

# Bier Associates

May 16, 2007

Borough of Somerville  
Traffic & Parking Committee  
Attn: Rich Reitman, Chairman  
Borough Hall  
25 West End Avenue  
Somerville, N.J. 08876

Re: Borough of Somerville Parking Report  
Executive Summary  
Revenue & Expenses Analysis

Dear Mr. Reitman:

The Borough of Somerville Traffic & Parking Committee has requested that Bier Associates provide an Executive Summary of the portion of its' Operations Report dated June 6, 2006, which makes revenue and expense recommendations for the formation of a Municipal Parking Entity. Of concern to members of the Traffic & Parking Committee as well as the Borough Council is how the Proposed Parking Entity can be funded without redirecting revenue from the existing municipal parking income stream.

## **I. Revenue Analysis**

Based upon a meeting with the Municipal Court Administrator Corrine F. Legge and Judge William T Kelleher, Jr. it is estimated that approximately 9,600 summonses are issued annually by the Police Department's PEO. Of the 9,600 summonses written, approximately 20% or 1,920 are unadjudicated/not collected and 80% or 7,680 summonses are paid.

Summonses Issued	100%	9,600
Unadjudicated/Uncollected	20%	<1,920>
Paid Summonses	80%	7,680

It is further projected that 90% of the PEO summonses issued are for “Overtime Parking”, 5% are for “Meter Feeding” and 5% for “General Prohibited”. Based upon the existing Borough of Somerville parking fines and collection rate it is estimated that the Borough is currently earning \$51,840 from the PD PEO’s enforcement activity.

<b>Offense</b>	<b>Paid Summons</b>	<b>Fine</b>	<b>Mun. Share</b>	<b>Mun.Revenue</b>
Overtime	6,912	\$18	\$6.50	\$44,928
Meter Feed	384	\$18	\$6.50	\$2,496
Prohibited	384	\$23	\$11.50	\$4,416
<b>Total</b>	<b>7,680</b>			<b>\$51,840</b>

Bier Associates surveyed neighboring and similar cities, to determine municipal parking fines and meter rates.

<b>Town</b>	<b>O/T</b>	<b>Meter Feeding</b>	<b>General Prohibited</b>	<b>1/Hr. CBD On-Street</b>	<b>1/Hr. CBD Off-Street</b>
<b>Somerville</b>	<b>\$18.00</b>	<b>\$18.00</b>	<b>\$23.00-Local \$54.00-State</b>	<b>CBD \$0.50</b>	<b>\$0.25/Hr. \$1.00/12 Hr.</b>
New Brunswick	\$25.00	\$30.00	\$40.00	\$0.50	\$1.00
Rahway *	\$24.00	\$24.00	\$45.00	\$0.25	\$0.25
Metuchen	\$19.00	\$19.00	\$29.00	\$0.20	\$0.25-1/Hr. \$2.50-10/Hr.
Morristown	\$25.00	\$35.00	\$47.00	\$0.50	\$0.50
Princeton	\$33.00	\$33.00	\$33.00	CBD \$1.00	\$1.00/Hr.
Red Bank	\$38.00	\$38.00	\$48.00	\$0.50 \$2.00 Max 4/Hr.	\$0.50-1/Hr. \$2.00 Max 4/Hr.
<b>Average</b>	<b>\$26.00</b>	<b>\$28.00</b>	<b>\$38.00</b>	<b>\$0.50</b>	<b>\$0.50</b>
<b>Mean</b>	<b>\$25.00</b>	<b>\$30.00</b>	<b>\$40.00</b>	<b>\$0.50</b>	<b>\$0.50</b>

\* (Rahway intends to adjust its meter rates from \$0.25 per hour to \$0.50 per hour beginning in 2008)

Based upon the parking fine and meter rate survey, Bier Associates recommended the Borough of Somerville’s parking fines and meter rates be adjusted as follows:

<b>Fine/Meter</b>	<b>Current Rate</b>	<b>Proposed</b>	<b>Increased Revenue</b>
Overtime	\$18.00	\$25.00	\$7.00
Meter Feed	\$18.00	\$30.00	\$12.00
Prohibited	\$23.00	\$40.00	\$17.00
1 Hr. Off Street	\$0.25	\$0.50	\$0.25
12 Hr. Off Street	\$1.00	\$2.00	\$1.00
12 Hr. On Street	\$1.00	\$3.00	\$2.00

Assuming that the Borough adopts the fine rates recommended by Bier Associates, current parking fine revenue of \$51,840 would increase by \$59,520, to a total of \$111,360

<b>Offense</b>	<b>Summons</b>	<b>New Fine</b>	<b>Mun. Share</b>	<b>Mun. Revenue</b>
Overtime	6,912	\$25.00	\$14.50	\$93,312
Meter Feed	384	\$30.00	\$18.50	\$7,104
Prohibited	384	\$40.00	\$28.50	\$10,944
<b>Total</b>	<b>7,680</b>			<b>\$111,360</b>

Furthermore, assuming that a new PEO issues 75% of the number of parking summonses written by the PD PEO (9,600) an additional 7,200 summons would be issued of which 5,760 (80%) would be paid. The additional paid parking summons written by the new PEO represents \$83,520 of new municipal parking fine revenue which can be invested into the parking system without affecting current municipal revenues or real estate taxes.

<b>Offenses</b>	<b>Paid Summons</b>	<b>New Fine</b>	<b>Mun. Share</b>	<b>Mun. Revenue</b>
Overtime	5,184	\$25.00	\$13.50	\$69,984
Meter Feed	288	\$30.00	\$18.50	\$5,328
Prohibited	288	\$40.00	\$28.50	\$8,208
<b>Total</b>	<b>5,760</b>			<b>\$83,520</b>

Therefore, if the Borough adopts the fine rates recommended by Bier Associates and a second PEO is hired to issue summonses, particularly for off-street parking violations which are not currently stringently enforced, \$143,040 of new parking fine revenue is projected to be generated which can be dedicated to the Parking Entity and system.

In addition to adjusting parking fines, Bier Associates also recommends increasing off-street one (1) hour parking meters from \$.25 per hour to \$.50 per hour, and 12 hour parking meters from \$1.00 to \$2.00 for 12 hours. On-street 12 hour (commuter) parking meters along Memorial Drive should be adjusted from \$1 to \$3 for 12 hours.

It is projected that by adjusting the off-street 1 hour and 12 hour parking rates, as well as the on-street 12 hour parking rate, an additional \$45,948 of parking meter revenue will be generated. The \$45,948 additional parking meter revenue was projected by subtracting 2004 meter revenue of \$114,872 from 2005 meter revenue of \$191,117. The difference of \$76,245 represents 60% of 2004 meter revenue, which was generated from an on-street meter rate change of \$.25 to \$.50 per hour. Consequently, it is estimated that 40% of 2004 or \$45,948 of 2004 & 2005 meter revenue is attributable to off-street meters, which would double to \$91,897 based upon the meter rate changes recommended by Bier Associates.

When new fine revenue of \$143,040 and new meter revenue of \$45,948 are added together, \$188,988 of new parking revenue is projected to be generated annually that can fund the municipal parking entity’s salary, operating and capital expenses, without redirecting any existing municipal revenues or raising real estate taxes.

**II. Salary & Wage Expense Analysis**

Bier Associates recommended using existing Borough employees to staff the positions of Director/Supervisor of Parking Operations and Secretary/Bookkeeper to reduce labor and benefits costs. It was recommended that a new employee be hired for the position of “PEO/Meter Collector/Repair/Maintenance”.

The following salary and wages were recommended for parking operations staff:

Director/Supervisor of Parking Operations	\$25,000	Part-Time
PEO/Meter Collector/Meter Repair/Maintenance	\$25,000	Full-Time
Secretary/Bookkeeper	\$ 7,500	Part-Time
<b>Total Salary and Wages</b>	<b>\$57,500</b>	

Assuming that the Director/Supervisor and Secretary/Bookkeeper positions are filled utilizing existing Borough employees for \$32,500, employment taxes and pension would be approximately 16% of salary and wages equaling \$5,200. Total salary, wages and benefits would be approximately \$37,700.

Salary and wages for the PEO/Meter Collector/Repair/Maintenance position is recommended to be \$25,000, plus \$4,000 (16%) for taxes and pension, plus approximately \$8,500 for health insurance for a total cost of \$37,500 in the first year of employment.

Therefore, the total employment cost for all Parking Entity staff is estimated to be \$75,200.

### **III. Operating Expense Analysis**

Assuming for the present time that the Parking Entity will utilize existing Borough office space, computers, phone system and photo copier a minimum of operating expenses are projected as follows:

<b>Operating Item</b>	<b>Expense</b>
Advertising/Promo	\$1,500
Auto Gas	\$2,080
Auto Maintenance	\$1,000
Auto Insurance	\$1,800
Conferences	\$4,000
Dues	\$900
Meter Supplies	\$500
Office Supplies	\$1,000
Parking Permits	\$2,500
Parking Consultants	\$20,000
Postage	\$500
Meter Batteries	\$750
Signs	\$500
Uniforms	\$500
<b>Total Expenses</b>	<b>\$37,530</b>

### **IV. Support Services Expense Analysis**

Based upon the discussions with the Municipal Court Administrator & Judge, the input of the 7,200 summons generated by the new PEO would overwhelm the existing municipal court staff. Accordingly, it is necessary to budget for a part time data entry clerk. Based on an hourly wage of \$15.00 plus employer taxes of 16%, the total cost of a part-time employee would be \$17.40 per hour. Assuming a data entry clerk can input a minimum of 20 summonses per hour, Bier Associates has allotted 10 hours per week for data entry at a cost of \$174.40 per week and \$8,720 annually (50 weeks) to be paid for by the Parking Entity.

**V. Capital Budget Expense Analysis**

Bier Associates recommends the following Capital Expense and Improvement Expenditures to put into effect the recommendations contained in the Report for the Borough of Somerville Parking System:

<b>CAPITAL ITEM</b>	<b>EXPENSE</b>
Re-key (600) Meter Vaults @ \$15/ea.	\$9,000
(4) Collection Carts @ \$500/ea.	\$2,000
(600) Coin Canisters Used @ \$30/ea.	\$18,000
(150) Single Vault Housing Used @ \$125/ea.	\$18,750
Utility Vehicle/Pickup – State Bid	\$25,000
Snow Plow Package	\$2,500
Deck Access Card Control System	\$25,000
Parking Locator Map-Copy & Print	\$2,500
(12) Pole Banners & Brackets	\$4,500
(10) Lot Identification Signs	\$5,000
(2) New Pay By Space Multi Meters	\$20,000
Multi Meter Space Parts & Auditor	\$5,000
Parking Permit Software	\$5,000
(100) Single Head Meter Yokes @ \$32.50/ea.	\$3,250
<b>Total Expenses</b>	<b>\$145,500</b>

In addition to the above referenced Capital Expense Items, Bier Associates recommends that \$25,000 be budgeted annually for “Parking Lot Capital Improvements” such as repaving, curb repairs, landscaping, stripping, lighting, etc.

**VI. Capital Expense Item Debt Service**

Bier Associates recommends funding the \$145,500 of Capital Expense Items noted above by securing \$150,000 of 5 year Revenue Anticipation Notes from a local bank. At the current tax exempt rate (3.67%) the monthly principal and interest rate would be \$2,882.52 equaling \$34,590.24 annually for the five (5) year term of the Note. Note payments would be paid from new parking revenue. No capital dollars would need to be redirected from the municipal budget to fund the Parking Entity.

**VII. Revenue & Expense Summary**

Based on the analysis contained within this memo, new parking revenue is projected to be \$188,988 assuming the hiring of a second PEO and adjustments are made to the Borough of Somerville’s existing parking fines and meter rates.

Parking salary, wages, operating expense, debt service and capital improvements are projected to be \$180,690 annually, as indicated below.

<b>Expense Item</b>	<b>Amount</b>
Salary & Wage	\$75,200
Operating Expenses	\$37,530
Mun. Court Data Entry	\$8,720
Debt Service – 5 Year Note P & I	\$34,590
Capital Improvements	\$25,000
<b>Total Operating Expenses</b>	<b>\$181,040</b>

Based upon new parking revenues of \$188,088 and total operating expenses of \$181,040 it is projected that the Borough Parking Entity would generate \$7,948 of net revenue annually, without utilizing any existing municipal revenue sources, capital dollars, or real estate taxes.

Respectfully Submitted,

Leonard T Bier, JD, CAPP