parking consultant's

annual report

Morristown Parking Authority

Morristown, NJ

June 2017

LEVEL G ASSOCIATES

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.

Anthony Lucia	**Chairperson**
Linda Stamato	**Vice Chairperson**
James Gervasio	**Treasurer**
Margret Brady	**Secretary**
Richard L. Tighe	**Assistant Secretary / Treasurer**

Michael Fabrizio
Executive Director

Mark Axelrod
Director of Operations

Gregory S. Deal
Director of Facilities

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, parking consultants, 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 2016.

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, 2016" -- prepared by Ferraioli, Wielkotz, Cerullo & Cuva, P.A. 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 first two quarters of 2017. During these visits the parking consultant met with Parking Authority officials to discuss key aspects of the operation, performance, and condition of the parking system.

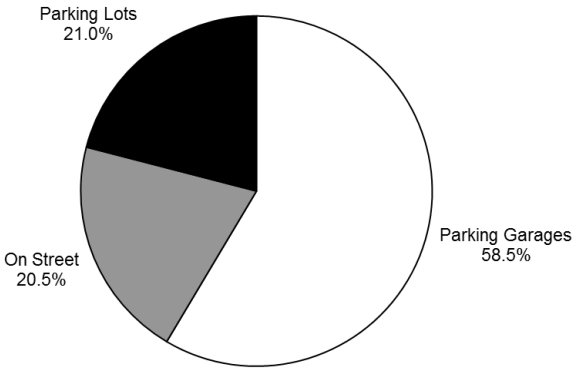
Finally, the parking consultant conducted general observations of on and off street parking spaces administered by the Morristown Parking Authority (MPA) and performed a visual inspection of all off-street parking facilities to review their general condition.

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 June 2017, the total parking supply operated by the Morristown Parking Authority amounted to 3,598 parking spaces, broken down as follows:



754	Spaces located in 9 parking lots;
738	Spaces (metered) on-street;
2,106	Spaces located in 4 parking structures
3,598	**Total Parking Spaces**

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	**738 Spaces**	5	Various	30 min limit 60 min limit 90 min limit 2 hour limit 2 hour limit 18 hour limit	15 Total - 25 cents for 15 minutes 7 Total - 25 cents for 15 minutes 377 Total - 25 cents for 15 minutes 130 Total - 25 cents for 15 minutes 200 Total - 25 cents for 20 minutes 9 Total - 25 cents for 20 minutes	Not Available
Lot 3R	**115 Spaces**	5	1958	Pay Station & Permits	(48) Daily Pay Station @ $5.00 per day; (61) permit spaces; (6) spaces rented to local businesses.	$85 $50 (Town Residents)
Lot 6F			1958	Closed For Redevelopment / Reconstruction - As of March 2016		
Lot 8H	**70 Spaces**	3	1957	Pay Stations & Permits	(18) 3 hr limit spaces @ 25¢ per 30 min; (19) 12 hour limit spaces @ 25¢ per 45 min; (33) permit 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 45 min or permit parking	$ 45.00
Lot 13M	**8 Spaces**	1	1973	Meters	(4) 1 hr meters and (4) 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) permit only spaces.	$ 65.00 $25 (students)
Vail Mansion Facility	**110 Spaces**	5	2008	Pay Stations & Permits	Front (Pay Stations) (32) Hourly Parking Spaces @ $1.00/Hr Rear Deck (Pay Stations & Permits) (16) Hourly Spaces @ $1.00/Hr; (62) Permit Spaces	Not Available $ 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	$80.00
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; $3 flat fee for vehicles entering after 5PM	$ 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	**3,598 Spaces**	*Sources: MPA & Level G Associates ~ as of June 2017*				

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 738 on-street meters includes: (15) - 30 minute limit meters; (7) - 60 minute limit meters; (377) - 90 minute limit meters; (330) - 2 hour limit meters; and (9) – 18 hour limit meters. On-street meters constitute about one-fifth of the parking system.

The MPA meter stock is composed of (231) digital electronic parking meters (commonly referred to as EPM's) and (507) recently installed credit card parking meters. All meters accept nickels, dimes, and quarters but credit card meters have the ability to accept credit cards as well.

The basic charge for parking at the on-street meters is 25 cents for 15 minutes -- translated hourly fee of $1.00 per hour. However, a discounted fee of 25 cents for 20 minutes is in effect at (209) EPM's. These rates became effective in the fall of 2015, when the Morristown Town Council approved a rate increase from 50 cents per hour, the first on-street meter rate increase in 17 years.

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 contractors are permitted to temporarily "rent" on-street meter spaces in front of project locations using "meter cards" that are available from the MPA for $10 per day.

The total of 738 on street metered spaces is unchanged from last year's total.

Parking Lots

The Morristown Parking Authority administers 8 parking lots ranging in size from 8 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 parking lots is as follows:

Type of Operation	No. Lots	Lot(s)	No. Spaces	% of Total
Monthly Parking Only	1	Mall	269	35.7%
Pay Station / Meters / Monthly Mix	1	10	205	27.2%
Pay Station / Monthly Parking Mix	2	3, 8	185	24.5%
Parking Meters / Monthly Parking Mix	1	14	21	2.8%
Pay Station (pay by space) Only	2	15, Vail-F	66	8.8%
Parking Meters Only	1	13	8	1.0%
Totals	8		754	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 that keep abreast of the latest parking technology and remain aware of the local business environment.

Parking lot spaces comprise 21.0% 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 754 parking lot spaces is unchanged from last years' total. 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 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 need assistance or are unfamiliar with the 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 and hourly parking. The deck is adjacent to the Mayo Community Theatre and is controlled with hang tags for monthly permit parking and with two electronic pay-on-foot stations for hourly parking transactions. Table 1 indicates parking rates charged at the parking structures.

The total of 2,106 parking structure spaces is unchanged from the 2016 total.

Parking Authority Office Building

The Parking Authority moved its offices from 10 Pine Street to a 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 until May 2019.

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, was submitted to the

Parking Authority.

In 2014, the MPA's structural engineer inspected the Ann-Bank parking garage and recommended a number of concrete repairs that were completed in 2014.

In 2014, the MPA completed an ADA compliance review for the handicap parking supply in each parking facility and made related parking facility alterations such as space relocations, re-striping, sign changes and ramp adjustments.

In early 2016, the MPA's structural engineer inspected the De Hart Street parking garage and recommended a number of slab repairs that were completed in the spring of 2016.

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 twenty two (22) full time employees and nine (9) part time employees:

1	Executive Director	1	Evening Facilities Supervisor
1	Director of Operations	1	Evening Facilities Super. (part time)
1	Director of Facilities	6	Deck and Garage Attendants
1	Operations Assistant	6	Deck and Garage Atten. (part time)
1	Admin. Assistant / Computer Operator	1	Computer and Information Specialist
1	Admin. Bookkeeper / Receptionist	1	Receptionist / Bookkeeper
4	Parking Enforcement Officers (PEO)	1	Maintenance Supervisor
2	PEO (part time)	2	General Maintenance Persons

The current total of 31 full and part time employees is four greater than last year's total -- five additional part time employees offset by 1 less full time employee.

Parking Fines and Enforcement

The Parking Authority's six enforcement officers patrol parking facilities on foot and in three 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 parking violations carry a fine of $47.00:

- Prohibited Parking
- Parking in a Taxi Stand
- Blocking a Driveway
- Parking in a Bus Stop

The following parking violations carry a fine of $54.00:

- Parking on Wrong Side of Street
- Double Parking
- Parking on a Sidewalk
- Parking in a Crosswalk

Parking in a handicap space without a valid sticker carries a State-mandated minimum parking fine of $250.

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

	MPA Tickets Issued In Downtown Areas	**MPA Tickets Issued In Residential Zones***	**Total Tickets Issued - MPA**
2009	15,185	n / a	15,185
2010	14,076	763	14,839
2011	11,599	2,954	14,553
2012	14,766	2,488	17,254
2013	15,243	1,709	16,952
2014	15,639	2,512	18,151
2015	16,628	3,263	19,891
2016	22,700	4,498	27,198

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

As indicated, the number of annual parking violations issued by the Parking Authority increased from 19,891 in 2015 to 27,198 in 2016 -- an increase of 7,307 or 36.7%.

Based on past performance of on-street meter income, annual ticket issuance levels in the 1,650 to 1,750 per month range should be sufficient to properly protect the integrity of the downtown meter revenue stream and residential areas.

4. PARKING AUTHORITY INCOME

Parking Authority annual income has increased almost 33% over the past 5 years and over 12% between 2015 and 2016 as indicated in the following 5-year summary:

	Total Income	Change from Previous Year
2012	$ 5,319,688	+ 7.7%
2013	$ 5,426,678	+ 2.0%
2014	$ 5,965,973	+ 9.9%
2015	$ 6,273,678	+ 5.2%
2016	$ 7,054,688	+ 12.5%

The sustained increases in MPA revenue in the first half of the 2010's is due to increased utilization of the MPA's garages and on-street meters that have resulted from continuing redevelopment and 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 2015 and 2016. 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 decreased from $805,664 in 2015 to $799,400 in 2016. Overall, six of the parking lots in this category posted revenue increases and three posted revenue decreases between 2015 and 2016. The most significant change was the loss of $29,472 in revenue resulting from the closing of Lot 6 for redevelopment. We

estimate that parking lot revenue will remain at the $800,000 level in 2017.

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:

	2013	2014	2015	2016
De Hart Garage	$ 1,067,640	$ 1,311,920	$ 1,428,689	$ 1,638,624
Dalton Garage	603,702	743,542	765,857	853,610
Ann - Bank Garage	544,326	588,245	683,967	665,610
Totals	**$ 2,215,668**	**$ 2,643,707**	**$ 2,878,513**	**$ 3,157,844**

As indicated above, 2016 income was higher at two of the three MPA parking garages and the total of $3,157,844 in garage income was $279,331 or 9.7% greater than garage income in 2015.

It is estimated that parking garage income will increase slightly to the $3.2 million level in 2016.

On-Street Meter Revenue

Annual on-street meter collections increased from $684,994 in 2015 to $1,071,631 in 2016, an increase of $386,637 or 56.4%. This increase is primarily the result of a rate increase that was implemented in the fall of 2015.

In May of 2015 the Town Council of the Town of Morristown approved an on-street meter rate increase raising meter rates on the streets of downtown Morristown for the first time in 17 years. The new meter rates are: 25¢ per 15 minutes at spaces with 30 minute, 60 minute and 90 minute time limits; 25¢ per 15 minutes at 2 hour limit spaces with credit

INCOME SUMMARY (1) **TABLE 2**

CHANGES IN ALL CATEGORIES - 2015 TO 2016

Income from Lots	2015	2016	$ CHANGE from '15 to '16	% CHANGE from '15 to '16
Lot 3R	$136,446.81	$132,388.91	($4,057.90)	-2.97%
Lot 6F / R	$37,266.38	$7,794.49	($29,471.89)	-79.08%
Lot 8H	$43,759.54	$55,942.14	$12,182.60	27.84%
Lot 9I (Vail Lot / Deck)	$122,196.71	$114,963.19	($7,233.52)	-5.92%
Lot 10J	$208,767.99	$212,105.76	$3,337.77	1.60%
Lot 13M	$3,608.27	$3,924.56	$316.29	8.77%
Lot 14N	$2,509.26	$3,657.86	$1,148.60	45.77%
Lot 15 "O"	$6,743.80	$11,253.71	$4,509.91	66.87%
Mall Lot	$244,365.00	$257,369.00	$13,004.00	5.32%
Total Lot Revenue	$805,663.76	$799,399.62	($6,264.14)	-0.78%
Income from Garages				
De Hart Garage	$1,428,689.08	$1,638,624.32	$209,935.24	14.69%
Ann-Bank Garage	$683,967.41	$665,610.10	($18,357.31)	-2.68%
Dalton Garage	$765,856.39	$853,610.44	$87,754.05	11.46%
Total Garage Revenue	$2,878,512.88	$3,157,844.86	$279,331.98	9.70%
Curb Meter Revenue	$684,993.55	$1,071,630.71	$386,637.16	56.44%
Total Income From Parking	$4,369,170.19	$5,028,875.19	$659,705.00	15.10%
Other Income				
Leases & Other Contract Income (2)	$647,594.61	$554,342.83	($93,251.78)	-14.40%
Interest	$2,665.44	$10,567.94	$7,902.50	296.48%
Office Rent	$1,034,448.75	$1,122,586.96	$88,138.21	8.52%
Meter Cards, Forfeitures & Misc.	$56,302.86	$106,970.93	$50,668.07	89.99%
Solar Energy Credits	$0.00	$0.00	$0.00	n/a
Parking Debit Cards	$130,714.62	$142,823.39	$12,108.77	9.26%
Validation Stamps	$32,781.41	$88,520.58	$55,739.17	170.03%
Total Other Income	$1,904,507.69	$2,025,812.63	$121,304.94	6.37%
Grand Total Income	$6,273,677.88	$7,054,687.82	$781,009.94	12.45%

(1) Source: Morristown Parking Authority Annual Financial Statements

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

card meters; 25¢ per 20 minutes at 2 hour limit spaces without credit card meters, and; 25¢ per 20 minutes for spaces with an 18 hour time limit. The rate increases described were implemented in the fall of 2015.

It is estimated that income from on-street meters will be $1.1 million in 2017.

Other Income

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

Category	2015	2016	Change
Rent Rolls - 10 Pine / 14 Maple	$1,034,449	$1,122,587	$88,138
Validation Program	$32,781	$88,521	$55,740
Miscellaneous & Meter Cards	$56,303	$106,971	$50,668
Parking Debit Cards	$130,715	$142,824	$12,109
Interest	$2,665	$10,568	$7,903
Leases & Other Contract Income	$647,595	$554,342	($93,253)
Totals	**$1,904,508**	**$2,025,813**	**$121,305**

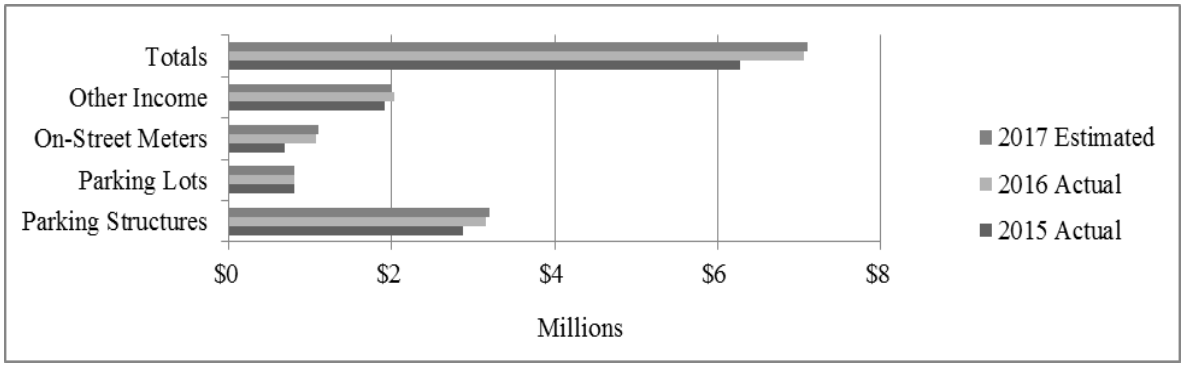
As indicated, income in this category was improved by Rent Rolls, Validation Program, Miscellaneous / Meter Cards, Parking Debit Cards and Interest income. These increases were partially offset by a decrease in Leases & Other Contract income in 2016.

We estimate that income in this category will remain at the $2.0 million level in 2017.

Total Income

Total income increased from $6,273,678 in 2015 to $7,054,688 in 2016 – an increase of $781,010 or 12.5%. Comparison charts showing total income by category in 2015 and 2016 along with our estimates for total income in 2017 are provided below. As indicated, we are estimating that MPA annual income will reach the $7.1 million level in 2017.

	2015 Actual	2016 Actual	2017 Estimated
Parking Structures	$2,878,513	$3,157,845	$3,200,000
Parking Lots	$805,664	$799,400	$800,000
On-Street Meters	$684,993	$1,071,631	$1,100,000
Other Income	$1,904,508	$2,025,812	$2,000,000
Totals	**$6,273,678**	**$7,054,688**	**$7,100,000**



5. PARKING AUTHORITY OPERATING EXPENSES & BUDGET

Operating and Maintenance Expense

Total operating expenses increased from $2,996,194 in 2015 to $3,282,435 -- an increase of $286,241 or 9.5%. The majority of the expense increase was due to rising healthcare and insurance costs plus additional professional services related to redevelopment transactions involving Lot 3 and Lot 6.

The summary below compares Parking Authority operating expense changes between calendar years 2015 and 2016.

Expense Category	2015 Expense	2016 Expense	Change ($)
Taxes, Insurance & Benefits	$666,641	$855,511	$188,870
Enforcement Salaries	$144,497	$204,813	$60,316
Special Services	$89,016	$135,253	$46,237
Miscellaneous	$25,919	$69,207	$43,288
Maintenance	$389,248	$414,532	$25,284
Security	$116,032	$138,287	$22,255
Property Rent	$116,678	$120,333	$3,655
Office & Administration	$184,170	$183,314	($856)
Utilities including Electric	$281,050	$270,712	($10,338)
Operating & Admin. Salaries	$982,943	$890,473	($92,470)
Totals	**$2,996,194**	**$3,282,435**	**$286,241**

As indicated, seven expense categories posted increases while three expense categories decreased from 2015 to 2016. 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 2016 was $3,300,000 and the Parking Authority utilized $3,282,435 or 99.5% 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 decade are the result of significant system expansion in the form of a new 757 space parking garage and new 33,000 square foot office building, additional manpower, expanded enforcement duties and zones, additional security and monitoring expenses in response to late night activity in and around several MPA facilities, technology upgrades, and the town-wide residential enforcement program.

The following summary compares the 2016 budget appropriation with the latest (2017) budget appropriation:

	2016	**2017**
De Hart Street Garage	$651,934	$729,747
Dalton Garage	$529,302	$599,095
Ann / Bank Garage (Lot 12L)	$454,477	$505,246
14 Maple Avenue Office Building	$282,406	$282,437
Salaries	$272,760	$317,280
Taxes & Insurance Coverage	$217,452	$252,540
Maintenance Expenses / Meter Fees	$192,750	$199,750
High Street Mall Expenses	$187,294	$214,371
10 Pine Street Office Building	$176,191	$180,112
Special Services	$167,375	$163,675
Vail Parking Facilities	$92,094	$112,457
Miscellaneous	$40,765	$31,090
Administrative Expenses	$23,000	$25,000
Electrical Utility Expenses (Lots)	$9,500	$9,500
Property Lease	$2,700	$2,700
TOTALS	**$3,300,000**	**$3,625,000**

As indicated, the approved MPA budget for 2017 totals $3,625,000 -- $325,000 or 9.8% greater than the 2016 budget. This budget increase reflects normal inflationary pressures plus additional manpower and services related to extended operating hours at the De Hart Street parking garage.

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 John L. 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 June 2017 the 2007 bond series was refunded via issuance of $23,855,000 in MPA Guaranteed Parking Revenue (Refunding) Bonds.

2016 Debt Service Coverage

The 2016 debt service obligation of the Morristown Parking Authority amounted to $2,456,612 and was composed as follows: $1,454,710 in principal and interest payments on the Series 2007 Revenue Bonds, and $1,001,902 in principal and interest payments on the Series 2011 Revenue (Refunding) Bonds.

After debt service payments, net income of the Morristown Parking Authority was $1,315,641 in calendar year 2016:

Total Operating Income – 2016	$ 7,054,688
Total Expense - 2016	(3,282,435)
2016 Net Income *before* Debt Service	$ 3,772,253
2016 Debt Service (principal and interest)	($ 2,456,612)
2016 Net Income *after* Debt Service	$ 1,315,641[1]

[1] *Net income was used to fund portions of the MPA's 6-year $1.7 million capital improvement program and to fund the planning, design, and development of the MPA's next major parking garage project expected to begin construction in 2017 or 2018.*

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 2016 this ratio was 153.5%, exceeding the coverage requirement:

$$\frac{\textit{Net Income before Debt Service}}{\textit{Debt Service Obligation}} = \frac{\$\ 3{,}772{,}253}{\$\ 2{,}456{,}612} = 153.5\ \%$$

2017 Debt Service Coverage - Projected

The 2017 payment schedule for the Morristown Parking Authority's outstanding bonds is summarized below:

February 1, 2017 payment (2007 Revenue Bonds)	$ 590,855
February 1, 2017 payment (2011 Refunding Bonds)	135,301
August 1, 2017 payment (2011 Refunding Bonds)	870,301
Total Debt Service Obligation – 2017	$ 1,596,457

Based on the parking consultant's income estimate for 2017, the approved 2017 budget, and the 2017 debt service obligation, we estimate the following financial summary for Fiscal Year 2017:

Estimated Income – 2017	$ 7,100,000
2017 Operating Budget	(3,625,000)
2017 Net Income *before* Debt Service	$ 3,475,000
2017 Debt Service (principal and interest)	($ 1,596,457)
2017 Net Income *after* Debt Service	$ 1,878,543

The projected 2017 financial summary translates to an estimated annual debt service coverage ratio of 217.7%, exceeding the debt service coverage requirement of 110% in the

Bond Indenture.

Future Debt Service

The Series 2017 refunding bonds issued by the MPA in June 2017 will decrease the MPA's typical annual debt service payments by about $325,000 per year. Please refer to Appendix F for a summary of the MPA's debt service payment schedule from 2016 to 2023.

7. PROGRAM UPDATES, RECENT DEVELOPMENTS & UPGRADES

Over the past year, the Morristown Parking Authority has been engaged in a number of activities and upgrades 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:

- As of January 1, 2017 the MPA's new Executive Director is Michael Fabrizio who has been working in the Town of Morristown for over 20 years and was formerly Executive Director of the Town's SID (Special Improvement District);

- Purchased a new Ford F350 Truck for use as a general and meter maintenance vehicle;

- Purchased a new Ford Escape for use as an enforcement vehicle;

- Refunded older (2007) bonds in June 2017 resulting in debt service savings of about $325,000 per year;

- In 2015 the MPA converted 507 (69%) of its 738 on-street meters to state-of-the-art credit card parking meters. The new meters provide superior internal controls and have been well received by customers and the business community. The MPA is considering expanding the program to include additional streets in the central business district;

- The MPA completed a sale of Lot 6F as part of a major town redevelopment project. As a condition of the sale, the developer will construct 60 public parking spaces that the MPA will operate. This project is currently under construction and progressing on schedule;

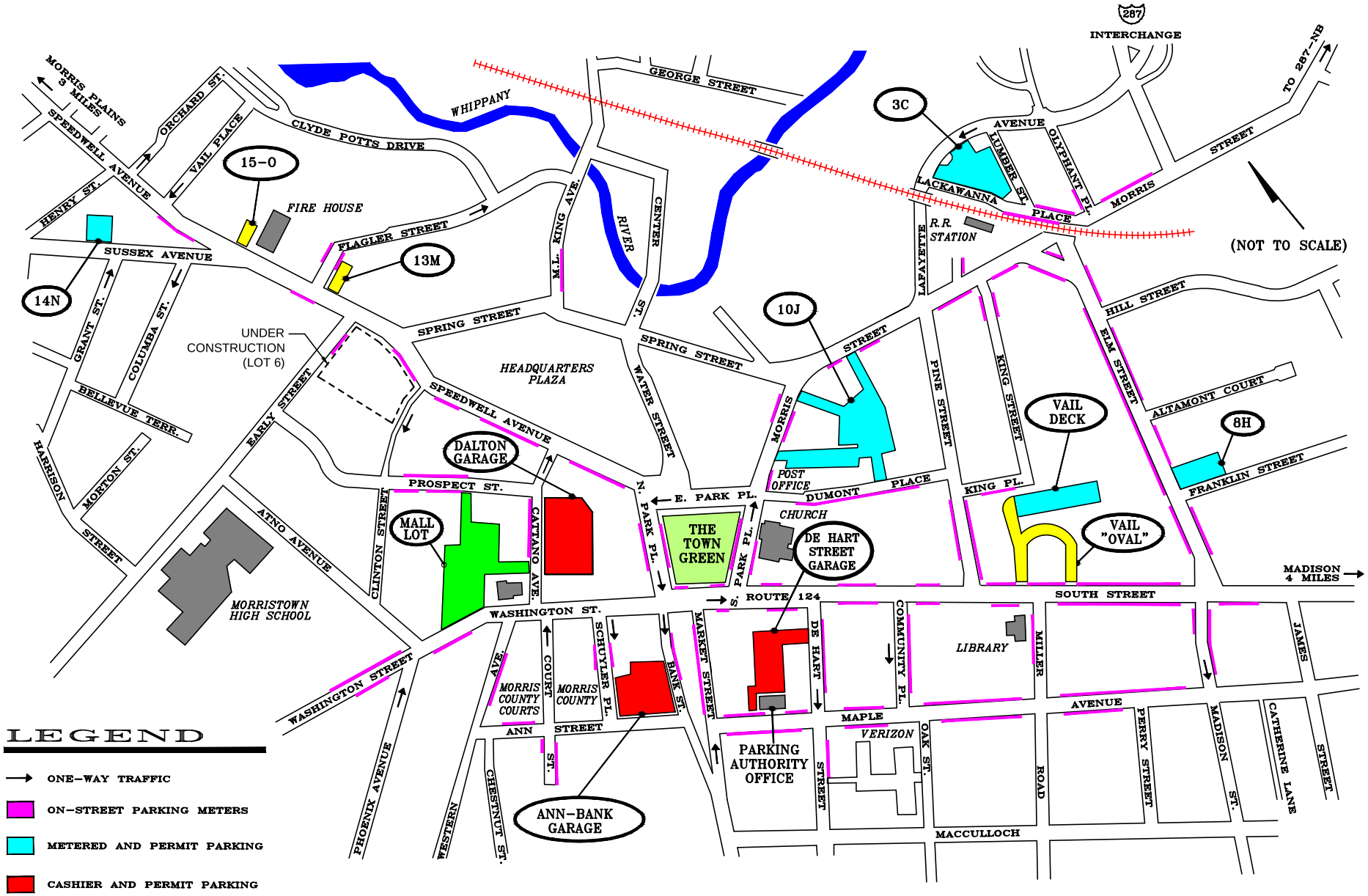
- The final phase of the Epstein's Redevelopment (an award winning redevelopment project involving the MPA) is under construction adjacent to the MPA's De Hart Street garage and expected to be completed in 2018;

- The MPA is in the planning stages of a new parking garage project to be situated on the site of Lot 10J;

- The MPA remains actively involved in downtown redevelopment proposals and continues to work closely and in cooperation with Town officials in these regards;

- The MPA-enforced Residential Parking Zone program has been a large success and continues to expand to additional streets;

- As part of the Town's "Clean & Safety" initiative, the MPA has continued to fund 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.



APPENDIX A
PARKING FACILITIES
of the
MORRISTOWN PARKING AUTHORITY

LEVEL G ASSOCIATES
JUNE 2016

APPENDIX B

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

Income from Lots	**2012**	**2013**	**2014**	**2015**	**2016**
Lot 3C	$117,621.80	$116,363.78	$150,752.90	$136,446.81	$132,388.91
Lot 6F	$32,614.72	$34,127.29	$39,567.96	$37,266.38	$7,794.49
Lot 8H	$42,799.11	$41,788.64	$41,536.19	$43,759.54	$55,942.14
Lot 9I - Vail Lot / Deck	$88,661.42	$81,328.35	$96,204.65	$122,196.71	$114,963.19
Lot 10J	$162,753.15	$183,029.94	$196,356.28	$208,767.99	$212,105.76
Lot 13M	$1,870.88	$2,454.69	$3,111.40	$3,608.27	$3,924.56
Lot 14N	$2,558.31	$2,360.99	$2,263.08	$2,509.26	$3,657.86
Lot 15O	$7,482.68	$7,610.78	$7,402.83	$6,743.80	$11,253.71
Mall Lot (incl. stamps)	$270,035.00	$269,695.00	$256,602.00	$244,365.00	$257,369.00
Total Lot Revenue	**$726,397.07**	**$738,759.46**	**$793,797.29**	**$805,663.76**	**$799,399.62**
Income from Garages					
De Hart Street Garage	$977,894.94	$1,067,640.48	$1,311,919.93	$1,428,689.08	$1,638,624.32
Ann-Bank Garage	$511,784.10	$544,325.75	$588,245.03	$683,967.41	$665,610.10
Dalton Garage	$681,199.57	$603,702.00	$743,541.93	$765,856.39	$853,610.44
Total Garage Revenue	**$2,170,878.61**	**$2,215,668.23**	**$2,643,706.89**	**$2,878,512.88**	**$3,157,844.86**
Curb Meter Revenue	**$590,229.40**	**$611,500.58**	**$596,780.18**	**$684,993.55**	**$1,071,630.71**
Total Income from Parking	**$3,487,505.08**	**$3,565,928.27**	**$4,034,284.36**	**$4,369,170.19**	**$5,028,875.19**
Other Income					
Leases & Other Contract Income (2)	$545,389.40	$575,157.09	$567,907.15	$647,594.61	$554,342.83
Interest	$6,673.61	$1,997.26	$478.91	$2,665.44	$10,567.94
Office Rent	$1,054,337.41	$1,003,455.46	$1,034,332.04	$1,034,448.75	$1,122,586.96
Meter Cards & Misc.	$106,697.23	$140,522.44	$111,376.03	$56,302.86	$106,970.93
Solar Energy Credits	$0.00	$9,301.87	$20,385.00	$0.00	$0.00
Parking Debit Cards	$59,459.53	$67,351.08	$87,244.75	$130,714.62	$142,823.39
Validation Stamps	$59,625.48	$62,964.89	$109,964.83	$32,781.41	$88,520.58
Total Other Income	**$1,832,182.66**	**$1,860,750.09**	**$1,931,688.71**	**$1,904,507.69**	**$2,025,812.63**
Grand Total Income	**$5,319,687.74**	**$5,426,678.36**	**$5,965,973.07**	**$6,273,677.88**	**$7,054,687.82**
Operating Expenses	**($2,545,006.84)**	**($2,735,528.00)**	**($2,908,752.42)**	**($2,996,194.21)**	**($3,282,435.00)**
Net Income - before Debt Service	*$2,774,680.90*	*$2,691,150.36*	*$3,057,220.65*	*$3,277,483.67*	*$3,772,252.82*

(1) Source: Morristown Parking Authority Annual Financial Statements

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

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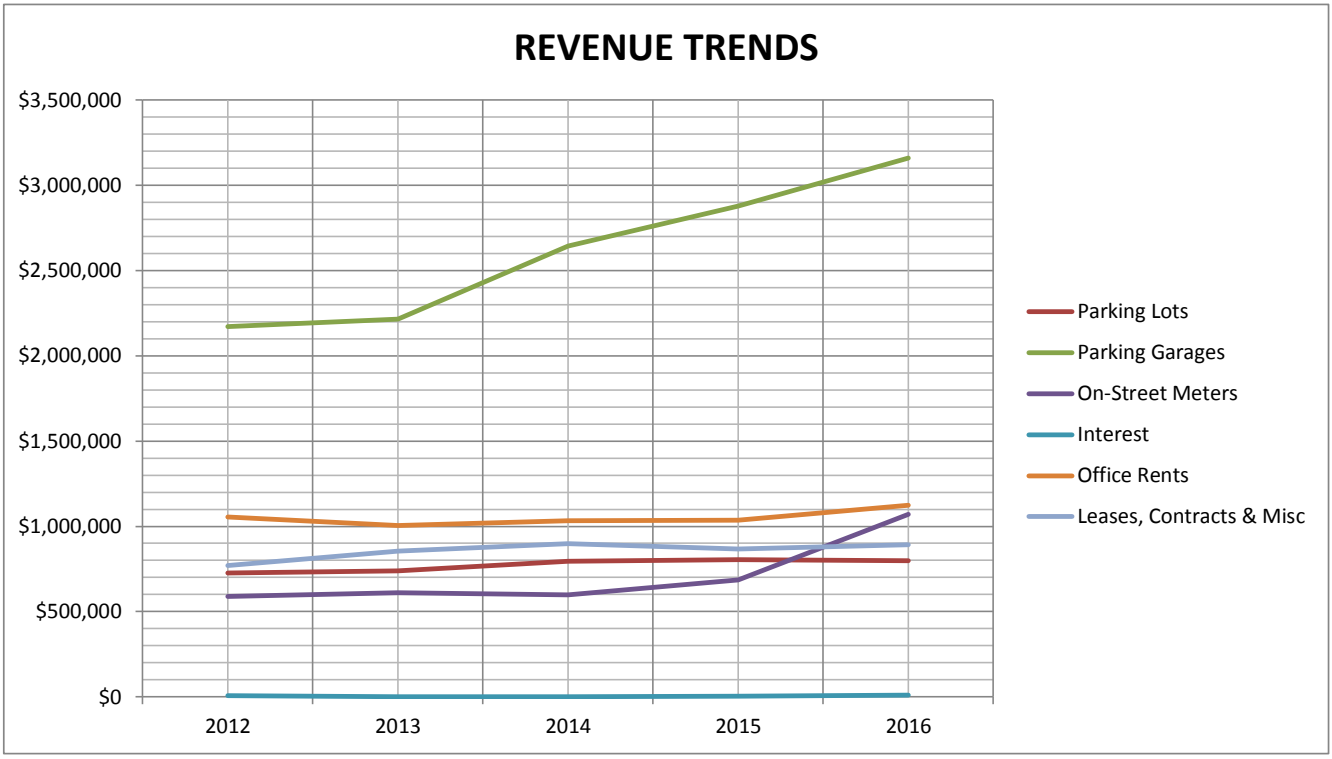

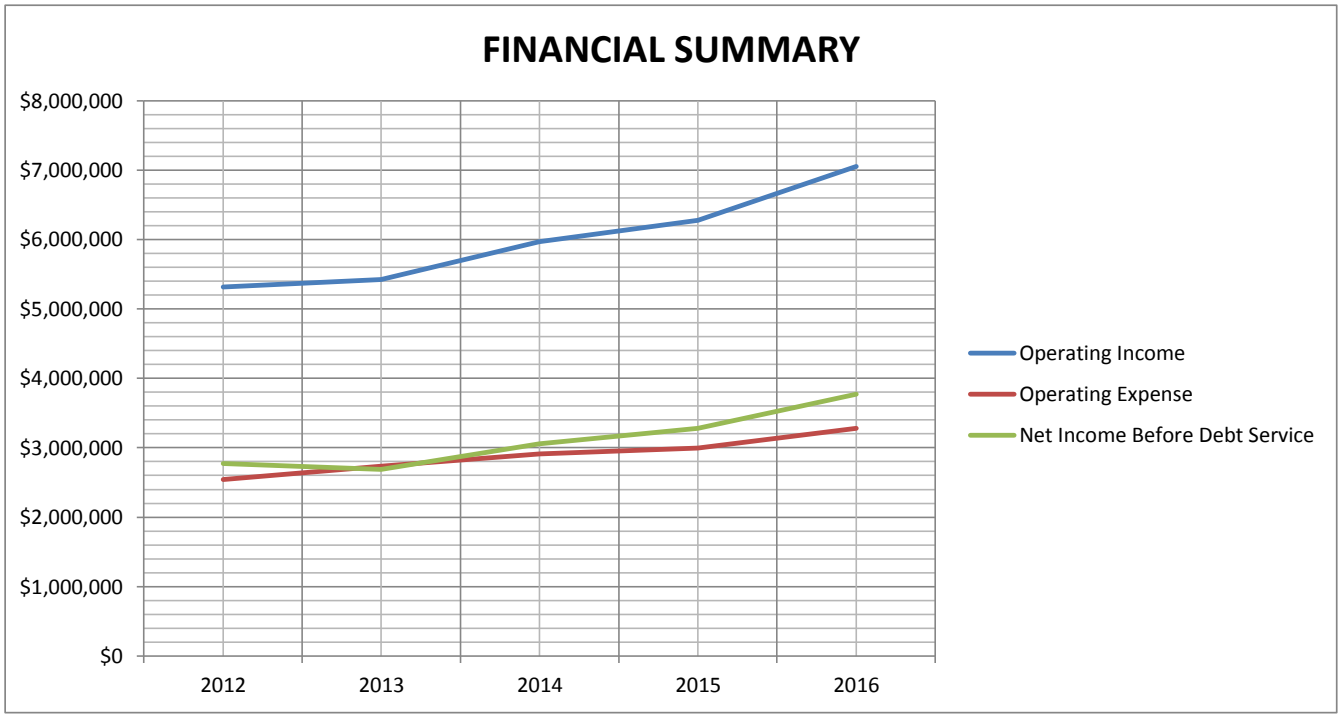

APPENDIX C
5-YEAR FINANCIAL TRENDS
MORRISTOWN PARKING AUTHORITY

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

	2012	2013	2014	2015	2016
Operating and Adminstrative Salaries	$778,309	$813,286	$915,237	$982,943	$890,473
Taxes, Insurance, & Benefits	$534,818	$583,043	$586,221	$666,641	$855,511
Maintenance	$294,620	$332,993	$426,413	$389,248	$414,532
Utilities including Electricity	$305,971	$284,134	$279,417	$281,050	$270,712
Enforcement Salaries	$115,958	$132,120	$121,322	$144,497	$204,813
Office & Adminstrative	$194,701	$198,005	$218,785	$184,170	$183,314
Security		$128,078	$109,526	$116,032	$138,287
Special Services	$163,497	$102,168	$101,546	$89,016	$135,253
Property Rents	$106,048	$109,346	$112,759	$116,678	$120,333
Miscellaneous	$51,085	$52,355	$37,526	$25,919	$69,207
Totals	**$2,545,007**	**$2,735,528**	**$2,908,752**	**$2,996,194**	**$3,282,435**

*Source: Parking Authority Annual Financial Statements

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APPENDIX E
5-YEAR BUDGET COMPARISON
MORRISTOWN PARKING AUTHORITY

	2013	2014	2015	2016	2017
De Hart Street Garage	$588,561	$622,308	$635,255	$651,934	$729,747
Dalton Garage	$464,656	$491,514	$504,258	$529,302	$599,095
Ann / Bank Garage (Lot 12L)	$424,680	$428,323	$441,319	$454,477	$505,246
14 Maple Avenue Office Building	$262,919	$279,245	$292,406	$282,406	$282,437
Salaries	$232,992	$268,800	$277,264	$272,760	$317,280
Taxes & Insurance Coverage	$180,226	$193,046	$191,292	$217,452	$252,540
Maintenance Expenses / Meter Fees	$74,250	$88,250	$135,750	$192,750	$199,750
High Street Mall Expenses	$167,623	$177,163	$184,157	$187,294	$214,371
10 Pine Street Office Building	$161,848	$168,057	$171,646	$176,191	$180,112
Special Services	$123,077	$133,134	$131,376	$167,375	$163,675
Vail Parking Facilities	$84,371	$88,447	$90,342	$92,094	$112,457
Miscellaneous	$55,097	$54,013	$39,735	$40,765	$31,090
Administrative Expenses	$17,500	$20,500	$23,000	$23,000	$25,000
Electrical Utility Expenses (Lots)	$9,500	$9,500	$9,500	$9,500	$9,500
Property Lease	$2,700	$2,700	$2,700	$2,700	$2,700
TOTALS	**$2,850,000**	**$3,025,000**	**$3,130,000**	**$3,300,000**	**$3,625,000**

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

	Series 2007 Principal	Series 2007 Interest	*Series 2007 Total*	Series 2011 Principal	Series 2011 Interest	*Series 2011 Total*	Series 2017 Principal	Series 2017 Interest	*Series 2017 Total*	Grand Totals
February 1, 2016 payment	$0.00	$597,355.01	*$597,355.01*		$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		$590,855.01	*$590,855.01*		$135,301.25	*$135,301.25*				**$726,156.26**
August 1, 2017 payment			*$0.00*	$735,000.00	$135,301.25	*$870,301.25*				**$870,301.25**
Total 2017 payments		$590,855.01	*$590,855.01*	$735,000.00	$270,602.50	*$1,005,602.50*				**$1,596,457.51**
February 1, 2018 payment					$124,276.25	*$124,276.25*		$483,589.53	*$483,589.53*	**$607,865.78**
August 1, 2018 payment				$755,000.00	$124,276.25	*$879,276.25*	$255,000.00	$386,871.63	*$641,871.63*	**$1,521,147.88**
Total 2018 payments				$755,000.00	$248,552.50	*$1,003,552.50*	$255,000.00	$870,461.16	*$1,125,461.16*	**$2,129,013.66**
February 1, 2019 payment					$109,176.25	*$109,176.25*		$383,046.63	*$383,046.63*	**$492,222.88**
August 1, 2019 payment				$785,000.00	$109,176.25	*$894,176.25*	$360,000.00	$383,046.63	*$743,046.63*	**$1,637,222.88**
Total 2019 payments				$785,000.00	$218,352.50	*$1,003,352.50*	$360,000.00	$766,093.26	*$1,126,093.26*	**$2,129,445.76**
February 1, 2020 payment					$93,476.25	*$93,476.25*		$376,511.91	*$376,511.91*	**$469,988.16**
August 1, 2020 payment				$815,000.00	$93,476.25	*$908,476.25*	$370,000.00	$376,511.91	*$746,511.91*	**$1,654,988.16**
Total 2020 payments				$815,000.00	$186,952.50	*$1,001,952.50*	$370,000.00	$753,023.82	*$1,123,023.82*	**$2,124,976.32**
February 1, 2021 payment					$77,176.25	*$77,176.25*		$369,687.81	*$369,687.81*	**$446,864.06**
August 1, 2021 payment				$850,000.00	$77,176.25	*$927,176.25*	$380,000.00	$369,687.81	*$749,687.81*	**$1,676,864.06**
Total 2021 payments				$850,000.00	$154,352.50	*$1,004,352.50*	$380,000.00	$739,375.62	*$1,119,375.62*	**$2,123,728.12**
February 1, 2022 payment					$64,426.25	*$64,426.25*		$362,536.31	*$362,536.31*	**$426,962.56**
August 1, 2022 payment				$875,000.00	$64,426.25	*$939,426.25*	$395,000.00	$362,536.31	*$757,536.31*	**$1,696,962.56**
Total 2022 payments				$875,000.00	$128,852.50	*$1,003,852.50*	$395,000.00	$725,072.62	*$1,120,072.62*	**$2,123,925.12**
February 1, 2023 payment					$50,207.50	*$50,207.50*		$355,036.06	*$355,036.06*	**$405,243.56**
August 1, 2023 payment				$900,000.00	$50,207.50	*$950,207.50*	$415,000.00	$355,036.06	*$770,036.06*	**$1,720,243.56**
Total 2023 payments				$900,000.00	$100,415.00	*$1,000,415.00*	$415,000.00	$710,072.12	*$1,125,072.12*	**$2,125,487.12**

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