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Purchase of 107 and 113 W. Jefferson: Questions & Answers

Q. Why do we need yet another parking lot in downtown Kirkwood? Shouldn't we do more study?

A. The City of Kirkwood is a destination city. People from all over the region come here specifically to dine and shop. The City Council and City administrators have known for many years that parking is an important component in creating a viable downtown shopping district.

As early as 1969, the East-West Gateway Coordinating Council conducted a parking study of downtown Kirkwood that mentioned Section 5 (where 107 and 113 W. Jefferson are located) as having a greater demand for parking than was being met. In 1976, another parking study said that north of the railroad tracks, there was a need for 568 parking spaces, but only 253 were available. There were additional parking studies done in 1985 and 1990 with the same results. The City's 1984 Strategic Plan identified parking as a concern, and the City's 2003 Urban Design Plan, currently available on the City's Website, also identified downtown parking as a concern.

Residents and visitors alike have complained that adequate parking was not available in the downtown business district to support the retail and restaurant businesses located there. In 2009, the City's Planning and Zoning Commission performed its own parking study of downtown. Based on the estimated number of parking spaces required for each business, the Commission determined that the downtown area was **1428 parking spaces short.**

Over the years, the City has purchased two other parking lots, and the City continues to lease three lots in the downtown district, to provide additional public parking. The purchase of the two buildings on West Jefferson will not solve all the parking issues, but it is a clear move in that direction.

Additional parking is expected to attract new business as well as boost sales at existing businesses. Recently, an upscale restaurant withdrew its plans to open downtown, citing lack of parking as one of several reasons for the withdrawal. On average, the City estimates that just one medium-sized restaurant can add $29,000 in additional sales tax revenue to the City.

This is a **good problem to have.** It means our downtown business district is healthy and thriving!

Q. Was this done "in secret"? What about the Sunshine law?

A. The City Council and Chief Administrative Officer discussed the potential purchase and negotiating terms in a closed session. Missouri state law allows discussion of real estate purchases to be conducted in closed Council sessions. This, in turn, allows the City to negotiate for property privately, helping to ensure the best possible sale price. All contracts, however, are contingent upon the City Council approving spending the money. When a binding contract is achieved, the matter becomes public, and the vote to appropriate the money must be done in public. It requires two readings. Without the appropriation, there will be no purchase.

Q. Why don't we build a parking garage on the lot the City already owns on East Jefferson, across from the library?

A. That option was given thorough consideration. The cost to build a two-story garage on the parking lot owned by the City would have exceeded $2.25 million, and the net gain, at best, would have been 59 parking spaces, possibly fewer, depending on lane configurations. Plus, the gain in parking spaces wouldn't be where the greatest need is. The estimated cost right now to buy the buildings on West Jefferson, tear them down, and build the lot is about $1.425 million (it could be less if construction bids come in lower), and the net gain will be 46 spaces, making the current Jefferson parking lot spaces regular sized, not sub-standard, and ADA compliant. Also, the gain will occur where it is most needed: West of Kirkwood Road. Additionally, building a garage on East Jefferson would have an impact on the church and the residents who live on the east side of the lot.

Q. Can we afford this? Aren't we dipping into our savings? Exactly where is the funding coming from? What if we have an emergency down the road…will the needed funds be there?

A. Here is what the ICMA textbook, *Management Policies in Local Government Finance,* says about the use of a City's reserves (also referred to as a "fund balance") for this kind of purchase: "They allow the locality to meet current cash flow requirements, temporary shortfalls in revenues, or unexpected expenditure demands without suddenly adjusting tax rates or cutting expenditures during the budget year. Also, fund balances can help municipalities avoid short-term borrowing, thereby saving interest costs."

In summary, this is exactly the kind of thing for which the City's reserve funds can be used. The purchase of buildings for parking use is very much in line with the purpose of a municipality's reserves. Moreover, Kirkwood's own Citizens' Finance Committee has made recommendations as to the level of reserves they believe the City ought to maintain, and after the purchase of these two buildings, the City will still be within the parameters of those guidelines.

Q. Shouldn't we use this money to replace water mains?

The Water Fund is managed as an enterprise fund, which by definition means that the fees that are collected should pay for all of its expenses, including capital expenditures. Regardless of whether the City purchases the buildings on Jefferson, we would not be using money in the General Fund reserves to pay for water capital expenditures.

Q. What is the property worth? Are we getting a good price? From whom are we buying the buildings?

A. One thing to keep in mind is that after the City purchases these buildings, they will become City assets – assets that are not likely to depreciate in value. The City used an outside consultant to evaluate the buildings and our proposed asking price, and they said we were getting a very good price for the two buildings, based on the sale price of other buildings in the downtown area. We are still technically in the negotiating phase, so until the deal is completely done, we're not sure we can release the report we received, but as soon as we can, we will make it available for residents. Property in the downtown area tends to be much more expensive than elsewhere in the City, but this is where the parking is most needed.

The combined purchase price for both buildings is $1,250,000. Both properties are being sold by the family of Mel Bay.

Q. Did the City force the current retail shop to leave?

A. The current retail tenant is not being forced out of their building. In fact, the City decided to purchase the properties after the existing tenants chose to move out. If the buildings were purchased by another individual or company, there is no guarantee that they would once again be used for retail purposes.

Q. Why don't we just encourage people to park at Station Plaza and walk?

A. A portion of Station Plaza's parking garage is available for public parking, and it is admittedly not far from the prime downtown parking area. Several issues have arisen, however. First, while Kirkwood residents know the garage is there, visitors may not. Second, like it or not, many Americans when they go out to dinner simply do not want to walk very far to get to their restaurant. Women wearing heels, older and disabled Americans, and women walking alone at night may prefer to park close to their destination. Additionally, anyone parking at Station Plaza must cross the railroad tracks to get to the central area of downtown Kirkwood, which may be difficult for the disabled or for families with young children.

Q. Why the rush? Is there a pressing need?

A. The City has been studying the parking problem for several years. When the first building became available for sale in May, City Council became aware of it but determined the asking price was much too high and that one building would not provide enough parking spaces to make it worthwhile. Then an unusual thing happened. The second building was listed for sale (by the same owners), and the price dropped on the first one. It seemed to be a case of being in the right place at the right time. The City Council's prudent fiscal oversight through the years has resulted in having enough money set aside in reserves for exactly this kind of situation. Also, if the City were to purchase the property, it needed to act quickly. If either lot had been sold elsewhere, the entire parking concept would have been lost.

Q. It's just going to be another ugly parking lot. We need to identify ourselves as a walkable community.

The new parking lot will be landscaped and will have architectural lighting to assure that the view will be attractive.

Kirkwood is indeed a beautiful, walkable community. The purchase of these two buildings and the construction of a new parking lot will neither impact the City's beauty nor completely resolve the parking issue. We need to establish a "walkable" mindset. Sidewalks and curbs need to be addressed, additional lighting may be needed, signage can be improved, and walking paths may need to be made more interesting. These all require long-term planning and are currently being discussed as part of the ongoing strategic planning currently being undertaken by your City Council.