

Across the country municipalities, transit agencies, and healthcare and academic institutions continue to experience shrinking budgets, reduced revenues, and the challenge to secure funding for much-needed infrastructure, such as parking. The public financing markets are still erratic and unpredictable, yet public demand for infrastructure improvements continues to grow to replace deteriorating buildings and roads, support economic growth, and encourage increased development.

More owners and public agencies are seeking alternatives for funding and delivering their much-needed projects. One alternative that is becoming more popular, especially when taking into account their track record, is the use of a third party to deliver public projects using a public/private partnership, or P3 approach. These third parties offer access to their own capital and/or the ability to secure competitive financing through a myriad of sources. Public entities across the country have utilized P3 structures to develop a diverse range of project types, including student housing, parks and public spaces, highways, transit infrastructure, and of course parking and mixed-use facilities.

Is P3 Right for Me?

*An In-Depth Look at the Opportunities and
Obstacles of Public/Private Partnerships*



PRINCIPAL'S MESSAGE

Focus on Public/ Private Partnerships

Finding Creative Financing Opportunities to Meet Parking Needs



A recent article in Building Design & Construction magazine addressed a growing concern that we are hearing more and more often from our public clients – how to finance a parking structure. The article talked specifically about the growing use of public/private partnerships, or P3, as an alternative approach for delivering much-needed projects.

Since the recession ended, we have seen a return of annual growth in enrollment at many of the institutions we serve around the country, resulting in more cars, and greater demand on parking. Municipalities are facing similar issues with ever-increasing density and the need to preserve land for higher and better uses, resulting in the need to implement structured parking instead of surface. And transit agencies, faced with increasing ridership, are also seeking opportunities to utilize land more efficiently, and create more sustainable transit-oriented developments.

The challenge with vertical or structured parking is that it is six times more expensive than surface parking and coming up with capital for this type of expense is tough. More importantly, using capital or seeking bond financing for a parking garage, a support building, is seldom a priority. But as the article in Building Design & Construction points out, more and more institutions, municipalities, and transit agencies are turning to partnering with a private entity for making projects like a parking garage, a reality.

Of all of the projects that can be delivered using P3, parking structures may be one of the best candidates. Very little programming is needed for a parking structure. The three greatest programming needs are: 1) space count, 2) functional design, and 3) architectural design. Of those three, the functional design and the architecture determine the success of a parking garage. With the right firm, one that is an expert in delivering both, these programming needs can be successfully met.

TimHaahs specializes in helping clients use P3 as an alternative way for delivering parking structures, especially at our nation's colleges and universities as they continue to grow and improve their campuses.

Mike Martindill
Principal

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A Unique Partnership

Entities pursuing P3 have a number of goals in mind when pursuing projects. Public/private projects that provide financing, design, and construction are an increasingly successful strategy that allows public entities to undertake projects that combine public improvements and private development. These strategies allow these entities to take advantage of opportunities that would otherwise typically be outside of their expertise and funding capability.

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The private sector is typically focused on undertaking and completing a project in a timely and cost-effective manner to ensure an appropriate return on both their time and capital investment. Accordingly, they strive to move a development project through the planning, design, approval, financing, construction, and occupancy process in an efficient and economical manner to ensure that the project is a financial success. Amongst other capabilities and expertise, the requirement and commitment to project economic viability and financial success is a significant benefit that the private sector contributes to the P3 partnership.



The public sector is an equally valued partner in a potential project. For instance, for a transit project, agency staffs are experts at the planning, operations, design, and construction of the transit infrastructure and are committed to the long-term improvement and enhancement of the transit system. Similarly, for campus projects, higher education and healthcare institutions have the greatest understanding of the goals and mission of their overall development plans, and can guide the developer in the most appropriate integration of these projects into their communities.

Benefits of P3

The pressure has never been greater to seek a third party for assistance in delivering parking garages, or to work in a P3 structure. There are a number of advantages to utilizing a public/private partnership. The following are some of the most important benefits for public/private financing for a parking or mixed-use project:

Creative Financing Sources

The public agency can take advantage of creative private sector financing and real estate deal structures to help finance current capital needs, including new parking facilities. Public agencies are seeking creative, financially responsible options to help pay for these needs, and P3 initiatives help to unlock equity in existing assets to pay for new development. This allows public entities to take advantage of funding that would not normally be accessible, while providing parking infrastructure for campuses, transit centers, and downtown regions.

Efficient and Cost-Effective Project Delivery

By nature, private entities are able to move projects forward with far greater efficiency than public agencies. Recently implemented P3 projects have a solid track record of successfully moving forward in a far more expedient manner and with lower design, construction, and operational costs associated with the efficiency of the private sector.

Reduced Risk to Public Entity

Another advantage is the significant reduction of risk to the public entity, as the developer will be responsible for ensuring the success of the new development. The cost of the investment is not only spread across the lifetime of the development, but it is likely the responsibility of the developer to manage the risk, operate the facility, and ensure that the overall development is financially viable.



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Obstacles and Considerations

P3, however, does have its potential pitfalls and blemishes like any other form of project delivery. Potential drawbacks of P3 include an extraordinarily long lease term, unacceptable or unattractive buyout provisions, and increased parking rates or fees required for the lease. There is also the perception that the owner, or public agency, loses “control” of the project, which is actually not the case. Most successful P3 projects are ones where the owner is engaged throughout the process and intimately involved in the delivery process. Another drawback to P3 is that it utilizes a process that is not familiar to most public institutions. This unfamiliarity can be uncomfortable and intimidating to some. However, as more and more peer institutions adopt the use of P3, the comfort level improves, thus helping make P3 a viable option to consider.

Depending on the nature of the project, these issues could prove too substantial to make a P3 deal work. However, it is a unique opportunity that is becoming more and more feasible, and has resulted in some extremely successful project developments.

Types of TOD P3 Structures

There are a number of possible legal and financing structures for public/private partnerships. The project type, the public agency, and the specific goals of each entity will determine which delivery method is best for the particular project. Outlined below are some of the possible P3 structures for development projects.



Often used in mixed-use projects, a condominium structure can be used to achieve the separate ownership of facilities. For instance, a parking structure developed to serve transit commuters, as well as residents and patrons of a mixed-use development.

Lease-Leaseback Structure

In this structure, the owner of the property enters a long-term ground lease with a developer who designs, builds, and finances the project, such as a parking structure. The asset is then leased back to the public entity for their use, at an agreed-to rate, often at an amount to cover the debt service on the financing required to develop the facility. The lease-leaseback model allows for either the third party to manage the asset, or the owner – providing more control over the level of service provided by the asset.

Property Sale Structure

In some P3 development scenarios it is beneficial for the public entity to simply sell and convey the fee interest in the property planned for development to the selected developer. In many scenarios, developers and their financiers seek to own the land on which they develop a project, and the highest value for the property is often obtained by the public entity through a sale of the property.

Long-Term Lease Structure

In a long-term lease structure, the public entity leases the land to the selected developer for an extended period of time. A long-term lease would also implicate realty transfer tax considerations if it were for 99 years or longer. A lease would require a pass through of operating costs.

Public/private partnerships are unique opportunities to combine the strengths of both public and private interests, while sometimes minimizing some of the hassles, to implement projects that would otherwise often be impossible. When the expertise and values of both the public and private sectors collaborate on a joint development project, the result is often a project that meets the goals and objectives of both parties, while accomplishing a more cost-effective, timely, and efficient development process that would otherwise be unheard of for a public project.

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Gateway Transit Village

New Brunswick, NJ

The Gateway Transit Village in New Brunswick, NJ was delivered through a very complex P3 method.

The project includes a parking facility, street-level retail, a Rutgers University bookstore, and 14 stories of condos. One of the most complex parts of the project is its financing: The \$143.5 million investment is a combination of private equity, conventional financing, New Jersey's Urban Transit Hub Tax Credit, federal New Market Tax Credits, a grant from the state Transportation Trust Fund and bond allocations through the American Recovery and Reinvestment Act.

The involvement of multiple financing sources and development partners helped to minimize land use and distribute costs across a variety of stakeholders. In addition, funding from the American Recovery and Reinvestment Act, federal New Markets tax credits, and the state Transit Hub Tax Credit program for urban transit areas provided significant financial support.

Valdosta State University

Valdosta, GA

Valdosta State University in Valdosta, GA delivered two parking facility projects through a public/private funding approach involving its real estate foundation. The university was able to use parking fees to fund the development and delivery of the parking structures.

The project consisted of 2,000 spaces in two parking structures. The garages incorporated significant mixed-use space including 10,000 square feet of new office space for the Parking and Recreation departments in one, and over 20,000 square feet of office space for Auxiliary Services and Public Safety in the other.



New Jersey Transit Hamilton Station

Hamilton, NJ

To meet growing commuter parking demand and free surface parking for future transit-oriented development, NJ TRANSIT implemented a public/private partnership deal with developer Nexus Properties. Nexus leased a portion of the Hamilton Station surface lot to design, finance, build, operate and maintain a 2,066 space commuter parking facility.

NJ TRANSIT retained significant control over the facility through the terms and conditions of the ground lease including facility design approval, development and construction milestones, a guaranteed maximum price, parking rate control, and operational standards. At the end of the 37-year lease term, ownership of the deck reverts back to NJ Transit.



18 Park Parking Garage, Jersey City, NJ
Rendering courtesy Minno & Wasko.



South Orange Third & Valley, South Orange, NJ
Rendering courtesy Torti Gallas & Partners



Pearl Street Piazza Parking Garage, Metuchen, NJ
Rendering courtesy RTKL Associates

TimHaahs Wins Notable Awards!

TimHaahs is honored to have been recognized by a number of great organizations for some of our recent projects.

New Jersey Future recognized TimHaahs' 18 Park mixed-use parking facility with a 2015 Smart Growth award. Located in Jersey City, New Jersey, the 18 Park facility won the award for its exceptional design. TimHaahs worked with Minno & Wasko Architects to design the 230-space parking garage to serve the mixed-use development which provides retail, community space, a charter school, and residences. This multi-use facility will serve as an anchor to the community and help improve the overall Jersey City neighborhood.

The New Jersey Alliance for Action also presented TimHaahs with two Distinguished Engineering Awards for both the Pearl Street Parking Garage project and the South Orange Third & Valley Redevelopment project.

For the Pearl Street Piazza, TimHaahs designed a 769-space parking structure for Nexus Properties Inc., in Metuchen, New Jersey. This parking structure is part of a larger development partnership with Woodmont Properties, which includes residential living space with plans for transit connectivity as well as a new piazza space for public use.

For the South Orange Third & Valley Redevelopment Project, TimHaahs designed a mixed-use parking structure to serve a mixed-use transit oriented development that will include residential units, retail space, and a parking structure wrapped on two sides by the residential development. This project displays unique functional design for its multiple kinds of users and distinct façade treatments. This mixed-use TOD project is the first of its kind in the area and will serve as a catalyst for future designs.

TimHaahs is honored to receive each of these distinguishable awards for their engineering and design efforts.

Chris Gray Named 2015 Philadelphia Young Civil Engineer of the Year

The American Society of Civil Engineers (ASCE), Philadelphia Section recently named TimHaahs' Director of Operations, Chris Gray, its 2015 Young Civil Engineer of the Year.



Chris has become a vital leader within TimHaahs and extends his leadership throughout the A/E/C industry, having served as past president of ASCE's local Younger Member Forum, as well as a past president of the International Concrete Repair Institutes (ICRI) Delaware Valley chapter.

Additionally, Chris serves on the Delaware Valley Engineers Week (DVEW) committee. He is also a member of the Delaware Valley

Association of Structural Engineers (DVASE) and the Engineers' Club of Philadelphia (ECP).

Chris lives out TimHaahs' mission of helping others in need by participating in community service and educational events through his participation in a variety of non-profit and charitable efforts, including CANstruction, as well as serving as a special awards evaluator for the local DiscoverE Future City Competition. Outside of the professional world, Chris serves as the head coach for a local high school Ultimate Frisbee team. Please join us in congratulating Chris on this outstanding achievement!



Rendering courtesy Kenan Riley

The New Blank Canvas: Parking as a Platform for Artistic Expression

For the past decade, South Florida has been on the cutting edge of parking facility design. Miami's Design District is the latest destination to identify parking as an opportunity to incorporate cutting edge design into its parking facilities. Applying a taste for artistic expression to their new parking facilities, the Design District is using the development of its two new parking facilities as a "canvas" for artistic expression.



Photo courtesy Robin Hill

bring the vision of artistic expression out of the more traditional public spaces within the Design District, to become the first thing that visitors will see and interact with upon arriving.

TimHaahs is serving as Architect of Record for both projects, owned by Miami developer DACRA. Working with world-renowned architects and designers like Leong Leong Architects and Iwamoto Scott on the City View garage, and Keenan/Riley, Work Architecture Company, Clavel Arquitectos, Nicolas Buffe, and Jürgen Mayer-Hermann for the Museum garage, the facilities will incorporate revolutionary design features that will change the idea of typical parking garage design forever.

By carrying artistic design out to the parking areas, it allows an often overlooked experience within a development to instead make a significant contribution and further connect the development to the surrounding community. The parking facilities will provide a unique connection between parking and the rest of the development with its vibrant facades, dramatic lighting, and ground floor retail spaces to engage the pedestrian. The Design District will continue to transform into a community that combines the ideas of art, architecture, and culture together into one place, and will ensure that the development will be an international destination for years to come.

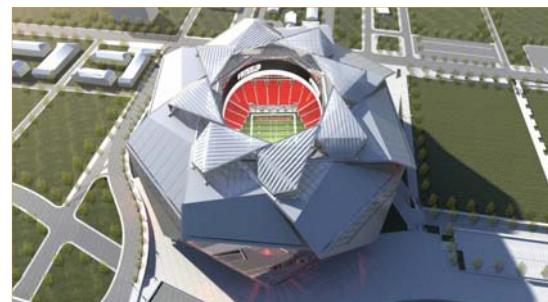
Atlanta Falcons Stadium Parking Garage Rising Up!

Construction is underway for the new Atlanta Stadium and adjacent VIP Parking Garage. The multi-purpose stadium will be the home of the Atlanta Falcons NFL team, as well as the yet-to-be-named Atlanta expansion team for Major League Soccer. The stadium will feature a retractable roof that resembles a pinwheel, and a glass wall that opens with the roof to allow in fresh air.

This parking facility will support a major transformation that is currently occurring in downtown Atlanta as the new Stadium gears up for a 2017 opening. The parking structure will provide extremely convenient parking for season ticket holders with a direct link to the new Stadium.

TimHaahs is thrilled to serve as parking consultant and structural engineer on a team that includes signature architects, Goode Van Slyke Architecture and 360 Architecture. The garage will also serve the adjacent Georgia World Congress Center and the numerous events that will be held at both of these world class facilities. It will provide an inviting "first-impression" for professional sports fans, as well as additional residents and visitors to the Atlanta community.

Featuring the latest advances in parking technology, the new parking structure will be a model for new and innovative parking design and technology.



Rendering courtesy 360 Architecture



HIGHLIGHTED PROJECTS



Allentown Parking Authority Spiral Deck

Allentown, PA

For the Allentown Parking Authority, TimHaahs renovated the 685-space Spiral Deck parking garage for patrons to its downtown core, which includes the new 10,000-seat PPL Center Arena. TimHaahs worked with the City to provide a number of enhancements to recreate the structure as an inviting destination with vibrant lighting enhancements, metal screening, and upgraded walkways and common areas. Additional improvements included a new community plaza with grass pavers, flowering ornamental trees, and stylish lighting and benches that also serve as bike racks.



Palm Beach County Convention Center Garage

Palm Beach, FL

For Palm Beach County, TimHaahs designed a parking structure to serve the Palm Beach County Convention Center. The 2650-space, precast garage serves patrons of the nearby Convention Center, an adjacent future Hilton Hotel, and residents and visitors of the community. The parking structure will help to alleviate the parking demands resulting from development in the area. The project is part of a signature redevelopment effort in downtown Palm Beach. The addition of the new convention center and Hilton Hotel will also help to draw more people, as well as make the area an attractive destination.



University of Louisiana at Lafayette

Parking Garage

Lafayette, LA

TimHaahs worked with the University of Louisiana at Lafayette and their Master Planner (Architects Southwest) to perform a parking study to analyze current and future parking needs to support continued growth and expansion plans now and into the future. After completing the parking master planning assignment, TimHaahs worked with Ambling University Development Group to deliver a new 1175-space garage using a public-private approach. The new parking garage includes 17,000 square feet of academic space and is designed to accommodate a future solar farm on the top level.



Camden Parking Authority Federal Street

Parking Garage Architectural Design

Camden, NJ

For the Parking Authority of the City of Camden and the Camden County Improvement Authority, TimHaahs designed a 1200-space parking garage which will include ground floor office space. TimHaahs' design evaluated and captured opportunities and design strategies to develop a parking facility and mixed-use project that would fuel the continuation for the development and growth in the City of Camden. This structure will become the gateway to the City of Camden Waterfront.

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