

Springfield, Massachusetts

EST. 1636

# Assessment Report on the City of Springfield Parking System

Final Report  
August 2005



Infrastructure  
Management Group, Inc.  
in association with WILEY ENGINEERING, PC

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## Agenda

- Introduction of assessment team
- Purpose of assessment
- Methodology
- Findings
- Recommendations



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## **Infrastructure Management Group Inc (IMG)**

- Specialized management, operations and financial advisor for infrastructure performance improvement and competition
- A unique mix of utility business specialists, finance and operations analysts and investment bankers
- Multi-industry crossover experience as advisor in the most successful infrastructure procurements



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## **Wiley Engineering, PC**

- New York-based firm with 20 years specific parking system experience
- Has performed over 30 parking system evaluations, financial reviews and operational assessments
- Performed a parking demand analysis on the Springfield system
- Parking practice lead by Gerald Giosa



# Purpose of Assessment

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- Evaluate current condition of the City's parking functions as provided by the Springfield Parking Authority and the City's various departments for on-street parking
- Make recommendations that would improve the financial performance of both the SPA and the City
- Make recommendations to improve the City's financial situation through maximizing its parking assets



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# ASSESSMENT METHODOLOGY



## **Project Activities**

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The assessment is comprised of methodical phased approach

- Perform due diligence
  - Interview staff
  - Gather documentation
- Build financial pro forma
- Benchmark activities
- Perform SWOT analysis
- Develop draft recommendations
- Develop final recommendations
- Present final report



# Assessment Methodology

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The draft assessment report is the culmination of 5 distinct steps, which include:

- Step 1- Evaluate the City of Springfield's parking assets  
Revenue Control and Maintenance:
  - Parking garages
  - Parking lots
  - On-street parking
- Step 2- Measure the combined systems performance
  - Market Conditions
  - Financial metrics
  - Performance metrics
- Step 3- Benchmark performance against similar parking assets
- Step 4- Perform SWOT analysis (strengths / weaknesses / opportunities / threats)
- Step 5- Draw conclusions and make recommendations



# City of Springfield's Parking Facilities

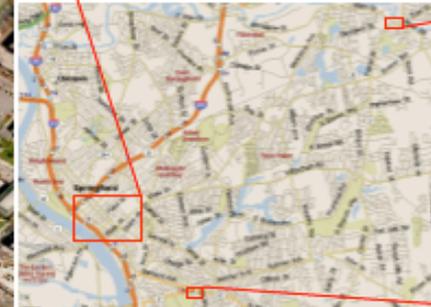
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<b>Facility</b>	<b>Type</b>	<b>Spaces</b>	<b>Owned by</b>
I-91 North	Garage	1098	SPA
I-91 South	Garage	680	SPA
Civic Center	Garage	1204	SPA
Columbus center	Garage	493	SPA
Taylor Street	Garage	380	SPA
Apremont	Lot	52	SPA
Morgan Square	Lot	35	SPA
Dwight Street	Lot	135	SPA
Indian orchard	Lot	16	SPA
Liberty Emery	Lot	40	SPA
Winter Worthington	Lot	60	City
Trolley Park	Lot	490	SPA
Dickinson	Lot	30	SPA
On-street meters	metered	950	City



# City of Springfield's Parking Assets

1	TROLLEY PARK LOT	490 SPACES	8	DWIGHT STREET LOT	135 SPACES
2	LIBERTY EMERY LOT	40 SPACES	9	WINTER STREET LOT	60 SPACES
3	MORGAN SQUARE LOT	35 SPACES	10	APREMONT LOT	52 SPACES
4	TAYLOR STREET GARAGE	380 SPACES	11	CIVIC CENTER GARAGE	1204 SPACES
5	COLUMBUS CENTER GARAGE	493 SPACES	12	INDIAN ORCHARD LOT	16 SPACES
6	I-95 NORTH GARAGE	1098 SPACES	13	LOT AT THE "X"	30 SPACES
7	I-95 SOUTH GARAGE	680 SPACES			



# **Evaluation & Findings**

## ***Step 1: Evaluation***

### **Revenue Control Systems-SPA**

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- Access and revenue control equipment has not been upgraded for many years
- Gates, ticket spitters, fee computers, etc., seem to have been patched together over the years. The fee computer is the most important piece of equipment in the security chain
- In several garages, cashiers are writing receipts by hand, which is unacceptable
- When the parking lots were inventoried, pay and display machines at all four lots were not functional
- The SPA reports the the lot pay and display machines are scheduled to be replaced, but lost revenue and casual operating appearances are unacceptable

***Significant revenue is being lost as a result of poorly functioning revenue control systems and management controls at the SPA***



## ***Step 1: Evaluation***

# **Revenue Control Systems - On-street parking**

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- There are 614 meters in the CBD.
- The units appear in very good condition and DPW reports 99% of all meters are less than two years old.
- Most meters are equipped with sealed canisters- the most secure system.
- Collections can be audited via meter downloads and we understand that DPW conducts such audits.
- The current on-street parking equipment and system of internal controls is excellent.

***The on-street parking meters are functioning well and have been recently upgraded***



## ***Step 1: Evaluation***

### **Maintenance**

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#### **SPA**

- Five parking garages are in poor condition. It is estimated that repair bills in the SPA's garages may exceed \$5M over the next three years.
- Annual maintenance at the garages is lacking, as evidenced by the current poor condition of some of the garages. A well maintained parking system makes annual deposits into the renewal and replacement fund of \$90 per space. Currently, SPA spends ~ \$30 per space on total annual maintenance. The SPA needs to implement a renewal and replacement fund and keep the facilities in good condition.

#### **On-street Meters**

- Majority of meters are new and in good condition

***Preventive maintenance is the key to maximizing the lifespan and appearance of parking equipment and facilities. The recommended annual deposit into a renewal and replacement fund should equal \$90/space***

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## ***Step 2: Measurement***

# **Prevailing Market Conditions and Competition**

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### **Background**

- There are 32 for fee public parking facilities in CBD
- Nine are owned by the SPA (Pro Park is contract manager)
- Nine are owned and operated by Pro Park
- Fourteen are owned and operated by private interests

### **Findings**

- Many of the SPA competitors, including Pro Park, offer superior customer service including multiple payment options (credit cards), cleaner lots and security cameras.
- In general, SPA facilities are not as well operated or maintained as the competition.

***There is significant competitive pressure on Springfield's parking system that is affecting the financial bottom line.***



## ***Step 2: Evaluation***

# **Organizational Issues**

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- Overall there is overlap in activities between the SPA and the City's on-street parking function
- Within the City's departments that serve the on-street parking function, there seems to be a lack of single point leadership. The Public Works, Police, Treasurer and Law Departments all provide some services, as well as two outside contractors.
- Typically, it is better to have all parking activities consolidated into one well-managed entity, allowing for economies of scale and single point management responsibility.

## Step 2: Measurement

# Combined Parking System Financial Metrics

\$891,284 of net income flowed to the City from on-street parking in 2004.

### 2004 Springfield Parking System Cash Flow

	SPA		City On-Street Parking		Combined
<b>Revenue</b>	<b>SPA Revenue</b>	<b>\$ 3,489,381</b>	<b>On-Street Revenue</b>	<b>\$ 1,441,912</b>	<b>\$4,931,293</b>
	Monthly	\$ 2,394,867	Meter	\$ 321,919	
	Transient	\$ 369,851	Fines	\$ 1,119,993	
	Event	\$ 456,739			
	Other	\$ 227,523			
	Non-operating revenue	\$ 40,402			
<b>Expenses</b>	<b>SPA</b>	<b>\$ 3,086,752</b>	<b>On-Street Expense</b>	<b>\$ 550,628</b>	<b>\$3,637,381</b>
	SPA expenses	\$ 2,082,878	Police Dept.	\$ 140,996	
	Debt	\$ 1,003,874	Armored car	\$ 31,488	
			MMA Contract	\$ 142,740	
			Public Works	\$ 235,404	
<b>Net Cash Flow</b>	<b>SPA</b>	<b>\$402,628</b>	<b>On-Street</b>	<b>\$ 891,284</b>	<b>\$1,293,912</b>



## Step 2: Measurement

# The Parking Authority's Performance Metrics

Several lots (Indian Orchard, Winter Worthington, Trolley Park and Dickinson) operate at a loss.

### Revenue / Expense Metrics

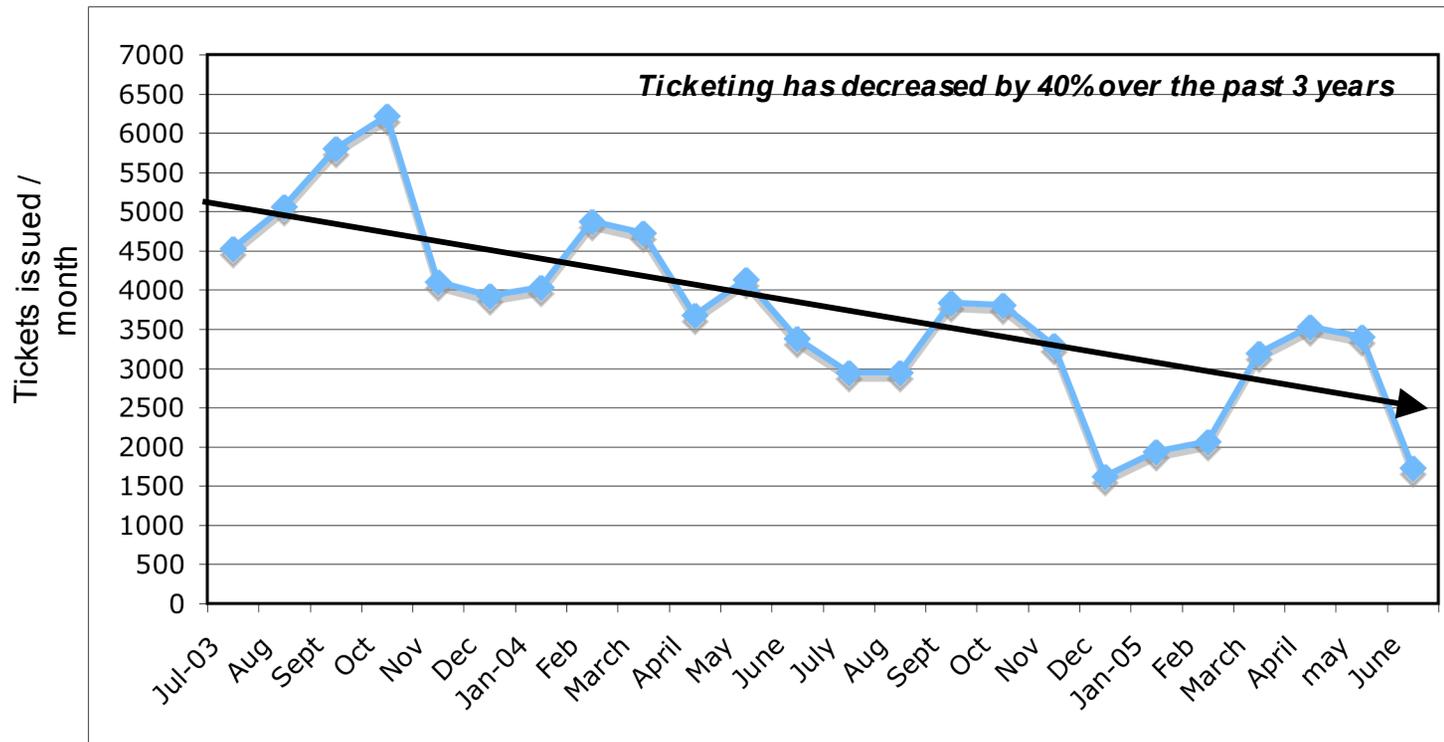
Facility	2004 Operating Revenue	% Operating Revenue	2004 Operating Expenses	Expenses, %	Operating Income	% Operating Income	Number of Spaces	Operating Income per Space	Expense per Space
I-91 north	\$ 570,359	16.5%	\$ 384,195	18.4%	\$ 186,164	13.6%	1,098	\$ 170	\$349.90
I-91 south	\$ 611,784	17.7%	\$ 334,757	16.1%	\$ 277,027	20.3%	680	\$ 407	\$492.29
Apremont	\$ 15,653	0.5%	\$ 10,615	0.5%	\$ 5,037	0.4%	52	\$ 97	\$204.14
Civic Center	\$ 997,911	28.9%	\$ 531,542	25.5%	\$ 466,368	34.1%	1,204	\$ 387	\$441.48
Columbus Center	\$ 526,870	15.3%	\$ 380,917	18.3%	\$ 145,953	10.7%	493	\$ 296	\$772.65
Morgan Square	\$ 30,228	0.9%	\$ 20,337	1.0%	\$ 9,891	0.7%	35	\$ 283	\$581.07
Dwight	\$ 219,932	6.4%	\$ 110,633	5.3%	\$ 109,299	8.0%	135	\$ 810	\$819.51
Indian Orchard	\$ -	0.0%	\$ 1,848	0.1%	\$ (1,848)	-0.1%	16	\$ (116)	\$115.50
Liberty Emery	\$ 4,800	0.1%	\$ 944	0.0%	\$ 3,856	0.3%	40	\$ 96	\$23.60
Winter Worthington	\$ 5,547	0.2%	\$ 23,904	1.1%	\$ (18,358)	-1.3%	60	\$ (306)	\$398.40
Trolley Park	\$ 35,937	1.0%	\$ 56,885	2.7%	\$ (20,948)	-1.5%	490	\$ (43)	\$116.09
Dickinson	\$ -	0.0%	\$ 1,848	0.1%	\$ (1,848)	-0.1%	30	\$ (62)	\$61.60
Taylor Street Garage	\$ 429,959	12.5%	\$ 224,452	10.8%	\$ 205,508	15.0%	380	\$ 541	\$590.66
	\$ 3,448,979		\$ 2,082,878		\$ 1,366,101		4,713		



## Step 2: Measurement

# Parking Meter Enforcement

The number of tickets issued per month has continually decreased over the past 3 years while enforcement expenses remained flat, indicating a reduction in meter enforcement productivity.



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# RECOMMENDATIONS



# RECOMMENDATIONS

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**There are 2 clear options:**

- 1. Fix the current parking system with some re-engineering and significant out-sourcing**
- 2. Sell or lease the parking facilities**

**IMG's recommendation is to fix the parking system first and then investigate an asset sale of long-term lease arrangement**



# Recommendations: SPA

The SPA can make many changes to improve level of service, protection of its assets and financial performance.

Number	Recommendation	Potential Annual Benefit	Potential one-time Benefit	Cost of Implementation	Comments
1	Improve/upgrade all revenue control equipment	\$475,000 - \$690,000	N/A	\$584,000 - \$756,000	The majority of revenue control equipment is either broken or old technology. Dwight St. lot is manned. Install automated revenue control equipment at all downtown lots and garages, except Trolley and Liberty Emery. Cost of upgrade is: garages @ \$40K/lane (18lanes0 and lots at \$12K each. Estimates are that revenue will increase by 20%.
2	Sell the under-performing properties (Dickinson and Indian Orchard parking lots)	\$4,000	\$234,000	\$50,000 in transaction costs	The Dickinson and Indian Orchard lots currently generate no income, serve as an expense to the SPA and may be marketable properties. Using an estimates of \$15/ft2, the lots are worth \$145K and \$85K for Dickinson and Indian Orchard, respectively. Insurance savings of \$1828 each for Indian orchard and Dickinson. In addition, there will be a corresponding reduction in liability, cost of operation and security expenses.
3	Discontinue State lease of Trolley Park and Liberty Emery Lots.	\$17,000	\$0	Nominal	Currently the SPA leases these 2 lots from the State. Trolley Park operates at a loss, while Liberty Emery provides marginal revenue. Neither have revenue control equipment and both only serve single customers. The Republican uses the Trolley Park and a local business uses the Liberty Emery lot for a fee.
4	Sell the Winter / Worthington Lot - City owned	\$18,000	\$285,000	\$50,000 in transaction costs	Currently the Winter/Worthington lot is owned by the City and managed by the SPA. It is an underperforming lot operating at a loss. The land value estimate of the Winter/Worthington lot is \$20/ft2 or \$285,000.
5	Sell the Civic Center garage	(\$466,000)	\$4,836,921	\$100 - 150K in transaction costs	The Civic center garage requires approximately \$3.8M in repairs to maintain to safe/useful standards. The garage currently produces about \$466,000+ of annual net income. There appears to be interest by the state to purchase the facility.
6	Get market pricing for the out-sourced Facilities O&M. Develop new out-sourcing contract that is fixed-fee.	\$289,000 - \$417,000	N/A	Development of new procurement documents/ manage procurement ~\$100,000	A 20%reduction in O&M is expected from outsourcing, largely due to decreased labor costs. Best practice benchmarks indicate staff should be around 20-22 for comparable sized system, which includes 3 SPA staff and 20 facilities O&M staff, while current staff is approximately 34 FTEs. If the Civic center and 5 lots are sold, the savings are reduced.
7	Increase renewal and repair maintenance budget to \$90/space	N/A	N/A	\$123,000 - \$230,000 per year	Currently, parking garage maintenance budget is less than \$30/space. Build a renewal and replacement fund equal to \$90/space to keep assets in good condition.
<b>Total Opportunity or Cost</b>		<b>\$337,000 - \$680,000</b>	<b>\$5,355,921</b>	<b>\$1,007,000 - \$1,336,000</b>	



## **Sell the Civic Center as-is**

Selling the Civic Center garage represents an opportunity to reduce the SPA's liability and generate a lump-sum payment that could be used to repair and upgrade the remainder of the system.

- Situation:
  - Built in 1971 with an anticipated useful life 50-60 years (mainly due to harsh New England weather conditions and corrosive properties of salt)
  - Annual renewal and replacement has not been kept up with and as a result significant capital repairs are needed
  - Estimated needed capital upgrade - \$3.8M (majority of repair needed on the roof deck)
  - Because the garage has not been maintained, the life expectancy is reduced to ~50 years.



## Sell the Civic Center as-is (continued)

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- Valuation calculation
  - Estimated value (based on discounted cash flow) \$ 4.84M
  - Estimated Value (land value) \$1.56M
  - Total Value \$6.40M
  - Estimated Capital needs (\$3.8M)
  - **Estimated Net value \$ 2.60M**



# Recommendations: On-Street Parking Recommendations

On-street parking revenue can be increased significantly with nominal investment.

Number	Recommendation	Potential Annual Benefit	Potential one-time Benefit	Cost of Implementation	Comments
1	Increase meter fee from \$0.25/half-hour to \$0.50/half-hour	\$241,000	N/A	Nominal	Current meter revenue is \$322K per year. Rate increases typically yield 75% of the theoretical increase of new meter revenue.
2	Extend hours of meter operation from 6pm to 9pm	\$64,000 - \$113,000	N/A	Nominal	Increasing hours will add a 20% increase in meter revenue, yielding (\$322K*20%) \$64.4K. If number opportunity one is implemented (\$563K*20%) \$112,600K increase in revenue.
3	Extend hours of meter patrols until 9 pm. Currently they patrol from 8:15-4:15 pm. In reality, the patrols quit at 3:30pm.	\$168,000	N/A	Re-organize existing meter supervisor patrols to cover extended time period, or outsource	15% increase in enforcement revenue from \$1.12M to \$1.29M. Currently there are 4-6 meter supervisors. Only 3 are needed to cover the number of meters per day. Increase productivity of existing staff but have them vary shifts seasonally to accommodate w
4	SPA assumes all of the City's on-street meter functions and out-sources to a private company	\$391,000	N/A	Procurement costs \$50,000	Out-source City meter functions (public works, police, MMA and armored car) to SPA, ultimately a contract service provider. A 10% decrease in operating costs and 30% increase in ticket/fine collection are expected.
5	Collect fine receivables	N/A	\$ 1,885,000	Nominal	The system has \$5.8M of unpaid parking tickets. MMA has offered to collect the debt on behalf of the City for 35% of found monies. Assume 50% is collectible.
<b>Total Benefit (Cost)</b>		<b>\$865,000 - \$913,000</b>	<b>\$1,885,000</b>	<b>\$50,000</b>	

# Organizational Recommendations

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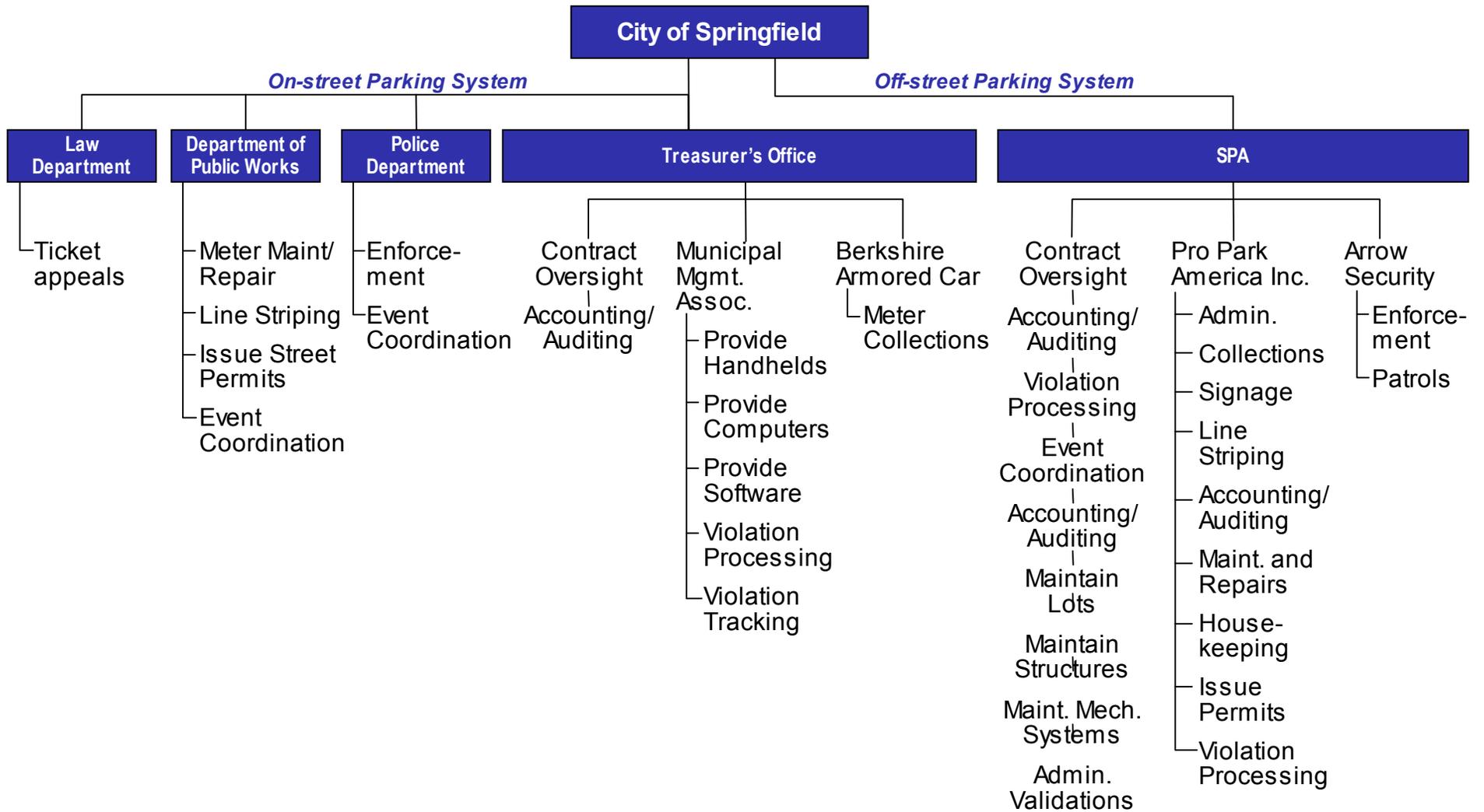
## Recommendations

- Have the SPA take responsibility for all parking activities
- Out-source all of the parking activities to one or more service providers - a competitive marketplace exists for these services
- Reduce SPA staff to a General Manager and Administrator - all operational activities will be out-sourced
- Have the SPA contract with the Police department to perform security services, thus providing the Police with additional revenue and greatly enhances safety and customer service.
- Develop a private service provider contract (s) that are fixed fee, competitive and enable private-sector innovation for capturing additional revenue

***By reorganizing and combining the activities of the SPA and the City for on-street parking activities, the current overlap of services and gaps in performance can be reduced.***

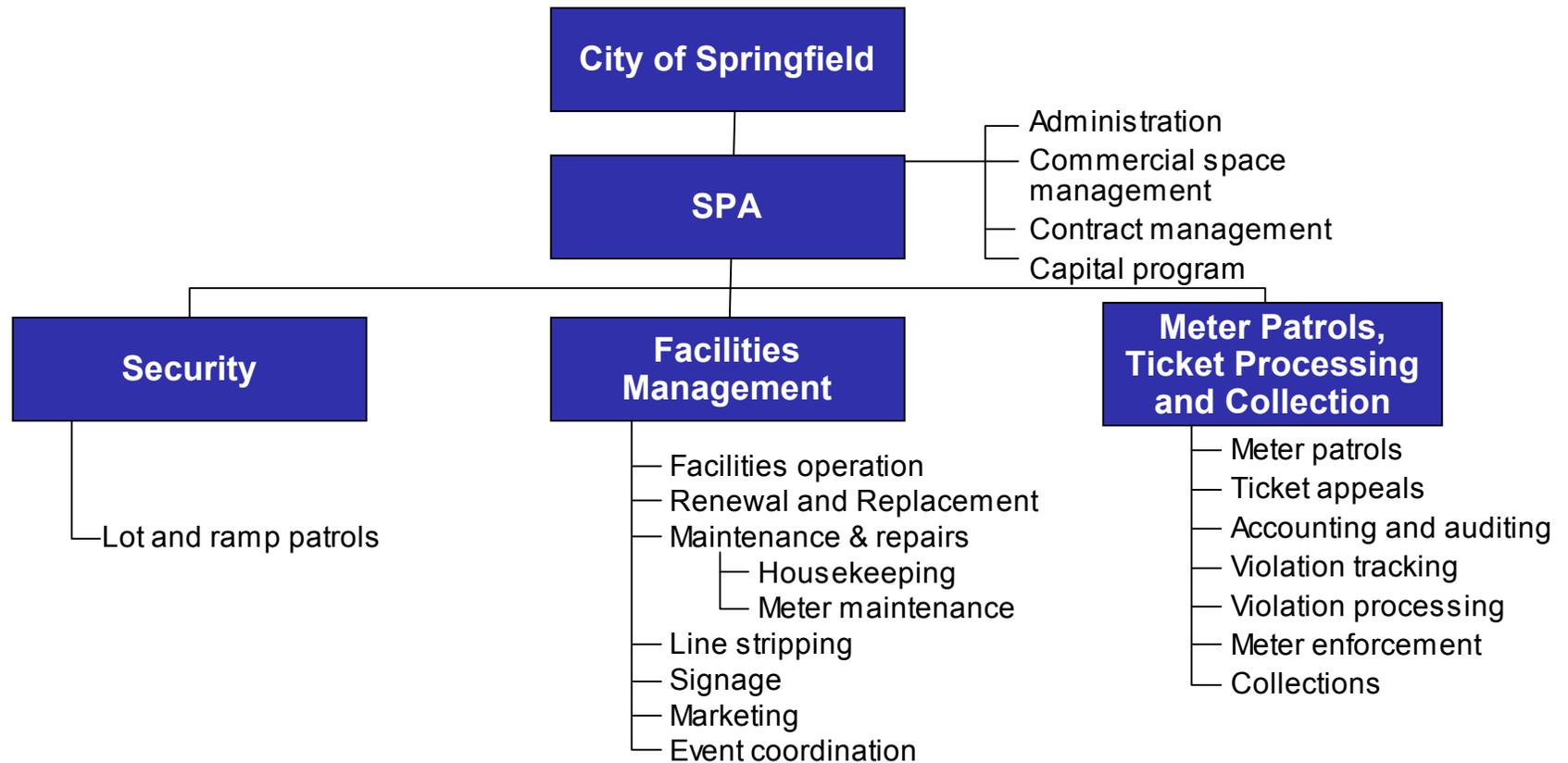


# Current Organizational Chart



# Organization Chart - Recommended

This organizational structure provides a focused approach to all of Springfield’s parking needs and reduces overlapping of services- thus reducing the cost and improving the quality of service.



# Recommendations: System-wide

The City has the opportunity to gain financial benefit from the SPA through selling (in-sourcing) police resources and implementing a PILOT.

## System-wide Parking Recommendations

Number	Recommendation	Potential Annual Benefit to City	Potential one-time Benefit	Cost of Implementation	Comments
1	City provides enhanced parking security services for SPA under contract. SPA pays Police department for services.	\$440,000	\$0	\$183,000/year new expenses to SPA	City police provide security services for a fee plus mark-up (~\$440K). Police get increased revenue and possibly add police equipment. Current SPA security contract is \$257K/yr. The level of security and customer service will be enhanced.
2	Implement a Pilot (payment in lieu of taxes)	\$155,000 - \$310,000	\$0	\$50,000 +/-	Should only be provided when the system has surplus funds. Typically, the amount is 5- 10% of gross revenue. Possibly implement graduated program based on free cash flow.
<b>Total Opportunity</b>		<b>\$595,000- \$750,000</b>	<b>\$0</b>	<b>\$233,000</b>	

# Selling the Parking System (SPA and/or on-street)

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## Potential benefit

- Value is 8-10 times operating income, or ~\$10 MM for the SPA (real estate taxes and needed Capex) and \$9MM for the on-street system
- Several companies indicate interest, which will spawn competition

## Key Points

- Purchaser would want to set parking rates
- Purchaser would want development rights-with an agreed # of spaces remaining in the City
- City could not compete with Purchaser
- Elimination of the SPA
- Legal issues concerning the “sale” of on-street have to be investigated



# Monetizing the Assets Through a Lease/ Leaseback Arrangement

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## Potential benefit

- Potential upfront payment of ~\$26MM for SPA and on-street-roughly \$13MM for each
- SPA and City remain owners of the system
- The lease arrangement allows much flexibility of options for the proceeds of the upfront payment. Not all of the upfront payment has to be used for the parking system
- SPA and City could out-source operations to private manager
- A \$500k reduction in cost is assumed

## Key points

- Lease is typically 30 years
- Real estate is held as collateral for upfront payment
- City may still have the right to choose a manager
- SPA would have responsibility for capital improvements and other corrective actions
- SPA and City continue to be responsible for parking system



# Timing of Recommendations

## Near-term (now)

Recommendation	Value created
Collect fine receivables	\$ 1,885,000
Increase meter fee from \$0.25/half-hour to \$0.50/half-hour	\$ 241,000
Extend hours of meter operation from 6pm to 9pm	\$ 113,000
Extend hours of meter patrols until 9 pm.	\$ 168,000

## Short-term (<one year)

Recommendation	Value created
Sell the under-performing properties	\$ 4,000
Discontinue State lease of Trolley Park and Liberty Emery Lots.	\$ 17,000
Sell the Winter / Worthington Lot - City owned	\$ 18,000
Sell the Civic Center garage	\$ (466,000)
Get market pricing for the out-sourced Facilities O&M.	\$ 289,000
Increase renewal and repair maintenance budget to \$90/space	\$ (123,000)
SPA assumes all of the City's on-street meter functions.	\$ 391,000
Improve/upgrade all revenue control equipment	\$ 475,000
City provides enhanced parking security services for SPA	\$ 440,000
Implement a Pilot (payment in lieu of taxes)	\$ 155,000.00

## Long-term (>one year)

Investigate sale or lease of assets

# Summary of All Recommendations

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- Improves integrity of overall operations
- Better utilizes under-performing properties
- Consolidates operations into one highly functional organization
- Provides for increased maintenance and protection of assets
- Provides for enhanced security of CBD parking facilities
- Increase combined annual revenue by \$1,188,731 (24% increase)
- Decreases combined annual expenses by \$195,582 (5% decrease)
- Improves overall combined annual net income by \$1,384,313 (107% increase)
- Potentially allows over \$1.5MM to flow to the City
- A total of over \$5.3MM in one-time benefits

***By implementing all of the recommended actions the City can increase its cash flow, improve the level of service and better protect its parking assets.***



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**THE END**



## Step 2: Measurement

# Sources of Parking Revenue

Monthly parking generates the vast majority of the parking revenue.

### Revenue by Type- 2004

Facility	Spaces	SPA Revenue				Total
		Monthly	Transient	Event	Other	
I-91 North	1,098	\$ 540,474	\$ 22,170	\$ 1,821	\$ 5,895	\$ 570,359
I-91 South	680	\$ 286,265	\$ 203,735	\$ 33,614	\$ 88,170	\$ 611,784
Apremont	52	\$ 14,547	\$ 307	\$ -	\$ 799	\$ 15,653
Civic Center	1,204	\$ 762,678	\$ 59,952	\$ 112,551	\$ 62,730	\$ 997,911
Columbus Center	493	\$ 248,138	\$ 53,404	\$ 171,470	\$ 53,857	\$ 526,870
Morgan Square	35	\$ 30	\$ 11,348	\$ 17,173	\$ 1,677	\$ 30,228
Dwight	135	\$ 79,840	\$ 10,343	\$ 117,920	\$ 11,830	\$ 219,932
Indian Orchard	16	\$ -	\$ -	\$ -	\$ -	\$ -
Liberty Emery	40	\$ 4,800	\$ -	\$ -	\$ -	\$ 4,800
Winter Worthington	60	\$ 5,297	\$ 250	\$ -	\$ -	\$ 5,547
Trolley Park	490	\$ 30,906	\$ 3,000	\$ -	\$ 2,031	\$ 35,937
Dickinson	30	\$ -	\$ -	\$ -	\$ -	\$ -
Taylor Street Garage	380	\$ 421,893	\$ 5,342	\$ 2,190	\$ 534	\$ 429,959
<b>Total</b>	<b>4,713</b>	<b>\$ 2,394,867</b>	<b>\$ 369,851</b>	<b>\$ 456,739</b>	<b>\$ 227,523</b>	<b>\$ 3,448,979</b>
<b>Revenue, %</b>		<b>69%</b>	<b>11%</b>	<b>13%</b>	<b>7%</b>	<b>100%</b>

Facility	Number	Meter Revenue	Fines	Total
Meters	950	\$ 321,919	\$ 1,119,993	\$ 1,441,912
<b>Revenue, %</b>		<b>22%</b>	<b>78%</b>	<b>100%</b>

# Performance Metrics: Comparative Analysis

The SPA has a low revenue/expense ratio, indicating less than anticipated revenue. In addition, based on the revenue/employee metric, it appears there are excess employees .

<b>PARKING SYSTEM METRICS</b>						
	Springfield (MA) Parking Authority	Hartford (CT) Parking Authority	Morristown (NJ) Parking Authority	New Brunswick (NJ) Parking Authority	Waterbury (CT) Parking System	Best Practice Targets Springfield Market
Number of Spaces	5,663	4,365	3,360	6,665	3,500	5663 (Note 3)
Annual Revenue	\$4,931,293	\$5,574,000	\$2,700,000	\$13,400,000	\$1,761,000	\$5,670,987
Annual Revenue per Space	\$871	\$1,277	\$804	\$2,011	\$503	\$1,001
Revenue/ Expense	1.87	2.81	2.31	2.50	2.12	2.00
Annual Expense	\$2,633,506	\$1,985,024	\$1,169,000	\$5,364,000	\$831,000	\$2,831,500
Annual Cost per Space	\$465	\$455	\$348	\$805 (Note 2)	\$237	\$500
Number of Employees (FTE)	49.5	39	19	90	12.5	41
Annual Revenue / Employee	\$99,622 (Note 1)	\$142,923	\$142,105	\$148,889	\$140,880	\$140,000
Garage Spaces	3,855	4,365	1,395	4,480	2,690	
Parking Lot Spaces	858	0	1,260	1,150	176	
On-Street Spaces	950	0	705	1,035	634	

Note 1 - Number of Employees is based on FTEs.

Note 2 - The New Brunswick Parking Authority has a 20 man security department and a five person department engaged in city street sweeping and trash collection.

Note 3 - Estimated 15% increase over existing Springfield income levels.

**Does not include debt service**

# Performance Metrics: with Recommendations

By implementing these recommendations, the City can improve its level of performance, as measured by these benchmarks:

<b>PARKING SYSTEM METRICS</b>						
	Springfield (MA) Parking Authority w/ Improvements	Hartford (CT) Parking Authority	Morristown (NJ) Parking Authority	New Brunswick (NJ) Parking Authority	Waterbury (CT) Parking System	Springfield (MA) Parking Authority 2004
Number of Spaces	3,848	4,365	3,360	6,665	3,500	5,663
Annual Revenue	\$6,006,787	\$5,574,000	\$2,700,000	\$13,400,000	\$1,761,000	\$4,931,293
Annual Revenue per Space	\$1,561	\$1,277	\$804	\$2,011	\$503	\$871
Revenue/ Expense	2.58	2.81	2.31	2.50	2.12	1.87
Annual Expense	\$2,324,688	\$1,985,024	\$1,169,000	\$5,364,000	\$831,000	\$2,633,506
Annual Expense per Space	\$604	\$455	\$348	\$805	\$237	\$465
						\$0
Number of Employees (FTE)	37.5	39	19	90	12.5	49.5
Annual Revenue per Employee	\$160,181	\$142,923	\$142,105	\$148,889	\$140,880	\$97,818
Garage Spaces	2,651	4,365	1,395	4,480	2,690	3855
Parking Lot Spaces	247	0	1,260	1,150	176	858
On-Street Spaces	950	0	705	1,035	634	950

**Does not include debt service**

**Step 4: SWOT**

**Springfield Parking SWOT Analysis**

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By using the SWOT approach, the preceding information can be used to determine viable recommendations for improvements to the system.

<p><b>STRENGTHS</b></p>	<p><b>WEAKNESSES</b></p>
<p><b>OPPORTUNITIES</b></p>	<p><b>THREATS</b></p>

**Step 4: SWOT**  
**SPA Strengths**

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<p style="text-align: center;"><b>STRENGTHS</b></p> <ul style="list-style-type: none"><li>• On-street parking has newly upgraded equipment</li><li>• SPA has good parking assets (coverage and mix of facilities) downtown</li><li>• The SPA is familiar with outsourcing</li></ul>	<p style="text-align: center;">WEAKNESSES</p>
<p style="text-align: center;">OPPORTUNITIES</p>	<p style="text-align: center;">THREATS</p>

**Step 4: SWOT**

**SPA Weaknesses**

Areas of immediate concern are the lack of revenue controls, poor investment in maintenance at the garages and an unfavorable outsourcing contract.

<p><b>STRENGTHS</b></p>	<p><b>WEAKNESSES</b></p> <ul style="list-style-type: none"> <li>• SPA has poor revenue control equipment</li> <li>• Garages are in poor physical condition - annual renewal and repair has not been maintained.             <ul style="list-style-type: none"> <li>• Typically R&amp;R expense is \$90/space/year - SPA has spent less than \$30/space/year</li> </ul> </li> <li>• SPA has a poor outsourcing agreement</li> <li>• Overlap of services between SPA and City</li> <li>• SPA is overstaffed</li> <li>• On-street parking enforcement is overstaffed/not productive</li> <li>• Poor organization / no single point of responsibility for on-street parking activity</li> <li>• Parking meter ticket issuance (#'s) has dropped off recently</li> </ul>
<p><b>OPPORTUNITIES</b></p>	<p><b>THREATS</b></p>



**Step 4: SWOT**  
**SPA Opportunities**

There are many opportunities that can be categorized as quick wins and need only a small upfront investment.

STRENGTHS	WEAKNESSES
<p style="text-align: center;"><b>OPPORTUNITIES</b></p> <ul style="list-style-type: none"> <li>• Develop a new contract for outsourcing SPA operations - competitive pricing and performance-based</li> <li>• Consolidate two parking operations</li> <li>• Divest SPA of poor performing assets</li> <li>• Improve SPA revenue control equipment</li> <li>• Increase on-street meter fee/hours of operation and enforcement</li> <li>• Collect on-street ticket receivables (\$5.8MM outstanding)</li> <li>• Develop payment in lieu of taxes (PILOT) approach for SPA to pay City</li> <li>• Develop contracts with City Police for enforcement and security</li> </ul>	<p style="text-align: center;"><b>THREATS</b></p>

## Step 4: SWOT SPA Threats

One can not control all threats, but one does have to be cognizant of them when making decisions to move forward with improvements.

STRENGTHS	WEAKNESSES
OPPORTUNITIES	<p style="text-align: center;"><b>THREATS</b></p> <ul style="list-style-type: none"> <li>• Much parking competition. There are a total of 32 parking facilities in the CBD, with nine owned and operated by Pro Park</li> <li>• Pro Park is a direct competitor <u>and</u> service provider</li> <li>• Immediate capital needs are high to bring facilities up to standard</li> <li>• Current debt is not at market rates, while the prepayment clause makes it prohibitive to re-finance</li> <li>• Meter supervisors have appeared to slow down on enforcement</li> </ul>

## ***Recommendation Nos. 2&3***

### **Alternative Value of Parking Lots**

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Several of the SPA's parking lots are under performing; operating at a loss. This coupled with excess parking capacity leads to the conclusion that certain assets should be sold.

#### **Under Performing Lots**

- The SPA owns five parking lots. They are: Morgan Square Lot, Dwight Street Lot, Apremont Lot, Indian Orchard Lot, and Dickinson Lot . The City of Springfield owns the Winter Street Lot. With the exception of the Dwight Street Lot, all lots appear to be under utilized.
- There are four lots that posted losses in 2004:
  - Indian Orchard (\$1,848)
  - Dickinson ( \$1,848)
  - Winter Street (\$18,358)
  - Trolley Park (\$20,948)
- These lots are outside the CBD and have an estimated real estate value of \$15/SF. Indian Orchard and Dickinson could be sold for \$85,000 and \$145,000 respectively in the marketplace.
- The Winter Street lot is owned by the City and is slated to become a tow yard. If not, it has a real estate value of approximately \$285,000.



## ***Recommendation Nos. 2&3***

# **Alternative Value of Parking Lots (continued)**

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### **Marginally Performing Lot**

- The Apremont lot is located on the eastern edge of the CBD. During our visits it appeared to be about one-third utilized. The customer base is unclear but may include local resident overnight parking. A portion of the lot appears to contain easements to privately owned car garages. Further research is needed to determine if all or part of the lot may be sold. If the entire lot was sold, it would be worth about \$275,000 (assuming \$17/SF sale price). If no practical parking alternatives exist for the current customers, perhaps one-half of the lot could be sold. In this case the sale price could be about \$135,000.

