

**Update: Video of Council
meeting from September 24,
2018:**

<https://www.youtube.com/watch?v=Hj37--dyu0M>

CFAC Parking Rate Analysis

September 23, 2018

CFAC review

- Revenue from current parking parking system
- Revenue & cost models for new system (Dixon Resources model)
- Cost estimates for new system (did not independently verify)
- Assumptions used in revenue & cost models
- What meter rates are needed to cover increased cost of new system?

Financial background

- Meter rates were last changed in 2007
 - 27.4% increase in Municipal Cost Index since 2007
- Since consolidation:

<i>Adopted budgets</i>	2013	2018	% incr.
Parking meter revenue	\$ 1,824,553	\$ 1,898,057	4.0%
Parking Utility transfer to Current Fund	1,400,000	1,400,000	0.0%
Municipal Property Taxes	30,514,021	34,667,890	13.6%

- Public safety, road construction & maintenance, public works, etc. are funded through the Current Fund

Project costs & breakeven analysis

Estimated up-front project costs	\$ 1,000,000
Increase in annual operating costs	\$ 79,040
Annual equipment service fees	66,630
Increased annual CC gateway fees	38,426
Credit card swipe fees	188,155
Added staffing	60,200
Amortization of up-front project costs (over 5 years)	200,000
Reduced parking ticket revenue	<u>62,700</u>
	\$ 695,151
Revenue Modeling	
Current meter revenues -2018 Budget	\$ 1,898,057
Revenues needed to breakeven	\$ 2,593,208
Increased Current Fund distribution (20%)	<u>280,000</u>
Revenues needed to increase current fund contribution	\$ 2,873,208

Update: Spaces in Princeton Rail Station lot will be \$4.00 per 24 hours of parking. Maximum purchase of 7 days. Franklin Lot will not be used for public parking.

Dixon Resources revenue model

REVENUE PROJECTIONS BY ZONE

	Zone 1 - CBD	Zone 2 - Perimeter	Zone 3 - Remote	30 Min Meters	WaWa 15 Min Meters (24/7)	Franklin Lot (24/7)
Rate Per Hour	\$1.25	\$1.00	\$0.50	\$1.25	\$1.25	\$0.75
Number of Spaces	216	284	568	34	19	0
Hours of Operation:	Start Time	End Time	Total Hours	Days Per Year	Hours of Operation:	24/7
Monday- Thursday	9:00 AM	8:00 PM	11	208	Total Hours:	24
Friday-Saturday	9:00 AM	9:00 PM	12	104	Days Per Year:	365
Sunday	1:00 PM	8:00 PM	7	52		
Compliance Percentage	80%				80%	
Occupancy Percentage	55%				40%	

PROJECTED REVENUE SUMMARY BY ZONE

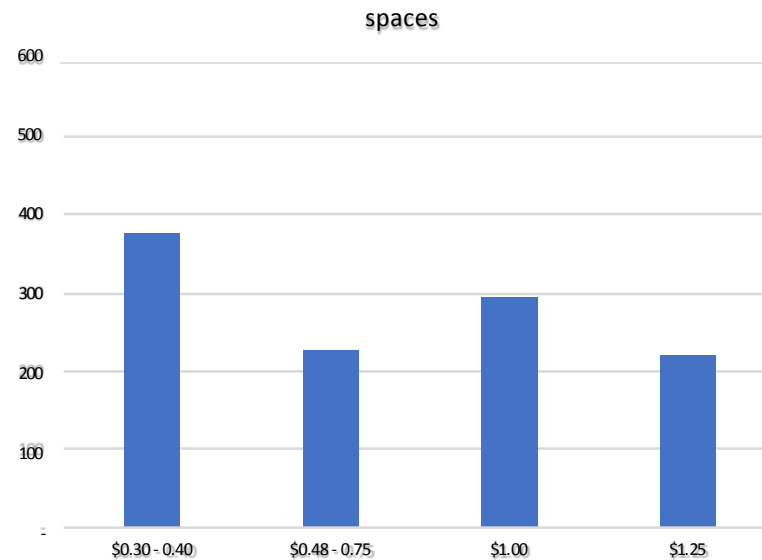
	Zone 1	Zone 2	Zone 3	30 Min Meters	15 Min Meters	Franklin Lot	Total
Annual Revenue - Year 1	\$463,320	\$487,344	\$487,344	\$72,930	\$66,576	\$0	\$1,577,514
Annual Revenue - Years 1&2	\$926,640	\$974,688	\$974,688	\$145,860	\$133,152	\$0	\$3,155,028
Annual Revenue - Years 1-3	\$1,389,960	\$1,462,032	\$1,462,032	\$218,790	\$199,728	\$0	\$4,732,542
Annual Revenue - Years 1-4	\$1,853,280	\$1,949,376	\$1,949,376	\$291,720	\$266,304	\$0	\$6,310,056
Annual Revenue - Years 1-5	\$2,316,600	\$2,436,720	\$2,436,720	\$364,650	\$332,880	\$0	\$7,887,570

**Labor cost associated with counting and collections not included in these projections
 **Cell D6 : Includes 35 additional Witherspoon/Henry meter expansion
 ***Cells 119-121 : Franklin Lot #s only accounted for for year 1-2 since lot will be redeveloped*

Current meter rates

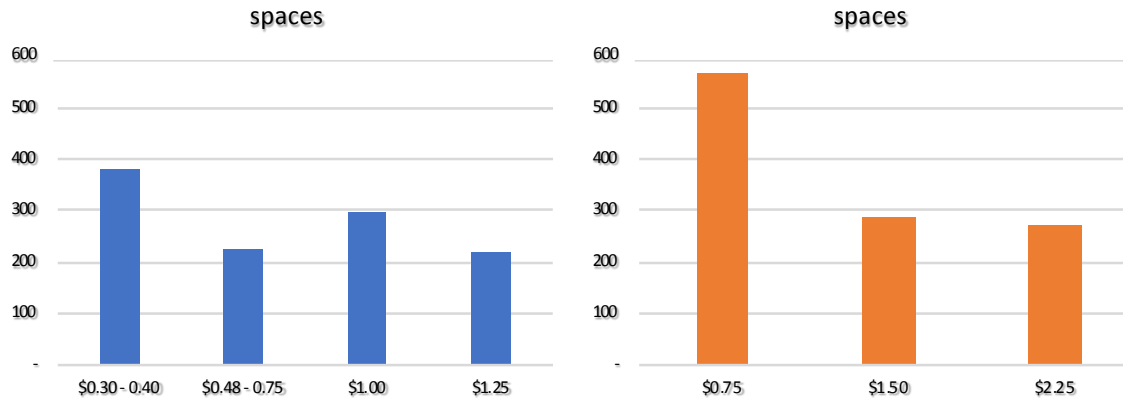
	Zone 1 - CBD	Zone 2 - Perimeter	Zone 3 - Remote	30 Min Meters	Total
Current rates					
Ranges of current rates	\$1.00 - \$1.25	\$0.30 - 100/60 - \$1.25	\$0.30 - 100/60 - \$1.00	\$1.25	
Estimated avg rate	\$1.15	\$0.85	\$0.49		
Number of Spaces	216	284	568	34	1,102
Rate used as base model	\$1.25	\$1.00	\$0.50	\$1.25	
Model revenues	\$526,500	\$553,800	\$553,800	\$82,875	\$1,730,946

Note: Wawa spaces are ignored as immaterial to this analysis



Proposed meter rates

	Zone 1 - CBD	Zone 2 - Perimeter	Zone 3 - Remote	30 Min Meters	Total
Current rates					
Ranges of current rates	\$1.00 - \$1.25	\$0.30 - 100/60 - \$1.25	\$0.30 - 100/60 - \$1.00	\$1.25	
Estimated average rate	\$1.15	\$0.85	\$0.49		
Rate used as base model	\$1.25	\$1.00	\$0.50	\$1.25	
Model revenues	\$526,500	\$553,800	\$553,800	\$82,875	\$1,730,946
New Rate	\$2.25	\$1.50	\$0.75	\$2.25	
Revenue	\$947,700	\$830,700	\$830,700	\$149,175	\$2,772,246
% increase	80%	50%	50%	80%	60%
vs hirate	80%	20%	-25%		
vs avgrate	96%	77%	54%	80%	
vs lo rate	125%	400%	150%		
Time limit	Two hours	Three hours	All day	30 mins	



Key projection assumptions

- Occupancy & Compliance Rates

$$\text{Revenue} = \text{Meter Rate} \times \text{Hours of Operation} \times \% \text{ Occupancy} \times \% \text{ Compliance}$$

- Projection model assumes Occupancy X Compliance = 50%
- Rule of thumb is 65% Occupancy & 80% Compliance = 52%
- +/- 1% = \$55,000 of revenue on average
- A 2017 parking meter analysis indicated rates > [55%]

Update: Projections of payment options used for financial forecasting of fees differ from projected usage. Averages for mobile payment 5%-10%, credit card 40%-70% and coin 20%-40%. See video at 1:14 for further explanation.

Key projection assumptions

- Credit card fees reduce revenues
 - Gateway fees & Merchant Processing fees
 - Fixed per-transaction fees significantly impact low-\$ transactions

Meter Payment	Total Card Fees		Fees as a % of payment	
	lo	hi	lo	hi
\$0.50	\$ 0.18	\$ 0.31	36%	62%
\$1.00	\$ 0.19	\$ 0.32	19%	32%
\$1.50	\$ 0.20	\$ 0.33	13%	22%
\$2.00	\$ 0.21	\$ 0.34	11%	17%
\$4.00	\$ 0.25	\$ 0.38	6%	10%
\$6.00	\$ 0.29	\$ 0.42	5%	7%

- Projection model assumes usage is 40% cash, 30% each for credit card & app
- Projection model assumes 2, 3 & 6- hour stays in zones 1, 2 & 3
 - Higher turnover = increased transaction costs
- 20% cash, 60% CC & 20% app usage adds \$110,000 of costs

Comparable hourly meter rates

Princeton	\$0.75 - \$2.25
Elizabeth, NJ	\$1.50
Long Branch, NJ	\$1.00 - \$3.00
Red Bank, NJ	\$0.50 - \$1.50
Asbury Park, NJ	\$0.50 - \$2.00
North Wildwood, NJ	\$2.00
Scranton, PA	\$1.50
Wilkes-Barre, PA	\$2.00
Gettysburg, PA	\$1.00 - \$1.50

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Break-even revenue target = \$2,873,208
 vs. Projected revenue of \$2,772,246...close
 enough!

Garage parking rates

Hours	Hourly rate	Cumulative average hourly rate
Up to 3	\$1.25	\$1.25
next 4	\$1.50	\$1.39
next 3	\$2.00	\$1.58