

parking consultant's



annual report

Morristown Parking Authority

Morristown, NJ

August 2013

LEVEL  ASSOCIATES, LLC



**MORRISTOWN
PARKING AUTHORITY**
Established March 6, 1956

Mission Statement

The Morristown Parking Authority (MPA) is devoted to the betterment of the Town of Morristown by providing a public parking system that is well maintained, clean, safe, affordable, facilitates traffic flow, and serves the best interest of its patrons, Town residents, and the business community.

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Margret Brady
Christopher Leon Garibian

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Vice Chairperson
Treasurer
Secretary
Assistant Secretary / Treasurer

George Fiore
Executive Director

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1. INTRODUCTION

The Morristown Parking Authority, established by the Town of Morristown in 1956, is a body corporate and politic of the State of New Jersey. The fundamental purpose of the Parking Authority is to build, maintain, and operate a responsive and dependable public parking system to meet the needs of the Town of Morristown and its constituents.

The Parking Authority has engaged Level G Associates, LLC for the purpose of preparing an Annual Report on the operation and performance of the parking system during the most recent fiscal year of record. This report reviews and summarizes the physical, operational, and financial performance of the Morristown Parking Authority for calendar year 2012.

Many financial references in this report are based on data presented in -- "The Parking Authority of the Town of Morristown (A Component Unit of the Town of Morristown) - Report on Examination of Financial Statements - Year Ended December 31, 2012" -- prepared by VM Associates, Inc. Other financial data were gathered from Parking Authority records.

Further information was obtained by the parking consultant during several visits which took place in the second quarter of 2013. During these visits the parking consultant met with the Executive Director, Operations Manager, and Field Manager of the Parking Authority to discuss key aspects of the operation, performance, and condition of the parking system.

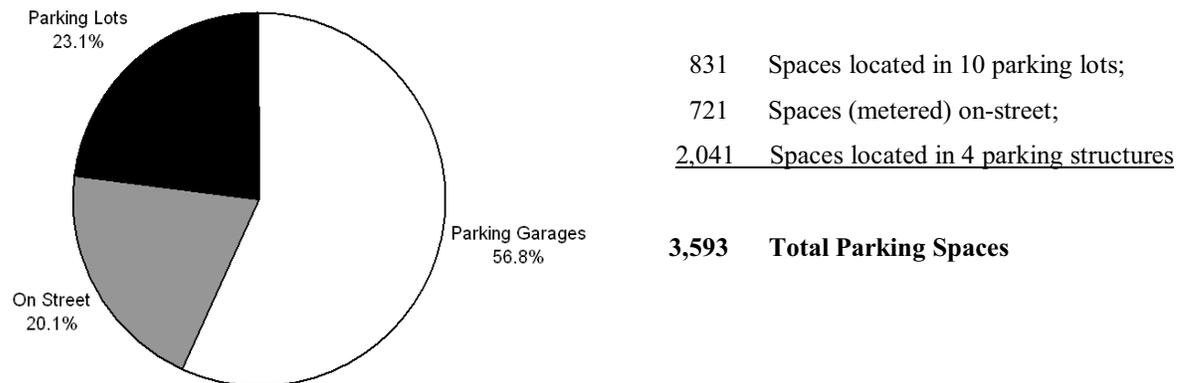
Finally, the parking consultant conducted general observations of on and off street parking spaces administered by the Morristown Parking Authority (MPA) and performed a visual inspection of all off-street parking facilities to review their general condition.

2. PARKING AUTHORITY FACILITIES

The Morristown Parking Authority's office is located on the ground floor of 14 Maple Avenue, a four story 33,000 SF LEED certified office building that is owned and operated by the MPA. This office building was part of an award winning redevelopment project that also included the construction of the MPA's 791 space De Hart Street parking garage and private redevelopment consisting of residential units and retail space.

Total Parking Spaces

As of August 2013, the total parking supply operated by the Morristown Parking Authority (MPA) amounted to 3,593 parking spaces, broken down as follows:



As indicated, more than one-half of all spaces administered by the MPA are located in parking structures. Table 1, next page, presents more detailed information regarding the capacity, operation, and rates charged at the MPA facilities. Appendix A is a map showing the location of the parking facilities, as well as their basic size, shape, access roads, and intended use.

On-Street Parking Meters

Parking meters are installed to organize and regulate parking space usage on streets serving the various commercial districts in Morristown. The current total of 721 on-street meters includes: (16) - 30 minute limit meters; (9) - 60 minute limit meters; (421) - 90 minute limit meters; and (275) - 2 hour limit meters. On-street meters constitute about one-fifth of the parking system.

Most of the older on-street “mechanical” parking meters have been replaced by digital “electronic parking meters” - commonly referred to as EPM’s. These battery-powered units are state-of-the-art and accept nickels, dimes, and quarters. EPM’s comprise over 98% of the on-street meter supply.

The basic charge for parking at the on-street meters is 25 cents for 30 minutes -- translated hourly fee of 50 cents per hour. The 50 cents per hour charge for on-street parking became effective in the spring of 1998, when the Morristown Town Council approved a rate increase from 40 cents per hour, and extended the hours of operation of the on-street meters to 8PM. On-street meters are in force from 8AM to 8PM on all weekdays and Saturdays except for a section of meters on Elm Street that are in effect from 8AM to 5PM. There is no charge for parking on Sundays, New Years Day, Memorial Day, Independence Day, Thanksgiving Day, and Christmas Day.

The total of 721 on street metered spaces is three (3) lower than the 2012 total. This change was caused by a realignment of Lackawanna Place.

PARKING FACILITY SCHEDULE

MORRISTOWN PARKING AUTHORITY

Facility	Capacity	Handicap Spaces In Total	Year Opened	Type of Operation	Fees / Usage	Monthly (Permit) Fees
On Street Meters	721 Spaces	5	Various	30 min limit 60 min limit 90 min limit 2 hour limit	16 Total - 25 cents for 30 minutes (\$0.50 per hour)* 9 Total - 25 cents for 30 minutes (\$0.50 per hour) 421 Total - 25 cents for 30 minutes (\$0.50 per hour) 275 Total - 25 cents for 30 minutes (\$0.50 per hour) * Includes 5 spaces along RR Sta. exit road to Morris St.	Not Available
Lot 3C	113 Spaces	3	1958	Pay Station & Permits	(20) Daily Pay Station @ \$5.00 per day; (81) permit spaces; (12) spaces rented to local businesses.	\$85 \$50 (Town Residents)
Lot 6F	42 Spaces	2	1958	Meters	(10) 1 hr meters @ \$0.50 per hr; (10) 3 hr meters @ \$0.50 per hr; (22) 12 hr meters @ \$0.25 / hour	Not Available
Lot 6R	40 Spaces	1	2000	Permits	(40) permits only spaces.	\$ 40.00 \$20 (students)
Lot 8H	72 Spaces	3	1957	Meters & Permits	(15) 3 hr meters @ \$0.50 per hr; (20) 12 hour meters @ \$0.25 per hour; (37) permits only spaces.	\$ 35.00
Lot 10J	211 Spaces	7	1957; expanded in 2001	Meters; Pay Stations; & Permits	(9) 30 min meter, (27) 90 min meters and (14) 3 hr meters - all @ \$0.50 per hr rate; (73) 18 hour meters @ \$0.25 per hour; (88) permit spaces; \$2 flat fee after 5PM	\$ 45.00
Lot 13M	8 Spaces	1	1973	Meters	(5) 1 hr meters and (3) 3 hour meters @ \$0.50 per hour.	Not Available
Lot 14N	22 Spaces	1	1975	Meters & Permits	(22) 3 hour meters @ \$0.50 per hour; Permit parking allowed at 3 hr meters.	\$ 10.00
Lot 15"O"	20 Spaces	1	1988; expanded in 2000	Meters	(20) 3 hour meters @ \$0.50 per hour.	Not Available
Mall Lot	270 Spaces	6	1968; redesigned in 1998	Permits	(270) permits only spaces.	\$ 65.00 \$25 (students)
Vail Mansion "Oval" Lot	33 Spaces	5	2008	Pay Stations	(33) No Time Limit Spaces @ \$0.50 per hour; \$5 flat fee on Community Theatre at Mayo Center Event Nights	Not Available
Vail Mansion Deck	59 Spaces	1	2008	Permits & Pay Stations	(59) permit spaces; \$5 flat fee on Community Theatre at Mayo Center Event Nights; \$0.50 per hour on Non-Event Nights	\$ 75.00
DeHart St. Garage	791 Spaces	17	2008	Permits & Pay Stations	0 to 30 min = \$1.00; 30 min to 1 hr = \$1.50; each additional 1/2 hr up to 3 hrs = \$0.75; 3 to 4 hrs = \$6.50; each add'l hr up to 8 hrs = \$2 8 to 9 hrs = \$16; each add'l hr up to 24 hrs = \$2.50; \$4 flat fee for vehicles entering after 5PM	\$ 90.00
Dalton Garage	696 Spaces	14	1999	Cashier & Permits	0 to 30 min = \$1.00; 30 min to 1 hr = \$1.50; each additional 1/2 hr up to 3 hrs = \$0.75; 3 to 4 hrs = \$6.50; each add'l hr up to 8 hrs = \$2 8 to 9 hrs = \$16; each add'l hr up to 24 hrs = \$2.50	\$ 100.00 \$45 (students)
Ann - Bank Garage	495 Spaces	9	1986	Cashier & Permits	0 to 30 min = \$1.00; 30 min to 1 hr = \$1.50; each additional 1/2 hr up to 3 hrs = \$0.75; 3 to 4 hrs = \$6.50; each add'l hr up to 8 hrs = \$2 8 to 9 hrs = \$16; each add'l hr up to 24 hrs = \$2.50 \$4 flat fee for vehicles entering after 5PM	\$ 75.00
TOTAL	3,593 Spaces				<i>Sources: MPA & Level G Associates ~ as of August 2013</i>	

Parking Lots

The Morristown Parking Authority administers 10 parking lots ranging in size from 8 spaces to 270 spaces. The operation of each lot is determined by its size and the type of parking demand in the vicinity of each lot. A breakdown of the operation of the Parking Authority lots is as follows:

<u>Type of Operation</u>	<u># Lots</u>	<u># Spaces</u>	<u>% of Total</u>
Monthly Parking Only	2	310	37.3 %
Pay Station / Meters / Monthly Mix	1	211	25.4
Pay Station / Monthly Parking Mix	1	113	13.6
Parking Meters / Monthly Parking Mix	2	93	11.2
Parking Meters Only	3	71	8.5
Pay Station (pay by space) Only	<u>1</u>	<u>33</u>	<u>4.0</u>
Totals	10	831	100.0 %

As indicated, MPA parking lot equipment and operating plans have become fairly specialized to better accommodate local parking demand in the vicinity of each lot. These operating adjustments are typical of higher functioning parking agencies who are in tune with the local business environment and proactive with the community.

Parking lot spaces comprise 23.1% of the total Parking Authority parking space supply. While the Parking Authority does own most of its parking lots, some lots are leased or partially leased from others -- these include Lot 13M and a small portion of the Mall Lot.

The total of 831 parking lot spaces is unchanged from the 2012 total. For further information regarding the Authority's parking lots, including parking rates and other details, please refer to Table 1, page 4.

Parking Structures

MPA parking structure spaces are located in three separate free standing parking garages and on one level of a two level parking deck that was constructed as part of the Vail Mansion redevelopment project.

There are three parking garages containing a total of 1,982 spaces and one parking deck containing 59 spaces in the parking system. The Ann - Bank Garage (formerly Lot 12L) contains 621 spaces and was built by the Authority in 1986. In 1993, the Authority sold a 126-space portion of the Ann - Bank Garage to Morris County, reducing the Parking Authority's capacity in the facility to 495 spaces. In 2004, the Parking Authority sold a 40% interest in the 495 space supply (the equivalent of 198 spaces) to Morris County. The 40% interest is conveyed to the County in the form of 198 permanently owned scan cards. However, the Parking Authority still administers the full 495 space parking supply. Special arrangements have been made with Morris County to allow shared use of the Ann - Bank garage access lanes by both County and Parking Authority patrons.

The John L. Dalton Garage (formerly Lot 2B) contains 696 spaces and was opened in June, 1999. This garage is controlled with parking gates and accommodates cashier transactions as well as monthly parking activity. In addition, the Dalton garage contains pay-on-foot stations that accept credit cards and speed up transaction processing and exiting time.

The De Hart Street Garage (formerly Deck 1A) contains 791 parking spaces and was opened in October 2008. This garage is completely automated and no cash is accepted in exiting lanes. Transactions are handled either: 1) at "pay on foot stations" that accept cash and credit cards, or 2) in the exit lane using a credit card. Because it is Morristown's first "unmanned" garage, the MPA has stationed an attendant in a cashier booth located near the exit lanes to assist customers who are unfamiliar with the new revenue control system.

The one level Vail Mansion Deck (formally Lot 9I) is accessed from South Street and contains 59 spaces. It was opened in 2008 and accepts monthly parking, hourly parking and event parking (the deck is adjacent to the Community Theatre). The deck is controlled with hang tags for monthly permit parking and with two electronic pay-on-foot stations for hourly and event parking transactions. Table 1 indicates parking rates charged at the parking structures.

The total of 2,041 parking structure spaces is unchanged from the 2012 total.

Parking Authority Office Building

The Parking Authority moved its offices from 10 Pine Street to a new LEED “gold” certified, four story office building (14 Maple Avenue) located adjacent to the De Hart Street garage in December 2008. The new office building was developed and is owned by the MPA. Other occupants of the building include not for profit entities including the Geraldine R. Dodge Foundation, Fannie E. Rippel Foundation, Morristown Partnership and The Seeing Eye.

As part of a three way agreement between the MPA and two other entities, the MPA sold the 10 Pine Street office building but will remain its property manager.

Physical Condition of Facilities / Remedial Repairs

The parking consultant has reviewed the physical condition of the Authority’s on-street and off-street parking facilities and has found them to be in a state of good repair. Typical parking lot wear and tear, such as pavement cracking, was observed in some facilities -- these conditions are repaired by the Authority on a regular basis as part of an ongoing maintenance program.

After our review of the parking facilities, an itemized listing of some recommended maintenance items, including minor drainage and crack repairs, were submitted to the Parking Authority.

In 2006, the MPA engaged structural engineers to conduct detailed investigations into the structural condition and integrity of both the Ann-Bank and Dalton parking garages. Although no major structural issues were discovered, a number of remedial repairs were identified by the engineers. All of these repairs were completed in 2007 and 2008.

In 2011, structural engineers engaged by the MPA inspected the retaining wall of the Mall Lot – Lower Elevation and recommended several repairs that were completed in 2011.

Overall, the Morristown Parking Authority parking facilities are in good physical condition due to a responsible combination of short term repair efforts coupled with preventative maintenance and a realistic long term improvement program.

The MPA recently completed an ADA compliance review for its handicap parking supply in every MPA parking facility and is in the process of making some related parking facility alterations such as sign changes and ramp adjustments.

3. PARKING AUTHORITY PERSONNEL & ENFORCEMENT

Parking Authority Personnel

The Morristown Parking Authority administrative and operating staff is composed of twenty (20) full time employees and five (5) part time employees:

- 1 Executive Director
- 1 Operations Manager
- 1 Field Manager / Meter Maintenance Person
- 1 Administrative Assistant / Computer Operator
- 1 Computer and Information Specialist
- 1 Administrative Bookkeeper / Receptionist
- 3 General Maintenance Persons
- 1 General Maintenance Person (part time)
- 4 Parking Enforcement & Traffic Officers
- 7 Deck and Garage Attendants
- 3 Deck and Garage Attendants (part time)
- 1 Receptionist / Bookkeeper (part time)

The current total of 25 full and part time employees is one (1) greater than last year's total.

Parking Fines and Enforcement

The Parking Authority's four enforcement officers patrol parking facilities on foot and in two late model vehicles. The most common parking violation, "overtime parking", carries a basic fine of \$25.00. Unlawful extension (purchasing additional time beyond a meter's posted time limit, a.k.a. "meter feeding") carries a fine of \$37.00. The following more serious parking violations carry a fine of \$47.00:

- Prohibited Parking
- Parking on a Sidewalk
- Parking in a Taxi Stand
- Parking Between 2:00am and 7:00am
- Parking in Front of Fire Hydrant
- Parking on Wrong Side of Street
- Double Parking
- Parking in a Crosswalk
- Blocking a Driveway
- Parking in a Bus Stop

Parking in a handicap space without a valid sticker carries a State-mandated minimum parking fine of \$250. All routine parking fines were increased by \$3.00 in 2004 as a result of a State order.

Some residential streets in Morristown, such as those located near high activity centers, have restricted parking or may only be used by local residents who display a proper “residential parking permit”, either at all times or during certain times of the day. The MPA began enforcement of these “Residential Parking Zones” (RPZ) in November of 2010. The fine for illegal parking in an RPZ without a proper permit is \$47.00.

The Parking Authority does not realize any parking fine revenue -- all revenue from parking violations is collected by the Town and distributed to Town and State of New Jersey coffers.

The number of parking violations issued by the Parking Authority in 2012 was 2,316 or 14.1% higher than the 2011 totals. The following is an enforcement summary covering the past 10 years:

	<u>MPA Tickets Issued In Downtown Areas</u>	<u>MPA Tickets Issued In Residential Zones*</u>	<u>Total Tickets Issued - MPA</u>
2003	18,056	n / a	18,056
2004	20,008	n / a	20,008
2005	18,022	n / a	18,022
2006	16,964	n / a	16,964
2007	12,216	n / a	12,216
2008	15,166	n / a	15,166
2009	16,394	n / a	16,394
2010	15,543	567	16,110
2011	13,420	2,956	16,376
2012	15,999	2,693	18,692

** MPA enforcement of Residential Permit Zones began in November 2010*

As indicated, the rate of ticket issuance by the MPA over the past 10 years has generally ranged between 15,000 and 20,000 tickets per year – or 1,250 to 1,665 per month. In 2007, the annual rate fell below 13,000 due to deliberately more lenient enforcement in the numerous construction zones throughout Morristown in that year.

MPA issuance of total parking tickets was very level between 2009 and 2011 but decreased in downtown areas in 2010 and 2011 after the MPA began enforcement of the RPZs. In 2012, enforcement in the downtown areas returned to previous levels while RPZ enforcement remained in the 2,500 to 3,000 annual range.

Due to the MPA's strong financial performance in 2012, it is recommended that the 2012 enforcement levels be maintained.

4. PARKING AUTHORITY INCOME

Parking Authority income increased 7.7% between 2011 and 2012 as indicated in the following 5-year summary:

	<u>Total Income</u>	<u>Change from Previous Year</u>
2008	\$ 3,542,628	- 5.1 %
2009	\$ 4,510,617	+ 27.3 %
2010	\$ 4,613,805	+ 2.3 %
2011	\$ 4,937,454	+ 7.0 %
2012	\$ 5,319,688	+ 7.7 %

The significant increase in MPA revenue from 2008 to 2009 was the result of the opening of the MPA's 14 Maple Avenue office building (over 90% occupied in 2009) and a full operating year for the De Hart Street garage. The 7.7% increase in 2012 is in large part due to increased utilization of the MPA's garages and on-street meters that have resulted from the increased occupancy of commercial buildings and uses in the downtown area.

Table 2, page 14, is an Income Summary showing the changes in all income categories between 2011 and 2012. A five-year itemized summary of Parking Authority revenue and income can be found in Appendix B. Income trend summaries are presented in graphical format in Appendix C.

Parking Lot Revenue

Revenue from the Authority's parking lots increased a fraction from \$723,423 in 2011 to \$726,397 in 2012. Overall, four of the parking lots in this category posted revenue increases and five posted revenue decreases between 2011 and 2012. The most significant revenue increases were posted in Lot 8H and Lot 10J where the MPA began promoting

usage by Community Theatre customers. We estimate that parking lot revenue will remain at the \$725,000 level in 2013.

Parking Garage Revenue

The following summary illustrates that total income from the Authority’s three parking structures has increased steadily over the past four fiscal years of record:

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
De Hart Garage*	\$ 360,594	\$ 526,631	\$ 790,440	\$ 977,895
Dalton Garage	668,904	665,830	614,902	681,200
Ann - Bank Garage	<u>469,564</u>	<u>408,958</u>	<u>442,241</u>	<u>511,784</u>
Totals	\$ 1,499,062	\$ 1,601,419	\$ 1,847,583	\$ 2,170,879

* Opened in October 2008

As indicated above, income was up in all MPA parking garages in 2012 and the total of \$2,170,879 in garage income was \$323,296 or 17.5% greater than garage income in 2011.

It is estimated that garage income will remain relatively unchanged in 2013 to about \$2,175,000.

On-Street Meter Revenue

Annual on-street meter collections increased from \$527,347 in 2011 to \$590,229 in 2012 – an increase of \$62,882 or 11.9%. This significant increase was due to a strong 2012 contrasted by a relatively weak 2011 that was impacted by severe weather in the first quarter of 2011.

We expect that annual on-street meter revenue will remain relatively stable to about \$590,000 in 2013.

**INCOME SUMMARY (1)
CHANGES IN ALL CATEGORIES - 2011 TO 2012**

TABLE 2

<u>Income from Lots</u>	<u>2011</u>	<u>2012</u>	<u>\$ CHANGE from '11 to '12</u>	<u>% CHANGE from '11 to '12</u>
Lot 3C	\$119,025.16	\$117,621.80	(\$1,403.36)	-1.18%
Lot 6F / R	\$35,174.26	\$32,614.72	(\$2,559.54)	-7.28%
Lot 8H	\$37,066.94	\$42,799.11	\$5,732.17	15.46%
Lot 9I (Vail Lot / Deck)	\$86,772.93	\$88,661.42	\$1,888.49	2.18%
Lot 10J	\$152,610.53	\$162,753.15	\$10,142.62	6.65%
Lot 13M	\$2,000.02	\$1,870.88	(\$129.14)	-6.46%
Lot 14N	\$2,858.03	\$2,558.31	(\$299.72)	-10.49%
Lot 15 "O"	\$7,289.33	\$7,482.68	\$193.35	2.65%
Mall Lot	\$280,626.00	\$270,035.00	(\$10,591.00)	-3.77%
Total Lot Revenue	\$723,423.20	\$726,397.07	\$2,973.87	0.41%
<u>Income from Garages</u>				
De Hart Garage	\$790,439.51	\$977,894.94	\$187,455.43	23.72%
Ann-Bank Garage	\$442,240.97	\$511,784.10	\$69,543.13	15.73%
Dalton Garage	\$614,902.36	\$681,199.57	\$66,297.21	10.78%
Total Garage Revenue	\$1,847,582.84	\$2,170,878.61	\$323,295.77	17.50%
Curb Meter Revenue	\$527,347.31	\$590,229.40	\$62,882.09	11.92%
Total Income From Parking	\$3,098,353.35	\$3,487,505.08	\$389,151.73	12.56%
<u>Other Income</u>				
Leases & Other Contract Income (2)	\$564,167.40	\$545,389.40	(\$18,778.00)	-3.33%
Interest	\$60,903.96	\$6,673.61	(\$54,230.35)	-89.04%
Office Rent	\$1,006,644.71	\$1,054,337.41	\$47,692.70	4.74%
Meter Cards, Forfeitures & Misc.	\$93,911.23	\$106,697.23	\$12,786.00	13.61%
Solar Energy Credits	\$23,562.53	\$0.00	(\$23,562.53)	-100.00%
Parking Debit Cards	\$45,305.10	\$59,459.53	\$14,154.43	n/a
Validation Stamps	\$44,605.68	\$59,625.48	\$15,019.80	33.67%
Total Other Income	\$1,839,100.61	\$1,832,182.66	(\$6,917.95)	-0.38%
Total Grand Total Income	\$4,937,453.96	\$5,319,687.74	\$382,233.78	7.74%

(1) Source: Morristown Parking Authority Annual Financial Statements

(2) Incremental Cost, Applied Ground Lease, Washington - Cattano, Granite, Morristown Green

Other Income

This income category includes interest income, income from meter bag rentals, solar energy credits, validation stamps, rent income from the MPA-owned office building (14 Maple Ave), and miscellaneous income. Other Income also includes “Leases & Other Contract Income” which is used to post MPA income streams that are related to developer agreements at the De Hart garage, Mall lot, Dalton garage, and Ann - Bank garage. In 2011 a new income source, Parking Debit Cards, was added to this category.

A breakdown of income from the individual categories composing Other Income over the past two years is as follows:

	<u>2011</u>	<u>2012</u>	<u>Change (\$)</u>
Rent Rolls - 10 Pine / 14 Maple	\$1,006,645	\$1,054,337	\$47,692
Validation Program	\$44,606	\$59,625	\$15,019
Parking Debit Cards	\$45,305	\$59,460	\$14,155
Miscellaneous & Meter Bag	\$93,911	\$106,697	\$12,786
Leases & Other Contract Income	\$564,167	\$545,389	-\$18,778
Solar Energy Credits	\$23,563	\$0	-\$23,563
Interest	<u>\$60,904</u>	<u>\$6,674</u>	<u>-\$54,230</u>
Totals	\$1,839,101	\$1,832,182	-\$6,919

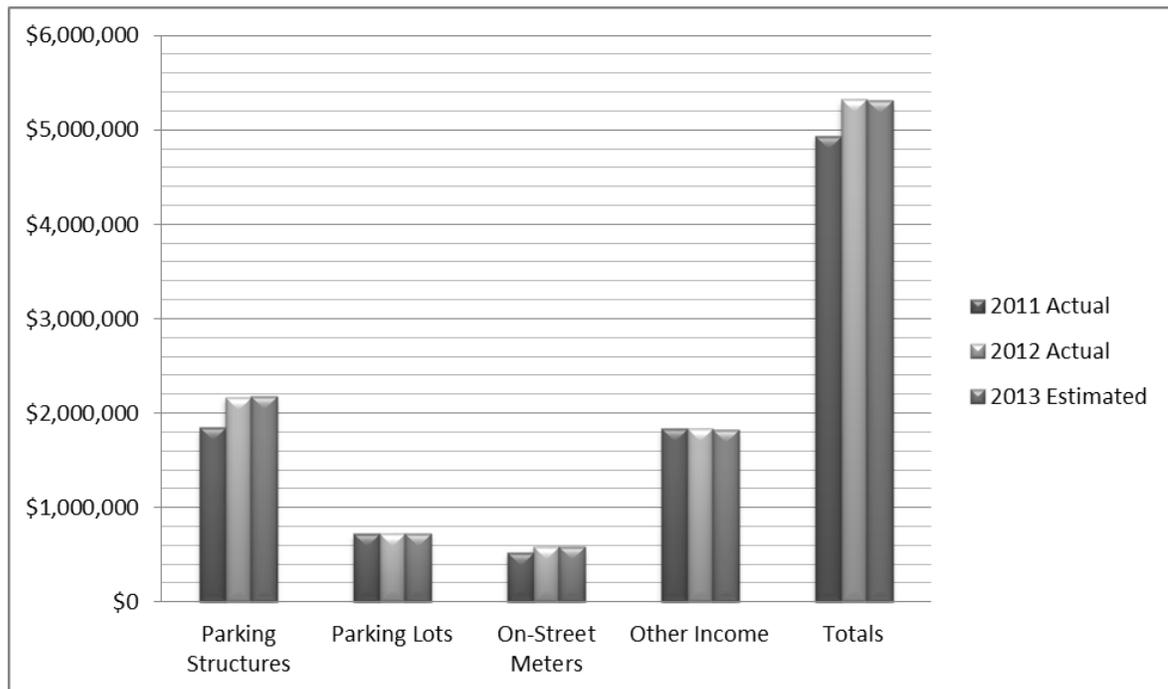
As indicated, income in this category was improved by Rent Rolls, Validations, and MPA issuance of Parking Debit Cards. However, with interest rates at historic lows and the MPA’s decision not to sell energy credits in 2012 (due to a deflated market) this revenue category was down slightly overall in 2012. We estimate that income in this category will amount to about \$1,820,000 in 2013.

Total Income

Total income increased from \$4,937,454 in 2011 to \$5,319,688 in 2012 – an increase of

\$382,234 or 7.7%. Comparison charts showing total income by category in 2011 and 2012 along with our estimates for total income in 2013 are provided below. As indicated, we are estimating that MPA annual income will remain at the \$5.3 million level in 2013.

Category	2011 Actual	2012 Actual	2013 Estimated
Parking Structures	\$1,847,583	\$2,170,879	\$2,175,000
Parking Lots	\$723,423	\$726,397	\$725,000
On-Street Meters	\$527,347	\$590,229	\$590,000
Other Income	\$1,839,101	\$1,832,183	\$1,820,000
Totals	\$4,937,454	\$5,319,688	\$5,310,000



5. PARKING AUTHORITY OPERATING EXPENSES & BUDGET

Operating and Maintenance Expense

Total operating expenses rose from \$2,443,215 in 2011 to \$2,545,007 in 2012 -- an increase of \$101,792 or 4.2%. A significant portion of this increase (\$32,000 or 31.4% of the increase) was due to MPA equipment upgrades in 2012. Also, the MPA increased its staff size in 2012 to handle increased parking demand and activity in several facilities during evening hours.

The summary below compares Parking Authority operating expense changes between calendar years 2011 and 2012:

<u>Expense Category</u>	<u>2011 Expense</u>	<u>2012 Expense</u>	<u>Change (\$)</u>
Operating & Admin. Salaries	\$695,032	\$778,309	\$83,277
Taxes, Insurance & Benefits	\$472,705	\$534,818	\$62,113
Office & Administration	\$162,635	\$194,701	\$32,066
Property Rent	\$103,100	\$106,048	\$2,948
Enforcement Salaries	\$118,233	\$115,958	-\$2,275
Miscellaneous	\$53,629	\$51,085	-\$2,544
Special Services	\$171,372	\$163,497	-\$7,875
Maintenance	\$306,123	\$294,620	-\$11,503
Utilities including Electric	<u>\$360,386</u>	<u>\$305,971</u>	<u>-\$54,415</u>
Totals	\$2,443,215	\$2,545,007	\$101,792

As indicated, four expense categories posted increases while five expense categories decreased from 2011 to 2012. More detailed information regarding operating expense records and trends can be found in Appendix C and Appendix D.

Parking Authority Budget Comparisons

The Parking Authority budget for 2012 was \$2,590,000 and the Parking Authority utilized \$2,545,007 or 98.3% of the total appropriation. The Morristown Parking Authority consistently remains within its budget and this is a good indication of the Authority's fiscal responsibility and ability to plan. Increases in the MPA operating budget over the past four years are the result of significant system expansion in the form of a new 791 space parking garage, a new 33,000 square foot office building, additional manpower, and additional enforcement duties and zones.

The following summary compares the 2012 budget appropriation with the latest (2013) budget appropriation:

	<u>2012 Budget</u>	<u>2013 Budget</u>
De Hart Street Garage	\$538,860	\$588,561
Dalton Garage	\$426,983	\$464,656
Ann / Bank Garage (Lot 12L)	\$345,836	\$424,680
14 Maple Avenue Office Building	\$256,648	\$262,919
Salaries	\$215,360	\$232,992
Taxes & Insurance Coverage	\$147,146	\$180,226
High Street Mall Expenses	\$143,322	\$167,623
10 Pine Street Office Building	\$155,809	\$161,848
Special Services	\$124,281	\$123,077
Vail Parking Facilities	\$77,520	\$84,371
Maintenance Expenses	\$68,250	\$74,250
Miscellaneous	\$61,785	\$55,097
Administrative Expenses	\$17,500	\$17,500
Electrical Utility Expenses (Lots)	\$8,000	\$9,500
Property Lease	\$2,700	\$2,700
TOTALS	\$2,590,000	\$2,850,000

As indicated, the approved MPA budget for 2013 totals \$2,850,000 -- \$260,000, or 10% more than the 2012 budget. This budget exceeds a normal inflationary budget increase in

order to fund additional evening police patrols in and around MPA facilities.

A five year budget comparison can be found in Appendix E.

6. FINANCIAL SUMMARY & DEBT SERVICE COVERAGE

In 1998, the Parking Authority issued \$ 9,265,000 in Guaranteed Parking Revenue Bonds to finance the 700-space Dalton parking garage. In early 2002, older bond series were refunded to take advantage of falling interest rates. In early 2004, the 1998 bonds were refunded via the issuance of \$10,025,000 in Parking Authority Guaranteed Parking Revenue Bonds. In 2007, the MPA issued \$27,180,000 in Guaranteed Parking Revenue Bonds to fund the construction of the Maple Avenue garage and office building project. In August 2011, the 2002 and 2004 bond series were refunded via issuance of \$9,890,000 in MPA Guaranteed Parking Revenue (Refunding) Bonds.

2012 Debt Service Coverage

The 2012 debt service obligation of the Morristown Parking Authority amounted to \$2,079,785 and was composed as follows: \$1,467,348 in principal and interest payments on the Series 2007 Revenue Bonds, and \$612,437 in principal and interest payments on the Series 2011 Revenue (Refunding) Bonds.

After debt service payments, the net income of the Morristown Parking Authority was \$694,896 in calendar year 2012:

Total Operating Income – 2012	\$ 5,319,688
Total Expense - 2012	<u>(2,545,007)</u>
2012 Net Income <i>before</i> Debt Service	\$ 2,774,681
2012 Debt Service (principal and interest)	(\$ 2,079,785)
2012 Net Income <i>after</i> Debt Service	\$ 694,896 ¹

¹ Net income was used to fund portions of the MPA's 6-year \$1.7 million capital improvement program.

Rate Covenants in the MPA Bond Indentures stipulate that parking charges should be set so that “Net Revenues for each Fiscal Year are at least equal to 110% of the Annual Debt Service Requirements”. In 2012 this ratio was 133.4%, exceeding the coverage requirement:

$$\frac{\text{Net Income before Debt Service}}{\text{Debt Service Obligation}} = \frac{\$ 2,774,681}{\$ 2,079,785} = 133.4 \%$$

2013 Debt Service Coverage - Projected

The 2013 payment schedule for the Morristown Parking Authority’s outstanding bonds is summarized below:

February 1, 2013 payment (2007 Revenue Bonds)	614,073.76
February 1, 2013 payment (2011 Refunding Bonds)	164,701.25
August 1, 2013 payment (2007 Revenue Bonds)	854,073.76
August 1, 2013 payment (2011 Refunding Bonds)	<u>449,701.25</u>
 Total Debt Service Obligation – 2013	 \$ 2,082,550.02

Please refer to Appendix F for a summary of the MPA’s debt service payment schedule from 2010 to 2017. Based on the parking consultant’s income estimate for 2013, the 2013 budget, and the 2013 debt service obligation, we estimate the following financial summary for Fiscal Year 2013:

Estimated Income – 2013	\$ 5,310,000
2013 Operating Budget	<u>(2,850,000)</u>
2013 Net Income <i>before</i> Debt Service	\$ 2,460,000
2013 Debt Service (principal and interest)	<u>(\$ 2,082,550)</u>
2013 Net Income <i>after</i> Debt Service	\$ 377,450

The projected 2013 financial summary translates to an estimated annual debt service coverage ratio of 118.1%, exceeding the debt service coverage requirement of 110% in the Bond Indenture.

Debt Service – Next 5 Years

The 2011 refunding bonds issued by the MPA in August 2011 will favorably affect the future debt service schedule, most notably in 2012, 2013, and 2014. In 2015 and beyond, annual debt service payments will return to the \$2.4 million level. The following are scheduled annual debt service payments for the MPA between 2011 and 2017:

2011	\$ 2,465,455
2012	\$ 2,079,785
2013	\$ 2,082,550
2014	\$ 2,084,400
2015	\$ 2,454,863
2016	\$ 2,452,613
2017	\$ 2,452,313

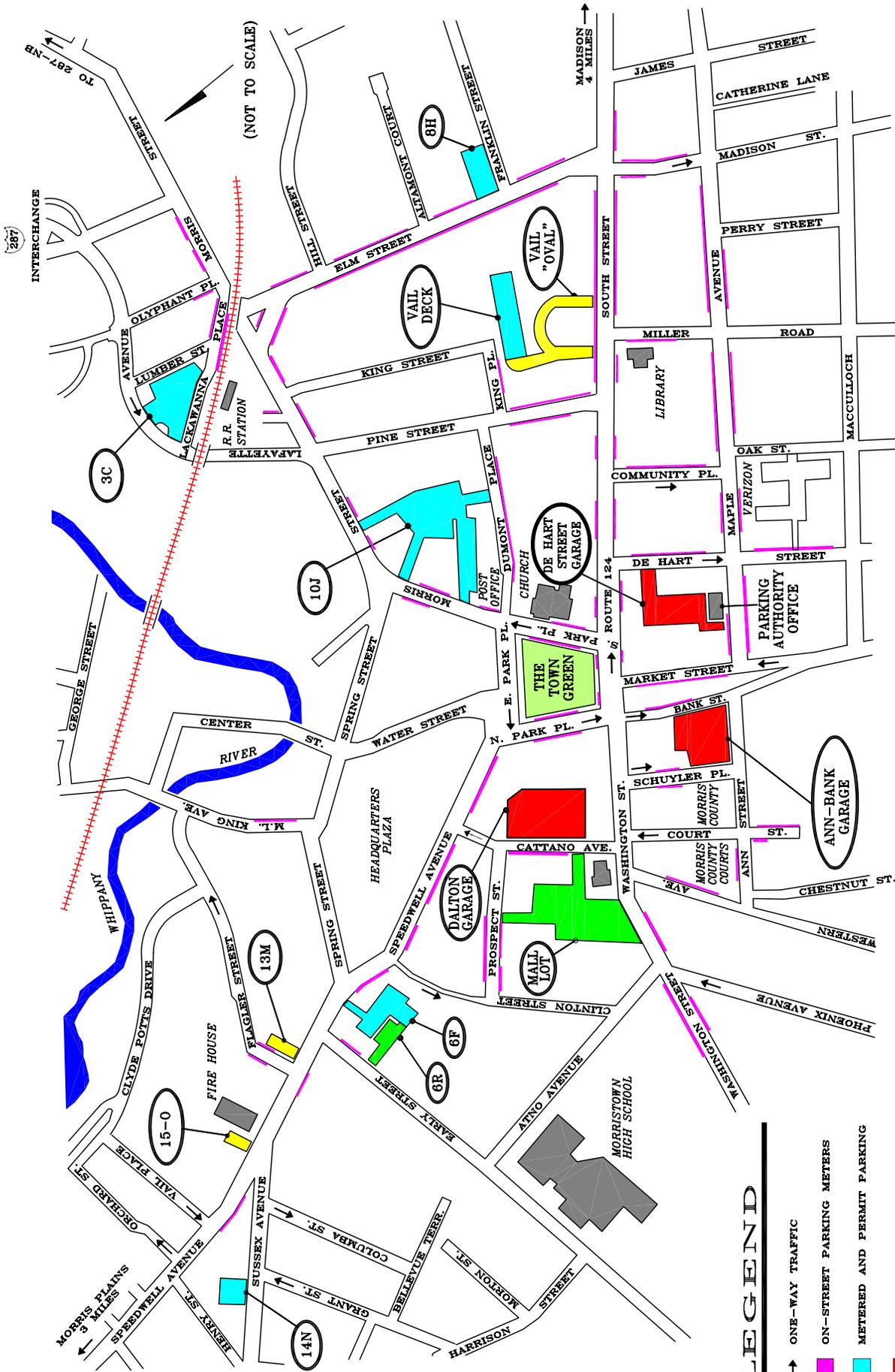
We recommend that the MPA continue to use net income to fund system capital improvements and place as much surplus income as practical into its debt service accounts to assure that future debt service payments are comfortably met, at least until routine debt service coverage ratios exceed 120% in two consecutive years, not including 2012, 2013, and 2014 when debt service payments will be about \$385,000, or 15% lower than typical levels.

7. PROGRAM UPDATES, RECENT DEVELOPMENTS & UPGRADES

Over the past year, the Morristown Parking Authority has been engaged in a number of activities designed to improve the Morristown parking experience and the delivery of parking services. The following is a partial listing and brief overview of these activities:

- The MPA-enforced Residential Parking Zone program has been a large success and continues to expand to additional streets;
- The MPA now offers discount parking to Morristown High School students at two additional facilities in addition to Lot 6R;
- As part of the Town’s “Clean & Safety” initiative, the MPA now funds police patrols in the De Hart garage during evening hours on certain days. In addition, the MPA has extended the hours of evening security patrols throughout the system;
- Construction of an additional exit lane at the Ann – Bank garage is underway. This will be accompanied by the installation of new “pay in lane” (with credit card) equipment and customer friendly pay stations;
- A second aging elevator is scheduled to be replaced in the Ann-Bank garage in the 3rd quarter of 2013. This replacement will be accompanied by a new level designation and signage system;
- The MPA recently installed rooftop cameras at the De Hart garage;
- The MPA recently completed an ADA compliance review for its handicap parking supply and is in the process of making some related facility changes and alterations;

- The MPA is testing the viability of single-space “credit card” parking meters with a test installation in Lot 8H;
- The MPA recently refurbished 400 of its existing meters;
- The MPA is in the process of swapping out some older off-street multi-space meters with new multi-space meters and installing new multi-space meters to replace some off-street single space meters.



APPENDIX A PARKING FACILITIES of the MORRISTOWN PARKING AUTHORITY

APPENDIX B: 5-YEAR ANNUAL INCOME, EXPENSE & NET INCOME SUMMARY (1)

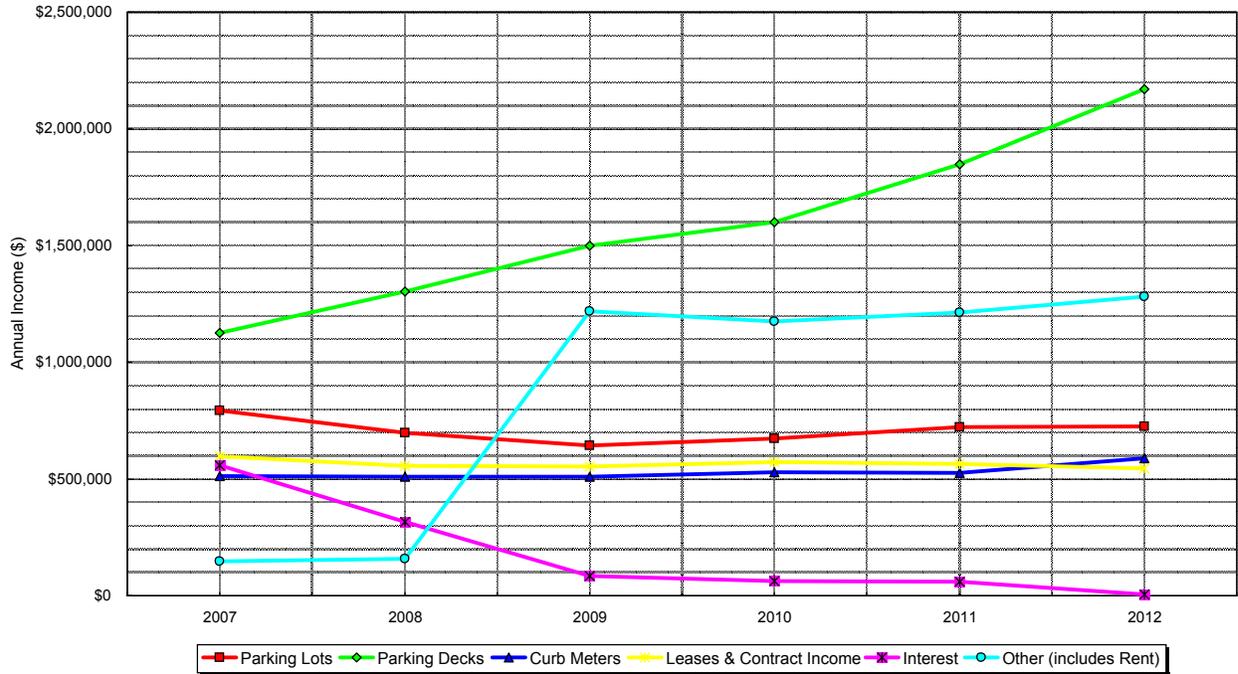
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Income from Lots					
Lot 3C	\$130,540.47	\$125,815.75	\$133,149.19	\$119,025.16	\$117,621.80
Lot 4D (closed in January '08)	\$2,799.11	\$0.00	\$0.00	\$0.00	\$0.00
Lot 6F	\$39,877.16	\$30,729.62	\$31,316.25	\$35,174.26	\$32,614.72
Lot 8H	\$39,167.93	\$38,569.84	\$32,598.97	\$37,066.94	\$42,799.11
Lot 9I (Re-opened as Vail Lot / Deck in '08)	\$56,577.37	\$47,737.25	\$71,221.62	\$86,772.93	\$88,661.42
Lot 10J	\$139,988.22	\$138,624.72	\$149,932.54	\$152,610.53	\$162,753.15
Lot 13M	\$1,816.62	\$1,901.46	\$2,256.98	\$2,000.02	\$1,870.88
Lot 14N	\$3,153.32	\$2,837.82	\$2,860.69	\$2,858.03	\$2,558.31
Lot 15O	\$5,490.41	\$5,671.57	\$6,336.16	\$7,289.33	\$7,482.68
Mall Lot (incl. stamps)	\$278,280.00	\$251,717.50	\$244,962.50	\$280,626.00	\$270,035.00
Total Lot Revenue	\$697,690.61	\$643,605.53	\$674,634.90	\$723,423.20	\$726,397.07
Income from Garages					
Deck 1A / De Hart Street Garage (2)	\$88,266.61	\$360,593.69	\$526,630.63	\$790,439.51	\$977,894.94
Ann-Bank Garage	\$453,042.35	\$469,563.85	\$408,958.35	\$442,240.97	\$511,784.10
Dalton Garage	\$761,416.79	\$668,903.83	\$665,830.39	\$614,902.36	\$681,199.57
Total Garage Revenue	\$1,302,725.75	\$1,499,061.37	\$1,601,419.37	\$1,847,582.84	\$2,170,878.61
Curb Meter Revenue	\$510,087.12	\$511,139.43	\$528,192.30	\$527,347.31	\$590,229.40
Total Income from Parking	\$2,510,503.48	\$2,653,806.33	\$2,804,246.57	\$3,098,353.35	\$3,487,505.08
Other Income					
Leases & Other Contract Income (3)	\$556,557.44	\$553,733.35	\$572,068.47	\$564,167.40	\$545,389.40
Interest	\$316,137.45	\$85,753.32	\$62,076.61	\$60,903.96	\$6,673.61
Office Rent	\$85,593.00	\$1,097,215.50	\$1,036,063.10	\$1,006,644.71	\$1,054,337.41
Meter Bags & Misc.	\$52,859.43	\$48,767.91	\$29,641.20	\$93,911.23	\$106,697.23
Solar Energy Credits	\$0.00	\$42,266.80	\$62,488.82	\$23,562.53	\$0.00
Parking Debit Cards	\$0.00	\$0.00	\$0.00	\$45,305.10	\$59,459.53
Validation Stamps	\$20,977.01	\$29,073.90	\$47,219.84	\$44,605.68	\$59,625.48
Total Other Income	\$1,032,124.33	\$1,856,810.78	\$1,809,558.04	\$1,839,100.61	\$1,832,182.66
Grand Total Income	\$3,542,627.81	\$4,510,617.11	\$4,613,804.61	\$4,937,453.96	\$5,319,687.74
Operating Expenses	(\$1,851,614.53)	(\$2,206,748.00)	(\$2,348,851.74)	(\$2,443,215.00)	(\$2,545,006.84)
<i>Net Income - before Debt Service</i>	<i>\$1,691,013.28</i>	<i>\$2,303,869.11</i>	<i>\$2,264,952.87</i>	<i>\$2,494,238.96</i>	<i>\$2,774,680.90</i>

(1) Source: Morristown Parking Authority Annual Financial Statements

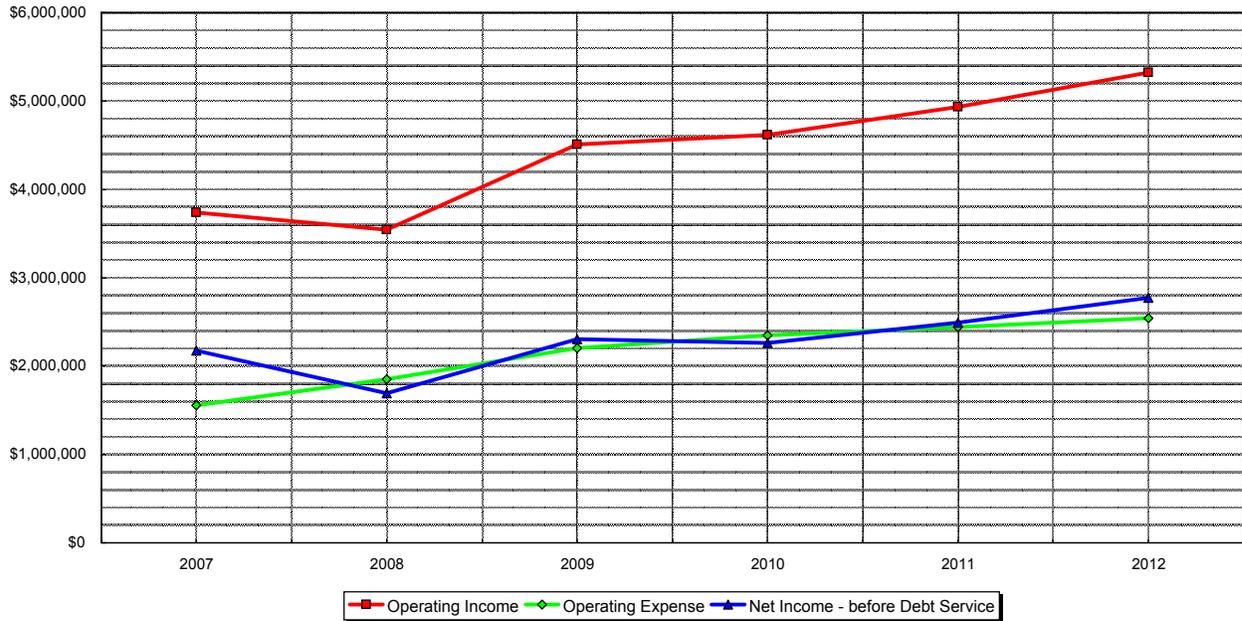
(2) Deck 1A closed in September '06 and De Hart Garage opened in October '08 on the same site.

(3) Incremental Cost (Ann-Bank), Applied Ground Lease (Mall), Temporary Lots, Washington - Cattano, Granite, Morristown Green, Vail Guarantee

Revenue Trends



Financial Summary



APPENDIX D
FIVE-YEAR ANNUAL OPERATING AND MAINTENANCE EXPENSE SUMMARY*
MORRISTOWN PARKING AUTHORITY

	2008	2009	2010	2011	2012
Operating and Administrative Salaries	\$609,207	\$646,272	\$673,653	\$695,032	\$778,309
Taxes, Insurance, & Benefits	\$390,556	\$483,031	\$455,716	\$472,705	\$534,818
Utilities including Electricity	\$203,347	\$311,935	\$311,891	\$360,386	\$305,971
Maintenance	\$193,492	\$263,497	\$300,061	\$306,123	\$294,620
Office & Administrative	\$130,891	\$85,751	\$195,243	\$162,635	\$194,701
Special Services	\$93,455	\$172,067	\$169,994	\$171,372	\$163,497
Enforcement	\$85,668	\$97,904	\$93,691	\$118,233	\$115,958
Property Rents	\$96,245	\$100,048	\$100,022	\$103,100	\$106,048
Miscellaneous	\$48,753	\$46,243	\$48,581	\$53,629	\$51,085
Totals	\$1,851,614	\$2,206,748	\$2,348,852	\$2,443,215	\$2,545,007

*Source: Parking Authority Annual Financial Statements

LEVEL G ASSOCIATES, LLC

APPENDIX E
5-YEAR BUDGET COMPARISON
MORRISTOWN PARKING AUTHORITY

	2009	2010	2011	2012	2013
De Hart Street Garage	\$388,144	\$476,739	\$484,361	\$538,860	\$588,561
Dalton Garage	\$382,582	\$400,015	\$416,575	\$426,983	\$464,656
Ann / Bank Garage (Lot 12L)	\$319,436	\$320,936	\$333,356	\$345,836	\$424,680
14 Maple Avenue Office Building	\$246,430	\$264,800	\$257,541	\$256,648	\$262,919
Salaries	\$175,566	\$188,664	\$202,488	\$215,360	\$232,992
Taxes & Insurance Coverage	\$99,705	\$125,344	\$136,496	\$147,146	\$180,226
High Street Mall Expenses	\$129,465	\$132,669	\$137,386	\$143,322	\$167,623
10 Pine Street Office Building	\$154,930	\$151,800	\$153,817	\$155,809	\$161,848
Special Services	\$123,132	\$125,188	\$125,133	\$124,281	\$123,077
Vail Parking Facilities	\$84,485	\$75,605	\$75,933	\$77,520	\$84,371
Maintenance Expenses	\$50,250	\$55,250	\$57,250	\$68,250	\$74,250
Miscellaneous	\$68,195	\$66,790	\$65,464	\$61,785	\$55,097
Administrative Expenses	\$18,500	\$18,500	\$18,500	\$17,500	\$17,500
Electrical Utility Expenses (Lots)	\$10,000	\$10,000	\$8,000	\$8,000	\$9,500
Property Lease	\$2,700	\$2,700	\$2,700	\$2,700	\$2,700
Lot 3F	\$46,480	\$0	\$0	\$0	\$0
TOTALS	\$2,300,000	\$2,415,000	\$2,475,000	\$2,590,000	\$2,850,000

**APPENDIX F
DEBT SERVICE SCHEDULE
8-YEAR SUMMARY
Morristown Parking Authority**

	Series '02 & '04 Totals	Series 2007 Principal	Series 2007 Interest	Series 2007 Total	Series 2011 Principal	Series 2011 Interest	Series 2011 Total	Grand Totals
February 1, 2010 payment	\$648,291.25	\$0.00	\$627,673.76	\$627,673.76				\$1,275,965.01
August 1, 2010 payment	\$340,198.75	\$220,000.00	\$627,673.76	\$847,673.76				\$1,187,872.51
Total 2010 payments	\$988,490.00	\$220,000.00	\$1,255,347.52	\$1,475,347.52				\$2,463,837.52
February 1, 2011 payment	\$648,703.75	\$0.00	\$623,273.76	\$623,273.76				\$1,271,977.51
August 1, 2011 payment	\$340,203.75	\$230,000.00	\$623,273.76	\$853,273.76				\$1,193,477.51
Total 2011 payments	\$988,907.50	\$230,000.00	\$1,246,547.52	\$1,476,547.52				\$2,465,455.02
February 1, 2012 payment		\$0.00	\$618,673.76	\$618,673.76	\$0.00	\$128,010.94	\$128,010.94	\$746,684.70
August 1, 2012 payment		\$230,000.00	\$618,673.76	\$848,673.76	\$315,000.00	\$169,426.25	\$484,426.25	\$1,333,100.01
Total 2012 payments		\$230,000.00	\$1,237,347.52	\$1,467,347.52	\$315,000.00	\$297,437.19	\$612,437.19	\$2,079,784.71
February 1, 2013 payment		\$0.00	\$614,073.76	\$614,073.76	\$0.00	\$164,701.25	\$164,701.25	\$778,775.01
August 1, 2013 payment		\$240,000.00	\$614,073.76	\$854,073.76	\$285,000.00	\$164,701.25	\$449,701.25	\$1,303,775.01
Total 2013 payments		\$240,000.00	\$1,228,147.52	\$1,468,147.52	\$285,000.00	\$329,402.50	\$614,402.50	\$2,082,550.02
February 1, 2014 payment		\$0.00	\$609,273.76	\$609,273.76	\$0.00	\$160,426.25	\$160,426.25	\$769,700.01
August 1, 2014 payment		\$255,000.00	\$609,273.76	\$864,273.76	\$290,000.00	\$160,426.25	\$450,426.25	\$1,314,700.01
Total 2014 payments		\$255,000.00	\$1,218,547.52	\$1,473,547.52	\$290,000.00	\$320,852.50	\$610,852.50	\$2,084,400.02
February 1, 2015 payment		\$0.00	\$603,855.01	\$603,855.01	\$0.00	\$156,076.25	\$156,076.25	\$759,931.26
August 1, 2015 payment		\$260,000.00	\$603,855.01	\$863,855.01	\$675,000.00	\$156,076.25	\$831,076.25	\$1,694,931.26
Total 2015 payments		\$260,000.00	\$1,207,710.02	\$1,467,710.02	\$675,000.00	\$312,152.50	\$987,152.50	\$2,454,862.52
February 1, 2016 payment		\$0.00	\$597,355.01	\$597,355.01	\$0.00	\$145,951.25	\$145,951.25	\$743,306.26
August 1, 2016 payment		\$260,000.00	\$597,355.01	\$857,355.01	\$710,000.00	\$145,951.25	\$855,951.25	\$1,713,306.26
Total 2016 payments		\$260,000.00	\$1,194,710.02	\$1,454,710.02	\$710,000.00	\$291,902.50	\$1,001,902.50	\$2,456,612.52
February 1, 2017 payment		\$0.00	\$590,855.01	\$590,855.01	\$0.00	\$135,301.25	\$135,301.25	\$726,156.26
August 1, 2017 payment		\$265,000.00	\$590,855.01	\$855,855.01	\$735,000.00	\$135,301.25	\$870,301.25	\$1,726,156.26
Total 2017 payments		\$265,000.00	\$1,181,710.02	\$1,446,710.02	\$735,000.00	\$270,602.50	\$1,005,602.50	\$2,452,312.52