



City of Sacramento City Council

915 I Street, Sacramento, CA, 95814
www.CityofSacramento.org

Meeting Date: 12/13/2011

Report Type: Staff/Discussion

Title: Entertainment and Sports Complex Update and Parking Monetization

Report ID: 2011-01016

Location: District 3

Recommendation: Authorizing staff to issue a Request for Qualification (RFQ) for parking monetization.

Contact: John Dangberg, Assistant City Manager, (916) 808-1222, Office of the City Manager

Presenter: John Dangberg, Assistant City Manager, (916) 808-1222, Office of the City Manager

Department: City Manager / Economic Development

Division: Executive Office

Dept ID:

Attachments:

- 1-Description/Analysis
- 2-Background
- 3-Parking Monetization and RFQ Criteria
- 4-Walker Report
- 5-BAML: Phase I Preliminary Valuation of Parking System Assets
- 6-Resolution

City Attorney Review

Approved as to Form
Eileen M. Teichert
12/8/2011 12:06:35 PM

City Treasurer Review

Reviewed for Impact on Cash and Debt
Janelle Gray
12/8/2011 10:31:29 AM

Approvals/Acknowledgements

Department Director or Designee: John Dangberg - 12/8/2011 12:04:29 PM

Description/Analysis

Issue: This report and the presentation to the City Council includes the following information on the development of an Entertainment and Sports Complex (ESC) for Sacramento: 1) an oral status report on discussions with the NBA/Kings and ICON-Taylor for the development of the ESC and an update on the status of the Natomas arena site reuse; 2) a parking monetization strategy and schedule for the concession of City-owned parking assets and the potential value of those assets; 3) an update on consultant contract expenditures and budget balances. This report requests City Council approval to issue a Request for Qualifications to solicit interest from respondents for the monetization of the City's parking assets as described below.

PARKING MONETIZATION

At the September 13, 2011 Council meeting, the Mayor and City Council directed staff to proceed with studies to determine the market value of granting a long term operating lease or concession for the City's parking garages, parking meter operations, and parking enforcement operations (Parking System). The premise behind a long-term parking concession to a private operator is for the City to receive an upfront cash payment in exchange for operating control and future cash flows derived from the operation. This exchange for an upfront cash payment is broadly referred to as *monetization*. Similar efforts to monetize public parking assets have been executed in Chicago and Indianapolis, and considered in other cities such as Pittsburgh and Los Angeles.

In order to complete its analysis, the City contracted with Walker Parking Consultants (Walker) to provide a market, financial and condition assessment of the City's parking assets, projected out 50 years. Walker was selected due to their extensive experience in parking monetization transactions and their previous work on rehabilitation of the City's parking lots and garages. Bank of America / Merrill Lynch (BAML) was selected as the City's financial advisor based on the existing banking relationship it has with the City. BAML provided the preliminary valuation based on the Walker projections and market analysis.

The goal of the parking study was to develop the information necessary for Council to make an informed policy decision regarding proceeding further with a potential monetization. For the greatest flexibility, each of the three distinct programs – garages, on-street parking and enforcement – within the Parking System was evaluated. The study addressed the following elements of all or a portion of the three programs within the Parking System:

1. The potential value of a long term lease of the Parking System.
2. The process by which bids may be obtained.
 - a. The potential cost of that process.
 - b. The length of time the process would take.
3. Comparison between the estimated market value of a long-term lease of the Parking System and the continuing City operation of the system.
4. Identification of potential policy issues that should be considered in making an informed decision.

Based on the analysis conducted by Walker and BAML, which are attached to this report as Attachment 4 and Attachment 5, respectively, the estimated upfront payment to the City for granting a 50-year lease or concession to a private parking operator ranges from \$170 to \$245 million as summarized in the table below.

Estimated Value of Parking System Assets

| | Low Value | High Value |
|--------------------------|-----------|------------|
| Garages | \$89 m | \$128 m |
| Enforcement | \$40 m | \$57 m |
| TOTAL without Meters | \$129 m | \$185 m |
| Meters | \$40 m | \$60 m |
| TOTAL all Parking Assets | \$170 m | \$245 m |

Note: All values are in millions.

The above ranges of values reflect the potential upfront payment the City could receive. For the purpose of analysis, Walker and BAML considered two alternative scenarios: a “base case” that assumed non-union labor utilized by a future operator and an “operating case” that assumed a future operator utilized a union wage and benefit structure similar to the current City parking operations. The table above reflects the value of the Parking System assuming union conditions are placed on the concession. The actual value will be dependent upon many factors including constraints the City may require as a condition to entering into a long-term concession, future parking rates, operational efficiency opportunities and investor outlook on the future risks and returns of Sacramento’s parking enterprise. Additionally, there are several issues associated with a potential parking monetization, which could impact the value available to the City:

1. Three of the parking garages are encumbered with tax-exempt bond debt which would have to be paid off upon monetization requiring payment of a total of \$52 million for bond defeasance and IRS private use penalties.
2. Under current California law, parking meter revenue and operations cannot be included in the monetization. Meter revenues may only be expended on maintenance, safety and security of the rights-of-way, and parking facilities or garages (including debt). Staff is exploring the viability of using parking meter revenue to refinance the above referenced tax-exempt debt on garages with new taxable debt, which is a permissible use of the funds.
3. The Parking System annually contributes approximately \$9 million per year to the General Fund based on FY 2010/11 results (unaudited). The maximum value in monetization would be achieved by forgoing these contributions from the parking enterprise to the City’s General Fund. The Council’s policy direction has been to ensure through a broad financing strategy that there is no net negative fiscal impact to the

General Fund. Staff is exploring a number of potential revenue streams to offset these impacts to the General Fund.

4. Other factors would have to be considered in the parking concession agreement with the operator to ensure the future economic vitality, growth and cultural development of the Central City. These factors and conditions would be developed by the City in cooperation with stakeholders and the bidding parking operator(s) in a future phase of the monetization process as further described later in the report.

Next Steps in Parking Monetization Process

Continuing with monetization of parking assets through to the closing of an agreement is a structured and detailed process. Should the Mayor and City Council choose to proceed, at this time staff anticipates that the process would involve the following:

1. A Request for Qualifications (RFQ) would be issued which would describe the Parking System and the City's general requirements. A small number of respondents (Respondents) would be selected as qualified through an evaluation process of respondents to the RFQ. A non-binding, minimum consideration amount could be included in the RFQ. Respondents would state both their qualifications to operate the parking system and their ability to raise the funds to make the upfront payment. Acceptance of a minimum consideration amount would be a necessary qualification to proceed into the bidding steps of the process.

The preparation of a RFQ is neither costly nor time consuming. The Parking System descriptive data is already available. Staff has reviewed several examples of other parking RFQs and the City's consultants BAML and Walker are experienced in the RFQ process.

2. In order to obtain bids, the qualified Respondents to the RFQ would be invited to submit bids in a RFP (Request for Proposals) process. The RFP would be both extensive and detailed.

A prominent feature of a RFP would be a concession agreement which states the exact terms of an agreement between the City and a parking operator. A best practice is to conduct extensive interaction between the City and the qualified bidders in drafting the concession agreement in an iterative process of review and comment. The City would issue the RFP with a highly detailed term sheet to the qualified bidders. Initial non-binding indicative bids would be submitted along with comments on the terms. The City would then enter into an iterative process with bidders to finalize the concession agreement. Upon finalizing the concession agreement, it would be released to the bidders for a binding and bonded bid. Concurrent with this iterative process would be extensive public review of key concession agreement terms.

Outside legal counsel would need to be engaged to assist the City in drafting the term sheet and the concession agreement. Preparation of the RFP, term sheet and a concession agreement would also require involvement of the parking consultants and financial advisors as well as extensive involvement of City staff.

3. Including a best and final offer phase in the bid process has also been suggested as a best practice if the top bids are within close range of each other. In the Pittsburgh process, the top bid and any bids within ten percent of that bid entered into the best and final offer phase which netted a significantly higher final bid.

Commitment to Proceed

Several cities have chosen not to proceed to enter into parking monetization agreements, some even after bids were solicited and final negotiations conducted. While the cities of Chicago and Indianapolis entered into long term agreements, the cities of Pittsburgh, Harrisburg and Los Angeles and Pittsburg International Airport opted not to proceed at the conclusion of their bid processes. Due to the considerable time and expense of responding to a parking RFP, there is concern among potential bidders regarding the commitment to move beyond the RFP process and actually monetize parking assets. It is anticipated that final bidders may each spend up to one or two million dollars performing their due diligence and preparing their responses to a RFP. For this reason, it will be necessary to provide assurances of Council's commitment, subject to CEQA review, to monetize if bid amounts and concession agreement terms are acceptable. Otherwise, potential bidders may avoid consideration of an RFP without such a commitment. No such commitment is required for the RFQ.

STATUS OF ESC NEGOTIATIONS

An oral status report on the negotiation process and the status of the reuse of the Natomas arena site will be provided to City Council.

SCHEDULE

Should the City Council authorize staff to proceed with an RFQ, staff would issue the RFQ with responses due in January. In February, after review of the Respondent qualifications, staff would seek Council approval of the most qualified Respondents who would advance to the RFP phase of the process.

Concurrent with the RFQ process, NBA/Kings, ICON-Taylor and the City would finalize terms for the ESC for Council approval. This would provide the framework to proceed with a predevelopment funding agreement and advancement of private funding to initiate the entitlement and design processes. Also concurrent with the RFQ is the completion of the analysis of revenues sources to offset any negative impacts to the General Fund that result from parking monetization.

Upon Council approval of the ESC terms, selection of qualified parking concession bidders, and the General Fund offset concepts staff would seek Council approval to proceed to the RFP process and to retain outside counsel and consultants to assist with the RFP process. The RFP process including the drafting of the detailed initial term sheet, completion of the concession agreement, bidder due diligence, bid preparation,

City bid review and Council selection would take up to five months and culminate in June or July 2012. Final action and closing on the transaction will be subject to CEQA review.

Policy Considerations: In negotiating parking monetization, the City Council may opt to place specific requirements on future parking operations. These requirements will affect the value of the parking assets, either increasing or decreasing the long-term value. These, and many other conditions, would be included in a detailed term sheet and memorialized in the concession agreement during the RFP phase of the process. These are not conditions that need to be resolved as part of the RFQ process. Policy and operational issues to be considered in the concession agreement could include the following:

- Maintaining control or requiring City approval of parking rates
- Retention of current City employees salary and benefit levels (comparison analysis of the base case and operating case showed a \$5 million decrease in value over 50 years)
- Non-compete clause from the City, no new City garages
- Expanded use of technology to improve efficiency
- Condition of garages at the end of the lease/concession term
- Parades and other special events – offering no-parking or free-parking provisions impact revenues
- Existing agreements and other obligations to provide a specified amount of parking at specific garages that limits future operations.

Environmental Considerations: The action being requested in this report, issuance of a Request for Qualifications, is not “a project” or subject to environmental review. Should the City Council later decide to proceed with implementation of monetization of parking assets, that action will be evaluated under the California Environmental Quality Act (CEQA). The ESC project will be subject to the CEQA and a Notice of Preparation has already been issued for the ESC.

Sustainability: Not applicable to the actions of this report.

Commission/Committee Action: Not applicable

Rationale for Recommendation: While the list of revenue options considered by the City to fund the ESC consisted of several dozen potential sources, the parking monetization concept has the potential to yield substantial upfront cash to pay for a significant portion of a new ESC. It is an essential and core component of the current ESC financing strategy. Several other revenue streams are under consideration to offset the annual contribution from the parking enterprise to the City’s General Fund under the Council’s policy direction to keep the General Fund whole.

Over the past several months staff has worked with outside consultants to complete an assessment of the potential value of the parking assets. During that period the estimated range of value has narrowed and become more reliable. However, the true test of monetary value can only be determined by the marketplace where a willing buyer expresses interest, completes the appropriate due diligence and submits a binding offer. By advancing the

process and authorizing the issuance of an RFQ, the City is taking the necessary steps at no significant cost to the City or the Respondents to determine and realize market value and the needed monetary resources to construct a new ESC.

The process proposed provides the greatest certainty possible before the City has to advance additional funding for its own due diligence. With this information, the Council will have before it the ESC terms, qualified bidders for the parking asset and a plan for offsetting any General Fund impacts.

Financial Considerations: BAML’s contract included assisting the City with preparing the RFQ. Costs to issue and review the RFQ responses are expected to be minimal and City staff will perform the work to prepare and administer the process. No additional funds are being requested for this work. Staff is currently within the total budget allocation for consultant services identified in September 2011. The table below provides an update on the funds previously allocated by City Council and expenditures to date:

| | CONSULTANT | BUDGET | EXPENSE Thru 12/13/11* | BALANCE |
|--------------------------------------|------------------------|----------------|---------------------------|----------------|
| NBA Negotiations Advisor | Barrett Sports Group | 125,000 | 115,000 | 10,000 |
| Parking Asset Value Analysis | | | | |
| Parking Consultant | Walker Parking | 70,000 | 70,000 | 0 |
| Financial Advisor | B of A Merrill Lynch | 80,000 | 80,000 | 0 |
| Subtotal | | 150,000 | 150,000 | 0 |
| Outside Counsel | Orrick/Husch Blackwell | 130,000 | 85,000 | 45,000 |
| Revenue and Finance Options Analysis | EPS | 75,000 | 48,500 | 26,500 |
| Contingency | | 75,000 | 0 | 75,000 |
| Total | | 555,000 | 398,500 | 156,500 |

While there are not significant costs to complete the RFQ process, there will be additional consultant costs to complete the monetization term sheet, concession agreement and RFP process. Staff will identify those costs and sources of funding in advance of Council action. Those costs are reimbursable from the proceeds of monetization.

Emerging Small Business Development (ESBD): Not applicable.



ESC BACKGROUND

Current Actions

On December 13, 2011, the City Council will receive an oral presentation on the status of ESC negotiations, information on the Parking Asset valuation, an update on the schedule and consultant costs expenditures.

2011 Chronology of ESC-Related Actions

On February 8, 2011, the City Council selected ICON-Taylor to analyze the feasibility of developing an entertainment and sports complex (ESC) in Sacramento. ICON-Taylor is composed of David S. Taylor Interests, Inc., a Sacramento development firm with extensive experience completing complex projects, and ICON Venue Group, LLC, which has had considerable success developing ESCs around the country. Also part of the team is Populous, a well-regarded sports-architectural firm and Turner Construction, a leading builder of arena and stadium projects in North America.

On May 26, 2011, ICON-Taylor presented its ESC analysis to the City Council and concluded that (1) an ESC could be built on either the Railyards or Natomas site; (2) the ESC would meet the needs of the NBA and other event programs; (3) the cost of the ESC is approximately \$387 million; and (4) the ESC could be built by early 2015. Council asked staff to conduct a technical review of the ICON-Taylor analysis and report back in the next 100 days.

On August 23, 2011, the Mayor requested that staff return with a recommendation regarding the selection of ICON-Taylor as the potential developer of the ESC and to enter into an exclusive right to negotiate (ERN) for the purposes of reaching a predevelopment agreement.

On September 13, 2011, three reports were presented to the City Council as follows:

1. Technical review of the ICON-Taylor proposal - This report examined the myriad issues associated with building the ESC in the Railyards, including planning, building, urban design, circulation, parking, roadway, and utility issues along with potential strategies for the reuse of the Natomas arena site. Staff examined the assumptions underlying the ICON-Taylor analysis and identified areas where additional study is needed. Staff also confirmed that the schedule for completion of the project by 2015 was very constrained. In order to complete the project by 2015, predevelopment activities needed to commence as soon as possible.
2. Outline of revenue and finance options for financing the ESC - Council gave direction to staff to review the revenue streams and report on any policy and legal considerations on the options. Council also directed the review of the capacity of these streams to support debt and any impact on City debt capacity

and rating. The same report suggested that there may be substantial value in the City's parking enterprise that could be leveraged and capitalized to make a significant capital contribution to the project. The City Council directed staff to further analyze the value of the City's parking assets.

3. Exclusive Right to Negotiate - Staff recommended the City enter into an ERN with ICON-Taylor with the goal of negotiating the general terms for a predevelopment agreement for the financing, development, ownership and operation of the ESC. The Council approved a resolution directing the City Manager to return to with an ERN for Council consideration.

On September 27, 2011, City Council approved the ERN with ICON-Taylor. It included provisions for the City and ICON-Taylor to identify equity partners, further develop the project proposal, develop terms and initiate limited predevelopment activities. It will terminate on March 1, 2012.

On October 18, 2011 City Council approved a budget of \$550,000 for professional services needed to complete due diligence work. Additionally, staff provided City Council with a schedule for the critical period prior to end of 2011 as well as major milestones through completion of the ESC project

Staff was directed to return to City Council on December 13, 2011 with information on parking monetization, as well as studies on the City's parking assets and potential value. Staff recommends Council consider issuing a Request for Qualifications to solicit interest from respondents on parking monetization.



PARKING MONETIZATION AND REQUEST FOR QUALIFICATIONS CRITERIA

At its core, the monetization of the City Parking System would be a trade; the City would give up exclusive control of certain parking operations and revenue in exchange for an upfront lump sum payment, regular payments over time, or a combination. Under private sector operation, parking operation expenditures may be reduced through increased use of technology, lower staffing levels, lower employee compensation levels or higher revenues due to increases in parking rates than would be the case under municipal operation.

Cities, airports, and universities in the nation have considered monetization of parking systems. Los Angeles, Pittsburgh, Harrisburg and Pittsburgh International Airport have studied parking monetization. The cities of Chicago and Indianapolis have entered into long term operating agreements with private firms. The cities of Los Angeles, Pittsburgh, Harrisburg and the Pittsburgh Airport have chosen not to proceed with monetization. Ohio State University is in the Request for Qualifications (RFQ) phase of the process.

On September 13, 2011, the City Council directed staff to evaluate the parking monetization concept as a possible revenue source to fund the construction of a new entertainment and sports complex (ESC) in Sacramento. A standard approach of issuing long term debt to fund the local share of an ESC requires a very large amount of annual debt service payments and ESC-related revenues are insufficient to cover both operating costs and debt service. In order to reduce the annual debt service, the ESC financing effort has focused on potential equity contributions to the project. Equity contributions could come from the Sacramento Kings team owners, an arena operator, the City, and other regional partners. Parking monetization has been suggested as a source for the City's equity contribution to the ESC.

Specialized Expertise

The City retained outside professional expertise to conduct a parking study consisting of both an experienced parking consultant to develop a long term financial model of the parking system and financial advisors to estimate the value of a parking system lease or concession.

The City contracted with Walker Parking Consultants (Walker) to provide a market, financial and condition assessment, projected out 50 years, and with Bank of America Merrill Lynch (BAML) to complete the valuation based on Walker's projections. Both firms have experience on the sell side and buy side of parking studies and transactions. The consultants based their analysis on information and direction provided by a staff team from the City Manager's Office, the City Attorney's Office, the City Treasurer's Office, and the Department of Transportation.

Methodology

The parking study conducted by Walker offered an opinion on the 50-year financial projections of each parking operation and the projected long-term capital maintenance program required for the parking garages. The analysis included: occupancy levels, market rates, market stability, technology implications, capital expenditures, and operating expenses. The complete report is attached (Attachment 4).

BAML used the projections of the Walker analysis to determine value through a discount methodology using the determined free cash flow, as well as precedent from other public agencies across the United States and abroad. A summary of the report is attached (Attachment 5).

General Fund Support

The Parking System revenues currently cover all its capital and operating costs and provide funding for the General Fund. From parking meters and enforcement, revenues in excess of costs are used to provide for maintenance and security of the rights-of-way. There are also annual operating transfers from the Parking Enterprise Fund to the City's General Fund. In Fiscal Year 2009-10, the General Fund contribution was \$9.45 million and for Fiscal Year 2010-11 the preliminary operating results indicate the General Fund contribution was \$9 million.

Requiring the Parking System's contribution to the General Fund to continue into the future would result in a significant decrease in value to the City in a parking monetization. For this reason, a core assumption in the parking study is that the replacement of General Fund support would come from other sources.

Limitations to Monetizing Parking Meter Operations

Due to limitations imposed by the State of California's Vehicle Code, it is likely that the City could not grant an operating lease for parking meter operations nor spend parking meter net revenue on an ESC. Parking meter revenues may be expended only on specified purposes generally confined to activities associated with the regulation and control of traffic and parking on city streets and in off-street public parking facilities.

City staff is exploring the viability of seeking legislative amendments to expand the allowable uses of parking meter revenue and allow the private operation of the system. Staff is also exploring the use of meter revenues to refinancing the existing tax exempt debt on the existing parking garages with new taxable debt.

Determinants of Value

There are three primary factors determining the present value of a long term cash flow such as that generated by the Parking System:

1. Cash flow starting point – This is the cash flow at the point of operational transfer from the City to the operator. The strong cash flows generated by public parking systems are attractive to investors.
2. Annual changes in cash flow – Present value is directly related to the nominal values of a cash flow. If the annual nominal values increase, then the present value will also increase. A standard assumption in parking monetization studies is that annual net revenue would increase significantly under an operator. An operator does not face the same political constraints in raising rates and extending hours for which payment is required. An operator may lower staffing levels and reduce employee compensation to reduce costs. An operator may also have a greater incentive to invest in technology to further reduce operating costs.
3. The discount rate – An important variable in estimating the present value of the long term cash flow is the discount rate which is the cumulative percentage reduction of the annual cash flow. Value and discount rate have an inverse relationship – the lower the discount rate, the higher the value. The same long term cash flow will have different present values depending on the discount rate applied to the cash flow.

Investors will consider a variety of factors in determining a discount rate to apply to the parking cash flows. These factors included borrowing costs, inflation, profit, and risk.

Value from the City's Perspective

It is possible to compare the present value of Parking System cash flows from the perspectives of the City and of investors/operators. For City value, assuming lower annual increases in cash flow and a lower discount rate are both appropriate because the City has an interest in limiting rate increases. The discount rate applied to a City operation cash flow would also be lower.

Effect of City Facilities and Operations on Valuation

When the parking monetization concept was first considered, a wide range of values were preliminarily discussed. The estimates developed in this study are significantly less. Important findings of the Walker long term parking model related to the potential for net revenue growth under an operating lease. The efficient operation of the parking system and the City's practice of charging market rates put real limits on significant cash flow growth under an operating lease. In addition, five of the nine parking garages being considered were built in the 1960s and 1970s. They will require substantial maintenance and/or replacement during the term of the proposed lease arrangement.

A feature of the studies and bids in Chicago, Pittsburgh, and Indianapolis was the significant increase in cash flow due to rate increases and operating changes. Parking

meter rates in Chicago increased from \$0.25 per hour to \$1.20 per hour in less than two years, and doubled in Pittsburgh and Indianapolis. Meter hours were extended and garage rates were increased to market levels. City's current meter rate is \$1.25 per hour.

There is less potential for net revenue growth from the City Parking System than was the case in other cities. The City has a 27% share of publically available off-street parking spaces and currently charges market rates. Overall there is excess parking capacity in the downtown study area and increasing rates at City facilities above market levels would likely drive use to other competing facilities. Automated payment technology is in place in several garages and staffing levels are appropriate.

Tax Exempt Debt

There is outstanding tax exempt debt on three of the seven City owned garages: City Hall Garage, Memorial Garage, and one of the Downtown Plaza garages. Federal tax law and regulation severely limits private economic activity in facilities with outstanding tax exempt debt, and the City tax exempt debt must be converted or paid off within 60 days of executing an operating lease. The situation is complicated by the call (prepay) provisions of the bond issues. The cost of working out the debt issues will be approximately \$52 million. This money would be used to pay debt service, debt principal, and in lieu tax payments to the IRS.

Parking Request for Qualification Criteria and Terms

The purpose of the RFQ process is to establish a pool of interested and qualified respondents to potentially bid to compete for a parking operation concession. The first phase of the parking study was focused on estimating the value of the City's Parking System and determining the process to close on a Parking System monetization transaction. The RFQ process will gauge market interest.

A potential bidder for the City's parking concession would have to demonstrate both the technical capacity to operate the Parking System and the financial capacity to make the upfront payment, operate the system, make capital improvements, and provide funding without contingencies.

General Terms of an RFQ

A response to the RFQ should be consistent with certain general terms:

- Minimum consideration respondent is willing to provide for these elements of the City's Parking System:
 - Off street (garages), on-street (meters) and enforcement
 - Off street (garages) and enforcement without on-street (meters)
- Lease or Concession Agreement term of up to 50 years
- Limited revenue increases

Parking meter and enforcement operations will be performed by the City unless California statutory amendments are secured. The minimum consideration will be based on the City's estimated values of the Parking System.

City Information

In the RFQ process, the City would provide information regarding the Parking System to potential respondents including the financial and operational performance of the Parking System, parking studies and forecasts, facility conditions, capital improvement plans, parking studies and the General Plan for the Downtown and adjacent areas. Briefings and other information sharing meetings will be scheduled.

RFQ Evaluation

Evaluation of the responses will be made on the basis of respondent's technical and financial capacity to operate the Parking System and financial capacity to make the upfront payment to the City.



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MARKET, FINANCIAL AND CONDITION
ASSESSMENT OF PARKING ASSETS

CITY OF SACRAMENTO
SACRAMENTO, CALIFORNIA

Prepared For:
THE CITY OF SACRAMENTO,
CALIFORNIA

NOVEMBER 23, 2011



WALKER
PARKING CONSULTANTS



November 23, 2011

Mr. Russell Fehr
City Treasurer
City of Sacramento
915 I Street
Historic City Hall – 3rd Floor
Sacramento, CA 95814

Re: *City of Sacramento*
Preliminary Assessment of Parking Assets - Phase I
Walker Project #33-1699.00

Dear Mr. Fehr:

Walker Parking Consultants is pleased to submit for your review our report regarding the Parking Market, Financial, and Condition Assessment for selected elements of the City of Sacramento Public Parking System.

This version of the Phase I preliminary report includes our analysis and conclusions, which are intended to assist the City in evaluating the feasibility of entering into a long-term concession agreement to operate and manage the subject parking system. The report is subject to further revision based on additional input or analysis.

We appreciate the opportunity to be of service to you and the City of Sacramento.

Sincerely,

WALKER PARKING CONSULTANTS

John W. Dorsett, AICP
Senior Vice President
Director of Consulting Resource Group

Phillip Schragal
Project Manager
Director of Operations Consulting

PS:

Enclosure



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1 EXECUTIVE SUMMARY

The City of Sacramento ("City") engaged Walker Parking Consultants ("Walker") to develop, for its benefit, a market and operations analysis, financial model and condition assessment report of selected elements of the City of Sacramento's ("City") parking assets (collectively, the "System"), which for the purpose of this analysis is comprised of the following:

- 7,200± spaces located in seven parking structures ("Off-street structures") concentrated in Downtown Sacramento;
- 5,500± on-street metered spaces ("On-street") located in Downtown Sacramento and the surrounding neighborhoods;
- Citation revenue from the City's enforcement program.

In this preliminary Phase I report, we provide the results of our analysis, offer an opinion on the 50-year financial projections and the projected long-term capital maintenance program required for structural repairs to the Off-street structures. We also provide an overview of the existing operations and our analysis of the parking market served by the System. Included below is a summary of the critical findings contained in this preliminary report:

- Occupancy Levels – On average, the Off-street structures are about 60% occupied during mid-day peak hours on weekdays with the highest occupancy occurring at the Capitol (90%) and City Hall (85%) garages, while weekend occupancy peaks at about 35%, with highest weekend occupancy occurring at the Tower Bridge (72%) and Plaza West/Central (41%) facilities. Additionally, the mid-day occupancy On-street (Downtown) currently ranges from 50% in some areas, to as high as 100% in other areas on weekdays. Given current conditions, the System has the ability to accommodate additional vehicles that may be generated through future growth in the market.
- Market Rates – The fee structure for the City's Off-street facilities is near market level; therefore, we assumed only modest fee increases in the transient and monthly rate categories during the initial years of privatization. Additionally, we assumed the successful bidder should be able to implement upward adjustments to the On-street hourly meter rate and therefore, bring the hourly fee for On-street parking closer to the hourly fee charged in the Off-street structures during the initial five-years of privatization.
- Market Stability – The project area is supportive of future parking demand. The City's broad-based economy contains a mix of commercial and government entities that should continue to provide future employment opportunities; moreover, this supports expectations of stable population and income levels, which in turn should afford steady future parking demand for the System.
- Implement Technology – The conversion of the existing single-space On-street metered system to either single-space smart-meter or multi-space meter technology offers significant opportunity for future potential revenue growth.



- Capital Expenditures - Based upon Walker's condition appraisals conducted in 2000 and subsequent work completed by another firm in 2004, Walker developed a CAPEX plan with regard to structural maintenance. The plan includes a conceptual repair program, cost opinion and timeframe that include contingencies and allowances. The required rehabilitation projects are of a similar magnitude to other capital repair projects undertaken in Sacramento and the surrounding region; therefore, appropriate structural repairs should meet the desired long-term maintenance program outlined for the City System.
- Operating Expenses - Walker reviewed current operating cost data supplied by the City and compared these costs to other similar private sector projects. The operating expenses assumed in our financial model consider the City's current level of expenditures, and based on the identified staffing and operational requirements, are at an appropriate level for the proposed scope of work.

Since the on-line or hourly parking staff members are unionized today; we developed two Case models to depict possible future operating scenarios. Case one assumes the hourly employees hired by the future operator will be non-union and that the operator would be required to adhere to the "Living Wage Ordinance; adopted as Amended Ordinance No. 2003-082 and codified as Chapter 3.58 of the Sacramento City Code. Case Two assumes the future operator must make concessions with regard to the union and therefore, assumes similar hourly rates and benefits to those paid today by the City.

Finally, information gathered during Walker's on-site observation period was used to evaluate the System from an operational and structural perspective. Details of our analysis, along with the projected revenue, operating expenses and net cash flow, as well as the capital expenditures required to maintain the System over the next 50-year period are included in the report that follows herein.



2 INTRODUCTION

The City of Sacramento (“City”) wishes to evaluate the potential merits of monetizing City-owned parking assets (“System”) comprised of the following:

- 1) Parking Structures (collectively, “Off-street structures”);
7,200± spaces in seven parking structures; concentrated in Downtown Sacramento.
- 2) On-street Meters (collectively, “On-street”);
5,500± on-street metered spaces in Downtown and the surrounding neighborhoods;
- 3) Enforcement; (collectively, “Enforcement Program”);
200,000± annual citations valued at over \$7.0M; issued for illegal parking activity.

Bank of America/Merrill Lynch (“BAML”) is the financial advisor representing the City on this potential long-term transaction. The City desires to have Walker Parking Consultants (“Walker”) collaborate with BAML and the City on the initial evaluation effort. To complete the engagement, Walker analyzed the market and finances of selected System assets and also provided a due diligence condition assessment for the designated City parking structures. The designated parking structures and their respective year of construction are as follows:

- o Downtown Plaza West 1977
- o Capital Garage 1969
- o City Hall Garage 1990
- o Downtown Plaza East (K-1) 1969
- o Downtown Plaza East (K-2) 1978
- o Downtown Plaza East (K-3) 1980
- o Tower Bridge Garage 1975
- o Downtown Plaza Central 1992
- o Memorial Garage 2001

The objective of the collaboration between BAML and Walker is to develop a net present value (“NPV”) model that includes the projected revenues, expenses and net cash flow associated with the System for the next 50-years.

For this preliminary assessment, the City requests that BAML and Walker develop a range of values for each System component based on defined assumptions that incorporate sensitivity functions into the NPV model. Ultimately, the City will utilize the model developed to determine the impact that various decisions have on the overall valuation of the System.

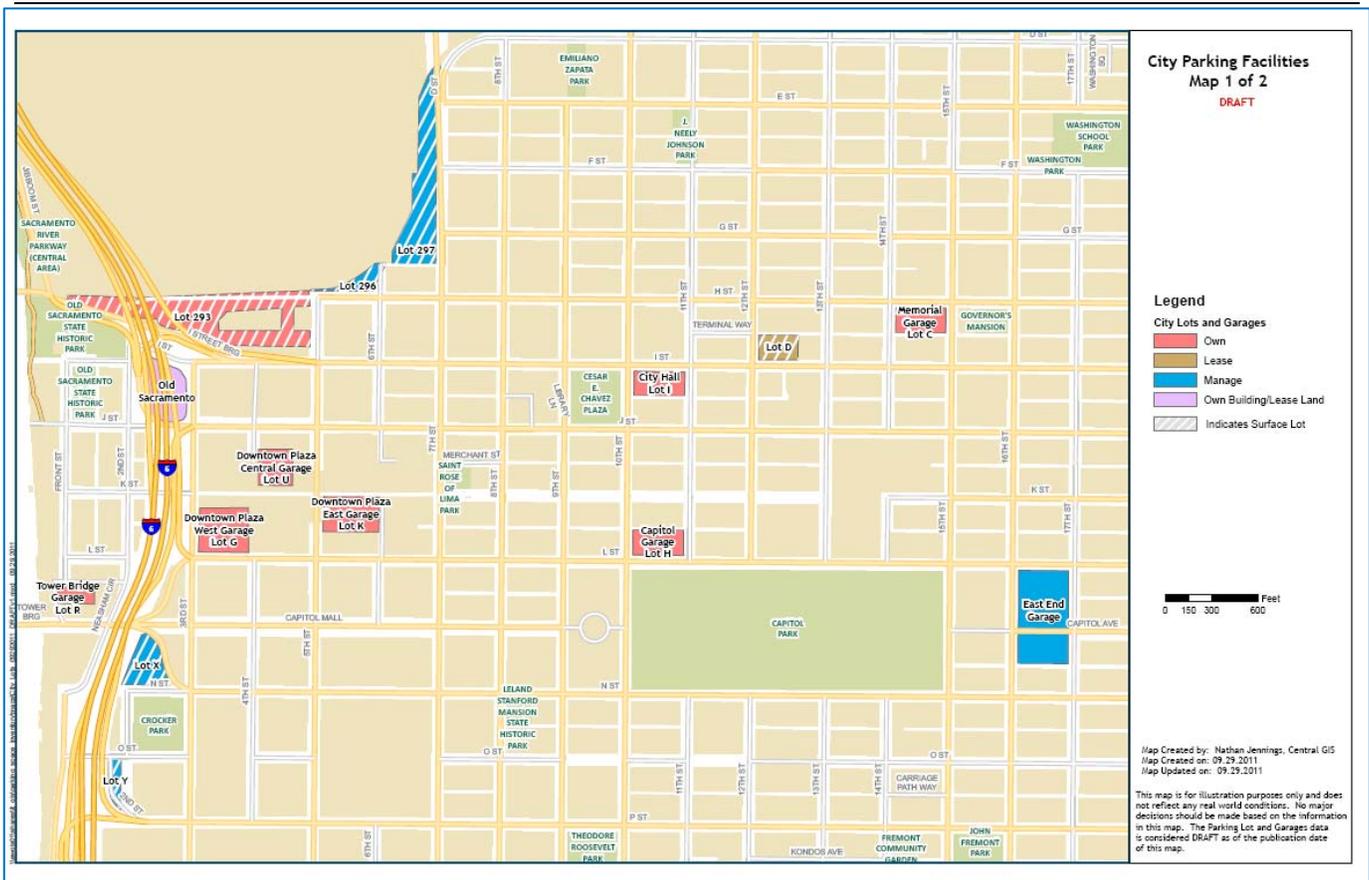
3 MARKET ANALYSIS

3.1 OVERVIEW

Walker reviewed all publically available parking structures (“Off-street structures”) generally located off-street within Downtown Sacramento. For the off-street market analysis the study area include the blocks located east of the Sacramento River and north of Q Street, west of 18th Street and south of E Street, as shown in **Figure 1**. Regarding on-street parking, all 5,500± meters are assumed to be included in the monetization of the City-owned System. This includes meter zones located somewhat farther to the east (primarily along J Street) and zones located north and south of the off-street study area. Additional maps for both the on-street and off-street Systems are provided in the Appendix of this report.

The City facilities being considered for monetization include seven City-owned garages, which are shown on the map below (in pink). These garages include the Tower Bridge, Downtown Plaza (West, Central, and East), City Hall, Capitol, and Memorial garages. At the direction of the City, the Old Sacramento structure and other City owned or managed garages and surface parking lots were not included in Walker’s analysis for possible monetization.

Figure 1: Off-Street Study Area



Source: City of Sacramento

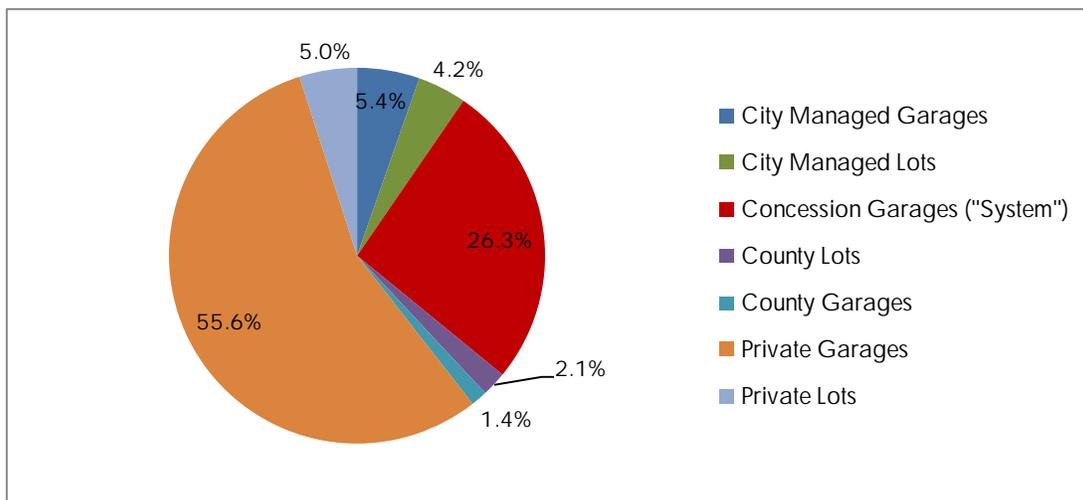
Public parking facilities are defined as those locations within the study area that offer hourly, daily, and/or monthly parking for a fee to the general public. While a few State-operated parking facilities are open on an hourly fee basis for visitor parking, these facilities are carefully monitored and are typically limited to visitor parking for a specific State building and/or employee parking; moreover, the State facilities do not compete for “public parking” within the market. Therefore, the State operated facilities were excluded from Walker’s analysis.

The table and figure below depict an overview of the off-street public parking inventory available within the study area. The parking capacities shown are based on data provided from the City’s GIS database. The space counts were not verified by Walker for each location; however, updates were made to add lots and/or garages and remove facilities that are no longer available due to construction or other changes within the market.

Table 1: Off-Street Parking Market

| Facility Type* | Number | Approximate Inventory | Approximate Inventory Share |
|-------------------------------|--------|-----------------------|-----------------------------|
| City Managed Garages | 2 | 1,478 | 5.4% |
| City Managed Lots | 5 | 1,153 | 4.2% |
| Concession Garages ("System") | 7 | 7,234 | 26.3% |
| County Lots | 3 | 586 | 2.1% |
| County Garages | 2 | 386 | 1.4% |
| Private Garages | 38 | 15,269 | 55.6% |
| Private Lots | 24 | 1,360 | 5.0% |
| Parking Totals | | 27,466 | |

*Excludes State operated parking facilities.



Source: Walker Parking Consultants, 2011



City-owned structures account for slightly more than 26% of the total Downtown off-street public parking inventory, while the largest segment of the off-street market is represented by privately-operated garages, which currently account for over 55% of the total Downtown parking capacity.

We found that nearly 100% of the total available spaces (27,466) are either restricted to certain user groups (e.g. employee only) or are available for paid parking. Only limited “free” parking is available within the market with the exception of some un-metered spaces (on-street), which are located northeast of the study area.

Controlled parking within Downtown is common; moreover, most garages (City included) are equipped with parking access and revenue control equipment. Additionally, many utilize pay-on-foot or pay-in-lane technology to speed transaction processing and minimize staffing. Several private locations are operated as automated parking facilities and do not offer traditional exit-cashiering. Unlike the garages, most parking lots within the study area are un-staffed and un-gated, and are managed through extensive use of pay-and-display meter technology; moreover, we further assume that most operators handle their own fee collection and monitor these lots for violations. Only a handful of gated, manned lots were identified within the Downtown corridor.

3.2 MARKET ANALYSIS

Walker performed an on-site observation of the City’s parking assets and private parking locations in Downtown Sacramento on Monday October 17th through Wednesday October 19th. Rate information was collected during the day; between the hours of 8 AM and 6 PM. Information on the monthly and early bird rates and restrictions as well as the hours of operation was collected through a series of follow-up phone calls that were made to confirm monthly rates.¹

It is important to note that parking rates are often a dynamic variable, and in some markets may change as frequently as several times per day. In Sacramento, the rate signs observed appeared to remain static during the observation period; regardless, the rates shown herein should be considered a “snapshot” of the conditions observed (October, 2011). In the future, variables may combine to impact parking rates including special events held Downtown, specific occupancy conditions for the various lots and garages, new construction projects (that add or detract from the market supply), office building occupancy as well as the overall economic environment Downtown. As with other retail services, paid parking is a competitive business that is not immune to the pricing pressures and fee competition that exists with other “commodity” type products. Based upon the information gathered during Walker’s site visit, the rates shown below in **Table 2** are representative of Downtown market conditions in October 2011.

¹ Walker was unable to verify monthly rates for 100% of the private facilities; however, a large enough sample was gathered to draw meaningful averages for most sub-sections of the Downtown market.

Table 2: Off-Street Parking Rates

| Zone | East / West Boundaries ⁽¹⁾ | Approximate Off-Street Spaces | Average Rates ⁽²⁾ : | | | | | |
|-----------|---------------------------------------|-------------------------------|--------------------------------|-----------|-----------|------------|-----------------|------------------|
| | | | 0-1 Hour | 1-2 hours | Daily Max | Early Bird | Monthly Regular | Monthly Reserved |
| 1 | Sacramento River to 5th Street | 11,059 | \$3.50 | \$7.00 | \$16.70 | \$8.70 | \$148.00 | \$203.00 |
| 2 | 5th Street to 9th Street | 6,686 | \$4.70 | \$8.30 | \$15.70 | \$9.80 | \$153.00 | \$183.00 |
| 3 | 9th Street to 13th Street | 7,640 | \$5.80 | \$9.10 | \$14.10 | \$9.30 | \$158.00 | \$170.00 |
| 4 | 13th Street to 18th Street | 3,152 | \$4.00 | \$6.70 | \$11.30 | \$7.80 | \$151.00 | \$213.00 |
| All Zones | | 28,537 | \$4.50 | \$7.90 | \$14.80 | \$8.90 | \$153.00 | \$189.00 |

1. "Zone" boundaries were set by Walker's field staff for the purpose of data collection only; the mix of land uses and predominant parking operators changes somewhat when traveling from west to east; all sub-zones are bounded by roughly E Street on the north and roughly Q Street on the south; State operated parking entities are excluded.

2. The average rates shown represent a simple average of all the facilities that have a posted rate for that hourly increment; facilities that charge a flat rate are factored in when calculating "daily max"; averages are rounded to the nearest \$0.10, except for monthly rates, which are rounded to the nearest dollar; averages listed for "All Zones" is a simple average for all facilities surveyed in the downtown study area.

Source: Walker Parking Consultants, 2011

In addition to the off-street structures, on-street paid parking is operated by the City throughout the Downtown area with some meter zones extending as far east as 29th Street (**Figure 5**). Time limits may vary based on the specific area; however, typical on-street meter fees remain the same regardless of meter zone. The following rate schedule is established for on-street metered parking:

- o 12 min = \$0.25
- o 10 hours = 24 quarters (\$6)*

*Only where posted time-limits allow for all day parking.

Most meter zones are enforced from 8 AM until 6 PM with Sundays excluded (meters in Old Town Sacramento have extended hours and are operated seven days per week). Most meter zones also offer free parking on the following holidays: New Years Day, Memorial Day, Independence Day, Labor Day, Thanksgiving and Christmas.

The on-street meter rate of \$0.25 for 12 minutes is equivalent to a \$1.25/hour charge, which is substantially lower than the short-term parking fees charged at most off-street lots and garages throughout Downtown. However, some off-street locations offer validation programs that effectively discount the short-term fee actually collected from patrons; conversely, the fee for on-street parking is not typically discounted with validations.

Per the City, the on-street meter program is comprised of roughly 5,500± metered spaces. Parkeon pay-an-display meters (310 kiosks; inset photo), which accept payment via cash and/or credit card are used to manage about 1,800± spaces (six spaces± per kiosk).



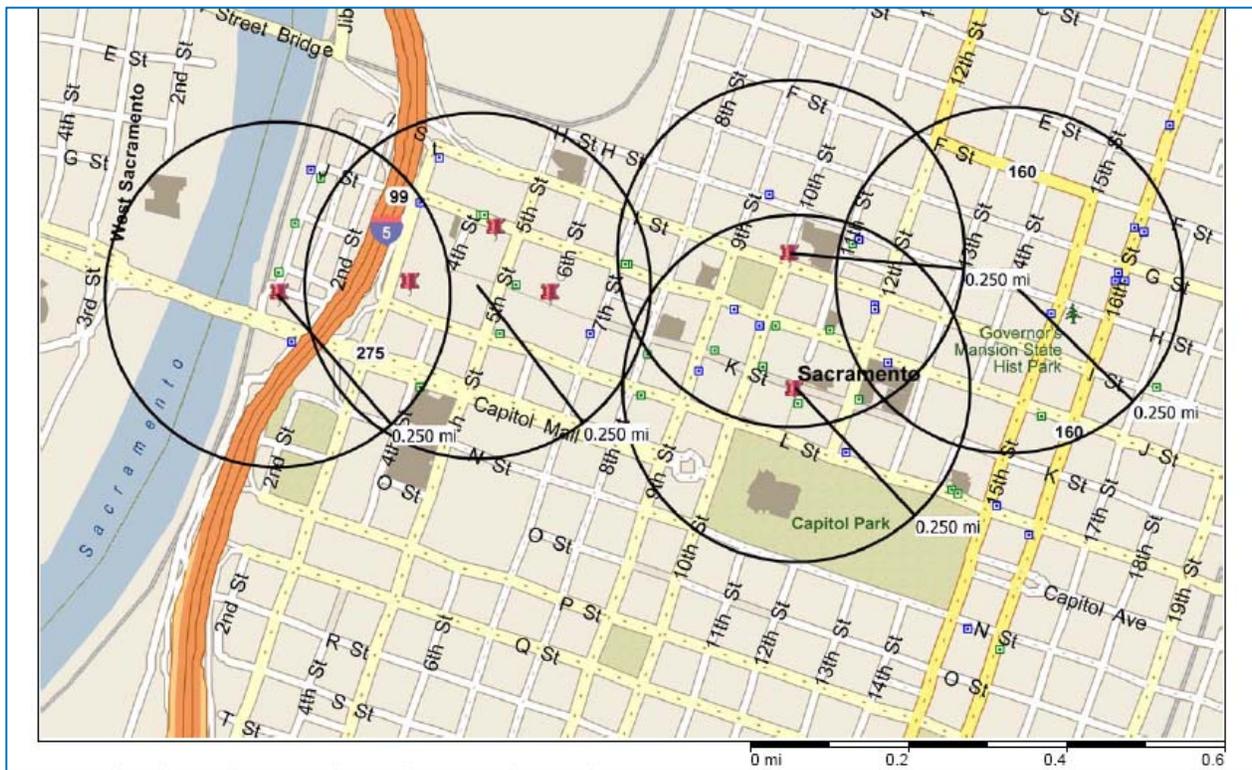
The remaining metered spaces are older McKay or Duncan brand single-space meters (inset image). These single-space meters accept only coin and/or meter debit-cards (card readers were not available on all meters observed). Meter debit-cards are sold by the City in \$50 and \$100 increments plus a \$10 administrative fee on all new cards purchased.



3.3 CITY OWNED STRUCTURES

In this section we provide a brief overview of each of the City-owned parking garages intended for inclusion in the monetization effort. We also include a snapshot of the rates in place at the existing competing private facilities that are located within 0.25 mi of each City structure. The approximate “immediate market” for each City-owned facility is shown below in **Figure 2**.

Figure 2: City-Owned Parking Garages and Immediate Competing Market



Source: Walker Parking Consultants, 2011

Tower Bridge - Constructed in 1975, the Tower Bridge Garage is located on the south end of Old Town Sacramento. This structure offers public parking for daytime and nighttime visitors to Old Town as well as to area employees. Vehicular access to the garage is available from Tower Bridge/Capitol Mall, a major east-west surface street in Downtown; one of only three points connecting Sacramento and West Sacramento. A secondary vehicular access point for the garage is located on the west side of the structure from Neasham Circle; additionally, all traffic exits on the north side of the garage onto Neasham Circle.



The structure contains 451± spaces (City GIS inventory) and the posted rates are as follows:

- \$1.50 per 30 minutes;
- \$15.00 weekday daily maximum rate;
- \$9.00 maximum night rate (4 PM - 6 AM);
- One validation per customer, per day.

Customers can pay at one of several pay on foot devices located throughout the facility; additionally, an exit-cashier is also available to accept customer payments. According to the City, the following monthly rates were in place at the Tower Bridge Garage as of September 2011:

| Facility | Type | Rate |
|--------------|----------|----------|
| Tower Bridge | Regular | \$130.00 |
| Tower Bridge | Car Pool | \$97.50 |

A snapshot of the local competitive market within a 0.25-mile radius includes several other City-operated facilities such as Lot X, the Old Sacramento and the Downtown Plaza West garages. Two of these facilities are not included in the monetization effort. A handful of other private off-street facilities are within walking distance; **Table 3** on the following page, contains a list of competing parking fees in the area.

Table 3: Tower Bridge Garage Immediate Market

| Capacity | Name/Address | Garage/Lot | Owner/Operator | 0-1 Hour | 1-2 hours | Daily Max | Early Bird | Monthly Regular | Monthly Reserved |
|------------|---|---------------|--------------------------|---------------|---------------|----------------|------------|-----------------------|-----------------------|
| 451 | Tower Bridge Garage | Garage | City/City | \$3.00 | \$6.00 | \$15.00 | NA | See City rates | See City rates |
| 115 | Old Town Sacramento Lot 100 Block of L Street (off Firehouse Alley) | Lot | Private/Standard Parking | \$2.50 | \$5.00 | \$12.00 | NA | \$110.00 | NA |
| 130 | Embassy Suites Garage (valet only, off Tower Bridge) | Garage | Private/Embassy Suites | \$6.00 | \$12.00 | \$25.00 | NA | NA | NA |
| 181 | Lot X - Crocker Park Lot (entrance off of N Street) | Lot | City | | | \$10.00 | NA | See City rates | See City rates |
| 786 | 300 Capitol Mall (entrance off N Street) | Garage | Private/Ace Parking | \$4.50 | \$9.00 | \$18.00 | \$7.00 | | |
| 878 | Old Sacramento Garage (entrance off of I Street) | Garage | State of California | \$2.50 | \$5.00 | \$13.00 | NA | See City rates | See City rates |
| 1320 | Downtown Plaza West (entrance off L street) | Garage | City / City | \$2.50 | \$5.00 | \$15.00 | \$7.00 | See City rates | See City rates |
| | Averages | | | \$3.60 | \$7.20 | \$15.50 | \$7.00 | | |

Source: Walker Parking Consultants, 2011

Insufficient private comps were identified to judge whether the City's monthly rate for this facility is competitive, while the daily and hourly rates appear to be in line with most of the competing private facilities.

Downtown Plaza (West, Central, and East) – Three City-owned facilities, operated by a third-party professional parking operator, that reside beneath the Downtown Plaza shopping center. The construction dates for each of the garages are listed below:



- o DP West 1977
- o DP East (K-1) 1969
- o DP East (K-2) 1978
- o DP East (K-3) 1980
- o DP Central 1992

Vehicular access to the Downtown Plaza East and West garages is from L Street; access to the Downtown Plaza Central Garage is from J Street. The West, Central, and East garages contain 1,320± spaces, 460± spaces and 1,920± spaces, respectively. The posted rates for the Downtown Plaza Garages are as follows:

- \$1.25 each 30 minutes; first 2 hrs, \$1.50/30 minutes thereafter;
- \$15.00 daily maximum rate;
- \$ 7.00 Early Bird rate (West garage), 9:30 AM exit by 4:30 PM (no validations);
- \$ 8.00 Early Bird rate (East garage), 9:30 AM exit by 4:30 PM (no validations);
- One validation per day per car.

In addition to the daily rates, validations are currently issued by the City to Westfield (Mall operator) for a flat rate of \$750,000/year pursuant to the terms and conditions of an agreement valid through 2045 (see financial section). Validated customers receive three-hours of “free” parking per retail validation, and four-hours free with a restaurant validation. A significant number of retail and restaurant validations are currently used by Downtown Plaza Customers.

The following monthly rates were in place at the three Downtown Plaza Garages as of September 2011.

| Facility | Type | Rate |
|-----------------------------|----------|----------|
| Downtown Plaza East | Regular | \$145.00 |
| DPE | Car Pool | \$108.75 |
| Downtown Plaza West/Central | Regular | \$135.00 |
| DPW/C | Car Pool | \$101.25 |

A snapshot of the local competitive market within a 0.25-mile radius of these facilities includes the facilities shown in **Table 4**) on the following page. Based on Walker’s analysis of this market, the monthly rates for this facility are below the average rates charged at the competing private facilities.

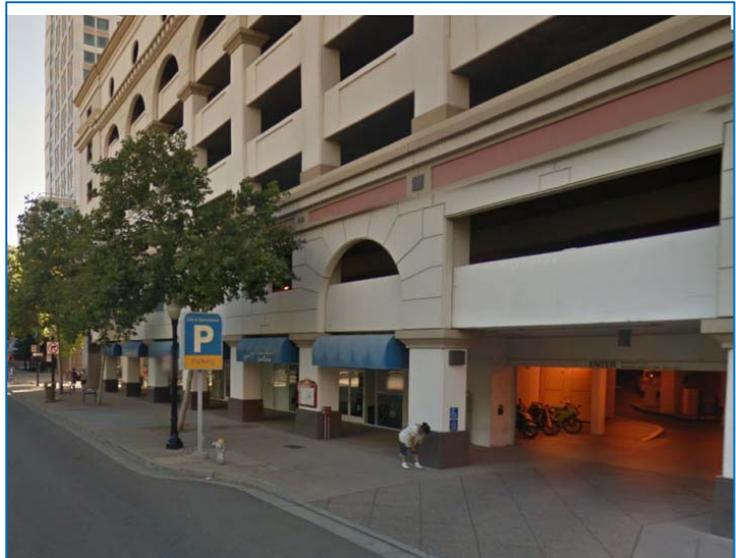


Table 4: Downtown Plaza Garages - Immediate Market

| Capacity | Name/Address | Garage/Lot | Owner/Operator | 0-1 Hour | 1-2 hours | Daily Max | Early Bird | Monthly Regular | Monthly Reserved |
|----------|---|------------|---------------------------|----------|-----------|-----------|------------|-----------------|------------------|
| 1320 | Downtown Plaza West (entrance off L street) | Garage | City / City | \$2.50 | \$5.00 | \$15.00 | \$7.00 | See City rates | See City rates |
| 1920 | Downtown Plaza East (entrance off L Street) | Garage | City / City | \$2.50 | \$5.00 | \$15.00 | \$8.00 | See City rates | See City rates |
| 460 | Downtown Plaza Central Garage (entrance off J) | Garage | City / City | \$2.50 | \$5.00 | \$15.00 | NA | See City rates | See City rates |
| 68 | Lot 296 - monthly only Amtrak (entrance off 6th Street) | Lot | Inland | NA | NA | NA | NA | See City rates | See City rates |
| 150 | 455 Capitol Mall (entrance on 5th) | Lot | Private | \$3.00 | \$6.00 | \$18.00 | NA | NA | NA |
| 785 | Bank of the West Tower 500 Capitol Mall (entrance off N Street) | Garage | Private | \$5.25 | \$10.50 | \$18.00 | \$10.00 | \$165.00 | NA |
| 192 | 520 Capitol Mall American River Bank Building (entrance off N Street) | Garage | Private/Standard | \$3.00 | \$6.00 | \$24.00 | \$10.00 | NA | NA |
| 299 | Macy's Garage (entrance off Capitol Mall) | Garage | Private / Douglas Parking | \$2.00 | \$4.00 | \$15.00 | NA | \$120.00 | NA |
| 342 | Lot 293 - Amtrak Lot (entrance off 5th) | Lot | City / City | \$3.00 | \$6.00 | \$9.00 | NA | See City rates | See City rates |
| 523 | Corporate Centre 501 J Street (entrance off of 6th) | Garage | Private/Standard Parking | \$4.50 | \$9.00 | \$18.00 | \$10.00 | \$160.00 | \$180.00 |
| 786 | 300 Capitol Mall (entrance off N Street) | Garage | Private/Ace Parking | \$4.50 | \$9.00 | \$18.00 | \$7.00 | | |
| 789 | Plaza Five Fifty-five (entrance off 5th and 6th) | Garage | Private/UniPark LLC | \$5.00 | \$10.00 | \$20.00 | NA | \$185.00 | \$225.00 |
| ?? | Bank of America Parking | Garage | Private/Standard Parking | \$6.00 | \$12.00 | \$25.00 | NA | NA | NA |
| 878 | Old Sacramento Garage (entrance off of I Street) | Garage | State of California | \$2.50 | \$5.00 | \$13.00 | NA | See City rates | See City rates |
| 1193 | WellsFargo Center (entrance off 4th and 5th) | Garage | Private/Ace Parking | \$4.50 | \$9.00 | \$18.00 | NA | | |
| 196 | 770 L Street Office Building | Garage | Private/Standard | \$3.00 | \$6.00 | \$15.00 | \$10.00 | \$150.00 | \$180.00 |
| 797 | U.S. Bank Tower - 621 Capitol Mall | Garage | Private/Ampco | \$5.25 | \$10.50 | \$18.00 | NA | \$150.00 | \$210.00 |
| | Averages | | | \$4.00 | \$7.90 | \$17.60 | \$9.40 | \$155.00 | \$199.00 |

Source: Walker Parking Consultants, 2011

City Hall Garage - The City Hall Garage was constructed in 1990. The structure is located across from Cesar Chavez Park also across the intersection from Sacramento’s City Hall Building at 10th and I Streets. Vehicular traffic enters the garage from either 10th or 11th Streets, and exits onto 10th, 11th or I Streets. The garage has a retail wrap on the first floor, primarily along I street (retail leases within the garages are included in the monetization effort).



The City Hall Garage contains 1,035± spaces and the posted rates are as follows:

- o \$1.50 each 30 minutes;
- o \$18.00 daily maximum rate;
- o No posted Early Bird rate;
- o \$5.00 maximum night rate (5 PM – 6AM daily, all day on weekends).

The following monthly rates were in place at the City Hall garage as of September 2011.

| Facility | Type | Rate |
|-----------|----------|----------|
| City Hall | Regular | \$185.00 |
| City Hall | Car Pool | \$138.75 |

A snapshot of the local competitive market within a 0.25-mile radius of this facility includes the locations shown in **(Table 5)** on the following page.



Table 5: City Hall Garage - Immediate Market

| Capacity | Name/Address | Garage/Lot | Owner/Operator | 0-1 Hour | 1-2 hours | Daily Max | Early Bird | Monthly Regular | Monthly Reserved |
|-------------|--|---------------|------------------|--------------------|---------------|----------------|------------|-----------------|------------------|
| 1035 | City Hall Garage - 1000 I Street | Garage | City/City | \$3.00 | \$6.00 | \$18.00 | NA | \$185.00 | |
| 120 | F Street - Between 9th and 10th | Lot | Private/Private | | | | NA | NA | \$100.00 |
| 133 | 980 9th Street | Garage | Private/Standard | NA | NA | NA | NA | \$165.00 | \$200.00 |
| 185 | 906 G Street - Between 9th and 10th | Garage | Private/Priority | \$4.00 | \$8.00 | \$15.00 | NA | \$150.00 | \$175.00 |
| 185 | Capitol Place Garage - 915 L Street | Garage | Private/Standard | \$6.00 | \$12.00 | \$18.00 | NA | \$185.00 | \$250.00 |
| 185 | L Street - Between 8th and 9th | Garage | Private/Priority | \$4.00 | \$8.00 | \$14.00 | \$10.00 | \$175.00 | none |
| 250 | Capitol Place Garage - 915 L Street | Garage | Private/Standard | \$6.00 | \$12.00 | \$18.00 | NA | \$185.00 | \$250.00 |
| 368 | J Street - Between 8th and 9th | Garage | Private/Standard | \$5.25 | \$10.50 | \$19.25 | \$12.00 | \$145.00 | \$165.00 |
| 496 | ReNAissance Tower - 801 K Street | Garage | Private/Standard | \$6.00 | \$12.00 | \$20.00 | | \$170.00 | \$200.00 |
| 672 | 980 9th Street - Central Library | Garage | Private/Standard | \$5.25 | \$10.50 | \$19.25 | NA | \$165.00 | \$200.00 |
| | 730 I Street | Garage | Private/Priority | | | | NA | \$130.00 | none |
| 26 | 1303 J Street | Garage | Private/Central | | | | NA | no answer | |
| 35 | 7th and I Street | Lot | Private | \$7.00 | \$7.00 | \$7.00 | NA | \$7/day | none |
| 46 | Northside of J between 11th and 12th | Lot | Private/Priority | \$4.00 | \$8.00 | \$14.00 | NA | \$150.00 | none |
| 88 | Covell Building - 777 Parking Entrance | Garage | Private/Standard | \$3.00 | \$6.00 | \$14.00 | \$10.00 | no answer | |
| 110 | 12th & I - Lot D | Lot | City/City | \$8.00 flat | \$8.00 flat | \$8.00 | \$8.00 | \$125.00 | NA |
| 272 | Cathedral Building - 1100 J Street | | Private/Ampco | | | | NA | \$140.00 | \$160.00 |
| 283 | 1201 K Street | | Private | not open to public | NA | NA | NA | | |
| 442 | | Garage | Private/Ampco | \$5.25 | \$10.50 | \$18.00 | NA | ? location | |
| 568 | | Garage | Private | Employee only | NA | NA | NA | | |
| 600 | 1259 L Street | Garage | Private | \$5.25 | \$10.50 | \$20.00 | \$10.00 | | |
| 840 | 900 13th Street | Garage | Private/Ace | \$5.00 | \$11.00 | \$18.00 | NA | \$170.00 | \$190.00 |
| 879 | Cathedral Building - 1100 J Street | Garage | Private/Ampco | \$3.50 | \$7.00 | \$15.00 | NA | \$140.00 | \$160.00 |
| 27 | Between 10th/11th north of K 1014 J Street | Lot | Private/Priority | \$8.00 flat | \$8.00 flat | \$8.00 | NA | daily | none |
| | 1230 J Street - Sheraton Valet | | | \$17.00 flat | \$17.00 flat | \$17.00 | NA | | |
| | Averages | | | \$5.00 | \$9.50 | \$15.40 | \$10.00 | \$157.00 | \$186.00 |

Source: Walker Parking Consultants, 2011

Capitol Garage - Constructed in 1969, this structure is located directly across the street from the California State Capitol Building. Vehicular traffic enters the garage from 10th Street and exits onto 11th Street, then must turn west onto L Street. As with several other City parking structures, the Capitol garage has a retail wrap with businesses along L street (retail leases are included with the monetization agreement.)



The Capitol Garage contains 988± spaces and the posted rates are as follows:

- \$1.50 each 30 minutes;
- \$18.00 daily maximum rate;
- No posted Early bird rate;
- \$5.00 nights/weekends (5 PM – 6AM daily, all day on weekends).

The following monthly rates were in place at the Capitol garage as of September 2011.

| Facility | Type | Rate |
|----------------|----------|----------|
| Capitol Garage | Regular | \$185.00 |
| Capitol Garage | Car Pool | \$138.75 |

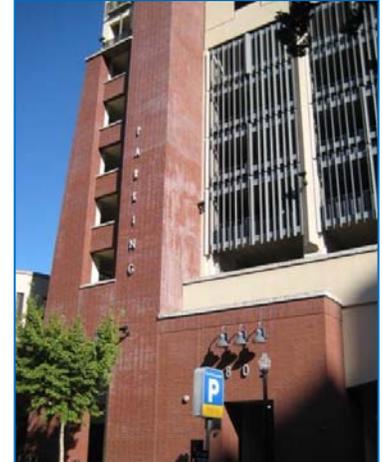
A snapshot of the local competitive market within a 0.25-mile radius of this facility includes the locations shown in **(Table 6)** on the following page.

Table 6: Capitol Garage - Immediate Market

| Capacity | Name/Address | Garage/Lot | Owner/Operator | 0-1 Hour | 1-2 hours | Daily Max | Early Bird | Monthly Regular | Monthly Reserved |
|------------|--|---------------|------------------|----------------------------------|---------------|----------------|------------|---------------------|------------------|
| 988 | Capitol Garage - 1126 11th Street | Garage | City/City | \$3.00 | \$6.00 | \$18.00 | NA | \$185.00 | |
| 78 | Motor Inn Garage - 812 L Street | Garage | Private/Private | \$4.00 | \$6.00 | \$16.00 | NA | \$140.00 | \$155.00 |
| 100 | Sutter Club Garage - 824 L Street | Garage | Private/Club | | | | NA | \$165.00 | \$165.00 |
| 133 | 980 9th Street | Garage | Private/Standard | NA | NA | NA | NA | \$165.00 | \$200.00 |
| 185 | Capitol Place Garage - 915 L Street | Garage | Private/Standard | \$6.00 | \$12.00 | \$18.00 | NA | \$185.00 | \$250.00 |
| 185 | L Street - Between 8th and 9th | Garage | Private/Priority | \$4.00 | \$8.00 | \$14.00 | \$10.00 | \$175.00 | none |
| 196 | 770 L Street Office Building | Garage | Private/Standard | \$3.00 | \$6.00 | \$15.00 | \$10.00 | \$150.00 | \$180.00 |
| 250 | Capitol Place Garage - 915 L Street | Garage | Private/Standard | \$6.00 | \$12.00 | \$18.00 | NA | \$185.00 | \$250.00 |
| 368 | J Street - Between 8th and 9th | Garage | Private/Standard | \$5.25 | \$10.50 | \$19.25 | \$12.00 | \$145.00 | \$165.00 |
| 496 | ReNAissance Tower - 801 K Street | Garage | Private/Standard | \$6.00 | \$12.00 | \$20.00 | | \$170.00 | \$200.00 |
| 672 | 980 9th Street - Central Library | Garage | Private/Standard | \$5.25 | \$10.50 | \$19.25 | NA | \$165.00 | \$200.00 |
| 22 | Westside of 8th | Lot | Private/Priority | \$6.00 | \$6.00 | | NA | vague/multiple lots | |
| 46 | Northside of J between 11th and 12th | Lot | Private/Priority | \$4.00 | \$8.00 | \$14.00 | NA | \$150.00 | none |
| 115 | Northeast corner - 10th & O | Lot | State/State | Not open to public - Permit only | NA | NA | NA | NA | NA |
| 272 | Cathedral Building - 1100 J Street | | Private/Ampco | | | | NA | \$140.00 | \$160.00 |
| 283 | 1201 K Street | | Private | Not open to public | NA | NA | NA | | |
| 442 | | Garage | Private/Ampco | \$5.25 | \$10.50 | \$18.00 | NA | ? location | |
| 568 | | Garage | Private | Employee only | NA | NA | NA | | |
| 600 | 1259 L Street | Garage | Private | \$5.25 | \$10.50 | \$20.00 | \$10.00 | | |
| 840 | 900 13th Street | Garage | Private/Ace | \$5.00 | \$11.00 | \$18.00 | NA | \$170.00 | \$190.00 |
| 879 | Cathedral Building - 1100 J Street | Garage | Private/Ampco | \$3.50 | \$7.00 | \$15.00 | NA | \$140.00 | \$160.00 |
| 27 | Between 10th/11th north of K 1014 J Street | Lot | Private/Priority | \$8.00 flat | \$8.00 flat | \$8.00 | NA | daily | none |
| | 1230 J Street - Sheraton Valet | | | \$17.00 flat | \$17.00 flat | \$17.00 | NA | | |
| | Averages | | | \$4.90 | \$9.30 | \$16.60 | \$10.50 | \$160.00 | \$190.00 |

Source: Walker Parking Consultants, 2011

Memorial Garage - Constructed in 2001, this is the newest City structure. The exterior architecture is a brick façade and the garage features a retail wrap along the north side of the building (retail leases are included with the monetization agreement). Vehicular traffic enters and exits the garage from either 14th or 15th Streets.



Posted rates for the Memorial Garage are as follows:

- \$1.50 each 30 minutes;
- \$15.00 daily maximum rate;
- \$5.00 nights/weekends (5 PM – 6AM daily, all day on weekends);
- \$6.00 Early Bird rate (in by 9:30 AM exit by 4:00 PM).

The following monthly rates were in place at the Memorial garage as of September 2011.

| Facility | Type | Rate |
|-----------------|----------|----------|
| Memorial Garage | Regular | \$135.00 |
| Memorial Garage | Car Pool | \$101.25 |

A snapshot of the local competitive market within a 0.25-mile radius of this facility includes the locations shown in **(Table 7)** on the following page. As with some of the other City-operate structures, the monthly parking rates are currently below local market prices based on the survey of competing private facilities.



Table 7: Memorial Garage - Immediate Market

| Capacity | Name/Address | Garage/Lot | Owner/Operator | 0-1 Hour | 1-2 hours | Daily Max | Early Bird | Monthly Regular | Monthly Reserved |
|-------------|--|---------------|--------------------|---------------|---------------|----------------|---------------|-----------------------|-----------------------|
| 1060 | Memorial Garage | Garage | City / City | \$3.00 | \$6.00 | \$15.00 | \$6.00 | See City rates | See City rates |
| 35 | 7th and I Street | Lot | Private | \$7.00 flat | \$7.00 flat | \$7.00 | NA | \$7/day | none |
| 48 | SE Corner F & 12th | Lot | Private/Priority | | | \$6.00 | NA | \$120.00 | none |
| 88 | Covell Building - 777 Parking Entrance | Garage | Private/Standard | \$3.00 | \$6.00 | \$14.00 | \$10.00 | | |
| 110 | 12th & I - Lot D | Lot | City/City | \$8.00 flat | \$8.00 flat | \$8.00 | \$8.00 | \$125.00 | NA |
| 272 | Cathedral Building - 1100 J Street | | Private/Ampco | | | | NA | \$140.00 | \$160.00 |
| 442 | | Garage | Private/Ampco | \$5.25 | \$10.50 | \$18.00 | NA | | |
| 600 | 1259 L Street | Garage | Private | \$5.25 | \$10.50 | \$20.00 | \$10.00 | | |
| 840 | 900 13th Street | Garage | Private/Ace | \$5.00 | \$11.00 | \$18.00 | NA | \$170.00 | \$190.00 |
| 879 | Cathedral Building - 1100 J Street | Garage | Private/Ampco | \$3.50 | \$7.00 | \$15.00 | NA | \$140.00 | \$160.00 |
| 80 | 1414 I Street - Wells Fargo Pavilion/Memorial Auditorium Convention Center | Lot | Private/Priority | \$15.00 flat | \$15.00 flat | \$15.00 | NA | \$200.00 | none |
| 800 | 1517 11th - Lot 50 | Lot | State/Central | \$3.75 | \$7.50 | \$20.00 | NA | | |
| 27 | Between 10th/11th north of K 1014 J Street | Lot | Private/Priority | \$8.00 flat | \$8.00 flat | \$8.00 | NA | daily | none |
| | 1230 J Street - Sheraton Valet | | | \$17.00 | \$17.00 | \$17.00 | NA | | |
| 22 | 1621 K Street | Lot | Private / Priority | \$10.00 flat | \$10.00 flat | \$10.00 | NA | NA | NA |
| 28 | 1500block I street | Lot | Private | NA | NA | NA | NA | \$100.00 | NA |
| 36 | 1600 J Street | Lot | Private / Priority | \$10.00 flat | \$10.00 flat | \$10.00 | NA | NA | NA |
| 43 | 1708 J Street | Lot | Private / Priority | \$4.00 flat | \$4.00 | \$8.00 | NA | NA | NA |
| 48 | 1720 L Street | Lot | Priority | \$5.00 | \$5.00 | \$10.00 | | | |
| 57 | 1601 L Street | Lot | Priority | | | \$12.00 | \$10.00 | | |
| 68 | 1601 I Street | Lot | Private / Priority | \$8.00 Flat | \$8.00 flat | \$8.00 | \$6.00 | NA | NA |
| 75 | 1616 I Street | Garage | Private / Priority | \$4.00 | \$8.00 | \$8.00 | \$7.00 | \$130.00 | NA |
| 200 | Meridian Plaza | Garage/Valet | Central Parking | \$4.50 | \$9.00 | \$15.00 | | \$200.00 | \$225.00 |
| 284 | Capitol Center | Garage | Ampco | \$3.00 | \$6.00 | \$13.00 | \$10.00 | \$150.00 | |
| 400 | 1500 K Street | Garage | Central Parking | \$4.50 | \$9.00 | \$17.00 | | \$175.00 | \$200.00 |
| 40 | 1616 J Street | Lot | Private / Priority | \$10 flat | \$10 flat | \$10.00 | NA | NA | NA |
| | Averages | | | \$5.30 | \$8.50 | \$12.50 | \$8.70 | \$150.00 | \$187.00 |

Source: Walker Parking Consultants, 2011



3.4 MARKET RATE SUMMARY

Using averages developed from the market survey, the table below depicts each of the City facilities in comparison to the average rates observed within the competing market in several rate categories.

Table 8: Summary of Market Rates

| Facility | 0-1 Hour | 1-2 hours | Daily Max | Early Bird | Monthly |
|------------------------|----------|-----------|-----------|------------|----------|
| Tower Bridge | \$3.00 | \$6.00 | \$15.00 | NA | \$130.00 |
| Market Average | \$3.60 | \$7.20 | \$15.50 | \$7.00 | |
| Downtown Plaza West | \$2.50 | \$5.00 | \$15.00 | \$7.00 | \$135.00 |
| Downtown Plaza East | \$2.50 | \$5.00 | \$15.00 | NA | \$145.00 |
| Downtown Plaza Central | \$2.50 | \$5.00 | \$15.00 | NA | \$135.00 |
| Market Averages | \$4.00 | \$7.90 | \$17.60 | \$9.40 | \$155.00 |
| City Hall | \$3.00 | \$6.00 | \$18.00 | NA | \$185.00 |
| Market Average | \$5.00 | \$9.50 | \$15.40 | \$10.00 | \$157.00 |
| Capitol | \$3.00 | \$6.00 | \$18.00 | NA | \$185.00 |
| Market Average | \$4.90 | \$9.30 | \$16.60 | \$10.50 | \$160.00 |
| Memorial | \$3.00 | \$6.00 | \$15.00 | \$6.00 | \$135.00 |
| Market Average | \$5.10 | \$8.30 | \$12.60 | \$8.40 | \$150.00 |

Source: Walker Parking Consultants, 2011

In conclusion, the existing fee structure for the City’s Off-street facilities is near market; therefore, we assumed only modest fee increases in the transient and monthly rate categories during the initial years of the monetization effort. Additionally, we assumed the successful bidder should be able to implement upward adjustments to the On-street hourly meter rate, bringing the hourly fee for On-street parking closer to the fee charged in the Off-street structures in the initial five-years of privatization.

3.5 FUTURE MARKET CONDITIONS

When evaluating the future revenue potential of a parking system, consideration must be given to multiple factors that can impact both the parking supply and future parking demand. It is important to note factors such as: the health and type of surrounding land uses (that create demand for the existing facilities), the appeal and pricing of competing facilities, the impact of alternate transportation options that may erode the market base and finally, any future development planned within the area. In the following sections, we discuss various factors that should be considered when evaluating the future health of the System.



3.5.1 EMERGING DEVELOPMENTS

Emerging developments can be both beneficial and harmful to an existing parking System. New development is a positive sign of the market's economic health and also an indication of investors' positive future outlook regarding an area. New development can also generate additional parking demand by adding new residents, office workers and visitors to the area; however, a development that contains a large volume of parking supply can also add competition and potentially erode pricing and future parking revenue generation.

Walker identified several new developments proposed for Downtown Sacramento, some of which do not include parking to support the new demand. These emerging developments could have a positive impact on existing System locations that surround each new development site. The following were identified by the City as possible projects over the next five to eight years:

- The Railyard Project (Phase 1): 400 housing units (including 100 affordable units), likely to contain self-parking options on the site;
- 7th and H: a new SRO housing project with minimal demand for parking;
- County Courthouse: a new courthouse possibly supported by an up to 2,000 space parking garage constructed along with Railyard Phase 1. If a garage is not constructed with the proposed project, general public parking demand would intensify significantly in the northwest quadrant of Downtown;
- Arena: If constructed, a new Arena would have a significant impact on the Downtown system and would generate new parking demand for a variety of special events held at the venue.

3.6 MARKET SUMMARY

Employment levels are projected to increase by 6.2% through 2020 and by 26.1% through 2035, as Sacramento continues to grow and increase their focus on the impact of the proposed new Arena. A substantial portion of the projected growth may be concentrated in Downtown, which should contribute to stabilized parking demand.

For housing growth, the City envisions that much of the immediate growth is expected to occur within the mid-town neighborhood, which borders the CBD immediately to the east. Given the region's reliance on development and government, population and employment should follow a similar trend.

The statistics shown below (**Table 9**) were provided by the City and are based upon the most recent SACOG ("Sacramento Area Coalition of Governments) master plan update.

Table 9: SACOG 2035 Master Plan Data

| Downtown Sacramento (West of 16th Street) | Total Employees (actual and projected) | Total Housing Units (actual and projected) | Projected Employee % growth (from 2008) | Projected Housing % growth (from 2008) |
|---|--|--|---|--|
| Existing Conditions (2008) | 83,355 | 7,206 | | |
| MTP 2020 Preferred Scenario (draft) | 88,554 | 10,806 | 6.2% | 50.0% |
| MTP 2035 Preferred Scenario (draft) | 105,094 | 25,979 | 26.1% | 260.5% |

Source: City of Sacramento

In summary, the service area for the project is strong and supportive of future parking demand. The City’s broad-based economy contains a mix of commercial and government entities that will continue to provide ample employment opportunities within the City and area that comprises the System. This fact supports expectations of stable population and income levels, which in turn will afford steady future parking demand for the System facilities.



4 OPERATIONS ANALYSIS

4.1 OVERVIEW

To assess the parking operations that comprise the City system as well as the equipment used to operate and manage each location, we visited each off-street structure and the on-street metered areas throughout Downtown. During the observation period, we assessed existing conditions to develop preliminary budget projections for a 50-year period; assuming the System will be monetized and operated privately during this timeframe.

4.2 OFF-STREET STRUCTURES

We visited the Off-street structures proposed for inclusion in the monetization effort and during the process completed the following:

- 1) Reviewed operating methodologies at each location;
- 2) Assessed the observed staffing levels (provided by the City) to ascertain appropriateness and develop preliminary assessment;
- 3) Obtained an "initial impression" of each facility with regard to the facility's location within the market, surrounding businesses and other entities served;
- 4) Verified the type of parking access and revenue control systems ("PARCS") compared to the data provided by the City;

In the next section, we discuss items that pertain to the Off-street structures as well as the effect these items may have on the long-term parking management plan developed to operate the Attended locations.

4.2.1 PARKING TECHNOLOGIES

All of the City's off-street structures are equipped with fully automated PARCS that utilize automated pay stations in a pay-on-foot format. Transient patrons take a machine readable ticket from a ticket dispenser to enter the facility and pay (on foot) at an automated pay station where their ticket is validated for a single exit and returned. The encoded ticket is then inserted into a terminal (exit station) to exit the facility. Contract parkers are issued proximity key cards for use at the entry and exit readers. Each facility also contains at least one (in-lane) manned cashier station that is used at designated hours during the week to process transactions.

The City provided a list of the PARCS equipment in place at each Off-street location. We utilized this list to gain a better understanding of the system's age and life-expectancy in an effort to develop realistic probable cost estimates to replace and/or enhance each system. Scheidt & Bachmann equipment is currently installed in the City's facilities; additionally, the City informed Walker that the PARCS software was recently upgraded to meet the latest Payment Card Industry Data Security Standard ("PCI" compliance must be adhered to by all entities that process, store or transmit credit card account data).



The systems in place vary in age, and given the fact that PARCS has a minimum average life-expectancy of about 10-years and the term of the proposed Agreement (50-years), we used a base-line probable cost estimate of \$400,000 per location for future capital expenditure (“CAPEX”) replacement costs when developing the 50-year financial model.

4.2.2 OPERATIONAL ENHANCEMENTS

The following list contains items that can possibly be introduced to enhance Attended facility operations in the future. Similar concepts are utilized throughout the industry to add customer value, generate additional revenue or reduce operating expenses. All of these items could translate into an increase in bottom-line revenue.

- Implement a streamlined administrative structure to manage the System in an efficient and effective manner; streamlined administration will reduce overhead significantly from the level of administration used by the City to manage the System today;
- Review the large number of void tickets currently associated with the City’s various validation programs or attributed to grace voids (e.g. tickets that exit a facility in under 6 to 10 minutes);
- Eliminate or increase night rates at selected facilities;
- Explore competitive pricing in areas such as “Early Bird” (e.g. in before 8:00 a.m.) or Monthly parking rates to ensure the fees charged are in-line with competing facilities;
- Implement lighting retrofits that afford efficiencies and reduce utility expenses; the City has already started this process and anticipates a 50% to 65% reduction in annual utility expenses in future years once fully implemented.

4.2.3 AESTHETIC IMPROVEMENTS

Aesthetically, the City facilities are currently maintained at acceptable levels (e.g. routine sweeping and general maintenance is performed to minimum standards); however, a prudent approach to implementing enhanced aesthetics could effectively “raise the bar” and elevate the general public’s perception of the System from ordinary to extraordinary.

To implement these changes, consideration should be given to aesthetic changes in the following areas:

- Cleanliness – The future operator must deliver unsurpassed cleanliness that results from adherence to rigorous housekeeping, inspection and maintenance standards.
- Painting – We recommend the practice of painting impact areas within each facility a bright white to obtain maximum lighting levels. The areas selected for improvement should be prioritized beginning with high traffic vehicular and pedestrian areas.
- Lighting – Facility aesthetics are affected significantly by lighting levels. Walker’s CAPEX projections assume that lighting retrofits are currently being implemented by the City; moreover, these changes should increase lighting levels and reduce future utility costs.
- Signage and Graphics – The ideal design in any setting is one that requires no signage; since that ideal is simply impossible to achieve in a parking facility, signage design is an integral



component in the development of a successful parking management plan. The current signage and graphic program should be reviewed and possibly elevated to a higher standard.

- Preventive Maintenance – A program that entails daily inspections (formal checklist) must be implemented to guarantee the locations are free of trash and that all common areas are presentable. In addition, a series of weekly checks that ensure corrective action is taken when required must be instituted; as well as maintained facilities, promote a feeling of security among the customer user base.
- Parking Equipment Maintenance – The condition of the PARCS equipment must be monitored at all times. Implementing a program that entails routine system maintenance will ensure a working system, capable of recording transaction activity and tracking revenue generation on a consistent basis throughout the life-cycle of the equipment.

Assuming the System is monetized, it is imperative that these and other changes recommended by the operator chosen to manage the System are implemented in a timely manner. As changes are implemented, patrons will take note and this should ease any pain associated with rate increases introduced initially to bring the facilities to market pricing levels.

4.3 ON-STREET METERS

The City currently operates and manages the collection and enforcement of over five thousand On-street metered spaces. A significant portion of the On-street system is controlled with pole-mounted single-space meters (4,000±), while the remaining spaces (1,500±) are controlled with about 300± multi-space meters (pay and display).

Recent trends throughout the parking industry find several North American cities implementing multi-space or single-space smart meter technology to replace older single-space systems. Historically, installing these new technologies afford considerable operating efficiencies and enhanced revenue generation opportunities. Given these recent trends and our industry experience, the On-street components of the existing System would benefit from newer technology. Additionally, converting from single space to multi-space or smart meter technology also provides the greatest short-term opportunity for revenue enhancement from the System.

Finally, implementing new meter technology throughout the On-street system should allow the successful bidder to benefit significantly during the initial years of operating the On-street system. On the following page, we provide a comparison of the new meter technology current available for implementation.



4.4 METER COMPARISON

Table 10 compares the features offered by both single and multi-space meter technology.

Table 10: Comparison of Meter Options

| Feature | Single Space Meter | Multi-space Meter Pay and Display | Multi-space Meter Pay by Space |
|--------------------------|--|--|---|
| Customer Procedure | <ul style="list-style-type: none"> ✓ Park ✓ Pay meter adjacent to space | <ul style="list-style-type: none"> ✓ Park ✓ Pay meter associated with space ✓ Return to vehicle with paid ticket ✓ Place ticket inside vehicle | <ul style="list-style-type: none"> ✓ Park in numbered space ✓ Note numbered space and enter into machine for desired length of time |
| Coverage | <ul style="list-style-type: none"> ✓ Single Space ✓ Can be used On-street or Off-street | <ul style="list-style-type: none"> ✓ One Block Face On-street (8 – 10 spaces) ✓ Ok for small surface lot – limiting factor is volume and distance to spaces | <ul style="list-style-type: none"> ✓ One Block Face On-street (8 – 10 spaces) ✓ Surface Lot – 50 – 200 numbered parking spaces - Limiting factor is the volume and distance from spaces |
| Payment Options | <ul style="list-style-type: none"> ✓ Cash (coin) ✓ Smart Card ✓ Credit Card ✓ Pay by cell phone | <ul style="list-style-type: none"> ✓ Cash (coin or bills) ✓ Smart Card ✓ Credit Card ✓ Pay by cell phone ✓ Purchase Monthly Pass | <ul style="list-style-type: none"> ✓ Cash (coin or bills) ✓ Smart Card ✓ Credit Card ✓ Pay by cell phone |
| Enforcement and Auditing | <ul style="list-style-type: none"> ✓ Visual check of each meter ✓ Limited downloadable information for each meter ✓ IPS meters send information to main server ✓ May incorporate sensors | <ul style="list-style-type: none"> ✓ Visual check of each vehicle for valid ticket ✓ Printout from machine of cash collected ✓ Information can be sent to central computer for up to the minute revenue status ✓ Information can be collected through wireless technology ✓ May incorporate sensors | <ul style="list-style-type: none"> ✓ Check list of paid spaces from machine ✓ Data can be retrieved through wireless technology ✓ Check only those spaces that are not paid ✓ Printout from machine of cash collected ✓ Information can be sent to central computer for up to the minute revenue status ✓ Information can be collected through wireless technology ✓ May incorporate sensors |
| Revenue Factors | <ul style="list-style-type: none"> ✓ Time may be left on meter ✓ Some meters reset once vehicle leaves space | <ul style="list-style-type: none"> ✓ Paid parking leaves with vehicle ✓ Paid parking may be used again if time is still on ticket | <ul style="list-style-type: none"> ✓ Space remains paid until time runs out ✓ New patrons to the lot have no way of knowing if space is paid |
| Maintenance | <ul style="list-style-type: none"> ✓ High number of meters equals higher probability of maintenance issues ✓ On the positive side, if one meter goes down there is limited revenue loss ✓ Units are vulnerable to vandalism | <ul style="list-style-type: none"> ✓ Units are modular in design – thus components can be replaced quickly ✓ Unit can notify management when there is a problem ✓ One unit down can result in the loss of many spaces revenue ✓ Units can set off an audible alarm and notify management if vandalized | <ul style="list-style-type: none"> ✓ Units are modular in design – thus components can be replaced quickly ✓ Unit can notify management when there is a problem ✓ One unit down can result in the loss of many spaces revenue ✓ Units can set off an audible alarm and notify management if vandalized |
| Other Factors | <ul style="list-style-type: none"> ✓ New installation creates a new dimension to the landscape | <ul style="list-style-type: none"> ✓ Paper tickets may create a trash problem for area | <ul style="list-style-type: none"> ✓ Additional maintenance of space numbers on pavement or signage ✓ May not work in heavy snow areas |
| Basic Unit Cost | <ul style="list-style-type: none"> ✓ \$250-\$650 per unit plus installation | <ul style="list-style-type: none"> ✓ \$8,000 to \$20,000 per unit plus installation and monthly fee | <ul style="list-style-type: none"> ✓ \$8,000 to \$20,000 per unit plus installation and monthly fee |



4.5 CASE STUDIES

According to the "Analysis of the Lease of the City's Parking Meters" issued June 2, 2009 by the Office of the Inspector General (City of Chicago) the city's experience with Pay and Display meters demonstrates the revenue generating potential of multi-space meters. When Chicago implemented Pay and Display meters on a small sample set of 10 multi-space meters in 2004, the city experienced an immediate uptick (17%) in revenue. Subsequently, Chicago completed a pilot program that entailed the installation of 100 new multi-space meters in December 2004 and revenue grew dramatically. In 2007 revenue from the Loop meters nearly doubled compared to 2004, while over the same period the revenue generated from other City meters increased only slightly.

Chicago privatized its parking meter operation in 2009 and over time, the concessionaire converted a 36,000 single-space meter system to one that is now controlled with multi-space meter technology (about 4,000 multi-space meters). Subsequently, the revenue generated in the city's outlying neighborhoods as well as the cash flow to the concessionaire is stronger than expected. This despite the public outcry after a 218% increase in meter rates since privatization, which ultimately has resulted in a less than expected decline in meter use throughout the system.

According to a recent New York Times article, Standard and Poor's reported that the concessionaire is on track to generate more than \$73M in revenue (2011) or about three times more than the \$20M in annual revenue obtained by the City from the meter system prior to privatization.²

| Smart Meter - Case Studies | |
|----------------------------|------------|
| Location | % Increase |
| Philadelphia, PA | 30% |
| Syracuse, NY | 75% |
| Calgary, Alberta | 25% |
| Portland, OR | 40% |
| Houston, TX | 52% |
| Average | 44% |

The smart meter case studies table shown on the right depicts the percentage increase in revenue generated in other cities that implemented smart meter and/or multi-space meter technology to manage their on-street parking systems. In the next section, we discuss the results in cities that have implemented similar technologies to manage their systems.

Baltimore, Maryland – To improve on-street metered parking, Baltimore introduced a pilot program called EZ Park that was developed by Cale, a multi-space meter vendor. Seventy electronic multi-space meters were installed in the CBD and within weeks, the meters were so popular that the Falls Point Business Association requested that meters be installed in Falls Point, a mixed residential and commercial area.

This success led the Parking Authority to submit proposals to the City Council to replace all the city's parking meters with the EZ Park multi-space system. If the proposal receives approval, the City will remove approximately 11,000 single space meters and replace them with about 1,000 multi-space meters.

² The New York Times, Chicago News Cooperative, Outrage Aside, Drivers Fuel High Parking Meter Profits, Dan Mihalopoulos and Mick Dumke, July 29, 2010.



The Parking Authority reports that the new parking system is so efficient, it will likely pay for itself within three to five years. The new parking system allows users the option to pay with a smartcard or credit card.

Portland, Oregon – In 2002, Portland’s Office of Transportation began replacing the city’s 7,100 single-space parking meters with multi-space, solar powered smart meters.

Since implementing new technology, meter revenues have risen dramatically. In 2006, the meters generated about \$12.7M, a 40 percent increase in revenue when compared to 2002; the last year using the older meter technology.

City administrators attribute this increase to the ability to accommodate credit card payments, which now account for approximately 70% of the transactions; this helps reduce coin collection and also save on fuel costs. The average credit card transaction is \$2.50 compared to an average coin transaction of \$1.25.³

Seattle, Washington - Seattle installed 1,600 multi-space meters to replace their aging single-space meters. An unconfirmed source reported the meter costs at approximately \$6,600 per unit.

The City implemented a policy to install multi-space meters where analysis shows they benefit businesses by effectively increasing parking turnover and improving customer access.

The City also identified specific characteristics that help determine where multi-space meters will benefit a business district. These characteristics include: businesses or services that require efficient turn-over of parking spaces, community support, a relatively dense business base, heavily used time-limited parking, limited or costly off-street parking, areas with curbs and sidewalks and little likelihood of customers choosing neighborhood parking over metered parking.

To mitigate concerns about litter, the city elected not to use receipt designs that had tear-off portions because it was likely receipts would be discarded on the street.

To facilitate the transition from single-space to multi-space, meter greeters circulated the streets to answer questions and help introduce this new technology; extensive signage directing people to the multi-space meters was also installed. Seattle’s website has extensive information about the program, parking rates, and frequently asked questions.

Houston, Texas – The City of Houston faced a number of challenges common to municipalities attempting to transition to smart meter technology.

The City identified five key areas that could be improved by implementing this technology, 1) replace outdated meters to reduce down time, 2) provide a consistent method for parking payment to central business district customers, 3) add multiple payment options beyond coins, 4) gain improved auditing capability, and 5) increase staff productivity.

The City’s decision to switch to sustainable parking management technology has proven to be a bold and prudent one that resulted in the following enhancements, 1) a 52% increase in parking revenues in the initial five months after deploying the new technology, 2) customers are unable to piggy-back on the

³ Green Purchasing Case Studies: Solar-Powered Smart Meters, City of Portland, Bureau of Purchases, September 2008.



remaining time left from the previous transaction, 3) meters are configured to accept bill and credit card payments (32% penetration on credit card payments, and 4) realize the benefits of pairing the meters with an on-line parking management system.

The City's use of smart meters proves that advanced technology can be adapted to meet today's challenges through cooperative ventures.⁴

⁴ The City of Houston, Case Study, Digital Payment Technologies

5 FINANCIAL ANALYSIS

5.1 OVERVIEW

In this section, we discuss the fifty-year financial model developed for the monetization effort proposed by the City. Walker’s model was formulated using historical data provided by the City as well as our past experience in developing parking financial models.

Walker modeled two cases, which are highlighted as follows:

- 1) Base Case – Unconstrained, assumes non-union labor is employed by the future operator;
- 2) Case 2 – Assumes operator must adhere to union labor, wage and benefit structure similar to current City System.

Both cases incorporate an assumption with regard to the potential future property tax liability once privatized. Additionally, both cases assume the franchise tax currently included on the City’s operating statements as paid “in lieu,” will no longer exist. Further details with regard to each of the financial models developed are included in this section.

5.2 TRANSACTIONS

For Off-street facilities, the projected number of transient exits and monthly contracts is built upon annual historical data that is escalated at 0.5% per year starting in 2012. This assumption reflects population growth and an expected increased demand for parking. For reference purposes, historical transaction activity for the Attended facilities is shown in **Figure 6**, while occupancy data for the Attended facilities is shown by facility in **Figure 7** through **Figure 13** (Appendix).

Historic average utilization was calculated for each On-street route based on known variables: total revenue, meter rate, hours/day charged for parking, days/year charged for parking and number of parking spaces. On-street average utilization is assumed to increase at 0.5% per year starting in 2012 to reflect population growth and an expected increased demand for parking. In year 2 (2013) only, we assumed a 25% uplift for spaces with single space meters, due to full replacement of these meters with smart meters that accept credit cards. Based on Walker’s experience, credit card acceptance results in an increased compliance rate and therefore higher utilization. Spaces governed by multi space meters experience a 0.5% increase in utilization in 2013. For meters in Midtown, we assumed an additional two hours of operation per day (extending operation to 8pm from 6pm); also that average utilization during this period is the same as it is throughout the rest of the day. This assumption acknowledges the concentration of land uses in Midtown that experience high demand in the evening hours.



5.3 REVENUE

For reference purposes, we included parking rates from other selected U.S. cities in **Table 18** through **Table 20** (Appendix); nevertheless, while comparing rates to other markets is important, it is critical to analyze how the System rates compare with those facilities that compete with the Attended Facilities daily for transient and monthly customers. A complete rate history for the City's Attended Facilities is included in **Table 11** through **Table 14** of the Appendix.

5.3.1 FUTURE PARKING RATES

Based on Walker's understanding and review of existing market conditions, we assumed a \$0.50 increase in all rate categories at the Off-street facilities in year two (2013) and in year four (2015) of the financial model. We also assumed a \$5.00 rate increase for monthly parking in the same years; assuming the City facilities are currently priced only slightly below market. Based on historical data provided by the City with regard to rate increases and given current economic conditions, we feel this may be the most prudent approach to increasing rates in the future.

Rate adjustments are based on annual percentage growth rates, which are applied to the average price of a paid ticket. The average ticket price is calculated using rate stratification information that depicts current conditions in the transient and monthly contract rate categories. After the initial five-year period, rate growth increases at 3% per year, which is consistent with CPI rates dating back to 1980.

The On-street meter rates are currently \$1.25 per hour. We assumed a \$0.25 increase per year starting in 2013 or until the rate reaches \$2.00 per hour in 2015; additionally, we assumed a 3% growth in rates per year going forward. The rationale behind the On-street rate increase is that the lowest Off-street rates in the structures are approximately \$2.00 per hour; therefore, the On-street rates should be priced competitively. The actual rates used in Walker's model are calculated using a round down function so the rates reflected are in increments of \$0.25.

5.3.2 ELASTICITY AND PRICING

Elasticity rates reflect an expected loss in demand due to an increase in price; moreover, elasticity is calculated by taking the percentage change in quantity divided by the percentage change in price. Given the general lack of substitutes for parking in the local market, we assumed the demand for both on and off-street parking should be relatively inelastic or -0.05 for the On-street meters and -0.10 for the Off-street structures. These assumptions are based upon our experience and observations in other markets. An elasticity inflation factor of 3% was also assumed, which is subtracted from any revenue growth rate being applied.



5.3.3 ENFORCEMENT

The number of enforcement citations issued in future years is based on the number of historical citations issued and total utilized hours. A ratio of citations per utilized hour was calculated using data for years 2009 through 2011 to project the future volume of citation issuance. In 2012, the number of citations issued per utilized hour is the average of the values from 2009 to 2011 or 0.072. However, in 2013, we reduced this ratio to 0.050 to reflect an expected decline in the number of citations issued due to increased compliance, once the single space meters are replaced with smart meters that accept credit cards. Moreover, we maintain the ratio at 0.050 in all future years.

The fine associated with enforcement citations in 2011 represented approximately \$70/citation on average after all fines and fees are included; however, only about 59% of the full value or \$41/citation was actually collected; we assumed this same revenue collection ratio going forward. Additionally, we assume a 3% annual increase in citation fees, consistent with CPI starting in 2012. The State of California implemented a pass-through fee starting in FY 2011 (\$9.50/citation); subsequently, this fee has been increased to \$12.50/citation. The enforcement revenues modeled are shown net of the State of California pass-through fee.

5.3.4 OTHER REVENUE

The Off-street structures generate other revenue by leasing commercial space to businesses. We have assumed that this revenue will grow consistent with CPI at 3% per year, starting in 2012.

5.4 PARKING OR SALES TAX

Pursuant to our discussion with the City, fees for parking tax and/or sales tax are not currently levied on the System; therefore, the cost of these items was excluded from the model.

5.5 OPERATING EXPENSES

We used historical operating expense ("OPEX") information from the Off-street structures and On-street meter operations to benchmark the development of the OPEX model. The following OPEX categories are included in the financial model:

- Labor Costs (Wages and Benefits);
- Utilities;
- Insurance;
- Supplies;
- Routine Maintenance (i.e. mechanical, electrical, plumbing, HVAC and life-safety, etc.);
- Taxes, License and Fees;
- General Expenses (e.g. payroll processing, marketing, armored car and coin service);
- Security;
- Management Fees.



5.6 LABOR EXPENSES

Direct salaries, wages and fringe benefits represent significant line-item expenses; moreover, the labor expenses modeled in Walker's Base case assume non-union labor wage and fringe benefit rates, while Walker's Case 2 model assumes managerial salaries and similar wage and benefit rates to those paid by the City to manage the System today, as described herein.

In addition to the salaried managerial coverage and hourly personnel, we assume general and administrative costs attributed to staff members that administers the Agreement and are not formally assigned directly to an individual Attended Facility (i.e. Regional Manager, Off and On-street General Managers, Administrative Accountant, Accounting Supervisor, Audit Clerks, Accounts Payable and Receivable personnel). These expenses are segregated and shown as General and Administrative (G & A) in the model; moreover, these expenses are the same in both case models.

5.7 ASSUMPTIONS (OPEX)

The following key OPEX assumptions were used in the model:

- 1) 3% annual increase in all expense categories to accommodate growth in the CPI.
- 2) 2% annual increase in property tax, consistent with Proposition 13.
- 3) All OPEX will be paid by the operator that manages the system for the successful bidder.
- 4) Base Case assumes non-union labor, wage and benefit rates and employee load factor (payroll tax, fringe benefits and workers compensation) that is approximately 20% lower than today.
- 5) Case Two assumes labor costs and union wage scale based upon existing information provided by the City.
- 6) Property tax and franchise tax are currently included on the City's operating statement; listed as "in Lieu Franchise Tax Tsf DR" and "in Lieu Property Tax Tsf DR". Based on conversation with the City, we assumed the future operator would be responsible for property tax only, which is estimated at \$100,000 per garage (Year-one estimate assumes \$10M assessed value, taxed at 1% per garage, escalated 2% annually thereafter). The franchise tax was removed from both Walker models.
- 7) Elevator, security, parking equipment and armored car service rates that mirror rates included in existing Agreements with the City.
- 8) Management fee for a third-party professional parking operator's services of 1% to 1.5% of the gross revenue before expenses.
- 9) Probable costs associated with the future capital expenditures ("CAPEX") required for the structures over an extended period (50-years), are not included as operating expenses. However, CAPEX is shown below the line in Walker's model and detailed in the next section of this report.
- 10) Credit card fees of 3.5% were assumed for all credit card transactions.
- 11) Single space smart meter connectivity fee of \$6 per month per meter.
- 12) Uncollected lease revenue of 1% annually was assumed for each Off-street structure.



- 13) An LED lighting retrofit is currently underway in the City structures. We accounted for the accompanying expense reduction by reducing utility expenses 50% in year 3 (2014), which grows at 3% per year thereafter, consistent with other expense growth assumptions.

5.8 ASSUMPTIONS (CAPEX)

The following CAPEX assumptions were used in the model:

- 1) CAPEX escalation of 3% per year.
- 2) CAPEX is shown in the years in which the actual expense is incurred and paid to vendor(s).
- 3) Garage parking equipment cost of \$400K per structure; assume replacement every 10 years with first year of replacement in year 3 (2014).
- 4) Single space meter cost of \$600 per space; assume replacement every 10 years with replacement immediately in years 1 and 2 (50% each year). Starting in year 11, replacement is assumed to take only one year.
- 5) Multi space meter cost of \$1,333 per space; assume replacement every 10 years. Current multi space meters are assumed to have seven more years of useful life; replacement does not begin until year 8 (2019) and is assumed to be completed within one year.
- 6) On-street maintenance CAPEX of \$35 per year per space.
- 7) Parking enforcement CAPEX of \$1,500 per parking enforcement officer per year.
- 8) Garage rehabilitation CAPEX is based on the following assumptions:
 - o The Estimate of Probable Construction Costs from the 2000 City of Sacramento, California Structural Assessment Study for Parking Facilities, assuming the prevailing wage rates as a base line for all garages.
 - o The 2000 Report included a study of the Old Sacramento structure but did not include the Memorial garage because the facility was constructed in 2001. Since the Memorial garage is now 10 years old and the probable construction costs are similar to Old Sacramento, the Old Sacramento estimated construction costs were used as a base line for Memorial.
 - o The repairs undertaken in 2004 included the base repairs listed in the 2000 report. No enhancement work items were undertaken.
 - o Based on assessment reports undertaken on some of the garages prepared by Miyamoto, subsequent to the 2000 report and the 2004 repairs, similar types and quantities of repair items have occurred.
 - o For the 2011 probable construction cost estimates, 50% of the 2000 report costs were used for each garage. For the 2016 construction estimated cost, 110% of the 2000 report costs were used for each garage. For 2021, 50% of the 2016 estimated costs were used, and for 2026, 110% of the 2021 report costs were used for each garage. This method of recurring probable construction cost estimating was carried through the end of the 50 year study period.
 - o The replacement cost for each elevator cab was based on a 25-year replacement time frame and cost provided in the National Parking Association's Parking Garage Maintenance Manual, 4th Edition. The age of the garages were taken into account on when the 25-year

replacement period began. The oldest garages, Capitol and Downtown Plaza East (section 1), would have the elevators cabs replaced in 2016 & 2046. Downtown Plaza West and Tower Bridge would have the replacement costs during the subsequent five-year period. Downtown Plaza East (sections 2 and 3) would follow in another 5 years, while City Hall and Downtown Plaza Central would follow in another 5 years, and Memorial during the remaining five-year period.

- o For lighting, an 11-year replacement period was used starting from 2013. The year of first replacement, 2024, falls in the 2022 time frame. The year of second replacement, 2035, falls in the 2032 time frame. The year of third replacement, 2046, falls in the 2042 time frame and the final replacement period is 2057.

5.9 EBITDA

Using the previously discussed revenue and OPEX assumptions to develop two case models, the projected annual Earnings before Interest, Taxes, Depreciation and Amortization (“EBITDA”) derived from the System are shown in the tables below. A complete summary of revenue, expenses, net operating income and EBITDA is included in **Table 15** and **Table 16** (Appendix).

5.9.1 EBITDA (BASE CASE)

The table below summarizes the projected EBITDA for the base case model:

| Year One | Year Five | Year Ten | Year Twenty | Year Thirty | Year Forty | Year Fifty |
|----------|-----------|----------|-------------|-------------|------------|------------|
| \$16.5M | \$19.9M | \$24.5M | \$35.0M | \$51.0M | \$74.3M | \$106.3M |

5.9.2 EBITDA (CASE TWO)

The table below summarizes the projected EBITDA for Walker’s case two model:

| Year One | Year Five | Year Ten | Year Twenty | Year Thirty | Year Forty | Year Fifty |
|----------|-----------|----------|-------------|-------------|------------|------------|
| \$16.2M | \$19.5M | \$24.0M | \$34.4M | \$50.2M | \$73.2M | \$104.8M |



6 CONDITION ASSESSMENT

6.1 OVERVIEW

Walker Restoration Consultants completed condition appraisal field work in 2000 at the City parking facilities. Walker's assessment details the findings, as well as our opinion of the probable capital expenditures ("CAPEX") needed to complete structural repairs and maintenance on the parking facilities that comprise the Sacramento system. The facilities reviewed in 2000 and in this report are summarized as follows:

- o Plaza West - Facility G
- o Plaza Central - Facility U
- o Plaza East - Facility K-1
- o Plaza East - Facility K-2
- o Plaza East - Facility K-3
- o City Hall - Facility I
- o Memorial - Facility C
- o Tower Bridge - Facility R
- o Capital - Facility H

6.1.1 OFF-STREET STRUCTURES

Field crews conducted on-site observations at the structures in the summer of 2000 (the Memorial garage was constructed in 2001). Visual observations were completed and select acoustical testing (e.g. sound-tapping, chain drag) was done to document the existing conditions observed within each structure. The documented conditions observed form the basis of our independent repair and maintenance recommendations and associated probable cost opinions. Based on the recommendations contained in Walker's report (2000), a restoration program commenced on the Sacramento facilities (2004). Subsequent observation reports conducted at selected facilities within the system verify that Walker's original observations on the types and quantities of deterioration made in 2000 continue to be true in 2011.

Conditions observed throughout the system's off-street structures varied greatly based upon the following:

- 1) Age of the structure;
- 2) Amount of previous repair and maintenance work performed; and
- 3) Unique deterioration issues observed specific to an individual structure.

At each structure, we evaluated overall condition patterns as well as any unique existing condition factors that affect future repair and maintenance costs and recommendations. Using this information, we developed a basis for modeling future CAPEX budget projections for each structure.



Generally, the recommended items consist of both repair and maintenance work. Repair work is comprised of structural slab, beam and column repair to mitigate deterioration and project future deterioration, while maintenance work generally consists of waterproofing and /or weatherproofing to prevent or slow future deterioration and associated repair costs.

Walker's overall approach assumes the City or the successful bidder will fix what is broken and invest in preventative work to minimize future repair costs, with minimal disruption to the revenue producing element of a facility. The net effect is to develop the most cost-effective approach to repair and maintain each facility over the next 50 years.

6.2 PROBABLE COST ESTIMATES

Walker developed tables that summarize our opinion of probable costs associated with completing the desired scope of rehabilitation work. CAPEX for the structural repairs and needed system maintenance over a fifty-year period are summarized in the Appendix (**Table 17**).

The recommended work and associated costs (shown in 2011 dollars) are grouped into the following categories:

- o Concrete repairs;
- o Waterproofing repairs;
- o Stair/Elevator Tower repairs which includes replacement of elevators based on a 25 year service life;
- o Mechanical/Electrical/Plumbing system maintenance and repair (including lighting);
- o Architectural/Miscellaneous repair and maintenance items.

The probable cost projections in this report are based on Walker's "Estimate of Probable Construction Costs" contained in the report completed in 2000. Walker's original report (2000) included a study of the Old Sacramento garage (Facility P) but did not include information on the Memorial garage (Facility C); due to the fact that the Memorial garage was constructed in 2001. However, the Memorial garage is now 10-years old and the construction is similar to Old Sacramento, given this fact, the projected construction costs for Old Sacramento were used as a base line for projecting the rehabilitation costs for Memorial.

Repairs undertaken in 2004 included the base repairs listed in Walker's original report; additionally, no enhancement work items were undertaken in 2004. Based on assessment reports prepared by Miyamoto subsequent to the 2004 repairs on some structures, similar types and quantities of repair items are occurring at this time.



To develop the 2011 probable construction cost projections, we assumed the work would be bid-out at the prevailing wage rate at 50% of the original report (2000) costs for each garage. In the subsequent years included in our cost projection, we assumed the following:

- o 2016 projected construction costs, 110% of the original report (2000) cost for each garage.
- o 2021 projected construction costs, 50% of the 2016 projected cost for each garage.
- o 2026 projected construction costs, 110% of the 2021 projected cost for each garage.

This method of recurring construction costing was carried through the end of the 50-year projection cycle.

Finally, the projected replacement costs associated with the elevator systems assumed a 25 year replacement time-frame.⁵ The age of each structure was considered to determine when the 25-year replacement period started. Moreover, we assumed the elevators cabs are replaced in 2016 and again in 2046 at the oldest structures (Capital and Plaza East-K-1). Additionally, the Plaza West and Tower Bridge structures will require elevator replacement following in 5 years and the Plaza East (K-2 and K-3) will follow during the subsequent five-year period.

For lighting, an 11-year replacement period was used starting from 2013. The year of first replacement, 2024, falls in the 2022 time frame. The year of second replacement, 2035, falls in the 2032 time frame. The year of third replacement, 2046, falls in the 2042 time frame. And the last replacement period is 2057.

6.3 REHABILITATION OR REPLACEMENT

Either rehabilitation or replacement will be required over the next fifty-years, and both will provide a structurally safe and sound garage environment. While small differences in total CAPEX costs will exist over the period between substantial rehabilitation and replacement of the older structures, rehabilitation will afford the following advantages:

- 1) Mitigate lost revenue attributed to rehabilitation through proactive management of each individual project.
- 2) Eliminate the challenges associated with attempting to rebuild the customer base, once each construction project is completed.

6.3.1 TIMELINE FOR REPAIRS

A sample projected timeline to complete the rehabilitation process on one structure is depicted below:

- o Year One – Commission an independent professional engineering firm to gain complete insight on the exact scope and budget required to complete substantial rehabilitation.
- o Year Two – Prepare construction documents and issue Request for Proposal to complete the work.

⁵ National Parking Association's Parking Garage Maintenance Manual, 4th Edition



- o Submit plan to City for approval.
- o Year Three and Four – Complete actual work of “substantially rehabilitating” the selected structure.

Construction projects have inherent risks and mitigating factors that address these risks individually. To this end, we developed the table below that outlines potential risks and mitigating factors inherent with parking structure rehabilitation projects.

| Potential Risk | Mitigating Factors |
|-----------------------------|--|
| Availability of Contractors | <ul style="list-style-type: none"> o Structures are simple buildings and a capable contractor can complete the work. o Recession has contractors hungry for new work. |
| Cost Overruns | <ul style="list-style-type: none"> o Walker model assumes a 25% contingency. o Primarily concrete work, which allows for precise budgeting. |
| Lost Revenue | <ul style="list-style-type: none"> o Facilities will remain operational during the project. o Individual sections will be rehabilitated before moving on to another section of the structure. o Other City facilities will absorb the majority of patrons displaced by the project. |

APPENDIX



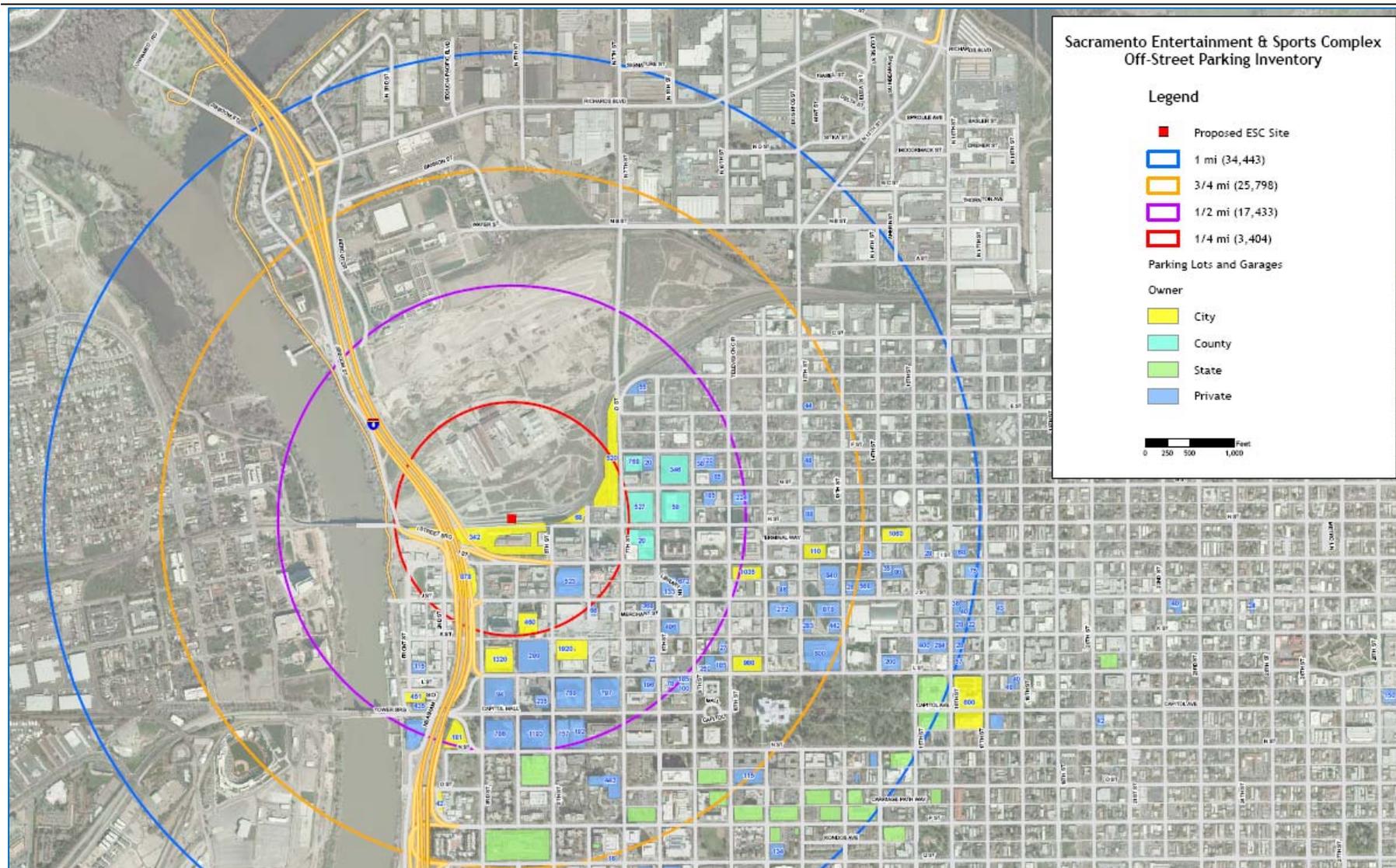
WALKER
PARKING CONSULTANTS

Figure 3: City of Sacramento – Off-Street Facilities



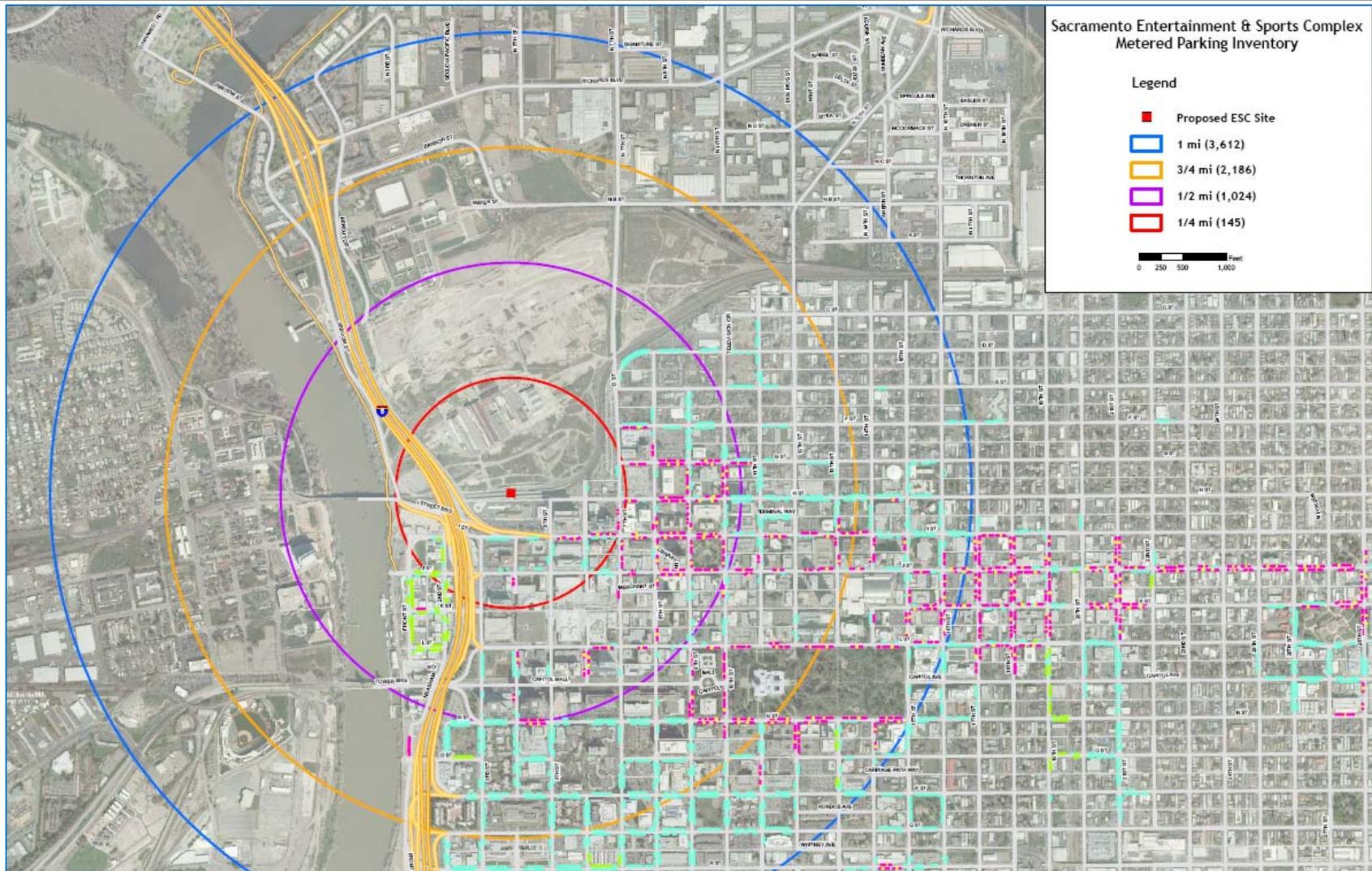
Source: http://www.cityofsacramento.org/transportation/dot_media/parking_media/pdf/Off_Map.pdf

Figure 4: City of Sacramento – Off-Street Parking Inventory



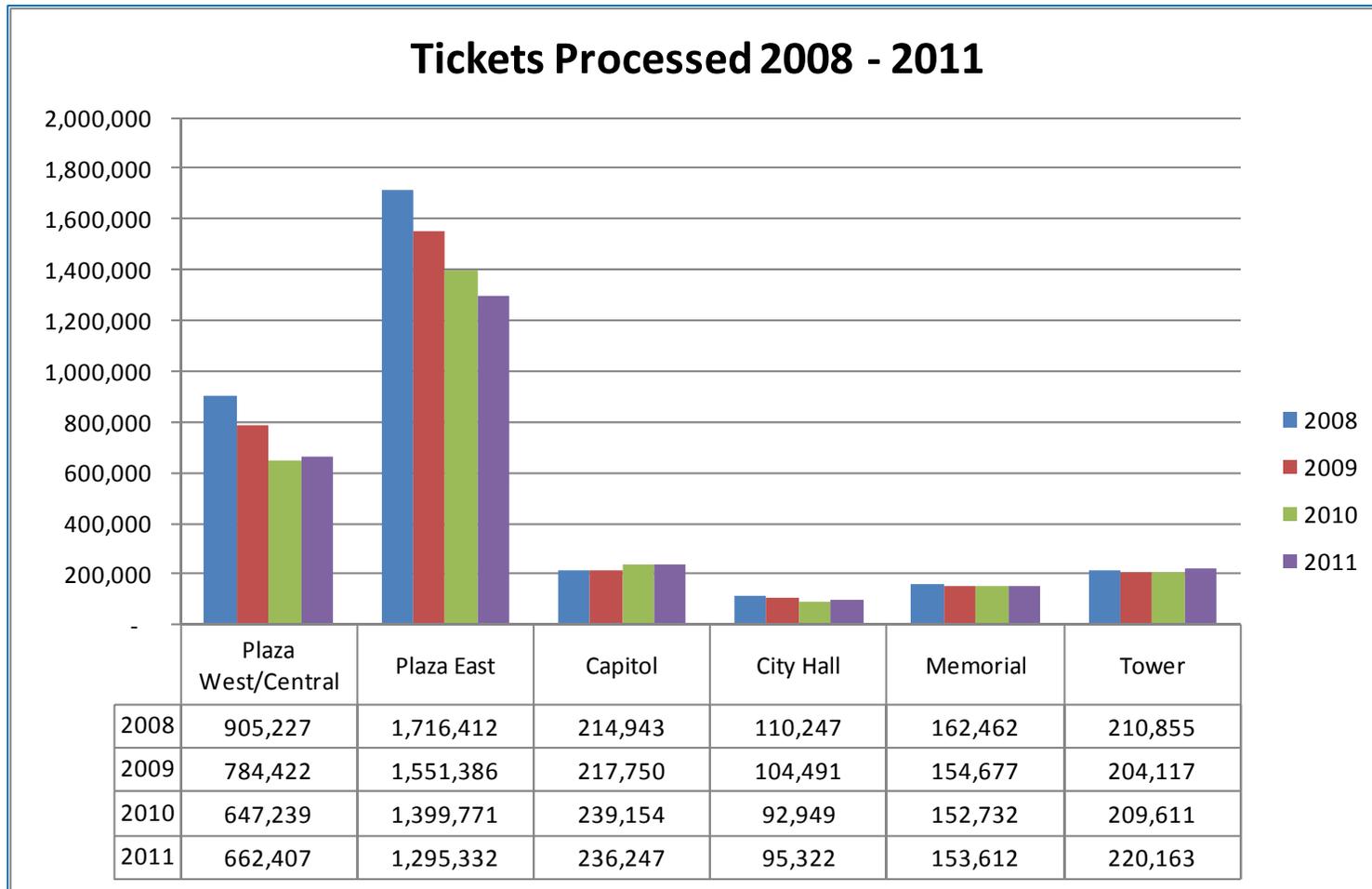
Source: City of Sacramento and DKS Associates

Figure 5: On-Street Metered Parking Inventory



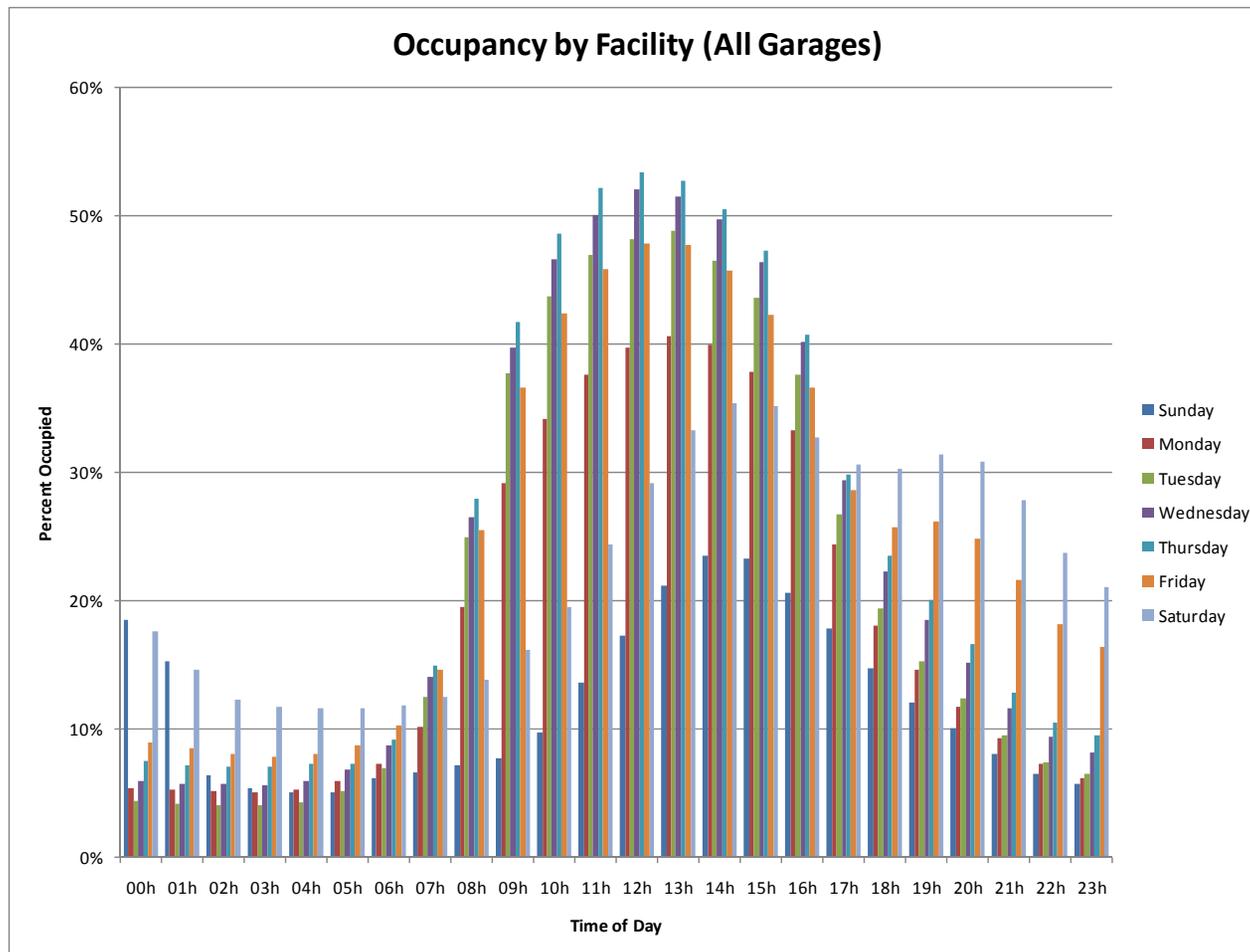
Source: City of Sacramento and DKS Associates

Figure 6: Historical Transaction Information



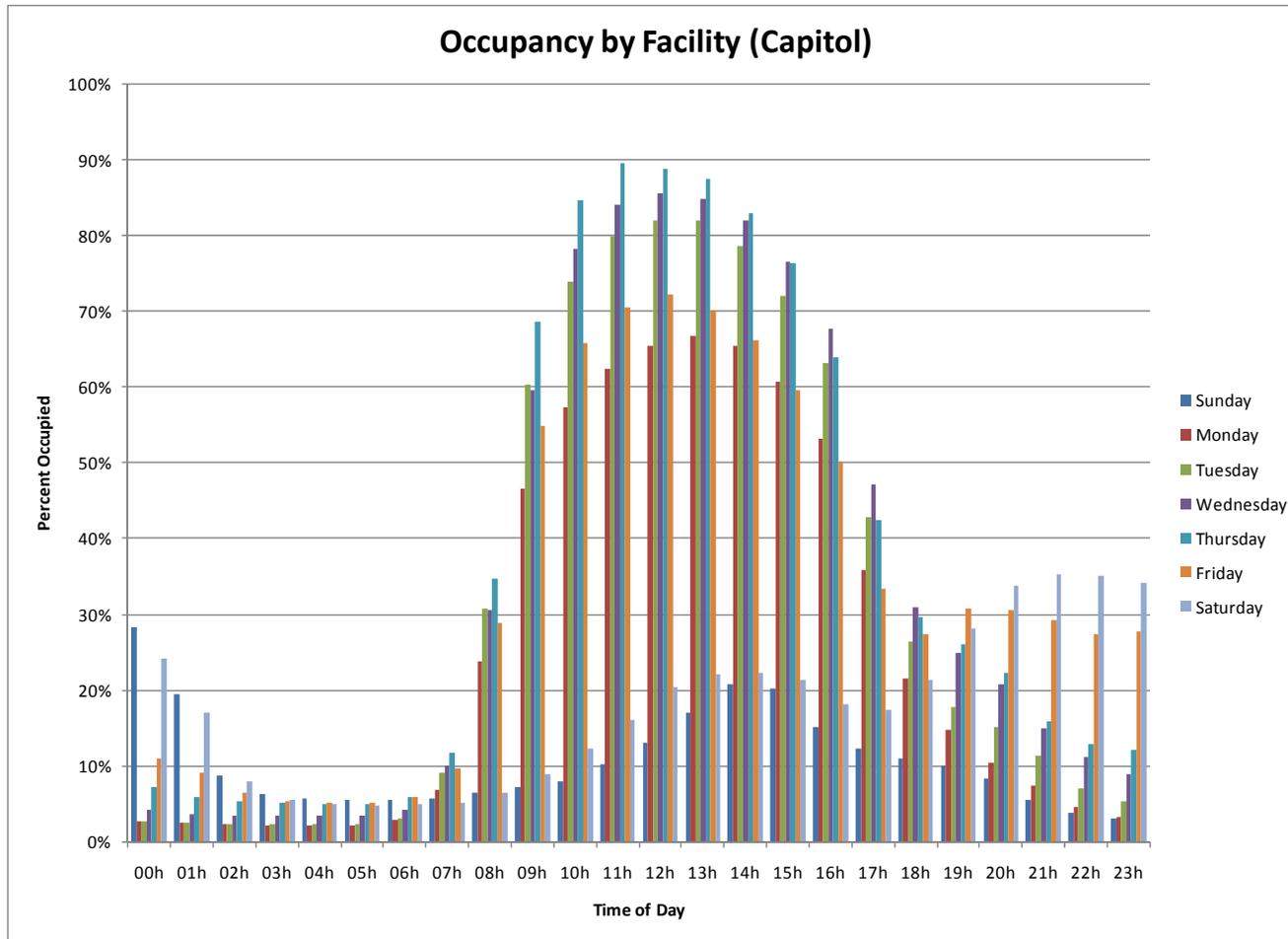
Source: City of Sacramento

Figure 7: 2011 Occupancy by Hour & Day – All Garages (Average per Day)



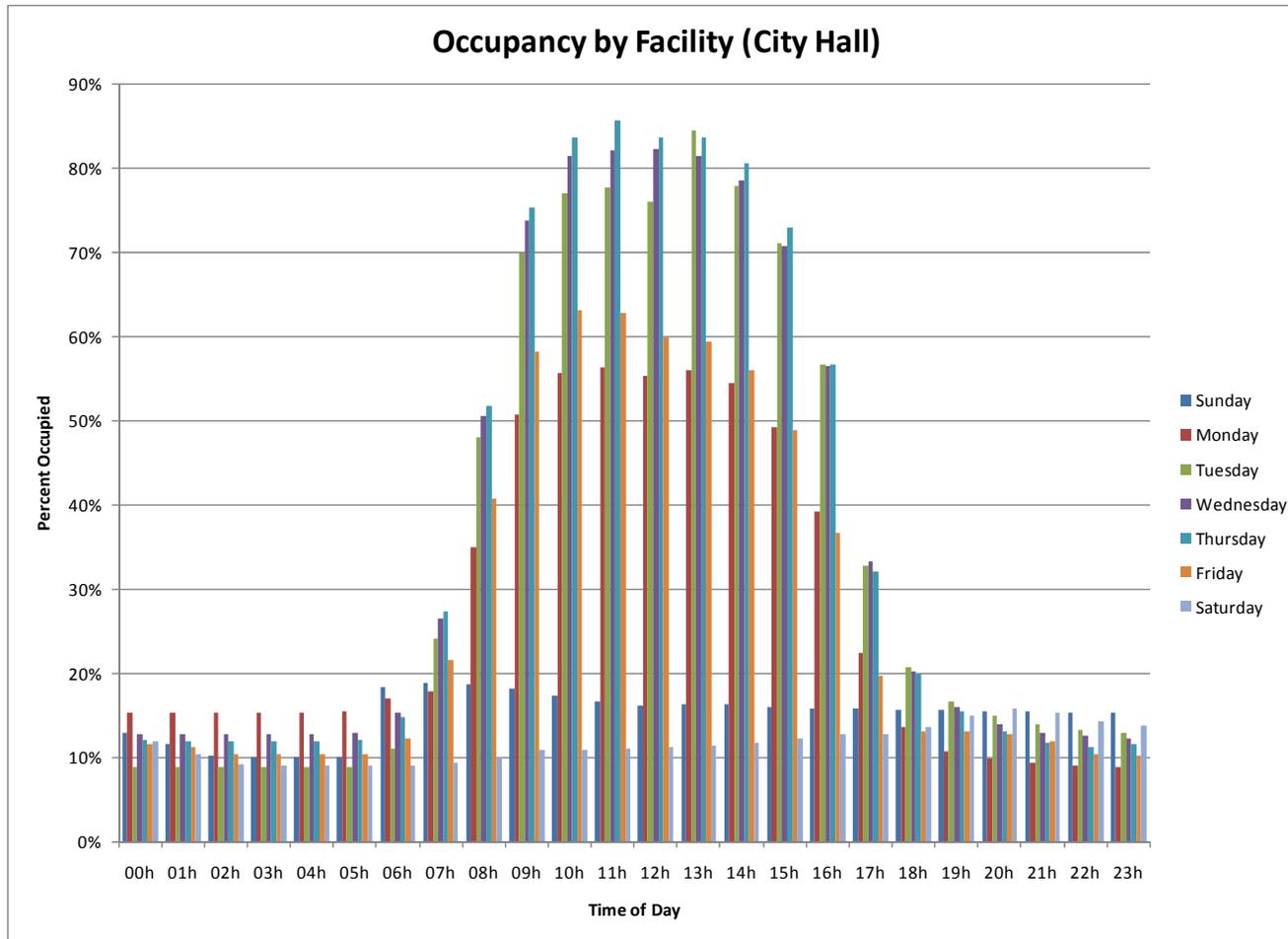
Source: City of Sacramento

Figure 8: Occupancy by Hour & Day (2011) – Capitol Garage (Average per Day)



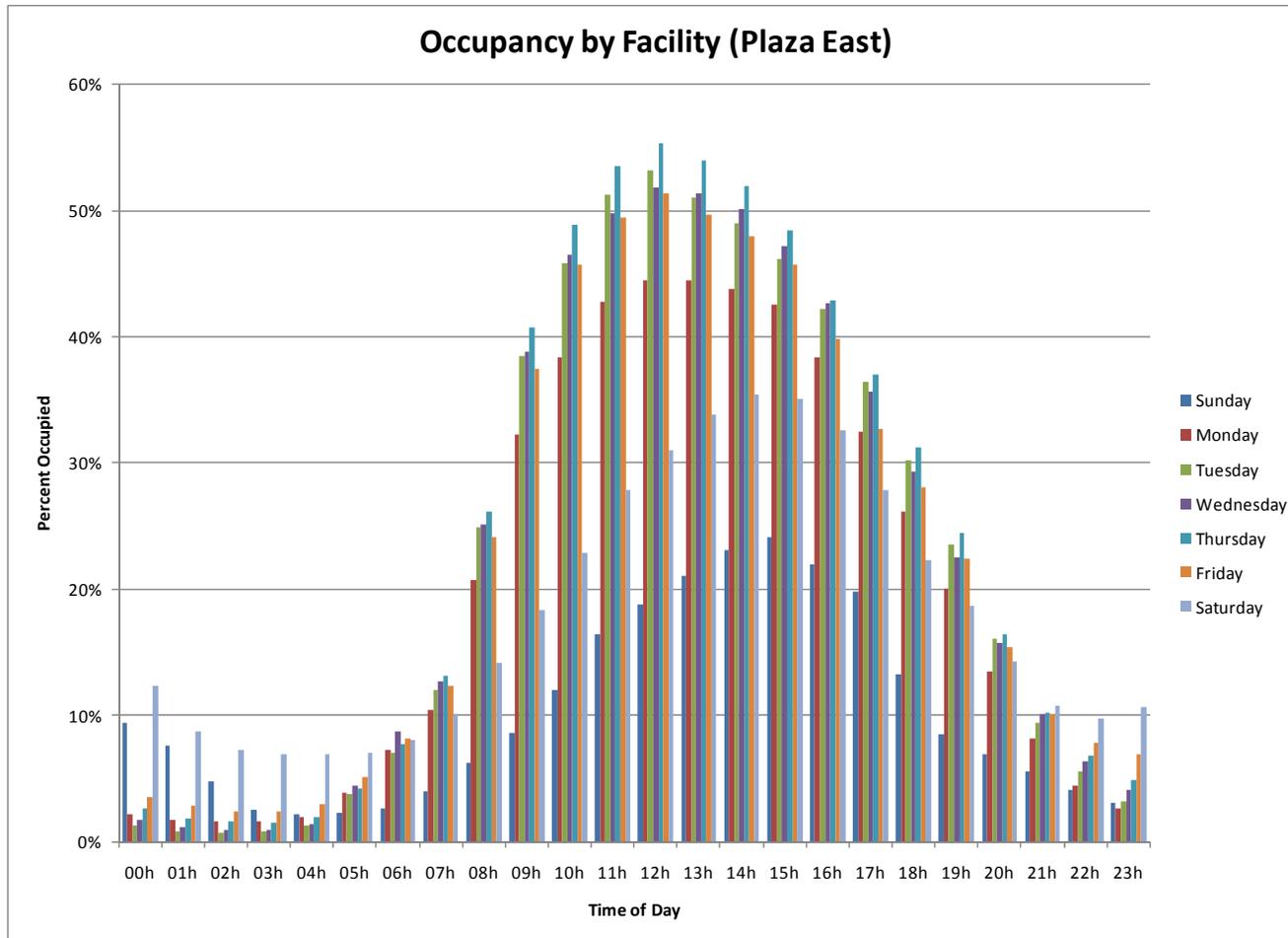
Source: City of Sacramento

Figure 9: Occupancy by Hour & Day (2011) – City Hall Garage (Average per Day)



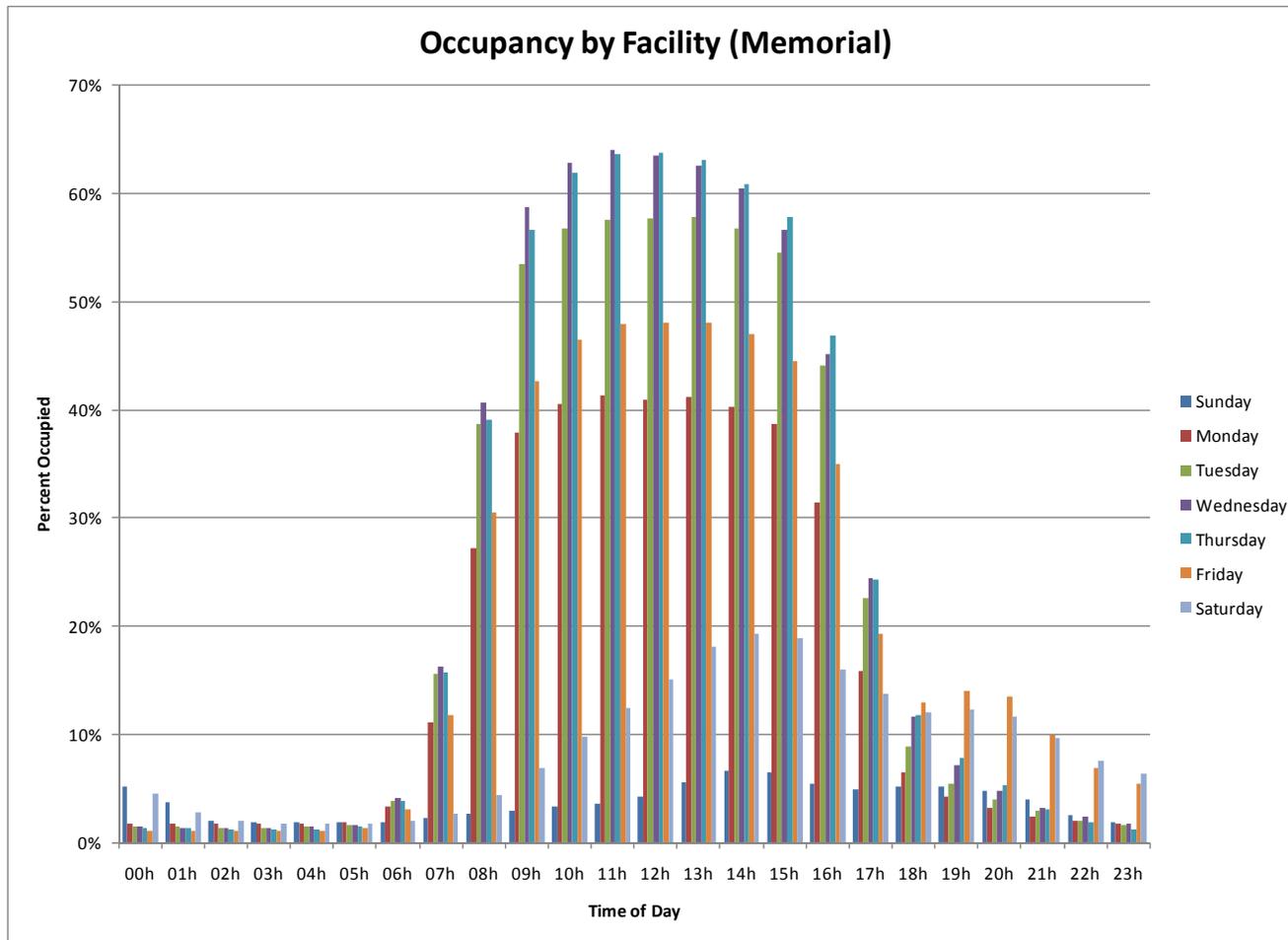
Source: City of Sacramento

Figure 10: Occupancy by Hour & Day (2011) – Plaza East Garage (Average per Day)



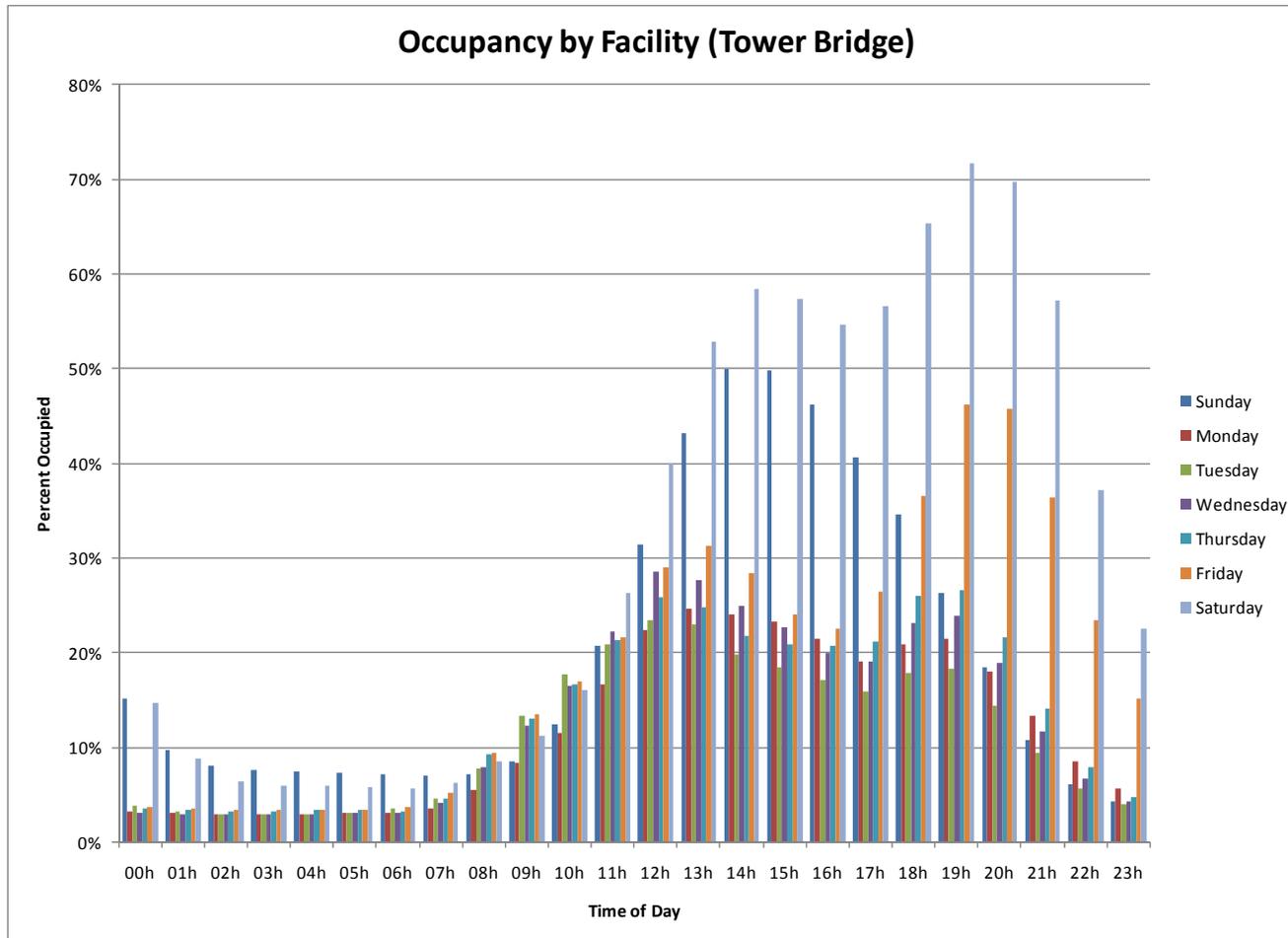
Source: City of Sacramento

Figure 11: Occupancy by Hour & Day (2011) – Memorial Garage (Average per Day)



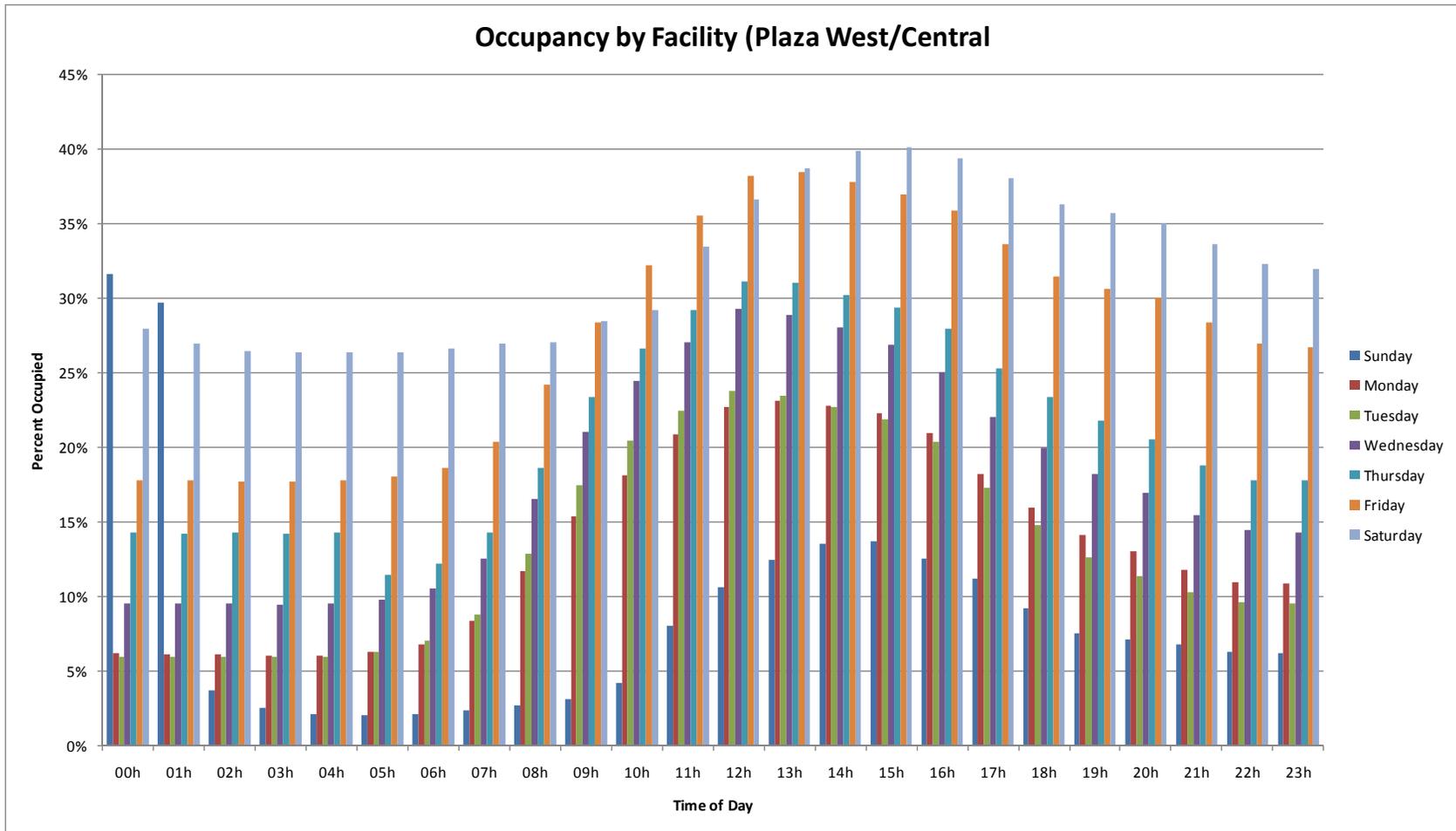
Source: City of Sacramento

Figure 12: Occupancy by Hour & Day (2011) – Tower Bridge Garage (Average per Day)



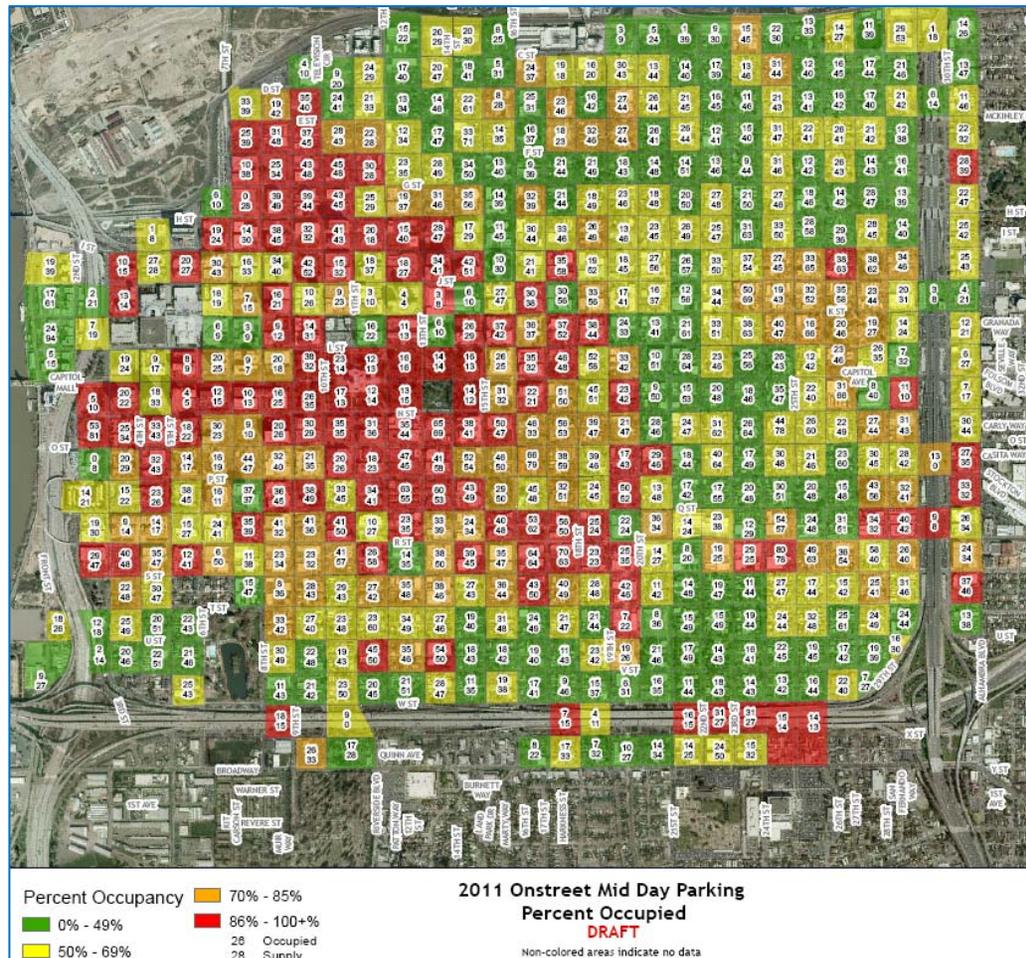
Source: City of Sacramento

Figure 13: Occupancy by Hour & Day (2011) – Plaza West/Central (Average per Day)



Source: City of Sacramento

Figure 14 On-street Occupancy – Mid Day (2011)



Source: City of Sacramento and DKS Associates

Table 11: Parking Fee Schedule – Effective 09/06/2011

| Garage | Monday - Friday | | | | | | | | | | 5PM-6AM | | Saturday - Sunday | | | Monthly Permits | | |
|---------------|-----------------------|----------|----------|----------|----------|----------|---------------|---------------|-------------|---------------------|------------------|-----------|-----------------------|-------------|---------------------|-----------------|----------|------|
| | Daytime Rates 6AM-6PM | | | | | | | | | | Night Time Rates | | Daytime Rates 6AM-6AM | | | Monthly | Car | Due |
| | 1st Hour | | 2nd Hour | | 3rd Hour | | Addl. Hour | Day Max. | Lost Ticket | Daily Max. (24 hrs) | Night Hourly | Night Max | Hourly | Sat-Sun Max | Daily Max. (24 hrs) | Rate | Pool | Date |
| | 1/2 hour | 1/2 hour | 1/2 hour | 1/2 hour | 1/2 hour | 1/2 hour | | | | | | | | | | Hour | Hourly | Max |
| Plaza Central | 1.25 | 1.25 | 1.25 | 1.25 | 1.50 | 1.50 | 1.50 1/2 hour | same as daily | 15.00 | 15.00 | same as dayrate | | | | N/A | N/A | N/A | |
| Plaza East | 1.25 | 1.25 | 1.25 | 1.25 | 1.50 | 1.50 | 1.50 1/2 hour | same as daily | 15.00 | 15.00 | same as dayrate | | | | \$145 | \$108.75 | 1st | |
| Plaza West | 1.25 | 1.25 | 1.25 | 1.25 | 1.50 | 1.50 | 1.50 1/2 hour | same as daily | 15.00 | 15.00 | same as dayrate | | | | \$135 | \$101.25 | 1st | |
| Capitol | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 1/2 hour | same as daily | 23.00 | 18.00 | 1.50 1/2 hr. | 5.00 | 1.50 1/2 hour | 5.00 | 5.00 | \$185 | \$138.75 | 1st |
| City Hall | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 1/2 hour | same as daily | 23.00 | 18.00 | 1.50 1/2 hr. | 5.00 | 1.50 1/2 hour | 5.00 | 5.00 | \$185 | \$138.75 | 1st |
| Memorial | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 1/2 hour | 15.00 | 15.00 | 15.00 | SADR | 5.00 | SADR | 5.00 | 5.00 | \$135 | \$101.25 | 1st |
| Old Sac | 1.25 | 1.25 | 1.25 | 1.25 | 1.00 | 1.00 | 1.00 1/2 hour | 13.00 | 20.00 | 20.00 | SADR | \$7.00** | SADR | 5.00 | 5.00 | \$115 | \$86.25 | 1st |
| Tower | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 1/2 hour | 15.00 | 24.00 | 24.00 | SADR | \$9.00** | SADR | 5.00 | 5.00 | \$130 | \$97.50 | 1st |

** Garage Nightly Rates begin at 6pm -

SADR= Same as daily rate

Pre-pay at Tower Bridge & Old Sac Friday & Saturday evenings after 4pm

| Lot | Monday - Friday | | | Daily Max. (24 hrs) | Saturday - Sunday | | Monthly Hangtags | | |
|-------------|-------------------------------|-----------------------------------|----------------------------------|---------------------|-------------------|------------------|------------------|-------|--|
| | Rates (6am-6am) | | | | Monthly | Rail or Reserved | Due Date | | |
| X | Flat Rate | | | 10.00 | Flat Rate | \$105.00 | N/A | 20th* | |
| Y | \$1.50 each Hour | | | 6.00 | Max | N/A | N/A | N/A | |
| D | Flat Rate | | | 8.00 | Flat Rate | \$125.00 | N/A | 20th* | |
| 293 | \$1.00 each 20 min | | | 9.00 | Max | \$120.00 | \$110.00 | 20th* | |
| 296 | No Daily Parking/Monthly Only | | | N/A | Monthly Only | \$110.00 | \$175.00 | 20th* | |
| 297 | Flat Rate | | | 9.00 | Flat Rate | \$110.00 | N/A | 20th* | |
| Garcia Bend | Flat Rate | | | 8.00 | Flat Rate | N/A | N/A | N/A | |
| Miller Park | Flat Rate | | | 8.00 | Flat Rate | N/A | N/A | N/A | |
| Howe Ave | \$5 flat Vehicle/ \$8 Holiday | \$8 flat watercraft/ \$11 Holiday | \$10 flat oversize/ \$13 Holiday | varies | same as dayrate | N/A | N/A | N/A | |
| Watt Ave. | \$5 flat Vehicle/ \$8 Holiday | \$8 flat watercraft/ \$11 Holiday | \$10 flat oversize/ \$13 Holiday | varies | same as dayrate | N/A | N/A | N/A | |

* For surface parking lots, the monthly payment is due on the 20th of the preceding month.

Carpool Discount is 25% off the Regular rate

Pre-pay at lots will vary for special events.

| Commuter/Early Bird Rate | | | |
|--------------------------|---------|-----------|-----------|
| Good thru Midnight | | | |
| Garage | Rate | In before | Out after |
| Memorial | \$ 6.00 | 9:30am | 4:00pm |
| Old Sacramento | \$ 4.00 | 7:30am | 5:30pm |
| D P East | \$ 8.00 | 9:30am | 4:30pm |
| D P West | \$ 7.00 | 9:30am | 4:30pm |

Source: City of Sacramento

Table 12: Parking Fee Schedule – Effective 07/01/2010

| Garage | Monday - Friday | | | | | | | | | | 6PM-6AM | | Saturday - Sunday | | Monthly Permits | | |
|---------------|-----------------------|----------|----------|----------|----------|----------|---------------|---------------|---------------------|------------------|------------------|-------------------|-----------------------|----------|-----------------|----------|----------|
| | Daytime Rates 6AM-6PM | | | | | | | | | | Night Time Rates | | Daytime Rates 6AM-6AM | | Monthly Rate | Car Pool | Due Date |
| | 1st Hour | | 2nd Hour | | 3rd Hour | | Addl. Hour | Day Max. | Daily Max. (24 hrs) | Night | Night | Hourly | Sat-Sun Max | | | | |
| | 1/2 hour | 1/2 hour | 1/2 hour | 1/2 hour | 1/2 hour | 1/2 hour | | | | | | | | | | | |
| Plaza Central | 1.25 | 1.25 | 1.25 | 1.25 | 1.50 | 1.50 | 1.50 1/2 hour | same as daily | 15.00 | same as day rate | | Same as Mon - Fri | N/A | N/A | N/A | | |
| Plaza East | 1.25 | 1.25 | 1.25 | 1.25 | 1.50 | 1.50 | 1.50 1/2 hour | same as daily | 15.00 | same as day rate | | Same as Mon - Fri | \$145 | \$108.75 | 1st | | |
| Plaza West | 1.25 | 1.25 | 1.25 | 1.25 | 1.50 | 1.50 | 1.50 1/2 hour | same as daily | 15.00 | same as day rate | | Same as Mon - Fri | \$135 | \$101.25 | 1st | | |
| Capitol | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 1/2 hour | same as daily | 18.00 | 1.50 1/2 hr. | 5.00 | 1.50 1/2 hour | 5.00 | \$185 | \$138.75 | 1st | |
| City Hall | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 1/2 hour | same as daily | 18.00 | 1.50 1/2 hr. | 5.00 | 1.50 1/2 hour | 5.00 | \$185 | \$138.75 | 1st | |
| Memorial | 1.50 | 1.50 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 1/2 hour | 14.00 | 20.00 | SADR | 6.00 | SADR | 6.00 | \$135 | \$101.25 | 1st | |
| Old Sac | 1.25 | 1.25 | 1.25 | 1.25 | 1.00 | 1.00 | 1.00 1/2 hour | 13.00 | 20.00 | SADR | 7.00 | Same as Mon - Fri | | \$115 | \$86.25 | 1st | |
| Tower | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 1/2 hour | 15.00 | 24.00 | SADR | 9.00 | Same as Mon - Fri | | \$130 | \$97.50 | 1st | |

| Lot | Monday - Friday Rates | Daily Max. (24 hrs) |
|-------------|-------------------------------|---------------------|
| X | Flat Rate | 10.00 |
| Y | \$1.50 each Hour | 6.00 |
| D | Flat Rate | 8.00 |
| 293 | \$1.00 each 20 min | 9.00 |
| 296 | No Daily Parking/Monthly Only | N/A |
| 297 | Flat Rate | 9.00 |
| Garcia Bend | Flat Rate | 8.00 |
| Miller Park | Flat Rate | 8.00 |

| Saturday - Sunday Rates (6am-6am) |
|-----------------------------------|
| Flat Rate |
| Max |
| Flat Rate |
| Max |
| Monthly Only |
| Flat Rate |
| Flat Rate |
| Flat Rate |

| Monthly Hangtags | | |
|------------------|------------------|----------|
| Monthly Rate Reg | Rail or Reserved | Due Date |
| \$105.00 | N/A | 20th* |
| N/A | N/A | N/A |
| \$125.00 | N/A | 20th* |
| \$120.00 | \$110.00 | 20th* |
| \$110.00 | \$175.00 | 20th* |
| \$110.00 | N/A | 20th* |
| N/A | N/A | N/A |
| N/A | N/A | N/A |

| Commuter/Early Bird Rate | | | |
|--------------------------|---------|-----------|-----------|
| Good thru Midnight | | | |
| Garage | Rate | In before | Out after |
| Memorial | \$ 6.00 | 9:30am | 4:00pm |
| Old Sacramento | \$ 4.00 | 7:30am | 5:30pm |
| D P West | \$ 7.00 | 9:30am | 4:30pm |

PRE-CHARGE AT LOTS WILL VARY FOR SPECIAL EVENTS. CHECK WITH LOT SUPERVISOR FOR RATES.

** Pre-pay at Tower Bridge & Old Sac Friday & Saturday evenings after 4pm

*SADR= Same as daily rate

* For surface parking lots, the monthly payment is due on the 20th of the preceding month.

Carpool Discount is 25% off the Regular rate

Source: City of Sacramento

Table 13: Parking Fee Schedule – Effective 08/01/2009

| Garage | Monday - Friday Daytime Rates 6AM-6PM | | | | | | | 6PM-6AM Night Time Rates | | | Saturday - Sunday Daytime Rates 6AM-6AM | | Monthly Permits | | | | |
|---------------------|--|----------|----------|----------|----------|----------|---------------|-----------------------------|------------------|--------------|--|-------------------|-----------------|-----------------|-------------|-------------|-----|
| | 1st Hour | | 2nd Hour | | 3rd Hour | | Addl. Hour | Day Max. | Night Hourly | Night Max | 24 Hour Max. | Hourly | Sat-Sun Max | Monthly Rate | Car Pool | Due Date | |
| | 1/2 hour | 1/2 hour | 1/2 hour | 1/2 hour | 1/2 hour | 1/2 hour | | | | | | | | | | | |
| Memorial Plaza West | 1.50 | 1.50 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 1/2 hour | 14.00 | SADR | 6.00 | 20.00 | SADR | 6.00 | \$135 | \$101.25 | 1st | |
| Capitol | 1.25 | 1.25 | 1.25 | 1.25 | 1.50 | 1.50 | 1.50 1/2 hour | 15.00 | same as day rate | | | same as Mon - Fri | | | \$135 | \$101.25 | 1st |
| City Hall | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 1/2 hour | 18.00 | 1.50 1/2 hr. | 5.00 | 23.00 | 1.50 1/2 hour | 5.00 | \$185 | \$138.75 | 1st | |
| Plaza East | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 1/2 hour | 18.00 | 1.50 1/2 hr. | 5.00 | 23.00 | 1.50 1/2 hour | 5.00 | \$185 | \$138.75 | 1st | |
| Old Sac | 1.25 | 1.25 | 1.25 | 1.25 | 1.50 | 1.50 | 1.50 1/2 hour | 15.00 | same as day rate | | | Same as Mon - Fri | | | \$145 | \$108.75 | 1st |
| Tower Plaza Central | 1.25 | 1.25 | 1.25 | 1.25 | 1.00 | 1.00 | 1.00 1/2 hour | 13.00 | SADR | 7.00 | 20.00 | Same as Mon - Fri | | \$115 | \$86.25 | 1st | |
| | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 1/2 hour | 15.00 | SADR | 9.00 | 24.00 | Same as Mon - Fri | | \$130 | \$97.50 | 1st | |
| | 1.25 | 1.25 | 1.25 | 1.25 | 1.50 | 1.50 | 1.50 1/2 hour | 15.00 | same as day rate | | | Same as Mon - Fri | | | N/A | N/A | N/A |

| Lot | Monday - Friday Rates | 6am-6am Max | Saturday - Sunday Rates (6am-6am) |
|-----|-------------------------------|----------------|--------------------------------------|
| X | Flat Rate | 10.00 | Flat Rate |
| Y | \$1.50 each Hour | 6.00 | Max |
| D | Flat Rate | 8.00 | Flat Rate |
| 293 | \$1.00 each 20 min | 9.00 | Max |
| 296 | No Daily Parking/Monthly Only | N/A | Monthly Only |
| 297 | Flat Rate | 9.00 | Flat Rate |

| Monthly Hangtags | | |
|---------------------|---------------------|-------------|
| Monthly Rate Reg | Rail or Reserved | Due Date |
| \$105.00 | N/A | 20th* |
| N/A | N/A | N/A |
| \$125.00 | N/A | 20th* |
| \$120.00 | \$110.00 | 20th* |
| \$110.00 | \$175.00 | 20th* |
| \$110.00 | N/A | 20th* |

PRE-CHARGE AT LOTS WILL VARY FOR SPECIAL EVENTS. CHECK WITH LOT SUPERVISOR FOR RATES.

** Pre-pay at Tower Bridge & Old Sac Friday & Saturday evenings after 4pm

*SADR= Same as daily rate

* For surface parking lots, the monthly payment is due on the 20th of the preceding month.

Carpool Discount is 25% off the Regular rate

Source: City of Sacramento

Table 14: Parking Fee Schedule – Effective 12/01/2008

| Garage | Monday - Friday Daytime Rates 6AM-6PM | | | | | | | | Saturday - Sunday Daytime Rates 6AM-6PM | | 6PM-6AM Night Time Rates | | Monthly Permits | | |
|----------------------|--|----------|----------|----------|----------|----------|---------------|-------------|--|----------------|-----------------------------|--------------|-----------------|-------------|-------------|
| | 1st Hour | | 2nd Hour | | 3rd Hour | | Addl. Hour | Day Max. | Hourly | Sat-Sun Max | Night Hourly | Night Max | Monthly Rate | Car Pool | Due Date |
| | 1/2 hour | 1/2 hour | 1/2 hour | 1/2 hour | 1/2 hour | 1/2 hour | | | | | | | | | |
| Memorial | 1.50 | 1.50 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 1/2 hour | 14.00 | SADR | 6.00 | SADR | 6.00 | \$135 | \$101.25 | 1st |
| Plaza West | 1.25 | 1.25 | 1.25 | 1.25 | 1.50 | 1.50 | 1.50 1/2 hour | 15.00 | same as Mon - Fri | | same as day rate | | \$135 | \$101.25 | 1st |
| Capitol | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 1/2 hour | 18.00 | 1.50 1/2 hour | 5.00 | 1.50 1/2 hr. | 5.00 | \$185 | \$138.75 | 1st |
| City Hall | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 1/2 hour | 18.00 | 1.50 1/2 hour | 5.00 | 1.50 1/2 hr. | 5.00 | \$185 | \$138.75 | 1st |
| Plaza East | 1.25 | 1.25 | 1.25 | 1.25 | 1.50 | 1.50 | 1.50 1/2 hour | 15.00 | Same as Mon - Fri | | same as day rate | | \$145 | \$108.75 | 1st |
| Old Sac | 1.25 | 1.25 | 1.25 | 1.25 | 1.00 | 1.00 | 1.00 1/2 hour | 13.00 | Same as Mon - Fri | | SADR | 7.00 | \$115 | \$86.25 | 1st |
| Tower | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 1/2 hour | 15.00 | Same as Mon - Fri | | SADR | 9.00 | \$130 | \$97.50 | 1st |
| Plaza Central | 1.25 | 1.25 | 1.25 | 1.25 | 1.50 | 1.50 | 1.50 1/2 hour | 15.00 | Same as Mon - Fri | | same as day rate | | N/A | N/A | N/A |

SURFACE PARKING LOTS

| Lot | 1st Hour | | 2nd Hour | | Addl. Hours | 6am-6am Max | Hourly | Sat-Sun Max | Monthly Rate Reg | Rail or Reserved | Due Date |
|------------|-------------------------------|----------|----------|----------|----------------|----------------|--------------|----------------|---------------------|---------------------|-------------|
| | 1/2 hour | 1/2 hour | 1/2 hour | 1/2 hour | | | | | | | |
| X | Flat Rate | | | | | 8.00 | Flat Rate | | \$105.00 | N/A | 20th* |
| Y | \$1.50 each Hour | | | | | 6.00 | Max | | N/A | N/A | N/A |
| D | Flat Rate | | | | | 8.00 | Flat Rate | | \$125.00 | N/A | 20th* |
| 293 | \$1.50 each 1/2 Hour | | | | | 6.50 | Flat Rate | | \$120.00 | \$95.00 | 20th* |
| 296 | No Daily Parking/Monthly Only | | | | | N/A | Monthly Only | | \$100.00 | \$175.00 | 20th* |
| 297 | Flat Rate | | | | | 7.00 | Flat Rate | | \$100.00 | N/A | 20th* |

PRE-CHARGE AT LOTS WILL VARY FOR SPECIAL EVENTS. CHECK WITH LOT SUPERVISOR FOR RATES.

* For surface parking lots, the monthly payment is due on the 20th of the preceding month.

Carpool Discount is 25% off the Regular rate

Source: City of Sacramento

Table 15: Base Case Summary

| | Year | | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|
| | 1 | 5 | 10 | 20 | 30 | 40 | 50 |
| Base Case (assumes non-union labor) | 2012 | 2016 | 2021 | 2031 | 2041 | 2051 | 2061 |
| Volume | | | | | | | |
| Attended Facilities - Transient Volume | 2,758,876 | 2,812,040 | 2,883,048 | 3,030,487 | 3,185,467 | 3,348,372 | 3,519,608 |
| Attended Facilities - Monthly Volume | 37,486 | 38,498 | 39,470 | 41,489 | 43,610 | 45,841 | 48,185 |
| On-Street - Utilized Hours | 2,821,847 | 3,436,111 | 3,522,877 | 3,703,037 | 3,892,411 | 4,091,469 | 4,300,708 |
| Enforcement - Citations | 203,681 | 171,806 | 176,144 | 185,152 | 194,621 | 204,573 | 215,035 |
| Revenue | | | | | | | |
| Attended Facilities | 15,673,000 | 17,472,000 | 20,520,000 | 28,730,000 | 40,238,000 | 56,376,000 | 79,013,000 |
| On-Street Meters | 3,478,000 | 6,680,000 | 8,561,000 | 11,698,000 | 17,025,000 | 24,856,000 | 34,487,000 |
| Enforcement | 8,594,000 | 8,159,000 | 9,697,000 | 13,698,000 | 19,351,000 | 27,336,000 | 38,616,000 |
| Total Revenue | 27,745,000 | 32,311,000 | 38,778,000 | 54,126,000 | 76,614,000 | 108,568,000 | 152,116,000 |
| Operating Expenses | | | | | | | |
| Attended Facilities | 5,180,000 | 5,422,000 | 6,248,000 | 8,308,000 | 11,057,000 | 14,735,000 | 19,653,000 |
| On-Street Meters | 1,226,000 | 1,535,000 | 1,779,000 | 2,391,000 | 3,213,000 | 4,318,000 | 5,804,000 |
| Enforcement | 3,460,000 | 3,894,000 | 4,514,000 | 6,067,000 | 8,153,000 | 10,956,000 | 14,724,000 |
| Total Operating Expenses | 9,866,000 | 10,851,000 | 12,541,000 | 16,766,000 | 22,423,000 | 30,009,000 | 40,181,000 |
| Net Operating Income | | | | | | | |
| Attended Facilities | 10,493,000 | 12,050,000 | 14,272,000 | 20,422,000 | 29,181,000 | 41,641,000 | 59,360,000 |
| On-Street Meters | 2,252,000 | 5,145,000 | 6,782,000 | 9,307,000 | 13,812,000 | 20,538,000 | 28,683,000 |
| Enforcement | 5,134,000 | 4,265,000 | 5,183,000 | 7,631,000 | 11,198,000 | 16,380,000 | 23,892,000 |
| Total Net Operating Income | 17,879,000 | 21,460,000 | 26,237,000 | 37,360,000 | 54,191,000 | 78,559,000 | 111,935,000 |
| General & Administrative Costs | 1,317,000 | 1,483,000 | 1,718,000 | 2,309,000 | 3,103,000 | 4,170,000 | 5,604,000 |
| EBITDA | 16,562,000 | 19,977,000 | 24,519,000 | 35,051,000 | 51,088,000 | 74,389,000 | 106,331,000 |

Source: Walker Parking Consultants

Table 16: Case Two Summary

| | Year | | | | | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|
| | 1 | 5 | 10 | 20 | 30 | 40 | 50 |
| Case 2 (assumes union labor) | 2012 | 2016 | 2021 | 2031 | 2041 | 2051 | 2061 |
| Volume | | | | | | | |
| Attended Facilities - Transient Volume | 2,758,876 | 2,812,040 | 2,883,048 | 3,030,487 | 3,185,467 | 3,348,372 | 3,519,608 |
| Attended Facilities - Monthly Volume | 37,486 | 38,498 | 39,470 | 41,489 | 43,610 | 45,841 | 48,185 |
| On-Street - Utilized Hours | 2,821,847 | 3,436,111 | 3,522,877 | 3,703,037 | 3,892,411 | 4,091,469 | 4,300,708 |
| Enforcement - Citations | 203,681 | 171,806 | 176,144 | 185,152 | 194,621 | 204,573 | 215,035 |
| Revenue | | | | | | | |
| Attended Facilities | 15,673,000 | 17,472,000 | 20,520,000 | 28,730,000 | 40,238,000 | 56,376,000 | 79,013,000 |
| On-Street Meters | 3,478,000 | 6,680,000 | 8,561,000 | 11,698,000 | 17,025,000 | 24,856,000 | 34,487,000 |
| Enforcement | 8,594,000 | 8,159,000 | 9,697,000 | 13,698,000 | 19,351,000 | 27,336,000 | 38,616,000 |
| Total Revenue | 27,745,000 | 32,311,000 | 38,778,000 | 54,126,000 | 76,614,000 | 108,568,000 | 152,116,000 |
| Operating Expenses | | | | | | | |
| Attended Facilities | 5,453,000 | 5,729,000 | 6,605,000 | 8,787,000 | 11,701,000 | 15,601,000 | 20,817,000 |
| On-Street Meters | 1,226,000 | 1,535,000 | 1,779,000 | 2,391,000 | 3,213,000 | 4,318,000 | 5,804,000 |
| Enforcement | 3,460,000 | 3,894,000 | 4,514,000 | 6,067,000 | 8,153,000 | 10,956,000 | 14,724,000 |
| Total Operating Expenses | 10,139,000 | 11,158,000 | 12,898,000 | 17,245,000 | 23,067,000 | 30,875,000 | 41,345,000 |
| Net Operating Income | | | | | | | |
| Attended Facilities | 10,220,000 | 11,743,000 | 13,915,000 | 19,943,000 | 28,537,000 | 40,775,000 | 58,196,000 |
| On-Street Meters | 2,252,000 | 5,145,000 | 6,782,000 | 9,307,000 | 13,812,000 | 20,538,000 | 28,683,000 |
| Enforcement | 5,134,000 | 4,265,000 | 5,183,000 | 7,631,000 | 11,198,000 | 16,380,000 | 23,892,000 |
| Total Net Operating Income | 17,606,000 | 21,153,000 | 25,880,000 | 36,881,000 | 53,547,000 | 77,693,000 | 110,771,000 |
| General & Administrative Costs | 1,397,000 | 1,572,000 | 1,822,000 | 2,448,000 | 3,290,000 | 4,422,000 | 5,942,000 |
| EBITDA | 16,209,000 | 19,581,000 | 24,058,000 | 34,433,000 | 50,257,000 | 73,271,000 | 104,829,000 |

Source: Walker Parking Consultants

Table 17: CAPEX – System Summary (5-year Intervals)

| NO. | WORK DESCRIPTION | 25 YEAR TOTAL COST | 2012 | 2017 | 2022 | 2027 | 2032 | 50 YEAR TOTAL COST | 2037 | 2042 | 2047 | 2052 | 2057 |
|---|--|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Executive Work Description Summary | | | | | | | | | | | | | |
| 1 | Concrete Repairs | \$ 1,999,000 | \$ 251,000 | \$ 551,500 | \$ 279,000 | \$ 609,000 | \$ 308,500 | \$ 4,913,000 | \$ 665,500 | \$ 336,500 | \$ 733,000 | \$ 370,500 | \$ 808,500 |
| 2 | Waterproofing Repairs | \$ 6,768,500 | \$ 850,500 | \$ 1,873,500 | \$ 945,500 | \$ 2,059,500 | \$ 1,039,500 | \$ 16,654,000 | \$ 2,265,000 | \$ 1,140,000 | \$ 2,488,500 | \$ 1,253,000 | \$ 2,739,000 |
| 3 | Stair/Elevator Tower Repair | \$ 4,016,500 | \$ 500 | \$ 1,304,000 | \$ 1,404,000 | \$ 404,000 | \$ 904,000 | \$ 7,936,500 | \$ 804,000 | \$ 4,000 | \$ 1,304,000 | \$ 1,404,000 | \$ 404,000 |
| 4 | Mechanical/Electrical/Plumbing | \$ 5,087,000 | \$ 24,000 | \$ 57,000 | \$ 2,470,000 | \$ 64,500 | \$ 2,256,500 | \$ 10,256,500 | \$ 66,000 | \$ 2,471,500 | \$ 72,000 | \$ 40,500 | \$ 2,519,500 |
| 5 | Architectural/Miscellaneous | \$ 278,500 | \$ 34,000 | \$ 76,500 | \$ 40,500 | \$ 83,500 | \$ 44,000 | \$ 681,000 | \$ 91,000 | \$ 48,500 | \$ 100,000 | \$ 52,500 | \$ 110,500 |
| 6 | Contingency | \$ 2,188,000 | \$ 140,500 | \$ 465,500 | \$ 619,000 | \$ 389,000 | \$ 574,000 | \$ 4,874,000 | \$ 469,500 | \$ 482,500 | \$ 565,000 | \$ 377,000 | \$ 792,000 |
| 7 | General Conditions | \$ 1,661,500 | \$ 107,500 | \$ 339,000 | \$ 482,000 | \$ 299,000 | \$ 434,000 | \$ 3,729,000 | \$ 379,500 | \$ 370,000 | \$ 414,500 | \$ 295,000 | \$ 608,500 |
| 8 | Consulting & Engineering Fees | \$ 1,989,500 | \$ 128,000 | \$ 437,500 | \$ 550,500 | \$ 350,000 | \$ 523,500 | \$ 4,402,500 | \$ 404,000 | \$ 434,500 | \$ 528,500 | \$ 333,500 | \$ 712,500 |
| 9 | Opinion of 5 year Budget (2011 Dollars) | \$ 23,988,500 | \$ 1,536,000 | \$ 5,104,500 | \$ 6,790,500 | \$ 4,258,500 | \$ 6,299,000 | \$ 53,446,500 | \$ 5,144,500 | \$ 5,287,500 | \$ 6,205,500 | \$ 4,126,000 | \$ 8,694,500 |
| 10 | Opinion of 5 Year Budget (Adjusted Future Value) | \$ 34,592,300 | \$ 1,536,000 | \$ 5,917,900 | \$ 9,126,300 | \$ 6,634,900 | \$ 11,377,200 | \$ 121,999,600 | \$ 10,771,900 | \$ 12,834,500 | \$ 17,461,900 | \$ 13,459,500 | \$ 32,879,500 |
| Executive Structure Totals | | | | | | | | | | | | | |
| 1 | Parking Facility G (Downtown Plaza West Garage) | \$ 3,885,500 | \$ 185,500 | \$ 410,000 | \$ 1,937,500 | \$ 450,500 | \$ 902,000 | \$ 8,444,000 | \$ 493,000 | \$ 922,500 | \$ 542,500 | \$ 1,331,000 | \$ 1,269,500 |
| 2 | Parking Facility H (Capitol Garage) | \$ 4,561,500 | \$ 379,500 | \$ 1,891,000 | \$ 665,000 | \$ 918,500 | \$ 707,500 | \$ 10,331,500 | \$ 1,010,000 | \$ 752,500 | \$ 2,165,500 | \$ 558,500 | \$ 1,466,500 |
| 3 | Parking Facility I (City Hall Garage) | \$ 4,941,000 | \$ 384,500 | \$ 849,000 | \$ 839,000 | \$ 932,500 | \$ 1,936,000 | \$ 10,241,500 | \$ 1,025,500 | \$ 927,000 | \$ 1,127,500 | \$ 568,000 | \$ 1,652,500 |
| 4 | Parking Facility K-1 (Downtown Plaza East Garage) | \$ 2,749,500 | \$ 103,500 | \$ 885,500 | \$ 749,500 | \$ 250,000 | \$ 761,000 | \$ 5,867,500 | \$ 271,500 | \$ 772,000 | \$ 959,000 | \$ 153,000 | \$ 962,500 |
| 5 | Parking Facility K-2 (Downtown Plaza East Garage) | \$ 1,273,500 | \$ 60,500 | \$ 140,500 | \$ 323,500 | \$ 419,500 | \$ 329,500 | \$ 2,779,500 | \$ 169,500 | \$ 337,000 | \$ 185,000 | \$ 95,000 | \$ 719,500 |
| 6 | Parking Facility K-3 (Downtown Plaza East Garage) | \$ 904,000 | \$ 33,000 | \$ 71,500 | \$ 227,000 | \$ 343,000 | \$ 229,500 | \$ 1,922,000 | \$ 86,000 | \$ 233,500 | \$ 93,500 | \$ 48,000 | \$ 557,000 |
| 7 | Parking Facility C (Memorial Garage) | \$ 1,920,000 | \$ 141,500 | \$ 311,000 | \$ 554,000 | \$ 343,000 | \$ 570,500 | \$ 5,410,000 | \$ 1,431,500 | \$ 586,000 | \$ 412,000 | \$ 211,000 | \$ 849,500 |
| 8 | Parking Facility R (Tower Bridge Garage) | \$ 2,394,500 | \$ 167,500 | \$ 366,000 | \$ 1,116,500 | \$ 401,500 | \$ 343,000 | \$ 5,388,000 | \$ 439,500 | \$ 361,000 | \$ 484,000 | \$ 1,038,500 | \$ 670,500 |
| 9 | Parking Facility U (Downtown Plaza Central Garage) | \$ 1,359,000 | \$ 80,500 | \$ 180,000 | \$ 378,500 | \$ 200,000 | \$ 520,000 | \$ 2,879,500 | \$ 218,000 | \$ 396,000 | \$ 236,500 | \$ 123,000 | \$ 547,000 |
| 10 | Combined Ramp 5 Year Budget (2011 Dollars) | \$23,988,500 | \$ 1,536,000 | \$ 5,104,500 | \$ 6,790,500 | \$ 4,258,500 | \$ 6,299,000 | \$ 53,446,500 | \$ 5,144,500 | \$ 5,287,500 | \$ 6,205,500 | \$ 4,126,000 | \$ 8,694,500 |
| 11 | Combined Ramp 5 Year Budget (Adjusted Future Value) | \$34,592,300 | \$ 1,536,000 | \$ 5,917,900 | \$ 9,126,300 | \$ 6,634,900 | \$ 11,377,200 | \$ 121,999,600 | \$ 10,771,900 | \$ 12,834,500 | \$ 17,461,900 | \$ 13,459,500 | \$ 32,879,500 |

2011 Dollars

Source: Walker Parking Consultants



Table 18: Daily and Hourly Rates - Off-Street (North America)

| UNITED STATES | | | | | | | | |
|------------------------------|--------------------------|-------------|--------------|------------|--------------------|---------------------------|-------------|--|
| MARKET | DAILY PARKING RATE (USD) | | | | % CHANGE FROM 2010 | HOURLY PARKING RATE (USD) | | |
| | HIGH | LOW | MEDIAN | HIGH | | LOW | MEDIAN | |
| Atlanta, GA | 22.00 | 5.00 | 12.00 | 0.0 | 8.00 | 1.00 | 4.00 | |
| Bakersfield, CA | 10.00 | 6.00 | 8.00 | 0.0 | 3.50 | 2.00 | 1.75 | |
| Bellevue, WA | 20.00 | 12.00 | 17.26 | 23.3 | 7.00 | 3.00 | 6.00 | |
| Boise, ID | 12.00 | 12.00 | 12.00 | 0.0 | 1.50 | 1.50 | 1.50 | |
| Boston, MA | 40.00 | 20.00 | 34.00 | 6.3 | 26.00 | 5.00 | 12.00 | |
| Charleston, SC | 16.00 | 10.00 | 10.00 | 0.0 | 4.00 | 1.00 | 2.00 | |
| Chicago, IL | 52.00 | 17.00 | 32.00 | 3.2 | 28.00 | 10.00 | 17.00 | |
| Cincinnati, OH | 15.00 | 6.00 | 10.00 | 2.6 | 6.50 | 1.00 | 3.50 | |
| Cleveland, OH | 16.00 | 3.00 | 8.50 | 1.4 | 12.00 | 2.25 | 7.00 | |
| Columbia, SC | 12.00 | 7.00 | 10.00 | 0.0 | 3.00 | 0.75 | 1.25 | |
| Columbus, OH | 15.00 | 4.00 | 10.00 | 0.0 | 8.00 | 1.00 | 3.00 | |
| Dallas, TX | 21.00 | 3.00 | 10.25 | 2.5 | 10.00 | 1.00 | 4.50 | |
| Denver, CO | 26.00 | 12.00 | 16.00 | 0.0 | 10.00 | 2.00 | 8.00 | |
| Fresno, CA | 10.00 | 8.00 | 9.00 | 0.0 | 3.00 | 1.00 | 1.50 | |
| Ft. Lauderdale, FL | 25.00 | 10.00 | 15.00 | 0.0 | 3.00 | 0.50 | 1.00 | |
| Greenville, SC | 6.00 | 6.00 | 6.00 | 0.0 | 1.50 | 0.50 | 1.00 | |
| Hartford, CT | 30.00 | 14.00 | 19.00 | -5.0 | 5.00 | 2.00 | 3.00 | |
| Honolulu, HI | 75.00 | 21.00 | 38.00 | -7.3 | 10.00 | 2.25 | 6.00 | |
| Houston, TX | 30.00 | 5.00 | 14.50 | 20.8 | 13.00 | 2.00 | 4.50 | |
| Indianapolis, IN | 24.00 | 3.00 | 12.00 | -7.7 | 3.00 | 1.00 | 2.00 | |
| Jacksonville, FL | 12.84 | 6.42 | 8.56 | -1.6 | 4.00 | 1.07 | 1.47 | |
| Kansas City, KS | 16.00 | 5.00 | 10.88 | - | 4.00 | 2.00 | 3.50 | |
| Little Rock, AR | 10.00 | 3.00 | 7.36 | -8.0 | 1.50 | 1.00 | 1.29 | |
| Los Angeles, CA | 47.00 | 5.00 | 30.00 | 1.2 | 25.00 | 4.00 | 12.50 | |
| Memphis, TN | 6.00 | 1.00 | 4.00 | 0.0 | 12.00 | 2.00 | 6.00 | |
| Miami, FL | 19.00 | 5.00 | 17.00 | 0.0 | 6.00 | 3.00 | 5.00 | |
| New Haven, CT | 18.00 | 14.00 | 17.10 | - | 4.00 | 3.00 | 3.80 | |
| New York – Downtown | 40.00 | 20.00 | 30.00 | -3.2 | 27.00 | 10.00 | 20.00 | |
| New York – Midtown | 72.00 | 12.00 | 41.00 | 2.5 | 40.00 | 9.00 | 22.00 | |
| Oakland, CA | 30.00 | 9.00 | 18.00 | 0.0 | 6.00 | 2.25 | 4.00 | |
| Omaha, NE | 25.00 | 7.50 | 15.00 | - | 10.00 | 3.00 | 6.00 | |
| Orlando, FL | 30.00 | 10.00 | 15.00 | 0.0 | 6.00 | 1.00 | 2.00 | |
| Philadelphia, PA | 34.00 | 18.00 | 26.00 | 0.0 | 17.00 | 8.00 | 13.00 | |
| Phoenix, AZ | 12.00 | 7.00 | 8.00 | -11.1 | 3.00 | 1.50 | 2.50 | |
| Portland, OR | 25.00 | 7.00 | 15.00 | 15.4 | 12.00 | 1.50 | 5.00 | |
| Raleigh, NC | 12.00 | 6.00 | 10.00 | - | 3.00 | 0.50 | 1.00 | |
| Sacramento, CA | 20.00 | 6.00 | 15.00 | -25.0 | 5.25 | 1.00 | 3.00 | |
| San Diego, CA | 30.00 | 18.00 | 26.00 | 0.0 | 10.00 | 6.00 | 8.00 | |
| San Francisco, CA | 39.00 | 7.50 | 26.00 | 4.0 | 18.00 | 2.50 | 9.00 | |
| San Jose/Silicon Valley, CA | 20.00 | 5.00 | 15.00 | 0.0 | 3.75 | 2.25 | 3.00 | |
| Savannah, GA | 16.00 | 10.00 | 10.00 | 0.0 | 2.00 | 1.00 | 1.00 | |
| Seattle, WA | 35.00 | 14.00 | 24.00 | -4.0 | 13.00 | 4.00 | 9.00 | |
| St. Louis, MS | 24.00 | 4.00 | 12.00 | - | 4.00 | 1.00 | 2.00 | |
| Tampa, FL | 20.00 | 7.00 | 11.00 | -26.7 | 3.50 | 1.50 | 2.25 | |
| Walnut Creek, CA | 10.00 | 6.00 | 8.00 | 0.0 | 3.00 | 1.00 | 2.00 | |
| Washington, DC | 20.00 | 16.00 | 18.00 | 20.0 | 12.00 | 9.00 | 10.00 | |
| West Palm Beach, FL | 20.00 | 15.00 | 16.00 | 0.0 | 1.50 | 0.75 | 1.00 | |
| U.S. NATIONAL AVERAGE | 24.25 | 9.12 | 16.12 | 0.8 | 8.99 | 2.63 | 5.32 | |

Source: Colliers International – North American Parking Rate Survey, 2011



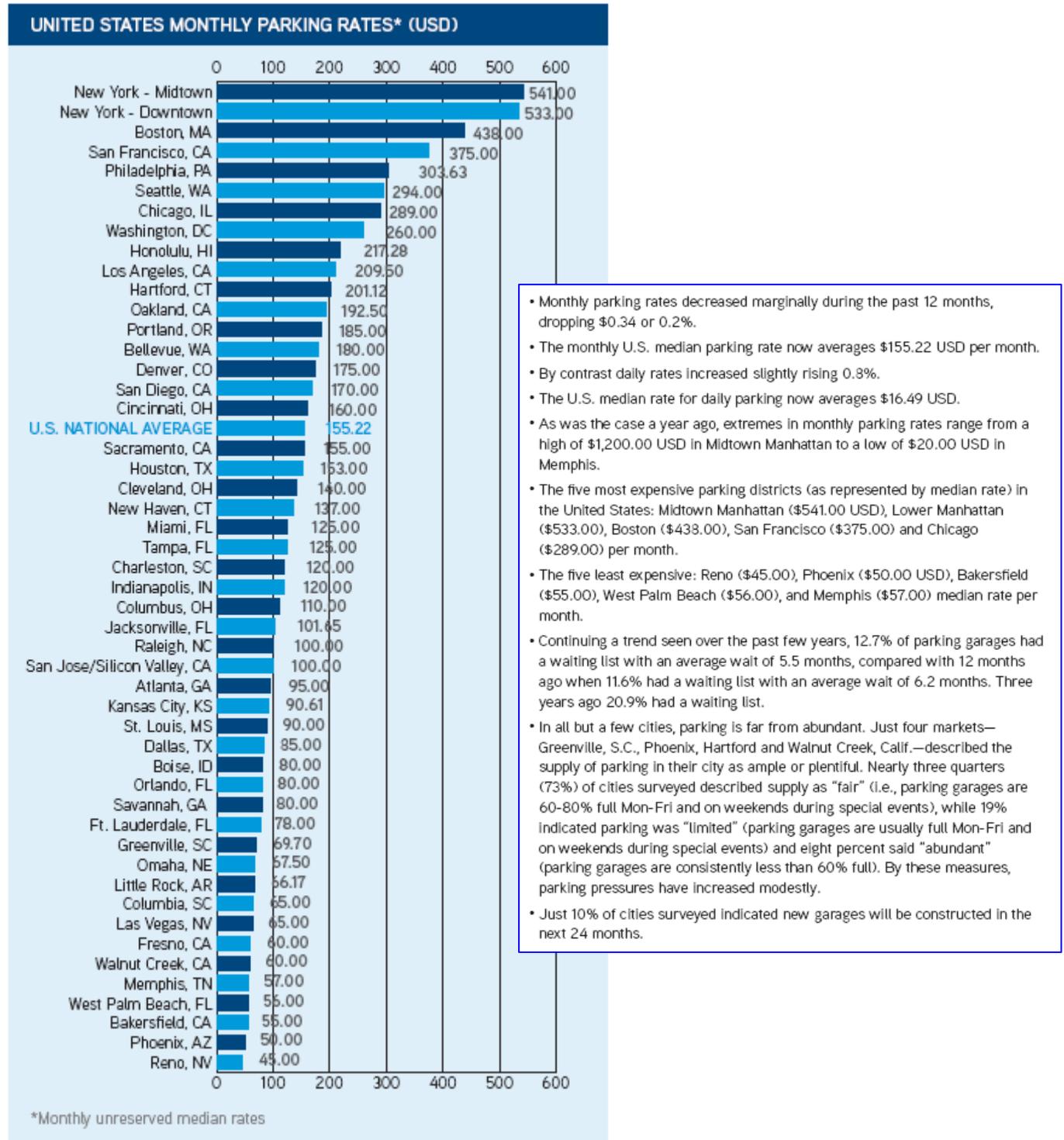
Table 19: Unreserved and Reserved Monthly Rates – Off-Street (North America)

| UNITED STATES | | | | | | | | |
|------------------------------|---------------------------------------|---------------|---------------|--------------------|-------------------------------------|---------------|---------------|--|
| MARKET | MONTHLY UNRESERVED PARKING RATE (USD) | | | | MONTHLY RESERVED PARKING RATE (USD) | | | |
| | HIGH | LOW | MEDIAN | % CHANGE FROM 2010 | HIGH | LOW | MEDIAN | |
| Atlanta, GA | 135.00 | 35.00 | 95.00 | 2.2 | 200.00 | 40.00 | 150.00 | |
| Bakersfield, CA | 65.00 | 45.00 | 55.00 | 0.0 | 70.00 | 60.00 | 60.00 | |
| Bellevue, WA | 221.00 | 109.50 | 180.00 | 11.1 | 390.00 | 150.00 | 317.22 | |
| Boise, ID | 90.00 | 80.00 | 80.00 | 0.0 | 100.00 | 90.00 | 95.00 | |
| Boston, MA | 520.00 | 320.00 | 438.00 | 3.1 | 675.00 | 350.00 | 453.00 | |
| Charleston, SC | 140.00 | 110.00 | 120.00 | 9.1 | 150.00 | 125.00 | 135.00 | |
| Chicago, IL | 435.00 | 200.00 | 289.00 | -9.7 | 515.00 | 260.00 | 400.00 | |
| Cincinnati, OH | 225.00 | 90.00 | 160.00 | 6.7 | 250.00 | 170.00 | 200.00 | |
| Cleveland, OH | 225.00 | 70.00 | 140.00 | -9.7 | 245.00 | 150.00 | 185.00 | |
| Columbia, SC | 90.00 | 52.00 | 65.00 | 0.0 | 135.00 | 65.00 | 85.00 | |
| Columbus, OH | 190.00 | 75.00 | 110.00 | -12.0 | 220.00 | 100.00 | 142.00 | |
| Dallas, TX | 155.00 | 40.00 | 85.00 | 0.0 | 300.00 | 100.00 | 155.00 | |
| Denver, CO | 200.00 | 100.00 | 175.00 | 0.0 | 275.00 | 185.00 | 225.00 | |
| Fresno, CA | 95.00 | 50.00 | 60.00 | -7.7 | 100.00 | 60.00 | 70.00 | |
| Ft. Lauderdale, FL | 90.00 | 60.00 | 78.00 | 20.0 | 200.00 | 100.00 | 138.00 | |
| Greenville, SC | 69.70 | 69.70 | 69.70 | 0.0 | 94.70 | 94.70 | 94.70 | |
| Hartford, CT | 264.05 | 151.69 | 201.12 | 14.9 | 264.05 | 151.69 | 201.12 | |
| Honolulu, HI | 253.40 | 172.77 | 217.28 | -3.4 | 425.00 | 260.00 | 345.28 | |
| Houston, TX | 250.00 | 50.00 | 153.00 | 4.8 | 417.00 | 98.00 | 237.00 | |
| Indianapolis, IN | 155.00 | 60.00 | 120.00 | 4.3 | 175.00 | 105.00 | 150.00 | |
| Jacksonville, FL | 125.00 | 85.60 | 101.65 | 6.4 | 155.15 | 107.00 | 107.00 | |
| Kansas City, KS | 136.00 | 65.00 | 90.61 | - | 155.00 | 94.00 | 120.00 | |
| Las Vegas, NV | 65.00 | 65.00 | 65.00 | 0.0 | 95.00 | 95.00 | 95.00 | |
| Little Rock, AR | 80.62 | 53.75 | 66.17 | 11.9 | 91.38 | 59.12 | 74.02 | |
| Los Angeles, CA | 363.00 | 100.00 | 209.50 | -0.2 | 598.00 | 192.00 | 282.50 | |
| Memphis, TN | 90.00 | 20.00 | 57.00 | 0.0 | 140.00 | 65.00 | 100.00 | |
| Miami, FL | 163.00 | 50.00 | 125.00 | -16.7 | 193.00 | 110.00 | 150.00 | |
| New Haven, CT | 185.50 | 95.40 | 137.00 | - | - | - | - | |
| New York - Downtown | 800.00 | 310.00 | 533.00 | 0.8 | - | - | - | |
| New York - Midtown | 1,200.00 | 379.00 | 541.00 | 0.6 | - | - | - | |
| Oakland, CA | 225.00 | 140.00 | 192.50 | -1.3 | 265.00 | 250.00 | 255.00 | |
| Omaha, NE | 82.50 | 47.50 | 67.50 | - | 117.50 | 47.50 | 67.50 | |
| Orlando, FL | 180.00 | 55.00 | 80.00 | -8.6 | 360.00 | 75.00 | 150.00 | |
| Philadelphia, PA | 464.00 | 175.00 | 303.63 | 1.2 | 532.00 | 200.00 | 370.13 | |
| Phoenix, AZ | 80.00 | 25.00 | 50.00 | 25.0 | 95.00 | 30.00 | 65.00 | |
| Portland, OR | 210.00 | 130.00 | 185.00 | 0.0 | 260.00 | 150.00 | 190.00 | |
| Raleigh, NC | 105.00 | 70.00 | 100.00 | - | 145.00 | 115.00 | 125.00 | |
| Reno, NV | 55.00 | 30.00 | 45.00 | 0.0 | 75.00 | 45.00 | 60.00 | |
| Sacramento, CA | 200.00 | 100.00 | 155.00 | -22.5 | 225.00 | 150.00 | 185.00 | |
| San Diego, CA | 190.00 | 150.00 | 170.00 | 0.0 | 275.00 | 190.00 | 225.00 | |
| San Francisco, CA | 550.00 | 200.00 | 375.00 | 0.0 | 600.00 | 225.00 | 400.00 | |
| San Jose/Silicon Valley, CA | 165.00 | 70.00 | 100.00 | 0.0 | 250.00 | 150.00 | 200.00 | |
| Savannah, GA | 100.00 | 35.00 | 80.00 | 0.0 | 230.00 | 125.00 | 160.00 | |
| Seattle, WA | 400.00 | 200.00 | 294.00 | 3.2 | 630.68 | 265.00 | 379.00 | |
| St. Louis, MO | 200.00 | 45.00 | 90.00 | - | 160.00 | 110.00 | 140.00 | |
| Tampa, FL | 150.00 | 100.00 | 125.00 | -7.4 | 250.00 | 145.00 | 195.00 | |
| Walnut Creek, CA | 75.00 | 45.00 | 60.00 | 0.0 | 150.00 | 100.00 | 125.00 | |
| Washington, DC | 295.00 | 220.00 | 260.00 | 6.1 | 625.00 | 350.00 | 475.00 | |
| West Palm Beach, FL | 100.00 | 30.00 | 56.00 | -18.7 | 125.00 | 40.00 | 72.00 | |
| U.S. NATIONAL AVERAGE | 222.51 | 102.69 | 155.22 | -0.2 | 264.10 | 134.76 | 187.03 | |

Source: Colliers International – North American Parking Rate Survey, 2011



Table 20: Unreserved Monthly Rates – Off-Street (North America)



Source: Colliers International – North American Parking Rate Survey, 2011



STATEMENT OF LIMITING CONDITIONS

This report is subject to the following limiting conditions:

1. Estimates and projections provided by Walker have been premised in part upon assumptions provided by the City and/or other third party sources. Walker has not independently investigated the accuracy of the assumptions provided by the client, its agents, representatives, or others supplying information or data to Walker for its use in preparation of this report. Walker has also drawn certain assumptions from its past work on other projects of similar or like nature, and has done so in a manner consistent with the standard of care within the profession. Because of the inherent uncertainty and probable variation of the assumptions, actual results will vary from estimated or projected results. As such, Walker makes no warranty or representation, express or implied, as to the accuracy of the estimates or projections.
2. The results and conclusions presented in this report may be dependent on assumptions regarding the future local, national, or international economy. These assumptions and resultant conclusions may be invalid in the event of war, terrorism, economic recession, rationing, or other events that may cause a significant change in economic conditions.
3. Walker assumes no responsibility for any events or circumstances that take place or change subsequent to the date of our field observations and Walker possesses no duty to notify any party of any such events or circumstances.
4. Walker is not qualified to detect hazardous substances or environmental matters, has not considered such, and therefore urges the client to retain an expert in this field, if relevant to this report.
5. Sketches, photographs, maps and other exhibits included herein may not be of engineering quality or to a consistent scale, and should not be relied upon as such.
6. All mortgages, liens, encumbrances, leases, and servitudes have been disregarded unless specified otherwise. Unless noted, we assume that there are no encroachments, zoning violations, or building code violations affecting the subject properties.
7. Our agreement to allow any party to use and rely upon this report is expressly subject to and limited by such party's agreeing to and abiding by the same terms and conditions contained in that certain Consultancy Agreement between us and our client (the "Agreement"), including, but not limited to the following: (1) any limitations on warranty and consequential and other damages contained in the Agreement; (2) any limitations on the amount of damages for which we may be liable pursuant to the Agreement; (3) any exclusive remedy provisions contained in the Agreement; (4) any disclaimers, qualifications or scope limitations contained in this report; and (5) that such party make no further distribution of this report without our prior written consent. By relying on this report, you have agreed to be bound by the terms set forth in the Agreement.
8. This report is to be used and may only be relied on in whole and not in part. None of the contents of this report may be reproduced or disseminated in any form for external use by anyone other than our client without our express written permission, as prescribed in our agreement.
9. The projections presented in the analysis assume responsible ownership and competent management. Any departure from this assumption may have a negative impact on the conclusions.



The City Council of Sacramento, California

Phase I Preliminary Valuation of Parking System Assets

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1. Introduction
2. Situation Overview
3. Financial Projections and Preliminary Valuation

Introduction

Introduction

Bank of America Merrill Lynch (“BofAML”) has been requested to provide a Phase I preliminary valuation of the City of Sacramento (“City”) parking system assets and, in connection therewith, we have, among other things:

- Reviewed financial data provided by the City;
- Reviewed the *Market, Financial and Condition Assessment of Parking Assets* report, dated November 23, 2011, prepared by Walker Parking Consultants (“Walker”) based on information from the City and Walker, including long-term cash flow projections for the City’s parking system assets under two alternative scenarios, a “Base Case” (that assumes non-union labor) and an “Operating Case” (that assumes a union, wage and benefit structure similar to the current City system). We have been directed by the City to utilize the Operating Case for purposes of the Phase I preliminary valuation;
- Discussed the past and current operations and prospects of parking system assets with the City treasurer, other senior staff members and the City’s attorney; and
- Performed such analyses and considered such other information and factors as we deemed appropriate.

We have assumed and relied upon, without independent verification, the accuracy and completeness of the financial and other information and data publicly available or provided to or otherwise reviewed by or discussed with us and have relied upon the assurances of the City and its representatives that they are not aware of any facts or circumstances that would make such information or data inaccurate or misleading in any material respect. We have assumed, at the direction of the City’s senior staff members and upon the advice of Walker, that the Operating Case projections utilized in these materials have been reasonably prepared on bases reflecting the best currently available estimates and good faith judgments as to the future financial performance of the parking system assets. We have not made or been provided with any independent evaluation (other than materials provided by Walker) or appraisal of the parking system assets or related liabilities (contingent or otherwise), nor have we made any physical inspection of the parking system assets.

These materials are solely for the benefit and use of the City’s senior staff members and the City Council (in its capacity as such) in connection with its evaluation of the parking system assets and are not rendered to or for the benefit of, and shall not confer rights or remedies upon, any person other than the City’s senior staff members and the City Council. These materials and related discussions may not be disclosed, referred to, or communicated (in whole or in part) to any third party, nor shall any public reference to us be made, for any purpose whatsoever except with our prior written consent in each instance. We express no view or recommendation as to the underlying business decision of the City Council in respect of the parking system assets or any transaction related thereto. These materials and related discussions are not a substitute for due diligence, do not constitute investment advice and are not provided for any legal, tax, accounting or regulatory purpose. It should be noted that any valuation is only an approximation, subject to uncertainties and contingencies, all of which are difficult to predict and beyond the control of the firm performing such valuation and, thus, an estimation of the implied enterprise values of the parking system assets as reflected herein is not intended to be, and should not be construed in any respect as, an assurance or guaranty of value.

Situation Overview

Situation Overview

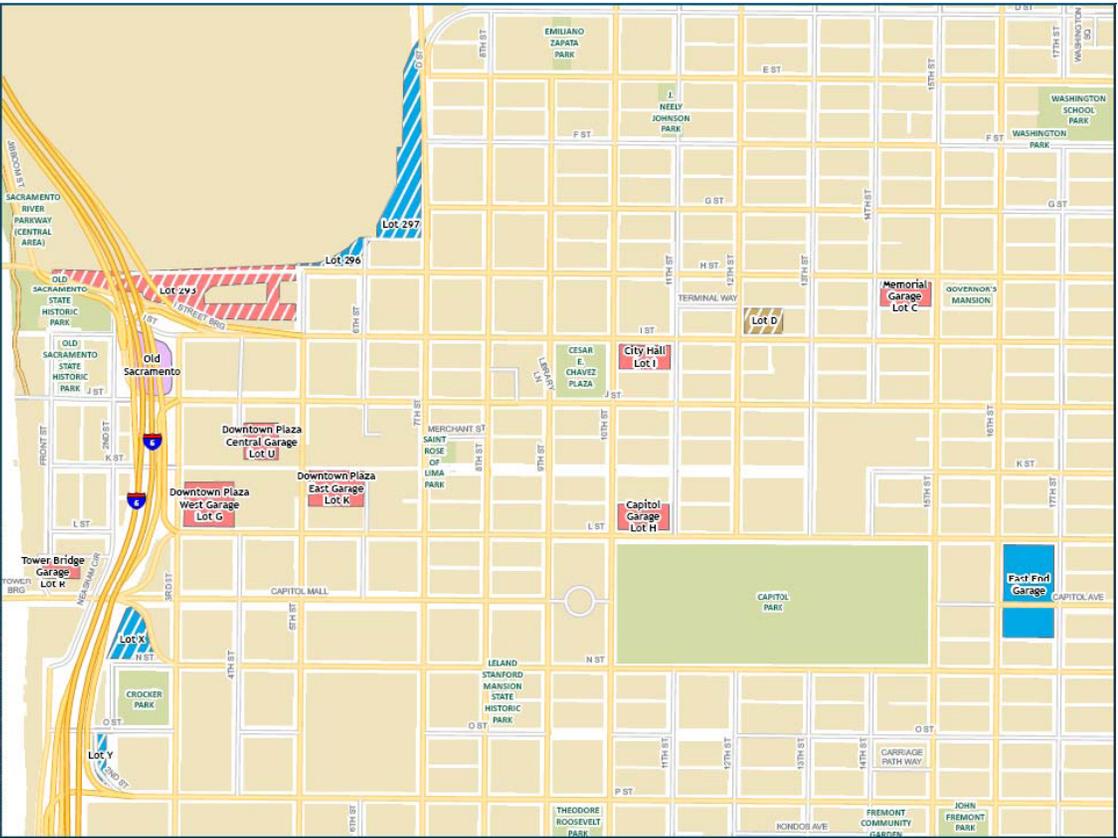
Overview of Concession Approach

- Municipal governments contemplating monetization of municipally-owned assets or enterprises have utilized a concession contract structure to generate an upfront payment in exchange for granting the concessionaire the right to operate and receive revenues associated with the asset or enterprise during the term of the concession.
- Under a concession agreement, the municipal governments retain title and ownership of the asset or enterprise. At the end of the concession term, the asset or enterprise automatically reverts to the municipal government.
- The concession may impose limits on the ability of the concessionaire to raise rates associated with the asset or enterprise, and generally requires the concessionaire to maintain the asset such that it has a specified remaining useful life at the end of the concession term.
- The City has requested Walker to assume in the Operating Case that there are no restrictions on the ability of the concessionaire to set parking rates, but assumes union labor costs.
- The term of the concession is at the discretion of the public sponsor based on specific financial objectives, among other factors. The Chicago parking meters and parking garage concessions have terms of 75 years and 99 years, respectively. The City directed Walker to assume a 50-year concession term for its parking system assets.
- The report provided by Walker concluded that the existing fee structure for the City's off-street facilities is near market. Therefore, the report assumed only modest fee increases in the transient and monthly rate categories during the initial years of the monetization effort. Regarding future parking rates, the report assumes on-street meter rates will increase by \$0.25 per year starting in 2013 or until the rate reaches \$2.00 per hour in 2015, and 3.0% growth in rates beyond 2015.

Situation Overview

Summary of the City's Parking Assets

City Parking Assets



Own
 Lease
 Manage
 Own Building/Lease Land
 Indicates Surface Lot

Overview:

- 12,700± City-owned parking spaces and associated parking enforcement revenues available for potential concession

Off-Street Parking Structures (7,200± spaces):

- Seven garages concentrated around downtown Sacramento
- Year of construction of each garage ranges from 1969-2001
- Daily, hourly and monthly parking, with current rates ranging from:
 - \$2.50-3.00 / 0-1 hour
 - \$5.00-6.00 / 1-2 hours
 - \$15.00-18.00 / daily max
 - \$130.00-185.00 / monthly

On-Street Meters (5,500± spaces):

- Paid parking spaces throughout downtown Sacramento and surrounding neighborhoods
- 1,500± spaces accept payment via cash and/or credit card using Parkeon pay and display meters (310 kiosks)
- Daily and fractional hourly parking, with current rates at:
 - \$0.25 / 12 min
 - \$6.00 / 10 hours (where permitted)

Parking Enforcement:

- City administered program to regulate illegal parking activity
- 200,000± annual citations valued at over \$7.0 million

Source: Walker Parking Consultants, 2011.

Situation Overview

Historical Financial Results

Historical Financial Results for the City's Parking System

| Fiscal Year Ending June 30 | Off-Street Parking Structures | | | | CAGR | On-Street Meters | | | | CAGR | Parking Enforcement | | | | CAGR | Total Parking System Operations | | | | CAGR |
|-----------------------------------|-------------------------------|---------------|---------------|---------------|--------------|------------------|--------------|-------------|--------------|--------------|---------------------|----------------|---------------|---------------|---------------|---------------------------------|---------|---------|----------|---------|
| | 2008/09 | 2009/10 | 2010/11P | FY08-11 | 2008/09 | 2009/10 | 2010/11P | FY08-11 | 2008/09 | 2009/10 | 2010/11P | FY08-11 | 2008/09 | 2009/10 | 2010/11P | FY08-11 | 2008/09 | 2009/10 | 2010/11P | FY08-11 |
| Revenue | | | | | | | | | | | | | | | | | | | | |
| Interest Revenue | 0.1 | 1.2 | (0.1) | | | | | | | | | | | | | | | | | |
| Parking Revenue | 17.5 | 17.7 | 18.8 | 3.7% | 4.0 | 3.9 | 4.0 | 1.0% | 8.2 | 8.4 | 7.5 | (4.2%) | 31.3 | 32.5 | 31.5 | 0.4% | | | | |
| Rental | 1.5 | 1.3 | 1.2 | (9.7%) | | | | | | | | | | | | | | | | |
| Total Revenue | \$19.1 | \$20.2 | \$19.9 | 2.2% | \$4.0 | \$3.9 | \$4.0 | 1.0% | \$8.2 | \$8.4 | \$7.5 | (4.2%) | \$31.3 | \$32.5 | \$31.5 | 0.4% | | | | |
| Growth % | | 5.7% | (1.2%) | | | (0.6%) | 2.7% | | | 2.1% | (10.2%) | | | 4.0% | (3.1%) | | | | | |
| Expense | | | | | | | | | | | | | | | | | | | | |
| Employee Serv - Field Opr. | 2.5 | 2.6 | 2.2 | (6.6%) | 0.6 | 0.6 | 0.6 | 0.8% | 2.7 | 3.3 | 2.9 | 4.6% | 5.7 | 6.5 | 5.6 | (0.5%) | | | | |
| Employee Serv - Admin. | 1.5 | 1.6 | 1.6 | 1.1% | 0.2 | 0.2 | 0.2 | (16.9%) | 0.1 | 0.1 | 0.1 | 59.8% | 1.8 | 1.9 | 1.9 | 1.3% | | | | |
| Service & Supplies | 4.0 | 3.8 | 3.3 | (9.4%) | 0.4 | 0.4 | 0.5 | 14.4% | 0.5 | 0.6 | 0.5 | (6.7%) | 4.9 | 4.9 | 4.2 | (7.1%) | | | | |
| Ampco Contract | 1.4 | 1.3 | 1.4 | (1.0%) | - | - | - | | - | - | - | | 1.4 | 1.3 | 1.4 | (1.0%) | | | | |
| In lieu and Cost Plan | 2.6 | 2.7 | 2.5 | (0.9%) | | | | | | | | | 2.6 | 2.7 | 2.5 | (0.9%) | | | | |
| Total Expense | \$12.0 | \$12.1 | \$10.9 | (4.6%) | \$1.2 | \$1.2 | \$1.2 | 2.1% | \$3.2 | \$4.0 | \$3.5 | 4.2% | \$16.4 | \$17.3 | \$15.6 | (2.3%) | | | | |
| Growth % | | 1.2% | (10.0%) | | | 3.8% | 0.4% | | | 23.1% | (11.9%) | | | 5.7% | (9.7%) | | | | | |
| Net Operating Results | | | | | | | | | | | | | | | | | | | | |
| Net Operating Revenue | \$7.1 | \$8.1 | \$9.0 | 12.7% | \$2.8 | \$2.7 | \$2.8 | 0.6% | \$5.0 | \$4.4 | \$4.0 | (10.0%) | \$14.9 | \$15.2 | \$15.9 | 3.3% | | | | |
| Net Margin % | | 13.4% | 11.9% | | | -2.5% | 3.8% | | | -11.4% | -8.6% | | | 2.1% | 4.5% | | | | | |
| Debt Service (DS) | \$4.1 | \$4.2 | \$4.6 | 6.0% | \$0.4 | \$0.4 | \$0.4 | 0.0% | \$0.0 | - | - | | \$4.6 | \$4.6 | \$5.1 | 5.2% | | | | |
| Net Operating Rev. (w/ DS) | \$3.0 | \$3.9 | \$4.4 | 21.4% | \$2.4 | \$2.3 | \$2.4 | 0.7% | \$5.0 | \$4.4 | \$4.0 | (9.8%) | \$10.3 | \$10.6 | \$10.8 | 2.5% | | | | |
| Growth % | | 31.2% | 12.3% | | | (2.9%) | 4.4% | | | (11.1%) | (8.6%) | | | 3.0% | 1.9% | | | | | |

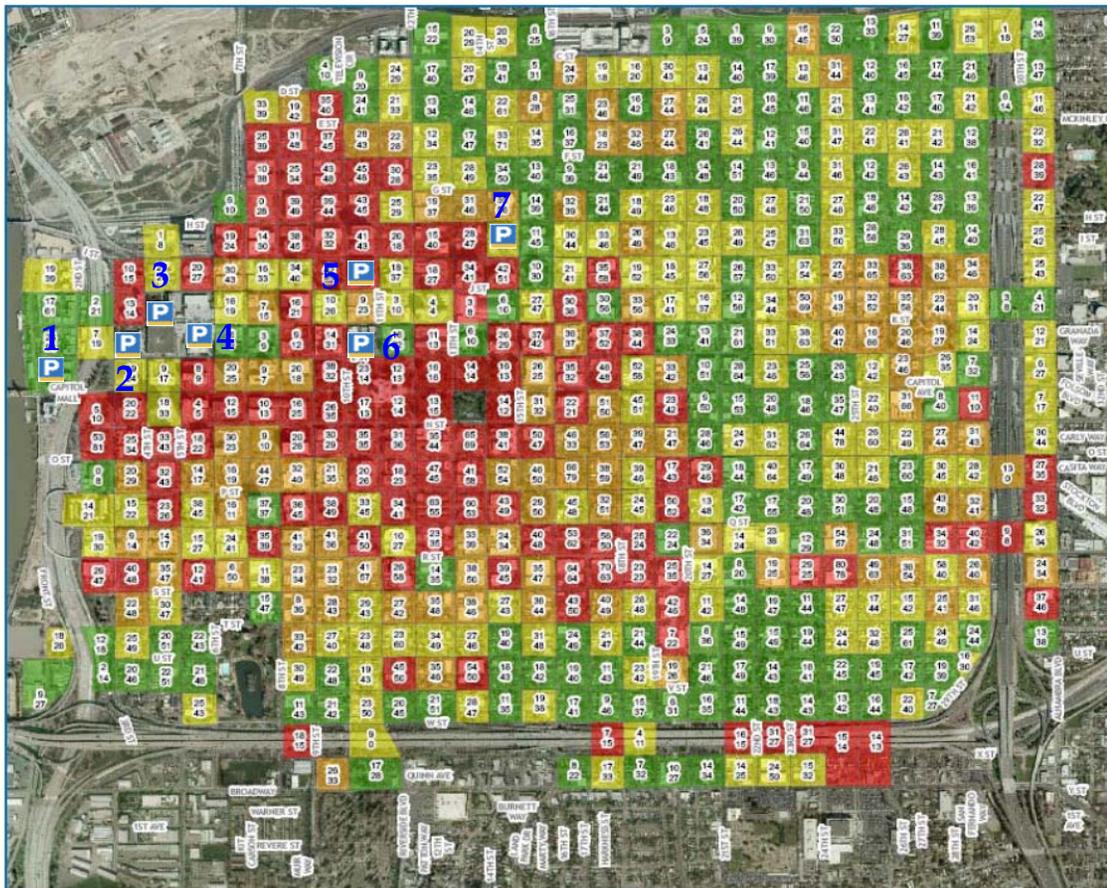
Source: City of Sacramento, Capital Improvement Plan.

Note: Dollars in millions. All values are actual unless noted otherwise. "P" denotes preliminary actual values.

Situation Overview

Parking Asset Utilization

2011 Mid-Day Occupancy



On-Street Occupancy (%): ■ 0% - 49% ■ 50% - 69% ■ 70% - 85% ■ 86% - 100%+

26 Occupied 28 Supply P Off-Street Parking Structure

Off-Street Parking Structures:

- Mid-day occupancy at each garage is as follows: ⁽¹⁾
 - (1) Tower Bridge Garage
 - High: 40% (Saturday)
 - Low: 23% (Monday)
 - (2) Downtown Plaza West
 - High: 38% (Friday)
 - Low: 23% (Monday)
 - (3) Downtown Plaza Central
 - High: 38% (Friday)
 - Low: 23% (Monday)
 - (4) Downtown Plaza East
 - High: 55% (Thursday)
 - Low: 45% (Monday)
 - (5) City Hall Garage
 - High: 83% (Thursday)
 - Low: 55% (Monday)
 - (6) Capitol Garage
 - High: 89% (Thursday)
 - Low: 65% (Monday)
 - (7) Memorial Garage
 - High: 64% (Thursday)
 - Low: 41% (Monday)

On-Street Meters:

- Mid-day occupancy currently ranges from 50% to 100% on weekdays in the downtown area
- On-street occupancy in relation to the off-street parking structures is highest near City Hall Garage, Capitol Garage and Memorial Garage

Source: City of Sacramento; DKS Associates; Walker Parking Consultants, 2011.

(1) Reported occupancy lows reflect weekdays only.

Situation Overview

Parking Asset Market Dynamics

Competing Facilities ⁽¹⁾

| Facility | Total Capacity | Parking Rates | | | |
|-------------------------|----------------|---------------|-----------|-----------|----------|
| | | 0-1 hour | 1-2 hours | Daily Max | Monthly |
| Tower Bridge Garage | 451± | \$3.00 | \$6.00 | \$15.00 | \$130.00 |
| 5 Competing Facilities | 2,090± | \$3.90 | \$7.80 | \$15.60 | NA |
| Downtown Plaza West | 1,320± | \$2.50 | \$5.00 | \$15.00 | \$135.00 |
| Downtown Plaza East | 1,920± | \$2.50 | \$5.00 | \$15.00 | \$145.00 |
| Downtown Plaza Central | 460± | \$2.50 | \$5.00 | \$15.00 | \$135.00 |
| 14 Competing Facilities | 6,998± | \$4.00 | \$7.90 | \$17.60 | \$155.00 |
| City Hall Garage | 1,035± | \$3.00 | \$6.00 | \$18.00 | \$185.00 |
| 24 Competing Facilities | 6,810± | \$5.00 | \$9.50 | \$15.40 | \$157.00 |
| Capitol Garage | 988± | \$3.00 | \$6.00 | \$18.00 | \$185.00 |
| 22 Competing Facilities | 6,757± | \$4.90 | \$9.30 | \$16.60 | \$160.00 |
| Memorial Garage | 1,060± | \$3.00 | \$6.00 | \$15.00 | \$135.00 |
| 25 Competing Facilities | 5,522± | \$5.20 | \$8.40 | \$12.50 | \$151.00 |

- Direct competitors include 60 unique facilities offering a total of 16,800+ spaces
 - 5 City-owned facilities (1,579 spaces)
 - 53 privately-owned facilities (14,300+ spaces)
 - 2 State-owned facilities (915 spaces)
- Approximately 60% of direct competitors are covered garages with remaining 40% being off-street surface lots

Source: City of Sacramento; Walker Parking Consultants, 2011.

(1) Competing facilities are defined as non-parking concession eligible parking facilities within a quarter mile radius of the respective parking structure.

Financial Projections and Preliminary Valuation

Financial Projections and Preliminary Valuation

Summary of Projection Scenarios

Overview of Scope and Approach for Phase I Preliminary Valuation

- Facing a March 1, 2012 NBA-imposed deadline to deliver a financeable plan for a proposed new entertainment and sports complex, the City has requested that a Phase I preliminary valuation of its parking system assets be completed by early December 2011
 - Given this abbreviated timeframe, the City directed Walker and BofAML to conduct only a relatively high-level review, with the expectation that a more detailed analysis could be undertaken in a potential Phase II (assuming preliminary value ranges were sufficient to warrant a potential monetization)
- Walker prepared a 50-year financial cash flow forecast model based on historical data provided by the City as well as Walker's past experience in developing similar financial forecasts
- Based on direction from the City, Walker modeled two potential cases:
 - "Base Case" - This unconstrained scenario assumes that non-union labor is utilized by the future operator
 - "Operating Case" - This scenario mirrors the Base Case, but assumes the operator must adhere to a union labor, wage and benefit structure similar to the current City system
- Each case assumes (i) potential future property tax liability once privatized, and (ii) franchise tax currently included on the City's operating statements as "in lieu and cost plan" revenues will no longer exist
- The City instructed BofAML to utilize the Operating Case for purposes of the Phase I preliminary valuation

Financial Projections and Preliminary Valuation

Summary of Walker Assumptions

Revenues

- Future Parking Rates
 - Off-street facilities: \$0.50 increase in all future parking rate categories in 2013 and 2015, and \$5.00 increase for monthly parking in 2013 and 2015
 - After initial five-year period, rate growth increases at 3.0% per year, which is consistent with CPI rates dating back to 1980
 - On-street meters: assumed to increase at \$0.25 per year starting in 2013 or until the rate reaches \$2.00 per hour in 2015; thereafter, 3.0% per year in growth
- Elasticity and Pricing
 - Both on and off-street parking should be relatively inelastic or -0.05 for on-street meters and -0.10 for off-street structures
- Enforcement
 - Approximately 59% of citation value collected
 - Includes State of California pass-through fee of \$9.50 per citation in FY 2011 and subsequent increase to \$12.50 per citation

Expenses

- Operating Expenditures
 - 3.0% annual increase in all expense categories to accommodate CPI growth
 - 2.0% annual increase in property tax, consistent with Proposition 13
 - Credit card fee of 3.5% on all card transactions
 - Single space smart meter connection fee of \$6 per month per meter
- Capital Expenditures (CAPEX)
 - CAPEX escalation of 3.0% per year
 - On-street maintenance CAPEX of \$35 per year per space
 - Parking enforcement CAPEX of \$1,500 per officer per year

Financial Projections and Preliminary Valuation

Value Drivers Considered By Walker Parking Consultants

| Driver | Potential For Additional Value | |
|----------------------|---|---|
| Parking Spaces |  | <ul style="list-style-type: none"> ■ Age of off-street parking structures ■ Existing commitments on City parking spaces |
| Parking Rates |  | <ul style="list-style-type: none"> ■ Modest fee increases for off-street parking structures ■ Upward adjustments to on-street meter rates |
| Operating Efficiency |  | <ul style="list-style-type: none"> ■ Established CAPEX plan for renewal and replacement, and other efficiencies ■ Implementation of multi-space meter technology ■ Capacity for increased occupancy levels |
| Economic Environment |  | <ul style="list-style-type: none"> ■ Population/GDP growth ■ Emerging developments |

Source: Walker Parking Consultants, 2011.

Financial Projections and Preliminary Valuation

Parking Financial Projections

Operating Case

| Fiscal Year Ending June 30 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | CAGR | 2020/21 | CAGR | 2030/31 | CAGR | 2040/41 | CAGR | 2050/51 | CAGR | 2060/61 | CAGR |
|--|---------------|---------------|---------------|---------------|---------------|--------------|---------------|-------------|---------------|-------------|---------------|-------------|----------------|-------------|----------------|-------------|
| Volume (millions) | | | | | | | | | | | | | | | | |
| Attended Facilities - Transient Volume | 2.8 | 2.8 | 2.8 | 2.8 | 2.8 | 0.4% | 2.9 | 0.5% | 3.0 | 0.5% | 3.2 | 0.5% | 3.3 | 0.5% | 3.5 | 0.5% |
| Attended Facilities - Monthly Volume | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.5% | 0.0 | 0.5% | 0.0 | 0.5% | 0.0 | 0.5% | 0.0 | 0.5% | 0.0 | 0.5% |
| On-Street - Utilized Hours | 2.8 | 3.4 | 3.4 | 3.4 | 3.4 | 4.0% | 3.5 | 0.5% | 3.7 | 0.5% | 3.9 | 0.5% | 4.1 | 0.5% | 4.3 | 0.5% |
| Enforcement - Citations | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | -3.3% | 0.2 | 0.5% | 0.2 | 0.5% | 0.2 | 0.5% | 0.2 | 0.5% | 0.2 | 0.5% |
| Revenues (\$ millions) | | | | | | | | | | | | | | | | |
| Attended Facilities | \$15.7 | \$16.4 | \$16.6 | \$17.3 | \$17.5 | 2.2% | \$20.5 | 3.3% | \$28.7 | 3.4% | \$40.2 | 3.4% | \$56.4 | 3.4% | \$79.0 | 3.4% |
| On-Street Meters | \$3.5 | \$5.1 | \$5.9 | \$6.6 | \$6.7 | 13.9% | \$8.6 | 5.1% | \$11.7 | 3.2% | \$17.0 | 3.8% | \$24.9 | 3.9% | \$34.5 | 3.3% |
| Enforcement | \$8.6 | \$7.5 | \$7.7 | \$7.9 | \$8.2 | -1.0% | \$9.7 | 3.5% | \$13.7 | 3.5% | \$19.4 | 3.5% | \$27.3 | 3.5% | \$38.6 | 3.5% |
| Total Revenue | \$27.7 | \$28.9 | \$30.1 | \$31.8 | \$32.3 | 3.1% | \$38.8 | 3.7% | \$54.1 | 3.4% | \$76.6 | 3.5% | \$108.6 | 3.5% | \$152.1 | 3.4% |
| Expenses (\$ millions) | | | | | | | | | | | | | | | | |
| Attended Facilities | \$5.5 | \$5.6 | \$5.4 | \$5.6 | \$5.7 | 1.0% | \$6.6 | 2.9% | \$8.8 | 2.9% | \$11.7 | 2.9% | \$15.6 | 2.9% | \$20.8 | 2.9% |
| On-Street Meters | \$1.2 | \$1.4 | \$1.4 | \$1.5 | \$1.5 | 4.6% | \$1.8 | 3.0% | \$2.4 | 3.0% | \$3.2 | 3.0% | \$4.3 | 3.0% | \$5.8 | 3.0% |
| Enforcement | \$3.5 | \$3.6 | \$3.7 | \$3.8 | \$3.9 | 2.4% | \$4.5 | 3.0% | \$6.1 | 3.0% | \$8.2 | 3.0% | \$11.0 | 3.0% | \$14.7 | 3.0% |
| Total Expenses | \$10.1 | \$10.6 | \$10.5 | \$10.8 | \$11.2 | 1.9% | \$12.9 | 2.9% | \$17.2 | 2.9% | \$23.1 | 3.0% | \$30.9 | 3.0% | \$41.3 | 3.0% |
| Net Operating Income & EBITDA (\$ millions) | | | | | | | | | | | | | | | | |
| Attended Facilities | \$10.2 | \$10.8 | \$11.1 | \$11.7 | \$11.7 | 2.8% | \$13.9 | 3.5% | \$19.9 | 3.7% | \$28.5 | 3.6% | \$40.8 | 3.6% | \$58.2 | 3.6% |
| On-Street Meters | \$2.3 | \$3.7 | \$4.4 | \$5.2 | \$5.1 | 18.0% | \$6.8 | 5.7% | \$9.3 | 3.2% | \$13.8 | 4.0% | \$20.5 | 4.0% | \$28.7 | 3.4% |
| Enforcement | \$5.1 | \$3.9 | \$4.0 | \$4.1 | \$4.3 | -3.6% | \$5.2 | 4.0% | \$7.6 | 3.9% | \$11.2 | 3.9% | \$16.4 | 3.9% | \$23.9 | 3.8% |
| Total Net Operating Income | \$17.6 | \$18.3 | \$19.6 | \$21.0 | \$21.2 | 3.7% | \$25.9 | 4.1% | \$36.9 | 3.6% | \$53.5 | 3.8% | \$77.7 | 3.8% | \$110.8 | 3.6% |
| General & Administrative Costs (Operator) | \$1.4 | \$1.4 | \$1.5 | \$1.5 | \$1.6 | | \$1.8 | | \$2.4 | | \$3.3 | | \$4.4 | | \$5.9 | |
| EBITDA | \$16.2 | \$16.9 | \$18.1 | \$19.4 | \$19.6 | 3.9% | \$24.1 | 4.2% | \$34.4 | 3.7% | \$50.3 | 3.9% | \$73.3 | 3.8% | \$104.8 | 3.6% |
| EBITDA Margin | 58.4% | 58.4% | 60.1% | 61.1% | 60.6% | | 62.0% | | 63.6% | | 65.6% | | 67.5% | | 68.9% | |
| Depreciation | \$0.1 | \$0.2 | \$0.2 | \$0.3 | \$0.3 | | \$0.6 | | \$1.7 | | \$3.1 | | \$4.4 | | \$6.1 | |
| EBIT | \$16.1 | \$16.8 | \$17.8 | \$19.2 | \$19.3 | 3.7% | \$23.4 | 3.9% | \$32.8 | 3.4% | \$47.2 | 3.7% | \$68.9 | 3.9% | \$98.7 | 3.7% |
| EBIT Margin | 58.1% | 57.9% | 59.3% | 60.3% | 59.8% | | 60.4% | | 60.6% | | 61.6% | | 63.4% | | 64.9% | |
| Taxes (35%) | \$5.6 | \$5.9 | \$6.2 | \$6.7 | \$6.8 | | \$8.2 | | \$11.5 | | \$16.5 | | \$24.1 | | \$34.5 | |
| Tax-Effectuated EBIT | \$10.5 | \$10.9 | \$11.6 | \$12.5 | \$12.6 | | \$15.2 | | \$21.3 | | \$30.7 | | \$44.8 | | \$64.1 | |
| Plus: Depreciation | \$0.1 | \$0.2 | \$0.2 | \$0.3 | \$0.3 | | \$0.6 | | \$1.7 | | \$3.1 | | \$4.4 | | \$6.1 | |
| Less: CapEx | | | | | | | | | | | | | | | | |
| Garage Rehab (Including Lighting) | \$1.6 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | | \$0.0 | | \$0.0 | | \$0.0 | | \$0.0 | | \$0.0 | |
| Parking Equipment | \$0.0 | \$0.0 | \$2.6 | \$0.0 | \$0.0 | | \$0.0 | | \$0.0 | | \$0.0 | | \$0.0 | | \$0.0 | |
| Meter Upgrades | \$1.2 | \$1.2 | \$0.0 | \$0.0 | \$0.0 | | \$0.0 | | \$0.0 | | \$0.0 | | \$0.0 | | \$0.0 | |
| Maintenance | \$0.2 | \$0.2 | \$0.2 | \$0.2 | \$0.2 | | \$0.3 | | \$0.3 | | \$0.5 | | \$0.6 | | \$0.8 | |
| Enforcement | \$0.1 | \$0.1 | \$0.1 | \$0.1 | \$0.1 | | \$0.1 | | \$0.1 | | \$0.2 | | \$0.2 | | \$0.3 | |
| Total CapEx | \$3.0 | \$1.5 | \$2.9 | \$0.3 | \$0.3 | | \$0.4 | | \$0.5 | | \$0.7 | | \$0.9 | | \$1.2 | |
| Unlevered FCF | \$7.5 | \$9.5 | \$8.9 | \$12.4 | \$12.5 | 10.7% | \$15.5 | 4.4% | \$22.5 | 3.8% | \$33.1 | 3.9% | \$48.3 | 3.9% | \$69.1 | 3.7% |

Source: Walker Parking Consultants, 2011; Tax rate and depreciation assumptions provided by the City of Sacramento.

Note: Dollars in millions.

Financial Projections and Preliminary Valuation

Overview of Valuation Methodologies

Discounted Cash Flow (“DCF”) Analysis is the Primary Valuation Methodology

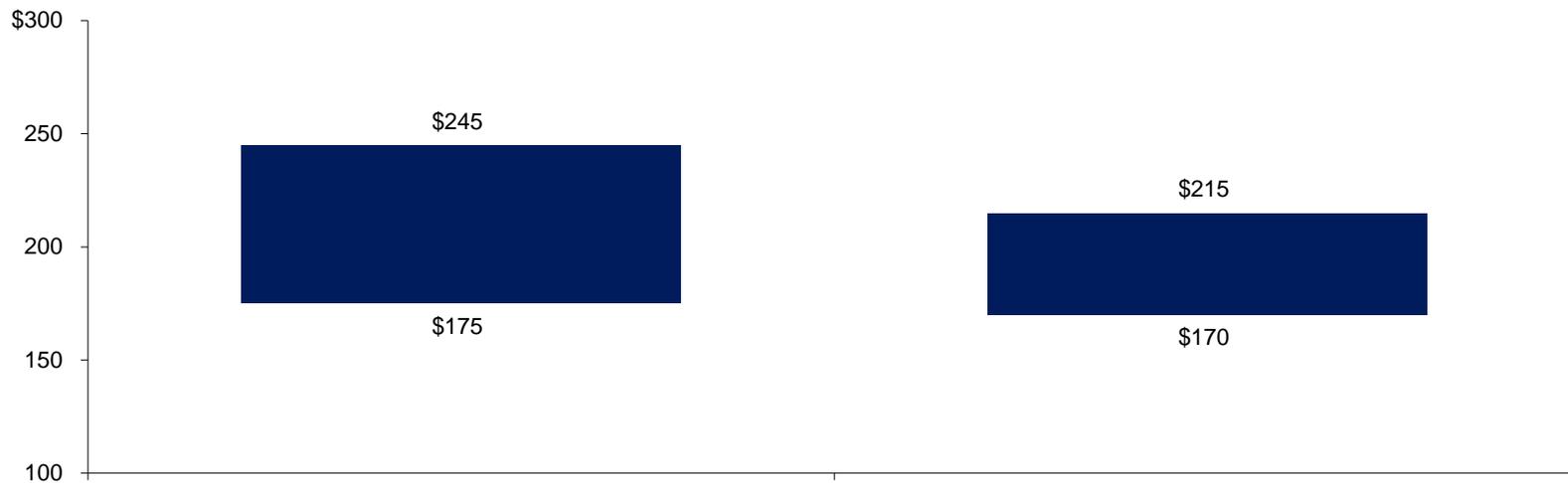
| Methodology | Mechanics | Benefits | Issues/ Sensitivities | Considerations |
|---|---|---|--|--|
| DCF Analysis | <ul style="list-style-type: none"> Net Present Value of Unlevered Free Cash Flow (“FCF”) | <ul style="list-style-type: none"> Capture the intrinsic value of the underlying business <ul style="list-style-type: none"> Growth CapEx Margin uplift Assumed capital structure | <ul style="list-style-type: none"> Length of model <ul style="list-style-type: none"> Availability and reliability of information in the longer term GDP growth rate Weighted Average Cost of Capital (“WACC”) CapEx | <ul style="list-style-type: none"> Concession length Long-term forecasts for number of spaces Long-term parking rate growth |
| Selected Precedent Transactions Analysis | <ul style="list-style-type: none"> Comparison to multiples paid in selected precedent transactions | <ul style="list-style-type: none"> Captures current investors’ appetite for private transactions “Psychological” price reference for buyer | <ul style="list-style-type: none"> Different discount of actual vs. market rates Impacted by leveraged acquisition financing Lack of detailed visibility on previous transactions | <ul style="list-style-type: none"> Failure to capture business fundamentals <ul style="list-style-type: none"> Growth CapEx Capital structure |

Note: Given the lack of public companies deemed comparable to the parking system assets, a selected public companies analysis is not included in the preliminary valuation.

Financial Projections and Preliminary Valuation

Reference Range Summary

Implied Enterprise Value ⁽¹⁾



Selected Precedent Transactions Analysis

Forward '13E
EBITDA Multiple
Selected Range:
10.0x - 14.0x

CY '13E EBITDA:
\$17.5

Discounted Cash Flow Analysis ⁽²⁾

Discount Rate
Selected Range:
7.5% - 9.0%

Implied
EV/EBITDA:
LTM Jan. 2012: 10.6x - 13.6x
CY 2013: 9.7x - 13.6x

Source: Operating Case cash flow projections and assumptions provided by Walker Parking Consultants.

Note: Dollars in millions. Values rounded to the nearest \$5 million.

(1) Excludes approximately \$55.0 million of debt defeasance cost and remedial payments as provided by the City of Sacramento.

(2) Present value as of January 1, 2012 using year-end convention. Does not reflect potential increase in value if concession would qualify for certain tax treatment. Discount rate determined based on industry standard WACC analysis.

Financial Projections and Preliminary Valuation

Selected Precedent Parking Transactions

| | Concessionaire / Buyer | Date Announced | Date Closed | Consideration | EBITDA Multiple Estimates | Lease Term | Spaces / Asset Type | Status | Comment |
|--|--|----------------|-------------|---|---|------------|---|-----------|--|
| Pittsburgh Parking System | Pittsburg Parking Partners, LLC (JP Morgan & LAZ Parking) | 9/2010 | N/A | \$452M Upfront | 17.3x (based on projected 2015 EBITDA) | 50 years | 17,700 12 Garages 32 Lots On Street Meters | Cancelled | <ul style="list-style-type: none"> Significant upside through parking rate increases Upfront payment of \$451.7 million \$100 million used to defease existing garage debt \$200 million to fund city's pension deficit Remaining balance of \$151.7 million transferred to city funds |
| Chicago Metered Parking System | Chicago Parking Meters, LLC (Morgan Stanley Infrastructure Fund) | 12/2008 | 2/2009 | \$1,157M upfront | 10.8x (based on projected 2013 EBITDA) | 75 years | 36,161 On Street Meters | Closed | <ul style="list-style-type: none"> Uses of Funds: \$325M to fund deficit, \$100M for human services programs, \$324M budget stabilization fund, \$400M reserve fund Lease provides for rate increases of 2-8x through 2013 Significant potential to create additional spaces by installing multi-space metering devices |
| Harrisburg Downtown Coordinated Parking System | Harrisburg Public Parking, LLC (North American Strategic Infrastructure Fund & LAZ Parking) | 5/2008 | N/A | <ul style="list-style-type: none"> \$215M upfront Annual Meter Enforcement: \$210k+CPI Annual HPA Operations: \$125k+CPI | 21.5x (assuming one-time 20% rate increase) | 75 years | 8,500 9 Garages 2 Lots On Street Meters | Cancelled | <ul style="list-style-type: none"> Uses of Funds: \$113M to defease bonds, \$95M to fund pension deficit Proposed financing: 3:1 Debt:Equity ratio 7-33% increase in hourly rates, 15% increase in monthly rates \$11M annual debt service savings All existing union employees retain their jobs City Council and unions stalled the deal past an October 2008 deadline. As credit markets deteriorated, the deal was tabled. |

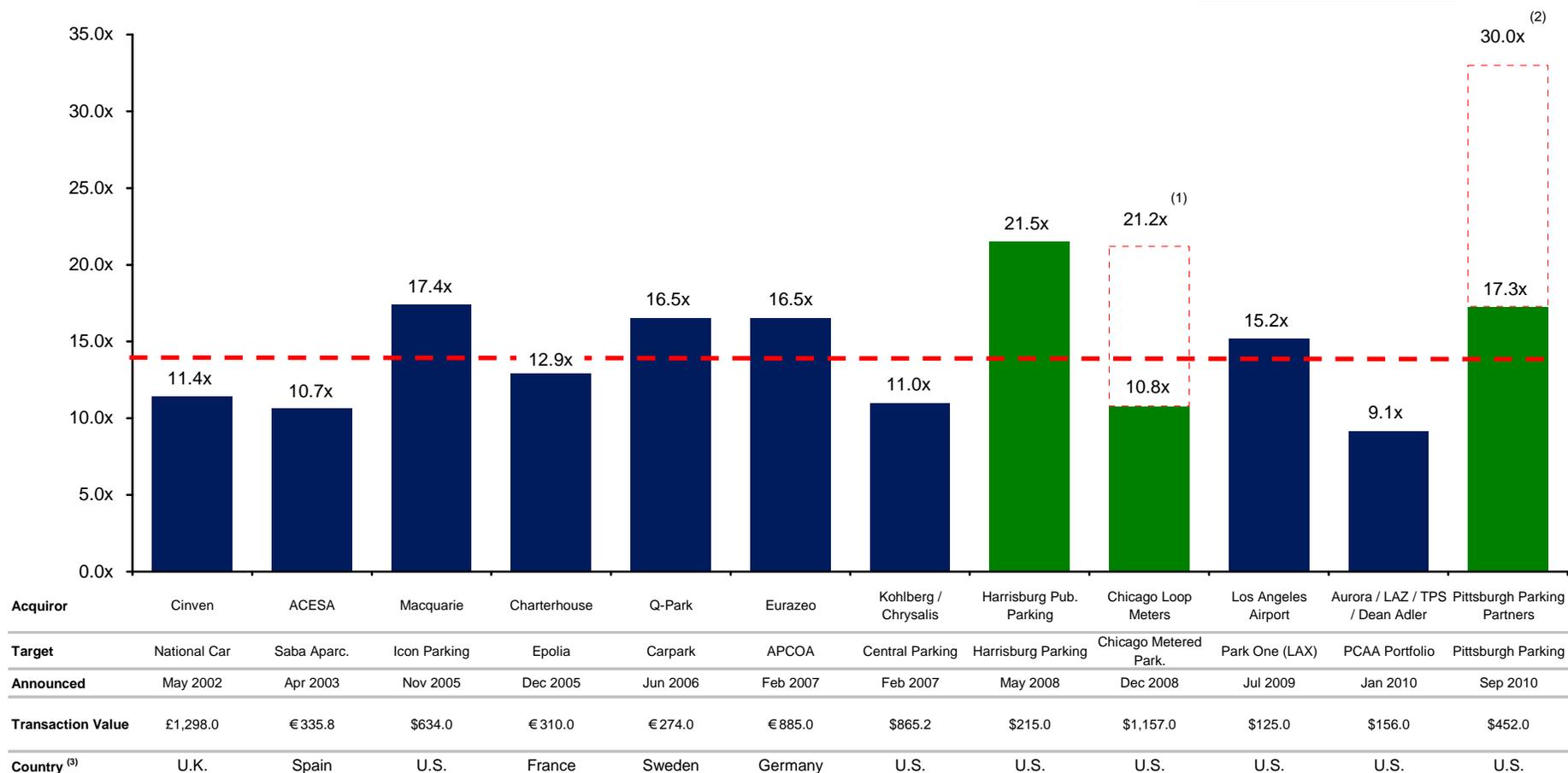
Source: Pittsburgh Parking Authority Official Website; Chicago Inspector General's Office Analysis of Lease, 2009; Harrisburg Public Parking LLC Website.
 Note: N/A denotes not applicable.

Financial Projections and Preliminary Valuation

Selected Precedent Transactions Analysis – Parking Transactions

EBITDA Multiple Estimates

Median: 14.1x



Source: Public filings; Capital IQ; Dealogic; MergerMarket; Press releases and other publicly available information.

Note: Transactions presented in green reflect government concession structures.

(1) 2010 (21.2x) and 2013 forward (10.8x) EBITDA multiple range provided.

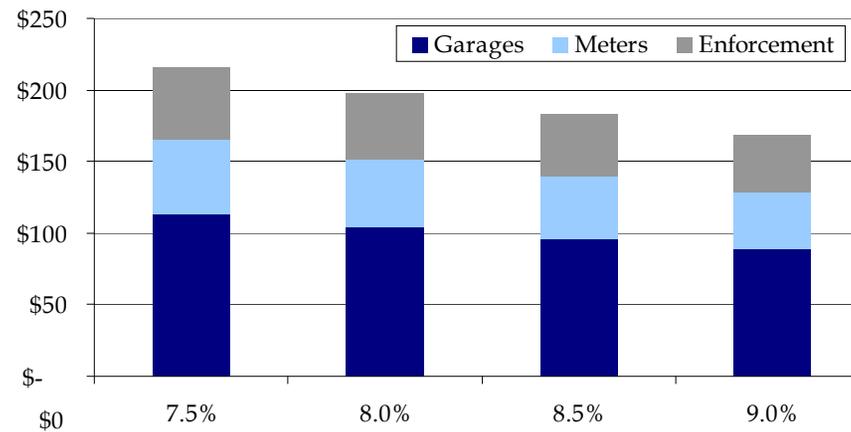
(2) 2010 (30.0x) and 2015 forward (17.3x) EBITDA multiple range provided.

(3) Target's primary country of operations.

Financial Projections and Preliminary Valuation

Reference Range Summary

Implied System Enterprise Value Assuming 50-Year Concession ⁽¹⁾



| Discount | | | | |
|----------|---------|-------------|--------|-------|
| Rate | Garages | Enforcement | Meters | Total |
| 7.5% | \$113 | \$51 | \$52 | \$216 |
| 8.0% | \$104 | \$47 | \$47 | \$198 |
| 8.5% | \$96 | \$43 | \$44 | \$183 |
| 9.0% | \$89 | \$40 | \$40 | \$169 |

Source: Operating Case cash flow projections and assumptions provided by Walker Parking Consultants.

Note: Dollars in millions.

(1) Present value as of January 1, 2012 using year-end convention. Implied values exclude defeasance and remedial action costs associated with tax-exempt bonds. Discount rate determined based on industry standard WACC analysis.



RESOLUTION NO. 2011-

Adopted by the Sacramento City Council

APPROVING THE ISSUANCE OF A REQUEST FOR QUALIFICATIONS FOR RESPONDENTS FOR THE MONETIZATION AND LONG TERM LEASE OF CITY-OWNED PARKING ASSETS

BACKGROUND

- A. On September 13, 2011, the City Council received a presentation on revenue options to fund the construction of an entertainment and sports complex (ESC), which included the potential monetization of the City-owned parking assets.
- B. At the September 13th meeting, Council directed staff to proceed with the analysis of the City-owned garages, on-street parking, and enforcement (Parking System) to determine the feasibility of and process for soliciting bids on a long term lease, up to 50 years, for a one-time upfront payment.
- C. The City engaged a consultant team consisting of Walker Parking to conduct an in-depth analysis of its parking and Bank of America Merrill Lynch (BAML) to provide a preliminary assessment of value and to advise on a process for soliciting parking asset monetization bids.
- D. The consultant team has conducted their analysis of the Parking System which has been submitted to the City.
- E. Issuing a Request for Qualifications to solicit interest from respondents in the monetization of the City's Parking System is the next step in assessing the level of interest in the City's Parking System assets.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The City Manager is authorized to issue a Request for Qualifications to solicit interest from respondents in the monetization of the City's Parking System.