



# MEMORANDUM




To: Nick Duerksen, Redevelopment Agency of Sandy City  
From: Jason Burningham, Lewis Young Robertson & Burningham, Inc.  
Date: March 24, 2016  
Re: Parking Rights Fair Market Value Study

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## Introduction

Lewis Young Robertson & Burningham, Inc. (LYRB) has been asked to assist the Redevelopment Agency of Sandy City (the "Agency") with conducting an analysis to better understand the potential value that will be created through purchasing **\$6,000,000** of parking rights (the "Parking Rights") in Sandy City (the "City"), the specific location of which will be within close proximity of the South Towne Exposition Center (the "Exposition Center").

The source of revenue that will be used to purchase the Parking Rights will come directly from the City. The City received the \$6 million from Salt Lake County (the "County"), pursuant to an Interlocal Agreement, dated August 18, 2015 (the "Interlocal Agreement"). According to the Interlocal Agreement, the City shall use the \$6 million to acquire or develop public parking of public parking rights. The purpose of funding the Parking Rights is to help offset public parking needs in and around the Exposition Center in a cost effective manner. The following provides an overview of how this analysis was approached. The City has determined to give the Agency the \$6 million in order to fund the Parking Rights. The Agency will then enter into an agreement with a developer in order to obtain the Parking Rights.

-  A description of the proposed Parking Rights and purpose related to participation;
-  The estimated value of the Parking Rights; and
-  Findings and Conclusions

## Proposed Parking Rights and Purpose of Acquiring Parking Rights

According to the Interlocal Agreement, the Parking Rights shall include the following components and conditions: 1) 1,250 parking spaces, 2) spaces may be part of a parking structure or part of surface parking, 3) spaces shall be open to the public at certain days and times, as further discussed in the Interlocal Agreement, and 4) the parking spaces must be located within 2,500 feet of the Exposition Center.

The Agency is currently in negotiations to purchase Parking Rights within land currently owned by Workers Compensation Fund (WCF). The Parking Rights being considered meet all of the conditions of the County pursuant to the Interlocal Agreement. It is estimated that the Agency will obtain Parking Rights for 1,250 parking stalls within a Parking Structure that is currently being built, as part of a large development on the WCF land.

## Estimated Value of Parking Rights

In order to calculate the potential value of the Agency's Parking Rights, LYRB gathered the assessed and market value of both surface and structured parking stalls within the County. On average, surface parking stalls are valued

at \$4,015. The average value of a parking stall within a structures parking facility is \$7,461. The blended average for both parking stall types is \$5,738. Table 1 depicts the average values for each type of stall.

Table 1: Average Parking Stall Values

Parking Type	Average Value
Surface Parking	\$4,015
Structured Parking	\$7,461
Combined	\$5,738




Using these assumptions, parking rights for 1,250 stalls will range from \$5,018,750 to \$9,326,250, depending on if the parking stalls are located within a structure or on a surface lot. It is currently projected that all 1,250 parking stalls will be located within a parking garage, therefore the estimated value of the Agency's Parking Rights will be **\$9,326,250**. Table 2 shows the assumptions that were used to calculate the Parking Right value.

Table 2: Sandy RDA's Parking Right Value

Assumption	Value
Total Parking Stalls	1,250
Average Structured Parking Stall Value	\$7,461
<b>Total Value of Parking Rights</b>	<b>\$9,326,250</b>

## Findings & Conclusions

LYRB concludes the following:

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 If the Agency is able to acquire Parking Rights to 1,250 stalls within a parking structure, they will receive **\$9,326,250** in value for the **\$6,000,000** cost to acquire the Parking Rights. This equates to a benefit of **\$3,326,250**.
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 The **\$3.3 million** benefit will likely be much higher, as this number does not take into account the other indirect benefits of purchasing the Parking Rights. These benefits include: 1) additional sales tax revenue that could be generated by the additional parking for events at the Exposition Center, 2) an increase in event-related expenses, including dining and shopping within the City, and 3) increase investment in the WCF development.
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 If possible, the City and Agency should pursue multi-use parking structures with future developments, as it accommodates public parking needs during peak times without the substantial cost of constructing a standalone public parking structure