

Estimated Cost to Build and Operate a Parking Structure in Saugatuck

Purpose

This document summarizes the likely capital and operating costs associated with constructing and maintaining a self-park, public parking structure in Saugatuck, Michigan. The estimates are based on current U.S. and Midwest parking-industry benchmarks and scaled to the size and seasonal nature of a small resort community.

Likely Scale of a Saugatuck Parking Structure

If pursued, a parking structure in Saugatuck would most realistically consist of 100 to 400 spaces in a two- to four-level, above-grade, open-air configuration. This type of structure represents the lowest-cost form of structured parking and is typical of small cities that choose to build garages.

Construction Cost Estimates

Above-grade concrete parking structures in the Midwest currently cost around \$35,000 per parking space to construct. Based on this estimate, a 200-space structure would likely cost about \$7 million, while a 300-space structure would likely cost more than \$10 million. These figures exclude land acquisition and assume the structure is built above grade on a geometrically friendly site that allows for a minimum footprint of 120' x 135', allowing for an efficiency of 335 square feet per space or better, and includes modest architectural treatments. These costs are intended to provide an idea of probable costs; actual costs will vary and depend on site characteristics, the details of final design, and the selected contractor's guaranteed maximum price.

Soft Costs and Total Project Cost

In addition to construction costs, parking structures typically incur soft costs equal to 20 percent of construction value. These costs include engineering, architectural design, soils and materials testing, permitting, inspections, construction management, and legal and financing expenses. When soft costs are added to construction costs, the total per-space project cost is expected to be \$42,000 in 2026 dollars. Escalation can be expected in the coming years and has been exceeding general inflation.

Annual Operating Expenses

Walker maintains a database of parking garage revenues and expenses, and based on the 303 multi-level above-grade parking structures in the database, the median annual operating cost is \$783. For a 200-to-300-space garage, this equates to approximately \$156,000 to \$235,000 per year. These costs cover lighting, electricity, cleaning, minor concrete repairs, striping, insurance, and routine maintenance, but exclude debt service and major capital rehabilitation.

Long-Term Lifecycle Considerations and Structural Maintenance Costs

Over its lifespan, parking structures require periodic major reinvestment, including concrete and structural repairs, joint replacement or traffic topping membrane replacement, waterproofing, lighting upgrades, and code compliance updates. Regular investments in repairs and maintenance can significantly extend the life of a parking structure. Neglecting a new precast parking structure means it might only have a useful service life of 30-40 years before demolition is prudent; however, a well-designed, built, and maintained cast-in-place, post-tensioned concrete parking structure could last the better part of a century. To ensure sufficient funds for a well-maintained facility, we recommend that owners set aside at least 1% of initial construction costs in a sinking fund and increase this amount annually to cover inflationary construction costs.

Revenue Considerations in a Seasonal Community

Because Saugatuck experiences highly seasonal parking demand, a parking structure would likely be heavily used during peak summer weekends but underutilized for much of the year. As a result, parking revenue alone would likely not fully cover construction, operating, and long-term maintenance costs. Most small resort communities treat parking structures as subsidized public infrastructure rather than revenue-generating assets.

Revenue Required to Break Even

Putting it all together, total ownership costs for building, owning, operating, and maintaining a parking structure are significant. To provide a point of reference, it can be helpful to parse out the true cost of parking, including upfront capital costs, operating expenses, and capital expenses for repairs, replacements, and maintenance.

The following table presents the monthly total cost per parking space or the monthly revenue needed to break even (assuming amortization over 30 years at 5.0 percent interest), given all costs.

Table 1: Total Per-Space Monthly Cost to Own, Operate, and Maintain (2026 Dollars)

		Annual Operating and Capital Maintenance Cost Per Space					
		\$600	\$800	\$1000	\$1200	\$1400	\$1600
Project Cost Per Space (2026 Dollars)	\$32,000	\$222	\$238	\$255	\$272	\$288	\$305
	34,000	\$233	\$249	\$266	\$283	\$299	\$316
	36,000	\$243	\$260	\$277	\$293	\$310	\$327
	38,000	\$254	\$271	\$287	\$304	\$321	\$337
	40,000	\$265	\$281	\$298	\$315	\$331	\$348
	42,000	\$275	\$292	\$309	\$325	\$342	\$359
	44,000	\$286	\$303	\$320	\$336	\$353	\$370
	46,000	\$297	\$314	\$330	\$347	\$364	\$380
	48,000	\$308	\$324	\$341	\$358	\$374	\$391
	50,000	\$318	\$335	\$352	\$368	\$385	\$402
	52,000	\$329	\$346	\$362	\$379	\$396	\$412

*Note: Facility financing is assumed across an amortization period of 30 years at an interest rate of 5.0 percent.

Source: Walker Consultants, 2026

Assuming a project cost of \$42,000 per space and annual operating and capital maintenance costs of \$1,000, the monthly total cost of ownership is \$309 per space, rising further when land acquisition costs are included. This exceeds almost all parking rates charged in Michigan, including Detroit, the state's largest city, suggesting that a garage would require significant subsidies beyond user fees to cover costs. Note that actual costs will vary from those shown; Walker provides this conceptual cost statement for informational purposes only.

Overall Assessment

For Saugatuck, a parking structure would represent a significant public investment, likely requiring close to \$10 million in upfront capital and several hundred thousand dollars annually to fund operating and ongoing capital expenses, including repairs and replacements. Such a facility would need to be justified primarily on access, economic vitality, and land-use efficiency grounds rather than on the expectation of full cost recovery through parking fees. It's a difficult sell given the need is only for a few days annually.