

Parking meter revenues could retire bond issue

Bob Fell
Staff Writer

9-22-77

Projected revenues from parking meters in Rapid City would be enough to retire a \$750,000 bond issue, according to the city's fiscal agent.

Willys Jones explained the requirements for a parking district revenue bond for members of the city council, the Downtown Parking Board and chamber officials Thursday morning.

Jones is a representative of the Allison-Williams Co., a Minneapolis investment banking firm, and has handled the city's municipal bond requirements for more than 20 years.

He estimated that it would take an annual payment of about \$72,300 in principal and interest to retire a \$750,000 bond issue at an interest rate of 7 per cent over the next 20 years. The money would be used to buy property at the corner of Sixth and Main and Rushmore Road and Main for off-street parking.

But, he said, to make the bonds salable, the city should have net revenues available to retire the bonds amounting to one-and-a-half times the annual payment.

Michael Hinde, city finance officer, said the city is realizing a gross annual income of about \$173,000 from both on- and off-street parking. Operating expenses are running about \$110,000 leaving a net available for debt retirement of about \$63,000, he said. The figures do not include any revenues from the proposed new parking lots nor the recent increase in parking rates downtown.

He estimated with the added revenues from the rate increase, the city might realize a net of about \$90,000 on gross revenues of some \$200,000.

Hinde later explained that he had made a conservative projection including anticipated revenue from a new lot at the corner of Sixth and Main. He said the figures the city should net about \$123,000 for debt retirement which is more than enough, including the safety margin mentioned by Jones, to retire a \$750,000 bond issue.

In fact, he said, it could be enough to retire a \$900,000 bond issue if it is needed.

"What is parking meter revenues are not enough to meet the future bond payments?" asked Roger Schneider,

chairman of the Downtown Parking Board.

Jones replied that is why he is asking for revenue one-and-a-half time the annual payments. In a way, this assures the bond buyers the money will be there when payments are due.

However, in the event of a default it would not be an obligation for the city. The debt is on the parking system. The bond holders would suffer the loss or the city could do something to increase parking revenues or sell the property and the proceeds put in escrow to retire the bonds.

The taxing power of the city is not pledged, said Jones in reply to a question by Alderman Richard Goschke. Goschke had claimed that if there was a default on the revenue bonds, they would revert to general obligation bonds, which does require a pledge of the ad valorem or property tax.

This is not the case with parking district revenue bonds, according to Jones.

Jones cited parking district bonds being used by Deadwood and Watertown as examples of using the bond route to provide more public off-street parking.

With the financial element apparently clarified, the next step is up to the city council.

Mayor Art LaCroix said the council has not yet acted to include the buildings at the corner of Sixth and Main in the acquisition for parking.

Bill Baron, downtown businessman and owner of the Sears building advised against acquiring just the 75 feet west of Sears for parking because it will be inadequate. Only two rows of parking stalls can be operated on that property, but by acquiring the rest of the land west to Sixth Street, it would give about two-and-a-half times more parking, said Baron.

What the council has acted on is not what the Downtown Parking Board and most businessmen had proposed. The board and chamber parking committee had recommended taking all the property fronting Main from Sears to Sixth Street and the parking area to the north across the alley from the Sears warehouse to the bus depot.

The council eliminated the buildings at the corner of Sixth and Main and added the depot for acquisition through condemnation.