

MISSOULA PARKING COMMISSION
Minutes
January 8, 2020

A Regular Board Meeting of the Missoula Parking Commission was held on **Wednesday January 8, 2020**, at the **Jack Reidy Conference Room, 140 W. Pine**, Missoula, MT 59802 at **12:00 p.m.** Those in attendance were Board members Joe Easton, JR Casillas, and John Roemer. From the Missoula Parking Commission (MPC) were Tiffany Brander, Director and Zoe Walters, Administrative Assistant II. Also in attendance were Leigh Griffing, City of Missoula Finance Director, Grace McKoy, Jan Schweitzer, and Taryn Lippert from Anderson ZurMuehlen and Brenda Payton from JCCS.

- 1. Call to order** – Joe Easton
- 2. Introductions**
- 3. Public Comments & Announcements**

Joe Easton thanked John Roemer for his service and work as Board Chair.

- 4. Adjustment(s) to the Agenda** - None
- 5. Approval of Minutes** - Board Meeting held November 7, 2019

John Roemer moved to approve the minutes from the board meeting held November 7, 2019. JR Casillas seconded the motion. The minutes from the regular board meeting held November 7, 2019 were unanimously approved.

- 6. Communications and Presentations** a. FY19 Audit Review – Grace McKoy, Anderson ZurMuehlen

Grace McKoy presented the FY19 Audit Review. The Independent Auditors Report outlines Anderson ZurMuehlen management’s responsibilities, the auditor’s responsibilities, and their opinions. MPC received an unmodified opinion stating “in all material respects the financial position of the Missoula Parking Commission as of June 30, 2019 and its changes in financial positions and its cash flows thereof for the year then ended are in accordance with the accounting principles generally accepted by the United States.” Included in the document are the required supplementary information, information on the 2014 bond, and reporting required by government auditing standards. The report on government auditing standards states the purpose of the audit is not to identify internal control deficiencies, but they may come to auditor’s attention. There were no internal control deficiencies or compliance issues. Also included is an update on Anderson ZurMuehlen’s findings from the previous year. There were no issues encountered this year. Anderson ZurMuehlen perceives previous findings to be resolved and no longer an issue.

Grace asked for questions on the reports. No questions were heard.
John Roemer thanked Leigh Griffing for her engagement and work with the Missoula Parking Commission.

The next part of the document is related to management discussion and analysis. This is required by the Government Accounting Standards Board. It provides summarized financial information and a narrative explaining highlights of the year and looking forward. On the financial statement, Grace pointed out a significant increase in capital assets due to the acquisition of the ROAM parking structure. This asset is accounted for on the statement of revenue, expenses, and changes as a capital contribution as \$3.2 million. There was a significant increase in operating revenues in the last year. FY19 showed \$2.8 million in operation revenues. This was nearly an \$183,000.00 increase from the prior year. Since 2017, the increase is nearly \$600,000.00. Expenses have increased, however the majority of the increase is related depreciation and the acquisition of new assets such as ROAM, license plate recognition, and gating equipment. Cash flow did not increase significantly. Some of the increase is related to timing of purchases. Warranty and software expenses were paid for up front, but then deferred over a five year period. From a cash basis expenses have stayed flat.

Grace asked for questions. No questions were heard.

There was is language added for accounting standards in relation to MPC's debt financing agreements for structures. This may impact MPC in the future.

Jan Schweitzer presented the review of the required letter to state governance. Andersen ZurMuehlen is required to determine and describe any sensitive accounting estimates that affect the financial statements. There were no difficulties found when performing the audit. There were no material misstatements found. There was one uncorrected statement: When reviewing procedures related to debt, there was a payment charged as a prepaid expense for a lease payment that should have been reducing the obligation. This is a past adjustment. This does not impact the reader's judgement. There were no disagreements with management or management consultations with other independent accountants.

Grace asked for questions.

Joe Easton asked Brenda Payton if JCCS had an opinion on the audit or the information presented. Brenda responded that the audit went well. It was helpful to meet with Leigh Griffing.

Joe asked Leigh for any questions or comments.

Leigh responded that it went well and there was good communication between all parties.

Joe asked how Leigh will use this information to communicate with the Mayor's office or City Council. Leigh answered that she will inform the Mayor's office that the audit has been completed and that there have been no findings. Leigh will have further conversations with Baker Tilly and Dale Bickell. They will review the audited financials and analyze future financing and debt.

Grace mentioned a future accounting standard change that will affect lease financing in fiscal year 2021. The Government Accounting Standards Board now requires entities to carry all leases greater than one year on their balance sheet. Parking spaces leased to individuals by MPC will be recorded as an asset and a liability of the total contract.

Leigh asked Tiffany for the number of lease spaces that extend over a year. Tiffany answered that none of MPC's leases have an end date. Leigh stated that we will have to look further into it.

John Roemer asked if this impacts our rented lease areas. Grace responded that MPC would have to record these areas as a right to use asset and a lease liability.

Grace stated that with month to month leases MPC will have to look at historical data to see if individuals are renewing leases more than one year. The requirement follows the actual substance of the transaction.

Jan explained statistics will need to be reviewed to determine the probability of individuals renewing their leases.

Joe asked what the point is if it zeros out on a balance sheet. Grace answered it is for financial institutions to understand what type of contracts entities are in.

Leigh mentioned Baker Tilly works with municipalities and will have more information on how this will impact MPC.

John clarified that the Board will work towards a written policy on how MPC will record this information.

Grace encouraged MPC to fully understand their leases and to gather lease summary information, lease terms, and any other general information to reference when working with financial advisors.

Leigh stated MPC has good record keeping.

Joe asked how the discount rate is set.

Grace answered that it is based on the term of the lease. Management will most likely use treasury rates to estimate a number. It is ultimately up to management.

Grace mentioned another standard specifically related to construction for new assets. MPC will be able to expense the interest. This makes things easy from an accounting perspective, but MPC will need to be in good communication with accounting and financing. Depending on how big the project is it could change the debt covenants.

Grace thanked everyone for their wonderful work.

7. Financial Statement

Brenda presented the financial statements for October and November. Looking at the October Dashboard, Page three shows a decrease of \$200,000.00 in Total Cash for the month. This was anticipated because of a city contract payment and merchant fees recognized during the audit process. Year to date revenue was up \$111,000.00, and expenses were up \$22,000.00 compared to last year. There was an \$89,000.00 Operational Net Income increase from last year. Looking at the November Dashboard, Page three shows negative under rent and accounts payable because audit entries have not been entered yet. Once entered it will balance as of June 30. There will be a future variance on the cash balance of approximately \$200,000.00. The assumption is that payment for the bond was booked after

September financials. There will be an adjustment to the bond and interest. The Net Cash available will not change because the impact will be in the accrued items. The Income Statement on Page four shows lease parking up \$112,000.00 year to date. There was a \$68,000.00 increase for Riverside leases. This is related to the Montana Department of Transportation (MDT) for the Higgins St Bridge construction. There was an increase in \$30,000.00 year to date due to the ROAM parking structure. Hourly parking in ROAM is around \$14,000.00, which was not part of MPC's income last year. Total Revenue is up \$220,000.00 from last year. Personnel Services are increased this month because there were three payroll cycles. Personnel Services are below budget compared to this time last year. Total Expenses for the year are up \$31,000.00. Operational Net Income is increased \$191,000.00 over last year.

Brenda asked for questions. Leigh noted that revenue is up over \$200,000.00 in five months. John explained that this is part of MPC's plan and is not as much as he had hoped for with the introduction of LUKES.

8. Director's Report – Tiffany Brander

Tiffany stated that there is a lot of uncertainty around the Higgins Bridge construction timeline. MDT is committed to beginning rehabilitation in 2020, but is unsure of when. There has been an update to our contract with MDT which allows MPC to continue maintaining and leasing the Bridge Lot. MDT has committed to providing MPC with 48 hours' notice of closure. Tiffany is having continuous conversations with MDT and expects that MPC will receive the notice well in advance of 48 hours.

The structural analysis from DCI Engineering determined that it is possible for the Central Park structure to be expanded vertically, but would be expensive. There would need to be improvements to the existing structure to allow it to be up to code before additional floors could even be considered. There is no possibility of making Central Park mixed use and adding residential housing. Joe asked that these opinions be sent to Linda McCarthy, the Mayor's Office, and City Council. Tiffany will also present this information to the Heart of the City Committee meeting.

The November Food for Fines program collected 636 pounds of food and wrote off \$743.00 in tickets.

Signage for Park Place will arrive soon and should be installed by the end of the month dependent on snow and staffing.

There are open positions for a Maintenance Worker/Fee Collector and Administrative Assistant II. These applications close January 21, 2020. Tiffany expects MPC will be fully staffed by the end of February.

The Tool Cat has been a useful for Maintenance staff. They have been able to remove snow within 24-48 hours. The Tool Cat hopper releases more ice melt than what Maintenance is used to. A comparison will be made of how much ice melt was purchased this year compared to last year to determine if it makes sense to purchase ice melt in bulk from the Streets Department.

Tiffany's new schedule is Monday – Friday 7:00AM – 3:00PM.

Joe asked the Board for questions.

John asked if the release on the ice melt can be adjusted. Tiffany will follow up with Maintenance.

Joe asked if Tiffany received any comments about First Night shuttle service. Tiffany did not. John attended. JR would like to follow up on the ridership count.

9. Action Items a. Maintenance Reserve Policy

In October, the Board discussed adopting a maintenance reserve policy that would help fund any unexpected maintenance repairs, or fund a capital reserve. The recommendation was a per space rate of \$200.00 per space for newer structures and \$250.00 per space for older structures. The general parking garage expectancy is 30 years. Tiffany stated structures newer than 15 years would be \$200.00 per space. This includes Park Place and Roam. Structures 15 years and older would be \$250.00 per space. This includes Central Park and Bank Street. Park Place and ROAM have a total of 453 spaces equating to \$90,600.00 for these structures in a reserve. Central Park and Bank St have a total of 414 spaces equating to \$103,500.00. The total reserve amounts to \$194,100.00. The account would remain at this amount. Any amount used would be replenished. When funds are disbursed, the Parking Services Director would provide an accounting of the funds and recommendation for replenishment. After analysis of operating fund, the Board can determine if the replenishment would occur as a lump sum at the end of the year or budgeted for long-term.

The Board agrees that a reserve is necessary. Joe asked how \$200,000.00 removed from MPC's available cash would compare to a long-term budget plan and suggested maybe the Board should hear Baker Tilly's opinion before committing to a dollar amount. Joe asked if there is a warranty for newer structures if maintenance is necessary and if maintenance reserves can be deferred for newer facilities. Tiffany responded that there would be a separate reserve account. If newer structure funds needed to be applied to older structure funds, the money would still exist for a newer structure.

Joe explained that the Board can make a motion and amend later or defer until after meeting with Baker Tilly. The Board agreed to defer. Tiffany asked the Board to review the maintenance reserve policy draft.

10. Non-action Items a. New Business

Joe would like to refocus on MPC's prior strategic plans. This includes reviewing expansion of the current jurisdiction, the Residential Parking Permit Program, bonding capacity, and identifying property and a new garage location.

Joe wants to make sure Tiffany's six month review is performed on time.

b. Old Business - None

11. Setting of next meeting (February 6, 2020, Jack Reidy Conference Room) and adjournment

Respectfully submitted,

Zoe Walters
Administrative Assistant II