for urban facilities
Parking charges	In Scenario 1, the City would only allow “short-term” parking to operate, thereby limiting the sale of monthly commuter parking. In Scenarios 2 <del>&amp; 3</del> 5, charges included rates for both visitor and monthly parking <del>associated with accessory uses</del> .
Hourly rates	\$3.00 per hour (assumed at a rate <del>comparable to</del> less than current hourly meter rates in the downtown core). <u>Part of AWV mitigation strategy.</u>
Monthly rates	\$270 per month (applied <del>only</del> in Scenarios 2 <del>&amp; 3</del> and 4 where <u>mixed use parking is/would be allowed as an accessory use</u> ).
<u>Retail Rent</u>	<u>\$20 per SF (per input from PAC members)</u>
<u>Rate of Growth</u>	<u>Revenue is forecast at 3.0% annually, which could be a function of increased turnover, increased rate, or combination of both. Expenses inflate at 3.0% annually.</u>

<sup>1</sup> Lower estimates were provided (e.g., \$70 per SF) but the higher more conservative number from JE Dunn was used as it reflects an urban garage with a high level of design.

## SUMMARY OF COST RESULTS

~~None of the scenarios would show positive cash flow in the first year. Scenario 1 generates positive cash flow in YR 5; Scenario 2 in YR 11 and Scenario 3 in YR 8.~~

- ~~• Scenarios 1 – 4 are challenging financially. Scenario 4 performs well, but assumes the development would carry land in a manner that does not directly impact the financing proforma.~~
- ~~• Scenarios 1 - 3 are In order for Scenarios 2 and 3 to break even, the project would need approximately \$5 million in equity (public subsidy). All scenarios are assumed to be publicly-owned facilities; therefore, no, which mean expenses for property taxes and no additional profit were assumed. Both taxes and profit should beare not included if the facility were privately operated. Scenarios 4 & 5 include increased ownership costs (private ownership) to reflect property taxes.~~
- The retail component of each of the scenarios provides a positive revenue benefit to the projects, if net revenue from ground level retail operations is applied to the parking proforma.
- ~~• Land costs could be dealt with differently if all or portions of land cost were allocated to above-grade mixed uses (housing or office); which could be components of Scenarios 2 & 3. All land costs in each of the scenarios provided here carry all cost of land. If more clarity as to the above level uses were known, additional proforma models could be run to account for a more detailed allocation of land costs to an entire project. Upfront equity assumptions were developed for Scenarios 1 – 4, deriving a number that would be necessary to lower the financing costs of the project to result in positive cash flow by the third year of the proforma. Equity contributions for these scenarios would need to range from a low of approximately \$5.6 million (Scenario 1) to a high of \$10.4 million (Scenario 3).~~
- ~~• The equity assumptions derived here do not account for how the equity would be derived or whether a separate “pay back” scenario would need to be developed to cover (at some future point) the upfront contribution.~~

## SCENARIO SUMMARY

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
<b>PRO FORMA ELEMENTS</b>	<b>5 LEVELS/4 FLOORS PUBLIC PARKING</b>	<b>4 FLOORS 271 PUBLIC/120 MU STALLS</b>	<b>(SAME AS SCN 2) WITH 1 BELOW GRADE 4 ABOVE</b>	<b>(SAME AS SCN 2) PRIVATE OWNERSHIP</b>	<b>4 FLOORS (SAME AS SCN 4) No Land Cost</b>
Total Stalls	466	373	475	373	373
Estimated Site Area (Square Footage)	36,000	36,000	36,000	36,000	36,000
Estimated Parking Pad	32,625	32,625	32,625	32,625	32,625
SF of Parking Built	163,125	130,500	163,125	130,500	130,500
<b>COST TO CONSTRUCT</b>					
Estimated Cost of Land	\$ 10,603,125	\$ 10,603,125	\$ 10,603,125	\$ 10,603,125	\$ -
Site readiness	\$ 700,000	\$ 700,000	\$ 700,000	\$ 700,000	\$ 700,000
Direct cost of construction/development	\$ 12,723,750	\$ 10,179,000	\$ 15,496,875	\$ 10,179,000	\$ 10,179,000
Indirect costs (30% of direct)	\$ 4,306,500	\$ 3,543,075	\$ 5,138,438	\$ 3,543,075	\$ 3,543,075
Cost of Retail/Ground Floor @ 16313 SF	\$ 1,631,250	\$ 1,631,250	\$ 1,631,250	\$ 1,631,250	\$ 1,631,250
Developer Fee @ 3.25%	\$ 833,889	\$ 751,185	\$ 924,016	\$ 751,185	\$ 406,583
Sales Tax @ 9.5%	\$ 2,437,522	\$ 2,195,771	\$ 2,700,969	\$ 2,195,771	\$ 1,188,474
<b>TOTAL PROJECT COST</b>	<b>\$ 31,850,697</b>	<b>\$ 29,603,405</b>	<b>\$ 37,194,672</b>	<b>\$ 29,603,405</b>	<b>\$ 17,648,382</b>
Hard cost per stall	\$ 27,300	\$ 27,300	\$ 32,625	\$ 27,300	\$ 27,300
Full loaded cost per stall	\$ 71,311	\$ 79,396	\$ 78,305	\$ 79,396	\$ 47,333
<b>REVENUE/EXPENSE</b>					
Annual Gross Revenue Parking (annualized @ 10 YRS)	\$ 2,695,613	\$ 1,946,871	\$ 2,537,490	\$ 1,946,871	\$ 1,946,871
Annual Gross Revenue Retail (annualized @ 10 YRS)	\$ 331,181	\$ 331,181	\$ 331,181	\$ 331,181	\$ 331,181
Annual Operating Costs (annualized @ 10 YRS)	\$ (392,740)	\$ (302,879)	\$ (392,223)	\$ (302,879)	\$ (302,879)
Annual Ownership Costs (annualized @ 10 YRS)	\$ (99,814)	\$ (74,685)	\$ (95,326)	\$ (402,449)	\$ (270,085)
Annual Debt Service (5.0% @ 20 years)	\$ (2,630,355)	\$ (2,342,863)	\$ (2,945,620)	\$ (2,342,863)	\$ (1,396,722)
<b>Net Cash Flow (annualized @ 10 years)</b>	<b>\$ (96,115)</b>	<b>\$ (442,375)</b>	<b>\$ (564,498)</b>	<b>\$ (770,139)</b>	<b>\$ 308,366</b>
<b>Equity Necessary for YR3 Positive Cash Flow</b>	<b>\$ 5,650,126</b>	<b>\$ 7,400,851</b>	<b>\$ 10,414,508</b>	<b>\$ 8,881,022</b>	<b>\$ -</b>
<b>As % of Total Project Cost</b>	<b>17%</b>	<b>25%</b>	<b>28%</b>	<b>30%</b>	<b>0%</b>