A Regular Board Meeting of the Missoula Parking Commission was virtually held on **Tuesday, December 8, 2020** at **12:00 p.m.** Those in attendance were Board members Joe Easton, John Roemer, Glenda Bradshaw, and JR Casillas. From the Missoula Parking Commission (MPC) were Tiffany Brander, Parking Services Director and Jodi Pilgrim, Parking Services Manager. Also in attendance, Leigh Griffing, City of Missoula Finance Director, Brenda Peyton, JCCS, Chase Jones, City of Missoula Energy Conservation Coordinator, and Reid Prison and Tim Tolman from McKinstry.

1. **Call to order –** Joe Easton
2. **Introductions**
3. **Public Comments & Announcements - none**
4. **Adjustment(s) to the Agenda - none**
5. **Approval of Minutes**
   a. Board Meeting held October 13, 2020. No comments on the minutes. John Roemer motioned to approve the minutes. JR Casillas seconded this motion. The minutes from October 13, 2020 were unanimously approved.

6. **Communications and Presentations**
   a. Energy Services, Investment Grade Energy Audit Presentation – Chase Jones, City of Missoula Energy Conservation Coordinator and Reid Prison and Tim Tolman, McKinstry Essention, LLC.

   Tiffany explained that a few years she was asked by City administration to participate in a selection process for securing an energy service provider for the City. Through the process, the team led by Chase Jones selected McKinstry and a master contract will be moving through council shortly. With McKinstry as the energy service provider, they will provide energy service audits and energy related contracts to provide for the installation and implementation of energy, water, and other operating cost saving measures at the City facilities. As a department with older facilities, we will likely see quite a few recommendations for upgrades and we will work through those with Chase on the City side and Reid on the McKinstry side.

   Chase Jones introduced himself as the Energy Conservation and Climate Action Coordinator for the City of Missoula. He then announced Reid Prison and Tim Tolman from McKinstry. Chase went in to some background on the Energy Savings Performance Contract. He stated the goals as they were outlined when the contract went out for bid - facility improvement and performance, energy efficiency and conservation, utility and maintenance cost savings, improve occupant, employee and visitor health, safety, service, and comfort, better data and reporting coordination. He noted that it is important work because we get to take a deep look at our buildings through the investment grade audit (IGA) and do big chunks of work at once at a somewhat expedited timeline. Additionally, our financial risk to do the work is mitigated because of the contractual guarantee of savings that results from the findings of the IGA. It gives us the option of very little to no initial cash outlay to do the work because the saving pay back the cost of the findings and the construction retrofit work. Chase handed it over to Tim Tolman to give an overview and history of McKinstry.

Tim Tolman gave a background of McKinstry. McKinstry is a 50 year old firm. As they grew from a plumbing company, they moved into design build work. About 20 years ago, they started operating as an energy services company (ESC) helping clients with projects to conserve energy while improving infrastructure, lighting and HVAC. Nov 1, 2008, Tim was with CTA Architects and McKinstry recruited him to start up their business in Montana. They have three offices in Montana – in Billings, Bozeman and Missoula. They work almost 100% with local contractors to keep jobs in the local community. They have done almost $75 million of this kind of work in Montana and they have $25 million on the cusp of being signed.

Reid Prison explained energy contracting work. 50% of building costs over a 40-year period come from operations and energy. Tackling that 50% is the goal of energy contracting work. McKinstry will address the operations and energy piece, quantify it, and then guarantee it to us as savings. The savings finance the improvements. After the improvements have been paid off, there is the continued savings. The Energy Savings Performance Contract (ESPC) benefit is a design-build model versus the traditional contracting model. We hire a single entity and get a single point of accountability with a single contract. Rather than a linear project timeline, they are able to do multiple steps of the project in tandem. During the audit they do preliminary engineering and costing at the same time. The result is a compressed timeline. The audit is a detailed facilities survey. The audit performed by McKinstry is investment grade, which means they are going to be taking a detailed look at our utility bills, making an energy profile of the garages, and then identify any potential improvements energy savings and otherwise. They show what they find and talk through advantages and costs of each and, with approval from the City, they will take the projects that make sense and do final designs and simulations to present to the City again. At that point they provide final designs and prices so the City can make a final decision for projects.

There are five City departments that are involved in this first ESPC. The primary focus will be on lighting and building. The facilities being looked at for the Parking Commission are Bank Street, Central Park and Park Place.

Reid presented a project they did for the City of Great Falls a couple years ago. They worked on two parking garages. The three main benefits were curb appeal of bright clean light, it is brighter and easier to see details and less shadowing - which is a safety and security benefit, and the energy savings benefit is 50% – 60% savings per fixture. The overall savings come from energy savings and from operational savings. The operational savings are from costs to replace fixtures. Savings are independent for age of facility and for entity. For Great Falls, their savings were $23,000.00 and costs were $20,000.00, leaving them cash flow positive in first year of project.

Chase went over the next steps and schedule for the ESPC. They are bringing both the Master Contract, which assigns McKinstry as the City's energy services provider, and a first addendum for the first phase of the investment grade audit. The Master Contract is designed to allow for further addendums and contracts. Today, they are presenting to the Parking Commission. Tomorrow, they are presenting to the Administration and Finance Committee. On 12.10.2020, they are presenting to the Energy and Climate Team. If all goes well, they will bring it to City Council for final approval on 12.14.2020. With approval, the first phase will begin immediately after the new year. There are good prices on materials right now which we can lock in by moving forward quickly. In conclusion, we can save some money and save some energy. It will help us achieve some ambitious energy and climate goals. It will also improve service, health and safety, and we will be able to do a big chunk of work with little to no cash outlay in the beginning with guaranteed savings which mitigates risk to the City. Chase asked for questions.

John Roemer likes the idea. He noticed in the scope of work that solar assessment would not be part of scope for the Parking Commission. He wanted to know why. Reid did consider solar preliminarily. They pulled in a solar consultant about which facilities make the most sense. Park Place already has it. The other two structures, there is a possibility, but when not included in initial designs of structures, it becomes cost prohibitive pretty quickly to add solar. There is a lot of roof area, but it is not as cost effective as other facilities the City has.

Chase thanked the Board for the forward thinking on the Park Place solar panels. He mentioned that in the schedule, there is qualitative work where key staff will be interviewed. If the board requests a look at solar during that qualitative process, that is something that could be added in.

Glenda Bradshaw thanked John. She loves the improvement with LEDs and what that brings, but was surprised not to see an emphasis on renewables with a 15-month financing available. She asked what the return looks like after the 15-month period and what are the expected expenses with the new system. There seems to be zero budgeted expenses for any failures in the lighting system. She would also like to know more about the specific environmental return?

Reid Prison does not have the environmental benefits quantified because this is purely a financial tool. There is a tool to quantify environmental returns, but it is only available after the audit process. It would be available prior to implementation. The savings from the energy will endure after 15 months. The operations and maintenance savings have a lifetime, but it is determined by the fixture warranty. Some have a 5-year warranty, some have a 10-year warranty and it will be determined by what is approved. They are not quantifying the cost to maintain the system. They are quantifying cost savings for the system during the warrantied period. Glenda would like to see longer into the future and a little more comparison between the new system and the old system. Reid stated that they can do those comparisons when they have the lifetime of the fixtures we are looking at and our operation hours. Tim Tolman noted that after the Warranty period, they can add back in to the cash flow some costs. As Reid said, we would have a better idea when we choose fixtures, but that would give us a better idea of annual cash flow and cumulative cash flow. Chase Jones explained that the City of Missoula put the climate action goals out front in the RFP process. It wasn't emphasized in this presentation, but that will be part of the investigation in the audit. We get those findings as a product for the audit. They've asked for green-house gas emission considerations on the same playing field as the financial savings as they are choosing the projects to move forward.

Tim wanted to emphasize again the safety factor of better lighting. Tiffany noted that crime in Bank Street and Central Park is more than in Park Place. This could be due to the lighting. She is looking forward to the better lighting in Bank Street and Central Park.

John asked when this would be an action item for MPC Board to vote on. Tiffany explained that after Council approval. Once the approval is done and there are proposed projects, we would have action items at that time.

There were no other comments.

7. **Director's Report – Tiffany Brander**
Tiffany gave a staffing update. In October, we were moving forward with a recruitment for a Parking Enforcement Officer (PEO) and an Administrative Assistant II (AAII). Due to COVID rising numbers, and with consultation from HR, those recruitments have been put on hold. We came out with some great applicants for the PEO after interviews and reference checks. We hope to make an offer as soon as is has been determined safe to do so. We will continue with one AAII for now. Our office is open by appointment only. We have switched the office staff to be working every other day in office and off

days at home. We staggered enforcement officer schedules so they are not checking in and out at the same time. We are taking extra steps for keeping our team safe and working.

Jim was unable to make it today, so Brenda Peyton is here to present Financials. Leigh Griffing from City Finance is also here to present on projections for the future.

8. **Financial Statement – Brenda Peyton**

Brenda Peyton explained that the financials are still in draft format during the audit process. The cash balance on JCCS financials compared to the City are $112,000. higher. This is due to audit adjustments. It is likely due to the merchant fees that gets captured at the end of the fiscal year due to the audit process.

There are no big changes to assets – they are pretty steady through last 4 quarters. Liabilities are similar. You will see the accrued merchant fees, where we are accruing the fees monthly, but they allocate that expense at the end of the year. So the cash will drop and the merchant fee balance will drop.

Joe Easton asked about the difference between the $112,000.00 Brenda referenced and the $180,423.00 showing in accrued merchant fees. Brenda explained that it is a combination of things. The net difference in cash is $112,000.00. We will also see some variance on the revenue side, which is likely where that difference comes from.

When we look at available cash after adjusting for City contract and accruals, net available cash at end of October was just over $1.1 million. On the income statement, revenue for October was $163,000.00. Year to date (YTD) we are just below budget by about $14,000.00. We are quite a bit below where we were last year at this time, but knew we would be going in which is why our budget is lower as well. Expenses for the month of October are around $134,000.00. We are quite a bit below budget there. YTD income is at $23,000.00. We had a projected loss of $109,000.00. Brenda asked for questions.

Glenda asked about savings on lighting – if we have spent $33,000.00, with $3,000.00 in maintenance, does that include repair and maintenance for failed lighting in structures? Tiffany Brander answered yes.

Joe is interested in what makes up the difference in what we budgeted and what we are seeing. It seems like a positive result, but he wants to understand where the $132,000.00 difference comes from. Tiffany will go into that when they go into the projections with Leigh.

John Roemer asked about credit card fees – if those amounts are estimated and then trued up at year end. Brenda said yes. John stated they are probably higher than they need to be. Brenda confirmed.

Leigh Griffing pulled up the projections. Jessie Hogg worked them up with Jim Galipeau, but neither of them are here today. Leigh explained it was pulled together with an eye toward Bond Covenants with the question does the Parking Commission have the revenue and expenses in order to cover those covenants. The initial pass is very positive. The column for FY21 budget and one for YTD. The numbers here will be different than what Brenda was showing due to timing and the way JCCS adds accruals monthly while Finance adds accruals at year end. Total projection revenues are at 87.88% of budget as of 12.02.20. Expenses are at 78.7% of budget. This is a debt service coverage ratio of 2.10. The required ration is 1.25 minimum. Methodology used was based on averages - average collection and expenses through the year. They tried to be conservative. If there wasn't enough information to show expenses, the budget number was used.

Joe Easton, stated that the debt coverage ratio is based on current revenues and expenses. It does not factor in savings or net cash available. Leigh confirmed and further explained that it is operating revenue and expenses, not other expenditures. It is used by the bonding company to determine if they should request MPC raise its rates.

Joe asked for any further concerns or questions from the Board.

Brenda wanted to follow up on the variance question. The YTD changes – personnel savings and repair and maintenance expenses are the largest areas where we are seeing a variance.

9. **Action Items - none**
10. **Non-action Items**
    a. **New Business - none**
    b. **Old Business - none**
11. **Setting of next meeting** (January 12, 2021, Jack Reidy Conference Room or via virtual meeting) **and adjournment**

Respectfully submitted,

Jodi Pilgrim
Parking Services Manager