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City of Everett Analysis of Opportunities – Downtown Parking Garage

EXECUTIVE SUMMARY

This Executive Summary provides a condensed summary of a more detailed evaluation for possible siting of a new public parking garage in downtown Everett, Washington.¹

INTRODUCTION

The City of Everett completed an evaluation and analysis of downtown parking in 2008. This analysis documented capacity and utilization for 4,548 on- and off-street parking stalls within a 54-block area of the downtown.²

A key strategy recommended by the 2008 study is to *“Identify and complete planning for possible development of new public visitor parking supply in the downtown, ideally located to serve the Colby/Oakes and Everett/Wall high occupancy node.”*³

This report examines the issues surrounding development of a new public parking garage in the downtown core. The report provides information to assist the City of Everett in siting a new garage, using “best practices” to identify locations that have the highest probability for operational and financial success. Issues covered here include:

- Success factors that contribute to parking garage feasibility
- Siting
- Development costs
- Funding options

It should be noted that no new parking garage is proposed at this time. Information contained in the report will help narrow the area within the downtown that would have the highest probability to support a new parking garage.

Highlights

- The City’s most recent parking counts show a constrained supply in the downtown core. A well located public parking garage within this constrained area could free up on-street parking for customers, serve new trips, and act as a catalyst for development.
- Parking garages are costly - \$25,000 to \$35,000 (or more) per stall. A 343-stall prototype garage in downtown Everett would cost an estimated \$15.4 to \$18.4 million.

¹ *Analysis of Opportunities – Downtown Parking Garage*, Rick Williams Consulting, March 2009.

² *Parking Inventory and Utilization Analysis*, Rick Williams Consulting, December 2007.

³ *City of Everett, Washington – Recommended Downtown Parking Management Strategies*, Barney & Worth, Inc. and Rick Williams Consulting, November 2008.

- Garage revenues are usually sufficient to support ongoing operations, but are seldom enough to repay development costs. Other revenue sources are needed to supplement fees paid by parkers.
- The gap between cash flow and break even for the prototype garage is \$66 to \$120 per stall per month (or \$22,700 to \$41,200). The garage would not begin to generate positive cash flow for 16 to 20 years.
- Careful siting of a garage can have a powerful impact on its performance. To maximize parking occupancy and revenues, a new garage should be located within the nine-block zone of highest parking occupancy: bordered by Everett, Oakes, Wall and Colby.
- Eliminating free on-street parking would be necessary to support the feasibility of any new public parking garage in the downtown.

SUCCESS FACTORS

In the Pacific Northwest, parking garages in downtowns typically range from \$25,000 to \$35,000 per stall or more (hard cost) for an above-grade facility. A garage's location and how parking is managed in the area surrounding the garage site are important in evaluating a garage's success.

A number of factors can contribute to the success of a parking facility, taking into account the garage's appeal to parkers and financial feasibility. These "success factors" (highlighted below) should be considered as potential sites are evaluated.

Parking Garage Success Factors

- ✓ Constrained parking: peak occupancy above 85%
- ✓ Paid on-street parking in place
- ✓ Affordable land costs
- ✓ Proximity to multiple uses: weekday, evening, weekend, residential
- ✓ Separation from other garages
- ✓ Ground floor commercial opportunity
- ✓ Ability to catalyze other development, business activity

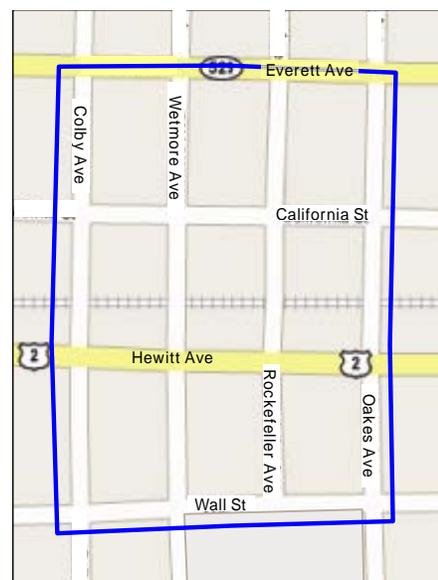
On a typical weekday in downtown Everett, on-street parking within the nine-block "high occupancy node" reaches 88% to 92% occupancy over a nearly 5-hour peak occupancy period (see accompanying figure).

SITING A NEW GARAGE

The most successful site for a future public garage in downtown Everett will be located within the high occupancy node, due to its high level of parking activity and mix of land uses that includes dense employment, commercial and government centers, and visitor attractions.

The figure below shows the high occupancy node with a 750' "capture area" added to provide a sense of

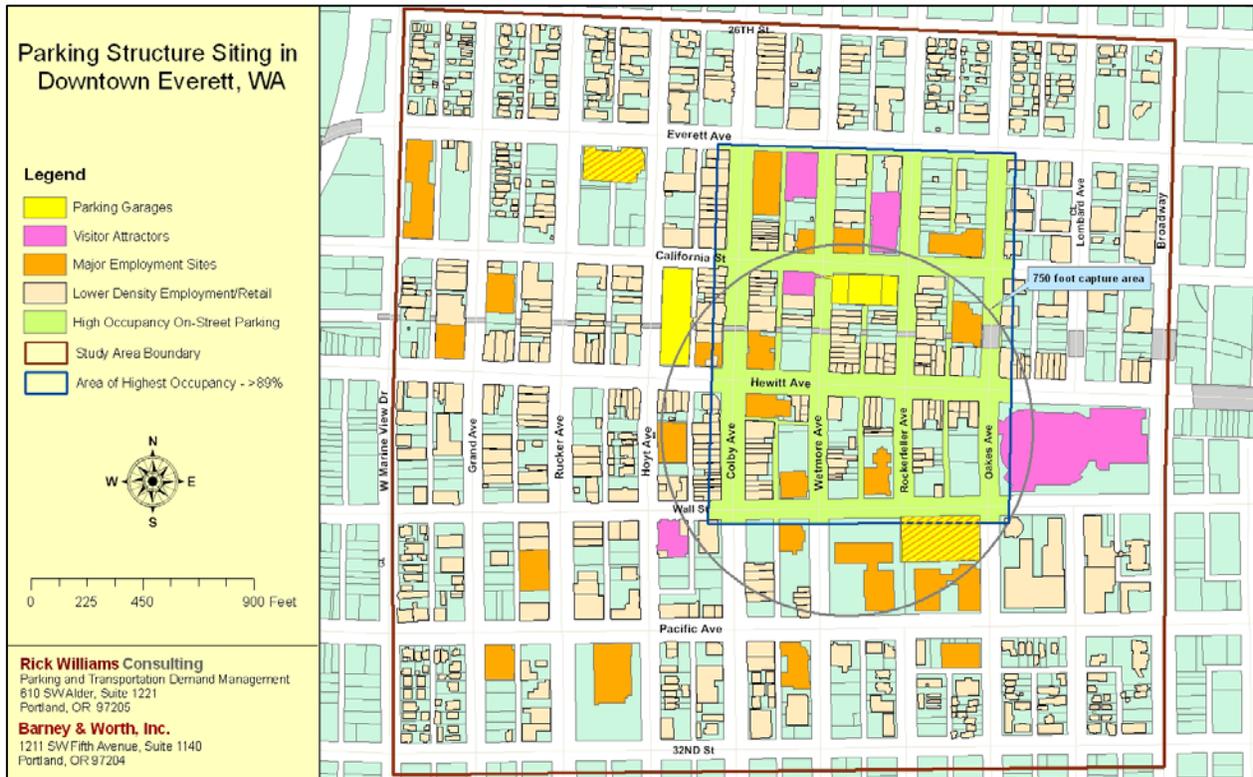
Everett Downtown Parking High Occupancy Node



proximity and distance to the center of peak parking demand. The 750' radius represents a reasonable walking distance for most employees and visitors.

Siting a parking garage that can attract parkers and succeed financially is always a challenge. This is particularly true in downtowns such as Everett's that are in transition, evolving to higher and denser land uses. Minimizing financial risk in locating parking garage(s) is crucial as the downtown grows. Sensitivity to the success criteria described above will help point to the most prudent direction.

Garage Siting – Potential Capture Area



Note: The 750' capture area circle is overlaid in a manner that attempts to account for employment / visitor densities and multiple uses, while creating separation from the Port Gardner and EverPark garages. This causes the capture area circle to be somewhat off-center toward the southern end of the high occupancy node.

DEVELOPMENT COSTS

Pro forma financial analyses were completed to evaluate the feasibility for a prototype parking garage in downtown Everett: five stories on a 30,000 sf site, ground floor retail plus four stories of parking above. Pro forma analyses were developed for two garage prototypes:

Prototype A – Located on a privately owned development site, requiring the City to account for land costs.

Prototype B – Developed on a City-owned site, assuming land costs would not be carried in the pro forma.

The analysis assumes parking rates of \$75/month for permits; \$1/hour; \$7/day. The analysis also assumes that paid on-street parking, with competitive rates, would be in place before a new garage opened.

The prototype parking garage is estimated to cost between \$15.4 and \$18.4 million. The hard cost for the development is estimated at \$30,100 per stall with fully loaded costs rising to between \$44,897 and \$53,651 (which includes the ground floor retail area). Annualized operating revenues total \$1.12 million on debt/operating expenses of \$1.4 to \$1.8 million. The prototype garage moves to a positive cash flow sometime between the 16th and 20th year of operation.

Without significant subsidy, the prototype model could not sustain itself financially within the current Everett parking market.

FUNDING OPTIONS

The analysis assumes that multiple revenue sources may be needed to cover the cost of garage development and operations. The following table presents a range of funding options that may be available to the City of Everett. The options outlined include those methods most commonly used in other jurisdictions, along with other options allowed under Washington State statute.

Downtown Parking Garage Potential Revenue Sources

Customer-paid

- ✓ User Revenues
- ✓ Event Surcharges
- ✓ On-Street Parking
- ✓ Parking Fine Revenues
- ✓ Parking Taxes

Business-paid

- ✓ Parking & Business Improvement Area (BIA)

Property Owner-paid

- ✓ Local Improvement District (LID)

Developer-paid

- ✓ Fee-in-Lieu
- ✓ Public/Private Development Partnerships

General Public

- ✓ General Obligation (GO)
 - ✓ Refinancing GO Bonds
 - ✓ Revenue Bonds
 - ✓ 63-20 Financing
 - ✓ Public Facilities Districts (PFD)
 - ✓ Downtown & Neighborhood Commercial Districts
 - ✓ Community Renewal
 - ✓ State & Federal Grants
 - ✓ General Fund Contribution
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