

Minutes
Parking Authority of River City
Board of Commissioners
May 15, 2019

Commissioners:

Chairwoman Laura Ferguson
Treasurer Daniel Frockt
Secretary Rebecca Matheny
Commissioner Michael Romaine
Commissioner Henry Potter

Staff Present:

Tiffany Smith
Mike Tudor
Gerald Howell
Steve Cameron
Steve Bartley
Ricardo Seran
Sonora Mullins

Call to Order:

Chairwoman Laura Ferguson declared a quorum and called the meeting to order on May 15th, 2019 at 12 p.m., 222 South First street suite 400, Louisville KY 40202.

Secretary's Report:

Chairwoman Laura Ferguson presented the minutes from February 20th, 2019. A motion was made and seconded to approve the board minutes.

The Board of Commissioners unanimously approved the minutes as presented for February 20th, 2019.

PARC Financial Report:

FEBRUARY 28, 2019 PARC Financial Report

For the eight months ending February 28, 2019, PARC operating revenues were \$14.5M compared to budgeted revenues of \$14.6M representing a 3% (\$146K) decrease from the budget.

Off-Street operating revenues were \$11.2M compared to a budget of \$11.5M; \$302K under budget representing a 2.6% percent decrease. Transient revenue was \$2M compared to a budget of \$2.1M a decrease of \$87K or 4% under budget. Transient revenue was led by Omni, First & Main, and Arena

(\$205K over budget). Unreserved revenue was \$6.1M compared to budget of \$6.5M (down \$398K from the budget, a 6.1% decrease) due to unexpected moves from PARC facilities from Humana, Kindred & Conifer as we discussed at our last Board meeting. Our Riverfront garage was up \$76K over budget (7%) while First and Main, Seelbach and Arena showed large declines under budget (\$334K). Validation revenue is also over budget by \$47K at \$1.2M equaling a 3.9% increase over budget with increases at Omni, First & Main & Arena. Event revenue was up at \$969K compared to a budget of \$714K (36% over budget or \$255K). Event revenue showed increases at Arena (\$107K), Brown (\$38K), Fifth St. (\$26K) Riverfront (\$22K) & Jefferson (\$22K). Events driving the revenue was led by headliners Alan Jackson, Cher, Metallica, and Kenny Chesney.

On-Street revenue was \$3.2M compared to a budget of \$3.1M, a 5.1% increase (\$156K) to budget. There was a slight increase (\$36K) in meter revenue (actual \$2.64M to budget \$2.60M) as people continue to steadily come downtown and a strong increase in meter bagging which ended the eight months up 36% over budget at \$435K compared to \$321K. Meter bagging numbers are up due to the large construction project on Main Street by MSD.

Total Operating Expense YTD is \$9.2M compared to a budget of \$9.5M which was 3.3% below budget by \$316K.

Off Street expense is \$6.6M compared to a budget of \$6.7M (\$120K below budget). One large component of this variance is contracted operating personnel at \$1.3M which is over budget by \$44K (3.5%) Incentive bonuses paid to SP plus were incurred for employees to stay to the end of the contract. Contract security is also up over budget by 3.4% at \$615K. Repairs and maintenance expenses are \$572K which is 19% below budget. Depreciation expense is \$3M down 3.2% from the budget.

On Street expense is \$806K compared to budget of \$1.1M, a difference of \$246K or 23% below budget. General On-Street expenses were \$559K compared to budget of \$688 (19% below budget) and enforcement is \$248K compared to budget of \$365K (32% below budget). Enforcement workers are not working the total hours budgeted.

Net Operating Income (before non-operating income and expense) was \$5.3M compared to a budget of \$5.1M, an increase of \$170K or 4%.

Consolidated net income is \$2.3M compared to the budget of \$1.9M (an increase of 20%) which is \$386K over Budget.

February 2019 YTD net income of \$2.3M compared to \$3.3M for February YTD 2017 represents a shortfall of \$988K compared to the same time last year.

The expected loss from Humana is \$306K in unreserved revenue effective September 1, 2018. This reduction is at the First and Main garage. Through September 30 this revenue loss is approximately \$33K

Conifer expected loss in revenue is \$134K at Seelbach and started August 1 through September 30 this revenue loss is \$32K.

Kindred loss of revenue is approximately \$80K. This will be effective on December 1, 2018. This will occur at the Brown and Fifth Street garages.

Treasurer Daniel Frockt asked does the Event revenue include the NCAA Men and Women's games?

Steve Cameron replied no it does not.

Treasurer Daniel Frockt asked are the repairs less expensive than before or are we behind on our list of repairs?

Steve Cameron replied typically around this time of year we tend to run a little behind. Usually, towards the end of the year, we catch up.

Treasurer Daniel Frockt asked when do you think PARC will be on track with the conversions?

Steve Cameron replied we expect to have March complete by next Friday. A couple of weeks after that we should have April done. We will be back on track by late June. The conversion lasted longer than expected.

Treasurer Daniel Frockt asked did PARC have any issues with Audit?

Steve Cameron replied not at all.

The Board of Commissioners unanimously approved the financial report as presented for May 15th, 2019.

New Business: Proposed FY20 Budget

The Proposed FY20 Budget was presented by Tiffany Smith. In FY19 the monthly revenue was not as attractive as the years before. Installing new revenue control equipment contributed to the monthly revenue. We asked each parking coordinator to look at the monthly parkers they had in each of their garages. As a result, we incurred another decrease in parking. The major contributors to the decrease were companies like Humana, Kindred, Computershare, and Conifer.

PARC was presented an RFP from Humana. Humana is asking PARC to reassess the rates and reduce them. We were reluctant to do this because of the precedence it might serve, but we also have a strong incentive to work with Humana. They represent 25% of our parking revenue. Looking into this we decided to move Humana parkers out of the more expensive garages into less expensive ones. Once the change was made, we gained more parkers than before. In a result, the monthly revenue increased \$50K.

PARC also assessed the Parkopedia survey for information. The Parkopedia survey is an independent parking survey that shows the Top 40 cities and their monthly parking rates. PARC assesses rates on an annual basis. Those rates are adjusted bi-annually or more frequently if necessary, meeting market standards. While analyzing the Parkopedia study we found the unreserved rate's average for Louisville, KY is \$95. PARC looked at our average for unreserved, we averaged \$97. The Parkopedia average reserved rates are \$110. PARC's average reserved rates are \$115. Since PARC was above the Parkopedia average we decided not to raise any reserved or unreserved rates. However, we analyzed the residential rates for our garages, averaging \$60. We decided to increase residential rates by \$5. We met

with the Louisville Downtown partnership to explore the different buildings that make up residential parking in the downtown area. Our goal is to reach out to residential partners and educate them about PARC's residential rate reduced for residents downtown. We anticipate a budget of \$10.1M for our monthly revenue. Which is \$50K more than our actual for FY19.

Parkopedia did a study on transient parking rates also. PARC's average transient rate is \$10 and has about 10 different rate categories. We're looking into compressing the rates to 4 -5 categories. In our non-hotel garages, we will charge a maximum of \$12. In our hotel garages, we charge \$18 and \$20 at the Riverfront garage. PARC did exceptionally well regarding transient revenue this year. There were three major contributors including, event parking, daily parking, and validations. We had a great year with Thunder and the NCAA games. Omni had a favorable impact on the city and PARC as well. We budgeted \$500K in FY19, but we received \$100K more than anticipated. The other garage revenues remained the status quo and others reduced. We also discovered Seelbach garage parkers are canceling parking with us and utilizing other locations. Parker's moved to the various private locations in close proximity of the Seelbach garage. We do anticipate a hotel opening on Main street that would help with revenue. It's called the Moxy Hotel and they will utilize our First and Main garage. The transient revenue will be going from \$6.3K to \$6.2K (reduction of \$120K). The reduction of \$120K is a result of us removing concerts that visited the Yum Center and the NCAA games in FY19 that we can't predict in FY20. PARC budgeted \$16.8K for off-street revenues in FY20.

PARC's meter revenue has performed well because of our new contractor, Lanier parking. They've increased the rates by 25%. The On-Street contract focuses on citation collections and enforcement. Included in the enforcement is booting revenue. We recently added another booting vehicle, now we have three. Lanier has been making sure the preventative maintenance has been taken place on the cameras. This allows us to get better hits. We have a 90% hit rate of vehicles eligible to be booted. Included in this is meter revenue. We received permission to increase meter rates by \$.25. This year we are proposing an extension of the hours of operation for meters in entertainment districts. Majority of the activities that take place on Main street. Which stretches from the Museums on 8th Street & Main Street, Whiskey row and the Nulu area. Areas surrounding the Convention center and Omni will be included in the entertainment district as well. The LPR studies in the past show the activity in these areas increased over the years. Now it's similar to Cincinnati, Indianapolis, and Nashville. We're proposing to extend the hours of operation from 7 a.m. to 6 p.m. to 7 a.m. to 10 p.m. This would amount to \$300K in additional funds in meter revenue. Once the Enforcement officers are done working at 6 p.m. we transfer calls to Metro 311 to address safety concerns or complaints that exist because of the entertainment district. Complaints are sent to LMPD, but LMPD has its own staffing constraints. The patrons that come to Bardstown Road or Frankfort Avenue, bleed into the neighborhood causing cite obstructions because they tend to park in areas they should not, and it concerns the neighbors in the area. If we extend the hours of operation, enforcement would patrol the entertainment districts and the neighbors in those districts. Total operating revenue budgeted is \$21.9M with a 1% increase.

PARC discussed a plan earlier to take on more Contractor responsibilities. We had difficulties over the number of years with contractors maintaining and operating the PARC locations. Therefore, we decided to bring in staff after working with the Human Relations department. We understand there's an existing hiring freeze, but we're hopefully to stay aligned with our Organizational chart. Which includes two new positions, Security and Parking Facility coordinator. We struggle a great deal with security. About \$800K is spent on security and it increases when we have events because we need a security person with a pre-collector. We have a Parking Facility coordinator position opening. Which is occupied

by Ricardo Seran now. He is supervising the other three coordinators and has a few garages to manage as well. The plan is to take those responsibilities from Mr. Seran and have him focus solely on supervising. This is included in the Personal part of the budget along with the Pension plan. The pension expense is being incurred by Metro and we have our portion of that based on the number of employees that we have with PARC. The last expense under this category is the additional \$200K under General and Financial personnel. This is a reimbursement for the services added to PARC from the County Attorney office and the Department of Information Technology. The Jefferson County Attorney office will now send out letters on PARC's behalf to those violators that have not paid. The letter states we will take legal action if the violations are not paid. The categories for Repair and Maintenance include a new technology called a cloud-based system. This system allows PARC more flexibility. The other increase in this category includes Budgeting for the worst-case scenario. For example, if we are having flooding, a bad year for snow or maintenance. All that would be budgeted for in this category. The Management fees are based on PARC offering an incentive this year to be more competitive on our RFP with the Off-Street contractor. We have budgeted the maximum amount of incentive they receive in the fiscal year. The depreciation category is budgeted at \$3M for the improvements for the Riverfront Garage.

The On-street expenses category under the contractual services included an incentive fee. The New On-Street contractor is performing very well. Their performing 25% better than the previous contact. The meter depreciation increase includes the technology upgrade. Some of our meters have 2G technology and we are upgrading to 4G. We also have a pay station that we're proposing this year and they will be apart of the depreciation budget. Lastly, for the On-Street expenses, includes \$467K for the actual expense compared to \$563K. We always budget for the total number of enforcement officers.

The next category includes interest-income expenses. The Office of Management and Budget helps a great deal with this expense. OMB gave PARC oversight in PARC investments. Due to the investments we have made, the interest revenue income moved from 1% to over 2%. PARC FY20 total budget is \$2.5M or \$420K less than last year. What contributed to the reduction was the events we explained earlier. Our debt coverage ratio for this year is 1.67.

Treasurer Daniel Frockt asked will the meters in the Entertainment district hours of operation be extended to 10 p.m. every day of the week?

Tiffany Smith replied no, Monday – Saturday.

Treasurer Daniel Frockt asked how will the Entertainment district extension be rolled out?

Tiffany Smith replied 1st we will start by informing and educating the public about the entertainment district extension. Next, we would start issuing warnings to people parking in the areas to further inform them. Then we will start to issue citations. We will also take in consideration courtesy voids since this is a new policy.

Commissioner Henry Potter asked are the Parking enforcement officers supposed to sort out issues in the neighborhood?

Tiffany Smith replied yes if it's between 7 a.m. and 6 p.m. They will patrol the neighborhoods.

Treasurer Daniel Frockt asked are we renting more space or did the rent go up?

Tiffany Smith replied yes, the space that was occupied by Mightily, we are going to expand there. The way our current lease is set up it will increase this year and we will pay a portion of the expenses in the Jefferson Centre building as a lease.

Treasurer Daniel Frockt asked what is in the consulting contract?

Tiffany Smith replied we decided it was important to bring attention to the PARC board. This speaks to the continuous improvement we made. Including the 10-year restoration, \$5M spent on the Riverfront garage, citation revenue, analyzing safety violations, and revenue control equipment we installed. We are looking to install pay stations also. Especially on Bardstown road and UofL's campus. The sustainability we do in the garage includes electric charging stations and landscape. We are second to LMPD for the number of cameras we have installed in our location. They're designed to keep PARC and contractors accountable, help with safety, and we work with LMPD when needed.

Chairwoman Laura Fergusson added, what we have been doing with Metro council is educating them on PARC, what PARC does and how we are structured. We have a consolidated system, so the garages are all together for purposes of paying off bonds that finance the garages. We've been educating them on the difference between cities who have a P3 relationship and how well they do. For example, the Indianapolis skew was based on meters being broken for weeks. Indianapolis Parking authority charged \$.75 an hour and they had not upgraded or tried to upgrade the technology. So, when an operator came in, there was a lot of opportunities to make more money. If we need to increase the rates and hours PARC is just as capable of doing that. We also express to the Metro Council we're open to having an RFP. This RFP will look at best practices and what PARC is doing compared to industry standards. We are also educating Metro Council on the economic piece that PARC contributes to as well. PARC plays a huge economic role and if you were to entertain a private partnership, their only focused would be profit and making their investment back. But we did express PARC was open to an RFP to see if there are some other efficiencies for us to save money or make money.

Treasurer Daniel Frockt asked what is the parking certification and how is it going?

Tiffany Smith replied it's the IPI Professional Parking and Mobile institute parking certification. We are 2 – 3 weeks away from being Accredited by IPI. The accreditation looks at your organization as a whole compared to other efficient parking authority organizations. This involves the president of the parking institution to come out to our city to award PARC this certificate. We will ask the PARC board to come and the Mayor to be apart. It's a big deal because we are going after the accreditations with distinctions. We don't just want to meet expectations, we want to exceed it.

Treasurer Daniel Frockt asked about the FY19 actual, how many months in before the forecast?

Tiffany Smith replied it's through April.

Steve Cameron added it actually through January, but we projected based on what we knew to project out through June.

Treasurer Daniel Frockt asked is that a good guideline?

Tiffany Smith replied yes; it is. It's a forecast but we've taken into consideration things we know will not or will occur.

The Board of Commissioners unanimously approved the FY20 Budget as presented for May 15th, 2019.

New Business: Proposed FY20 Capital Budget

The first item for the FY20 Capital budget is an increase in the Emergency Repairs from last year by \$25k to \$100k. Last year it was used for two various items. We had structural work at the Seelbach garage with emergency maintenance on the stairs. We also had some elevator expenses we did not anticipate.

In our sustainability category we have EV charging stations to be installed in various garages. These stations will be level 2 charging stations. We also have landscaping at the Riverfront garage across from the Muhamad Ali garage on 6th street and the Louisville Gardens garage.

On-street upgrades for the past two fiscals included upgrading single space meters from 2G to 4G network. We have a few meters left to complete this upgrade to 4G. We now know by the end of the year T-Mobile and Verizon are moving away from 2G. Once 2G is not supported those meters won't operate. We're also looking into pay stations for \$150K. We should be able to add 15 – 20 pay stations in areas like UofL that will adapt to them quickly.

Off-street upgrades include data access redundancy. The data access redundancy will cost \$15K per location to implement. When we lose connection from our servers, we will have another route back to servers over a cellular connection. We will work with Verizon to create that cellular connection and have that redundancy. That will cost \$315K for all the locations. The next item is the fire panel upgrades. This will include 5 parking facilities; Jefferson, 8th and Main, First and Main, Glassworks and Clay Commons garage. In those garages, fire panels need to be upgraded at the end of the year. The structural repair category includes the Seelbach stairs. One set is completely closed now, and we need to support those stairs. It cost \$307K for those structural repairs. The mechanic upgrades include heaters in the Brown Garage pedway that leads from the Brown hotel garage to the hotel. Mechanical upgrades also includes adding keypads to all maintenance rooms so we can eliminate keys. The revenue equipment upgrade includes PARC replacing out-of-date hardware. We're asking for \$253K to put in new pay-in lanes. Parkers would be able to use a credit card or cash at these new lanes. We will upgrade new entry ticket machines, the Ball Park event system handhelds, and computers. We want to add lighting to the pedestrian areas that include stairwells, elevators, and places where people congregate. We have some other office renovations we will be doing included as part of that budget as well.

Our last category is Safety and Improvements. We are always looking at our camera system and adding more cameras. We have a Riverfront office that is majority glass and we want to block that in. In the past, it was used for patrons to come and do business, but it hasn't been used that way in years. Then at the Seelbach, there's old fencing that needs to be replaced. It is a safety improvement to keep people out of specific areas. The budget for our Capital FY20 budget is a total of \$1.8M.

Treasurer Daniel Frockt asked is that apart of the city or is it off-site redundancy in a different city?

Mike Tudor replied yes, it's within the city of Louisville.

Treasurer Daniel Frockt asked if PARC has been in touch with Chris Seidt regarding the fiber for the project?

Mike Tudor replied we have been working with Chris. We've learned there's fiber going through Jefferson Street that we can utilize. We tested Jefferson just to see how well everything worked. I.T. is very aware of how we want redundancy for all garages.

Gerald Howell added the redundancy will be a wireless connection. If the Metro fiber is cut and we lose connection. The garage will automatically roll over. We will still have the equipment, credit cards, and communications. The only thing that will not roll over is the cameras because the bandwidth would be too much.

Treasurer Daniel Frockt asked is all the cash funded?

Mike Tudor replied yes, it is.

Treasurer Daniel Frockt asked what was the FY19 budget? This seems less.

Mike Tudor replied it is less.

Chairwoman Laura Ferguson answered it's probably due to a ten-year plan for Riverfront.

Treasurer Daniel Frockt asked do we not need to continue the ten-year plan?

Tiffany Smith replied the ten-year plan fluctuates. Some years are higher than others based on the consultant coming in and suggesting what should be approved for one year to the next.

Gerald Howell added we are doing repairs at the 120 South 6th street garage. We're doing concrete repairs from levels 2 – 3 in the garage. From levels 2 – 6 we will be doing traffic coating on the ramps. The concrete was worst off then we realized, and we had some bad conduit. We will change it and hope to complete this project Memorial Day weekend. The garage will be shut down because it would be difficult for parkers to park during construction.

Treasurer Daniel Frockt asked is this on 6th street?

Tiffany Smith replied yes, it's between Market and Main behind Republic bank.

Commissioner Henry Potter asked is the work on Riverfront for leaks?

Tiffany Smith replied we are looking into mitigating the leaks, but the stairwells are in bad condition and need to be replaced. Then we will add in more lighting because it's so big and dark. Riverfront supports many structures and buildings. We need to continue to invest in it. We're working with the Galt House. They are doing a major multi-million-dollar renovation as well. We're expecting 18 months until improvement is complete.

Treasurer Daniel Frockt asked is the lighting going in every garage or certain areas?

Mike Tudor replied we would like to place lighting in every garage we can, but we are focusing on the pedestrian areas. It's meant to give them a sense of safety in the garage.

The Board of Commissioners unanimously approved the FY20 Capital Budget as presented for May 15th, 2019.

Other Business: Newer Horizons, LLC Agreement

The location at the Fifth Street garage was Cunningham, Set, and now Encore. Claudia Viar is here today because she assumed that lease. The lease payment is up to date and they have been paid every month on time. Now, we are looking to reassign the lease to Tawana Bain. Ms. Bain has been operating out of this space for several months under a management agreement. We are looking to assign the lease to her with some amendments. We're drafting a new lease but right now we are only signing an assumption of the existing lease. Ms. Bain would step into and perform the lease continuing to pay rent at the right amounts. We're looking to do an amendment to the lease to address some maintenance issues that arose. Including annual maintenance to be completed on the HVAC system. The system was just upgraded by PARC. Plus, cleaning out of the grease traps and CO2 systems. We are going to revise the lease to make sure those maintenance responsibilities are upon Ms. Bain.

We also wanted to bring to light the issues concerning the name of the Omni garage that's attached to the Omni hotel. The Omni hotel does valet parking only and they advertise valet only. The issue is guests visiting the hotel tend to complain about valet parking and the garage situation. Hotel guests don't understand that though the garage says Omni its not owned by Omni. The Omni representatives have to explain to guests about the garage. They've been asking us to entertain changing the name. We didn't know how expensive it would be, but it will cost \$800 to change the name. PARC wanted to make sure the PARC board was aware of this issue. We are thinking of renaming it Fall City garage.

Treasurer Daniel Frockt asked how long does the lease run?

Chairwoman Laura Ferguson replied the lease has about 2-3 years left. Not much time.

ADJOURNMENT

Thereupon, of being no further business, the commissioners unanimously approved to adjourn.

Respectfully Submitted

Rebecca Matheny

Secretary