



CITY OF GRAND RAPIDS AGENDA ACTION REQUEST

DATE: May 22, 2018

TO: Eric R. DeLong, Interim City Manager

COMMITTEE: Fiscal Committee

LIAISON: Jeff Dood, Chief Financial Officer

FROM: Josh Naramore, Mobile GR and Parking Services Manager
Mobile GR and Parking Services

SUBJECT: **Resolution approving an amendment to the Parking Operation and Maintenance Agreement with the Downtown Development Authority**

Action Requested

Resolution by the City Commission to approve an amendment to the Parking Operation and Maintenance Agreement with the Downtown Development Authority.

Background

The City of Grand Rapids (the City) and the Downtown Development Authority (DDA) have a long-standing partnership that goes back to 1994, under which the DDA has acquired several land parcels and financed improvements for use as surface lots. These lots are then operated and maintained by the City's Mobile GR and Parking Services Department.

The DDA and the City entered into a forty-year Parking Operation and Maintenance Agreement dated December 17, 2002, as amended by a Memorandum of Amendment #1 dated September 1, 2006 and a Second Amendment to Parking Agreement dated June, 2013 (collectively, the "Agreement"), related to the City's Parking Services Department providing operation and maintenance services for surface parking lots owned by the DDA and identified as the "Parking Lots" in the Agreement. The Agreement provides that in return for the City's retention of all operating revenues realized from the Parking Lots, the City pay the DDA a usage fee equal to 12% of total annual gross revenues received from operation of the Parking Lots.

To assist with the funding of the programs that fall outside of direct Tax Increment Financing expenditure eligibility, DDA staff approached Mobile GR and Parking Services staff and the Mobile GR Commission during April and May of 2013, and requested that the parking revenue sharing agreement between the City of Grand Rapids and the DDA be modified to reflect a 25% transfer of gross parking revenues. This increase was to contribute to programs and services that contributed to

a safe, vibrant and beautiful Downtown. Examples of these services and programs were:

- Downtown Marketing
- Office of Special Events Operational Support
- Enhanced Public Safety Downtown
- Rosa Parks Circle Ice Skating
- Special Event Program Support
- Street Trees Maintenance
- Wayfinding Sign Maintenance

These types of programs and services contribute to the demand for parking and an increase in parking system revenues.

In May of 2013, the Mobile GR Commission approved the requested amendment with a two year evaluation period from July 1, 2013 through June 30, 2015. The DDA approved the request at its June 2013 meeting and the City Commission subsequently approved the changes in July 2013.

At the end of the two year evaluation period, both the DDA and the City agreed to amend the Agreement to extend the usage fee at 25% of total annual gross revenues for all Parking Lots except Area 3 (owned privately) for an additional two-year period commencing July 1, 2015, and ending June 30, 2017. Desired collaborative outcomes included:

- Enhanced DASH service
- Enhanced marketing
- Bikeshare feasibility analysis
- CarShare implementation
- Continued support for employer outreach programs

On March 27, 2018, the City Commission approved a fourth amendment, which extended the third amendment for an additional year. The one-year extension is set to end on June 30, 2018.

Amendment

The City and the DDA have agreed to amend the Parking Operation and Maintenance Agreement for a fifth time. The new amendment will maintain the 75%-25% annual gross revenue split for FY2019, of which Mobile GR and Parking Services receives 75% of all revenues collected in DDA owned and Mobile GR and Parking Services operated lots. Beginning with FY2020, and each fiscal year thereafter during the term of the Agreement, Mobile GR and Parking Services shall bill and collect all revenues realized from the Parking Lots and will pay the DDA an amount equal to 85% of the gross revenues realized for such quarter less 15% of gross revenues and the operating cost budget for the Parking Lots, excluding Area 3, for such fiscal year.

With respect to Area 3, the City will continue to pay the DDA 12% of annual gross revenues received from the operation of Area 3. Area 1 and Area 4, which are no longer owned by the DDA or used as a surface parking lot, will be removed from the parking lots covered by the Agreement.

This amendment was recommended for approval by the Mobile GR Commission at their May 10, 2018 meeting.

WHEREAS:

1. The City and the City of Grand Rapids Downtown Development Authority (the "DDA") previously in 2002 entered into a forty-year Parking Operation and Maintenance Agreement, as amended (collectively, the "Agreement"), related to the City's Mobile GR and Parking Services Department providing operation and maintenance services for DDA-owned surface parking lots (the "Parking Lots"); and
2. The Agreement provides that, in return for City's retention of all operating revenues from the Parking Lots, the City pay the DDA a percentage of total annual gross revenues received from operation of the Parking Lots; and
3. The City and DDA have further agreed to amend the Agreement related to revising the number of Parking Lots covered by the Agreement and providing a new method of sharing the revenues realized from the Parking Lots; and
4. A term sheet describing the terms of such amendment has been prepared (the "Term Sheet"); therefore,

RESOLVED:

1. That the Term Sheet in the form presented at this meeting is approved; and
2. That a fifth amendment to the Agreement (the "Fifth Amendment") shall be prepared incorporating the terms of the Term Sheet and other customary terms not materially adverse to the City approved as to content by the Interim City Manager or his designee and as to form by the City Attorney or special counsel; and
3. That the Mayor and City Clerk are authorized and directed to execute the approved Fifth Amendment for and on behalf of the City; and
4. That all resolutions or parts of resolutions in conflict herewith shall be and the same are hereby rescinded.

Prepared by Josh Owens

Patrick Beatty