

MEMORANDUM

DATE: June 22, 2018

TO: Mr. Theodore Wampole, Jr., City Administrator, City of Wilkes-Barre
Mr. Tom Torbik, Executive Director, Wilkes-Barre Parking Authority

FROM: Jerry Salzman, Associate Vice President
Eric Haggett, Senior Associate
DESMAN

RE: Analysis of the Parking Assets of the City of Wilkes-Barre, PA

Introduction

The City of Wilkes-Barre, Pennsylvania (“City”), in cooperation with the Parking Authority of the City of Wilkes-Barre (“Parking Authority” or “Authority”), hired DESMAN to examine the City’s parking system, including the operations of both the City and the Authority along with the physical parking assets owned/operated by each entity, in order to assess the potential to outsource control of the system to a private entity in a Concession-Lease transaction. In the type of Concession-Lease transaction envisioned by the City, a private entity would be granted operational control of the parking assets for a period of 30 years or more, collecting all applicable revenues, paying all expenses and maintaining the assets, in exchange for a lumpsum payment to the City.

The purpose of this document is to: 1) describe the parking assets and operations evaluated; 2) describe DESMAN’s process for conducting the analysis; 3) present a summary of the historical financial performance of the parking assets; 4) detail the assumptions used to formulate future financial performance projections for the system; 5) present the results of the financial modelling exercise, and; 6) identify potential roadblocks to a Concession-Lease transaction in Wilkes-Barre.

City of Wilkes-Barre Parking System

Based on information provided by both the City and Parking Authority, as well as DESMAN’s in-person observation of the parking facilities, the City of Wilkes-Barre’s public parking system consists of four (4) parking garages and two (2) surface lots totaling approximately 2,530 spaces, as well as approximately 840 on-street meters, for a total inventory of just of 3,360 spaces. While the City owns the on-street parking meter system and several of the off-street facilities, it is only responsible for operating, maintaining and enforcing parking at the on-street meters and the Intermodal Garage. The Parking Authority owns the Park & Lock North and Park & Lock Central garages, as well as Lot 6, but is responsible for operating the City’s Park & Lock East Garage, in addition to operating and maintaining its own parking assets. All four of the facilities under the control of the Authority are presently managed by LAZ Parking, while the City also has a management agreement with LAZ to operate the Intermodal Garage.

Table 1 is a summary of the locations of the on-street parking meters by block and side of the street. **Table 2** lists the off-street parking facilities operated by the Parking Authority, including the name and address/location of each facility, the inventory of each, as well as a “Map ID” which corresponds to the map in **Figure 1**.

Table 1 Wilkes-Barre On-Street Metered Parking Inventory

Street Name	Between	Block Face	Meter Count
N. Franklin Street	North to Jackson	East	18
	North to Jackson	West	17
	Union to Market	West	24
S. Franklin Street	Market to Northampton	West	18
	Northampton to South	West	23
	South to Ross	West	29
N. Main Street	North to Union	East	16
	North to Union	West	48
	Union to Public Square	East	19
	Union to Public Square	West	20
S. Main Street	Public Square to Northampton	East	26
	Public Square to Northampton	West	20
	Northampton to South	East	34
	Northampton to South	West	23
	South to Ross	East	23
	South to Ross	West	17
Public Square	N/A	Inner	32
		Outer	29
N. Pennsylvania Avenue	Union to Market	West	48
S. Pennsylvania Avenue	Market to Northampton	East	18
	Market to Northampton	West	7
N. Washington Street	Jackson to Union	East	11
	Union to Market	East	22
S. Washington Street	Market to Northampton	East	13
	Market to Northampton	West	8
	Northampton to South	East	10
N State	Union to Market	East	37
Fairbairn Ln	Nesbitt to Washington	South	4
Nesbit Ln	Fairbairn to St. Marys	West	3
Livingston Lane	Northampton to Nesbitt	West	9
E. Union Street	Main to Washington	North	7
	Main to Washington	South	16
W. Union Street	River to Franklin	South	10
	Franklin to Main	South	10
E. Market Street	State to Pennsylvania	North	4
	Pennsylvania to Wilkes-Barre	North	4
W. Northampton Street	River to Franklin	South	18
	Franklin to Main	South	3
W. Ross Street	River to Franklin	South	20
	Franklin to Main	South	9
W. South Street	River to Franklin	South	9
	Franklin to Main	South	15
E. South Street	Main to Washington	South	21
Jackson Street	Main to Washington	South	7
Bennett Street	Main to Washington	South	13
W. River Street	Riverside to South	West	21
W. Linden Street	Auburn to Franklin	South	6
Hanover Street	Roosevelt to Bertels	South	11
N. Welles Street	Walters to Market	West	7
TOTAL			837

Source: City of Wilkes-Barre; DESMAN

Table 2 Wilkes-Barre Off-Street Public Parking Facilities

Map ID	Facility Name	Owner	Location	Capacity
A	Park & Lock North	<i>Parking Authority</i>	30 N. Main Street	684
B	Park & Lock East	<i>City</i>	20 N. Washington Street	282
C	Park & Lock Central	<i>Parking Authority</i>	52 S. Main Street	401
D	Intermodal Garage	<i>City</i>	49 S. Washington Street	752
E	Lot 6 (YMCA Lot)	<i>Parking Authority</i>	25 W. Northampton Street	165
F	Sterling Lot ¹	<i>City</i>	S. River St. and W. Market St.	245
TOTAL				2,529

1) Number of spaces estimated based on the square footage of the parking lot.

Source: *Parking Authority of the City of Wilkes-Barre; DESMAN*

Figure 1 Locations of the City's Off-Street Public Parking Facilities



Source: City of Wilkes-Barre; Parking Authority of the City of Wilkes-Barre; DESMAN

In addition to observing and visually inspecting the physical parking assets owned by the City and operated by both the City and Parking Authority, DESMAN also reviewed: historical financial data related to the assets, parking rates and fees charged in each location, operating policies and procedures, existing monthly parking lease agreements, among other data. This existing data, along with information related to future development and redevelopment within Wilkes-Barre, was used as the basis of DESMAN's analysis and financial projections.

Approach to the Analysis

DESMAN's approach to analyzing the existing public parking system and formulating future financial performance projections for the system were based on our past experience with similar engagements. The intent of this step-by-step process was to first gain a thorough understanding of the existing system and the variables that impacted its historical performance, then to predict how the system might perform, under certain parking rate and demand growth conditions, if operational and maintenance responsibilities were entirely outsourced to a private parking operator.

The following steps were undertaken by DESMAN in the process of performing our analysis of the City of Wilkes-Barre's parking assets:

1. ***Kickoff meeting/conference call*** – DESMAN staff conducted an initial conference call with representatives from the City and Parking Authority, as well as the City's financial advisor, to discuss the project and to outline a list of data necessary for DESMAN to complete our analysis and projections. This initial call was followed-up by additional calls throughout the project to discuss the data, to allow DESMAN to ask questions to clarify what the data represented, to clarify what sources of revenue are collected by both the City and Parking Authority and what expenses are paid by each, etc.
2. ***Parking utilization surveys and historical demand review*** – In February and then again in April 2018, DESMAN personnel were on-site in Wilkes-Barre to observe occupancy levels in lots, garages and metered spaces, in order to gain a sense of the parking activity levels at each of the facilities and on-street. Additionally, DESMAN requested historical occupancy counts from the City and Parking Authority to compare with our observations.
3. ***Parking facility visual condition surveys*** – Engineers specializing in the repair and maintenance of parking facilities conducted on-site visual observation surveys of the parking garages and Lot 6, in order to document the degree of deterioration of the various structural and other major building systems that comprise the structured facilities and to assess the surface conditions of the parking lot. In addition, the DESMAN engineers reviewed available documents related to completed and ongoing capital expenditures ("CAPEX") at the existing parking garages and surface parking lot. These observations were then translated into anticipated costs to maintain the facilities in good working order for the term of the proposed Concession-Lease.
4. ***Review of the existing operations*** – The operations of the parking system were reviewed and evaluated at a high level, in order to identify the effectiveness of existing operational practices, policies and technology. DESMAN spoke with City officials on the subject of parking meter operations and enforcement, while the Parking Authority provided insight into the currently-outsourced operation and maintenance of the parking garages and surface lots. Potential

enhancements to the existing on- and off-street operations were identified during this task and included in DESMAN's financial projection model.

5. **Review of historical financial data** – The most recent five years' worth of historical revenue, operating expense and CAPEX information received from the City and Authority was reviewed by DESMAN. This data provided insight into the historical performance of each parking asset, as well as the system as a whole. The historical financial information analyzed during this stage of the project formed the basis for our model of the future financial performance of the parking system.
6. **Review of development projects and other factors influencing future parking demand** – In addition to examining population and economic data for Wilkes-Barre and the surrounding area, DESMAN also spoke with the Executive Director of the Diamond City Partnership to discuss future development and known business activities which may impact parking demand in downtown. The information gathered was used to create a demand growth factor in DESMAN's financial projection model for the parking system.
7. **Creation of the parking system financial model** – Based on all of the data gathered and analyses performed, DESMAN developed a 30-year financial model for the parking system built off of the City's and Authority's recent financial statements. The modelling effort included making assumptions about the potential to enhance revenues or reduce costs through the use of technology and innovative operating methods. Additionally, an anticipated future parking rate and fine schedule was developed for inclusion in the model. Finally, the repair and maintenance CAPEX estimates were added to the model, along with estimated costs associated with the periodic replacement of parking equipment in the garages and surface lots and replacement of the on-street parking meters and enforcement technology.

Historical Financial Performance of the Parking System

In order to have a reasonable starting point from which to create the financial projection model for the Wilkes-Barre parking system, DESMAN first sought to understand the historical financial performance of the on- and off-street parking assets. **Table 3** represents DESMAN's attempt to summarize the historical financials for the Wilkes-Barre parking system for the calendar years 2013-2018, using data provided by the City's Finance Office and the Parking Authority's parking operator, LAZ Parking. As noted in the table, due to the timing of this report, actual 2018 data was available only through April, so DESMAN projected the results for the remaining months of 2018 based on the year-to-date numbers and trends in the historical results.

Table 3 Historical Financial Performance of the Wilkes-Barre Parking System, 2014-2018

	Actual 2014	Actual 2015	Actual 2016	Actual 2017	Projected ¹ 2018
Revenues					
Monthly Revenue (Off-Street)	\$ 1,377,305.40	\$ 1,404,198.00	\$ 1,292,537.98	\$ 1,075,743.00	\$ 1,087,768.85
Transient Revenue (Off-Street)	\$ 207,908.41	\$ 211,769.00	\$ 211,280.00	\$ 236,574.76	\$ 285,356.43
Other Revenue (Off-Street)	\$ 132,938.39	\$ 157,753.22	\$ 167,359.95	\$ 158,581.80	\$ 163,687.05
Parking Meters	\$ 375,361.00	\$ 458,026.73	\$ 509,881.01	\$ 515,119.63	\$ 757,350.32
Fines for Parking Violations	\$ 199,040.00	\$ 441,356.50	\$ 343,067.00	\$ 339,384.00	\$ 280,086.71
Total Gross Revenue	\$ 2,292,553.20	\$ 2,673,103.45	\$ 2,524,125.94	\$ 2,325,403.19	\$ 2,574,249.35
Parking Tax	\$ (113,449.02)	\$ (113,411.06)	\$ (100,192.14)	\$ (86,485.13)	\$ (95,554.08)
Total Net Revenue	\$ 2,179,104.18	\$ 2,559,692.39	\$ 2,423,933.80	\$ 2,238,918.06	\$ 2,478,695.27
Expenses					
Off-Street	\$ 951,218.12	\$ 984,861.21	\$ 970,990.35	\$ 875,264.29	\$ 868,795.82
On-Street	\$ 273,392.62	\$ 280,685.18	\$ 362,769.60	\$ 352,805.34	\$ 432,457.22
Total Operating Expenses	\$ 1,224,610.74	\$ 1,265,546.39	\$ 1,333,759.95	\$ 1,228,069.63	\$ 1,301,253.04
Capital Expenditures					
Garage Repair & Maintenance	\$ -	\$ 308,111.00	\$ 260,529.00	\$ 54,110.00	\$ -
Parking Lot Resurfacing	\$ -	\$ -	\$ 6,521.00	\$ -	\$ -
Revenue Collection Equipment	\$ -	\$ -	\$ -	\$ -	\$ -
On-Street Meters	\$ -	\$ -	\$ -	\$ -	\$ -
Total Capital Expenditures	\$ -	\$ 308,111.00	\$ 267,050.00	\$ 54,110.00	\$ -
Debt Service	\$ 1,196,369.49	\$ 327,872.51	\$ 415,235.04	\$ 410,975.00	\$ 410,975.00
Net Income	\$ (241,876.05)	\$ 658,162.49	\$ 407,888.81	\$ 545,763.43	\$ 766,467.24

1) Actual revenue and expense data was available for January-April 2018; the remaining months were estimated.

Source: City of Wilkes-Barre; Parking Authority of the City of Wilkes-Barre; DESMAN

As shown in the table, when looking at all of the parking assets owned by the City/Parking Authority, aside from 2014 when there was an extraordinarily high debt service payment, parking has generated positive net income of more than \$400,000 every year; despite the fact that only four months of hard data are available for the current year, this trend is expected to continue in 2018.

Tables 4 and 5 provide more detail related to the revenues and expenses attributable to the on-street parking assets versus the off-street parking assets.

Table 4 Historical Financial Performance of the On-Street Meter System, 2014-2018

	Actual 2014	Actual 2015	Actual 2016	Actual 2017	Projected ¹ 2018
Revenues					
Coins	\$ 375,361.00	\$ 439,882.22	\$ 430,600.01	\$ 410,870.63	\$ 578,282.32
Pango	\$ -	\$ 18,144.51	\$ 79,281.00	\$ 104,249.00	\$ 179,067.99
Fines for Parking Violations	\$ 199,040.00	\$ 441,356.50	\$ 343,067.00	\$ 339,384.00	\$ 280,086.71
Total On-Street Revenue	\$ 574,401.00	\$ 899,383.23	\$ 852,948.01	\$ 854,503.63	\$ 1,037,437.02
Operating Expenses					
Payroll and Related Taxes	\$ 166,328.05	\$ 165,570.21	\$ 265,934.88	\$ 263,804.19	\$ 300,299.64
Group Health Benefit	\$ 68,866.42	\$ 78,215.54	\$ 70,614.39	\$ 65,520.21	\$ 103,037.85
Retirement Benefit Expense	\$ 12,593.31	\$ 12,576.23	\$ 14,415.39	\$ 14,399.68	\$ 17,088.18
Repair & Maintenance	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00
Operating Supplies	\$ -	\$ -	\$ -	\$ 2,404.91	\$ 4,697.13
Uniforms	\$ 2,693.80	\$ 469.25	\$ 719.44	\$ 198.35	\$ 813.42
Printing	\$ -	\$ -	\$ 2,123.50	\$ -	\$ -
Travel Expenses	\$ 126.00	\$ 32.20	\$ 27.54	\$ -	\$ -
Office Equipment	\$ 523.56	\$ 16,708.25	\$ 417.37	\$ -	\$ -
Professional Fees	\$ 17,261.48	\$ 2,113.50	\$ 3,517.09	\$ 1,478.00	\$ 1,521.00
Total Operating Expenses	\$ 273,392.62	\$ 280,685.18	\$ 362,769.60	\$ 352,805.34	\$ 432,457.22
Net Income	\$ 301,008.38	\$ 618,698.05	\$ 490,178.41	\$ 501,698.29	\$ 604,979.80

1) Actual revenue and expense data was available for January-April 2018; the remaining months were estimated.

Source: City of Wilkes-Barre; DESMAN

Table 5 Historical Financial Performance of the Off-Street Assets, 2014-2018

	Actual 2014	Actual 2015	Actual 2016	Actual 2017	Projected ¹ 2018
Revenues					
Monthly Parkers (public)	\$ 1,235,105.40	\$ 1,261,998.00	\$ 1,150,337.98	\$ 933,543.00	\$ 945,568.85
Monthly Parkers (Washington Street Renewal)	\$ 142,200.00	\$ 142,200.00	\$ 142,200.00	\$ 142,200.00	\$ 142,200.00
Transient	\$ 207,908.41	\$ 211,769.00	\$ 211,280.00	\$ 236,465.26	\$ 285,356.43
Revenue - Transient X Park	\$ -	\$ -	\$ -	\$ 109.50	\$ -
Validations	\$ 88,547.65	\$ 107,505.45	\$ 99,504.95	\$ 110,381.80	\$ 114,487.05
Rent (incl. movie theater revenue)	\$ 43,682.00	\$ 50,100.00	\$ 67,855.00	\$ 48,200.00	\$ 49,200.00
Interest Income	\$ 708.74	\$ 147.77	\$ -	\$ -	\$ -
Total Gross Revenue	\$ 1,718,152.20	\$ 1,773,720.22	\$ 1,671,177.93	\$ 1,470,899.56	\$ 1,536,812.33
Parking Tax	\$ (113,449.02)	\$ (113,411.06)	\$ (100,192.14)	\$ (86,485.13)	\$ (95,554.08)
Total Net Revenue	\$ 1,604,703.18	\$ 1,660,309.16	\$ 1,570,985.79	\$ 1,384,414.43	\$ 1,441,258.25
Expenses					
Payroll and Related Taxes	\$ 276,425.17	\$ 288,781.34	\$ 265,742.58	\$ 255,034.38	\$ 274,879.65
Workers Compensation Insurance	\$ 24,052.57	\$ 27,065.56	\$ 25,392.17	\$ 25,034.06	\$ 27,158.07
Group Health Benefit	\$ 31,485.66	\$ 34,735.11	\$ 38,429.49	\$ 38,559.98	\$ 38,821.98
Retirement Benefit Expense	\$ 8,004.67	\$ 8,375.65	\$ 7,760.71	\$ 7,535.06	\$ 8,172.24
Repair & Maintenance	\$ 144,794.14	\$ 120,859.93	\$ 187,025.44	\$ 214,575.24	\$ 182,518.16
Liability Insurance	\$ 42,960.00	\$ 49,440.00	\$ 42,901.97	\$ 50,637.00	\$ 48,996.00
Operating Supplies	\$ 35,234.77	\$ 38,513.13	\$ 36,693.95	\$ 29,726.20	\$ 22,147.69
Licenses & Permits	\$ 2,988.00	\$ 2,988.00	\$ 2,911.56	\$ 2,763.00	\$ 2,763.00
Bank Service Charges	\$ 526.37	\$ 616.91	\$ 521.97	\$ 630.81	\$ 277.88
Miscellaneous	\$ 135,671.84	\$ 129,106.91	\$ 122,319.00	\$ 5,141.97	\$ 3,897.81
Utilities	\$ 93,974.93	\$ 102,645.34	\$ 89,871.31	\$ 95,326.59	\$ 113,363.34
Professional Fees	\$ 3,600.00	\$ 3,600.00	\$ 3,600.00	\$ 3,600.00	\$ 3,600.00
Operator Management Fee	\$ 73,200.00	\$ 72,000.00	\$ 68,400.00	\$ 68,400.00	\$ 63,900.00
WPA Professional Fees	\$ 54,300.00	\$ 54,300.00	\$ 54,300.00	\$ 54,300.00	\$ 54,300.00
Maintenance Fund	\$ 24,000.00	\$ 51,833.33	\$ 25,120.20	\$ 24,000.00	\$ 24,000.00
Total Operating Expenses	\$ 951,218.12	\$ 984,861.21	\$ 970,990.35	\$ 875,264.29	\$ 868,795.82
Debt Service	\$ 1,196,369.49	\$ 327,872.51	\$ 415,235.04	\$ 410,975.00	\$ 410,975.00
Capital Repairs & Maintenance	\$ -	\$ 308,111.00	\$ 267,050.00	\$ 54,110.00	\$ -
Net Income	\$ (542,884.43)	\$ 39,464.44	\$ (82,289.60)	\$ 44,065.14	\$ 161,487.43

1) Actual revenue and expense data was available for January-April 2018; the remaining months were estimated.

Source: Parking Authority of the City of Wilkes-Barre; City of Wilkes-Barre; DESMAN

As shown in Table 4, the on-street parking meters and associated parking enforcement activities have generated positive net income for the City ranging from slightly more than \$300,000 to almost \$620,000 since 2014.

The off-street facilities, meanwhile, have generated net income ranging from negative \$540,000 to positive \$160,000, as shown in Table 5.

Financial Model Assumptions and Results

In order to determine the magnitude of the lumpsum payment that a private entity may be willing to pay the City in order to acquire the rights to operate, maintain and collect the revenue from the parking system, it was necessary to project the anticipated future net income that the parking assets could generate. To do this, DESMAN had to make a series of assumptions related to how parking demand, operations, parking and violation rates, and a number of other variables might change over the long-term. Additionally, it was necessary for DESMAN to estimate the cost of repairing and maintaining the parking

garages and surface lots for the next 30-plus years, as well as the cost to periodically replace parking equipment in the off-street facilities and parking meters on the streets. These assumptions were then applied to the historical financials for the parking system, in order to develop projections of the potential financial performance of the system over the next several decades.

The following sections describe the revenue, expense and CAPEX assumptions DESMAN used as the basis for formulating the long-term financial model for the Wilkes-Barre parking system.

Revenue, Demand and Parking Rate Assumptions

1. Monthly parking rates at the Intermodal and Park & Lock Central garages were assumed to be governed by the existing agreements with Washington Street Renewal and WestGUARD Insurance.
2. Washington Street Renewal's current agreement is set to expire in 2020, at which time it was assumed that their new monthly parking rate would increase to \$55/month, with an additional increase to \$70/month in 2028.
3. At the expiration of the WestGUARD agreement in 2028, it was assumed that the new monthly parking rate would increase to \$70/month.
4. It was assumed that the revenue generated by the WestGUARD agreement would be received in a proportional amount each year, as opposed entirely upfront, as the draft agreement states.
5. The agreement to provide monthly parking to WestGUARD was assumed to entirely eliminate the ability of the Park & Lock Central Garage to accommodate regular transient parkers; the result is a loss of between \$60,000 and \$90,000 in transient revenue annually from this facility.
6. It was assumed that approximately 200 monthly parkers from Geisinger Health Care will vacate the Park & Lock East Garage at the end of January 2019; the result is a loss of almost \$170,000 in annual revenue at that facility.
7. Monthly parking rates for all other public parkers were assumed to increase for the first time in 2039 and every 10 years thereafter; this assumption was intended to reflect the fact that monthly parking rates in the competing parking facilities are currently significantly below the Authority's rates.
8. The hourly rate for on-street parking, as well as off-street transient and validated parking, was assumed to increase by \$0.25 in 2028 (Year 10), with subsequent \$0.25/hour increases occurring roughly every 5 years thereafter; in years when the next scheduled rate increase was set to occur in a recession year, that rate increase was postponed to the follow year.
9. Due to the current \$2.00/hour rate for on-street parking, it was assumed that zoned or tiered pricing will not be implemented on-street. Any change in on-street prices to create a differential based on demand would, in DESMAN's opinion, need to be a reduction in the cost of parking on-street in the periphery of downtown – the current hourly rate for parking on-street is likely at its upper limit at this time.
10. Rent revenue at the Park & Lock North Garage was assumed to remain constant for 5-year intervals and grow by 10% at the end of each interval – this was meant to reflect 5-year terms for leases of the retail space.
11. Beginning in 2019, it was assumed that a recession would occur 7 years over the life of the Concession; during each recession, transient revenue, as well as monthly revenue not tied to long-term agreements with large parking tenants, was assumed to decrease by 2.18% - based on DESMAN's research, this is the average decline in economic activity from the peak to the trough of the recessions that occurred in the U.S. between 1980 and 2010; during the year following each assumed recession, revenue was assumed to rebound to its pre-recession level.
12. Due to the steadily declining population of both the City of Wilkes-Barre and the Scranton-Wilkes-

Barre-Hazelton MSA over the past 30 years, as well as limited downtown development activity, no background demand growth has been assumed in the model.

13. The model assumes that there will be a one-time, 15% increase in on-street revenue during the first year of private operation, due to improved enforcement and the implementation of new parking meter technology.
14. Given the recent sale of the Sterling Lot to a private developer, it was assumed that this facility will no longer generate positive net income for the City/Authority beginning in July 2018.

Operating Expense and CAPEX Assumptions

1. On- and off-street operating expenses are projected to increase 2.5% annually to roughly track with the historical rate of inflation, other than the “Management Fee” and “Licenses & Permits” expense line items; the “Management Fee” line items were assumed to remain constant for 5-year intervals and grow by 10% at the end of each interval – this was meant to reflect 5-year terms of service for the eventual parking operator(s); the “Licenses & Permits” line items were held constant, as these represent fees paid to the City.
2. Capital repair and maintenance projections for the parking garages were developed based on visual inspections of the facilities by DESMAN’s engineers and were developed with the intent of keeping the facilities in good working condition for the next 30 years and beyond.
3. “Parking Lot Resurfacing” estimates were based on the assumption that Lot 6 (YMCA Lot) will be resurfaced every 10 years, with the first such work being done in 2023 (Year 5); it was assumed that the Sterling Lot will not be repaved, as it has been sold to a private developer.
4. All of the parking access and revenue control equipment in the off-street parking facilities was assumed to be replaced in 2019 (Year 1), due to the age of the existing equipment.
5. Full replacement of the existing on-street meters with credit-card-enabled, multi-space meters was assumed in 2019 (Year1); each new meter is assumed to replace 8 existing meters and that only 700 of the 837 meters will be replaced – the other 137 meters were assumed to be so underproductive as to not warrant replacement.

Based on the above assumptions, DESMAN created the 30-year financial projection model for the Wilkes-Barre parking system summarized in **Table 6**.

Tables 7 – 10 show the anticipated costs to repair and maintain the four public parking garages owned by the City/Parking Authority over the long-term. These figures are also included in the overall financial model for the parking system presented in Table 6.

Table 6 Projected Financial Performance of the Wilkes-Barre Parking System, 2019-2048

	Projected 2019	Projected 2020	Projected 2021	Projected 2022	Projected 2023	Projected 2024	Projected 2025	Projected 2026	Projected 2027	Projected 2028
Revenues										
Monthly Revenue (Off-Street)	\$ 1,011,305.09	\$ 1,035,726.65	\$ 1,101,194.09	\$ 1,154,602.03	\$ 1,155,090.45	\$ 1,155,579.36	\$ 1,156,068.76	\$ 1,145,868.39	\$ 1,157,049.03	\$ 1,157,539.90
Transient Revenue (Off-Street)	\$ 159,141.99	\$ 162,851.29	\$ 163,014.14	\$ 163,177.16	\$ 163,340.34	\$ 163,503.68	\$ 163,667.18	\$ 160,259.33	\$ 163,994.68	\$ 191,518.45
Other Revenue (Off-Street)	\$ 156,792.91	\$ 160,260.55	\$ 161,352.76	\$ 162,445.07	\$ 163,537.47	\$ 165,349.96	\$ 166,442.55	\$ 165,145.62	\$ 168,628.00	\$ 188,040.66
Parking Meters	\$ 852,818.06	\$ 872,695.64	\$ 873,568.34	\$ 874,441.90	\$ 875,316.35	\$ 876,191.66	\$ 877,067.85	\$ 858,805.72	\$ 878,822.87	\$ 989,664.40
Fines for Parking Violations	\$ 315,393.02	\$ 322,744.23	\$ 323,066.98	\$ 323,390.05	\$ 323,713.44	\$ 324,037.15	\$ 324,361.19	\$ 317,607.40	\$ 325,010.23	\$ 406,669.05
Total Gross Revenue	\$ 2,495,451.07	\$ 2,554,278.36	\$ 2,622,196.32	\$ 2,678,056.21	\$ 2,680,998.04	\$ 2,684,661.81	\$ 2,687,607.53	\$ 2,647,686.47	\$ 2,693,504.80	\$ 2,933,432.46
Parking Tax	\$ (84,595.55)	\$ (86,862.11)	\$ (88,917.11)	\$ (92,892.17)	\$ (92,947.28)	\$ (93,055.78)	\$ (93,111.00)	\$ (91,932.84)	\$ (93,221.61)	\$ (96,660.67)
Total Net Revenue	\$ 2,410,855.51	\$ 2,467,416.25	\$ 2,533,279.21	\$ 2,585,164.04	\$ 2,588,050.76	\$ 2,591,606.04	\$ 2,594,496.53	\$ 2,555,753.63	\$ 2,600,283.20	\$ 2,836,771.79
Expenses										
Off-Street	\$ 857,440.56	\$ 877,665.50	\$ 898,396.06	\$ 919,644.88	\$ 941,424.93	\$ 968,317.48	\$ 991,200.14	\$ 1,014,654.87	\$ 1,038,695.97	\$ 1,063,338.09
On-Street	\$ 377,373.08	\$ 386,537.41	\$ 395,930.84	\$ 405,559.11	\$ 415,428.09	\$ 426,623.79	\$ 436,992.39	\$ 447,620.20	\$ 458,513.70	\$ 469,679.54
Total Operating Expenses	\$ 1,234,813.64	\$ 1,264,202.90	\$ 1,294,326.90	\$ 1,325,204.00	\$ 1,356,853.02	\$ 1,394,941.27	\$ 1,428,192.53	\$ 1,462,275.07	\$ 1,497,209.67	\$ 1,533,017.64
Capital Expenditures										
Garage Repair & Maintenance	\$ 1,962,274.35	\$ 2,000,131.55	\$ 2,201,411.40	\$ 2,256,446.69	\$ 2,312,857.86	\$ 207,331.38	\$ 212,514.67	\$ 217,827.53	\$ 223,273.22	\$ 379,805.18
Parking Lot Resurfacing	\$ -	\$ -	\$ -	\$ -	\$ 136,511.47	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue Collection Equipment	\$ 289,660.39	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
On-Street Meters	\$ 717,500.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Capital Expenditures	\$ 2,969,434.74	\$ 2,000,131.55	\$ 2,201,411.40	\$ 2,256,446.69	\$ 2,449,369.33	\$ 207,331.38	\$ 212,514.67	\$ 217,827.53	\$ 223,273.22	\$ 379,805.18
Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Income	\$ (1,793,392.86)	\$ (796,918.19)	\$ (962,459.10)	\$ (996,486.64)	\$ (1,218,171.59)	\$ 989,333.38	\$ 953,789.34	\$ 875,651.03	\$ 879,800.31	\$ 923,948.98

Source: DESMAN

Table 6 Projected Financial Performance of the Wilkes-Barre Parking System, 2019-2048 (continued)

	Projected 2029	Projected 2030	Projected 2031	Projected 2032	Projected 2033	Projected 2034	Projected 2035	Projected 2036	Projected 2037	Projected 2038
Revenues										
Monthly Revenue (Off-Street)	\$ 1,477,171.26	\$ 1,477,663.11	\$ 1,478,155.45	\$ 1,478,648.29	\$ 1,468,376.30	\$ 1,479,635.44	\$ 1,480,129.75	\$ 1,480,624.56	\$ 1,481,119.87	\$ 1,481,615.67
Transient Revenue (Off-Street)	\$ 191,709.97	\$ 191,901.68	\$ 192,093.58	\$ 192,285.68	\$ 188,281.94	\$ 220,194.79	\$ 220,414.98	\$ 220,635.40	\$ 220,856.03	\$ 221,076.89
Other Revenue (Off-Street)	\$ 189,941.11	\$ 191,049.66	\$ 192,158.33	\$ 193,267.10	\$ 191,571.11	\$ 214,774.80	\$ 215,899.49	\$ 217,524.30	\$ 219,149.24	\$ 220,774.30
Parking Meters	\$ 990,654.07	\$ 991,644.72	\$ 992,636.36	\$ 993,629.00	\$ 972,939.86	\$ 1,106,241.39	\$ 1,107,347.63	\$ 1,108,454.98	\$ 1,109,563.44	\$ 1,110,673.00
Fines for Parking Violations	\$ 407,075.72	\$ 407,482.80	\$ 407,890.28	\$ 408,298.17	\$ 399,796.67	\$ 490,938.21	\$ 491,429.15	\$ 491,920.58	\$ 492,412.50	\$ 492,904.91
Total Gross Revenue	\$ 3,256,552.12	\$ 3,259,741.97	\$ 3,262,934.01	\$ 3,266,128.24	\$ 3,220,965.88	\$ 3,511,784.63	\$ 3,515,221.01	\$ 3,519,159.82	\$ 3,523,101.07	\$ 3,527,044.77
Parking Tax	\$ (116,777.95)	\$ (116,836.63)	\$ (116,895.36)	\$ (116,954.15)	\$ (115,696.99)	\$ (120,539.63)	\$ (120,601.79)	\$ (120,664.02)	\$ (120,726.31)	\$ (120,788.66)
Total Net Revenue	\$ 3,139,774.17	\$ 3,142,905.34	\$ 3,146,038.65	\$ 3,149,174.09	\$ 3,105,268.89	\$ 3,391,245.00	\$ 3,394,619.21	\$ 3,398,495.80	\$ 3,402,374.77	\$ 3,406,256.11
Expenses										
Off-Street	\$ 1,093,621.07	\$ 1,119,510.70	\$ 1,146,047.57	\$ 1,173,247.87	\$ 1,201,128.17	\$ 1,235,232.76	\$ 1,264,524.50	\$ 1,294,548.54	\$ 1,325,323.17	\$ 1,356,867.17
On-Street	\$ 482,312.53	\$ 494,043.65	\$ 506,068.04	\$ 518,393.04	\$ 531,026.16	\$ 545,281.92	\$ 558,554.60	\$ 572,159.09	\$ 586,103.70	\$ 600,396.92
Total Operating Expenses	\$ 1,575,933.60	\$ 1,613,554.35	\$ 1,652,115.61	\$ 1,691,640.90	\$ 1,732,154.33	\$ 1,780,514.68	\$ 1,823,079.10	\$ 1,866,707.63	\$ 1,911,426.87	\$ 1,957,264.09
Capital Expenditures										
Garage Repair & Maintenance	\$ 1,116,805.26	\$ 1,144,725.39	\$ 1,173,343.52	\$ 1,202,677.11	\$ 1,232,744.04	\$ 1,263,562.64	\$ 1,295,151.71	\$ 1,327,530.50	\$ 1,360,718.76	\$ 1,394,736.73
Parking Lot Resurfacing	\$ -	\$ -	\$ -	\$ -	\$ 174,746.23	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue Collection Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 419,514.61	\$ -	\$ -	\$ -	\$ -
On-Street Meters	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,039,153.93	\$ -	\$ -	\$ -	\$ -
Total Capital Expenditures	\$ 1,116,805.26	\$ 1,144,725.39	\$ 1,173,343.52	\$ 1,202,677.11	\$ 1,407,490.27	\$ 2,722,231.18	\$ 1,295,151.71	\$ 1,327,530.50	\$ 1,360,718.76	\$ 1,394,736.73
Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Income	\$ 447,035.31	\$ 384,625.61	\$ 320,579.52	\$ 254,856.07	\$ (34,375.70)	\$ (1,111,500.86)	\$ 276,388.41	\$ 204,257.67	\$ 130,229.13	\$ 54,255.28

Source: DESMAN

Table 6 Projected Financial Performance of the Wilkes-Barre Parking System, 2019-2048 (continued)

	Projected 2039	Projected 2040	Projected 2041	Projected 2042	Projected 2043	Projected 2044	Projected 2045	Projected 2046	Projected 2047	Projected 2048
Revenues										
Monthly Revenue (Off-Street)	\$ 1,799,707.38	\$ 1,787,146.69	\$ 1,800,914.48	\$ 1,801,518.93	\$ 1,802,123.99	\$ 1,802,729.66	\$ 1,803,335.93	\$ 1,803,942.80	\$ 1,791,293.92	\$ 1,805,158.38
Transient Revenue (Off-Street)	\$ 248,960.21	\$ 243,776.41	\$ 249,458.38	\$ 249,707.84	\$ 249,957.55	\$ 278,008.34	\$ 278,286.35	\$ 278,564.63	\$ 272,764.42	\$ 279,122.04
Other Revenue (Off-Street)	\$ 241,860.16	\$ 239,872.32	\$ 245,142.25	\$ 246,783.51	\$ 248,424.91	\$ 269,707.09	\$ 271,364.51	\$ 273,022.09	\$ 270,623.20	\$ 276,337.73
Parking Meters	\$ 1,222,962.04	\$ 1,197,497.77	\$ 1,225,409.19	\$ 1,226,634.60	\$ 1,227,861.23	\$ 1,340,824.46	\$ 1,342,165.29	\$ 1,343,507.45	\$ 1,315,533.21	\$ 1,346,195.81
Fines for Parking Violations	\$ 575,630.79	\$ 563,645.12	\$ 576,782.62	\$ 577,359.41	\$ 577,936.77	\$ 661,159.66	\$ 661,820.82	\$ 662,482.64	\$ 648,688.56	\$ 663,808.27
Total Gross Revenue	\$ 4,089,120.58	\$ 4,031,938.30	\$ 4,097,706.92	\$ 4,102,004.29	\$ 4,106,304.45	\$ 4,352,429.21	\$ 4,356,972.89	\$ 4,361,519.62	\$ 4,298,903.30	\$ 4,370,622.23
Parking Tax	\$ (144,227.24)	\$ (142,654.47)	\$ (144,374.45)	\$ (144,448.17)	\$ (144,521.96)	\$ (148,110.01)	\$ (148,187.17)	\$ (148,264.41)	\$ (146,609.00)	\$ (148,419.12)
Total Net Revenue	\$ 3,944,893.34	\$ 3,889,283.82	\$ 3,953,332.47	\$ 3,957,556.12	\$ 3,961,782.49	\$ 4,204,319.20	\$ 4,208,785.72	\$ 4,213,255.21	\$ 4,152,294.30	\$ 4,222,203.10
Expenses										
Off-Street	\$ 1,395,279.78	\$ 1,428,420.70	\$ 1,462,390.14	\$ 1,497,208.82	\$ 1,532,897.96	\$ 1,576,167.34	\$ 1,613,663.25	\$ 1,652,096.55	\$ 1,691,490.69	\$ 1,731,869.68
On-Street	\$ 616,484.95	\$ 631,501.77	\$ 646,894.01	\$ 662,671.05	\$ 678,842.52	\$ 696,999.50	\$ 713,989.65	\$ 731,404.56	\$ 749,254.83	\$ 767,551.37
Total Operating Expenses	\$ 2,011,764.74	\$ 2,059,922.47	\$ 2,109,284.15	\$ 2,159,879.87	\$ 2,211,740.48	\$ 2,273,166.85	\$ 2,327,652.90	\$ 2,383,501.11	\$ 2,440,745.52	\$ 2,499,421.05
Capital Expenditures										
Garage Repair & Maintenance	\$ 1,910,215.82	\$ 1,957,971.21	\$ 2,006,920.49	\$ 2,057,093.50	\$ 2,108,520.84	\$ 2,161,233.86	\$ 2,215,264.71	\$ 2,270,646.33	\$ 2,327,412.49	\$ 2,385,597.80
Parking Lot Resurfacing	\$ -	\$ -	\$ -	\$ -	\$ 223,689.94	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue Collection Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
On-Street Meters	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Capital Expenditures	\$ 1,910,215.82	\$ 1,957,971.21	\$ 2,006,920.49	\$ 2,057,093.50	\$ 2,332,210.78	\$ 2,161,233.86	\$ 2,215,264.71	\$ 2,270,646.33	\$ 2,327,412.49	\$ 2,385,597.80
Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Income	\$ 22,912.78	\$ (128,609.86)	\$ (162,872.17)	\$ (259,417.26)	\$ (582,168.78)	\$ (230,081.51)	\$ (334,131.89)	\$ (440,892.22)	\$ (615,863.71)	\$ (662,815.74)

Source: DESMAN

Table 7 Anticipated Long-Term Capital Repair Needs, Park & Lock North Garage

Park and Lock North
Wilkes-Barre, PA

OPINION OF EXPECTED CONSTRUCTION COSTS - MARCH 2018

ITEM	DESCRIPTION	Immediate Costs	Short Term Costs	Intermediate Term Costs	Long Term Costs	
		Years 1 to 2	Years 3 to 5	Years 6 to 10	Years 11 to 20	Years 21 to 30
	Structural/Waterproofing	\$1,305,897	\$1,342,847	\$266,933	\$761,472	\$1,306,501
1	Partial Depth Topping Slab and Pour Strip Repairs	\$852,344	\$852,344	\$84,854	\$229,223	\$568,640
2	Slab-on-Grade, Curb, and Island Repairs	\$7,800	\$7,800	\$5,091	\$10,183	\$30,548
3	Full Depth Slab Repairs	\$162,120	\$162,120	\$25,456	\$50,913	\$152,738
4	Vertical Repairs	\$29,200	\$29,200	\$8,485	\$16,971	\$50,913
5	Overhead Repairs	\$51,000	\$51,000	\$10,183	\$20,365	\$61,095
6	Façade Repairs	\$0	\$7,500	\$0	\$7,500	\$11,250
7	Stair Repairs	\$0	\$20,000	\$0	\$10,000	\$15,000
8	Joint Sealant Replacement in Floor, Vertical, and Façade Joints	\$105,024	\$114,474	\$105,024	\$219,498	\$219,498
9	Clear Penetrating Concrete Sealer Application	\$53,034	\$53,034	\$0	\$106,068	\$106,068
10	Waterproofing Membrane Application at Crossovers	\$17,535	\$17,535	\$0	\$35,071	\$35,071
11	Expansion Joint Replacement	\$27,840	\$27,840	\$27,840	\$55,680	\$55,680
	Architectural	\$21,000	\$189,600	\$21,000	\$515,825	\$226,600
12	Miscellaneous Items (doors, glazing, masonry, façade, roofing, etc.)	\$3,900	\$29,900	\$3,900	\$275,425	\$49,800
13	Striping, Painting and Signage	\$17,100	\$159,700	\$17,100	\$68,400	\$176,800
14	Elevators	\$0	\$0	\$0	\$172,000	\$0
	Mechanical/Electrical/Plumbing/Fire Protection	\$30,000	\$30,000	\$0	\$901,000	\$60,000
15	Repair/Replace Mechanical Systems	\$0	\$0	\$0	\$53,000	\$0
16	Repair/Replace Electrical Systems	\$0	\$0	\$0	\$636,000	\$0
17	Repair/Replace Plumbing Systems	\$30,000	\$30,000	\$0	\$0	\$60,000
18	Repair/Replace Fire Protection Systems	\$0	\$0	\$0	\$212,000	\$0
	General Conditions	\$136,000	\$157,000	\$29,000	\$218,000	\$160,000
	Mobilization, Demobilization, Supervision, Miscellaneous Work, etc.	\$136,000	\$157,000	\$29,000	\$218,000	\$160,000
	SUB-TOTAL	\$1,492,897	\$1,719,447	\$316,933	\$2,396,297	\$1,753,101
	Contingencies @ 20%	\$298,579	\$343,889	\$63,387	\$479,259	\$350,620
	Allowance for Engineering Fees	\$119,000	\$138,000	\$25,000	\$192,000	\$140,000
	TOTAL	\$1,910,476	\$2,201,336	\$405,320	\$3,067,556	\$2,243,721

Notes

- 1) Costs are expressed in 2018 dollars. Inflation and escalation have not been included in the cost estimates.
- 2) The figures are exclusive of annual budgets for operational issues such as light bulb replacement, janitorial services, equipment maintenance contracts, etc.
- 3) The figures are exclusive of revenue control system and security equipment changes, and any abatement of hazardous materials.
- 4) We estimate an additional cost of 10% to 15% if a single work item is divided over multiple years (Not included in the above cost estimate table).

Source: DESMAN

Table 8 Anticipated Long-Term Capital Repair Needs, Park & Lock East Garage

Park and Lock East
Wilkes-Barre, PA

OPINION OF EXPECTED CONSTRUCTION COSTS - MARCH 2018

ITEM	DESCRIPTION	Immediate Costs	Short Term Costs	Intermediate Term Costs	Long Term Costs	
		Years 1 to 2	Years 3 to 5	Years 6 to 10	Years 11 to 20	Years 21 to 30
	Structural/Waterproofing	\$0	\$421,440	\$83,470	\$263,556	\$387,044
1	Partial Depth Topping Slab and Pour Strip Repairs	\$0	\$169,950	\$7,515	\$22,478	\$52,539
2	Slab-on-Grade, Curb, and Island Repairs	\$0	\$7,500	\$2,255	\$4,509	\$13,527
3	Full Depth Slab Repairs	\$0	\$16,500	\$11,273	\$22,546	\$67,637
4	Vertical Repairs	\$0	\$10,000	\$3,758	\$7,515	\$22,546
5	Overhead Repairs	\$0	\$15,000	\$4,509	\$9,018	\$27,055
6	Façade Repairs	\$0	\$7,500	\$0	\$7,500	\$11,250
7	Stair Repairs	\$0	\$10,000	\$0	\$5,000	\$7,500
8	Joint Sealant Replacement in Floor, Vertical, and Façade Joints	\$0	\$119,900	\$54,160	\$119,900	\$119,900
9	Clear Penetrating Concrete Sealer Application	\$0	\$46,970	\$0	\$46,970	\$46,970
10	Waterproofing Membrane Application at Crossovers and Existing Locations	\$0	\$10,800	\$0	\$10,800	\$10,800
11	Expansion Joint Replacement	\$0	\$7,320	\$0	\$7,320	\$7,320
	Architectural	\$7,050	\$119,250	\$10,950	\$388,325	\$146,200
12	Miscellaneous Items (doors, glazing, masonry, façade, roofing, etc.)	\$0	\$29,900	\$3,900	\$188,125	\$49,800
13	Striping, Painting and Signage	\$7,050	\$89,350	\$7,050	\$28,200	\$96,400
14	Elevators	\$0	\$0	\$0	\$172,000	\$0
	Mechanical/Electrical/Plumbing/Fire Protection	\$0	\$28,000	\$0	\$399,500	\$28,000
15	Repair/Replace Mechanical Systems	\$0	\$0	\$0	\$23,500	\$0
16	Repair/Replace Electrical Systems	\$0	\$0	\$0	\$282,000	\$0
17	Repair/Replace Plumbing Systems	\$0	\$28,000	\$0	\$0	\$28,000
18	Repair/Replace Fire Protection Systems	\$0	\$0	\$0	\$94,000	\$0
	General Conditions	\$1,000	\$57,000	\$10,000	\$106,000	\$57,000
	Mobilization, Demobilization, Supervision, Miscellaneous Work, etc.	\$1,000	\$57,000	\$10,000	\$106,000	\$57,000
	SUB-TOTAL	\$8,050	\$625,690	\$104,420	\$1,157,381	\$618,244
	Contingencies @ 20%	\$1,610	\$125,138	\$20,884	\$231,476	\$123,649
	Allowance for Engineering Fees	\$1,000	\$50,000	\$8,000	\$93,000	\$49,000
	TOTAL	\$10,660	\$800,828	\$133,304	\$1,481,857	\$790,893

Notes

- 1) Costs are expressed in 2018 dollars. Inflation and escalation have not been included in the cost estimates.
- 2) The figures are exclusive of annual budgets for operational issues such as light bulb replacement, janitorial services, equipment maintenance contracts, etc.
- 3) The figures are exclusive of revenue control system and security equipment changes, and any abatement of hazardous materials.
- 4) We estimate an additional cost of 10% to 15% if a single work item is divided over multiple years (Not included in the above cost estimate table).

Source: DESMAN

Table 9 Anticipated Long-Term Capital Repair Needs, Park & Lock Central Garage

Park and Lock Central
Wilkes-Barre, PA

OPINION OF EXPECTED CONSTRUCTION COSTS - MARCH 2018

ITEM	DESCRIPTION	Immediate Costs	Short Term Costs	Intermediate Term Costs	Long Term Costs	
		Years 1 to 2	Years 3 to 5	Years 6 to 10	Years 11 to 20	Years 21 to 30
	Structural/Waterproofing	\$912,077	\$945,320	\$237,810	\$1,271,126	\$1,977,484
1	Full Depth Slab Repairs	\$356,958	\$356,958	\$155,347	\$388,367	\$776,733
2	Slab-on-Grade, Curb, and Island Repairs	\$12,446	\$12,446	\$3,734	\$12,446	\$24,891
3	Vertical Repairs	\$97,092	\$97,092	\$12,946	\$103,564	\$207,129
4	Overhead Repairs	\$116,510	\$116,510	\$31,069	\$116,510	\$233,020
5	Carbon Fiber Repairs to Beam-Column Connections	\$8,400	\$8,400	\$0	\$42,000	\$63,000
6	Façade Repairs	\$0	\$7,500	\$0	\$7,500	\$13,125
7	Stair Repairs	\$0	\$10,000	\$0	\$120,000	\$2,500
8	Waterproofing Membrane Application	\$293,911	\$293,911	\$19,594	\$411,476	\$587,823
9	Clear Penetrating Concrete Sealer Application	\$0	\$15,743	\$0	\$15,743	\$15,743
10	Expansion Joint Replacement	\$26,760	\$26,760	\$15,120	\$53,520	\$53,520
	Architectural	\$54,913	\$359,413	\$13,925	\$165,000	\$160,000
11	Miscellaneous Items (doors, glazing, masonry, façade, roofing, etc.)	\$49,900	\$92,250	\$3,900	\$84,900	\$79,800
12	Striping, Painting and Signage	\$5,013	\$105,163	\$10,025	\$80,100	\$80,200
13	Elevators	\$0	\$162,000	\$0	\$0	\$0
	Mechanical/Electrical/Plumbing/Fire Protection	\$14,000	\$553,000	\$0	\$0	\$28,000
14	Repair/Replace Mechanical Systems	\$0	\$37,000	\$0	\$0	\$0
15	Repair/Replace Electrical Systems	\$0	\$387,000	\$0	\$0	\$0
16	Repair/Replace Plumbing Systems	\$14,000	\$0	\$0	\$0	\$28,000
17	Repair/Replace Fire Protection Systems	\$0	\$129,000	\$0	\$0	\$0
	General Conditions	\$99,000	\$186,000	\$26,000	\$144,000	\$217,000
	Mobilization, Demobilization, Supervision, Miscellaneous Work, etc.	\$99,000	\$186,000	\$26,000	\$144,000	\$217,000
	SUB-TOTAL	\$1,079,990	\$2,043,733	\$277,735	\$1,580,126	\$2,382,484
	Contingencies @ 20%	\$215,998	\$408,747	\$55,547	\$316,025	\$476,497
	Allowance for Engineering Fees	\$86,000	\$163,000	\$22,000	\$126,000	\$191,000
	TOTAL	\$1,381,988	\$2,615,480	\$355,282	\$2,022,151	\$3,049,981

Notes

- 1) Costs are expressed in 2018 dollars. Inflation and escalation have not been included in the cost estimates.
- 2) The figures are exclusive of annual budgets for operational issues such as light bulb replacement, janitorial services, equipment maintenance contracts, etc.
- 3) The figures are exclusive of revenue control system and security equipment changes, and any abatement of hazardous materials.
- 4) We estimate an additional cost of 10% to 15% if a single work item is divided over multiple years (Not included in the above cost estimate table).

Source: DESMAN

Table 10 Anticipated Long-Term Capital Repair Needs, Intermodal Garage

Intermodal Garage
Wilkes-Barre, PA

OPINION OF EXPECTED CONSTRUCTION COSTS - MARCH 2018

ITEM	DESCRIPTION	Immediate Costs	Short Term Costs	Intermediate Term Costs	Long Term Costs	
		Years 1 to 2	Years 3 to 5	Years 6 to 10	Years 11 to 20	Years 21 to 30
	Structural/Waterproofing	\$320,462	\$320,462	\$55,585	\$905,650	\$1,107,018
1	Partial Depth Floor Repairs	\$9,440	\$9,440	\$2,360	\$52,196	\$104,391
2	Slab-on-Grade, Curb, and Island Repairs	\$0	\$0	\$0	\$7,829	\$15,659
3	Full Depth Slab Repairs	\$14,160	\$14,160	\$3,540	\$78,293	\$156,587
4	Overhead Repairs	\$0	\$0	\$0	\$13,049	\$26,098
5	Stair Repairs	\$0	\$0	\$2,500	\$10,000	\$30,000
6	Structural Steel Repairs	\$0	\$0	\$0	\$15,000	\$45,000
7	Joint Sealant Replacement	\$81,184	\$81,184	\$16,237	\$194,560	\$194,560
8	Clear Penetrating Concrete Sealer Application	\$60,938	\$60,938	\$0	\$121,875	\$121,875
9	Waterproofing Membrane Application at Crossovers and Existing Locations	\$0	\$0	\$0	\$103,368	\$103,368
10	Expansion Joint Replacement	\$154,740	\$154,740	\$30,948	\$309,480	\$309,480
	Architectural	\$45,075	\$45,075	\$27,850	\$412,274	\$1,539,039
11	Miscellaneous Items (doors, glazing, masonry, façade, roofing, etc.)	\$16,350	\$16,350	\$8,700	\$81,400	\$378,700
12	Striping, Painting and Signage	\$28,725	\$28,725	\$19,150	\$273,200	\$76,600
13	Paint Structural Steel	\$0	\$0	\$0	\$57,674	\$576,739
14	Elevators	\$0	\$0	\$0	\$0	\$507,000
	Mechanical/Electrical/Plumbing/Fire Protection	\$0	\$0	\$0	\$60,000	\$1,109,250
15	Repair/Replace Mechanical Systems	\$0	\$0	\$0	\$0	\$65,250
16	Repair/Replace Electrical Systems	\$0	\$0	\$0	\$0	\$783,000
17	Repair/Replace Plumbing Systems	\$0	\$0	\$0	\$60,000	\$0
18	Repair/Replace Fire Protection Systems	\$0	\$0	\$0	\$0	\$261,000
	General Conditions	\$37,000	\$37,000	\$9,000	\$138,000	\$376,000
	Mobilization, Demobilization, Supervision, Miscellaneous Work, etc.	\$37,000	\$37,000	\$9,000	\$138,000	\$376,000
	SUB-TOTAL	\$402,537	\$402,537	\$92,435	\$1,515,924	\$4,131,307
	Contingencies @ 20%	\$80,507	\$80,507	\$18,487	\$303,185	\$826,261
	Allowance for Engineering Fees	\$32,000	\$32,000	\$7,000	\$121,000	\$331,000
	TOTAL	\$515,044	\$515,044	\$117,922	\$1,940,109	\$5,288,568

Notes

- 1) Costs are expressed in 2018 dollars. Inflation and escalation have not been included in the cost estimates.
- 2) The figures are exclusive of annual budgets for operational issues such as light bulb replacement, janitorial services, equipment maintenance contracts, etc.
- 3) The figures are exclusive of revenue control system and security equipment changes, and any abatement of hazardous materials.
- 4) We estimate an additional cost of 10% to 15% if a single work item is divided over multiple years (Not included in the above cost estimate table).

Source: DESMAN

Based on the above assumptions, particularly the anticipated costs to repair and maintain the parking garages over the long-term and the low parking rates that can be charged in Wilkes-Barre, as a whole, *it is unlikely that the City's parking system will generate sufficient net income over the next 30 years to entice a private entity to invest.*

Additional Deterrents to a Concession-Lease Transaction in Wilkes-Barre

In addition to the negative outlook for the financial performance of the parking system over the long-term, DESMAN has identified several other issues that would negatively impact investor's views of a Concession-Lease of the Wilkes-Barre parking system. The primary issues are as follows:

1. Determining how the revenue generated by the agreement with WestGUARD Insurance will be allocated will be a major value driver. Per the agreement, it appears that it will be paid entirely to the City upfront, which would significantly reduce the amount of revenue assumed in the DESMAN model.
2. Bidders will want to understand the current effectiveness of the City's enforcement of the Ordinance related to the parking tax and how that process will be improved, if enforcement is lacking.
3. The proposed sale of the Park & Lock East Garage complicates any potential transaction. While there may be a financial benefit to the City of selling the Garage, any potential bidder would likely want this asset included in the transaction in order to maintain their pricing power and control over a larger portion of the available parking inventory in downtown.
4. Despite the volume of data provided, a lack of detail in the data and missing pieces of information will likely cause potential Bidders to significantly discount any value that they ascribe to the parking system.
5. With on-street parking rates that are, in DESMAN's opinion and compared to the rates charged in comparable municipalities, at the very top of the market, there is likely no potential for additional rate increases in the near- or mid-term.
6. The prospects for future increases to monthly parking rates are also negative, given that a large majority of monthly parking customers are locked-in to long-term agreements at below market rates, as well as the fact that the Authority's current monthly rates are already at the top of the market.

Conclusion

Based on the information gathered to date, the prospects for future demand and rate growth in Wilkes-Barre, the current condition of the off-street parking facilities, and the numerous agreements in place to provide below market rate monthly parking, it is DESMAN's conclusion that, as a whole, the parking assets of the City of Wilkes-Barre would not generate significant value to an outside investor in a long-term Concession-Lease transaction.

Despite the fact that a Concession-Lease transaction of the public parking assets in Wilkes-Barre may not be viable at this time, there are several steps that the City/Parking Authority can take in the short-term to improve the performance of the parking system, including:

1. Consolidating the operations, enforcement, and maintenance responsibilities for all of the City's/Authority's parking assets under one entity – whether the Authority, the City, or a third-party parking operator – to ensure that the public parking assets function as a unified parking system.
2. Further investigating the impacts that the proposed sale of the Park & Lock East Garage would have on the financial position of the City/Parking Authority, as well as the impacts a sale would have on the operations of the remaining public parking assets and the City's ability to encourage additional downtown development in the future.
3. Evaluating the costs and benefits of replacing the existing on-street parking meter and enforcement technology, with the goal of improving collections, revenue tracking, and compliance with parking regulations, as well as right-sizing the on-street parking system.
4. Evaluating the costs and benefits of replacing the existing parking access and revenue control technology in the off-street parking facilities, given the current age and condition of the existing equipment.
5. Assessing existing and historical compliance with and payment of the City's parking tax and devising an improved process to ensure that property-owners remain compliant and continue to pay the tax in the future.
6. Establishing a reserve account or accounts to which funds are deposited on an annual basis to be used to address the long-term repair and maintenance needs of the City's and Authority's parking assets and technology; while the Parking Authority already engages in this practice, the annual amounts deposited are not sufficient to pay for the future needs of its parking facilities; the City does not currently have a reserve fund for parking-related repairs and maintenance.

By improving the operations and maintenance of the public parking assets in Wilkes-Barre, the financial health of the parking system and the ability of the system to continue to serve the needs of the downtown will only improve in the future.