

PHASE II FOLLOW-UP: The report entitled *New County Office Building: Phase II Follow-up* which includes responses to the questions requested by Council in Motion 11931 was transmitted as an attachment to proposed ordinance 2004-0377¹. Staff analysis of the findings is summarized in the following outline.

- A. **Property Entitlements:** A strategy for securing necessary property rights is available for discussion in an executive session. A supplemental appropriation funding request has been transmitted under proposed ordinance 2004-0376.
- B. **Alley Vacation:** Under the current proposed design, the parking garage does not require an alley vacation and thereby avoids the additional cost and prohibitive time constraints of an alley vacation process.
- C. **Reduced Garage Height:** In response to City of Seattle and county councilmember concerns the parking garage has been shifted east from Fifth Avenue to the east half of the site in order to create a more pedestrian friendly landscaped edge along Fifth. This alternative location negated the need to reduce the height of the garage.
- D. **Stepped Garage:** Same response as item "C" above.
- E. **Pedestrian Tunnel:** Preliminary designs indicate that the existing secure pedestrian access system could be extended from the new office building to the parking garage. Pending approval, the secure access would connect the lower lobby of the new office building via a tunnel under 5th Avenue to a secure proximity card controlled elevator lobby at the SE corner of 5th and Jefferson Street. From this lobby pedestrians would access a covered secure horizontal tunnel to the parking garage elevator lobby. Preliminary estimates for the pedestrian tunnel are approximately \$2.3 million (annual debt service approximately \$165k) which is not currently included in the project. Additionally, because the tunnel is not on county owned property the construction costs cannot be financed within the IRS tax code "63-20" lease-lease back program. However, the tunnel could be included in the construction project assuming financing could be reimbursed from other revenue sources such as increased parking revenues.
- F. **Automotive Maintenance Shop Function:** Previous financing models included a \$2 million allowance as a placeholder to address what to do with the existing maintenance shop function. Council requested a specific relocation plan. Relocating the shop function to the proposed new county parking garage does not represent a highest and best use and is not cost effective. Based on an assessment of acquisition opportunities and parking garage construction costs it is more cost effective to relocate the automotive shop function elsewhere. The response proposes a supplemental appropriation (Proposed Ordinance 2004-0376) of \$3.5 million to fund real estate market research, due diligence on acquisition opportunities, and acquisition of a new site for the automotive shop. Discussions of acquisition opportunities will require an executive session.

¹ Note: the phase II follow-up report was attached to the proposed ordinance as Attachment G. Given that the report includes numerous alternatives and proposed executive policy recommendations that the report should have been more appropriately attached to the transmittal letter rather than the ordinance. Staff suggests amending proposed ordinance to delete the report reference.

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- G. **KCCF Sally Port Access:** Preliminary design documents indicate that the alley on Goat Hill is directly across from the KCCF drive through sally port. This alley will be widened at Jefferson Street to provide a 36 ft wide level access to facilitate improved DOC inmate bus maneuverability and provide direct alignment with the KCCF sally port.
- H. **Skybridge Relocation:** Preliminary concepts to relocate inmate transport from the skybridge to a tunnel access varied widely. The most aggressive concept included a direct deep tunnel from KCCF to the Courthouse (\$30 million). A more modest concept utilized an indirect connection through the Administration Building of shallow tunnels and elevators (\$6 million). The study was preliminary and did not include operational impacts to DAJD Court Detail and any other impacted agencies. Due to the complexity required to complete a thorough analysis, the Executive recommended that the skybridge relocation feasibility study be separated from the New County Office Building and considered as a separate CIP project as part of the 2005 budget.
- I. **Parking Garage Operation:** A summary of the existing parking revenues and costs are shown in the following two tables:

Current Parking Rates

	Automotive Center Garage		Goat Hill Surface Parking	
Total Parking	568 Spaces		162 Spaces	
	Annual	Per Space/Month	Annual	Per Space/Month
Gross Revenues	\$900,000	\$132	\$362,232	\$186
Expenses/Month	(\$230,000)	(\$34)	(\$75,247)	(\$39)
Net Revenue	\$670,000	\$98	\$286,985	\$148

Current Parking Revenue Distribution

	Gross	Net	Human Services	Current Expense
Automotive Center	\$362,000	\$287,000	\$126,000	\$161,000
Goat Hill Surface	\$900,000	\$670,000	\$396,000	\$274,000
Total	\$1,262,000	\$957,000	\$522,000	\$435,000

- J. **How the parking garage will be operated:** The follow-up response provides a clarification of how FMD proposes to operate the new parking garage. The operations plan is summarized as follows:
- **NCOB site:** The 92 new parking spaces below the new county office building (Automotive Center site) will be dedicated for the exclusive use of King County employees and county vehicles. This parking will be a combination of reserved and festival (unreserved) spaces.
 - **New Parking Garage site:** The remaining 829 parking spaces on the will be open to the public as well as employee and county agency vehicles. Parking will accommodate a combination of monthly, daily, and hourly parking on a festival basis (unreserved space). Monthly customers will be given priority to ensure that parking will always be available. Daily and hourly users will be available on a "space available" basis. The parking plan will utilize overbooking techniques used by private sector parking garage operations to ensure maximum efficiency.

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- **Strategy for Establishment of Parking Rates:** The report recommends that parking rates be established based the following prioritized sequence:
 1. Establish daily and hourly rates based on market conditions.
 2. Use the daily and hourly rates to establish an equivalent monthly festival parking rate.
 3. Use the monthly festival parking rate to establish an equivalent rate for monthly reserved parking rate. The reserved parking rate would be priced to reflect the sufficient to recover the inability to the county to utilize this space when vacant (i.e. inability to overbook).

The report further recommends that the new parking garage be operated like a business and that fees and charges would be regardless of the user's status. Assignments, labor agreements, or other special conditions that would require or justify reduced or no payment would become the responsibility of the benefiting program or agency with appropriate justification and controls on those payments. **Under this proposal the parking garage operation would no longer subsidize reduced rate users.** With the exception of individual ADA patrons groups currently receiving special treatment would have to be subsidized by the benefiting program.

The original NCOB pro-forma assumed the NCOB debt service would be generally covered by a combination of assumed allocation of revenue sources of tenant lease cost savings and other revenue sources related to the NCOB. The only parking revenue assumptions in the original proforma were the revenues generated by the addition of approximately 250 new parking spaces created by the project (i.e. \$460,000 annually).

During the site approval review in June the Council requested a separate financial plan for the proposed new parking garage to confirm if parking revenues could cover the proportional debt service for the parking structure. Under the most recent proposal (GMP – 09/15/04) based upon the recently completed parking analysis & market survey, the financing plan has been changed. Parking revenues will now be used to pay the full allocated portion of project debt service for the Goat Hill parking (\$18.4 million).

Parking Analysis & Market Survey: Subsequent to transmittal of the follow-up report, executive staff received a detailed market survey and parking revenue analysis that indicates parking revenues in a new parking structure on Goat Hill could be considerably higher than anticipated. Key elements of the parking analysis and marketing survey are summarized below:

- Market rates for monthly festival parking in similar parking structures in the immediate vicinity of the Goat Hill/Automotive Center are 40% - 60% higher than the \$150/month the county currently charges at the Automotive Center Garage. See charts below for a summary of market rates and financial plan assumptions.
- Market rates for hourly parking for similar parking structures in the immediate vicinity of the Goat Hill site are 33% - 133% higher than the county currently charges for parking on the Goat Hill lot. See chart below.
- Parking rate schedule assumed in the financial plan was based on 80% of Key Tower Parking rate schedule and 85% of the Seapark Garage at 6th & Cherry (located adjacent to the Seattle Justice Center). See charts below.
- Parking analysis assumes a 15% overbooking of festival parking spaces.

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- Parking analysis assumes the new parking structure on Goat Hill will be open to the public and include short term (hourly) parking in addition to monthly parking.
- Garage access would be controlled to ensure monthly parking patrons would have priority over short term parking.
- Parking analysis assumes the parking under the office building (92 spaces) will be used for county vehicles and employees and will not be open to the public.
- Parking analysis assumes the short term parking spaces will be 25% of the total spaces available plus 15% overbooking of the remaining 75% monthly parking spaces.

Excerpt from Parking Rate Market Survey:

Location/Facility	3-4 HRS	6-10 HRS	All Day	Monthly
KC Goat Hill Lot/Auto Center	\$7	\$10	\$10	\$150
Seapark Garage, 6 th & Cherry	\$12	\$18	\$22	\$240
4 th & Cherry Garage	\$12	\$16	\$16	\$210
Key Tower, 6 th & Cherry	\$12	\$18	\$22	\$255
Butler Garage, 2 nd & James	\$12	\$16	\$16	\$195
Sinking Ship Garage, 2 nd & Yesler	\$18	\$18	\$18	\$196

A complete copy of the recent parking rate survey is included in **Attachment #13**.

Parking Rate Structure Assumed in Financial Plan (80% of Key Tower Parking; or 85% of Seapark Garage)

Location/Facility	3-4 HRS	6-10 HRS	All Day	Monthly
NCOB/Goat Hill Parking Structure	\$10	\$14	\$18	\$204

Based on the results of the market survey and the parking analysis noted above, FMD has revised its previous recommendations for parking revenue distribution. **Applying the assumed parking rates above, annual parking revenues would be sufficient to cover the debt service for the Goat Hill parking structure.**

Revised Revenue Distribution: FMD recommends that market rates be used for pricing both NCOB office space and parking and proposes the following prioritized revenue distribution for the parking garage:

1. **Priority 1:** Parking revenues will now be used to pay the full allocated portion of project debt service for the Goat Hill parking (\$18.4 million). This represents a change from the original proforma which set aside only a portion of parking revenues for debt service (i.e. \$460,000 for 250 new spaces created by the project).
2. **Priority 2:** Reimburse annual parking operations costs and contributions necessary to maintain the parking garage through the county's Major Maintenance Reserve Fund (MMRF).
3. **Priority 3:** Maintain the current annual dollar contribution to Human Services (\$522,000 in 2007) escalated by 3% on an annual basis. This proposed amount would not increase the contribution based on a higher revenue producing parking facility (i.e. would no longer use 44% as the basis to calculate the Human Services contribution as currently defined in

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K.C.Code). Maintain the current contribution to the current expense (CX) fund (\$475,336 in 2007) escalated 3% for inflation.

4. **Priority 4:** Allocate any remaining net revenues to the Current Expense fund.