

December 11, 2012

FOR YOUR INFORMATION

To: Mayor and Members of City Council

From: Milton Dohoney, Jr., City Manager *MD*

Re: Update on RFP responses for the City's parking system

As indicated to Members of Council, I am providing the attached matrix summarizing key features of eight of the proposals received in response to the City of Cincinnati's RFP for the potential partnership in operating selected City-owned parking assets. The Court has issued a temporary restraining order preventing the City from releasing the ninth respondent's unredacted information. Upon the judge's decision, expected Monday, the Administration will provide additional information on that respondent as we are able.

The following are some considerations to keep in mind when reviewing this matrix.

- The City of Cincinnati's primary requirement for the proposal review process is to choose a true partner, one that provides quality services, supports the local economy, and maximizes the overall monetary value of the transaction without compromising the condition of the City's parking assets.
- No final evaluations or determinations have been made. No respondents have been removed from the evaluation process.
- This is not a bid. Other non-financial considerations, including experience, approach, resources, etc. will be considered during the evaluation period.
- As is customary with these types of transactions, none of the proposals are binding.
- The financial proposals can be grouped into the following three categories:
 - Three are offering an upfront payment ranging from \$100-\$150 million plus revenue sharing provisions;
 - Two are offering an upfront payment ranging in excess of \$45 million but less than \$60 million, plus revenue sharing provisions; and
 - Four were noncompliant with the minimum requirements stated in the RFP.
- At least three different deal structures have been proposed including traditional monetization, public ownership, and not-for-profit ownership. Each of these deal structures can impact value in their own unique way and have different legal requirements which must be investigated.
- Although the financial proposals are a very important variable in the evaluation process, each of the proposals is unique and the goal will not always be to compare these on an "apples-to-apples" basis, strictly on financial terms.

- The City and its consultants will take their time to further review the submittals and converse with proponents to promote a mutual understanding between all parties.

Further, I want to try and dispel some of the rumors that are swirling as to the process and the Administration's intention in proposing this.

RATES

We are not interested in a parking partner who will raise rates "sky-high" and drive business away. That is counter to the City's strategy of investing in business to help Cincinnati grow.

Whichever parking partner is chosen, they will not have free rein over rates and this will all be part of the City's negotiations. Our parking partners' prices will not exceed the market's rates.

As the City moves toward implementing the new Focus 52 Program (a pool of funds just established for neighborhood business projects), we cannot have a parking partner who will undercut our strategy. They must be a partner in accelerating growth and understand the role that parking plays as a driver of both business development and with accommodating residents.

That said, no matter who runs parking operations, parking rates will have to increase over the next 30 years. To think otherwise is not living with the reality of the market, inflation, and our budget. These are the factors that must be balanced.

LONG-TERM VIEW

This is not being considered for a one-time budget fix. This will expand our parking system and create an ongoing revenue stream to the General Fund and for Capital over the next 30 years. Therefore, our negotiations will need to look at the long-term view.

That is why we will take our time and present this to Council in February or March of next year. We must thoroughly vet this – and we will. We are studying what other cities have done right, and what others could have done better.

Under the terms of a proposed partnership agreement, the City will maintain control and retain ownership of the assets in the long term. The selected team would operate and manage it on our behalf.

CUSTOMER SERVICE & PARKING IMPROVEMENTS

Additionally, there are certain things a third-party may be able to do that the government cannot do right now with such limited financial resources. For example, they may be able to invest in improvements to meters (ex.: credit card meters, smart phone payments) throughout the Neighborhood Business Districts for better customer service – that's something the City government currently doesn't have the wherewithal to do. They'll have to invest \$15 million in the Seventh & Sycamore garage -- money the City currently doesn't have to spend.

The Administration will continue to update The Mayor and Members of Council as the process continues.

Attachment

**SUMMARY OF NINE PROPOSALS
CITY OF CINCINNATI PARKING PUBLIC/PRIVATE PARTNERSHIP**

Name of Team and Team Members	Previous U.S. Parking Concession Experience as Operator	Met Minimum Requirements in RFP	Financial Offer	Comments
<u>Cincinnati Forward</u> , Antarctica, P3 Park, Provident Resources Group, Republic Parking, Bank of America Merrill Lynch	None	Yes	Upfront payment of \$100-\$125 MM offered plus revenue sharing provisions	Not-for-profit model; on- and off-street rates increased at 4.5% and 3% per year, respectively
<u>Duncan</u>	None	No; offered only to run on-street; did not meet \$40 MM threshold	Did not meet up front payment required per RFP	Manufacturer and vendor of parking meter equipment
<u>FirstGroup America</u>	None	No; did not meet \$40MM total or \$20 MM on-street thresholds	Did not meet up front payment required per RFP	Bus operator
<u>Green Courte Partners</u>	None	No; 75-year proposal conflicts with 30-year term limit	Did not meet up front payment required per RFP	No operator included on team; open to partnering
<u>Morgan Stanley</u> , AMI Group, Central Parking	City of Chicago Garages, City of Chicago Meters	Yes	Upfront payment ranging from \$45 MM to \$60 MM, plus revenue share	Traditional monetization; assumed 4.5% per year rate increases for on- and off-street
<u>NDC</u> , ABM, Citigroup, Mintz Levin, THP Limited, Streetline	None, but have been involved in other not-for-profit parking developments	Yes	Upfront payment of \$100-\$125 MM offered plus revenue sharing provisions	Not-for-profit model; assumes annual rate increases of 2.5% for on- and 3% for off-street
<u>ParkCincy</u> , Xerox	City of Indianapolis Parking Meters	Yes	Pending court order	Pending court order
<u>Port Authority</u>	None, but have been involved in other public ownership parking developments	No; excluded 7th Street and Sycamore Garages from proposal	Upfront payment of up to \$40 MM plus revenue share; excluded Sycamore Garage	No rate increases proposed; open to working a deal re: Sycamore Garage as a separate transaction
<u>Vinci/LAZ</u> , Vinci Concessions, LAZ Parking, LAZ Parking Realty Investors	City of Chicago Garages, City of Chicago Meters, Ohio State U. Parking System	Yes	Upfront payment ranging from \$45 MM to \$60 MM, plus revenue share	Traditional monetization; 4.5% annual increase for on-street rates, plus off-street rate increases