

Parking Concession Agreements and Plan

One Possible Course of Action

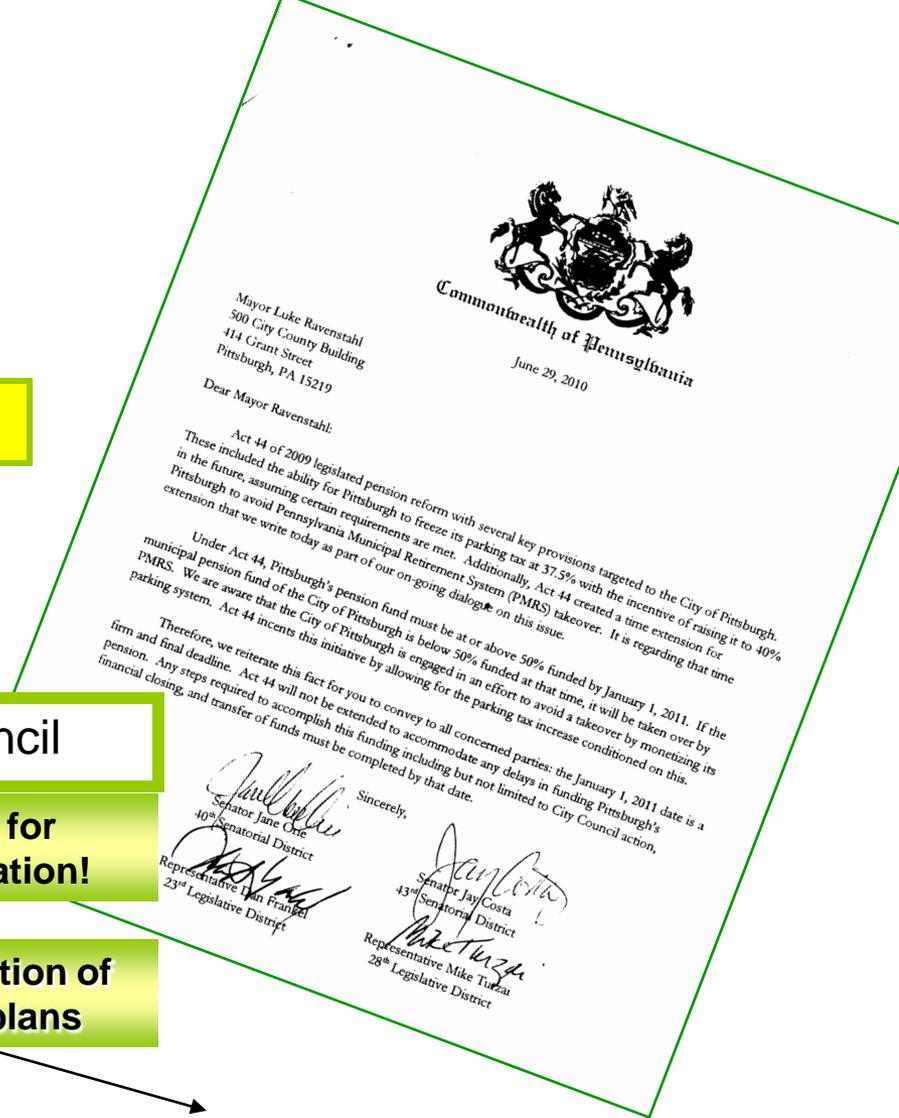
PARKING

PENSIONS

Commonwealth of Pennsylvania Threat of Pension Fund Takeover



Pension Fund



Team Devises Plan

Team includes Morgan Stanley, Scott-Balice Strategies, Executive Director of Parking Authority, Parking Authority's Solicitor, and Mayor's budget office.

Council

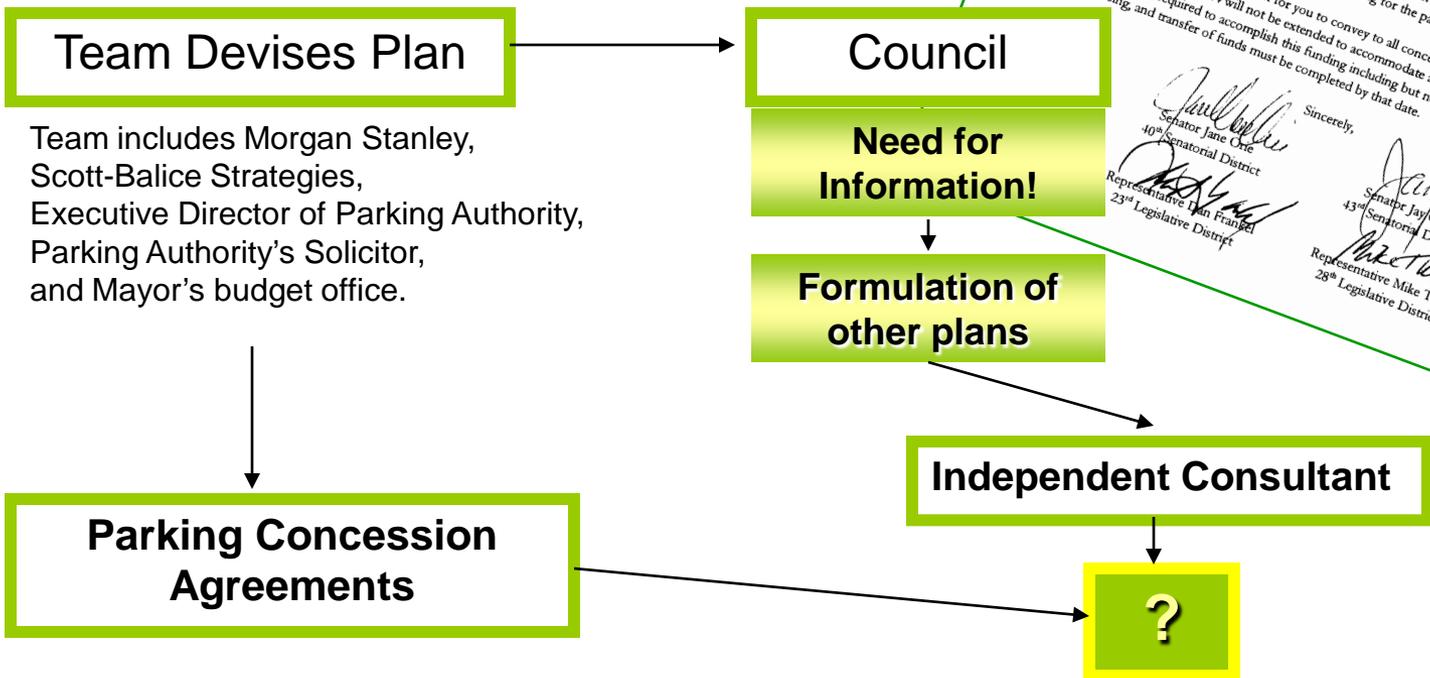
Need for Information!

Formulation of other plans

Independent Consultant

Parking Concession Agreements

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Provisions of the Draft Agreements

There are two draft agreements among the Parking Authority, the City, and the Concessionaire.

**Facilities
(Garages and Lots)
Agreement**

**Metered Parking
Systems
Agreement**

The Concessionaire must sign both agreements.

The City must convey all its parking assets and equipment to the Parking Authority first.

Facilities Agreement

The Concessionaire pays an amount of money, enough to bring the Pension Fund to 50% funding, and enough to pay off the current debt of the Parking Authority (not yet due, approximately \$95 million).

The Parking Authority:

- 🚗 Leases the Parking Facilities to the Concessionaire for 50 years;
- 🚗 Gives the Concessionaire the right to use, possess, operate, manage, maintain, and rehab the Facilities;
- 🚗 Gives the Concessionaire the right to charge and collect parking fee revenues;
- 🚗 Assigns, transfers, and otherwise conveys each of the Parking Facilities assets to the Concessionaire.



The Concessionaire accepts the demise, lease, grant, assignment, transfer and conveyance.

Meters Agreement

The Concessionaire pays an amount of money (as yet unstated).

The Parking Authority engages the Concessionaire to perform services, including:

- 🚗 Operate, manage, maintain, rehab, and improve the system of meters;
- 🚗 Collect and be credited with revenues derived from those activities; and
- 🚗 Collect revenues derived from parking spaces which are used by the City, and give that money to the City.

Length of term not yet defined in the Meters Agreement.

The City and the Parking Authority assign, transfer, and convey to the Concessionaire **by bill of sale** the Metered Parking System Assets; however, **no interest in any real estate is conveyed.**





Meters Agreement (Continued)

The rights of the **Concessionaire** are somewhat **limited** by certain rights the City and the Parking Authority retain:

-  To police and regulate traffic, traffic control, and the use of the public way including the right to designate the number and location (and change such) of metered spaces;
-  To establish and revise the fees and the times of operation;
-  To establish a schedule of fines for transgressions;
-  To administer a system for judging and enforcing; and
-  To establish and administer peak period pricing, congestion pricing, or other similar plans.



The City reserves the right to operate other metered spaces besides those covered in the agreement.

Neither the City nor the Parking Authority will enter into any similar Concession agreement with anyone else for any of these Metered Parking Spaces during the term of this Agreement.

Concessionaire May Make Money



There are several additional ways in which the Concessionaire can make money, including:

- 🚗 Use or Sublease (which use must be approved in advance by the Authority) for income-producing ventures, such as convenience food vendors, small convenience kiosks or newsstands, hand car wash facilities, dry-cleaning facilities, car rental facilities, ATMs, vending machines, long-term car storage, and self-storage facilities;



- 🚗 Continuing any such use already going on;

Except . . .



Concessionaire May Make Money (Continued)



Except:

- 🚗 The Concessionaire cannot sell gas or car accessories, and of course has to comply with the State Parking Authority Law.
- 🚗 Any space within the parking facilities which is not taken up by one of these sorts of enterprises is considered to remain “public.”
- 🚗 The Facilities Agreement also notes that the parts of the facilities remaining public are therefore exempt from real property taxes imposed by the Commonwealth or any subdivision thereof.
- 🚗 Certain metered parking spaces will be reserved by the City such that the Concessionaire collects the money and remits it to the City.

Concessionaire May Make Money (Continued)

🚗 Advertising

The Concessionaire may erect many potential forms of advertising, subject to approval by the City and Parking Authority. There are restraints on content. Concessionaire cannot “place advertising on the public way” without the approval of the City.

Also, Concessionaire may discuss naming rights.



The Edison Hotel Garage

Concessionaire Does Development

The Concessionaire must do certain development to the Parking Facilities:

Improve the “Older Garages”

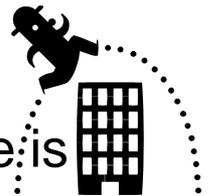
- ✓ the Fort Duquesne & Sixth Street Garage – Replace or substantially rehab by end of 2025
- ✓ the Smithfield-Liberty Garage – Replace or substantially rehab by end of 2025
- ✓ the Ninth & Penn Garage – Replace or substantially rehab by end of 2017, and end up with at least 95% of the number of current spaces, and with more than the other two garages.



Resultant usability beyond the year 2061.



The Concessionaire may build the garages UP – the airspace is included for building purposes.



If the Concessionaire enters into any contract to do construction, they have to follow Section 161.33 of the City Code and use Covered Contractors including the residential preference.



Other Items in the Agreements

 Under the Meters Agreement, the Concessionaire buys meters for newly designated spaces.



 Also under the Meters Agreement, the Concessionaire makes capital improvements, including:

✓ For any space where the cost goes over \$1.50 an hour, alternative payment methods must be made available.

✓ If the cost is already over \$1.50 an hour, then the next increase will trigger the alternative methods introduction.



Other Items in the Agreements (Continued)

 All current employees of the Parking Authority retain employment, with the Authority, the Concessionaire, or the City.



The Parking Authority will continue in existence to monitor the Concessionaire and to do other things as outlined in the Agreements.

