

parking consultant's



annual report

Morristown Parking Authority

Morristown, NJ

June 2014



**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.

**James Gervasio
Margret Brady
Anthony Lucia
Richard L. Tighe
Linda Stamato**

**Chairperson
Vice Chairperson
Treasurer
Secretary
Assistant Secretary / Treasurer**

George Fiore
Executive Director

Patrick W. Geary
Operations Manager

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Field Manager

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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 2013.

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, 2013" -- prepared by VM Associates, Inc. Other financial data were obtained from Parking Authority records.

Further information was gathered by the parking consultant during several visits which took place in the second quarter of 2014. 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.

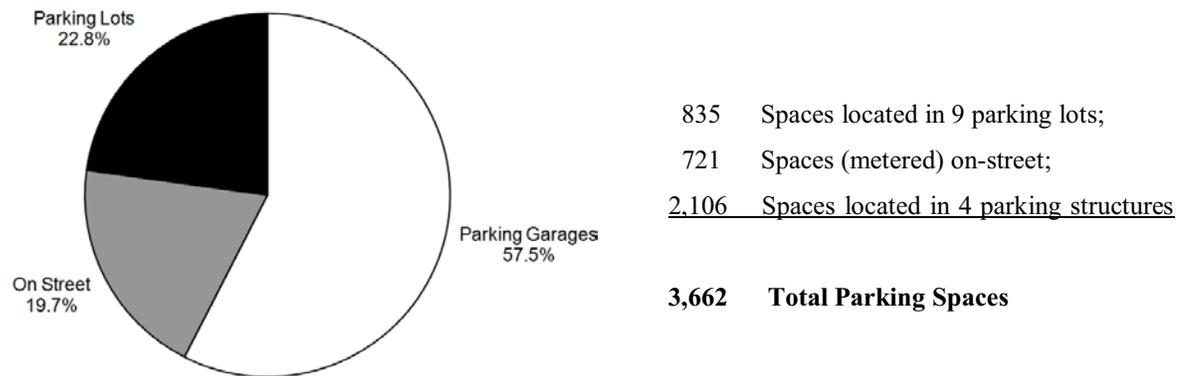
Finally, the parking consultant conducted general observations of on and off street parking spaces administered by the Morristown Parking Authority (MPA) and performed a visual inspection of all off-street parking facilities to review their general condition.

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 757 space De Hart Street parking garage and private redevelopment consisting of residential units and retail space.

Total Parking Spaces

As of May 2014, the total parking supply operated by the Morristown Parking Authority mounted to 3,662 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.

**TABLE 1
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	22 Total - 25 cents for 30 minutes (50¢ per hour)* 9 Total - 25 cents for 30 minutes (50¢ per hour) 415 Total - 25 cents for 30 minutes (50¢ per hour) 275 Total - 25 cents for 30 minutes (50¢ per hour) * Includes 5 spaces along RR Sta. exit road to Morris St.	Not Available	
Lot 3C	115 Spaces	5	1958	Pay Station & Permits	(28) Daily Pay Station @ \$5.00 per day; (81) permit spaces; (6) spaces rented to local businesses.	\$85 \$50 (Town Residents)	
Lot 6F	81 Spaces	4	1958	Upper Elevation Meters	(22) 3-hour meters @ 50¢ per hour (20) 12 hour meters @ 25¢ per hour (2) reserved spaces	Not Available	
				Lower Elevation Permits	(37) Parking permits only spaces	\$ 40.00 \$20 (students)	
Lot 8H	70 Spaces	3	1957	Meters & Permits	(18) 3 hr meters @ 50¢ per hr; (19) 12 hour meters @ 25¢ per hour; (33) permits only spaces.	\$ 35.00	
Lot 10J	205 Spaces	7	1957; expanded in 2001	Meters; Pay Stations; & Permits	(11) 30 min meter, (33) 90 min limit and (13) 3 hr meters - all @ 50¢ per hr rate; (148) 18 hour limit @ 25¢ per hour or permit parking; \$2 flat fee after 5PM for all spaces	\$ 45.00	
Lot 13M	7 Spaces	1	1973	Meters	(4) 1 hr meters and (3) 3 hour meters at 50¢ per hour.	Not Available	
Lot 14N	21 Spaces	1	1975	Meters & Permits	(21) 3 hour meters @ 50¢ per hour; Permit parking allowed at all meters.	\$ 10.00	
Lot 15"O"	18 Spaces	1	1988; expanded in 2000	Pay Station	(18) 3 hour limit @ 50¢ per hour.	Not Available	
Mall Lot	269 Spaces	7	1968; redesigned in 1998	Permits	(269) permits only spaces.	\$ 65.00 \$25 (students)	
Vail Mansion Facility	111 Spaces	5	2008	Front / Side Pay Stations	(49) No Time Limit Spaces @ 50¢ per hour; \$5 flat fee on Mayo PAC Event Nights	Not Available	
				Rear Deck Permits & Pay Stations	(56) permit spaces; \$5 flat fee on Mayo PAC Event Nights; 50¢ per hour on Non-Event Nights; (6) Reserved	\$ 75.00	
De Hart Street Garage	757 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	677 Spaces	17	1999	Cashier; Pay Stations & 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	610 Spaces	13	1986	Cashier; Pay Stations & 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; (118) spaces reserved for Morris County	\$ 75.00	
TOTAL	3,662 Spaces		<i>Sources: MPA & Level G Associates ~ as of June 2014</i>				

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: (22) - 30 minute limit meters; (9) - 60 minute limit meters; (415) - 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.

Local businesses are permitted to temporarily “rent” on-street meter spaces in front of their property using “meter cards” that are available from the MPA for \$10 per day.

The total of 721 on street metered spaces is unchanged from the 2013 total.

Parking Lots

The Morristown Parking Authority administers 9 parking lots ranging in size from 7 spaces to 269 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>No. Lots</u>	<u>Lot(s)</u>	<u>No. Spaces</u>	<u>% of Total</u>
Monthly Parking Only	1	Mall	269	32.20%
Pay Station / Meters / Monthly Mix	1	10	205	24.60%
Parking Meters / Monthly Parking Mix	3	6, 8, 14	172	20.60%
Pay Station / Monthly Parking Mix	1	3	115	13.80%
Pay Station (pay by space) Only	2	15, Vail-F	67	8.00%
Parking Meters Only	<u>1</u>	13	<u>7</u>	<u>0.80%</u>
Totals	9		835	100.00%

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 that are aware of the local business environment and proactive with the community.

Parking lot spaces comprise 22.8% 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 835 parking lot spaces is 4 higher than the 2013 total due to a combination of spaces being gained at the Vail Mansion facility and spaces being lost to accommodate a number of parking lot changes related to the Americans with Disabilities Act. For further information regarding the Authority's parking lots, including parking rates and other details, please refer to Table 1, page 3.

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 2,044 spaces and one parking deck containing 62 spaces in the parking system. The Ann - Bank Garage (formerly Lot 12L) contains 610 spaces and was built by the Authority in 1986. Over the years Morris County, through a number of agreements with the Parking Authority, has acquired some reserved parking and other parking rights in the garage but the Authority continues to operate the entire facility. The Ann-Bank garage maintains a manned cashier lane but also contains pay-on-foot stations and pay-in-lane with credit card technologies.

The John L. Dalton Garage (formerly Lot 2B) contains 677 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 and pay-in-lane with credit card technologies that speed up transaction processing and exiting times.

The De Hart Street Garage (formerly Deck 1A) contains 757 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 62 spaces. It was opened in 2008 and accepts monthly parking, hourly parking

and event parking (the deck is adjacent to the Mayo 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 2,106 parking structure spaces is 65 spaces greater than the 2013 total primarily due to a reallocation of spaces in the Ann – Bank garage.

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 remains 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.

The Authority's structural engineer is currently looking into concrete cracks at the Mall Lot – Upper Elevation and the Ann – Bank garage.

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 conducted an ADA compliance review for the handicap parking supply in each MPA parking facility and has completed some related parking facility alterations such as re-stripping, 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 one (21) full time employees and five (5) part time employees:

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

The current total of 26 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 Betw. 2:00am and 7:00am
- Parking in Front of Fire Hydrant
- Double Parking
- Parking in a Crosswalk
- Blocking a Driveway
- Parking in a Bus Stop
- Pkg. 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. As indicated below, the number of parking violations issued by the Parking Authority in 2013 was 18,703, slightly higher than the 2012 totals:

	<u>MPA Tickets Issued In Downtown Areas</u>	<u>MPA Tickets Issued In Residential Zones*</u>	<u>Total Tickets Issued - MPA</u>
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
2013	17,088	1,615	18,703

* *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 2013, enforcement in the downtown areas increased while RPZ enforcement decreased.

Due to the MPA's solid financial performance in 2013, it is recommended that the 2013 enforcement levels be maintained in 2014.

4. PARKING AUTHORITY INCOME

Parking Authority annual income has increased about 20% over the past 5 years and 2.0% between 2012 and 2013 as indicated in the following 5-year summary:

	<u>Total Income</u>	<u>Change from Previous Year</u>
2009	\$ 4,510,617	+ 27.3 %
2010	\$ 4,613,805	+ 2.3 %
2011	\$ 4,937,454	+ 7.0 %
2012	\$ 5,319,688	+ 7.7 %
2013	\$ 5,426,678	+ 2.0 %

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 2.0% increase in 2013 is in part due to increased utilization of the MPA's garages and on-street meters that have resulted from continuing 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 2012 and 2013. 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 1.7% from \$726,397 in 2012 to \$738,759 in 2013. Overall, four of the parking lots in this category posted revenue increases and five posted revenue decreases between 2012 and 2013. The most significant revenue increase was posted in Lot 10J where the MPA instituted shared (night time)

parking in monthly spaces during evening hours and continued to promote usage by Mayo Community Theatre customers. We estimate that parking lot revenue will remain at the \$740,000 level in 2014.

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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
De Hart Garage*	\$ 526,631	\$ 790,440	\$ 977,895	\$ 1,067,640
Dalton Garage	665,830	614,902	681,200	603,702
Ann - Bank Garage	<u>408,958</u>	<u>442,241</u>	<u>511,784</u>	<u>544,326</u>
Totals	\$ 1,601,419	\$ 1,847,583	\$ 2,170,879	\$ 2,215,668

* Opened in October 2008

As indicated above, 2013 income was up at the Ann – Bank and De Hart garages but down at the Dalton garage. The total of \$2,215,668 in garage income was \$44,790 or 2.1% greater than garage income in 2012.

It is estimated that parking garage income will increase to the \$2.3 million level in 2014.

On-Street Meter Revenue

Annual on-street meter collections increased from \$590,229 in 2012 to \$611,501 in 2013 – an increase of \$21,271 or 3.6%. This increase, as well as the 11.9% increase in the previous fiscal year, may be the result of increased activity in the downtown area, and to some degree increased enforcement in Residential Parking Zones which tends to shift parking activity from free residential streets to MPA meters.

**INCOME SUMMARY (1)
CHANGES IN ALL CATEGORIES - 2012 TO 2013**

TABLE 2

<u>Income from Lots</u>	<u>2012</u>	<u>2013</u>	<u>\$ CHANGE from '12 to '13</u>	<u>% CHANGE from '12 to '13</u>
Lot 3C	\$117,621.80	\$116,363.78	(\$1,258.02)	-1.07%
Lot 6F / R	\$32,614.72	\$34,127.29	\$1,512.57	4.64%
Lot 8H	\$42,799.11	\$41,788.64	(\$1,010.47)	-2.36%
Lot 9I (Vail Lot / Deck)	\$88,661.42	\$81,328.35	(\$7,333.07)	-8.27%
Lot 10J	\$162,753.15	\$183,029.94	\$20,276.79	12.46%
Lot 13M	\$1,870.88	\$2,454.69	\$583.81	31.21%
Lot 14N	\$2,558.31	\$2,360.99	(\$197.32)	-7.71%
Lot 15 "O"	\$7,482.68	\$7,610.78	\$128.10	1.71%
Mall Lot	\$270,035.00	\$269,695.00	(\$340.00)	-0.13%
Total Lot Revenue	\$726,397.07	\$738,759.46	\$12,362.39	1.70%
<u>Income from Garages</u>				
De Hart Garage	\$977,894.94	\$1,067,640.48	\$89,745.54	9.18%
Ann-Bank Garage	\$511,784.10	\$544,325.75	\$32,541.65	6.36%
Dalton Garage	\$681,199.57	\$603,702.00	(\$77,497.57)	-11.38%
Total Garage Revenue	\$2,170,878.61	\$2,215,668.23	\$44,789.62	2.06%
Curb Meter Revenue	\$590,229.40	\$611,500.58	\$21,271.18	3.60%
Total Income From Parking	\$3,487,505.08	\$3,565,928.27	\$78,423.19	2.25%
<u>Other Income</u>				
Leases & Other Contract Income (2)	\$545,389.40	\$575,157.09	\$29,767.69	5.46%
Interest	\$6,673.61	\$1,997.26	(\$4,676.35)	-70.07%
Office Rent	\$1,054,337.41	\$1,003,455.46	(\$50,881.95)	-4.83%
Meter Cards, Forfeitures & Misc.	\$106,697.23	\$140,522.44	\$33,825.21	31.70%
Solar Energy Credits	\$0.00	\$9,301.87	\$9,301.87	n/a
Parking Debit Cards	\$59,459.53	\$67,351.08	\$7,891.55	13.27%
Validation Stamps	\$59,625.48	\$62,964.89	\$3,339.41	5.60%
Total Other Income	\$1,832,182.66	\$1,860,750.09	\$28,567.43	1.56%
Total Grand Total Income	\$5,319,687.74	\$5,426,678.36	\$106,990.62	2.01%

(1) Source: Morristown Parking Authority Annual Financial Statements

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

Despite very harsh weather conditions in January and February of 2014 that resulted in decreased on-street collections, we estimate that annual on-street meter revenue will remain relatively stable at about \$600,000 in 2014.

Other Income

This income category includes interest income, income from meter card 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:

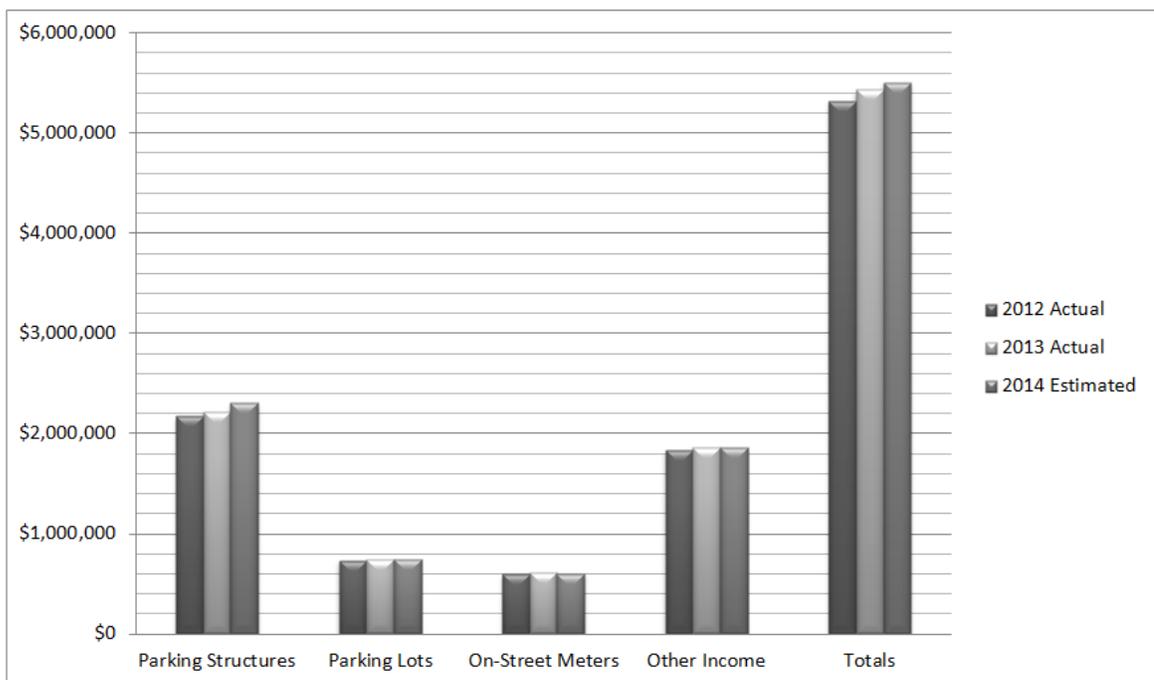
	<u>2012</u>	<u>2013</u>	<u>Change</u>
Miscellaneous & Meter Cards	\$106,697	\$140,522	\$33,825
Leases & Other Contract Income	\$545,389	\$575,157	\$29,768
Solar Energy Credits	\$0	\$9,302	\$9,302
Parking Debit Cards	\$59,460	\$67,351	\$7,891
Validation Program	\$59,625	\$62,965	\$3,340
Interest	\$6,674	\$1,997	-\$4,677
Rent Rolls - 10 Pine / 14 Maple	<u>\$1,054,337</u>	<u>\$1,003,455</u>	<u>-\$50,882</u>
Totals	\$1,832,182	\$1,860,749	\$28,567

As indicated, income in this category was improved by Miscellaneous Income, Meter Cards, Leases, and Other Contract Income. This category was also boosted by the MPA’s decision to sell energy credits in 2013 as the result of an improved energy credit market. We estimate that income in this category will amount to about \$1,860,000 in 2014.

Total Income

Total income increased from \$5,319,688 in 2012 to \$5,426,678 in 2013 – an increase of \$106,991 or 2.0%. Comparison charts showing total income by category in 2012 and 2013 along with our estimates for total income in 2014 are provided below. As indicated, we are estimating that MPA annual income will reach the \$5.5 million level in 2014.

Category	2012 Actual	2013 Actual	2014 Estimated
Parking Structures	\$2,170,879	\$2,215,668	\$2,300,000
Parking Lots	\$726,397	\$738,759	\$740,000
On-Street Meters	\$590,229	\$611,501	\$600,000
Other Income	\$1,832,183	\$1,860,750	\$1,860,000
Totals	\$5,319,688	\$5,426,678	\$5,500,000



5. PARKING AUTHORITY OPERATING EXPENSES & BUDGET

Operating and Maintenance Expense

Total operating expenses increased from \$2,545,007 in 2012 to \$2,735,528 in 2013 -- an increase of \$190,521 or 7.5%. A significant portion of this increase was due to increased security expenses. Rising hospitalization and healthcare premiums also contributed to the expense increase.

The summary below compares Parking Authority operating expense changes between calendar years 2012 and 2013 and includes a new category named "Security" that explains some of the larger shifts in expenses. Some security expenses had previously been absorbed within other expense categories in the 2012 totals.

<u>Expense Category</u>	<u>2012 Expense</u>	<u>2013 Expense</u>	<u>Change (\$)</u>
Security	\$0	\$128,078	\$128,078
Taxes, Insurance & Benefits	\$534,818	\$583,043	\$48,225
Maintenance	\$294,620	\$332,993	\$38,373
Operating & Admin. Salaries	\$778,309	\$813,286	\$34,977
Enforcement Salaries	\$115,958	\$132,120	\$16,162
Office & Administration	\$194,701	\$198,005	\$3,304
Property Rent	\$106,048	\$109,346	\$3,298
Miscellaneous	\$51,085	\$52,355	\$1,270
Utilities including Electric	\$305,971	\$284,134	-\$21,837
Special Services	<u>\$163,497</u>	<u>\$102,168</u>	<u>-\$61,329</u>
Totals	\$2,545,007	\$2,735,528	\$190,521

As indicated, eight expense categories posted increases while two expense categories decreased from 2012 to 2013. 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 2013 was \$2,850,000 and the Parking Authority utilized \$2,735,528 or 96.0% 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 757 space parking garage, a new 33,000 square foot office building, additional manpower, expanded enforcement duties and zones, and additional security and monitoring expenses in response to late night activity in and around several MPA facilities.

The following summary compares the 2013 budget appropriation with the latest (2014) budget appropriation:

	<u>2013</u>	<u>2014</u>
De Hart Street Garage	\$588,561	\$622,308
Dalton Garage	\$464,656	\$491,514
Ann / Bank Garage (Lot 12L)	\$424,680	\$428,323
14 Maple Avenue Office Building	\$262,919	\$279,245
Salaries	\$232,992	\$268,800
Taxes & Insurance Coverage	\$180,226	\$193,046
High Street Mall Expenses	\$167,623	\$177,163
10 Pine Street Office Building	\$161,848	\$168,057
Special Services	\$123,077	\$133,134
Vail Parking Facilities	\$84,371	\$88,447
Maintenance Expenses	\$74,250	\$88,250
Miscellaneous	\$55,097	\$54,013
Administrative Expenses	\$17,500	\$20,500
Electrical Utility Expenses (Lots)	\$9,500	\$9,500
Property Lease	<u>\$2,700</u>	<u>\$2,700</u>
TOTALS	\$2,850,000	\$3,025,000

As indicated, the approved MPA budget for 2014 totals \$3,025,000 -- \$175,000, or 6.1% more than the 2013 budget. This budget exceeds a normal inflationary budget increase in

order to fund improved maintenance and 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.

2013 Debt Service Coverage

The 2013 debt service obligation of the Morristown Parking Authority amounted to \$2,082,550 and was composed as follows: \$1,468,148 in principal and interest payments on the Series 2007 Revenue Bonds, and \$614,402 in principal and interest payments on the Series 2011 Revenue (Refunding) Bonds.

After debt service payments, net income of the Morristown Parking Authority was \$608,600 in calendar year 2013:

Total Operating Income – 2013	\$ 5,426,678
Total Expense - 2013	<u>(2,735,528)</u>
2013 Net Income <i>before</i> Debt Service	\$ 2,691,150
2013 Debt Service (principal and interest)	(\$ 2,082,550)
2013 Net Income <i>after</i> Debt Service	\$ 608,600 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 2013 this ratio was 129.2%, exceeding the coverage requirement:

$$\frac{\text{Net Income before Debt Service}}{\text{Debt Service Obligation}} = \frac{\$ 2,691,150}{\$ 2,082,550} = 129.2 \%$$

2014 Debt Service Coverage - Projected

The 2014 payment schedule for the Morristown Parking Authority’s outstanding bonds is summarized below:

February 1, 2014 payment (2007 Revenue Bonds)	\$ 609,274
February 1, 2014 payment (2011 Refunding Bonds)	160,426
August 1, 2014 payment (2007 Revenue Bonds)	864,274
August 1, 2014 payment (2011 Refunding Bonds)	<u>450,426</u>
 Total Debt Service Obligation – 2014	 \$ 2,084,400

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 2014, the 2014 budget, and the 2014 debt service obligation, we estimate the following financial summary for Fiscal Year 2014:

Estimated Income – 2014	\$ 5,500,000
2014 Operating Budget	<u>(3,025,000)</u>
2014 Net Income <i>before</i> Debt Service	\$ 2,475,000
2014 Debt Service (principal and interest)	<u>(\$ 2,084,400)</u>
2014 Net Income <i>after</i> Debt Service	\$ 390,600

The projected 2014 financial summary translates to an estimated annual debt service coverage ratio of 118.7%, 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 favorably affect the debt service schedule 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 illustrating this pattern:

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

Because of the upcoming increase in the 2015 (and beyond) debt service obligation 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.

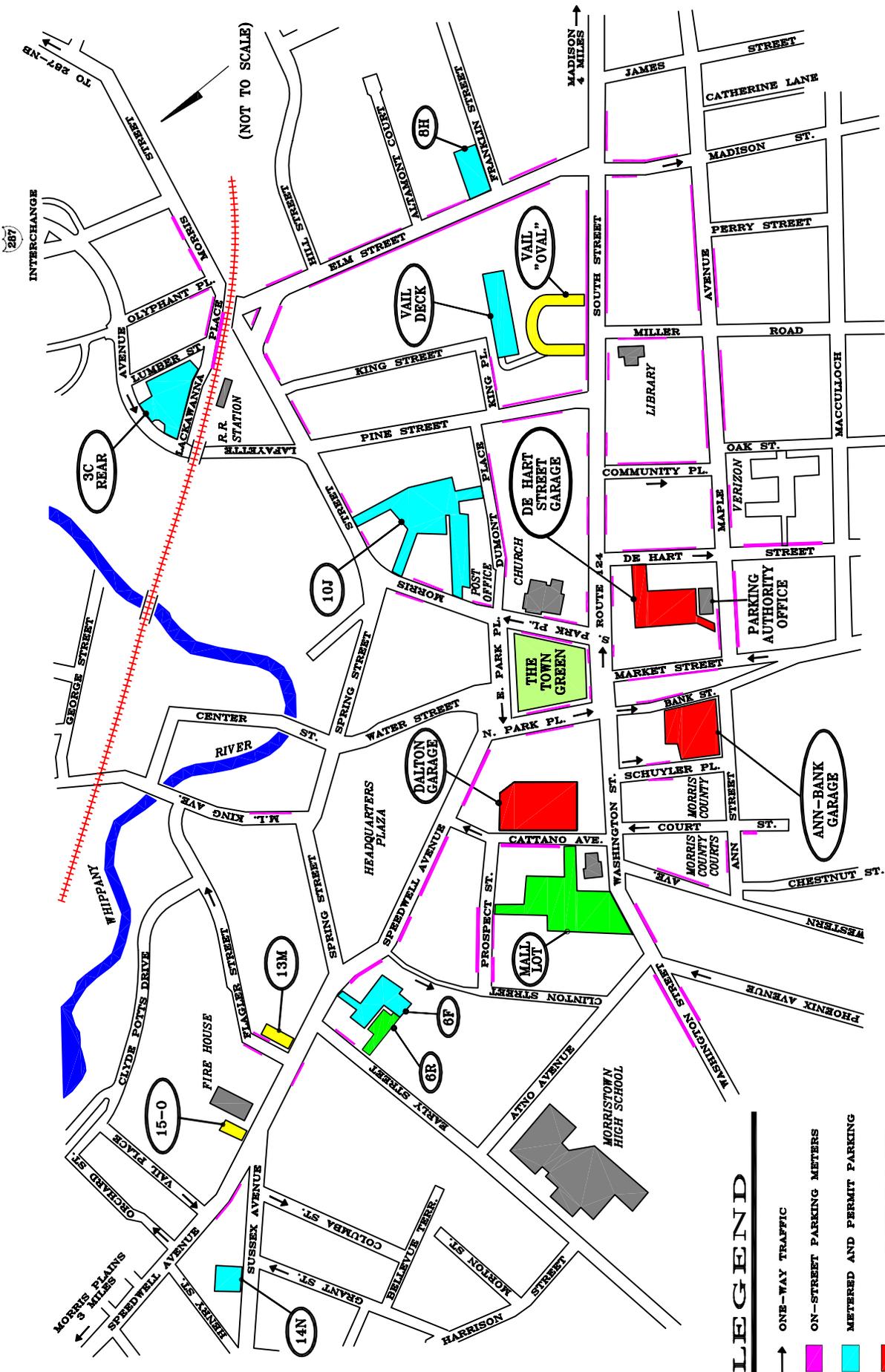
7. PROGRAM UPDATES, RECENT DEVELOPMENTS & UPGRADES

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 the Mall lot and Dalton garage in addition to Lot 6R;
- As part of the Town’s “Clean & Safety” initiative, the MPA has been funding 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 was recently completed. This new lane was 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 summer of 2014. This replacement will be accompanied by a new level designation and signage system;
- The MPA recently conducted an ADA compliance review for its handicap parking supply and has completed a number of facility alterations related to same;
- The MPA continues to expand its “pay on foot” opportunities throughout the

system. Customers can now use credit card and paper bill accepting pay stations at all parking facilities with at least 100 spaces and 7 out of 11 facilities where an on-site fee is charged for parking;

- The MPA is working on a new website that should be launched sometime in 2014;
- The MPA is working on a new payment system where customers will be able to automatically renew monthly parking passes. This feature should be available sometime during the summer of 2014;
- The MPA is considering the conversion of a significant portion of its on-street meter supply to solar powered credit card accepting meters. This conversion would take place in phases;
- The MPA has recently upgraded its computer system to include additional file servers and back up systems.



APPENDIX A PARKING FACILITIES of the MORRISTOWN PARKING AUTHORITY

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

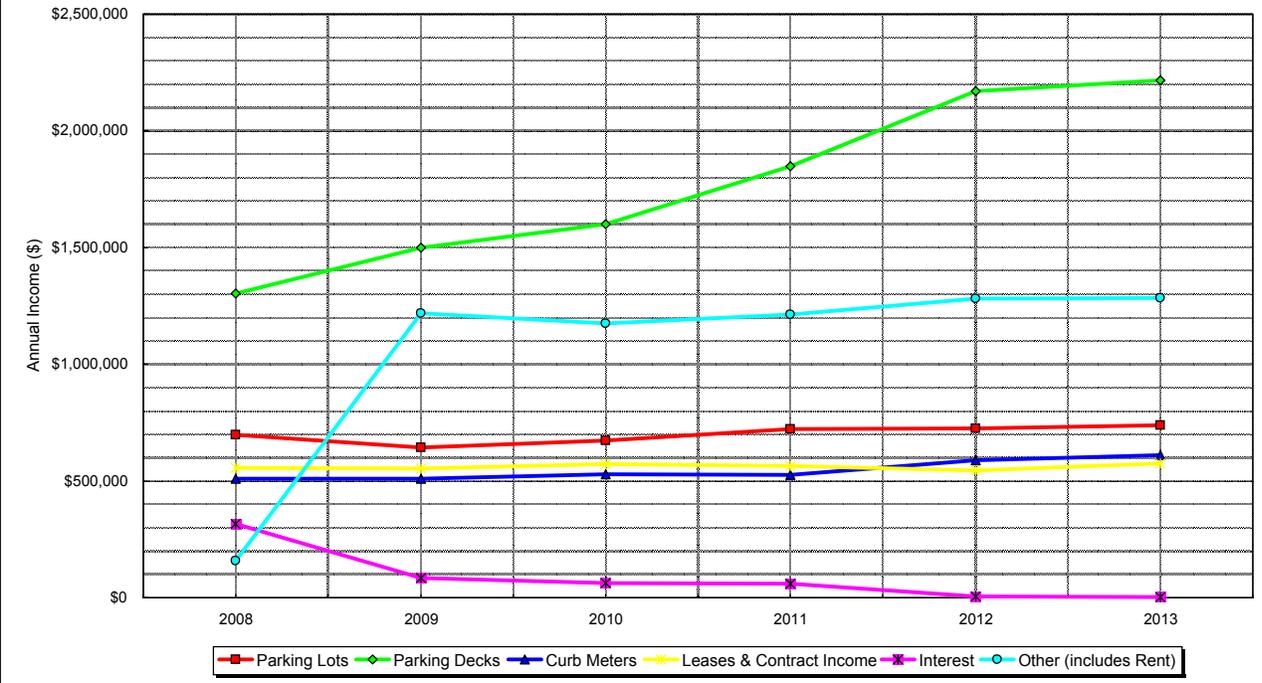
	2009	2010	2011	2012	2013
Income from Lots					
Lot 3C	\$125,815.75	\$133,149.19	\$119,025.16	\$117,621.80	\$116,363.78
Lot 6F	\$30,729.62	\$31,316.25	\$35,174.26	\$32,614.72	\$34,127.29
Lot 8H	\$38,569.84	\$32,598.97	\$37,066.94	\$42,799.11	\$41,788.64
Lot 9I (Re-opened as Vail Lot / Deck in '08)	\$47,737.25	\$71,221.62	\$86,772.93	\$88,661.42	\$81,328.35
Lot 10J	\$138,624.72	\$149,932.54	\$152,610.53	\$162,753.15	\$183,029.94
Lot 13M	\$1,901.46	\$2,256.98	\$2,000.02	\$1,870.88	\$2,454.69
Lot 14N	\$2,837.82	\$2,860.69	\$2,858.03	\$2,558.31	\$2,360.99
Lot 15O	\$5,671.57	\$6,336.16	\$7,289.33	\$7,482.68	\$7,610.78
Mall Lot (incl. stamps)	\$251,717.50	\$244,962.50	\$280,626.00	\$270,035.00	\$269,695.00
Total Lot Revenue	\$643,605.53	\$674,634.90	\$723,423.20	\$726,397.07	\$738,759.46
Income from Garages					
Deck 1A / De Hart Street Garage (2)	\$360,593.69	\$526,630.63	\$790,439.51	\$977,894.94	\$1,067,640.48
Ann-Bank Garage	\$469,563.85	\$408,958.35	\$442,240.97	\$511,784.10	\$544,325.75
Dalton Garage	\$668,903.83	\$665,830.39	\$614,902.36	\$681,199.57	\$603,702.00
Total Garage Revenue	\$1,499,061.37	\$1,601,419.37	\$1,847,582.84	\$2,170,878.61	\$2,215,668.23
Curb Meter Revenue	\$511,139.43	\$528,192.30	\$527,347.31	\$590,229.40	\$611,500.58
Total Income from Parking	\$2,653,806.33	\$2,804,246.57	\$3,098,353.35	\$3,487,505.08	\$3,565,928.27
Other Income					
Leases & Other Contract Income (3)	\$553,733.35	\$572,068.47	\$564,167.40	\$545,389.40	\$575,157.09
Interest	\$85,753.32	\$62,076.61	\$60,903.96	\$6,673.61	\$1,997.26
Office Rent	\$1,097,215.50	\$1,036,063.10	\$1,006,644.71	\$1,054,337.41	\$1,003,455.46
Meter Cards & Misc.	\$48,767.91	\$29,641.20	\$93,911.23	\$106,697.23	\$140,522.44
Solar Energy Credits	\$42,266.80	\$62,488.82	\$23,562.53	\$0.00	\$9,301.87
Parking Debit Cards	\$0.00	\$0.00	\$45,305.10	\$59,459.53	\$67,351.08
Validation Stamps	\$29,073.90	\$47,219.84	\$44,605.68	\$59,625.48	\$62,964.89
Total Other Income	\$1,856,810.78	\$1,809,558.04	\$1,839,100.61	\$1,832,182.66	\$1,860,750.09
Grand Total Income	\$4,510,617.11	\$4,613,804.61	\$4,937,453.96	\$5,319,687.74	\$5,426,678.36
Operating Expenses	(\$2,206,748.00)	(\$2,348,851.74)	(\$2,443,215.00)	(\$2,545,006.84)	(\$2,735,528.00)
<i>Net Income - before Debt Service</i>	\$2,303,869.11	\$2,264,952.87	\$2,494,238.96	\$2,774,680.90	\$2,691,150.36

(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

	2009	2010	2011	2012	2013
Operating and Administrative Salaries	\$646,272	\$673,653	\$695,032	\$778,309	\$813,286
Taxes, Insurance, & Benefits	\$483,031	\$455,716	\$472,705	\$534,818	\$583,043
Maintenance	\$263,497	\$300,061	\$306,123	\$294,620	\$332,993
Utilities including Electricity	\$311,935	\$311,891	\$360,386	\$305,971	\$284,134
Office & Administrative	\$85,751	\$195,243	\$162,635	\$194,701	\$198,005
Enforcement	\$97,904	\$93,691	\$118,233	\$115,958	\$132,120
Security					\$128,078
Property Rents	\$100,048	\$100,022	\$103,100	\$106,048	\$109,346
Special Services	\$172,067	\$169,994	\$171,372	\$163,497	\$102,168
Miscellaneous	\$46,243	\$48,581	\$53,629	\$51,085	\$52,355
Totals	\$2,206,748	\$2,348,852	\$2,443,215	\$2,545,007	\$2,735,528

*Source: Parking Authority Annual Financial Statements

LEVEL G ASSOCIATES, LLC

APPENDIX E
5-YEAR BUDGET COMPARISON
MORRISTOWN PARKING AUTHORITY

	2010	2011	2012	2013	2014
De Hart Street Garage	\$476,739	\$484,361	\$538,860	\$588,561	\$622,308
Dalton Garage	\$400,015	\$416,575	\$426,983	\$464,656	\$491,514
Ann / Bank Garage (Lot 12L)	\$320,936	\$333,356	\$345,836	\$424,680	\$428,323
14 Maple Avenue Office Building	\$264,800	\$257,541	\$256,648	\$262,919	\$279,245
Salaries	\$188,664	\$202,488	\$215,360	\$232,992	\$268,800
Taxes & Insurance Coverage	\$125,344	\$136,496	\$147,146	\$180,226	\$193,046
High Street Mall Expenses	\$132,669	\$137,386	\$143,322	\$167,623	\$177,163
10 Pine Street Office Building	\$151,800	\$153,817	\$155,809	\$161,848	\$168,057
Special Services	\$125,188	\$125,133	\$124,281	\$123,077	\$133,134
Vail Parking Facilities	\$75,605	\$75,933	\$77,520	\$84,371	\$88,447
Maintenance Expenses	\$55,250	\$57,250	\$68,250	\$74,250	\$88,250
Miscellaneous	\$66,790	\$65,464	\$61,785	\$55,097	\$54,013
Administrative Expenses	\$18,500	\$18,500	\$17,500	\$17,500	\$20,500
Electrical Utility Expenses (Lots)	\$10,000	\$8,000	\$8,000	\$9,500	\$9,500
Property Lease	\$2,700	\$2,700	\$2,700	\$2,700	\$2,700
TOTALS	\$2,415,000	\$2,475,000	\$2,590,000	\$2,850,000	\$3,025,000

**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