

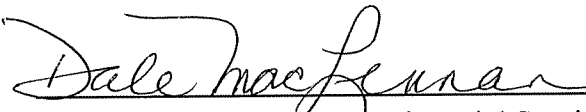

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**Halifax Regional Council**  
**December 14, 2004**

**TO:** Mayor Kelly and Members of Halifax Regional Council

**SUBMITTED BY:**   
Dale MacLennan, Director Financial Services  
  
Mike Labrecque, Director Real Property & Asset Management

**DATE:** December 06, 2004

**SUBJECT:** MetroPark Parkade

**INFORMATION REPORT**

**ORIGIN**

Request by Councillor Uteck for a status update.

## **BACKGROUND**

Metro Park officially opened for business on April 1, 2002. Construction of the parkade began in June 2001 in response to a demand for increased public parking in the downtown Halifax area. At the time of consideration, there was concern about the erosion of available parking due to new development taking place on existing lands used as parking lots, especially within some of the Waterfront Development Corporation holdings. In addition, there was concern about the additional parking that would be lost when the then TexPark garage would eventually be demolished and the lands redeveloped. The construction of the Metro Park would create 589 parking spaces, which would not add new capacity but would replace most of the spaces anticipated to be lost. There was a lot of concern within the business community that any reduction in parking capacity would negatively affect future growth. It was also felt if there were any annual losses from the parkade that they would be offset by tax revenues by new development.

The parkade has now been operating for two years. The old TexPark garage was closed as planned and is currently being demolished. Many of the old parking lots have been replaced by new developments as anticipated. HRM has been actively working on regional transportation plans and has been promoting alternative transportation, including adding more bicycle lanes and making improvements to bus routes.

## **DISCUSSION**

By all accounts, HRM's partner in this venture has met all performance criteria. The facility was designed and built on time and on budget, and has been operating within the performance parameters set out during the concept stage. A key indicator was to achieve 75% or greater net cash flow based on certain criteria and excluding certain expenses such as property taxes. The facility has met these expectations. However, there are some areas for possible performance improvement that staff are looking into further. These are touched upon in more detail below.

### **Operational Performance**

The parkade has been operating without any significant operational problems being encountered. There had been some early problems with the automated ticket and payment stations. The system used is very common technology in Europe but was relatively new to the Canadian market. Part of the early issues were the adaptability of the technology to a new market and the level of local maintenance and support. There were also some early problems with the technology being affected by cold temperatures in winter. Those issues seem to have been worked out since then. In addition, several other new parking lots within HRM have come on stream incorporating automated entry and exit systems so that these systems are now becoming more common within HRM.

The initial concept saw parking spaces allocated 50/50 between hourly spaces and monthly parking spaces. This arrangement was based on a number of factors including policies in the Municipal Planning Strategy, input from the Downtown Halifax Business Commission, reviews of existing parking lots of the day, and which lots were anticipated to be lost in the future. It quickly became evident that the demand for monthly parking exceeded the allotment while the facility struggled to attract the forecasted demand for hourly spaces. As a result, the ratio was adjusted and is currently approximately 61/39 ( which equates to 360 monthly spaces and 229 hourly spaces). There still appears to remain an additional demand for more monthly parking as evidenced by a short waitlist, while the hourly demand remains highly variable. The parkade has averaged approximately 65% occupancy, peaking in the summer and special events. The parkade has achieved full capacity twice, both times during the recent tall ships event.

A number of factors may be contributing in varying degrees to the lower than anticipated hourly parking demand including, but not limited to, the automated technology and early problems with it deterring some people, alternative transportation use due to the high cost of fuel, the efforts of HRM to improve bus services, and adding bike lanes. Or it could be that the initial anticipated demand for hourly parking was simply over estimated. In addition, it appears that there remains a preferred desire for metered parking.

The result is that hourly revenue is significantly down from the forecasted budget, which in turn impacts the time line for the payback of the original construction costs. There are several key factors on the horizon which could shift the current trend. Future development projects will likely result in additional parking demand. Any future increases of on-street parking meter rates would also likely shift more demand to the parkade.

MetroPark's operator has been actively promoting the facility to attract more hourly parking. Appendix A contains samples of some of the brochure material. In addition, the operator has been working with the Downtown Halifax Business Commission to develop additional promotional programs, such as merchants offering MetroPark discount coupons with purchases. This promotional program has already shown a positive result, and could be further enhanced as a means to improve marketing of the facility to short term parkers.

The retail space has all been leased, with a restaurant, coffee shop and car rental agency operating out of the facility. The retail space is currently meeting the expected revenue results.

HRM could increase the allotment for monthly parking spaces or increase the monthly parking rate, thereby increasing the revenue stream and shorten the payback period, or could maintain the existing strategy and hold hourly spaces to meet peak demands and wait to see what future parking patterns develop.

### Financial Performance

Table 1 on the following page summarizes the operating expenses and revenues for the initial partial year of operation in 2002/03 and for 2003/04 against the original Year 1 projected figures. Year 1

(2003/04) actual revenues were 91.37% of the overall budgeted figure. The budget for lease revenue and for monthly parkers were based on 2003/04 being the first year of operation, however three leases were already in place at the beginning of the fiscal year and monthly parkers were signed up in the prior year, resulting in revenue being higher than budgeted. The only significant shortfall from the original design budget was the hourly parking revenue as previously discussed.

Increasing the monthly parking allotment would help increase revenues but move further away from the strategy of reserving a certain amount of spaces for hourly parking. However, permission could be granted to the operator on the condition that if the hourly parking demand grows in the future, the allotment for monthly parking is to be reduced. This option would have to be reviewed against existing municipal planning policies which discourage long term (monthly) parking to promote better use of public transit, as well as the goals and objectives of the Regional Plan which anticipate the Municipality taking a more active role in the management of downtown parking as a tool to manage transportation overall. Further discussions will take place with the Regional Planning team and the Capital District Task Force to explore this and other options in greater detail.

The target expense budget was prepared as part of the original development proposals before the design was even completed and each expense item was based on the conceptual model. Operating expenses excluding electricity, which is more than double the budgeted figure, are 3.8% higher than budgeted. The Management fee is tied to performance, and due to the reduced revenues and increased operating expenses compared to budget, the Management fee was less than budgeted.

**Table 1**

<b><u>FINANCIAL PERFORMANCE COMPARED TO ORIGINAL BUSINESS CASE</u></b>				
<b><u>2002/03 and 2003/04 audited financial statements</u></b>				
	2002/03 Actual (Partial Year)	Year 1 Budget (2003/04)	2003/04 Actual	% actual against budget
Rental income	\$54,593	\$45,500	\$135,910	298.70%
Hourly Parking	\$589,261	\$958,440	\$621,671	64.86%
Monthly Parking	\$436,462	\$379,500	\$503,667	132.72%
Miscellaneous	\$1,889		\$2,848	
<b>Total Revenue</b>	<b>\$1,082,205</b>	<b>\$1,383,440</b>	<b>\$1,264,096</b>	<b>91.37%</b>
Building operating expenses	\$244,718	\$199,400	\$224,172	112.42%
Management fee	\$50,141	\$69,172	\$52,645	76.1%
<b>Net operating surplus/(deficit) before taxes</b>	<b>\$787,346</b>	<b>\$1,114,868</b>	<b>\$987,279</b>	<b>88.56%</b>

**Capital Debt Repayment**

It was not anticipated that the property would be subject to commercial property taxes. However, the property has been determined to be taxable not only for business occupancy taxes, but also for commercial property taxes, leaving the facility with an unanticipated annual expense. It is the intent of HRM Legal Services to appeal the requirement to pay property taxes.

The impact of tax payments on the funds available for transfer to the refurbishment reserve and for repayment of the construction cost is shown in Table 2 below. Since the result is reduced cash flow, there is a potential for the repayment of the construction cost to extend beyond the original plan of 17 years.

**Table 2**

<b>Implications of Tax Payments</b>			
	2002/03 Actual (Partial Year)	Year 1 Budget (2003/04)	2003/04 Actual
<b>Net operating surplus/(deficit) before taxes</b>	<b>\$787,346</b>	<b>\$1,114,868</b>	<b>\$987,279</b>
Property taxes	\$0	\$0	\$229,899
Business occupancy taxes	\$101,629	\$197,000	\$109,915
<b>Net cash flow to HRM for debt service and reserve contributions</b>	<b>\$685,717</b>	<b>\$917,868</b>	<b>\$647,465</b>

HRM is currently contributing 2% of construction costs annually to a replacement reserve as specified in the management agreement and using the balance of the surplus revenues to repay the capital costs of the parkade. Staff are reviewing the amount being accumulated in the replacement reserve and comparing to industry standards to see if this figure could be reduced, allowing the portion available to repay capital costs to be increased, which could offset the anticipated extension in the payback period.

**BUDGET IMPLICATIONS**

There are no immediate budget implications, however, if there are no changes in the current operations, there is a risk of the loan repayment having to be extended several years. There are a number of options which can be pursued to potentially improve the net cash flow to HRM from the MetroPark operation. These include an adjustment of the mix of monthly versus hourly parking, an appeal of the commercial property tax, and a reduction in the annual reserve contribution. These options will be evaluated and a report with recommendations will be brought back to council in the new year.

**FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN**

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

**ALTERNATIVES**

N/A

**ATTACHMENTS**

Appendix A - Brochure material on Metro Park

Additional copies of this report, and information on its status, can be obtained by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by:

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Anna Emeno, Financial Consultant, Financial Services, 490-7222

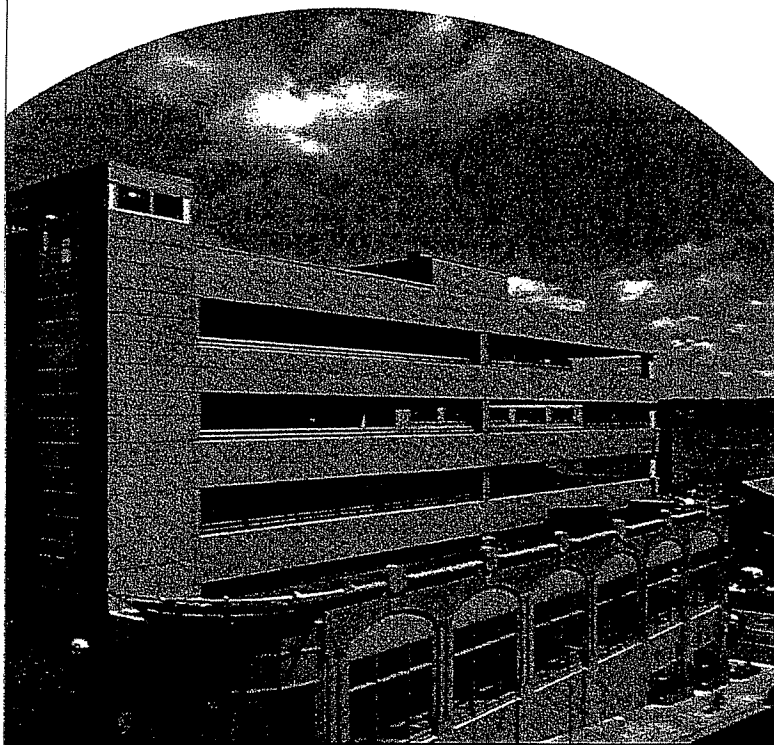
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Doug Rafuse, Manager Service Delivery, RPAM, 490-6205

# Convenient Parking in Downtown Halifax!

Ask Downtown Businesses for Your Discount Coupon

## Metr@Park™

- . Great Location in Downtown Halifax .
- . Open 24 Hours - Daily .
- . 589 Spaces on Seven Levels .
- . Security Cameras .
- . On-Site Customer Service .
- . Automated Entry & Exit Systems .
- . Express Pay-on-Foot Paystations .
- . Elevator Access .



Entrance and Exit Gates are Located at  
1557 Granville and 1554 Hollis Streets

# Parking is Easy!

Entrances / Exits Located at 1557 Granville St.  
and 1554 Hollis St. - Downtown Halifax

Take a ticket from Entrance Gate. Park your vehicle - take your ticket with you while you visit Downtown.

Upon returning to MetroPark, proceed to a paystation (one of 3 located on the Hollis St. or Granville St. levels)

Insert your entrance ticket at the paystation. If you have a discount coupon, insert next for reduction in parking fees. Follow the easy voice instructions for payment. Machines accept Visa, MasterCard and cash.

Paystation will issue an exit ticket - proceed to your vehicle.

Upon receipt of your exit ticket, you will have 11 minutes to exit the facility. Drive your vehicle to the nearest "exit gate" - insert ticket for gate release.

Need Assistance? Simply press the "call button" located on each paystation and on the exit/entrance gates. Parkade staff will respond

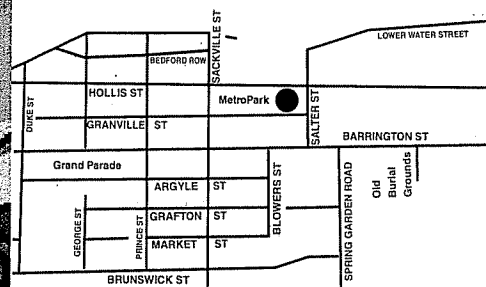
### Rates:

- \$ 1.00.....First 20 minutes - or part thereof
- \$ 2.00.....For each subsequent hr - or part thereof
- \$ 6.00.....Weekend & evening rate - up to 12 hrs
- \$14.00.....Maximum daily rate - up to 12 hrs
- \$132.25.....Monthly pass - unlimited access

*Note: all prices include taxes*

## Metr@Park™

902-429-3743



Paystations Located on Hollis & Granville Levels

**Fast & Easy Downtown Parking!**

# Metr@Park™

Entrance/Exits - 1554 Hollis St. & 1557 Granville St.

**We're Making it Easier For You To Shop, Dine, Play & Be Entertained in our Beautiful Downtown!**

Enclosed is a complimentary **\$2 discount** coupon to help with your cost for parking in Downtown Halifax. The next time you need a safe and convenient place to leave your vehicle, use the coupon to park at **MetroPark**. Discount applies to evening, weekend, hourly and daily rates.

### We Give "MetroMoney" Coupons!

MetroPark has a new "Validation Program". Many Downtown Halifax businesses are now offering customers and clients "MetroMoney" coupons for discounts at MetroPark. Ask for yours the next time you need to park Downtown!

### Parkade Features

- 589 Indoor Parking Spaces
- On-site Customer Service
- Automated Entrance/Exits
- Pay-on-Foot PayStations
- Elevator Access
- Open 24/7
- Safe & Convenient
- Central Location
- Seven Levels
- Security Cameras

**Vehicle-Cleaning Service** - MetroPark offers a mobile car-cleaning service on Thursdays & Fridays. Rates are reasonable - call 223-WASH (9274) to book an appointment.



## Using Your Coupon:

- When entering the Parkade, please take a ticket from entrance gate (it's important that you keep your original ticket)
- Park your vehicle and take your original ticket with you while you visit Downtown
- Upon returning to MetroPark, proceed to a paystation (one of three located on the Hollis or Granville Street levels)
- Please insert your original entrance ticket at the paystation - next, insert your discount validation coupon. Follow instructions on the paystation to pay for parking (machines accept cash, Visa & MasterCard)
- Paystation will issue an "exit" ticket - please proceed to your vehicle
- Once you are in your vehicle, drive to the nearest "exit" gate - insert your "exit" ticket for release of gate
- **Need Assistance?** - Simply press the "Call Button" located on each paystation and on the exit/entrance gates. Parkade Staff will respond.

## Parking Rates:

- \$1.00 - first 20 minutes (or part thereof)
- \$2.00 - for each subsequent hour (or part thereof)
- \$6.00 - Weekend & Evening Rate (up to 12 hrs)
- \$14.00 - Maximum charge (for 12 hrs)
- \$132.25 - Monthly Pass

**For Further Information,**

**Call: 429-3743**

**Metr@Park**