A Regular Board Meeting of the Missoula Parking Commission was virtually held on **Tuesday, February 8, 2022,** at **12:00 p.m.** Those in attendance were Board members Joe Easton, Pat Corrick, Glenda Bradshaw, Peter Walker-Keleher, and JR Casillas. From the Missoula Parking Commission (MPC) were Ian Ortlieb, Parking Services Director, and Jodi Pilgrim, Parking Services Manager. Also in attendance Brenda Peyton, JCCS; Jan Schweitzer, Anderson ZurMuehlen; Grace McKoy, Anderson ZurMuehlen; Leigh Griffing, City of Missoula Finance.

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 of January 11, 2022. Pat Corrick motioned to approve the minutes. JR Casillas seconded the motion. The minutes from January 11, 2022, were unanimously approved.

6. **Communications and Presentations**
   a. **Grace McKoy and Jan Schweitzer, Anderson ZurMuehlen – FY21 Parking Commission Audit**
   Grace McKoy has been working with the Missoula Parking Commission audits for 9 years. At this point, she oversees the audit. Grace shared the Anderson ZurMuehlen FY201 Audit Presentation for a high-level overview. The Missoula Parking Commission received an unmodified audit opinion, which is the best audit opinion possible. Next year, the structure and language of the audit report will be changing. Current assets increased by $92,000.00, capital assets decreased by $600,000.00, and other assets decreased by $180,000.00. Deferred outflows increased by $81,000.00, Current liabilities increased by $37,000.00, long-term liabilities decreased by $506,000.00, and deferred inflows decreased by $36,000.00. Net position decreased by $102,000.00, revenues decreased by $253,000.00, and expenses decreased by $31,000.00. In Fiscal Year 21, MPC was still clearly impacted by the COVID-19 pandemic.

   Personnel expenses went down near the end of 2020 due to some vacant positions. Personnel expense is up in 2021 from the 2020 number. Retirement (PERS) and GASB 68 adjustments are included in the personnel expense, so big changes in the organization’s net pension expense can impact the personnel expense. The contract with the City of Missoula has remained stable – it is up a little in 2021. MPC is no longer paying any rent. Depreciation and amortization are steady over the last three years with a slight dip due to some items being fully depreciated. Ian and his team are working to clean up the depreciation schedule. This should not have too much of an impact on the financials because most of the items are already fully depreciated. Repairs, maintenance, and supplies is fairly consistent with the last three years. Long-term warranties and service contracts associated with license plate recognition and other new technology were included in 2019, making that expense higher. There was a slight drop in other operating expenses and bond interest continues to go down as well.

In 2019 there was a significant capital contribution related to MRA giving MPC a portion of the ROAM structure showing as $3,200,000.00 revenue. Investment earnings, ticket revenues and parking revenues are down from previous years. Parking revenue and ticket revenue make up 95% of the total revenue. Investment earnings are 5.2% of the total revenue.

Every year, Anderson ZurMuehlen looks at days of cash on hand. They take the total annual expenses divided by 365 days to get the daily cash expenditure. For 2021, the daily expenditure was $7151.00. Total cash and cash equivalents for 2021 was $1,540,177.00. MPC’s days of cash on hand for 2021 was 215.

Total assets divided by total liabilities gives the MPC working capital ratio 2.36. This is a measure of MPC’s liquidity. Any ratio over one is good.

Glenda Bradshaw asked on page 1, there was a decline in capital assets of about $600,000.00, but overall assets were up. What is in Capital Assets bucket? Grace responded that capital assets include MPC equipment – scooters, meters, actual parking garages. The decrease was related to the passage of time and the depreciation of those assets. Glenda was surprised to see depreciation go up, and asked if MPC is digging in to that to clean up those schedules. Ian and Jodi are working with Brenda to clean up that schedule. Many items on the schedule are already fully depreciated. The biggest change in depreciation is when an asset becomes fully depreciated. Equipment depreciation has a short life so the depreciation on equipment year over year is significant. Brenda mentioned that there are only a couple assets that are not fully depreciated that will be removed from that schedule. It will have little impact on our financials.

Jan Schweitzer explained as part of the audit procedures and standards, they are required to put forward communications to the governing body. As part of the deliverables in the audit process, they deliver a separate letter. In the letter there is specific language that AZ is required to communicate. They describe the auditor responsibility in terms of what the audit standards require them to do. This is done in the engagement letter at the beginning planning phase of the audit. If there were any, they would also describe any new accounting policies or changes in accounting principles. This year, there were no new standards that affect MPC. They also describe significant estimates – other post-employment benefit (OPEB) liability and net pension liability are based on actuarial estimates and depreciation expense is based on estimated useful lives. A list of audit adjustments was attached to the letter that was sent out. There were no disagreements with management and no difficulties in performing the audit. The audit went smoothly from a timeframe perspective, and they were able to issue by 12.31.2021.

Grace explained upcoming standards and delays. Next year, the audit report will be completely different from the report this year. The opinion will be first instead of at the top of page 2. The statements on auditing standards (SASs) No. 134-140 will take effect for audits next year.

Joe asked Leigh if she has reviewed the MPC audit and if she would like to address the board.

Leigh stated that it was a very good audit year. There were no stumbling blocks.

There were no questions.

7. **Financial Statement**
   a. **Brenda Peyton, JCCS - Monthly Financial Review for December**
   Brenda Peyton explained that we are tied out to Audit through June 30, 2021. There were a few little changes, but not a lot on our end. There is not an effect on the December financials from those audit adjustments. At the end of December, there was around $1,700,000.00 in available assets. There was a little change on pre-paid warranties. 3 pre-paid warranties expired and 2 new ones came on board, which resulted in a $7000.00/month decrease on expenses. There was not a lot of change on the asset side. MPC made payment on the 2 leases with First Security Bank in December. Brenda reminded that the 2016 equipment lease will term out in January 2023 - there is about $200,000.00 left on that lease. The 2018 lease will term out in 2025 – there is about $540,000.00 left on that one.

   Net available cash has not changed much over the last quarter - end of September it was at $867,872.00 and it was $846,200.00 at the end of December. On the revenue side, December was a good month. MPC is up 26% over the prior year and 19% over budget. This December had the highest revenue compared with Decembers over the last 5 years. Year to date revenue is second only to 2019 – MPC is just 10% under 2019 numbers at this point. The total revenue through December year to date average over the last 5 years is $1,400,000.00. Current year is 7% higher than that five-year average. On the expense side, MPC is up 14% from prior year and 12% under budget. Expenses are at the lowest level in December over the last 5 years – the five-year average on expenses is around $710,000.00. Current year MPC is about 5% over that. Net revenue for December was $186,000.00, which brought us to a positive year to date of $180,000.00 compared to projected loss of $145,000.00.

   There is no big movement in our top 10 revenue and expense accounts – those have held steady. There is a big jump in the lease revenue in December from all the annual leases that come due in December. MPC is at $22,000,000.00 for assets and $7,800,000.00 for liabilities as of December.

   There were no questions.

8. **Director's Report – Ian Ortlieb**
   New year started out with a bang. We filled the vacancy for our Parking Enforcement Officer (PEO). Craig started January 24. He's doing a great job.

   We have successfully upgraded all our parking meters Downtown. The firmware upgrade will continue our PCI compliance, communication, and credit card processing. It took 45-60 minutes per meter to run the upgrade.

   McKinstry has completed the energy performance plan and presented it to the City. They gave an initial review of their findings and example projects. They are circling back with individual departments this month for specific projects. They have a few projects picked out for us – to address water issues in Central Park garage, water and lighting issues in office, and lighting issues in the garages. McKinstry will be in a future board meeting with details.

   ROAM condo association kick off was in November. The goal was to get everyone in the same room, pick the officers, and work through the budget moving forward. He will present the budget in new business. Ian is confident in the numbers for the condo association dues.

   Pat Corrick made a comment. They received a proposal at the end of January for a nitrogen system to prevent rust in the metal pipes. The total cost right now is around $45,000.00. The allocation would be split based on percentages. The MPC portion would be around $7,400.00, Southgate Property Management would pay around $840.00, and Student Living would pay around $36,800.00. Pat will forward it to Ian to be discussed at the next meeting.

Joe mentioned that we are coming up on Ian's 6-month review. They have pushed back the review, but he is out of probation. Joe also requested May or June for a ½ day strategic planning date. Pat suggested a doodle pole.

Glenda asked Pat about ROAM and the public/private arrangement. She is curious how it has worked from his point of view sharing the parking garage, and, if he would encourage development to include private/public partnerships in the future. Pat thinks overall it has worked out well. They had a fixed price of $3,200,000.00 for the sale of the Front Street parking deck. They experienced a lot of cost escalation. A question for MRA would be can they sell TIF with some flexibility on the ultimate purchase price. Outside of that, they are happy with how it has worked out. They have access for students for parking. It's been beneficial for the project and MPC.

Pat is curious if there is capacity to work on Charlie's project for the Holiday Inn. Ian has tried to follow up with Charlie. He'll keep it on the front burner. The big thing is getting people in the room with more experience in private/public partnerships. Pat says Ellen and Dale are key to that.

9. **Action Items**
10. **Non-action Items**
    a. **New Business**
        i. **ROAM Condo Association Budget – MPC Condo Dues FY23**

Ian shared a presentation for the ROAM condo association budget. The total condo association expense of $56,270.00 annually breaks out into $37,120.00 for insurance; $600.00 for snow removal; $13,500.00 for lawn, flower bed and irrigation; and $5,050.00 for administrative expense. There is also $5,000.00 in the initial total for a new fire suppression system. MPC is responsible for 16.35% of the total. This percentage is based on square footage breakdowns. Total MPC dues will be $10,723.00 for the year - monthly dues will be $893.61/month. They are still looking into the reserve study to build a reserve of 2 months-worth of dues. The MPC would set up a restricted account through the City. The Condo Association would have one account for reserve funds, but the MPC portion would be held in the separate restricted City account. Any withdrawal from that fund would require Board approval. They may not get that done before budget season is over. MPC has been asked to budget for 2-months of dues ($1,787.22) knowing that the study will not be completed in time for the budget deadline. We will include all of this in our FY23 budget to be approved by the Board.

Peter asked Ian to share the rationale for what the appropriate portion of the costs that's attributable to MPC is. Ian stated that it was in the ROAM condo declaration. Paragraph 3 has a table that breaks out allocation by square footage. MPC's portion is 57,467 square feet. This square footage divided by the total square footage of ROAM gives 16.35%. Pat offered to put up the condo declaration.

Glenda asked about the electric bill. At 16.35%, MPC's portion of the energy bill would be significantly higher than the $700.00 total included in the dues. Ian stated that, the initial spreadsheet showed 16.35% of that total utility cost ($137,000.00). Our portion is significantly less than that because it only includes lighting and electricity for the gates. In working through the energy bill, we worked with McKinstry to estimate our demand cost for electricity. The $700.00 number came from McKinstry. Glenda asked, if it is different than what we paid in the past, has it been communicated with accounting at ROAM. Ian confirmed that we have been in communication with Carly Goldman and others on the association.

b. **Old Business**

11. **Setting of next meeting** (April 12, 2022, Jack Reidy Conference Room or via virtual meeting) **and adjournment**

Respectfully submitted,

Jodi Pilgrim
Parking Services Manager