

# O'Donnell Park

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FISCAL ANALYSIS REGARDING THE DISPOSITION OF  
THE O'DONNELL PARK FACILITY

## O'DONNELL WORKGROUP CHARGE

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“perform a cost-benefit analysis of the O'Donnell Parking structure to help policymakers determine a prudent course of action on the future of the facility”

# Workgroup Sources

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- Appraisal
- County Debt Service
- Parking Demand Study
- Outstanding Repair Reports
- Deed Restrictions
- City Zoning
- Financial History

## THREE ALTERNATIVES:

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1. Sell the O'Donnell Park facility
2. Retain and rebuild around the year 2035
3. Retain and demolish the parking structure at the end of its useful life but retain the plaza and maintain site as a park

# ALTERNATIVE 1: SALE OF O'DONNELL

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Sale of the O'Donnell Park facility at the appraised value is the most fiscally advantageous option

COUNTY SALE NET PRESENT VALUE	
Sale Price	\$14,000,000
Offset for Repair	(\$1,300,000)
Net Income	\$12,700,000
Debt Payoff	(\$7,700,000)
<b>Net Funds</b>	<b>\$5,000,000</b>

**APPRAISED  
VALUATION:**

**\$12.7 MILLION**

Appraised at \$14 million with \$1.3 million subtracted for needed repairs

Value based on revenue and expenses of parking structure & pavilion

# DEBT DEFEASANCE

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- Defeasement of general obligation debt
- Prepay lease payments
- Interest on debt paid before call date

COST TO COUNTY: PAYOFF OF DEBT	
Outstanding GO Debt	\$6,476,000
Outstanding Lease Debt	\$127,000
Interest Owed Until Debt Call Date	\$1,097,000
<b>Total</b>	<b>\$7,700,000</b>

# ALTERNATIVE 2: RETAIN O'DONNELL & REBUILD

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## RETAIN & REBUILD

	NET PRESENT VALUE	CASH FLOW
Revenue	\$39,616,000	\$108,308,000
Expenses	(\$18,675,000)	(\$50,478,000)
Old Debt	(\$6,911,000)	(\$9,443,000)
New Debt	(\$27,389,000)	(\$117,762,000)
<b>Net Funds</b>	<b>(\$13,359,000)</b>	<b>(\$69,375,000)</b>

Of the three alternatives examined, retaining the facility and reconstructing a similar structure at the end of its useful life is the most costly to the County.

**Demolition &  
Rebuilding Estimate:  
\$57 - \$ 76 million**



# Revenue & Expenses

## ACTUAL 2012 - 2014

	2012	2013	2014
Revenue	\$1,600,167	\$1,631,116	\$1,871,800
Expenses	(\$713,026)	(\$653,427)	(\$707,876)
Major Maintenance	-	-	-
<b>Net Operating</b>	<b>\$887,141</b>	<b>\$977,689</b>	<b>\$1,163,924</b>
Debt	(\$633,421)	(\$711,864)	(\$728,408)
<b>Total</b>	<b>\$253,720</b>	<b>\$265,825</b>	<b>\$435,516</b>

## PROJECTED 2015 - 2017

	2015	2016	2017
Revenue	\$1,894,250	\$1,927,890	\$1,962,610
Expenses	(\$760,860)	(\$776,080)	(\$791,600)
Major Maintenance	-	-	(\$301,000)
<b>Net Operating</b>	<b>\$1,133,390</b>	<b>\$1,151,810</b>	<b>\$1,171,010</b>
New Debt	(\$168,356)	(\$168,356)	(\$168,356)
Debt	(\$832,153)	(\$862,004)	(\$842,181)
<b>Total</b>	<b>\$132,881</b>	<b>\$121,450</b>	<b>(\$140,527)</b>

# ALTERNATIVE 3:

## RETAIN O'DONNELL & DEMOLISH

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This alternative may yield a positive net present value, but it does not address the needs that may exist for parking when the life of the current facility is over.

**Estimated cost to demolish and rebuild as a park: \$11 - \$12 million**

RETAIN & DEMOLISH		
	NET PRESENT VALUE	CASH FLOW
Revenue	\$28,422,004	\$51,260,564
Old Debt	(\$6,911,346)	(\$9,443,153)
New Debt	(\$5,398,831)	(\$20,152,087)
<b>Net Funds</b>	<b>\$2,477,650</b>	<b>(\$3,123,155)</b>

# LEASING O'DONNELL

County would have to first defease the outstanding debt on the facility

May also require the removal of deed restrictions

# NET PRESENT VALUE COMPARSION

	SALE	COUNTY OWNED BUILD NEW	COUNTY OWNED DEMO
Sale Price	\$14,000,000	N/A	N/A
Offset for Repair	(\$1,300,000)	N/A	N/A
Net Income	\$12,700,000	N/A	N/A
Debt Payoff & Expense	(\$7,700,000)	N/A	N/A
Revenue	N/A	\$39,616,473	\$28,422,004
Expenses	N/A	(\$18,675,454)	(\$13,634,176)
Old Debt	N/A	(\$6,911,346)	(\$6,911,346)
New Debt	N/A	(\$27,389,350)	(\$5,398,831)
<b>Net Funds</b>	<b>\$5,000,000</b>	<b>(\$13,359,677)</b>	<b>\$2,477,650</b>

The Workgroup performed a *fiscal* analysis of the value of the O'Donnell Park facility; however, parks can be and should be valued on non-financial factors.

Based on our analysis of the three alternatives, the sale of the facility at its appraised value is most fiscally advantageous for Milwaukee County.