

Introduction and Purpose

The purpose of this paper is to consider the effect on tariffs should the Council elect to recover the capital costs (and additional revenue costs if applicable) of the procurement of a new car park management system(s).

The figures included in this paper are based on the information available to officers about use of the car parks on the current tariffs which were introduced on a two year trial basis from September 2014 and on the estimated capital and revenue costs of new equipment shown in 'ERP 'B'.

Key Assumptions

A number of assumptions have been made in the preparation of this paper:

- The monthly average from the 10/11 months of data available since the current tariff trial began has been used to predict the missing months, and that this is a fair estimate of future revenue.
- Revenue costs for pay and display machines are already covered, and will remain consistent.
- The value provided by new machines/systems will be spread evenly across their 10 year expected lifespan.
- Any tariff changes would be applied in the same way to all bands, and that price points would remain 'rounded' at 10p intervals.
- Each town would be expected to cover its own costs.
- Any changes to Jackson Square car park could be negotiated with the lessor and with J Sainsbury in respect of the rebate scheme.
- The increase to net enforcement costs arising from the diversion of enforcement resource towards the management and maintenance of a barrier controlled system do not need to be recovered (and would not be factored into higher parking charges).
- There will be no additional capital costs, for example, from changes needed to road layouts or utilities, or internal charges imposed to cover loss of investment revenue.
- The existing tariff structure, introduced as a two year trial (and the corresponding reduced budget) will continue, and the level of demand will remain consistent even if tariffs are raised.

Option 1: Replace with Pay and Display

If the current machines are upgraded to new pay and display (P&D) machines, the expected Capital costs are shown in the table. For the purposes of these estimates, we have assumed that revenue costs will be consistent with the existing ones:

Area	Total Income Forecast based on data	Capital Cost P&D	Capital cost spread evenly over 10 years	% of income
Bishop's Stortford	£ 1,836,040	£ 185,300	£ 18,530	1%
Sawbridgeworth	£ 32,410	£ 16,000	£ 1,600	5%
Hertford	£ 616,789	£ 100,800	£ 10,080	2%
Ware	£ 271,018	£ 53,100	£ 5,310	2%
Buntingford	£ 6,811	£ 10,600	£ 1,060	16%
Stanstead Abbots	£ 7,700	£ 5,300	£ 530	7%
Total	£ 2,770,767	£ 371,100	£ 37,110	1%

In terms of the most common tariffs for each town, the suggested changes, rounded to 10p increments could be as shown in Appendix 1.

Option 2: Barrier Controlled Pay on Exit in Gascoyne Way, P&D elsewhere.

If barrier controlled pay on exit is used for the multi-storey car park at Gascoyne way, and P&D is used elsewhere, the expected capital and additional revenue costs are shown in the table. As before, for the purposes of these estimates, we have assumed that revenue costs for P&D will be consistent with the existing ones:

Area	Total Income Forecast based on data	Capital Cost – BCPOE for Jackson Square and Gascoyne Way, P&D Elsewhere	Capital cost spread evenly over 10 years	Additional Annual Revenue Costs	Total Additional Income Needed (Annual Capital Cost + additional revenue)	% income
Bishop's Stortford	£ 1,836,040	£ 185,300	£ 18,530	£ -	£ 18,530	1%
Sawbridgeworth	£ 32,410	£ 16,000	£ 1,600	£ -	£ 1,600	5%
Hertford	£ 616,789	£ 125,800	£ 12,580	£ 10,000	£ 22,580	4%
Ware	£ 271,018	£ 53,100	£ 5,310	£ -	£ 5,310	2%
Buntingford	£ 6,811	£ 10,600	£ 1,060	£ -	£ 1,060	16%
Stanstead Abbots	£ 7,700	£ 5,300	£ 530	£ -	£ 530	7%
Total	£ 2,770,767	£ 396,100	£ 39,610	£ 10,000	£ 49,610	2%

In terms of the most common tariffs for each town, the suggested changes, rounded to 10p increments could be as shown in Appendix 1.

Option 3: Barrier Controlled Pay on Exit for Jackson Square and Gascoyne Way, P&D elsewhere.

If barrier controlled pay on exit is used for the multi-storey car parks at Jackson Square and Gascoyne way, and P&D is used elsewhere, the expected capital and additional revenue costs are shown in the table. As before, for the purposes of these estimates, we have assumed that revenue costs for P&D will be consistent with the existing ones:

Area	Total Income Forecast based on data	Capital Cost – BCPOE for Jackson Square and Gascoyne Way, P&D Elsewhere	Capital cost spread evenly over 10 years	Additional Annual Revenue Costs	Total Additional Income Needed (Annual Capital Cost + additional revenue)	% income
Bishop's Stortford	£ 1,836,040	£ 170,300	£ 17,030	£ 10,000	£ 27,030	1%
Sawbridgeworth	£ 32,410	£ 16,000	£ 1,600	£ -	£ 1,600	5%
Hertford	£ 616,789	£ 125,800	£ 12,580	£ 10,000	£ 22,580	4%
Ware	£ 271,018	£ 53,100	£ 5,310	£ -	£ 5,310	2%
Buntingford	£ 6,811	£ 10,600	£ 1,060	£ -	£ 1,060	16%
Stanstead Abbots	£ 7,700	£ 5,300	£ 530	£ -	£ 530	7%
Total	£ 2,770,767	£ 381,100	£ 38,110	£ 20,000	£ 58,110	2%

In terms of the most common tariffs for each town, the suggested changes, rounded to 10p increments could be as shown in Appendix 1.

Option 4: Barrier Controlled Pay on Exit Where Possible and P&D elsewhere

The following car parks are identified in the independent consultant's report and in ERP 'B' as 'wholly unsuitable' for a barrier controlled pay on exit system:

- Hertford – Port Vale, and Wallfields Visitor.
- Bishop's Stortford – Elm Road, and Crown Terrace.
- Ware – Kibes Lane North and South, Amwell East and West, and Priory Street.
- Stanstead Abbots – High Street.

However, if all of the remaining car parks were converted to BCPOE, and upgraded P&D machines purchased elsewhere, then the expected costs (capital and revenue) are shown in the table. As before, for the purposes of these estimates, we have assumed that revenue costs for P&D will be consistent with the existing ones:

Area	Total Income Forecast based on data	Capital Cost (BPOE where possible, P&D elsewhere)	Capital cost spread evenly over 10 years	Additional Annual Revenue Costs	Total Additional Income Needed (Annual Capital Cost + additional revenue)	% of income
Bishop's Stortford	£ 1,836,040	£ 348,900	£ 34,890	£ 43,000	£ 77,890	4%
Sawbridgeworth	£ 32,410	£ 39,000	£ 3,900	£ 9,000	£ 12,900	40%
Hertford	£ 616,789	£ 240,000	£ 24,000	£ 35,000	£ 59,000	10%
Ware	£ 271,018	£ 87,500	£ 8,750	£ 10,000	£ 18,750	7%
Buntingford	£ 6,811	£ 35,000	£ 3,500	£ 7,000	£ 10,500	154%
Stanstead Abbots	£ 7,700	£ 5,300	£ 530	£ -	£ 530	7%
Total	£ 2,770,767	£ 755,700	£ 75,570	£ 104,000	£ 179,570	6%

In terms of the most common tariffs for each town, the suggested changes, rounded to 10p increments could be as shown in Appendix 1.