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January 10, 2020

Gregg A. Harris, AICP
Assistant Development Director
Development Department
City of Troy
100 S. Market Street
Troy, OH 45373

Re: Downtown Troy, Ohio Conceptual Design & Preliminary Financial Analysis
For a Proposed Parking Structure – REPORT
Walker Project No. 13-3436.00

Dear Gregg:

Walker is pleased to submit the attached report of the Conceptual Design and Preliminary Financial Analysis for a Proposed Parking Structure to be located in the City of Troy, Ohio. This report summarizes our findings regarding a conceptual parking plan for the downtown area.

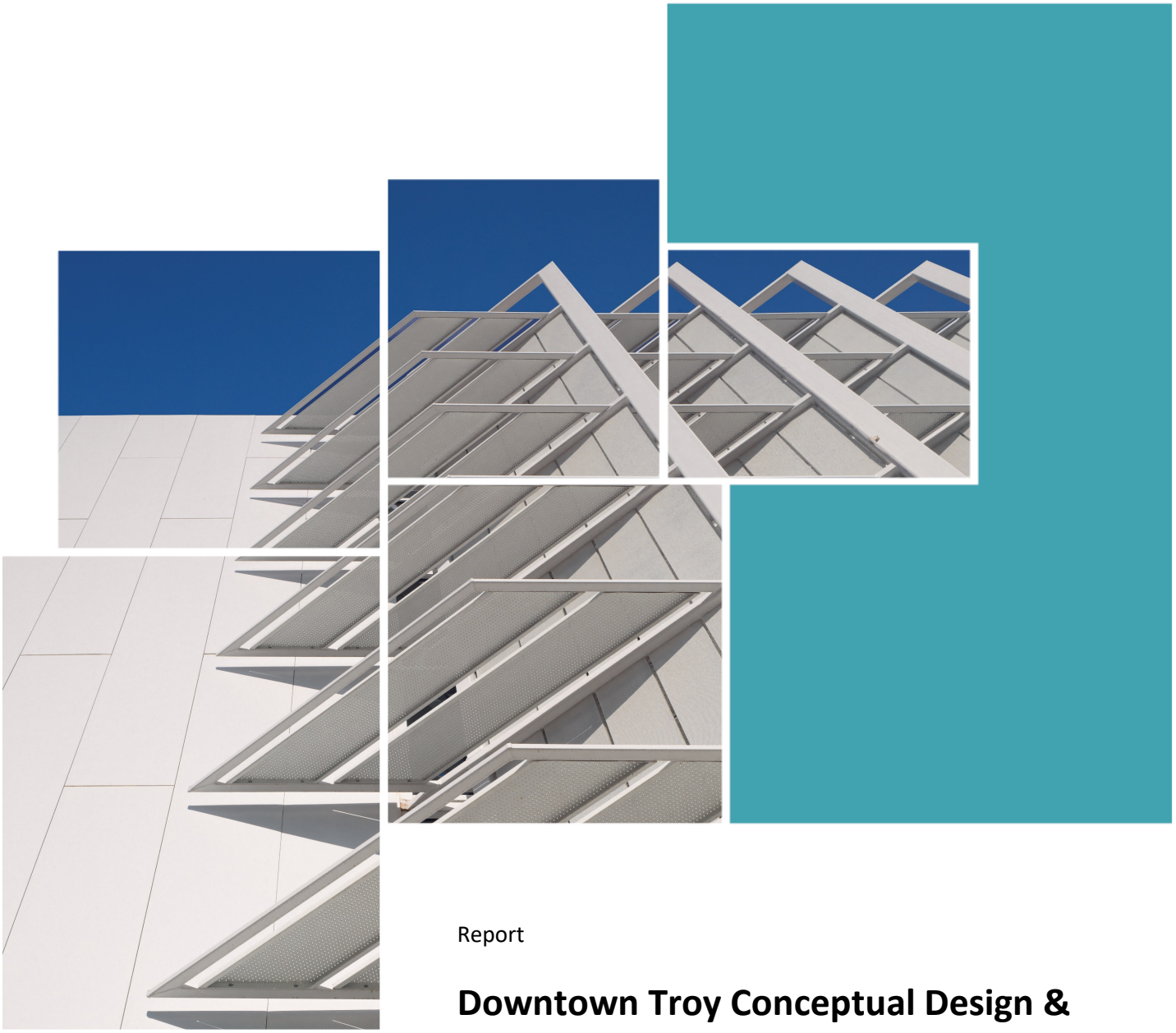
We appreciate the opportunity to be of service to you and the stakeholders of Troy. If you have any questions or comments, please call.

Sincerely,

WALKER CONSULTANTS

Kyle Keppner, P.E. (IN, TN)
Director of Design Services

David Garza
Analyst



Report

Downtown Troy Conceptual Design & Preliminary Financial Analysis for a Proposed Parking Structure

January 10, 2020

Gregg A. Harris, AICP
Assistant Development Director
City of Troy

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EXECUTIVE SUMMARY

Walker Consultants ("Walker"), engaged by the City of Troy ("Troy" or "City"), evaluated the parking market and preliminary financial feasibility for a proposed parking structure in Downtown Troy.

The market for paid parking in the downtown does not exist at present. These market conditions present a challenging, though not impossible, environment in which to support a multi-level parking structure. Additionally, Walker considered future development scenarios as presented in the Troy Downtown Riverfront Strategic Plan (2017).

In our own demand model, Walker found a future increase in demand for 116 additional spaces if all the development assumptions presented in the Vision Plan are achieved within a ten-year planning horizon.

At the direction of the city, Walker considered a proposed site for structured parking along W. Water Street and N. Cherry Street. Several structured parking options were explored and presented to city and county officials. The selected structured parking layout assumes the incorporation of part of the existing Right-of-Way (ROW) on N. Cherry Street in addition to incorporating existing surface lots that serve the Miami County Commissioner's offices and the Miami County Public Library. It is Walker's understanding that existing spaces in County Lot A, Lot D and Lot G, including ten alley spaces, would be absorbed into a proposed parking structure footprint. Furthermore, our understanding is that this would eliminate 80 existing county parking lot spaces serving employees and 21 existing city parking lot spaces.

A free-standing at- and above-grade parking structure built in Troy can be expected to cost between $18,000 and $20,000 per space in 2020 dollars, assuming long-span construction, a footprint that can allow for approximately 340 square feet of floor area per space, and limited architectural treatments. Additionally, soft costs including engineering and design fees, permitting, soil and materials testing, and underwriting costs are estimated at 20 percent of construction costs. Walker has not included land acquisition costs in our analysis. **As an opinion on preliminary probable project costs, Walker estimates $23,000 per space in 2020 dollars.**

Walker presents a concept of a two-bay, two-level structure delivering an overall space efficiency of 342 square feet per space. A total space count of 209 spaces is yielded given this conceptual layout design. For Option 1, a preliminary probable project cost of $4.8 million in 2019 dollars was determined.

It is Walker's understanding that the City will not charge transient or monthly parking rates at the proposed facility. In our preliminary financial analysis, we considered a preliminary five-year operating expense forecast for the 209-space parking structure, assuming no revenues. In year five of operations, **Walker is forecasting a net operating loss of $128,000, before funds are set aside for capital maintenance and debt service repayment (if the modeled assumptions are met).**

Walker estimates the monthly revenue per space needed for break-even to be $225± to meet the anticipated operating expenses, debt service payments, and maintenance reserves. Currently the City does not charge for on-street and off-street parking. The existing market would not generate ample revenues to fund operating expenses, debt service, and ongoing capital expenditures associated with a parking structure. Therefore, a financing approach that does not rely on user fees, but instead other revenue sources, would be required.

A number of financing options represent possible solutions to help fund the proposed parking structure. The following options offer the most promise for successfully reaching a financial closing on a new parking facility:

- Consider the feasibility of federal grant and/or state loan programs to meet a portion of the Project's capital needs;
- Assess the community interest and political will for implementing a Tax-Increment Financing (TIF) district in downtown Troy as was done in Columbus, Ohio's Short North District;
- Weigh the feasibility of a Business Improvement District (BID) or Parking Tax District to support parking capital projects; and
- Consider the implications and feasibility of public financing through general obligation bonds.

01 Existing Conditions

EXISTING CONDITIONS

The following section of this report presents a summary of the existing market conditions in Downtown Troy ("Downtown"), evaluating the parking supply and demand, user groups, market rates, and potential future impacts that will influence parking supply and demand in the Downtown. With an understanding formed of the existing market conditions and probable future changes, a conceptual design is presented for the City's evaluation, including, a preliminary financial analysis of the proposed parking structure.

MARKET ASSESSMENT

Walker conducted field observations and reviewed previous parking studies for the Downtown. Based upon our review, a total of 397 spaces were identified within a 13-block area of the Downtown.

In 2017, *A Parking & Traffic Assessment* was performed for the City of Troy. In the Study, typical peak hour parking-space occupancies of 61 and 72 percent were recorded for on-street and off-street spaces, respectively. Total observed occupancy peaked at 65 percent for the 13-block area, meaning that 35 percent of spaces were vacant during the typical busiest hour, and indicating an overall surplus of total spaces available.

RATES

In our field survey, Walker observed no parking rates within the Downtown. The market for paid parking in downtown Troy does not exist at present. Walker was informed that parking meters were removed with recently-implemented streetscape enhancement projects.

PROBABLE USERS

Current Downtown users include daytime office workers, government employees and visitors, restaurant and retail patrons and employees, professional services employees and clients, and other downtown visitors. These different user groups represent a potential market for paid parking in downtown Troy and a potential market demographic for proposed structured parking.

FUTURE CONDITIONS

Walker reviewed the *Troy Downtown Riverfront Strategic Development Study* (2017) to understand the planning horizon and potential for future redevelopment in the Downtown. The document presents a market analysis for the expansion of residential, commercial office, and retail growth in Downtown over a ten-year period.

The potential development impact was quantified in a matrix presented in the Strategic Development document. The following figure presents the medium-range development impact, not assuming the highest or lowest projection, but the medium range projection, for additional land use quantities to be added to the Downtown.

Figure 1: Troy Downtown Riverfront Strategic Development Horizon – Medium Impact Scenario

	Office (SF)	Retail Space (SF)	Residential Units
Units	4,000	6,400	65

Source: Troy Downtown Riverfront Strategic Development Study (MKSK), 2017

Walker took the proposed land use quantities from the plan and modeled a notional recommended additional parking supply using *Urban Land Institute* (ULI) recommended base ratios. The following figure presents Walker's own calculation based upon the information available.

Figure 2: MKSK Future Development Scenario – Medium Range Impact

Land Use	Units		ULI Base Ratio*		Recommended Supply
Residential	65	x	1.15 per unit	=	75
Retail	6,400 GLA	x	4.0 /ksf GLA	=	26
Office	4,000 GLA	x	3.7 /ksf GLA	=	15
Total Spaces				**=**	**116**

*Urban Land Institute. *Shared Parking*, 3rd Edition.

Source: Walker Consultants, 2019

Walker's modeled development scenario presents a suggested parking supply of 116 additional spaces. Assuming that the plan is followed and the proposed development is built within the next 10 years, a demand for an additional 116 spaces could result. **In the MKSK methodology, authors note, however, that market demand does not always result in construction activity.** The above model should therefore be understood as a hypothetical increase in the need for future parking spaces, assuming that the notional development modeled does not provide its own off-street parking.

Furthermore, assuming the above hypothetical growth modeled, the existing parking system has enough available capacity to absorb a demand for 116 additional spaces. However, total occupancy levels would exceed 85 percent assuming no off-street parking is built for the notional development and the continued service of all existing Downtown parking spaces.

02 Conceptual Design

CONCEPTUAL DESIGN

The following section of this report presents Walker's conceptual design for proposed parking in the Downtown. Here we consider site efficiency, functional design and layout and probable costs for structured parking.

PROPOSED SITES

Walker considered a proposed site for structured parking along W. Water Street and N. Cherry Street and developed two conceptual options. One of the options would remove part of the existing Right-of-Way (ROW) on N. Cherry Street in addition to incorporating existing surface lots that serve the Miami County Commissioner's offices and the County Public Library. It is Walker's understanding that County Lot A, Lot D and Lot G, including ten alley spaces, would be absorbed into a proposed parking structure footprint. Furthermore, our understanding is that this would eliminate 80 existing county parking lot spaces and 21 City employee parking spaces. In addition, the City estimates that approximately 38 employees utilize on-street spaces along N. Cherry Street. Other parking lots within the City of Troy were also identified as lots that may be potentially sold with the intent of moving those spaces into the parking structure. In total, the City estimates that the parking structure would need to replace approximately 197 spaces, which assumes a future loss of County Lots B, C, E and F at an undetermined time.

The following figure depicts the location of these facilities. The proposed parking structure location is circled in blue.

Figure 3: Downtown Parking Lots Owned by City of Troy and Miami County

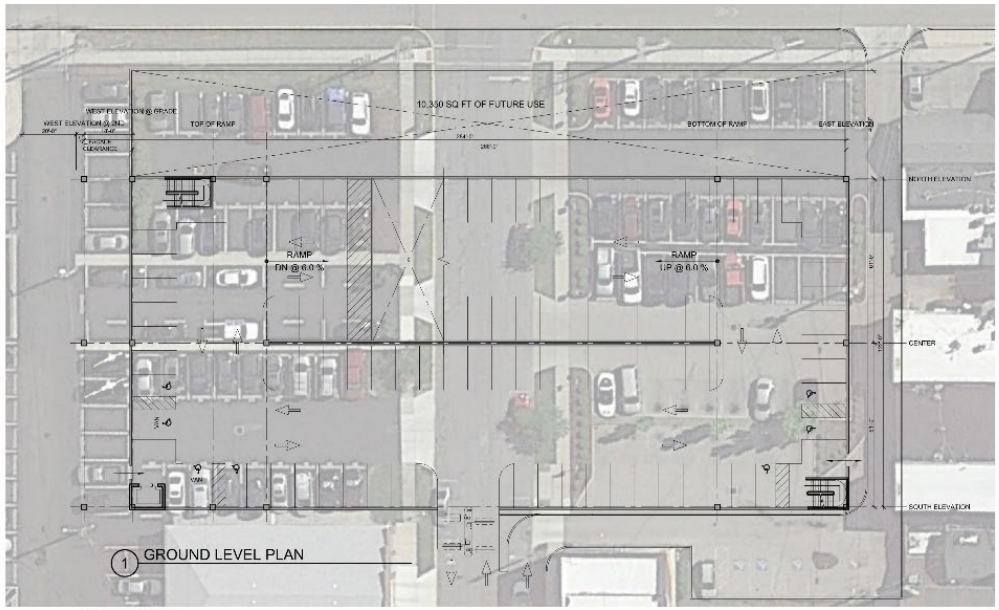
Source: City of Troy, 2019

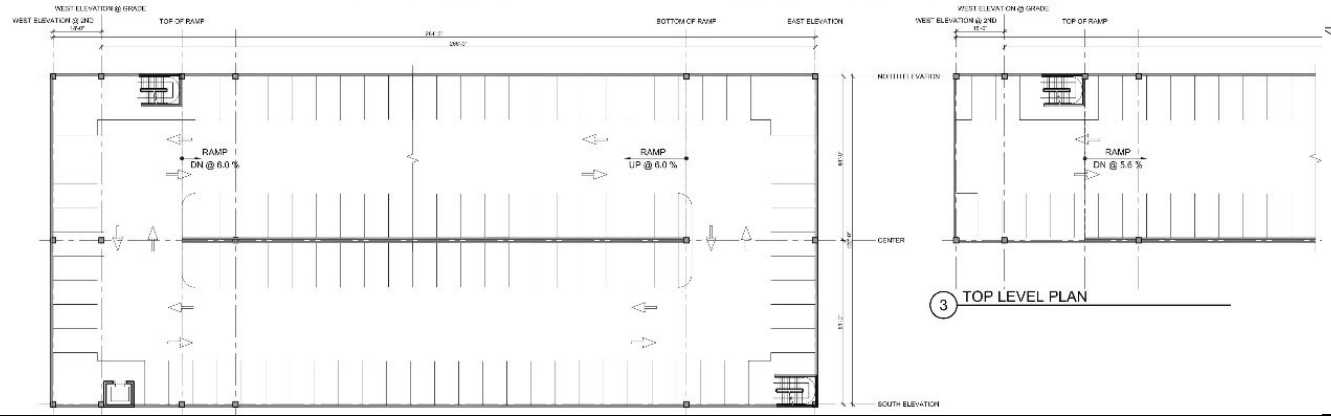
The following subsection presents Walker's conceptual design for the proposed parking structure to be located on the Water Street and Cherry Street block.

FUNCTIONAL LAYOUT

Figure 4 below depicts a 209-space parking structure with future occupied space along Water Street.

Figure 4: Functional Layout – Two-Level, 209-Space Parking Structure



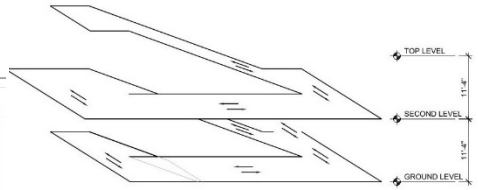


CAR TABULATION

CAR COUNT			
LEVEL	TOTAL COUNT	AREA (SQ.FT.)	EFFICIENCY** (SQ.FT./STALL)
GROUND	87	29,850	343
SECOND	105	33,850	322
TOP	25	7,975	319
TOTAL	217	71,675	330
TOTAL CAR COUNT - 3.5% ADJ***	209	- - -	342

* STALL SIZE 9'-0"
* BAY SIZE 61'-0"
** THE EFFICIENCY CALCULATION IS PRELIMINARY FOR COMPARISON AND WILL CHANGE DURING DESIGN.
*** PERCENT ADJUSTMENT INCLUDES SPACE LOST DUE TO SUPPORT ROOMS AND MISC. DESIGN CHANGES.

ISOMETRIC



Source: Walker Consultants, 2020

The option shown in the previous figure depicts a two-level, two-bay parking structure with a partial ramp overcarriage. A ground floor level with two-way traffic flow with an efficiency of 343 square feet per parking space would yield a total space count of 87 spaces on the ground level. Ingress/egress displayed is located on Cherry Street, showing Cherry Street "dead-ending" into the parking structure. Walker considered 10,350 square feet of future ground floor occupied space at the north side of the subject site along Water Street.

The second floor and ramp overcarriage, based upon given site dimensions and space requirements, can efficiently support 130 spaces with an efficiency of 322 square feet per parking space. **A total car count of 217 spaces is yielded, given a total site efficiency of 330 square feet per space, however, Walker applied an adjustment factor explained below.**

The efficiency calculation is preliminary for comparison and will change during actual design. Walker applied an adjustment factor of 3.5 percent to factor in space lost due to support rooms and miscellaneous design changes. An adjusted total car count of 209 spaces is derived given adjustment assumptions made. Additional rooms such as public restrooms, support spaces (electrical room, storage, mechanical room, etc.), and lobbies are typically included in a parking structure but are not shown in the conceptual drawings.

As shown in the previous figure, the proposed layout would encompass parts of N. Cherry Street which would eliminate that corridor from W. Water Street to W. Main Street. The proposed layout also encompasses the majority of the existing surface lots which limits the ability for horizontal expansion in the future. If parking demand increased in the future, the parking structure could be vertically expanded. Vertical expansions are generally the most disruptive to parking operations during construction. Vertical expansion of the parking structure shown above would require the facility to close for the duration of construction during the expansion.

There are multiple benefits of the proposed garage layout. The structure as shown would not take up the full extent of the existing surface lots, leaving room for future occupied space to be constructed between the parking structure and W. Water Street. It is our understanding that the future occupied space has been proposed as a development goal for the area. Another benefit of this concept is the use of the existing surface lots east of N. Cherry Street. This allow pedestrians easy access to the green space on the northwest side of the roundabout and to the businesses along Market Street and Main Street. Pedestrians would be able to exit the facility and access the green space without having to cross an active roadway. This option would also allow for the inclusion of public restrooms near the greenspace, if desired.

OPINION OF PROBABLE COSTS

Walker was asked to consider probable costs for the proposed conceptual design. Based upon our experience with projects across the regional market we can offer an opinion on probable project costs.

Costs include construction, operations, and maintenance costs and can vary depending upon the local market. For an above-grade parking structure, Walker estimates construction costs to be $18,000 to $20,000 per space for the proposed parking structure assuming a parking structure efficiency of 330± square feet per space with modest architectural treatments and a facility built at- and above-grade on a site the offers "parking-friendly" geometry. **Assuming soft costs to be 20 percent of construction costs estimated, excluding land acquisition costs, total project costs per space would total nearly $23,000.**

The following table displays how costs were calculated for the structural option presented above.

Table 1: Opinion on Probable Project Costs for Proposed Parking Structure

	Spaces		Costs*		
Parking Structure	209	x	$23,000 per space	≈	$4,807,000

*Total cost per space estimates are predicated upon 2020 dollars. Soft costs estimates are assumed at 20 percent of construction costs and are included in the costs shown above.

Source: Walker Consultants, 2020

03 Preliminary Financial Analysis

PRELIMINARY FINANCIAL ANALYSIS

A five-year estimate of operating revenues and expenses was prepared for the proposed 209-space parking structure. Each revenue and expense item has been projected based on Walker's experience using a project-specific revenue and expense model. The financial projections included herein represent the five-year time period beginning January 1, 2022 and ending December 31, 2026.

As of January 2020, the City has expressed a desire to not charge transient or monthly rates in the proposed parking facility. In not charging rates, the City will be foregoing revenue that could be directed towards the maintenance and debt service requirements of a new facility. In order to demonstrate potential revenues that may be realized, we have included the following section of our financial analysis in which we present a scenario whereby rates are collected, and, revenues are not equal to zero. In doing this, we have assumed modest revenue from monthly and transient sources.

APPROACH TO REVENUE PROJECTIONS

There are no established market rates for parking in the Downtown[1]. For purposes of our modeling, Walker has assumed that the City will implement rates at the proposed parking structure. We have also assumed that the City will not implement on-street parking rates. **Free on-street parking stands to affect the financial viability of the proposed project unless its operations and financing do not rely on user fees**. With free on-street and off-street parking, users are more apt to seek out free parking spaces than pay rates inside the parking structure.

The parking demand model projects revenues by estimating a number of transactions by average ticket price, applying a capture rate, and then applying a growth rate and parking rates. Transient parking revenue is determined by projecting the base overall transient demand, which is then is broken down by weekday and weekend demand. This demand is then multiplied by a projected average ticket price, which is based on both the proposed rate structure and assumed average length of stay. Future anticipated growth is then applied to each subsequent year.

Similar to transient parking revenue, monthly revenues are determined by three variables: projected leases sold, the lease parking rate, and demand growth. Typically, it is in the best interest of a parking facility owner to maximize the available parking spaces and not reserve or dedicate spaces that cannot be sold more than once.

REVENUE ASSUMPTIONS

The following assumptions were made in the operating revenue projections for the proposed parking structure:

1. The Project will be open to patrons effective January 1, 2022.
2. Revenues will come from hourly, monthly, and special lease-arranged spaces.
3. The City will not implement paid on-street parking.
4. This analysis assumes that the proposed parking structure will be aggressively marketed, signed for public use, and competently managed with a goal to maximize parking revenues.

[1] Formerly, less than five years ago, the City of Troy operated parking meters that required a $0.25 per hour payment up to a $2 daily maximum for parking in the N. Cherry St. parking lot or S. Mulberry St. parking lot.

5. On average, market rates increase at the rate of 2.5% annually. A 2.5% annual inflator is applied to the current base year of 2019 and adjusted at 2.5% annually through the five-year projection period which begins January 1, 2022 and ends December 31, 2026.
6. Fifty monthly leases are assumed to be sold. These are suggested to be sold at a monthly rate of $20 (2020 dollars), plus an adjustment for inflation at 2.5% annually.
7. The average transient user will park for an average of 2 hours at a rate of $1 per hour.
8. It is assumed that 1,300 weekday transient cars (5 per weekday on average) are parked on an annual basis at an average ticket price of $2 (2020 dollars).
9. It is assumed that 1,480 weekend transient cars are parked on an annual basis at an average ticket price of $2 (2019 dollars). This assumes and average of 185 cars per weekend day during four event weekends out of the calendar year including the Troy Strawberry Festival, Holiday Tree Lighting and other special events.
10. An average credit card fee of 2.5% and collection loss of 1% are subtracted from the operating revenue.
11. It is assumed that the garage will not be fully utilized to the levels stated in the above assumptions until year five of operation (2026). The revenue projections include an absorption percentage to account for increasing amounts of monthly and transient parkers until year five at which time the assumptions stated above are realized.

OPERATING EXPENSE ASSUMPTIONS

1. Revenue collection is fully automated.
2. A local commercial parking operator is hired on a management fee basis at the equivalent rate of $22,000 annually (2020 dollars). The management contract is cancelable with a 30-day notice and the management fee is due monthly.
3. The parking operator's expenses fall within industry norms and are fully reimbursable to be paid by City.
4. Personnel include one-half a full-time-equivalent (FTE) in the following categories assigned to the project: facility manager ($28/hour)and porter ($11/hour) expressed in 2020 dollars.
5. Benefits are calculated at 35% of hourly wages.
6. The following expenses are budgeted on a per space basis in 2020 dollars and adjusted upward at the rate of 2.5% annually.
    a. Utilities, $38
    b. Maintenance and repairs, $40
    c. Materials and supplies, $25
    d. Insurance and judgments, $25
    e. Other/miscellaneous, $10
    f. Professional fees, $15
7. Excluded are local property taxes.

In addition to operating expenses**, Walker highly recommends that funds be set-aside on an annual basis to cover structural maintenance costs. We suggest no less than 1% of initial project costs be set aside and adjusted to account for inflation.** Figure 6 includes the recommended repair and maintenance fund as a sinking fund calculated at 1% of probable construction costs.

Figure 5: Parking Revenue and Expense Projections – A 209- Space Parking Structure

209 Spaces									
				1	2	3	4	5	
	Base Year	construction							
	2020	2020	2021	2022	2023	2024	2025	2026	
Absorption				*50%*	*60%*	*70%*	*80%*	*90%*	
Revenue									
CAGR			*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*
Monthly Rate	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Transient - Weekday	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Transient - Weekend	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Gross Operating Revenues				$ -	$ -	$ -	$ -	$ -	$ -
Less Collection and Loss (1%)				$ -	$ -	$ -	$ -	$ -	$ -
Less Credit Card Fees (2.5%)				$ -	$ -	$ -	$ -	$ -	$ -
Less Operating Expenses				$ 118,000	$ 120,000	$ 123,000	$ 127,000	$ 128,000	
NOI				**$ (118,000)**	**$ (120,000)**	**$ (123,000)**	**$ (127,000)**	**$ (128,000)**	
Estimated Annual Debt Service				$ (336,000)	$ (336,000)	$ (336,000)	$ (336,000)	$ (336,000)	
Sinking Fund				$ (47,000)	$ (48,000)	$ (49,000)	$ (50,000)	$ (51,000)	
NOI After Debt Service and Reserve Fund				**$ (501,000)**	**$ (504,000)**	**$ (508,000)**	**$ (513,000)**	**$ (515,000)**	

Source: Walker Consultants, 2020

Walker models that by Year Five, the parking structure is anticipated to have a net operating loss of $128,000, before funds are set aside for capital repairs and replacements, if the forecasted assumptions are met.

Assuming an annualized debt service repayment of $336,000, with 100 percent of the project financed at a 5 percent interest rate over an amortized period of 25 years, by Year Five, a net operating loss after debt service and the funding of maintenance reserves, is estimated at $515,000. It is our understanding that parking rates will not be charged at this facility.

Based on the desire to not charge fees in the garage, no revenues are shown in Figure 5 above. Walker also evaluated a scenario in which the public was charged for parking in the garage while street parking within the City remained free. Using the assumptions listed in the revenue section above, approximately $19,000 in revenue could be realized by Year Five of operations.

It is common for municipal parking programs to pool revenue sources together to meet the monthly debt service and maintenance requirements of a new facility. These operating budgets typically include a stream of revenues collected from a variety of sources, including the following:

- Monthly leases (if charged)
- Parking meter revenues (if meters are implemented)
- Transient parking revenues (if rates implemented)
- Parking violations revenues

Although revenues generated by a new structured parking facility may not be sufficient to fund both the operating expenses and debt service of the aforesaid facility, revenue pooled together can sometimes generate an income stream that permits the solvency of the parking structure. The City of Troy is an important partner in the process because it controls on street parking, now available at no charge.

If user fee revenue sources are not realized, the financing of the parking structure is left to public sources with the annual debt service and maintenance costs dependent upon the general funding of local governments. Many communities do not have the financial capacity or political will to bear these costs directly.

Given the significant community investment a parking structure represents, Walker is including the following section, which outlines potential financing options, for informational purposes.

04 Parking Structure Financing Options

PARKING STRUCTURE FINANCING OPTIONS

Most structured parking facilities are not self−supporting. By this, we mean that operating revenues are insufficient to cover operating expenses and debt service. Because of this reality, it is often not possible for an owner to obtain 100 percent financing on their parking project without subsidies of some kind. There are a number of proven strategies that have been successfully used to fund parking facility capital projects. Approaches used to finance parking projects include federal and/or state grants, tax−increment financing, taxes from business improvement districts or parking tax districts, and net revenues from other facilities or parking assets, including meters and/or parking citations income.

Walker examined grant and loan options at both the state and federal levels. Our findings have been documented in the following sections. Also, Walker looked at alternative funding measures should the proposed project be unable to obtain grant or loan funding.

The following are ways public infrastructure is often funded:

1. ***Tax Supported*** - this funding mechanism is entirely supported by taxation.
2. ***Self-financed*** - this applies to infrastructure provided on a user fee basis with fees sufficient to provide up-front and ongoing costs.
3. ***Public/Private*** - this combines both funding through taxation and user fees where the taxation subsidizes user costs.
4. ***Grants or Loans*** - supported by federal, state and local partners.

US DOT SURFACE TRANSPORTATION PROGRAM (STP)

The Surface Transportation Program is one of the main sources of flexible funding available for transit or highway purposes. These funds may be used (as capital funding) for public transportation capital improvements and/or fringe and corridor parking facilities. State and local governments are eligible.[2]

ODOT STATE INFRASTRUCTURE BANK LOAN PROGRAM

Eligible borrowers include any public entity such as political subdivisions, state agencies, boards, or commissions, regional transit boards, and port authorities. Transportation or infrastructure facility projects are eligible but must have a local government sponsor to receive funding. The loan must go to a public entity and be pledged to be paid back with public funds. Non-Title 23 projects receive support from the General Revenue Fund (GRF).[3]

[2] US DOT. https://www.fhwa.dot.gov/specialfunding/stp/ (accessed September 08, 2019)

[3] ODOT. http://www.dot.state.oh.us/Divisions/Finance/SIB%20Information/Loan%20Program%20Policies%20and%20Guidelines.pdf (accessed September 08, 2019)

CASE STUDY: SHORT NORTH TIF DISTRICT COLUMBUS, OHIO

The Short North TIF district was created by the City of Columbus to solve the parking shortage in the Short North District.

Figure 6: Short North District, Columbus, Ohio

Source: shortnorth.org, 2019

A Tax Increment Finance (TIF) district may be comprised of specific private parcels or a political body may create an "incentive district" TIF. According to state code[4] TIF is an economic development tool available to municipalities in the state of Ohio with the basic requirements being that the district can be no larger than 300 contiguous acres with the area exhibiting one or more characteristics of "economic distress." Another legal source provides this brief description of the mechanism by which a TIF operates:

> *A TIF redirects the real estate taxes arising from the incremental increase in the value of the TIF District due to the construction of private improvements within the TIF District (i.e. the real property's value prior to construction of the private improvements versus its value after construction) to pay for the costs of the public infrastructure improvements. Since the incremental increase in the value of the TIF District is exempted from the real property taxes, the developer instead makes "service payments in lieu of taxes" (Service Payments) to the county treasurer in an amount equal to the real property taxes that otherwise would have been due if the incremental increase in the value of the TIF District had not been exempted through the TIF. The Service Payments may also be used to pay debt service on bonds issued by a public entity or port authority to finance public infrastructure improvements.*[5]

[4] Ohio Revised Code §§ 5709.40, 5709.73 and 5709.78 Tax Increment Financing. https://ohioauditor.gov/trainings/lgoc/2010/Tax%20Increment%20Financing%20and%20Residential%20Incentive%20District.pdf (accessed September 08, 2019)

[5] http://www.thompsonhine.com/publications/tax-increment-financing (accessed September 09, 2019)

In the case of the Short North District, The Columbus-Franklin County Finance Authority issued nearly $10 million in bonds to finance a 250-space public parking structure. According to a 2012 press release, "the garage supports E.W. High Street's $22.6 million investment in the Hubbard- a 72-room apartment building that will include retail space and the parking garage" located at the corner of High Street and East Hubbard Avenue. In addition to issuing bonds to finance the parking structure, the Finance Authority retains ownership of the parking structure with parking structure debt to be repaid with tax increment revenues from the Short North TIF district.

BUSINESS IMPROVEMENT DISTRICTS

A Business Improvement District (BID) can be another model for the construction and management of parking assets. A BID is a defined geographic area in which the cost of services, activities, and programs are funded through a special assessment which is charged to all members within the district to equitably distribute the costs and benefits of services provided. BIDs can be established through enabling legislation at the state and local levels. Typical services include clean and safe programs, but in some instances, BIDs actively manage parking in business districts and downtowns.

PARKING TAX DISTRICTS

A parking tax district typically addresses a narrow selection of issues directly related to parking. In this arrangement, a parking tax is typically applied on an assessed value basis or as a fee per space basis based on zoning parking requirements. There are several parking tax districts located in the states of California, Maryland, Nebraska, and Oregon, with the majority of parking tax districts concentrated in California. As an example, here is how Montgomery County, Maryland operates a parking tax district:

> **Montgomery County, Maryland** − Parking District Services of Montgomery County manages parking districts in Bethesda, Montgomery Hills, Silver Spring, and Wheaton. Some of the tasks performed by Parking District Services are the management of off− and on−street parking facilities within its districts. Parking District Services is responsible for revenue collection and control, maintenance, safety and security, the funding of parking facility capital improvements, and ongoing operating and maintenance expenses. To generate the funding necessary for ongoing parking operations, each parking district collects taxes based on the assessed value of land and improvements.

A similar tax for unimproved non−residential properties is taxed at 50 percent of the improved rate. Several exemptions or percentage reductions from the tax are provided by the ordinance. For example, public off−street parking lots and facilities are exempt from the tax, provided that this parking is made available for general public use, or for the use of the customers of the establishment for which the exemption is claimed.

Any property owner or lessee who provides the entire zoning requirements for parking is exempt. Property owners providing a portion of their parking are exempt from a portion of the tax bill in accordance with a formula that varies depending on the land use. For example, if a "retail establishment" provides between 60% and 99.9% of the general retail zoning parking requirement, the credit is 60%. At less than 60%, the credit is zero. At 100% or more, the property is exempt.

GENERAL OBLIGATION BONDS

General obligation bonds will obtain the lowest possible interest rate or cost of borrowing for any given municipality. Because the full faith and credit of the municipality is pledged to such bonds, the rate of interest will reflect the best that the community has to offer. The primary way for a municipality to improve on its own full faith and credit pledge to a bond issue is to purchase municipal bond insurance.

The following definition of general obligation bonds is offered by www.emuni.com glossary: "General Obligation (G.O.) Bond. A bond secured by a pledge of the issuer's taxing powers (limited or unlimited). More commonly the general obligation bonds of local governments are paid from ad valorem property taxes and other general revenues. G.O. bonds are generally considered the most secure of all municipal debt.

Care must be taken when issuing general obligation bonds to finance parking facilities. The public purpose provisions of the tax law must be observed to preserve the tax−exemption of the bond issue. Moreover, the issuance of general obligation bonds results in at least one significant implication. Most states have laws that restrict the amount of general obligation debt that can be issued by municipalities. General obligation bonds count towards the outstanding statutory debt of the municipality. Therefore, prior to issuing general obligation bonds for a parking project, the municipality must determine whether the available bonding capacity is sufficient to fund the parking project and also to support any outstanding bonding requirements which the community may be facing. Other competing priorities may dictate that the municipality's management must seek parking project funding other than general obligation bonds. Walker is not aware of an evaluation of the City of Troy's bonding capacity.

REVENUE BONDS

When revenue bonds are issued to finance a parking project, the bond issuer pledges to the bond holders the revenue generated by the parking project or a series of parking assets. Revenue bonds are payable only from specifically identified sources of revenue, including pledged revenues derived from the operation of the financed parking facility or system, grants, and excise or other taxes. Parking revenue bonds secured solely by the revenues from a single, stand−alone, municipality−owned parking facility are acceptable at a reasonable tax−exempt rate only when irrefutable evidence is presented to indicate the existence of a stable demand generator that is anticipated to produce suitable debt service coverage from net revenues.

Municipalities and other public organizations often benefit from issuing parking revenue bonds since the full faith and credit of the issuer is not pledged. However, revenue bonds traditionally carry a higher interest rate than general obligation bonds. Revenue bonds also differ from general obligation bonds in that general obligation bonds are backed by a city's ability to levy taxes. In comparison, user fees back revenue bonds. Special authorities are frequently created for the purpose of issuing parking revenue bonds. **Because the market for paid parking in Troy does not exist, parking revenues do not exist for a financial services firm to underwrite parking revenue bonds.**

The following table provides a summary of the options presented above and recommendations for follow-up.

SUMMARY OF FINANCE OPTIONS

Name of Option	Type of Option	Recommended for Follow-Up
US DOT STP Program	Federal Grant	Yes; although grants are highly competitive and would require a local govt. sponsor
ODOT Loan Program	State Loan Program	Yes; but a local govt. sponsor is required
TIF Financing	Local Govt. Tool	Yes; recommended for further investigation to quantify interest from local business community and government
General Obligation Bonds	Local Govt. Tool	Yes; if the City has bonding capacity and the political will; could represent a low cost of capital; lower than conventional debt financing
Revenue Bonds	Local Govt. Tool	No; parking revenues are insufficient to support revenue bonds
Business Improvement District	Local Govt. Tool	Yes; recommended for further investigation to quantify interest from local business community
Parking Tax District	Local Govt. Tool	Yes; recommended for further investigation to quantify potential funding and political will

Source: Walker Consultants, 2019

05 Statement of Limiting Conditions

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This report and conclusions are subject to the following limiting conditions:

1. This report is based on some assumptions that are outside the control of Walker Consultants ("Walker") and/or our client. Therefore, Walker does not guarantee the results.
2. The results and conclusions presented in this report may be dependent on future assumptions regarding the local, national, or international economy. These assumptions and resultant conclusions may be invalid in the event of war, terrorism, economic recession, rationing, or other events that may cause a significant change in economic conditions.
3. Walker assumes no responsibility for any events or circumstances that take place or change subsequent to the date of our field inspections.
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5. This report is to be used in whole and not in part. None of the contents of this report may be reproduced or disseminated in any form for external use by anyone other than our client without our written permission.
6. The projections presented in the analysis assume responsible ownership and competent management. Any departure from this assumption may have a negative impact on the conclusions.
7. This report presents conceptual financial information that is intended to provide an order-of-magnitude assessment of parking revenues, expenses and relative costs. Computer models that use and generate precise numbers generate some of the figures and conclusions presented in this report. The use of seemingly exact numbers is not intended to suggest a level of accuracy that may not exist. A reasonable margin of error may be assumed regarding most numerical conclusions. Conversely, some numbers are rounded and as a result some conclusions may be subject to small rounding errors.
8. This report was prepared by Walker Consultants. All opinions, recommendations, and conclusions expressed during the course of this assignment are rendered by the staff of Walker Consultants as employees, rather than as individuals.