



ARLINGTON COUNTY, VIRGINIA

**County Board Agenda Item
Meeting of February 11, 2012**

DATE: January 26, 2012

SUBJECT: Parking Rate Increase for the Ballston Public Parking Garage, Effective May 1, 2012

C. M. RECOMMENDATION:

1. Amend the current Ballston Public Parking Garage rate schedule as follows:

Daily Rate

Up to 3 Hours	\$1.00
Up to 4 Hours	\$3.00
Up to 5 Hours	\$5.00
Up to 6 Hours	\$6.00
Up to 7 Hours	\$7.00
Up to 8 Hours	\$8.00
Maximum Daily Rate	\$10.00

Entry after 6 pm \$1.00

No discounts for weekend parking

Monthly Rate

Five-day Monthly	\$105.00
Seven-day Monthly	\$145.00

2. Authorize implementation of the above rate schedule as of May 1, 2012, or as soon thereafter as the rate schedule can be implemented.
3. Authorize the Chairman of the County Board and the County Manager to sign, on behalf of the County, any documents as may be necessary to implement the above changes in the rate schedule.

County Manager: *BMD/mjs*

County Attorney: *[Signature]* *[Signature]*

Staff: Wayne Wentz, DES
Patricia Bush, DES
Michelle Cowan, DMF
Jean Wilson, DMF

28.

ISSUES: In order to meet operating, capital, and debt service needs of the Ballston Public Parking Garage, the County Board is being asked to raise parking rates.

SUMMARY: In 1984, the County financed the construction of the Ballston Public Parking Garage (the “BPPG”) by issuing \$22.3 million in variable rate revenue bonds, which were intended to be fully financed from BPPG parking fees. Existing rates (Attachment A) do not generate sufficient revenues to amortize the outstanding debt on these bonds, fund necessary capital repairs to the garage structure, and cover annual operating expenses. Daily and monthly rates have not been changed since 1994 and 1996 respectively, and rate surveys indicate that rates at the BPPG are below market rate for garages in the area as well as comparable garages in the County (Attachment B).

BACKGROUND: In 1984, Arlington County purchased the garage at the Parkington Shopping Center as part of an economic development plan in the Ballston area. The facility was subsequently renamed the Ballston Public Parking Garage, and the original 1950’s structure was renovated and expanded to provide 2,800 parking spaces on seven floors. This expansion was financed with \$22.3 million in variable rate revenue bond. Because of this, these seven levels are operated as an enterprise fund.

Between 2004 and 2008, an eighth level of parking and the Kettler Capitals IcePlex were constructed. The eighth level of the garage is operated as its own enterprise fund.

The hourly parking rates at the garage were last increased in 1994, and the monthly rates last increased in 1996. The proposed rate changes are compliant with the terms of the bond agreement, and as such require notification of the Benefitted Persons as defined by that bond agreement. That notification has been provided prior to the February 1 date that was prescribed in the Declaration of Covenants, Easements and Restrictions in 1984. In addition, these rates require approval of the County Board.

Rate surveys of other garages in Ballston and comparable garages in the County indicate that the current rates are below market rate. These proposed rate changes eliminate the existing discounted rate provided on weekends. The Special Daily Rate (“Early Bird Rate”) was increased several times since 1996 and was suspended in 2004 to provide space for construction activities. That rate may be changed at the County Board’s sole discretion, and is not part of this proposed rate increase.

The County’s Bond Counsel has reviewed the proposed rates and has indicated that they are consistent with the rate setting requirements of the Declaration of Covenants, Easements and Restrictions for the 1984 bonds (Attachment C).

DISCUSSION: Portions of the parking facility date back to the 1950’s, with major expansions occurring around 1985 and 2008. Capital improvements were made in the 1990’s, as well as within the last five years. Completed improvements include replacement of the first floor slab, lighting upgrades, new signage, repainting, and structural repairs. Due to the age of the facility, additional capital repairs and improvements are required. These include slab waterproofing,

façade repairs or replacement, updated payment equipment, and refurbishing the elevator lobbies. Preliminary cost estimates of these capital needs are approximately \$8 million for the first seven levels over the next 3 years.

Operations of the BPPG are contracted to a private company. The County Board's living wage policy, adopted in 2003, applies to the staff employed by the contractor who work at the garage. The established hourly rate exceeds the union rate for all non-management employees at the garage. Personnel costs make up just over half of the annual operating expenses of the garage. In addition to direct employee costs, security and cleaning subcontractors are also paid living wage. Recent installation of credit card machines at the exit gates have helped trim personnel costs and allowed expansion of scheduled hours for weekend and evening peaks. Capital purchase of new payment equipment will further help manage those costs.

The bonds that were issued to expand and improve the first seven levels of the facility in 1984 mature in 2017. The bonds were structured with a bullet maturity, meaning that \$8.8 million, of the \$11.8 million currently outstanding, matures at one time in 2017. This proposed rate structure generates enough revenue to meet the entire bond obligation by the required dates.

As previously noted, hourly parking rates at the garage have not changed in sixteen years, and the monthly rates have not changed in fourteen years. The Benefitted Persons indentified in the 1984 bond agreement have been notified prior to February 1, 2012 of the proposed rate increase. A rate survey conducted in October 2011 indicates that all of the rates charged at BPPG are below market rate for garages in the area, as well as garages that serve similar developments in Arlington. Short term parking rates (less than 4 hours) remain lower than the on-street short term meter rate to encourage garage use.

The proposed rate increase is expected to generate an additional \$1 million annually for the main garage enterprise fund. This rate structure would help to keep the garage's parking rates competitive with other area shopping and commercial garages, while beginning to address capital and debt service needs.

FISCAL IMPACT: The proposed rate increase is estimated to increase revenue for levels 1 through 7 of the garage by \$1.0 million annually.

Current and Proposed Rates for the Ballston Public Parking Garage

Weekday	Current Rate	Proposed Rate	Increase
Less than 3 hours	\$ 1.00	\$ 1.00	\$0.00
Less than 4 hours	\$ 2.50	\$ 3.00	\$0.50
Less than 5 hours	\$ 4.00	\$ 5.00	\$1.00
Less than 6 hours	\$ 5.00	\$ 6.00	\$1.00
Less than 7 hours	\$ 6.00	\$ 7.00	\$1.00
Less than 8 hours	\$ 7.00	\$ 8.00	\$1.00
Maximum daily rate	\$ 8.00	\$ 10.00	\$2.00
Evening (entry after 6 pm)	\$ 1.00	\$ 1.00	\$0.00

Weekend	Current Rate	Proposed Rate	Increase
Less than 3 hours	\$ 1.00	\$ 1.00	\$0.00
Less than 4 hours	\$ 1.00	\$ 3.00	\$2.00
Less than 5 hours	\$ 1.00	\$ 5.00	\$4.00
Less than 6 hours	\$ 1.00	\$ 6.00	\$5.00
Less than 7 hours	\$ 1.00	\$ 7.00	\$6.00
Less than 8 hours	\$ 1.00	\$ 8.00	\$7.00
Maximum daily rate	\$ 1.00	\$ 10.00	\$9.00
Evening (entry after 6 pm)	\$ 1.00	\$ 1.00	\$0.00

* Weekend discounted rate would be eliminated.

Monthly	Current Rate	Proposed Rate	Increase
5 day week monthly rate	\$ 77.00	\$ 105.00	\$28.00
7 day week monthly rate	\$ 104.00	\$ 145.00	\$41.00

BALLSTON PUBLIC PARKING GARAGE COMPETITIVE RATE SURVEY

Survey Date: 10/18/2011

Address	Operator	Transient										Evening-After 6 PM				Weekend		Monthly	
		0-1HR	1-2HRS	2-3HRS	3-4HRS	4-5HRS	5-6HRS	6-8HRS	8-10HRS	10-24 Hours	0-1HR	1-2 Hours	3-4 Hours	10 + Hours	All Day	5 Day	7 Day		
PENTAGON ROW	COLONIAL	\$2.00	\$3.00	\$4.00	\$5.00	\$6.00	\$7.00	\$12.00	\$18.00	\$18.00	\$18.00	\$2.00	\$3.00	\$5.00	\$18.00	\$18.00	\$110.00	N/A	
PENTAGON FASIOI	DENISON	\$2.00	\$2.00	\$3.00	\$4.00	\$5.00	\$6.00	\$10.00	\$16.00	\$16.00	\$16.00	\$1.50	\$2.00	\$2.00	\$16.00	\$2.00	\$110.00	\$120.00	
4300 WILSON	COLONIAL	\$1.00	\$1.00	\$1.00	\$2.50	\$4.50	\$5.00	\$6.00	\$8.00	\$8.00	\$16.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$77.00	\$104.00	
4301 WILSON	CENTRAL	\$5.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$18.00	N/A	N/A	N/A	N/A	N/A	\$100.00	\$200.00	
4121 WILSON	COLONIAL	\$4.00	\$9.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	Closed @7	N/A	N/A	N/A	N/A	\$105.00	\$210.00	
4350 N. FAIRFAX	COLONIAL	\$7.00	\$14.00	\$14.00	\$14.00	\$14.00	\$14.00	\$14.00	\$14.00	\$14.00	\$14.00	Closed @7	N/A	N/A	N/A	N/A	\$90.00	N/A	
1005 N. GLEBE	ATLANTIC	\$3.50	\$6.50	\$6.50	\$6.50	\$6.50	\$6.50	\$6.50	\$6.50	\$6.50	\$13.00	N/A	N/A	N/A	N/A	N/A	\$90.00	\$130.00	
4501 N. FAIRFAX	MARKPARK	\$5.00	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00	\$16.00	N/A	N/A	N/A	N/A	N/A	\$90.00	\$150.00	
901 STAFFORD	LAZ	\$4.00	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00	\$17.00	N/A	N/A	N/A	N/A	N/A	\$95.00	\$190.00	
4201 WILSON	COLONIAL	\$4.00	\$6.00	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00	\$10.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$90.00	\$180.00	
901 N. GLEBE	COLONIAL	\$9.00	\$13.00	\$17.00	\$17.00	\$17.00	\$17.00	\$17.00	\$17.00	\$17.00	\$22.00	\$7.00	\$7.00	\$7.00	\$7.00	\$7.00	\$95.00	\$185.00	
2800 CLARENDON	STANDARD	\$2.00	\$4.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$10.00	\$2.00	\$4.00	\$6.00	\$12.00	\$12.00	\$100.00	\$100.00	
1100 N. GLEBE(CACIJ)	LAZ	\$5.00	\$11.00	\$11.00	\$11.00	\$11.00	\$11.00	\$11.00	\$11.00	\$11.00	\$20.00	Closed @7	N/A	N/A	N/A	N/A	\$100.00	N/A	
4601 N. FAIRFAX	COLONIAL	\$4.50	\$7.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$18.00	Closed @7	N/A	N/A	N/A	N/A	\$105.00	\$210.00	
950 N. FAIRFAX	COLONIAL	\$8.00	\$14.00	\$16.00	\$16.00	\$16.00	\$16.00	\$16.00	\$16.00	\$16.00	\$20.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$105.00	\$210.00	
4250 WILSON	COLONIAL	\$5.00	\$8.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$20.00	Closed @7	N/A	N/A	N/A	N/A	\$100.00	\$120.00	

Competitor's Average	\$4.44	\$7.72	\$8.78	\$9.00	\$9.38	\$9.53	\$10.28	\$11.16	\$16.25	\$5.90	\$3.07	\$3.57	\$4.14	\$9.33	\$6.86	\$97.63	\$162.23
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BALLSTON GARAGE	\$1.00	\$1.00	\$1.00	\$2.50	\$4.00	\$5.00	\$7.00	\$8.00	\$9-\$17	N/A	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$77.00	\$104.00
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Attachment C

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McGUIREWOODS

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January 26, 2012

Michelle G. Cowan
Director of the Department of
Management and Finance
#1 Courthouse Plaza, Suite 501
2100 Clarendon Boulevard
Arlington, Virginia 22201

**Ballston Public Parking Garage
Parking Rates**

Dear Michelle:

This letter is to confirm my conversations with your office regarding the Arlington County, Virginia's (the "County") proposed rate increases with respect to the parking rates for the Ballston Public Parking Garage (the "Ballston Garage").

In 1984, the County issued the Variable Rate Demand Revenue Bonds (Ballston Public Parking Project (the "1984 Bonds")), the proceeds of which were used in financing the acquisition and construction of the Ballston Garage. In connection with the issuance of the 1984 Bonds, The May Department Stores Company ("May Company") executed a Declaration of Covenants, Easements and Restrictions dated August 1, 1984 (the "Declaration of Covenants"), which set forth restrictions that run with the land on which the Ballston Garage is located. The covenants contained in the Declaration of Covenants specify the guidelines and the administrative procedures which govern the operation of the Ballston Garage, including the setting of parking rates.

The County is proposing to increase the parking rates at the Ballston Garage and you have provided me with the attached proposed parking rate schedule. I have reviewed the proposed rates and the provisions of Section 6 of the Declaration of Covenants and find that the proposed rates are consistent with the requirements of Section 6.

As provided in Section 6(f), the County must provide Federated Department Stores, Inc., as successor to May Company ("Federated") and the owners of each of the Benefitted Parcels (as defined in the Declaration of Covenants) (collectively, the "Benefitted Persons"), with notice of these proposed rates no later than February 1 or August 1 in any given year. Once the Benefitted Persons have notice of such proposed rates, they have 30 days within which to respond to the County. If none of the Benefitted Persons respond within 30 days, they are all

Michelle G. Cowan
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deemed to have consented to such rates and such rates will then become effective on the first day of the second month thereafter. Please note that if all of the Benefitted Persons agree to the proposed rate schedule sooner than this 30 day period or if any of the Benefitted Persons challenge the proposed rate schedule, the effective date of the new rates will be impacted.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Lisa M. Williams". The signature is written in black ink and is positioned above the printed name.

Lisa M. Williams, Esquire