

## City Council – Action Request Form

**Date:** April 8, 2019

**To:** The City Manager

**From:** Damon C. Dequenne, Assistant City Manager

**Council Action Requested:**

Resolution Approving an Interlocal Agreement with Forsyth County for the Financing, Ownership and Operation of a New Parking Facility

**Strategic Focus Area:** Service Excellence

**Strategic Objective:** Ensure Service Delivery Efficiency and Effectiveness

**Strategic Plan Action Item:** No

**Key Work Item:** No



**Summary of Information:**

This Agreement provides the terms of the relationship between the City and the County with respect to the financing, ownership and operation of a parking facility to provide approximately 660 spaces on Chestnut Street and First Street, near the County Government Center, City Hall, and the future Courthouse.

The County will own the Parking Facility and the City will have exclusive use of approximately 183 spaces, and approximately 101 spaces will be available for public parking. The City and the County desire to share proportionally the responsibilities of payment of the amounts to construct, operate, and maintain the Parking Facility.

The City's share of the financing is estimated to be at 35.4% of the cost of construction, which equates to an estimated \$5 million dollars. Funding for this financing will be paid from the city's debt service fund reducing City Limited Obligation Bond capacity by \$5 million. This Agreement will have an initial term of thirty (30) years, and shall have renewal terms of five (5) years each unless the City provides notice of termination at least 180 days before the term expires.

Participation in this agreement will negate the need for the proposed temporary surface lot included in the city's economic development agreement with Front Street Capital and their redevelopment of Bailey South and the adjacent Morris Building for \$522,725. The new deck will accommodate all of the parking for city vehicles currently parked at 4<sup>th</sup> and Church as well the deck near Bryce A. Stuart for the foreseeable future.

**Committee Action:**

<b>Committee</b>	<u>Finance 4/8/19</u>	<b>Action</b>	<u>Approval</u>
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<b>For</b>	<u>Unanimous</u>	<b>Against</b>	<u></u>
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**Remarks:**

This item was held in committee to allow staff to address the following questions from the City Council;

1. **CM Clark:** Please include information on the amount of parking revenue and property taxes that the City will receive from the Bailey Power Plan development

Front Street Capital will lease a total of 180 spaces in the 4th, Church, Chestnut deck. The total annual revenue from Front Street's parking lease will be \$97,200. Front Street anticipates developing approximately 100,000 square feet of office and retail space with an anticipated \$25 million taxable value. The project would generate approximately \$149,350 in property taxes annually.

2. **CM Clark:** On second page of item, please include information on the Bailey Power Plant event that triggered need to explore new options for parking city vehicles

In September of 2018, Front Street Capital requested that the Mayor and City Council consider approve financial assistance totaling \$522,725 over a 7-year period. The assistance would be used by Front Street to construct a surface lot on property owned by Innovation Quarter that would serve as replacement parking for city vehicles that were parked in the 4th, Church, Chestnut deck. These spaces needed to be freed up in order to serve the parking needs of the new office and retail development at Bailey Power Plant. Shortly after the Mayor and City Council approved the requested assistance, the City was presented with an opportunity to participate in the construction of the parking deck that would serve the new courthouse. It was determined that this deck would serve the City's need for replacement parking spaces for the vehicles formerly located in the 4th, Church, Chestnut deck. Participating in the County's new deck would not only eliminate the need to provide tax increment to Front Street Capital for the construction of a surface lot but would address the City's long-term need for additional parking spaces.

3. **CM Larson:** Can we use the tax increment and parking lease revenue generated from the Front Street Capital project to help subsidize the cost of the city's participation in the County parking deck construction?

It is anticipated that the annual contribution to the County from the City for its portion of the annual debt service payment on the deck construction would approach \$500,000. The revenues generated from the new tax increment and parking lease associated with the Front Street Capital development total approximately \$246,550 and could be used to cover approximately half of the annual payment. With these new resources, there would be \$2.5 million of the \$20 million in LOBS capacity available to address other capital needs.