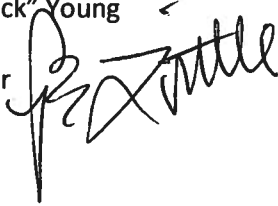


TRANSMITTAL MEMO

TO: Council President Bernard "Jack" Young
FROM: Peter Little, Executive Director
DATE: September 19, 2014
RE: Council Bill 14-0425



I am herein reporting on City Council Bill 14-0425 introduced by Council President Young, at the request of the Administration, Parking Authority of Baltimore City.

The purpose of this bill is to authorize the Mayor and City Council of Baltimore to sell, at either public or private sale, all its interest in certain properties, with parking structures, known as 11 South Eutaw Street (Ward 04, Section 10, Block 0655, Lot 008A), 22 South Gay Street (Ward 04, Section 11, Block 1350, Lot 012), 101 South Paca Street (Ward 04, Section 09, Block 0666, Lot 002), and 210 Saint Paul Place (Ward 04, Section 01, Block 0608, Lot 014); and to provide for a special effective date.

The Baltimore City Parking Authority has reviewed the proposed legislation, understands its intent, and recommends the sale of these four garages for several reasons:

- **Sellers Market** - There are many firms and partnerships looking to invest private equity in parking facilities at this time, creating a "sellers market" for these assets. As a result, the City will likely receive the highest possible value for these garages in the current market.
- **Financially Prudent** - A financial analysis performed by the City's Finance Department shows that the net present value of the sale of the four garages exceeds the expected net cash flow to the City from continued ownership.
- **Evaluation** - These four garages met the following criteria:
 - Is the garage and land actually owned by the City?
 - Is the garage in an area that is fully developed (i.e. "mature")?
 - Is the garage in an area where there is not a delicate balance between residential parking and business/visitor parking?
 - Is the garage one that the City is not/may not be considering for razing in order to redevelop the site for other purposes?
 - Is the garage one that does not provide a significant amount of parking for City agency, or City quasi-governmental agency, staff parking?
 - Is there no significant financial "upside" that could be realized through continued control of the garage?
 - Could the monetization of this garage provide a significantly positive return for the City?

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- **Stable Parking Rates** – For the past 12 years, the Parking Authority has focused on improving the appearance, service, operations, and systems of the garages, increasing their performance by creating greater demand. With the increased demand, we have been able to increase parking rates at these garages to market rates while remaining at or near capacity. With multiple competing garages within a three block radius of each of these four garages it is unlikely the rates will be increase dramatically if the garages are sold. To do so would only drive the parkers at these garages to neighboring competitors.
- **Shedding Risk** - Sale of these garages would shed risk associated with their continued ownership:
 - Risk due to personal injury or vehicle damage claims
 - Risk that operating expenses may rise precipitously
 - Risk that parking demand and revenue may decrease
- **Parking Authority Focus** – A great deal of Parking Authority resources are required to carefully oversee the operation of each City-owned garage requires. Sale of these four garages would allow the Parking Authority to reallocate those resources to initiatives that are helping to solve parking problems while also producing significant returns on investment to the City.

The Board of Directors of the Parking Authority approved the recommendation of the sale of these four garages at its meeting on July 22, 2014. It was our initial recommendation that the City explore the potential sale of these four garages. After exhaustive analysis of the possible sale, it is our recommendation that the City sell these select garages. Therefore, we support the passage of City Council Bill #14-0425.