

# PACIFIC PLACE GARAGE

History and Potential Sale

# Introduction

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- Purpose and History
- Garage Performance
- Projected Operations
- Proposed Sale

# Purpose and History

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- Built to support redevelopment of downtown
  - ▣ Directly redeveloped three blocks of downtown
    - Moved Nordstrom to historic but vacant Fredrick & Nelson Building
    - Constructed Pacific Place retail mall
    - Redeveloped former Nordstrom properties for additional retail, office and other commercial uses
  - ▣ Indirectly served as catalyst for redevelopment of commercial core by contributing to increased pedestrian traffic, improved public safety, and enhanced vehicular circulation

# Purpose and History

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□ Before



□ After



# Purpose and History

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## □ Before



## □ After



# Garage Financial Performance

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- City acquired garage in 1998 using \$73 million in bonds
- Garage debt structured w/escalating payments
  - ▣ Allowed garage to establish itself as desirable parking location
  - ▣ Assumed that garage revenue would increase over time
- Has earned tax revenue every year
- Early years, operations met debt service
- Beginning in 2003, operating revenue was significantly less than operating costs and debt
- 2012 shortfall was \$1.6 million; projected \$2.9 million shortfall in 2013

# Pacific Place Tax Revenues

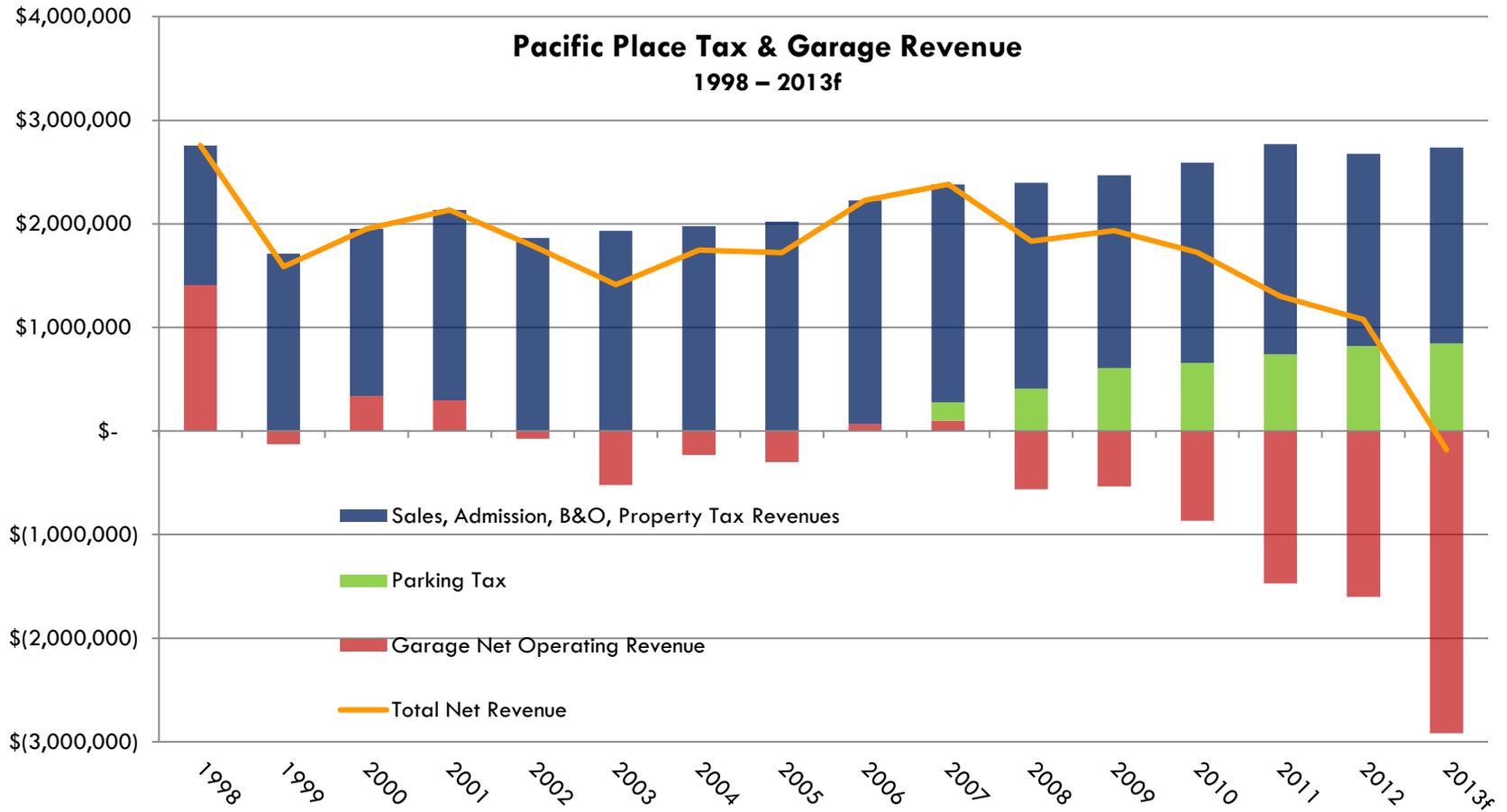
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## □ Direct City Benefit through Increased Tax Revenues

Tax	Amount
Sales (1998 – 2013)*	\$16.6 million
B & O (1998 – 2013)*	\$ 4.2 million
Admission (1998 – 2013)*	\$ 4.2 million
Parking (mid-2007 – 2013)*	\$ 4.2 million
Property (1999 – 2013)*	\$ 5.0 million
<b>TOTAL</b>	<b>\$34.2 million</b>
* Estimated	

- Among peer cities, Seattle had the highest retail growth since 2002
- Among peer cities, Seattle ranks second only to San Francisco in the number of downtown residents

# Pacific Place Tax & Garage Revenue 1998 – 2013f



# Projected Operations

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- Model Projections of Ongoing Operations
- Assumptions
  - ▣ Utilization Remains Flat
  - ▣ Rates increase only based on inflation
- Cumulative loss through 2035
- Maximum negative \$42 Million fund balance (2025)

# Proposed Sale

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- \$55 million sale to Pine Street Group LLC, operator of Pacific Place
- Appraised at \$51 million
- Parking Operations Agreement
- Rationale:
  - ▣ The project has achieved its economic development objectives
  - ▣ The buyer will maintain affordable short-term parking for downtown benefit
  - ▣ Operating a stand-alone garage is not a core City function