



## City Of Raleigh North Carolina

**TO:** City Council  
**FROM:** J. Russell Allen, City Manager  
**DATE:** October 15, 2004  
**SUBJECT:** Underground Parking Structure – Existing Convention Center Block

**MESSAGE:**

A feasibility study has been completed by Kimley-Horn Associates for an underground parking structure in the block occupied by the existing Convention Center. The study analyzes the possibility of constructing such a deck beneath the Fayetteville Street corridor, the new Headquarters Hotel and future development on the east side of the block. The conclusion of the study is that a parking deck is feasible to be constructed in two phases, the first to be beneath the proposed Marriott hotel and the Fayetteville Street corridor including approximately 980 spaces in 4 underground levels. The second phase, beneath a future building on the east side of the Fayetteville Street corridor between Fayetteville Street and Wilmington Street, can accommodate an additional 640 spaces for a total of approximately 1620 spaces.

**Special design considerations included in the feasibility study.**

- The structure of the deck can be designed to support the hotel. This was carefully considered and coordinated with the hotel developer's design team in the preparation of the feasibility analysis. The additional cost necessary for the parking structure to accommodate the hotel building will be borne by the hotel developer, who had agreed in concept to this arrangement.
- Part of the hotel program can be designed into the deck. A large portion of the "back-of-house" space for the hotel has been planned to be located below grade. If the parking deck is constructed this space would be built into the parking structure, and its cost would be borne by the hotel developer. The hotel developer has agreed in concept to this arrangement.
- The deck has been conceived to support potential Fayetteville Street improvements above it. The feasibility study assumes that Fayetteville Street will be continued across the deck. Though this decision has not yet been made, the necessary structure to support the live loads anticipated from this have been built into the cost estimate.
- Vehicular entrances into and exits from this deck have been considered in respect to the Livable Streets principles. Efforts were made in the feasibility analysis to show how widths of vehicular entrances can be minimized at the sidewalk, and alternative locations were shown that will be considered in the design development phase relative to recommendations emerging from the Cultural / Convention District Strategic Development Plan, and the Fayetteville Street Urban Design Guidelines.
- The parking deck can be expanded to the east. The Phase 1 portion of the deck was designed to be expandable in Phase 2. Phase 2 can be constructed at any time when it appears a replacement development is feasible for the east side of the existing Convention Center. This schematic layout will allow the east side of the existing Convention Center to remain if a decision is made to retrofit and use it after the main portion of the existing Convention Center is demolished.

- The parking deck can be designed to be connected to the existing privately-owned parking deck to the north. The owner of the adjacent deck has responded positively to this idea in concept, which will allow for maximum flexibility for both the City and the property owner.

#### **Why a parking deck in this location?**

- The timing of construction of the Convention Center and Hotel provide an opportunity to maximize use of land. The new Convention Center and Headquarters Hotel will cause an extensive excavation project to take place on the new Convention Center site and will result in the demolition of the existing Convention Center. The incremental cost of excavation for an underground parking deck will be smaller if done at this point than at any point in the future, assuming such an excavation is even possible in the future.
- Existing parking in the immediate vicinity is being displaced by the Convention Center project. In excess of 400 existing surface parking spaces in the immediate vicinity of the Fayetteville Street corridor are being removed from service by the Convention Center construction and by the anticipated development proposals emerging from the Cultural / Convention District Strategic Development Plan.
- The City has an obligation to provide accessible parking for the hotel. The hotel development agreement creates an obligation for the City to provide 200 exclusive use spaces for the new hotel at ½ the market rental rate, and make available 200 others at market rate. This can be accommodated in existing City facilities on Lenoir Street and in the BTI Center parking deck and the Progress Energy parking deck, but if utilized in this way this reservation for hotel use will displace other users of these existing facilities at peak times.
- New Convention Center demand is unmet at this point. Demand for parking related to the operations of the new Convention Center, particularly at peak times and when in conflict with events at the BTI Center, will likely exceed the available supply.
- Development of City properties adjacent to this site is anticipated in the near future. New major developments that will be emerging from the Cultural / Convention District Strategic Development Plan are targeted to take place on the east side of Fayetteville Street in this block, on two sites between the BTI Center and this site, and on a site just east of the existing BTI Center deck, diagonally across Salisbury Street from this site. Convenient parking to support these developments will be critical to their economic success.
- Building a parking structure under the hotel reduces the cost of construction of the Convention Center. If built as originally designed, construction of the Convention Center would require a substantial underground retaining wall adjacent to the hotel site. If a parking deck is not constructed in this area under the hotel, the need for this retaining wall creates a significant additional cost (approx. \$700,000) for the Convention Center.
- Direct connection of parking to Hotel and Convention Center is possible. This location will make possible the direct connection of parking to the Hotel and Convention Center. This need must be tempered with the desire to encourage pedestrians to use the Livable Streets above as their primary route around this end of downtown Raleigh, but is nevertheless an important marketing tool for both facilities.

#### **Why build parking underground?**

- Placing parking underground supports the Livable Streets concept. Above-ground parking structures reduce the buildable area of constricted downtown sites by absorbing part of the valuable above-ground square footage, and generally result in street level facades that are difficult to integrate into a pedestrian-friendly environment. Underground parking allows this resource to be convenient without creating “dead-zones” in the streetscape above.
- Underground parking maximizes the value of land. By placing parking underground, the air rights to develop above are retained, thus maximizing the potential value of public property.
- This location is uniquely situated, and cannot accommodate above-ground parking. Above-ground parking cannot be constructed on this site because of the hotel and Fayetteville Street corridor. This site is the only location that is immediately abutting 4 key publicly-owned development sites, the new Hotel and the Convention Center.

### **Trade-offs to be considered.**

- Underground parking is expensive. The cost of this parking deck is substantially greater than an above-ground deck. Construction complexity, excavation and soil removal, groundwater management, etc. drive up the per-space cost of underground parking when compared with above-ground options.
- Ownership and operational issues become more complex. Because the proposed deck is underneath private developments as well as the Fayetteville Street corridor, complex condominium relationships and management practices may need to be worked through.
- The construction of a parking deck may result in the earlier closing of the existing Convention Center. The development of an underground deck in this location must be timed to ensure that it can be designed, permitted and constructed by the date upon which the hotel facility construction must begin above it. Potentially, this can result in a need to demolish the existing Convention Center at an earlier date than previously planned.

### **Financing.**

- The proposed parking structure can be financed through the City's Parking Fund, where a combination of cash, and debt which is supported by the revenues of the facility can be used to support the construction costs. A careful analysis will be done prior to issuance of the debt to ensure a proper proportion of taxable and non-taxable debt to allow a portion of the deck to be reserved to support private developments on the adjacent sites. This underground structure is more expensive per parking space than a typical above-ground parking structure, and as such the revenues necessary to support the debt are substantial and will require effective management of the facility after opening (see attached financing plan).

### **Timeline and actions necessary to move ahead.**

- May 2006 - Transfer of "buildable pad" to hotel developer must take place in order for developer to meet requirement to complete hotel and open in conjunction with new Convention Center. The parking deck must be substantially complete - (18 months construction time for hotel)
- September 2005 - Construction of parking deck must begin in order to transfer to hotel developer in May 2006 - (9 months construction time for parking deck)
- July, 2005 - Demolition of existing convention center must begin in order to allow construction to begin on parking structure – (2 months demolition time for existing convention center)
- November 2004 - Design of the parking structure must begin in order to complete design development, construction documents and obtain approvals and permits prior to September 2005 – (10 months design and approval time for parking structure)

### **Design services.**

- Two firms attended a pre-qualifications conference. One chose not to submit qualifications because of the availability of key staff to work within the proposed time frame.
- One firm submitted qualifications in response to the City's Request for Qualifications. This firm is led by the local office of Kimley-Horn Associates, who prepared the feasibility analysis. They have partnered with Cooper-Carry from Atlanta, who are the architects for the Headquarters Hotel and a design partner in the Livable Streets and Fayetteville Street Renaissance projects, and OBrien Atkins Associates, who are part of the architectural team for the new Convention Center.
- The partnership of these key players in the design process for the hotel, convention center, Fayetteville Street and parking structure will help ensure that the complex coordination issues inherent in this process are properly addressed. The team has substantial experience in the design and construction of parking decks in various cities, including our own. The City has extensive experience with these firms, who have performed admirably on other City projects.

**Recommendation.**

Because of the unique opportunity afforded by the demolition of the existing convention center and the excavation for the new convention center, the key location of this property, the need to maximize the value of these publicly-owned tracts, the economic development benefits of parking supply in this key location, the cost savings for the Convention Center project and the substantial build-up of parking demand in the vicinity, it is recommended that the Council:

- Authorize City staff to begin negotiations with the team of Kimley-Horn Associates, Cooper-Carry and OBrien Atkins Associates for design services on the parking deck. The contract will be brought back to Council for approval. Funds to cover the initial phase of the design can be taken from the existing cash reserve in the Parking Fund;
- Authorize City staff to pursue a parking agreement with Stormont-Noble Development that will allow the City-provided parking for the hotel that was agreed to in the development agreement to be provided in this proposed parking structure, and will allow back-of-house space, service circulation and structural elements for the hotel to be built into the parking structure with the costs of the hotel-related improvements to be paid for by the hotel developer;
- Approve the preliminary financing plan for the parking structure. The financing plan for this project is attached. A more detailed financing plan will be brought back to the Council for approval after more defined cost estimates are available, and the proper proportion of public-use and private-use spaces is determined.

**Related Actions.**

Several other issues are being considered in the Cultural / Convention District Strategic Development Plan related to this parking structure concept. City Council will be receiving recommendations resulting from the plan in the upcoming weeks regarding:

- The development of a broader overall parking strategy update for downtown, including the Warehouse District and TTA station areas, the State Government Complex and Glenwood South area in addition to the downtown core;
- A specific mix of land uses to be targeted for development on the 6 city-owned tracts included in the scope of the plan;
- A recommendation on the future of the 1996 addition to the existing convention center, on the east side of the block;
- A schematic concept and a process for design of the Fayetteville Street corridor from the terminus of the Fayetteville Street Renaissance Phase 1 project southward.