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# Contemplating the Parking Deck Sales

# HERE IS WHAT WE KNOW TODAY

- The BPA manages 11 parking properties that generate roughly \$5 Million in annual revenue.
- The BPA spends approximately \$4 Million, providing the City \$1 M
- The City provides \$600,000 for employee parking at the Boutwell each year.
- Right now, there is 25,000 square feet in the six parking decks that could be sold that is vacant
- Therefore, the city nets \$400,000 on average each year

We still do not have all the information we need, but we have asked.

Although we requested this information, these reports did not include the following:

- ❑ Salary/payroll breakdown by position, duties
- ❑ Number of employees servicing which decks
- ❑ Number of frontline employees vs. management/administration
- ❑ Information related to where and when new equipment was invested, including any debt incurred
- ❑ Cost of operations of each individual deck
- ❑ Lease and tenant arrangements



## IF WE SOLD DECKS

- The BPA would continue to manage 5 parking properties that generate roughly \$1.2 Million in annual revenue.
- Holding BPA's administration fee constant (~78%), that provides \$264,000 to the City.
- The 6 City decks that will now be privately owned will produce \$357,000 in annual property taxes.
- \$10 million will be invested to activate 25,000 square feet of office and retail space, generating an estimated \$247,000.
- Therefore, in selling the decks, the City will still receive \$868,000 annually, or less than \$150,000 of what it currently makes.
- **HOWEVER**, this produces \$40.375 M now, extracting investment from downtown and enabling us to invest in our neighborhoods during one of the worst economic crises in our lifetimes.

# The BPA Administrative Costs



FOR THIS ANALYSIS, WE HAVE TAKEN GROSS REVENUE FROM EACH DECK AND SUBTRACTED IT FROM GROSS EXPENSES FOR THE BPA. THE SUMMARY TAB PROVIDES THAT ANALYSIS BY DECK.



THROUGH NINE MONTHS, THE BPA HAS ACCUMULATED NEARLY \$4 M IN EXPENSES. THIS WOULD RESULT IN NEARLY \$5 MILLION IN ANNUAL ESTIMATED COSTS (\$4,976,659).

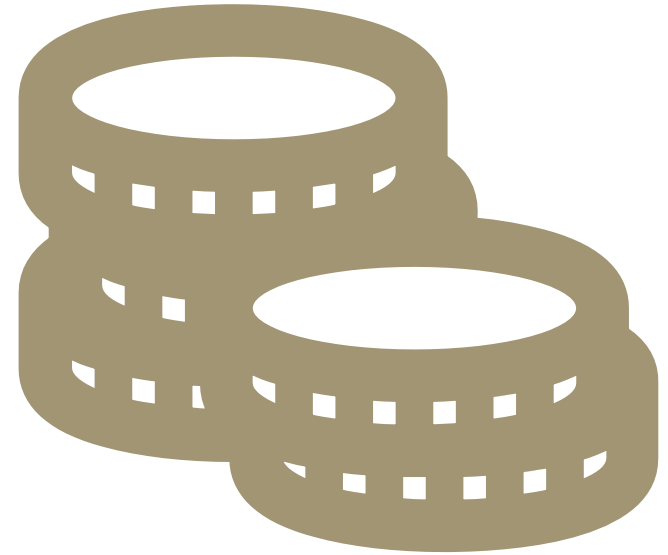


WE ONLY HAVE COSTS FOR THE NINE MONTHS IN 2020 (JANUARY TO SEPTEMBER). THESE COSTS FLUCTUATE MONTH-TO-MONTH AND YEAR-TO-YEAR, YIELDING UNEVEN NET OPERATING INCOME WITH REVENUE.

Through nine months, **BPA expenses are 78% of gross revenue** from all 11 parking assets. By commercial property management standards this is a comparatively **high administrative cost**.

# Payroll Cost

- **Payroll is 67% of all BPA expenses**
- Approximately 18% of payroll costs are associated with part-time employees
- Payroll costs through nine months are \$2.7M
- Annual estimated payroll cost of \$3,342,111.18. With ~70 employees, that results in an average wage of \$ 47,744. The average median income in the City of Birmingham is 33% less than that sum.
  - Importantly, we do not have median employee earnings because we do not have salary information by position



# Key Personnel Costs.

\*We do not have salaries for administrators



Attorney fees averaged ~ \$19,333/month over the 9-month period (\$174,000) for an estimated annual cost of \$232,000.



Consulting fees were relatively stable at \$5,641.98 for each month. This yields a cost or an estimated \$67,703 in annual consulting costs.



Other professional services were \$39,512 through nine months or approximately \$50k annually.

# Why this seller?



We received multiple unsolicited bids. This buyer is local and sees this as a long-term economic and community development investment



We simply do not have the data and information needed to make project financing for this type of deal bankable/financable.



**Lenders and investors will want a return, where this buyer is self-financed.**



# Investing in Our Future

This deal still maintains annual cash flow to the City, but it produces immediate value for investing in key projects throughout our City:

- Retaining employees
- Investing in neighborhood revitalization
- Doubling down on our commitment to social services