

City of Biddeford
City Council - Workshop
September 10, 2019 6:00 PM Little Theater @ Biddeford High School
Maplewood Avenue, Biddeford

Roll Call

Pledge of Allegiance

Adjustment(s) to Agenda:

1. Workshop Discussion Items

1.1. Parking Garage

[One-Page Garage Summary](#)

[Garage FAQs](#)

[Copy - August 27 Garage Workshop Presentation](#)

Public Hearing: Citizens will have 3 minutes to share their comments with the Council {NOTE: all information and documents related to the Parking Garage are available on the City's website: www.biddefordmaine.org/parkinggarage}

Adjourn



CITY OF
BIDDEFORD



Biddeford
Innovation,
Inc.

Proposed RiverWalk and Parking Solutions

The City Council is considering a proposal from Biddeford Innovation, Inc. to build a 640-space parking garage and expand the RiverWalk and pedestrian connections. The purpose of the project is to reduce the property tax burden for residents and provide parking for current and planned development in the downtown and Mill District. **No property tax dollars will be used to pay for this project, and the tax rate will not increase due to this project.** A City Council Workshop on the proposal will be held on Tuesday, September 10 at 6:00 p.m. in the City Hall Council Chambers. Community members who attend will have the opportunity to share their comments on the proposal with the Council. The Council is expected to vote on the proposal at their September 17 meeting.

If the proposal is approved, Biddeford Innovation, Inc. will design, build, and manage the parking garage. The City will contribute to the project through two sources. The first is through annual payments from the City's TIF. Money in the TIF fund comes from sheltered property tax payments from businesses and developments in the Mill District – NOT from residential property taxpayers. The second source is revenues from the parking garage and parking lots. If parking revenues are less than expected, the City can make up the difference by collecting payments from surrounding properties in the Mill District, adjusting parking rates, or a combination of the two. If revenues are more than expected, the City will receive the benefit.

All on-street parking will remain FREE. During construction of the garage, rates for parking in surface lots will not increase. Once the garage is completed, rates for parking in the structure will be the same as surface lots. Under the proposal, Biddeford Innovation, Inc. would also assume management of surface lots in the downtown area.

A parking garage is important to our community to promote continued downtown and Mill District development. This matters to taxpayers because new development makes buildings and properties more valuable. More valuable buildings pay more property taxes to the City, which helps stabilize the property tax rate. The construction of the garage is expected to provide the City of Biddeford an additional \$16,407,604 in property taxes in the first 10 years of operation and a net benefit of \$39,772,744 over the 25 year lifetime of the agreement.

For more information, please visit www.biddefordmaine.org/parkinggarage.

PROPOSED RIVERWALK and PARKING SOLUTIONS

between the

CITY of BIDDEFORD

and

Biddeford
Innovation
Inc.



The City of Biddeford has seen a wave of unprecedented growth and entrepreneurialism in its downtown over the past five years. Development in Biddeford's urban core and Historic Mill District is particularly intense at this time, with multiple new development projects planned to begin in the next 12 to 18 months.

However, the historic downtown area was designed in the 1800s and lifestyles have changed significantly since that time. Today, most people travel by car to get to their destination. Even though there is a large amount of real estate capacity for continued growth, there is a shortage of available parking for patrons and employees of possible new developments. The community's infrastructure needs must be met in order to continue to attract additional business activity to Biddeford.

Project Overview

The Biddeford City Council is considering entering a Joint Development Agreement with Treadwell Franklin Infrastructure Capital (TFIC) and James W. Sewall Company (Sewall) to:

- Create and establish Biddeford Innovation, Inc.
- Provide up to \$3 million to complete the next phases of the RiverWalk/pedestrian improvements without the use of residential property tax dollars.
- Design, build, finance, operate and maintain a parking garage on the 3 Lincoln Street property without the use of residential property tax dollars.
- Manage the surface parking lots within the downtown area.

A City Council Workshop on the proposal will be held on Tuesday, September 10 at 6:00 p.m. in the City Hall Council Chambers. Community members who attend will have the opportunity to share their comments on the proposal with the Council. The Council is expected to vote on the proposal at their September 17 meeting.

This project will not cause the property tax rate to increase or use residential property tax dollars.

What are the highlights of this proposed project?

- ✓ 640-space parking garage built on the 3 Lincoln Street property without the use of residential property tax dollars.
- ✓ Completion of the RiverWalk and improved pedestrian connections without the use of residential property tax dollars.
- ✓ Provides a safe and reliable long-term solution to parking congestion issues in Biddeford, supporting local businesses, tourism and the community.
- ✓ Allows the City to work with a private firm with expertise in parking to develop and operate the parking garage while maintaining control over decision making.
- ✓ Provides for economic benefits to remain with the City.
- ✓ Certainty of timing and completion of the parking structure and RiverWalk.
- ✓ No impact on City bonding capacity.
- ✓ Facilitates continued Mill District and downtown development.

How does a parking garage help property taxpayers?

A parking garage promotes continued Mill District and downtown development. This matters to the average property taxpayer because new development makes buildings and properties more valuable. More valuable buildings contribute significantly more to the property tax base, which helps stabilize the tax rate. In fact, the construction of the garage is expected to provide the City of Biddeford an additional \$16,407,604 in property taxes in the first 10 years of **operation and a net benefit of \$39,772,744 over the 25 year lifetime of the agreement.**

How will the garage be paid for? Will residential property tax dollars be used?

No residential property tax dollars will be used to fund this project.

Biddeford Innovation, Inc. will provide the up-front financing to build and operate the parking garage. The City will make pre-determined annual payments to Biddeford Innovation, Inc. over a 25-year period. These payments will be made from the Mill District TIF (Tax Increment Financing) fund. Money in the TIF fund comes from sheltered property tax payments from businesses and developments in the Mill District. The second source of payments for the garage will be the revenues that are received from users who park in the garage and municipal surface lots.

Will this agreement affect free on-street parking?

No. On-street parking will remain **free** and under the management of the City of Biddeford.

How much will the parking garage cost to build? 4

The cost of construction is estimated at \$22,297,150. The price will be confirmed by a formal bidding process and will be capped at \$24,631,350. These costs will be paid by payments from the TIF and parking revenues.

How were the revenue projections calculated? What happens if the garage doesn't generate as much revenue as expected?

The projections for revenues are calculated conservatively by a consultant. They are based on the parking demands of the surrounding buildings and development projects that have recently been announced. Even with these conservative projections, the parking demand on the site is expected to exceed the 640-space garage.

If the garage does not generate as much revenue as is projected, then the City will pay the difference and collect payments from property owners in the proposed Special Assessment District. The Special Assessment District includes the properties that surround the 3 Lincoln Street site. Funds will be collected from the property owners in the Special Assessment District only if revenues fall below 90% of projections. This mechanism is in place to ensure that no residential property tax dollars will be used for this project and that mill owners have an incentive to move forward with successful projects.

What happens if the garage generates more revenue than projected?

If revenues exceed 110% of projections, the City will receive all extra revenues until upfront expenses have been repaid. When that point is reached, the City would then receive \$0.90 of each dollar of additional benefits and Biddeford Innovation, Inc. would receive the remaining \$0.10 of each dollar. Any revenues that are received will be placed in a Special Revenue Fund that would be used for parking-related expenses.

What will it be like to park in the garage?

The garage will have 640 spaces. It is expected to open in 2021. For the first two years it is open, the costs to park in the garage are projected to be the same as current costs to park in the downtown parking lots. The hourly rate and the monthly rate for both the garage and the surface parking lots will see planned adjustments as time goes on.

Hourly Rate Information

Years 1-3: \$2/hour
Years 4-8: \$2.50/hour
Years 9-13: \$3/hour
Years 14-18: \$3.50/hour
Years 19-23: \$4.25/hour
Years 24+ \$5.00/hour

Monthly Permit Rate Information

Two types of parking permits will be offered: a Daytime monthly permit or a 24/7 monthly permit.

For the first two years that the garage is open, permits will be sold at the current rate for the surface parking lots (\$55 for a daytime permit and \$70 for a 24/7 permit).

Starting in Year 3, prices will increase by \$2 - \$3 per month each year.

The City will have the ability to review and “buy down” rate increases if city officials determine that rates are set too high. The City may also add reasonable cost increases above the rates that are currently set if they should be needed to keep up with demand.

What happens to the surface lot parking permit program if the City enters into this agreement?

Under the proposed agreement, Biddeford Innovation, Inc. will take over the management of the following surface lots in the downtown area:

- Downtown (Yellow) Lot – between Washington and Alfred Streets • Washington Street (Red) Lot • Federal/Franklin Street (Green) Lot • Foss Street (Purple) Lot • Alfred Street (Blue) Lot • Gas House (Maroon) Lot • Wastewater Treatment Plant (Brown) Lot

The City will continue to have input on how the surface lots are operated, and Biddeford Innovation, Inc. will operate the parking program with the City's goals and agreements in mind. This includes maintaining the free surface lot parking spaces that support local downtown businesses. The City's Downtown Committee will also continue to meet to address the needs of the downtown community.

Rates, hours and practices will be consistent across all the lots and garage. The City and Biddeford Innovation, Inc. have agreed that parking costs in the surface lots will not go up during the garage construction period.

Who will handle operations, maintenance and enforcement?

Biddeford Innovation, Inc. will hire a qualified operator through a competitive bidding process to manage the operation and maintenance of the parking garage and surface parking lots. The operator will face penalties if goals and operational standards are not met.

How will the Riverwalk expand as part of the project, and why is it included in the proposal?

Once completed, the RiverWalk will connect from Mechanics Park to the 3 Lincoln Street property. The construction of the RiverWalk provides additional pedestrian connections between the parking structure and other areas of the downtown.

What happens at the end of the agreement?

The agreement will last for 25 years. After 10 years, the City will have three options:

- Continue with the agreement through Year 25
- Purchase the garage from Biddeford Innovation, Inc.
- Sell the garage

If the City chooses to continue the agreement until Year 25, it will take over ownership of the garage at the end of the term at no cost.

Where can I get more information?

Additional information about this project is available on the City of Biddeford website at www.biddefordmaine.org/parkinggarage. In addition, once the project is approved, Biddeford Innovation Inc. will launch a website that will provide constant updates on the project and operations.

Biddeford Innovation Project Team:



- **Lead Project Developer**
- Developer/Owner of infrastructure assets and infrastructure service companies.
- Focus on Municipal and Institutional infrastructure.
- Financial Arranger / Advisor



- **Construction and program management expertise.**
- 140-year old iconic Maine engineering company, with GIS, Survey, Civil engineering and traffic planning capabilities.
- Acquired by TFIC in May 2018.



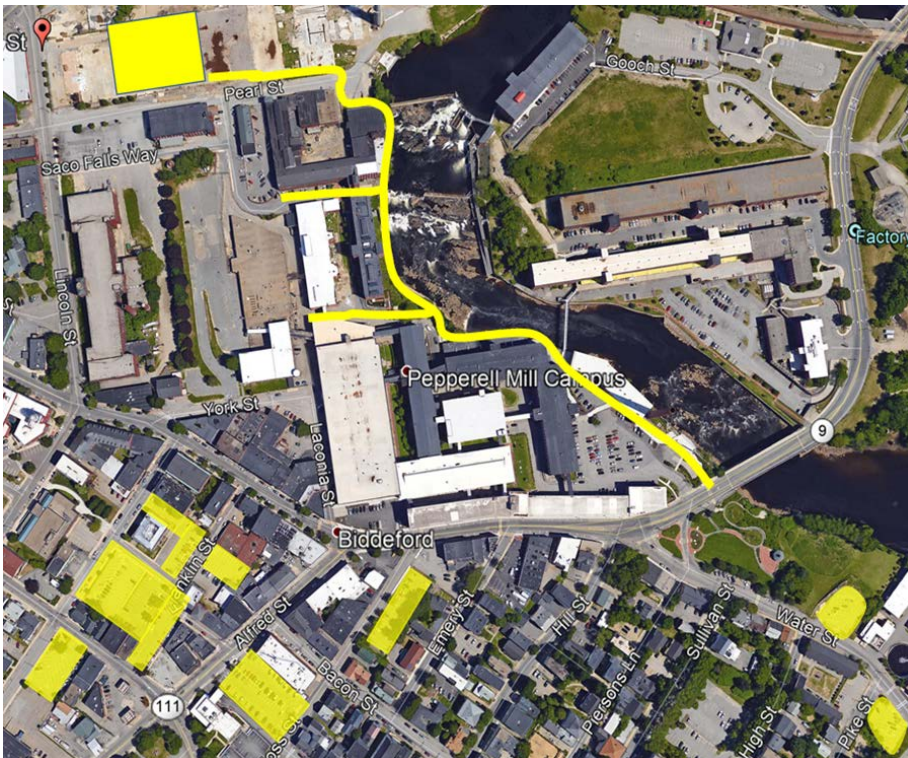
- **Engaged to conduct Market Study / Feasibility Analysis**
- Established 1973 as professional corporation focused on parking and transportation planning.
- More than 100 professional employees, with more than 5000 projects completed to date.



- **Equity Sponsor**
- Over \$10 billion in assets under management.
- Infrastructure real asset investor manager focused on: Real Estate, Infrastructure & Sustainable Energy
- More than 135 projects completed. 20-year history
- Long-Term partner with buy and hold strategy



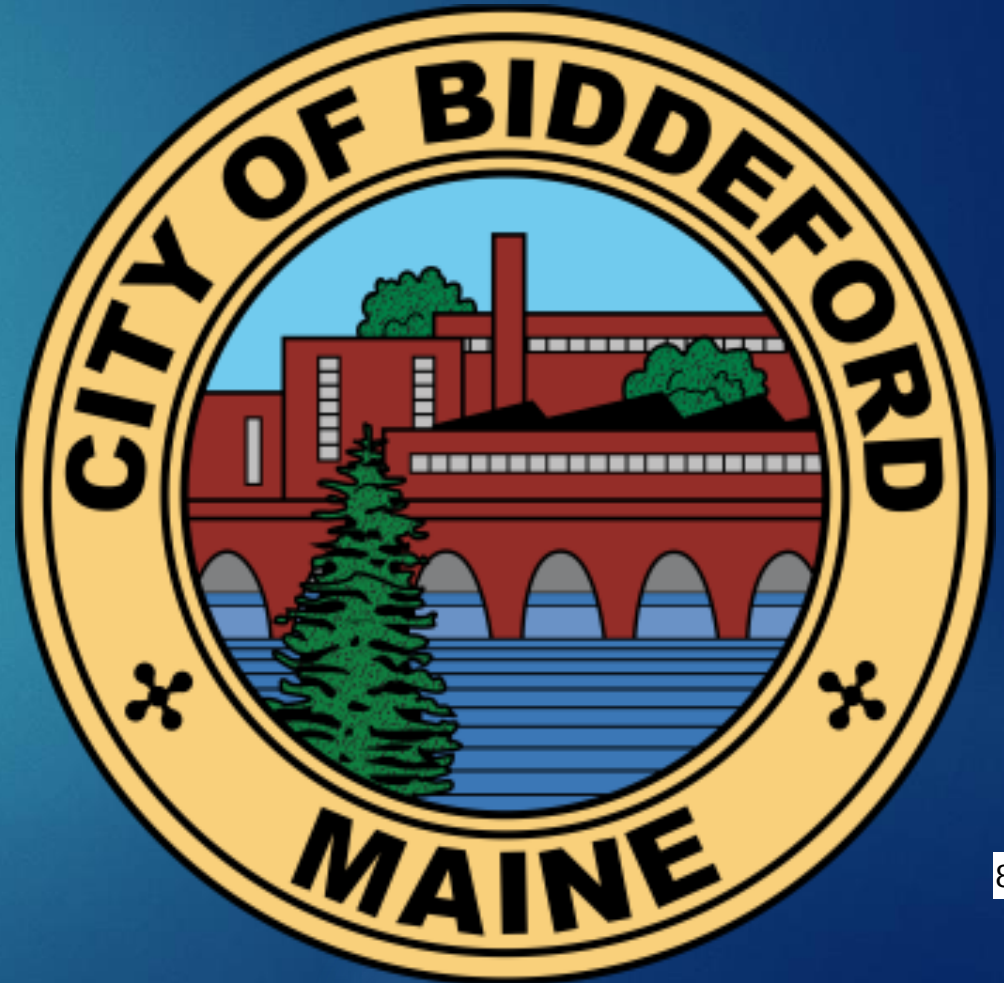
- **Project Debt Provider**
- Experienced Lender
- Selected based on price and deliverability



Biddeford Innovation Inc. will provide consistent, safe and reliable parking service to the Mill District and Downtown, and all connected by the completed Riverwalk!

City Council Workshop: Parking Garage Private Finance Option

AUGUST 27, 2019



Why a Parking Garage?

Economic Activity

Jobs



Growth In Taxable
Property

TIF = funds used by
city for city purpose
CE (credit
enhancement)=
payment to
developer

Increase in TIF*
Revenues

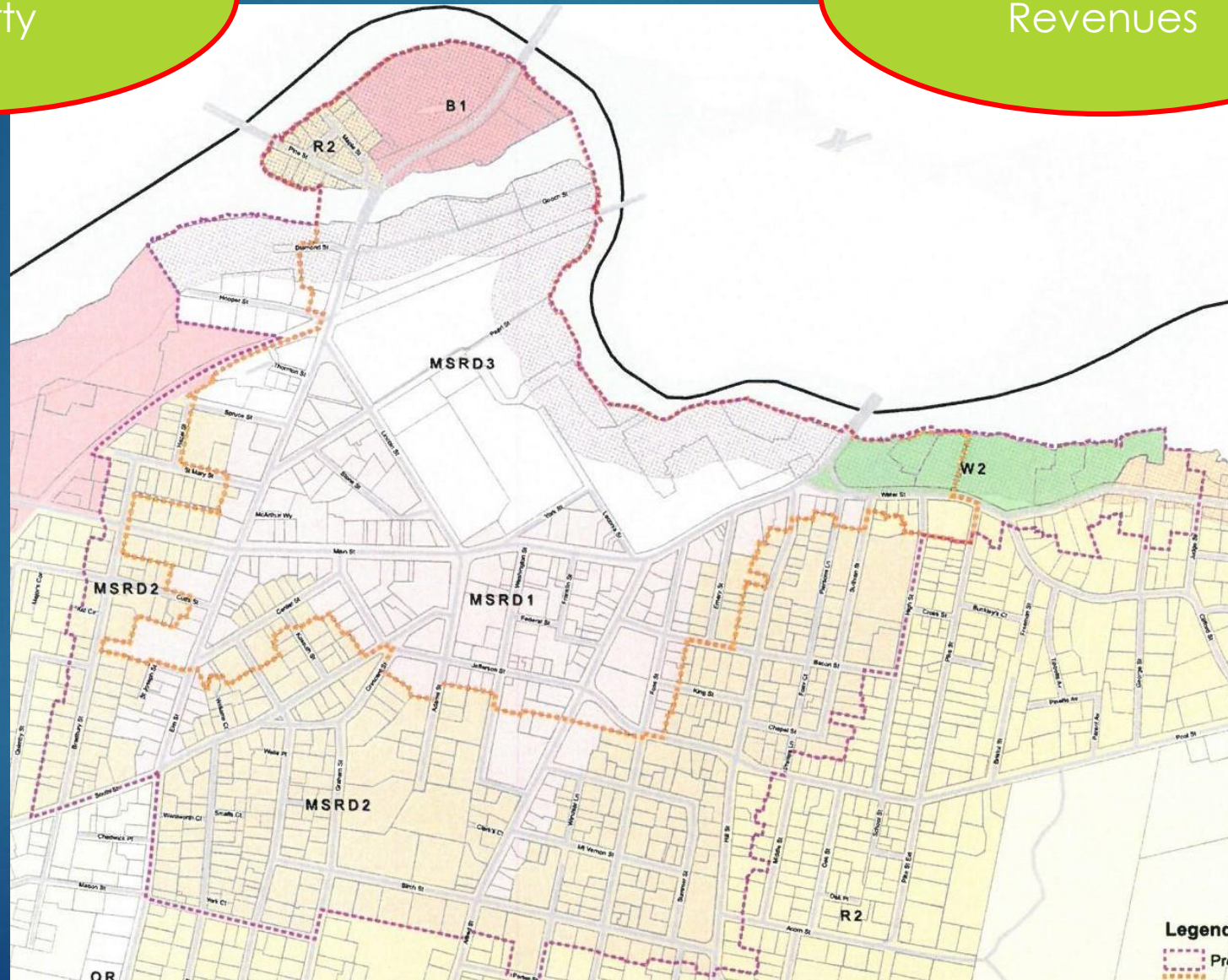
Growth In Taxable Property

Increase in TIF* Revenues

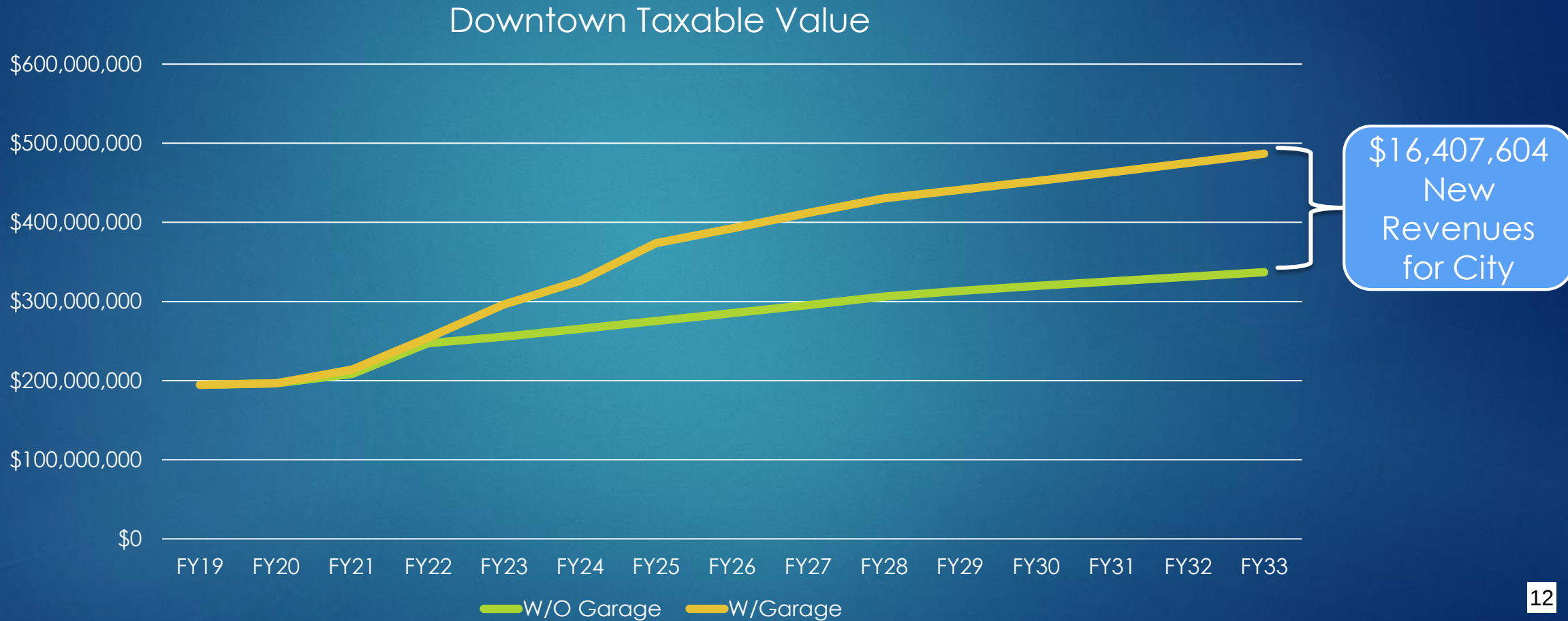
- ▶ City staff projection in taxable property in downtown
 - ▶ MSRD 1: Immediate area around mill district
 - ▶ MSRD 2: Neighborhood around MSRD 1 (mostly rentals)
 - ▶ MSRD 3: Mill district
- ▶ Two sets of projections
 - ▶ With parking garage
 - ▶ Without parking garage
- ▶ Also added in known properties directly impacted by garage
 - ▶ For example 3 Lincoln St
- ▶ Included assessment adjustment to values
- ▶ Held tax rate stable (\$19.98)
- ▶ Assumed no tax sheltered property

Growth In Taxable
Property

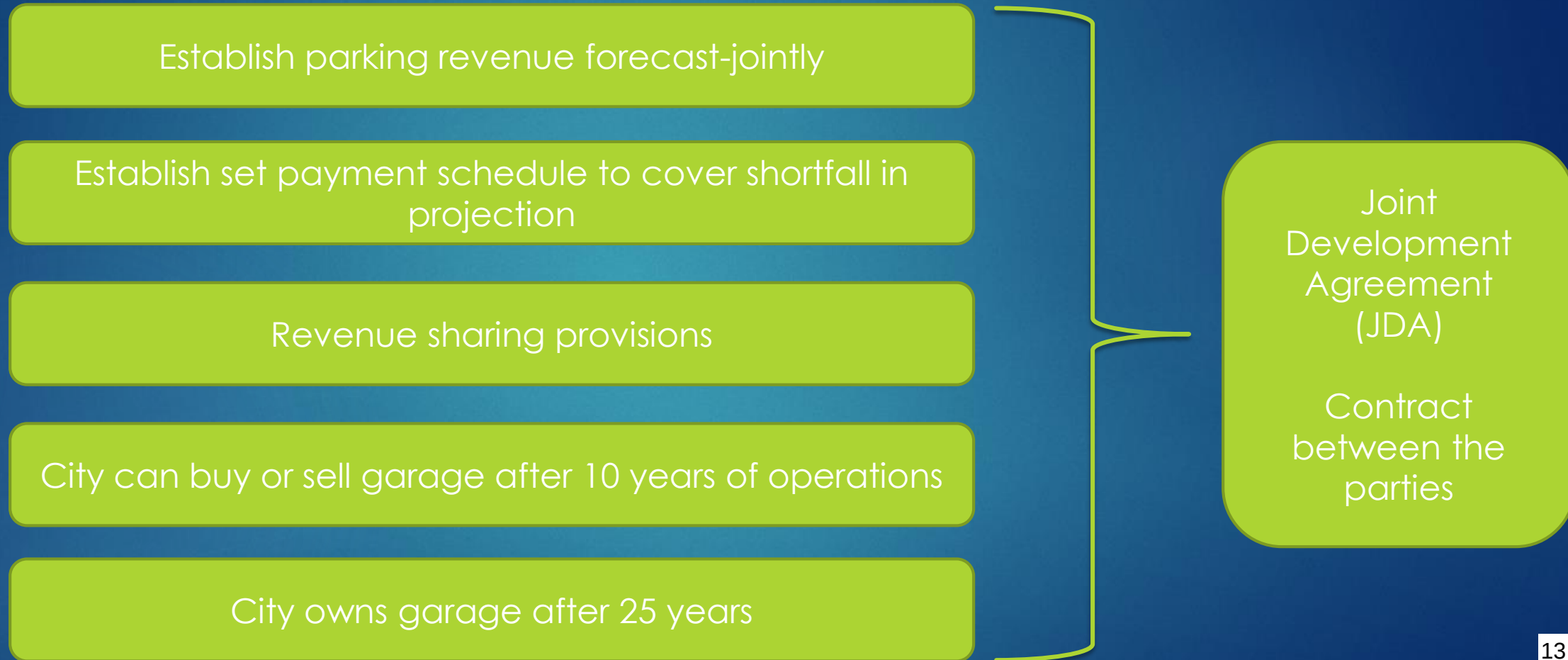
Increase in TIF*
Revenues



Forecast Results (10 Years)



TFIC Private Financing/Partnership



Protecting the Property Taxpayers

Establish parking revenue forecast-jointly

Establish set payment schedule to cover shortfall in projection

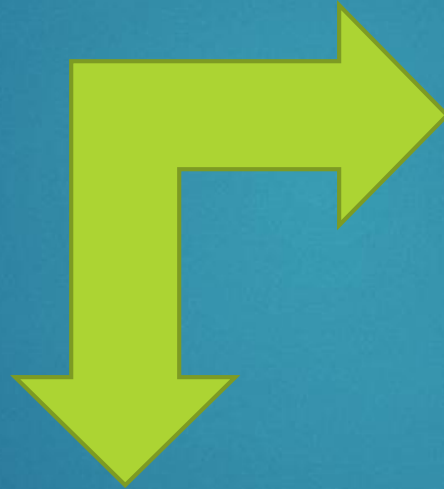
Revenue sharing provisions

City can buy or sell garage after 10 years of operations

City owns garage after 25 years

Establish set payment schedule to cover shortfall in projection

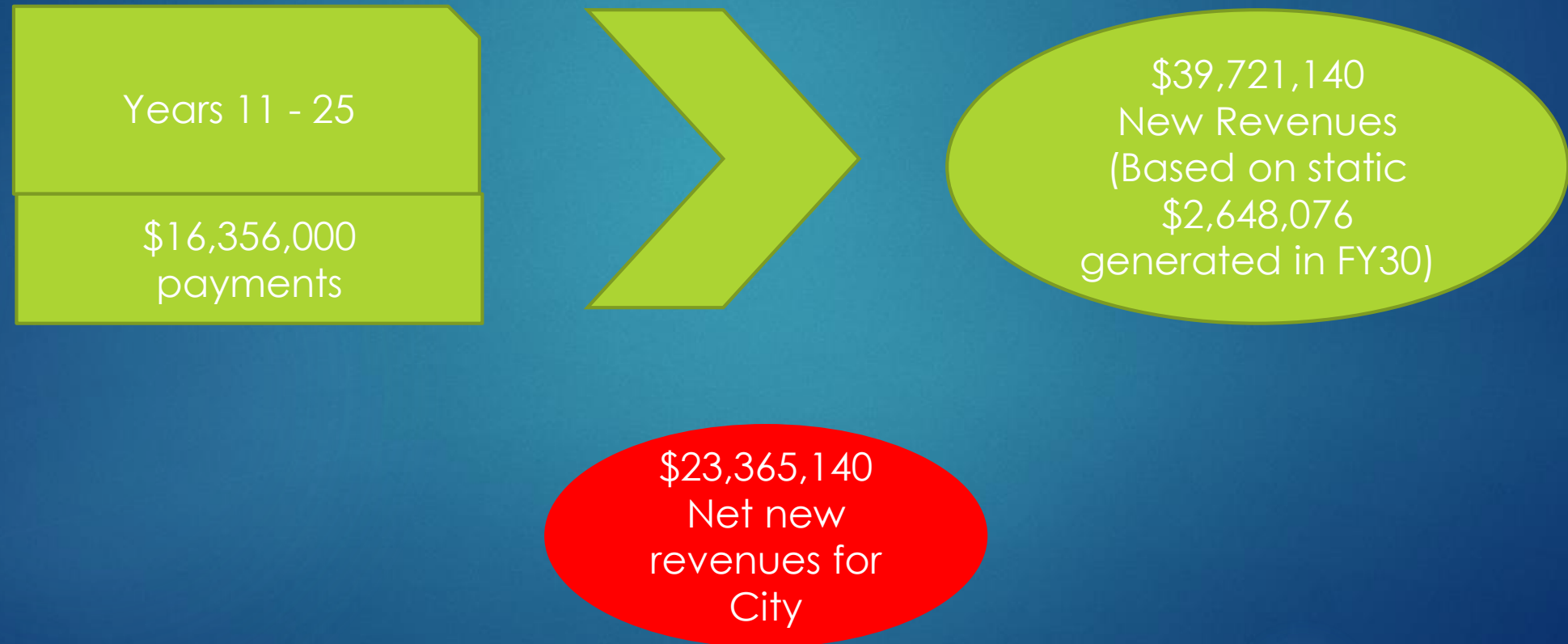
Years 1- 10



100% TIF
Account
(Funds Available
Now)

\$0 from
property taxes

Estimate of Net New Tax Revenue Years 11 to 25



Protecting the Property Taxpayers

Establish parking revenue forecast-jointly

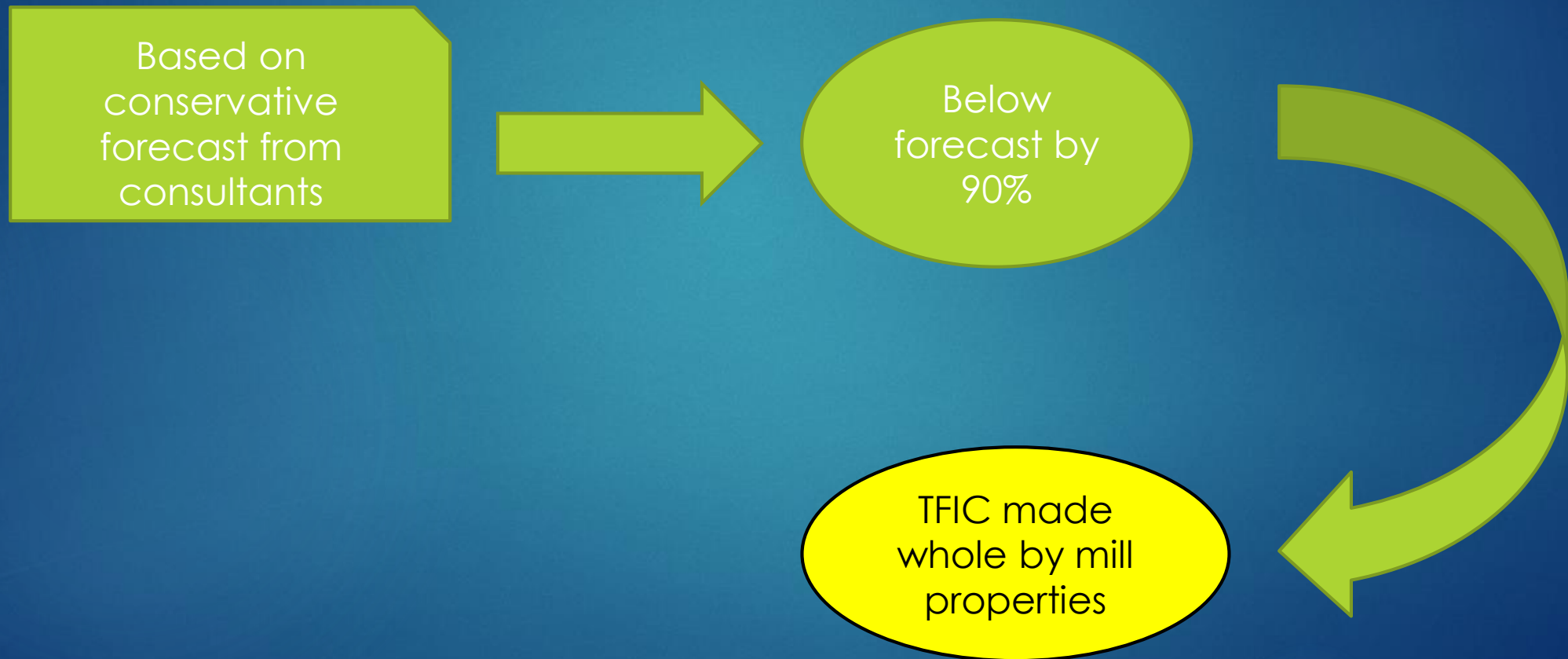
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Revenue sharing provisions

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Protecting the Property Taxpayers

Establish parking revenue forecast-jointly

Establish set payment schedule to cover shortfall in projection

Revenue sharing provisions

City can buy or sell garage after 10 years of operations

City owns garage after 25 years

Revenue sharing provisions

Based on
conservative
forecast from
consultants

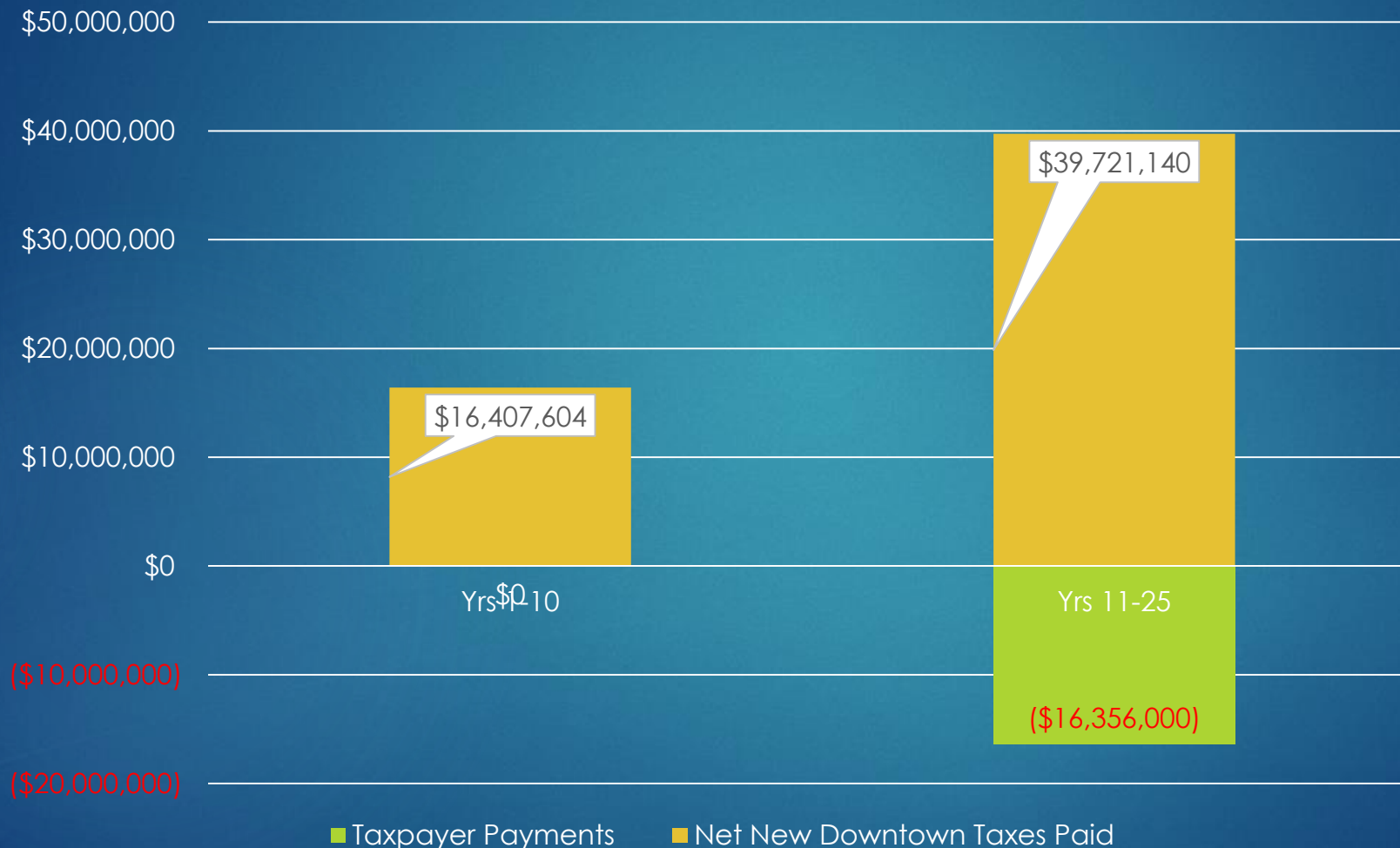


Exceeds
forecast by
110%



City (taxpayers) gets all over 100%
until \$750,000 is reached
Then City awards TFIC \$0.10 for
every \$1.00 over 100%

Summary: From Taxpayer's Perspective



Net benefit to taxpayer:
\$39,772,744