

# Philip J. Bowers & Co.

Real Estate Since 1894

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January 31, 2017

Dear Mayor Menna, Members of the Borough Council, RiverCenter Executive Board Members of the Special Improvement District and RBBA Officers:

The following is a proposal of how the Borough of Red Bank can obtain a 634 car parking garage with no retail, office or apartment space. This would allow the White Street parking lot to have a total capacity of 809 cars including the 175 surface parking spaces, which would remain after the garage is built.

The following is a thumbnail description of how a garage could be built and paid for with no monies paid by the residents of Red Bank since not only would a parking authority be involved, but the SID would guarantee any shortfall of income that does not cover the bonding. The income figures are extremely conservative based on a 21.25% vacancy rate.

### Red Bank Borough Owned Garage

634 Car Garage (based on \$85.00/sq. ft. or \$26,000 per space with no retail, office or apartments)

\*Cost to fully amortize garage (\$16,500,000 @ 3% for a 25 year term) \$938,928/year

#### Income:

100 cars permit parking at \$1,000 per year	\$ 100,000
534 cars at \$1.00 per hour (6.5 hours) for 365 days	<u>\$1,266,915</u>
Total Income (not including 175 remaining surface parking spaces)	\$1,366,915

#### Expenses:

Cost of amortization	\$ 938,928
Miscellaneous cost of operations & maintenance	<u>\$ 100,000</u>
Total Expenses	\$1,038,928

**Total Profit to Borough of Red Bank** **\$327,987**

- Income based on 21.25% vacancy rate on 8 hour day
- Parking authority, 2 council appointees, 2 SID appointees, Mayor can break tie
- SID has say on style of garage
- Total parking of 809 cars (634 new spaces plus 175 remaining spaces after the garage is built) a home run
- Parking authority allows bonding to be off the Borough's books, i.e., won't add to existing debt now on the books
- SID guarantees "backstops" any shortfall of income from parking garage that does not fund full amortization of \$16,500,000 or \$938,928, plus \$100,000 for operations, up to their present yearly income of \$539,000
- SID entitled to 20% of any volume over the cost of bonding and operation
- The construction time of this garage is 4 to 6 months (not 1 ½ to 2 years a garage with offices, retail and apartment space would take).

Remember the Council controls the SID's budget so if they need more money, you the Council, can accommodate this. Thanking you in advance for your consideration.

Yours very truly,  
**PHILIP J. BOWERS & CO.**

  
John Bowers, Jr.