

Minutes
Parking Authority of River City
Board of Commissioners
August 21, 2019

Commissioners:

Chairwoman Laura Ferguson
Treasurer Daniel Frockt
Commissioner Michael Romaine
Commissioner Kwane Watson

Staff Present:

Director Tiffany Smith
Assist. Director Mike Tudor
Gerald Howell
Steve Cameron
Steve Bartley
Sonora Mullins

Call to Order:

Chairwoman Laura Ferguson declared a quorum and called the meeting to order on August 21st, 2019 at 12 p.m., 222 South First Street Suite 400, Louisville KY 40202.

Secretary's Report:

Chairwoman Laura Ferguson presented the minutes from May 15th, 2019. A motion was made and seconded to approve the board minutes.

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

June 30, 2019 PARC Financial Report:

PARC finished the year 2019 with a strong fourth quarter. For the last quarter, PARC's net income was \$1.3M on revenues of \$5.6M, our best quarter this year. The net income for 2019 came in at \$4M compared to the budget of \$3.4M, which equates to \$550K over budget. The net income for FY18 was \$3.7M (which includes a \$1.3M pension/OPEB charge). There has been no pension adjustment to the current profit & loss statement.

PARC's Off-Street revenue in FY19 was \$17M, under the budget of \$17.5M. Our monthly parking revenue was down \$866K at \$10.1M on June 30th. PARC's monthly parking revenue decreased due to cutbacks at Humana, Kindred, and Conifer. Our increases came from several sources in 2019. PARC realized substantial gains in event revenue during the year at \$1.6M, which was \$504K over budget. These facilities had significant increases: Arena was over \$157K, Omni over \$95K, Riverfront over \$93K, Brown over \$88K, Fifth Street over \$61K, and Jefferson Centre over \$51K. Significant events

in Louisville this year included NCAA Men's Basketball South Regional, Women's Basketball 1st & 2nd Round Regionals, Disney on Ice, Alan Jackson, Cher, Metallica, and Kenny Chesney. The event revenue surpassed FY18 event revenue at \$1.1M. Transient and Validation revenue met expectations of the budget for \$3.1M and \$1.8M.

On-Street revenues were 7% above budget at \$4.7M. Our meter operations received a rate increase in August 2018. The growth helped our revenues grow along with an increased number of downtown parkers. Meter revenue was \$4.1M compared to budget of \$3.9M (over budget \$114K). PARC's total operating expenses were down \$346K from a budget of \$13.9M. Meter bagging revenue was up 31% over budget at \$630K due to contracts with MSD and Hall Paving during the sewer construction project in the Central Business District.

Total Off-street expenses were \$9.9M, while our budget expense was \$10.1M (\$201K under). During the second quarter of 2018, PARC identified some of its operational costs. It mitigated many of these budgeted expenses to attempt to offset lost revenue that was anticipated by Humana, Kindred, and Conifer. Repairs and maintenance were \$882K compared to a budget of \$1M (\$156K under). Specific items under budget in R&M were elevator, HVAC repairs, painting, sweeping, and signage. Contract operating personnel costs were under budget by \$3K. Depreciation was \$157K under budget. Event staff costs increased \$82K compared to budget as well, and PARC event revenue increased during the fiscal year.

Director Tiffany Smith discussed PARC's operations. The PARC 5-YR Comparison chart shows all of PARC's revenue by categories. It's helpful to visualize which items are growing over the years. Our Off-Street accounts received the majority of our revenue from PARC. In 2018 the Unreserved category earned \$9.5M, and in 2019 we made \$9M (\$500K difference) due to Conifer, Kindred, and Humana utilizing work from home. Last year, a lot of our revenue generated from the Transient category. More people are visiting Downtown Louisville; this includes Daily parkers. In the Events category, we see an influx of venues having events, which is reflective of the \$500K. In the Residential category, there has been an increase in residents Downtown. In 2015 we had \$198K, and in less than five years, we are at \$300K for residents using PARC facilities Downtown. The Validations category represents hotel growth. If you look at 2015, PARC earned \$1M, and 2019 we made \$1.8M, including validations and self-park.

In 2015 we had \$3.2M in people utilizing meters, now at \$4M. There was a small rate increase. In the Meter Bagging category, you can see in 2015 many meters were bagged due to bridge development. \$611K then drop tremendously in 2017 to \$359K, and now it's \$630K. The total On-Street expenses are \$1.3M. The budgeted expense was \$1.6M. One of PARC's most substantial On-street costs includes enforcement. Enforcement was at \$406K compared to \$547K for budget (decreased 26%). Other line items under budget are equipment expenses, credit card fees, signage, coin collecting, and software/license fees.

PARC's total operating expense was down \$346K from budget at \$13.9M.

Non-operating revenues were \$1M compared to the budget of \$632K. The primary increase here is the investment income on PARC's trust accounts.

Non-operating expenses came in at 100% of the budget at \$5.1M. Including interest expense, amortization, and other non-operating expenses.

Our debt service ratio was 2.21 actual, 2.15 budget, and 1.89 prior years. PARC policy is 1.25.

Treasurer Daniel Frockt asked during the two comparison years, is there any influence from flooding at Muhammad Ali garage and FEMA?

Steve Cameron replied we moved \$275K out of PNL to Receivables in 2018. We received over \$80K a couple of months ago. In 2019 we had flooding, but it was minimal compared to last year.

Treasurer Daniel Frockt asked how many hotels were built from 2015 to 2019.

Steve Cameron replied 3-4 Hotels built-in 2015, and now half of our garages have turned into Hotel garages.

Commissioner Kwane Watson asked what caused meter bagging revenue to fluctuate in 2015?

Tiffany Smith replied there was a significant amount of usage in 2015. In the following two years, there wasn't much usage. Last year, The Convention Center, Omni, LG&E, and MSD utilized the meters. The information is indicative of the activity Downtown before 6 p.m.

The Board of Commissioners unanimously approved the financials as presented.

Updates: The Efficiency Study

The PARC board RFP is available. The interested parties had questions we had to answer. We're now on track to close on September 30th. We'll review over the next couple of weeks. Hopefully, it's out next month for bids. PARC would like many aspects of the business to be analyzed. Including how PARC runs On-Street, Off-Street, the technology aspect, the software, the number of cameras we utilize, our current meter rates, citation rates, and whether we should add more meters if we should change meters. We wondered if \$30K would be enough to review our system as a whole, but we'll continue to work through to see if we have a realistic amount.

Updates: Riverfront Garage

The PARC board Riverfront bid is available now, and it will cost \$5M to repair. Our last contractor inspected the Riverfront garage and was responsible for providing our 10-year plan. The contractor was bid out. We now have a new consultant, and they've already noticed some things missing from the previous Consultant. The improvements needed is located on the Belvedere and the stairs in Riverfront, 5th Street, Seelbach, Brown, and Market Street garages. Those stairwells were in deplorable condition. We had to shut down the Seelbach staircase due to safety concerns and replace them. These are items we thought were identified in our last Consultant review. Therefore, we've asked the current Consultants to go back out and create a new 10-year plan. They're going to analyze mechanical, electrical, and plumbing reviews. The elevators will be investigated because of malfunctioning. Seelbach, 120 S. 6th, and Riverfront garage's elevators have been dysfunctional for months. We want the Consultants to provide a holistic look with all the components within the elevators to assess the life expectancy and any preventative maintenance.

Riverfront garage work has begun, and now other issues have been brought to our attention. Everyone is aware of the leakage that takes place in the Riverfront garage. The Riverfront connects to the Galt House hotel. Many guests of the Galt House use the Riverfront garage. We've had conversations with Galt House representatives because of the negative impact the garage has had on the hotel. Several guests received damages to their vehicles from calcium deposits leaking in the garage.

The deterioration resulted in several insurance claims asking for assistance in repairs. Those claims will be mitigated once we finish the restoration work. We decided to move the water in the H-line and diverting it back to the street side of River road. The H-line is where the expansion joint runs through the Belvedere, and we will replace part of the Expansion joint. We're not replacing the whole joint because it runs through the planters. If we wanted to replace it entirely, we would have to dig up part of the planters. It's in our best interest to keep water out of the garage but, it's a massive project. We need to make sure waterproofing works the way it's supposed to and protects our investment down in the garage. The current operators have found that the majority of the work needed resides on top of the Belvedere. Which is not solely owned by PARC. We decided to designate areas, so we minimize the interruption that takes place on the Belvedere.

The Riverfront stairs are deteriorating, and we're working with Metro Facilities to mitigate those issues. The stairs are causing a safety concern, and we've blocked off the stairwells. Existing stairways will be replaced with metal stairs. We're working on the permit process now. After we receive the permit, we will meet with the Galt House to make sure we have access to everything we need. The garage would become more aesthetically pleasing. The new aesthetics include better lighting for safety, new signage, and repainting certain areas. The Riverfront garage is very dark, cave-like, and cold. Our current lighting fixtures are 3.6 candlelight, and we are upgrading to 6 or 10 around the stairs and elevators.

We installed the same attachments in the Muhammad Ali garage after the flood. The garage now looks much brighter and safer. The signage has been an issue because the garage has 1900 spaces and spans from 4th Street to 6th Street. People get lost in the garage a lot. Our goal is to help parkers identify where their vehicles are in the garage (the 6th street area and Muhammad Ali Center area) in case of patrons forget which entrance or exit they came through. On the 4th street area, many people still park there for the Arena events. We will start putting graphics up as you enter the garage. It helps patrons visualize a landmark making it easier to find their vehicles. We will put the graphics at the front of the garage. Entering 6th Street, you will see a huge sign. The area on 6th Street is less than desirable. We're looking for some screening to add because it was built 50 years ago — we're looking to remove all the growth on River road and the fencing.

The fence is a chain-link fence and very old. We're going to put up bollards alongside to keep people from driving in there. The 4th street side as you enter the Galt House is in bad shape too. The Galt House is doing \$60M renovations. They are working on the entrance, and it will look more appealing for the Valet services. We're going to change the entry making it more visually straight, fix the painting, and handicap accessible concerns. PARC has many renovations in progress to cleaning up the entrance of the hotel.

Treasurer Daniel Frockt asked, who are the current and prior contractors for Riverfront?

Tiffany Smith responded that THP is the current consultant, and the prior is Carl Walker. Carl Walker had the contract for at least ten years.

Gerald Howell included that Carl Walker was bought out by WGI.

Secretary Rebecca Matheny asked who owns the connector stairwell that connects to the Riverfront?

Mike Tudor stated that Facilities Management manages that area.

Secretary Rebecca Matheny asked how close will the work being completed come to Nana's property?

Mike Tudor responded it would not come close to the property.

ADJOURNMENT

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

Respectfully Submitted

Rebecca Matheny
Secretary