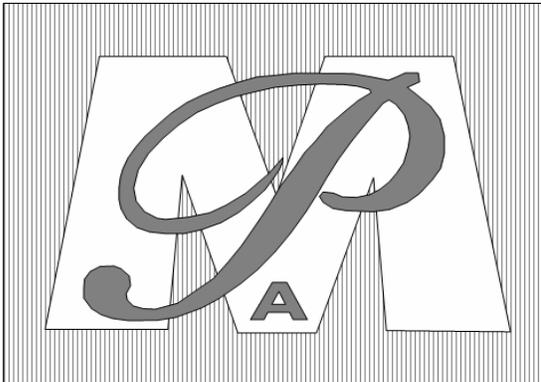
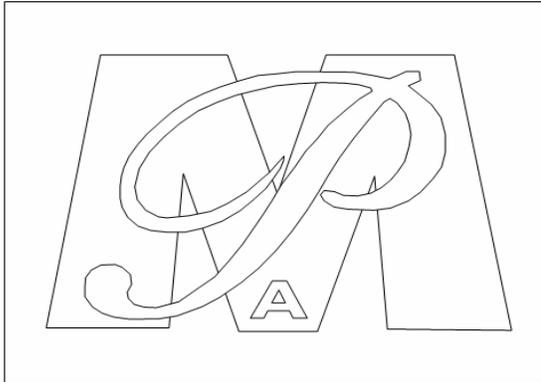


PARKING CONSULTANT'S

ANNUAL REPORT



MORRISTOWN PARKING AUTHORITY

MORRISTOWN, NEW JERSEY

AUGUST 2011



**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.

Margret Brady
Christopher Leon Garibian
Anthony Lucia
Michael R. Elms
James Gervasio

Chairperson
Vice Chairperson
Treasurer
Secretary
Assistant Secretary / Treasurer

George Fiore
Executive Director

Patrick W. Geary
Operations Manager

Gregory S. Deal
Field Manager

Robert S. Goldsmith
Attorney

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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 2010.

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, 2010" -- 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 2011. 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.

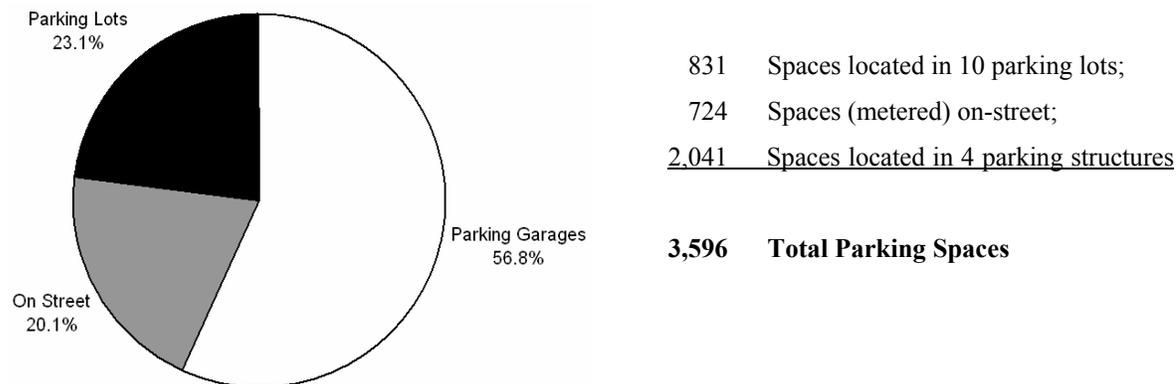
2. PARKING AUTHORITY FACILITIES

In February 2007, the MPA began construction on one of the most significant redevelopment projects to happen in Morristown in the past 50 years. The MPA project, which is part of a larger redevelopment program, consists of a 791 space parking garage (known as the De Hart Street garage) and a four story, 33,000 SF office building (known as the 14 Maple Avenue office building). The project is located on the site of a former MPA parking deck (Deck 1A).

In October 2008 the De Hart Street garage was opened to the public and in December 2008 the Morristown Parking Authority officially moved its administrative offices from 10 Pine Street to 14 Maple Avenue. By the end of 2009 the 14 Maple Avenue office building was over 90% occupied with the largest tenant, the Geraldine R. Dodge Foundation occupying two full floors.

Total Parking Spaces

As of August 2011, the total parking supply operated by the Morristown Parking Authority (MPA) amounted to 3,596 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 724 on-street meters includes: (17) - 30 minute limit meters; (11) - 60 minute limit meters; (412) - 90 minute limit meters; (275) - 2 hour limit meters; and (9) - 12 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 724 on street metered spaces is 17 spaces higher than the 2010 total as meters were added on Court Street and other areas of town.

PARKING FACILITY SCHEDULE
MORRISTOWN PARKING AUTHORITY

TABLE 1

Facility	Capacity	Handicap Spaces In Total	Year Opened	Type of Operation	Fees / Usage	Monthly (Permit) Fees
On Street Meters	724 Spaces	5	Various	30 min limit 60 min limit 90 min limit 2 hour limit 12 hour limit	17 Total - 25 cents for 30 minutes (\$0.50 per hour)* 11 Total - 25 cents for 30 minutes (\$0.50 per hour) 412 Total - 25 cents for 30 minutes (\$0.50 per hour) 275 Total - 25 cents for 30 minutes (\$0.50 per hour) 9 Total - 25 cents for 30 minutes (\$0.50 per hour) * Includes 5 spaces along RR Sta. exit road to Pine 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) 12 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
Vail Mansion "Oval" Lot	33 Spaces	5	2008	Pay Stations	(33) 3 hour limit spaces @ \$0.50 per hour; \$5 flat fee on Community Theatre Event Nights.	Not Available
Vail Mansion Deck	59 Spaces	1	2008	Permits & Pay Stations	(59) permit spaces; \$5 flat fee on Community Theatre 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; \$3 flat fee for vehicles entering bet. 5PM and 7PM; \$2 flat fee for vehicles entering after 7PM.	\$ 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
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	\$ 75.00
TOTAL	3,596 Spaces			<i>Sources: MPA & Level G Associates ~ as of Aug 2011</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 environment and proactive with the community. Total number of parking lot spaces is unchanged from last year's total.

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 2010 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 2010 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, the 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 are currently underway.

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.

3. PARKING AUTHORITY PERSONNEL & ENFORCEMENT

Parking Authority Personnel

The Morristown Parking Authority administrative and operating staff is composed of seventeen (17) full time employees and four (4) 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
- 2 General Maintenance Persons
- 1 General Maintenance Person (part time)
- 3 Parking Enforcement & Traffic Officers
- 6 Deck and Garage Attendants
- 2 Deck and Garage Attendants (part time)
- 1 Receptionist / Bookkeeper (part time)

The current total of 21 full and part time employees is unchanged from last year's total.

Parking Fines and Enforcement

The Parking Authority's three enforcement officers patrol the 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	Double Parking
Parking in a Crosswalk	Blocking a Driveway
Parking on a Sidewalk	Parking in a Bus Stop
Parking in a Taxi Stand	Parking Between 2:00am and 7:00am
Parking in Front of Fire Hydrant	Parking on Wrong Side of Street

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 2010 was 5.2% lower than the 2009 totals. The following is an enforcement summary covering the past 10 years:

<u>Year</u>	<u>Total # Tickets Issued</u>	<u>Average # Enforcement Officers</u>	<u>Average # Tickets Per Officer Per Month</u>
2001	17,633	3.00	490
2002	20,872	2.70	644
2003	18,056	2.65	568
2004	20,008	2.65	629
2005	18,022	2.67	562

2006	16,964	2.67	529
2007	12,216	2.55	399
2008	15,166	2.90	436
2009	16,394	2.60	525
2010	16,110*	2.60	516

** includes 567 tickets issued in Residential Permit Zones*

As indicated, the rate of ticket issuance by the MPA over the past 10 years has generally ranged between 15,000 and 21,000 tickets per year – or 1,250 to 1,750 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.

Ideally, parking enforcement levels should be just high enough to let parkers know that there is a reasonable chance they will receive a ticket if they do not put money in the meter. Low enforcement levels will lead to lower meter collections and low parking space turnover.

Since on-street meter collections increased over 3% between 2009 and 2010, we recommend that ticket issuing levels minimally remain at current levels in 2011 and 2012.

4. PARKING AUTHORITY INCOME

Parking Authority income increased 2.3% between 2009 and 2010 as indicated below:

	<u>Total Income</u>	<u>Change from Previous Year</u>
2006	\$ 3,322,481	+ 6.2 %
2007	\$ 3,734,754	+ 12.4 %
2008	\$ 3,542,628	- 5.1 %
2009	\$ 4,510,617	+ 27.3%
2010	\$ 4,613,805	+ 2.3%

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 2.3% increase in 2010 is the result of a 5.6% increase in income from parking offset by modest losses in rent, interest income and miscellaneous revenue.

The \$1,291,324 increase in MPA annual income in the 5-year period from 2006 to 2010 was accompanied by a \$1,472,543 increase in annual debt service.

Table 2, page 14, is an Income Summary showing the changes in all income categories between 2009 and 2010. 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 4.8% from \$643,606 in 2009 to \$674,635 in 2010. Overall, seven of the parking lots in this category posted revenue

increases and two posted revenue decreases between 2009 and 2010. This revenue improvement is related to a noticeable increase in restaurant, bar, and entertainment activity in the central business district. With the Morristown economy seemingly stronger than similar towns in New Jersey, we estimate a modest increase to about \$685,000 in parking lot revenue in 2011.

Parking Structure 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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Dalton Garage	\$ 680,089	\$ 761,417	\$ 668,904	\$ 665,830
De Hart Garage ¹	0	88,267	360,594	526,631
Ann - Bank Garage	<u>445,555</u>	<u>453,042</u>	<u>469,564</u>	<u>408,958</u>
Totals	\$ 1,125,644	\$ 1,302,726	\$ 1,499,062	\$ 1,601,419

As indicated, a strong performance by the still maturing De Hart Street garage was offset by a \$60,000 drop in annual revenue at the Ann-Bank garage (resulting from the relocation of a major local law firm) yielding an overall annual increase of over \$102,000 in this category in 2010.

Due to strong commercial growth in the vicinity of the De Hart Street garage it is estimated that annual revenue from the De Hart garage will surpass that of the Dalton garage in 2011 and overall parking structure revenue will increase to \$1,815,000 in 2011.

On-Street Meter Revenue

Annual on-street meter collections increased from \$511,139 in 2009 to \$528,192 in 2010 – an increase of \$17,053 or 3.3%. This represents a modest breakout after three consecutive

¹ De Hart Garage was under construction in 2007 and opened in October '08.

**INCOME SUMMARY (1)
CHANGES IN ALL CATEGORIES - 2009 TO 2010**

TABLE 2

<u>Income from Lots</u>	<u>2009</u>	<u>2010</u>	<u>\$ CHANGE from '09 to '10</u>	<u>% CHANGE from '09 to '10</u>
Lot 3C	\$125,815.75	\$133,149.19	\$7,333.44	5.83%
Lot 6F / R	\$30,729.62	\$31,316.25	\$586.63	1.91%
Lot 8H	\$38,569.84	\$32,598.97	(\$5,970.87)	-15.48%
Lot 9I (Vail Lot / Deck)	\$47,737.25	\$71,221.62	\$23,484.37	49.20%
Lot 10J	\$138,624.72	\$149,932.54	\$11,307.82	8.16%
Lot 13M	\$1,901.46	\$2,256.98	\$355.52	18.70%
Lot 14N	\$2,837.82	\$2,860.69	\$22.87	0.81%
Lot 15 "O"	\$5,671.57	\$6,336.16	\$664.59	11.72%
Mall Lot	\$251,717.50	\$244,962.50	(\$6,755.00)	-2.68%
Total Lot Revenue	\$643,605.53	\$674,634.90	\$31,029.37	4.82%
<u>Income from Garages</u>				
De Hart Garage	\$360,593.69	\$526,630.63	\$166,036.94	46.05%
Ann-Bank Garage	\$469,563.85	\$408,958.35	(\$60,605.50)	-12.91%
Dalton Garage	\$668,903.83	\$665,830.39	(\$3,073.44)	-0.46%
Total Garage Revenue	\$1,499,061.37	\$1,601,419.37	\$102,358.00	6.83%
Curb Meter Revenue	\$511,139.43	\$528,192.30	\$17,052.87	3.34%
Total Income From Parking	\$2,653,806.33	\$2,804,246.57	\$150,440.24	5.67%
<u>Other Income</u>				
Leases & Other Contract Income (2)	\$553,733.35	\$572,068.47	\$18,335.12	3.31%
Interest	\$85,753.32	\$62,076.61	(\$23,676.71)	-27.61%
Office Rent	\$1,097,215.50	\$1,036,063.10	(\$61,152.40)	-5.57%
Meter Cards, Forfeitures & Misc.	\$48,767.91	\$29,641.20	(\$19,126.71)	-39.22%
Solar Energy Credits	\$42,266.80	\$62,488.82	\$20,222.02	47.84%
Validation Stamps	\$29,073.90	\$47,219.84	\$18,145.94	62.41%
Total Other Income	\$1,856,810.78	\$1,809,558.04	(\$47,252.74)	-2.54%
Total Grand Total Income	\$4,510,617.11	\$4,613,804.61	\$103,187.50	2.29%

(1) Source: Morristown Parking Authority Annual Financial Statements

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

years of annual revenue in this category that remained in the tight \$510,000 to \$513,000 range. It is likely that commercial growth, new restaurant openings, and the effects of the new Residential Parking Zone enforcement program have contributed to the breakout.

Due to severe winter weather in the first quarter of 2011, we expect that annual on-street meter revenue will decline to about \$510,000 in 2011.

Other Income

This income category includes interest income, income from meter bag rentals, validation stamps, rent income from the MPA-owned office building (14 Maple Avenue), 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 Mall lot, Dalton garage, and Ann - Bank garage. In 2009 a new income source, Solar Energy Credits, was added resulting from income generated by the MPA-owned solar panels atop the De Hart Street parking garage.

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

	<u>2009</u>	<u>2010</u>	<u>Change (\$)</u>
Solar Energy Credits	\$ 42,267	\$ 62,489	+ 20,222
Leases & Other Contract Income	553,733	572,068	+ 18,335
Validation Stamps	29,074	47,220	+ 18,146
Miscellaneous & Meter Bag	48,768	29,641	- 19,127
Interest	85,753	62,077	- 23,676
Rent Rolls - 10 Pine / 14 Maple	<u>1,097,216</u>	<u>1,036,063</u>	<u>- 61,153</u>
Totals	\$ 1,856,811	\$ 1,809,558	- 47,253

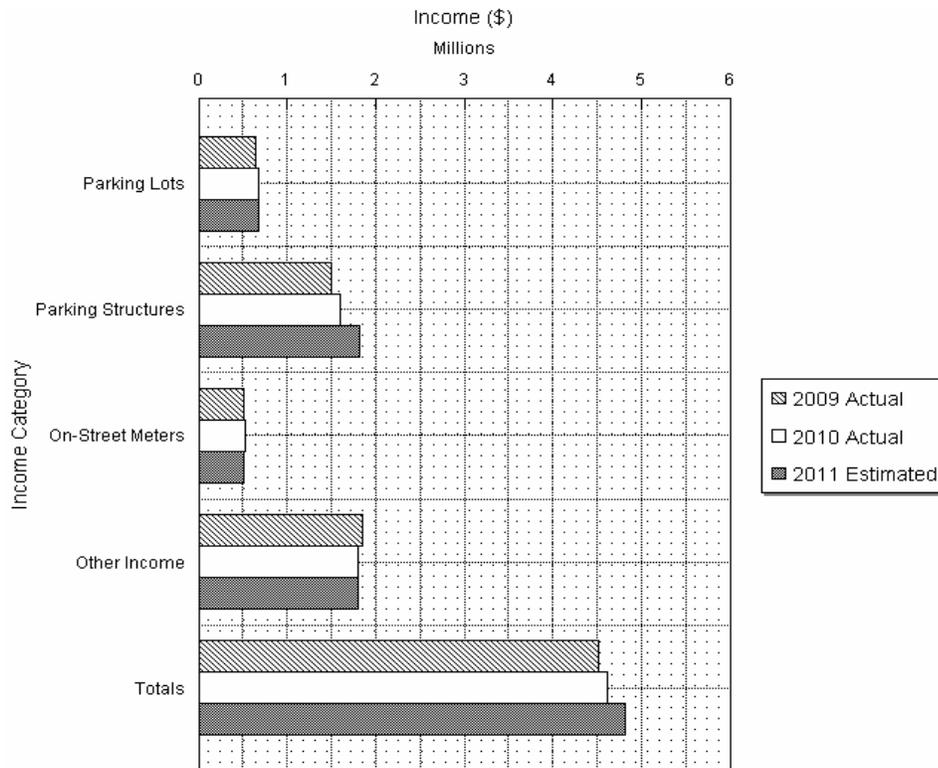
The decrease in income in this category from 2009 to 2010 is primarily the result of the continued falling of interest rates to historic lows (causing interest earnings in reserve accounts to fall) and the posting of a “pre-paid rent” entry in 2009 that caused Rent Roll

income in 2009 to be overstated. In 2011, we estimate that income in this category will remain at the \$1,810,000 level.

Total Income

Total income increased from \$4,510,617 in 2009 to \$4,613,805 in 2010 – an increase of \$103,188 or 2.3%. Comparison charts showing total income, by category, in 2009 and 2010, along with our estimates for total income in 2011 are provided below.

	2009 Actual	2010 Actual	2011 Estimated
Parking Lots	\$643,605	\$674,635	\$685,000
Parking Structures	\$1,499,062	\$1,601,419	\$1,815,000
On-Street Meters	\$511,139	\$528,192	\$510,000
Other Income	\$1,856,811	\$1,809,559	\$1,810,000
Totals	\$4,510,617	\$4,613,805	\$4,820,000



5. PARKING AUTHORITY OPERATING EXPENSES & BUDGET

Operating and Maintenance Expense

Total operating expenses rose from \$2,206,748 in 2009 to \$2,348,852 in 2010 -- an increase of \$142,104 or 6.4%. Most of this increase is attributable to increases in 14 Maple Avenue property management responsibilities that are recorded within the “Office & Administration” expense category.

The summary below compares Parking Authority operating expense changes between calendar years 2009 and 2010:

<u>Expense Category</u>	<u>2009 Expense</u>	<u>2010 Expense</u>	<u>Change (\$)</u>
Office & Administration	\$ 85,751	\$ 195,243	+ 109,492
Maintenance	263,497	300,061	+ 36,564
Operating & Admin. Salaries	646,272	673,653	+ 27,381
Miscellaneous	46,243	48,581	+ 2,338
Property Rent	100,048	100,022	- 26
Utilities including Electric	311,935	311,891	- 44
Special Services	172,067	169,994	- 2,073
Enforcement Salaries	97,904	93,691	- 4,213
Taxes, Insurance & Benefits	<u>483,031</u>	<u>455,716</u>	<u>- 27,315</u>
Totals	\$ 2,206,748	\$ 2,348,852	+ 142,104

As indicated, four expense categories posted increases while five expense categories decreased from '09 to '10. 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 2010 was \$2,415,000 and the Parking Authority utilized \$2,348,852 or 97.3% of the total appropriation. The Morristown Parking Authority consistently remains within its budget and this is a good demonstration of the Authority's fiscal responsibility and ability to plan. Increases in the MPA operating budget over the past three years are the result of significant system expansion in the form of a new 791 space parking garage and a new 33,000 square foot office building.

The following summary compares the 2010 budget appropriation with the latest (2011) budget appropriation:

	<u>2010 Budget</u>	<u>2011 Budget</u>
De Hart Street Garage	\$476,739	\$484,361
Dalton Garage	\$400,015	\$416,575
Ann / Bank Garage (Lot 12L)	\$320,936	\$333,356
14 Maple Avenue Office Building	\$264,800	\$257,541
Salaries	\$188,664	\$202,488
10 Pine Street Office Building	\$151,800	\$153,817
High Street Mall Expenses	\$132,669	\$137,386
Taxes & Insurance Coverage	\$125,344	\$136,496
Special Services	\$125,188	\$125,133
Vail Parking Facilities	\$75,605	\$75,933
Miscellaneous	\$66,790	\$65,464
Maintenance Expenses	\$55,250	\$57,250
Administrative Expenses	\$18,500	\$18,500
Electrical Utility Expenses (Lots)	\$10,000	\$8,000
Property Lease	\$2,700	\$2,700
TOTALS	\$2,415,000	\$2,475,000

As indicated, the approved MPA budget for 2011 totals \$2,475,000 -- \$60,000, or 2.5% more than the 2010 budget. Budgetary increases are distributed throughout the parking system with the largest planned increase at the John L. Dalton garage. In a typical year the

MPA utilizes about 95% of its budget. In 2011 it is estimated that MPA operating expenses will total \$2,380,000, about 96% of the total budget. A more detailed 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.

2010 Debt Service Coverage

The 2010 debt service obligation of the Morristown Parking Authority amounted to \$2,463,838 and was composed as follows: \$498,072 in principal and interest payments on the Series 2002 Revenue Bonds, \$490,418 in principal and interest payments on the Series 2004 Revenue Bonds, and \$1,475,348 in principal and interest payments on the Series 2007 Revenue Bonds.

In the official statement for the 2007 Series Revenue Bonds the feasibility report contemplates and describes a “surplus carryover” to be employed in the first six years of the bond term to stabilize revenue and debt service coverage. These surpluses were largely generated during the first two bond issue years (2007 and 2008) when bond interest was capitalized. In 2009, the MPA accumulated \$3,345,061 in debt service account balances and the corresponding debt obligation (August '09 and February '10 payments) was \$2,462,505. As a result, \$882,556 was “carried over” into 2010 for future debt service.

After debt service payments, the net income of the Morristown Parking Authority including carryover was \$683,671 in calendar year 2010:

Total Operating Income – 2010	\$ 4,613,805
Total Carryover Income – 2010	882,556
Total Expense - 2010	<u>(2,348,852)</u>
2010 Net Income <i>before</i> Debt Service	\$ 3,147,509
2010 Debt Service (principal and interest)	(\$ 2,463,838)
2010 Net Income <i>after</i> Debt Service	\$ 683,671 ²

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 2010, this ratio was 122.7%, exceeding the coverage requirement:

$$\frac{\text{Net Income before Debt Service}}{\text{Debt Service Obligation}} = \frac{\$ 3,147,509}{\$ 2,463,838} = 122.7 \%$$

2011 Debt Service Coverage - Projected

The 2011 payment schedule for the Morristown Parking Authority’s outstanding bonds is summarized below:

February 1, 2011 payment (2002 Revenue Bonds)	\$ 462,490.00
February 1, 2011 payment (2004 Revenue Bonds)	186,213.75
February 1, 2011 payment (2007 Revenue Bonds)	623,273.76
August 1, 2011 payment (2002 Revenue Bonds)	28,990.00
August 1, 2011 payment (2004 Revenue Bonds)	311,213.75
August 1, 2011 payment (2007 Revenue Bonds)	<u>853,273.76</u>
 Total Debt Service Obligation – 2011	 \$ 2,465,455.02

² It is recommended that \$500,000 of this amount be dedicated for future debt service. See page 22.

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 2011, the 2011 budget, and the 2011 debt service obligation, we estimate the following financial summary for Fiscal Year 2011:

Estimated Income – 2011	\$ 4,820,000
Estimated Carryover – 2011	500,000
MPA Budget - 2011	<u>(2,475,000)</u>
2011 Net Income <i>before</i> Debt Service	\$ 2,845,000
2011 Debt Service (principal and interest)	<u>(\$ 2,465,455)</u>
2011 Net Income <i>after</i> Debt Service	\$ 379,545

The projected 2011 financial summary translates to an estimated annual debt service coverage ratio of 115.4%, 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 2016:

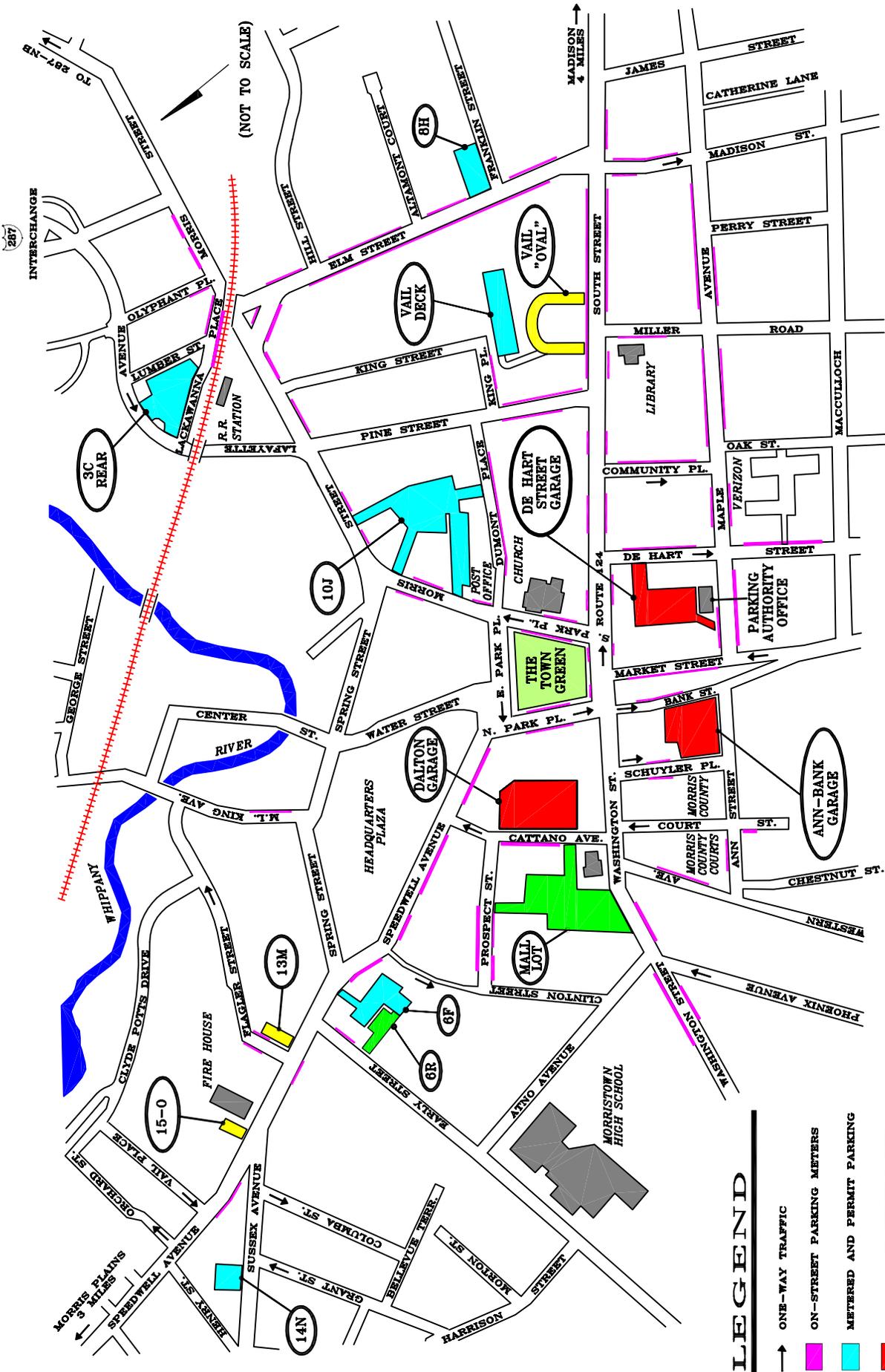
2011	\$ 2,465,455
2012	\$ 2,079,785
2013	\$ 2,082,550
2014	\$ 2,084,400
2015	\$ 2,454,863
2016	\$ 2,452,313

We recommend that the MPA continue to 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, without carryover, 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:

- Lot 10 pavement was upgraded with new asphalt overlay, seal coat, and line striping.
- In November 2010 the MPA began parking enforcement of the town's Residential Parking Zones, a task previously undertaken by the Morristown police department.
- The MPA has contracted with its revenue control equipment vendor to accomplish a system-wide software and credit card protocol upgrade. This upgrade was necessary due to newly enacted and stricter credit card processing standards.
- The MPA is providing technical assistance to the Town of Morristown as they explore redesign options for the Town Hall parking lot along Franklin Street.
- A new shelter enclosure was installed over the parking pay station in Lot 3.
- The MPA traded in an older model Jeep Wrangler for a 2011 Jeep Liberty that can be used for enforcement and other uses. The MPA also purchased a 2011 Ford Fiesta to be used primarily as an enforcement vehicle.
- New parking meters were installed on a portion of Court Street and along the exit road in front of the train station.



APPENDIX A
PARKING FACILITIES
of the
MORRISTOWN PARKING AUTHORITY

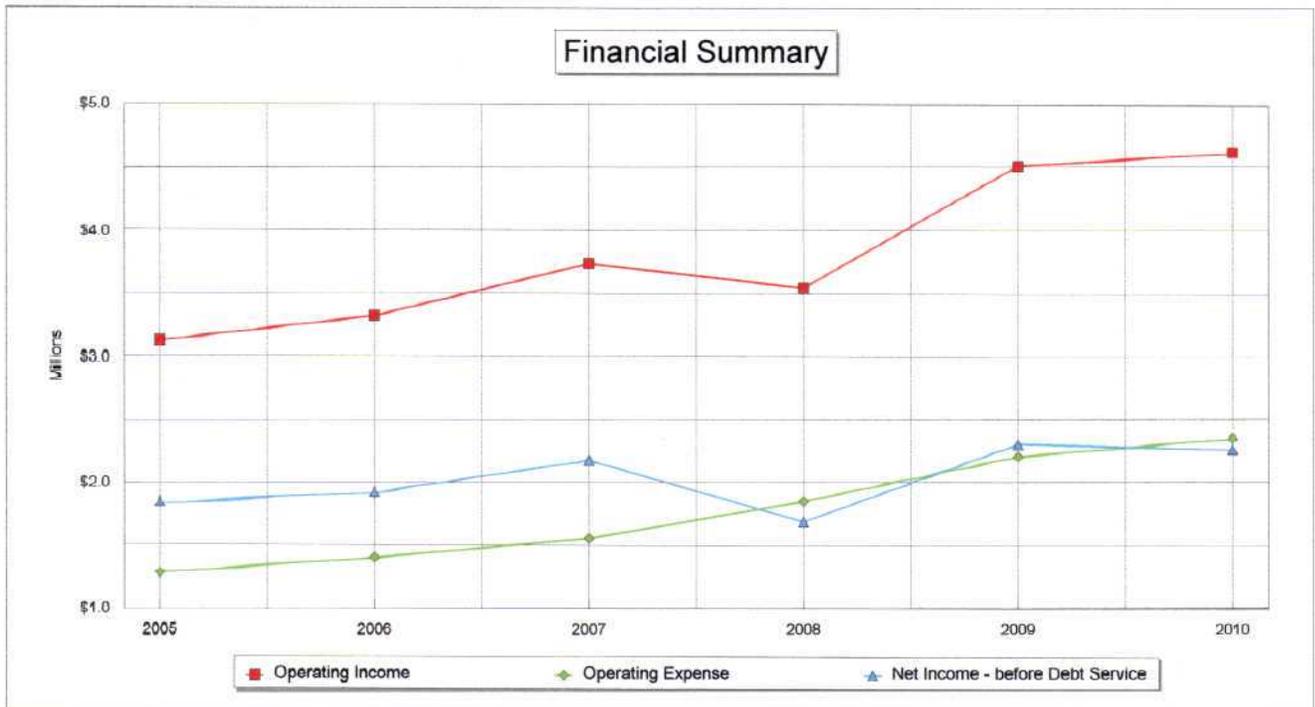
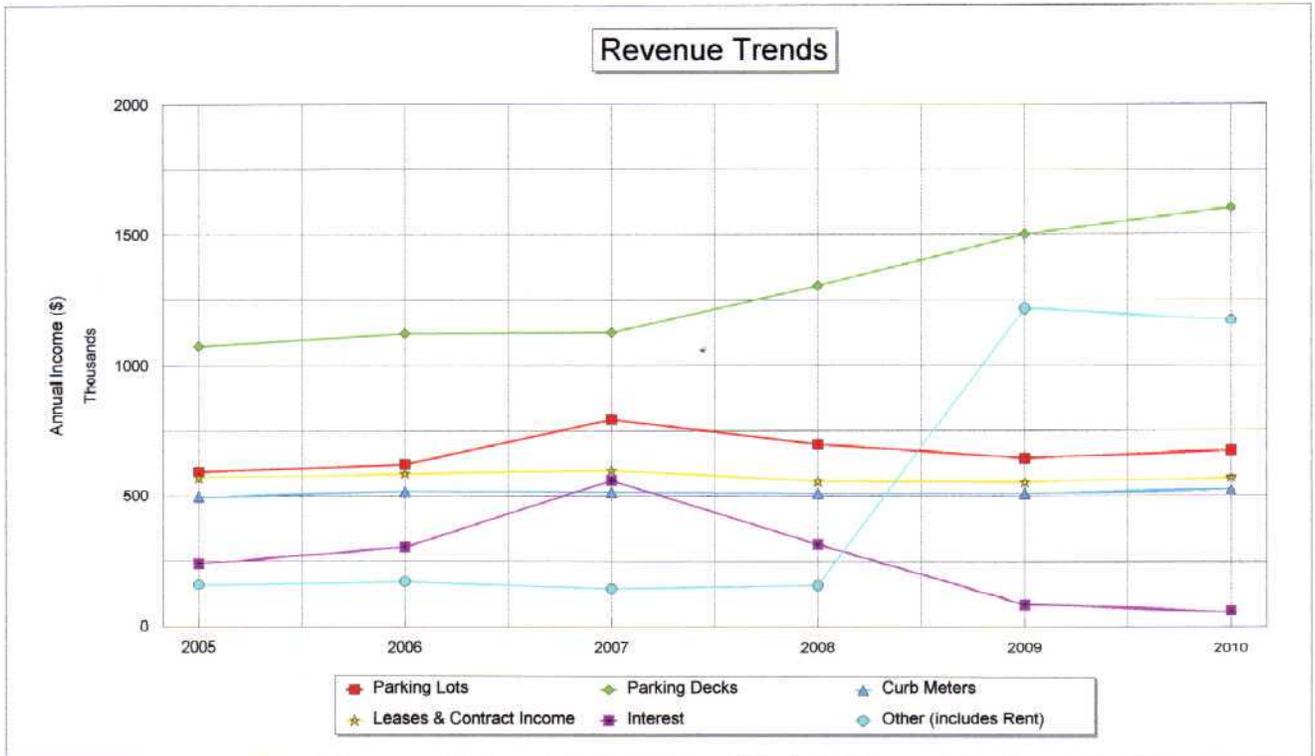
APPENDIX B: 5-YEAR ANNUAL INCOME, EXPENSE & NET INCOME SUMMARY (1)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<u>Income from Lots</u>					
Lot 3C	\$86,051.47	\$107,654.16	\$130,540.47	\$125,815.75	\$133,149.19
Lot 4D (closed in January '08)	\$104,034.27	\$2,799.11	\$2,799.11	\$0.00	\$0.00
Lot 6F	\$52,315.75	\$39,868.87	\$39,877.16	\$30,729.62	\$31,316.25
Lot 8H	\$33,328.20	\$40,916.48	\$39,167.93	\$38,569.84	\$32,598.97
Lot 9I (Re-opened as Vail Lot / Deck in '08)	\$2,842.34	\$0.00	\$56,577.37	\$47,737.25	\$71,221.62
Lot 10J	\$128,537.12	\$139,507.90	\$139,988.22	\$138,624.72	\$149,932.54
Lot 13M	\$1,834.03	\$2,267.04	\$1,816.62	\$1,901.46	\$2,256.98
Lot 14N	\$2,481.27	\$3,077.39	\$3,153.32	\$2,837.82	\$2,860.69
Lot 15O	\$5,914.03	\$6,128.79	\$5,490.41	\$5,671.57	\$6,336.16
Mall Lot (incl. stamps)	\$203,813.05	\$343,000.95	\$278,280.00	\$251,717.50	\$244,962.50
Total Lot Revenue	\$621,151.53	\$792,864.56	\$697,690.61	\$643,605.53	\$674,634.90
<u>Income from Garages</u>					
Deck 1A / De Hart Street Garage (2)	\$92,307.26	\$0.00	\$88,266.61	\$360,593.69	\$526,630.63
Ann-Bank Garage	\$416,425.69	\$445,554.63	\$453,042.35	\$469,563.85	\$408,958.35
Dalton Garage	\$612,198.63	\$680,088.73	\$761,416.79	\$668,903.83	\$665,830.39
Total Garage Revenue	\$1,120,931.58	\$1,125,643.36	\$1,302,725.75	\$1,499,061.37	\$1,601,419.37
Curb Meter Revenue	\$516,846.04	\$513,551.76	\$510,087.12	\$511,139.43	\$528,192.30
Total Income from Parking	\$2,258,929.15	\$2,432,059.68	\$2,510,503.48	\$2,653,806.33	\$2,804,246.57
<u>Other Income</u>					
Leases & Other Contract Income (3)	\$583,860.96	\$597,466.34	\$556,557.44	\$553,733.35	\$572,068.47
Interest	\$304,444.18	\$559,176.83	\$316,137.45	\$85,753.32	\$62,076.61
Office Rent	\$89,513.00	\$87,565.00	\$85,593.00	\$1,097,215.50	\$1,036,063.10
Meter Bags & Misc.	\$74,842.83	\$41,369.99	\$52,859.43	\$48,767.91	\$29,641.20
Solar Energy Credits	\$0.00	\$0.00	\$0.00	\$42,266.80	\$62,488.82
Validation Stamps	\$10,891.25	\$17,114.76	\$20,977.01	\$29,073.90	\$47,219.84
Total Other Income	\$1,063,552.22	\$1,302,692.92	\$1,032,124.33	\$1,856,810.78	\$1,809,558.04
Grand Total Income	\$3,322,481.37	\$3,734,752.60	\$3,542,627.81	\$4,510,617.11	\$4,613,804.61
Operating Expenses	(\$1,403,515.00)	(\$1,557,681.16)	(\$1,851,614.53)	(\$2,206,748.00)	(\$2,348,851.74)
<i>Net Income - before Debt Service</i>	\$1,918,966.37	\$2,177,071.44	\$1,691,013.28	\$2,303,869.11	\$2,264,952.87

(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



**APPENDIX C
FINANCIAL TRENDS - 2005 to 2010
MORRISTOWN PARKING AUTHORITY**

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

	2006	2007	2008	2009	2010
Operating and Administrative Salaries	\$558,304	\$569,406	\$609,207	\$646,272	\$673,653
Taxes, Insurance, & Benefits	\$315,117	\$344,032	\$390,556	\$483,031	\$455,716
Utilities including Electricity	\$122,370	\$147,263	\$203,347	\$311,935	\$311,891
Maintenance	\$146,061	\$152,334	\$193,492	\$263,497	\$300,061
Office & Administrative	\$79,972	\$89,897	\$130,891	\$85,751	\$195,243
Special Services	\$66,301	\$121,149	\$93,455	\$172,067	\$169,994
Property Rents	\$11,153	\$11,236	\$96,245	\$100,048	\$100,022
Enforcement	\$81,500	\$84,238	\$85,668	\$97,904	\$93,691
Miscellaneous	\$22,737	\$38,126	\$48,753	\$46,243	\$48,581
Totals	\$1,403,515	\$1,557,681	\$1,851,614	\$2,206,748	\$2,348,852

*Source: Parking Authority Annual Financial Statements

LEVEL G ASSOCIATES, LLC

APPENDIX E
5-YEAR BUDGET COMPARISON
MORRISTOWN PARKING AUTHORITY

	2007	2008	2009	2010	2011
De Hart Street Garage	\$0	\$384,662	\$388,144	\$476,739	\$484,361
Dalton Garage	\$331,584	\$364,650	\$382,582	\$400,015	\$416,575
Ann / Bank Garage (Lot 12L)	\$303,875	\$320,000	\$319,436	\$320,936	\$333,356
14 Maple Avenue Office Building	\$0	\$216,100	\$246,430	\$264,800	\$257,541
Salaries	\$278,457	\$169,500	\$175,566	\$188,664	\$202,488
10 Pine Street Office Building	\$0	\$154,300	\$154,930	\$151,800	\$153,817
High Street Mall Expenses	\$136,559	\$126,273	\$129,465	\$132,669	\$137,386
Taxes & Insurance Coverage	\$131,470	\$105,730	\$99,705	\$125,344	\$136,496
Special Services	\$69,575	\$72,900	\$123,132	\$125,188	\$125,133
Vail Parking Facilities	\$0	\$87,358	\$84,485	\$75,605	\$75,933
Miscellaneous	\$34,946	\$57,365	\$68,195	\$66,790	\$65,464
Maintenance Expenses	\$50,250	\$53,550	\$50,250	\$55,250	\$57,250
Administrative Expenses	\$37,000	\$16,500	\$18,500	\$18,500	\$18,500
Electrical Utility Expenses (Lots)	\$12,000	\$10,000	\$10,000	\$10,000	\$8,000
Property Lease	\$2,700	\$14,200	\$2,700	\$2,700	\$2,700
Lot 3F	\$0	\$41,912	\$46,480	\$0	\$0
Lot Number 4	\$125,984	\$0	\$0	\$0	\$0
Administrative Office Building	\$65,600	\$0	\$0	\$0	\$0
TOTALS	\$1,580,000	\$2,195,000	\$2,300,000	\$2,415,000	\$2,475,000

**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