

City Council – Action Request Form

Date: August 12, 2019

To: Mayor, Mayor Pro Tempore, and Members of the City Council

From: Ben Rowe, Assistant City Manager

Council Action Requested:

Resolution Modifying the Interlocal Agreement with Forsyth County for the Construction of a New Courthouse Parking Facility

Strategic Focus Area: Economic Vitality and Diversity

Strategic Objective: No

Strategic Plan Action Item: No

Key Work Item: Yes



Summary of Information:

On April 15, 2019, the Mayor and City Council approved an interlocal agreement with Forsyth County for the financing, ownership, and operation of a new parking facility to support City and County facilities, including a future courthouse. Under the agreement, the County will finance the construction of a 660-space parking deck 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 the right to park its vehicles in 183 spaces. Of the 660 spaces, 101 spaces would be available for public parking, and the City and County would be responsible for paying for 55 spaces each. The City and County would share proportionally the cost to construct the new parking facility, with the City contributing 35.4% $((183+55)/660)$ of the cost, which was estimated at \$5 million to be paid over twenty years. The agreement will have an initial term of thirty years, with renewable terms of five years each. The City will use \$2.5 million of its limited obligation bond (LOBS) capacity to finance its share of the cost, with the remaining \$2.5 million provided from the parking revenue and tax increment from the Bailey Power Plant redevelopment project.

In response to concerns from courthouse officials and staff about the security of the new parking facility, County management has proposed an alternative plan. The alternative plan fully secures

Committee Action:

Committee	Finance 8/12/19	Action	Approval
For	Unanimous	Against	

Remarks:

the new parking facility by shifting all public spaces to the surface lot and the ground level of the existing parking facility on Chestnut Street. The following tables summarize the allocation of spaces under the original interlocal agreement and the alternative proposal.

	Original Agreement		Alternative Proposal		Change
	<u>New Facility</u>	<u>Chestnut Lot/Facility</u>	<u>New Facility</u>	<u>Chestnut Lot/Facility</u>	
City Spaces	183	0	183	0	0
County Spaces	376	223	477	100	-22
Public Spaces	101	26	0	149	+22
Total Spaces	660	249	660	249	0

Under the alternative proposal, the County would lose 22 spaces that would shift to public spaces in the existing Chestnut Street surface lot and ground level of the existing parking facility. Based on the number of spaces allocated in the new parking facility, the City's share would represent 27.7% of the total spaces (183/660). The following table shows the cost shift between the City and County based on this allocation and the guaranteed maximum price (GMP) of \$12.4 million.

	Original Agreement		Alternative Proposal		\$ Change
	<u>%</u>	<u>\$</u>	<u>%</u>	<u>\$</u>	
City Share	35.4%	\$4.4M	27.7%	\$3.4M	-\$1M
County Share	64.6%	\$8.0M	72.3%	\$9.0M	+\$1M
Total	100.0%	\$12.4M	100.0%	\$12.4M	\$0

County management estimates the value of the public spaces provided in the existing Chestnut Street surface lot and ground level of the existing parking facility at \$1.1 million, based on 48 parking facility spaces at \$19,000 (cost per space in the new parking facility) and 101 surface lot spaces at \$2,250 (cost per space at the Clemmons Branch Library lot).

Under the alternative proposal, the number of metered public spaces would increase from 17 to 149. Based on current revenue generated from the 17 current spaces of \$60 per month, the additional 132 spaces would generate \$112,000 in new revenue over the 20-year term of the interlocal agreement. County management anticipates increased usage of these spaces because of the increased public traffic with the new courthouse. Also, the County initially would install pay stations that accept minimum payment of \$1 instead of 25 cents from the existing metered spaces. Also, the County has removed signage to make it more clear about the availability of these spaces for general public parking. Under the alternative proposal, the City would receive 100% of the revenues from the public spaces.

Based on the value of the public spaces and the increased revenue from the additional public spaces, the City's net cost would be equivalent to the increased cost to the County if the City's cost allocation was changed from 35.4% to 27.7%. Essentially, this alternative proposal would result in a "wash" in the cost to the City and County. As a result, City and County management recommend the alternative proposal while maintaining the current cost allocation of 35.4%/64.6%. Under this alternative proposal, the City would be responsible for maintaining the

public spaces, while the County would operate and maintain the new parking facility. City management believes the alternative proposal would provide a more secure parking facility for the City employees who would park there.

The attached resolution authorizes the City Manager to enter into a modified interlocal agreement that reflects the allocation of spaces specified under the alternative proposal at the current cost allocation. The modified interlocal agreement also will establish the specific operating and maintenance responsibilities of the City and County for all of the parking facilities.