

Options for Recovering Capital Costs

Introduction and Purpose

The purpose of **ERP D** is to summarise capital costs (and additional revenue costs where applicable) of the procurement of a new car park management system. Any additional technical survey or structural building works associated with the potential 'pay on exit' option are not presented.

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.
- 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%

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	£ 178,300	£ 17,830	£ 10,000	£ 27,830	5%
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%