

READING PARKING AUTHORITY

Minutes of Reading Parking Authority Board Meeting – January 21, 2020

1) **Meeting Called to Order.**

The Reading Parking Authority's regular board meeting was called to order on January 21, 2020, at 5:35 p.m. by Frank Denbowski, Chairperson. It was held in the Third Floor Conference Room, Reading City Hall, 815 Washington Street, Reading, PA 19601, pursuant to notice published and posted according to law.

Individuals Present.

RPA Board Members:

Frank Denbowski, Chairperson

Timothy J. Profit, Vice-Chairperson

Julia Domena, Treasurer

Nate Rivera, Secretary

Daniel Laws, Assistant Secretary

Others Present: Mayor Eddie Moran; Nathan L. Matz, RPA Executive Director; Michael McGrath, RPA Director of Finance; Kristen Stubblebine, RPA Office Manager; Mahlon J. Boyer, Esquire, General Solicitor; and John Stott, Esquire, Labor Solicitor.

Members of Public: Maria Rodriguez, City Auditor; Councilwoman Marcia Goodman-Hinnershitz; Jeremy Long, Reading Eagle; Mark Vergenes, Mirus Consultants; Stephen Flaherty, RBC Capital Markets; Matthew Repasky, Desman; Manuel Molina; Jonathan Murcia; and Nelton Manon.

2) **Pledge of Allegiance.**

3) **Moment of Silence.**

4) **Public Comment.**

Johnathan Murcia addressed the Board. He described an ongoing problem he has with parking at his residence at the 100 Block of Carpenter Street. He has a child with medical problems. Handicapped parking is not available at his residence because the street is too narrow.

He is scared to leave his car parked in front of his house to unload groceries because he gets ticketed for doing so. He feels that he is being harassed by his neighbor who calls the police when he parks in front of the home. According to him, his neighbors are not being ticketed. Mr. Murcia has visited the Parking Authority approximately three times over the past year to discuss this issue. Mr. Denbowski said that the Board would discuss this matter with the Executive Director to fully assess the situation and to see if anything can be done. Mr. Profit asked Mr. Murcia to give the Board time to gather facts regarding the situation. He said that someone would be in contact. Mr. Laws requested that Mr. Murcia provide his contact information.

Mayor Eddie Moran addressed the Board. He thanked the Board Members for their service. He looks forward to a healthy relationship with the Parking Authority. He thanked the Board Members for being ready, willing and able to help the City and he invited them to visit with him whenever they want to.

Councilwoman Marcia Goodman-Hinnershitiz addressed the Board. She noted her past attendance at the Authority Meetings on behalf of City Council. She noted the interplay of the Parking Authority and the City's finances. She serves on the City's Finance Committee. She wants to have open communications with the Parking Authority and offered her assistance moving forward.

Maria Rodriguez, City Auditor addressed the Board. She said that she is presently working with Councilwoman Hinnershitiz. Ms. Rodriguez is also on the City's Finance Committee. She said that the Parking Authority, the Reading Area Water Authority, the Reading Redevelopment Authority and the City need to be transparent and need to work together.

5) Approval of Minutes.

Mr. Laws made a motion to approve the January 14, 2020 Special Meeting Minutes. Second by Mr. Profit. Motion passed unanimously. The minutes of the December 16, 2019 regular Board Meeting and the December 30, 2019 Special Meeting were presented to the Board. Those minutes will stand as written.

6) Approval of Accounts Payable

Mr. Profit made a motion to approve the Authority accounts payable invoices for January 2020 via the Authority's general fund in the total amount of \$909,965.49. Second by Ms. Domena. Motion passed unanimously. Mr. McGrath noted that the accounts payable were higher than normal due to payments made for loan interest, insurance and healthcare. The normal average amount payable in a month is roughly \$280,000.00 to \$300,000.00.

Mr. Rivera asked about a payment made for RPA employees. Mr. McGrath confirmed that there had been a payment for a shoe allowance and there was an HSA reimbursement. Mr. Rivera asked about a payment to the Authority's independent hearing officer. Mr. McGrath confirmed that the hearing officer is paid on an hourly basis. There had also been a backlog of invoices from the hearing officer of approximately six months that were submitted for payment. Mr. Rivera

asked about a payment made to Furniture Soup. Mr. McGrath confirmed that the payment was part of the renovations of the RPA office, which will be capitalized.

Mr. Laws asked about a payment made to B&G Glass. Mr. Matz confirmed that some windows had been shot out at a parking structure and needed to be replaced. Mr. Laws asked about payments made to the Santander Arena. Mr. McGrath confirmed that the payments were made pursuant to a revenue sharing agreement between the RPA and the Arena.

7) General Solicitor Report

a. Resolution - Employee Complaint and Communication Procedure Policy.

Mahlon J. Boyer, Esquire, general solicitor, addressed the Board. He presented a resolution for the Authority to adopt an Employee Complaint and Communication Procedure Policy for its employees. Mr. Denbowski confirmed that the Policy will not replace the collective bargaining process. The Policy is meant to keep politics out of complaints. The Policy is meant to open lines of communication and to build strong relationships. The Policy will become part of the Authority's Employee Manual. Mr. Laws made a motion to approve the resolution to adopt the Employee Complaint and Communication Procedure Policy. Second by Mr. Rivera. Motion passed unanimously.

b. Parking Study.

Discussion was then held in regard to a joint parking study that had been commissioned by the City and the Authority. Mr. Boyer noted that the Authority had not received any contact or updates from the City in regard to the study. Mr. McGrath confirmed that the Authority had paid \$50,000.00 towards the study. Mr. Denbowski suggested that Mr. Boyer contact Public Works and/or the Mayor's office to confirm the status of the study. Mrs. Goodman-Hinnershitz said that she would determine the status of the study and then contact the Authority.

8) Labor Solicitor Report

John Stott, Esquire, labor solicitor, addressed the Board. He provided a summary of the costs incurred by the RPA in 2019 for severance agreements with employees. In total, three former employees received a total amount of \$66,300.00 in 2019. The former executive director had received a six-month severance pursuant to the terms of his employment agreement.

Mr. Profit asked if payments in this amount were normal for the Authority. Mr. Stott confirmed that the payments were not normal. There was only one severance payment in 2018, which totaled roughly \$6,000.00.

9) Executive Director Report

a. Loan Necessity // b. Loan Procurement Process.

Mr. Matz addressed the Board. Discussion was held in regard to the Authority's recent bond issue, totaling \$30,795,000.00. Initial discussions began in July 2018, in regard to the needed financing. Mr. McGrath confirmed that a bond analysis was subsequently completed and presented to the Authority in early 2019. Financing in regard to the Authority's existing debt and the need for capital improvements to the Authority's parking facilities formed the basis for the needed financing.

Mr. McGrath said that unrestricted funds totaling approximately \$1,800,000.00 were discovered during this process. The available funds stemmed from the Authority's 1993 Bonds, which had required the Authority to hold one year of its bond payments in a restricted fund. These funds grew over time and the Authority was able to use the available excess funds in 2019.

Mr. Stephen Flaherty from RBC Capital Markets noted that the need for capital improvements to the Authority's parking facilities was a significant factor in seeking the financing. The urgency to move forward with the repairs was underscored by a partial ceiling collapse at the South Penn Garage. The Authority's existing debt service was also a factor in seeking the new financing. Mr. McGrath confirmed that the Authority's cash would have been depleted if it was forced to make the debt service payments for its old bonds. With the new financing, the Authority will have flat, manageable debt service for fifteen years. Mr. Profit noted that the interest rate was fixed for ten years not fifteen. Mr. Flaherty suggested a reset of the interest rate after ten years when the principal balance has been reduced.

Mr. Laws asked what the Authority is doing with the money it borrowed and if there is a plan moving forward. Mr. McGrath confirmed that the money is being held in a project fund pending the capital improvements project that Desman is working on for the Authority. There is approximately \$13,580,000.00 currently held in the project fund.

Mr. McGrath confirmed that the City no longer guarantees any of the Authority's debt, including the new financing. The City had guaranteed the Authority's bond issues in 1993 and 2011, but that debt was paid under the new bond issue. The new debt is secured by the Authority's receivables. Mr. Profit asked if that would include the police tickets the Authority collects for the City. Mr. Flaherty confirmed that it does not.

Discussion was held in regard to the Authority's annual payment to the City and the effect of the new financing on that. Mr. Flaherty confirmed that past unscheduled payments to the City were problematic for bond holders. However, under the new financing, as long as the Authority has a cash-flow with a one-to-one ratio of revenue vs. expense, the Authority is permitted to pay the City more than the current lease agreement requires.

Mr. Denbowski asked for more details regarding the Authority's payment to the City. Mr. Rivera asked what the Authority is committed to pay to the City. Mr. Boyer confirmed that there

is a cooperation agreement between the City and the Authority. It requires the Authority to pay \$400,000.00 per year to the City. The agreement also requires the Authority to collect parking violations issued by the City, which pass through directly to the City. In the past, the Authority had committed to pay more than the agreement required. In 2018, the Authority did not meet its excess commitment to the City.

Ms. Rodriguez stated that she became the new City Auditor in June 2019. She asked if the City's Law Department could review the new Fulton loan documents to confirm that the City did not guarantee the new debt. Mr. Flaherty suggested there would be no such need because the City did not sign any documents for the new financing, which would have been needed if the City guaranteed the debt. Mrs. Goodman-Hinnershitz requested transparency moving forward. She would like the Authority to provide on-going financial documents to the City.

Ms. Rodriguez asked how much in police tickets the Authority had collected in 2019. Mr. McGrath confirmed that the Authority had collected \$290,190.00 in police tickets in 2019. He said that the balance of the City-RFA lease payment and the police tickets had been approved for payment earlier in the meeting when the accounts payable were approved.

c. Desman Construction.

Mr. Matthew Repasky, a representative for Desman addressed the Board. He noted that Desman only works in the parking industry. It works on new and existing structures and performs parking studies. Mr. Repasky discussed the planned capital improvements project for the Authority's parking facilities. Mr. Rivera asked who will be overseeing the project and Mr. Repasky confirmed that Desman will do so. Mr. Repasky confirmed that Desman provided an assessment of the Authority's parking facilities in 2016. Desman issued findings and made recommendations for structure repairs at that time. The report sat idle until 2018, when the prior executive director began working on a plan to repair the garages.

A request for proposals ("RFP") was issued in May 2019 for the capital improvements project for the Authority's facilities. Some bids were received but deemed non-responsive. A new bid package was issued in June 2019. However, the project was put on hold pending the need to close the new financing and because of modifications to the project that Mr. Matz requested. The most significant change was a plan to repair the sidewalks at the parking garages. Desman now intends to issue a new RFP for the project on February 7, 2020. Mr. Repasky noted that time is of the essence because there will be less available bidders as the year progresses due to their possible commitment to other projects.

Mr. Profit asked if there will be only one general contractor for the entire project. Mr. Repasky confirmed that there will be multiple general contractors for different portions of the project due to applicable PA law. For example, there will be a contractor for the mechanical portion of the project and one for the electrical portion. Mr. Profit asked if the RFP includes the use of local contractors. Mr. Repasky said that it does not. This is especially true because of the garage structure work, which is specialized. However, in the last round of bids, there were multiple

local contractors that bid for the other parts of the project. Mr. Profit asked who will manage the issuance of payments to contractors and Mr. Repasky confirmed that Desman will.

Mr. Denbowski asked what will be done in regard to change orders on the project. Mr. Repasky said that the proposed work is itemized into unit costs. Those itemized unit costs are defined in the bid form. There are higher amounts to anticipate increased costs during the project. Desman plans to track the work being performed to confirm overages. Mr. Profit asked Mr. Repasky the percentage of jobs that tend to run over or under a proposed budget. Mr. Repasky could not provide a specific percentage amount, but said that it varies. Desman tries to keep all projects under budget.

Mr. Laws asked Mr. Repasky about the total fee amount of \$18,600.00 noted on page 2 of Desman's December 13, 2019 proposal to Mr. Matz. Mr. Laws asked if that was a fee for services for the bid process. Mr. Repasky confirmed that the fee was based on the modifications that were made to the project. Desman provided services to modify the drawings and project description. Mr. Laws asked how that cost will be accounted for, and Mr. McGrath confirmed that it will be capitalized.

Mr. Denbowski asked if there would be a threshold amount for change orders. He asked if the Board would approve change orders on the project. Mr. Profit also asked what will happen if the project goes above the anticipated budget. Mr. Repasky confirmed that some portions of the project could be eliminated if needed. Mr. Matz confirmed that there are alternates on the project that can be eliminated. Mr. Denbowski confirmed that he wants the Board involved in the approval of change orders. Mr. Rivera said that he shares the concerns of Mr. Denbowski concerning change orders. Mr. Repasky confirmed that work will not occur unless authorized by the Board.

Mr. Profit made a motion to approve the Desman proposal in the total amount of \$18,600.00 for its additional work to modify the scope of the project and to complete the rebid of the project. Second by Mr. Laws. Motion passed unanimously.

d. Appeals Process.

Mr. Matz provided a status in regard to the possible modification of the current appeal process at the Authority. His suggestions to modify the process were presented in November 2019 but not approved at that time. There are continuing complaints in regard to the process. Mr. Matz planned to present his proposed modifications to the appeal process in the future.

e. Towing Policy.

Mr. Matz discussed a new towing policy for the Authority. He believes that the Authority was towing too much in the past, which was bad for citizens and for collection efforts. Under the new policy, towing is seen as a last resort not a first option. Towing will occur for two primary reasons. First, public safety and, second, for vehicles that are either delinquent on payment plans or have more than five outstanding tickets. It will be a requirement that PEO's first boot or barnacle a vehicle for at least 48 hours prior to any tow being authorized for defaulted payment

plans or outstanding tickets. No matter the reason, all towing will have to be approved by a supervisor.

Mr. Profit said that the new policy is a good one. Mr. Rivera asked how a PEO would contact a supervisor on the late shift. Mr. Matz confirmed that all managers have cell phones and can be contacted. Mr. Rivera said that the Authority should be friendlier. There needs to be a change in the perception of the Authority. Mr. Rivera asked what the standard hours of enforcement are. Mr. Matz confirmed that the hours of enforcement for parking meters are controlled by City Ordinance. There are no specific enforcement hours for parking violations. Mr. Profit said that the Authority has to make sure that current laws are followed, such as a vehicle blocking a hydrant and/or an alley.

Mr. Profit asked if there is any practice by the Authority to grow its revenue based on violations. Mr. Matz confirmed that there is no such practice. Instead, the Authority focuses on daily, monthly and event parking revenue.

10) Director of Finance Report

a. Finance Report.

Mr. McGrath provided his summary of the Authority's financial statements for the period ending December 31, 2019. He noted that the year-to-date amounts may change and especially in regard to the pension plan expense, which has to be confirmed. He does not expect there to be any material changes. He noted that revenue was favorable to budget for 2019 in the total amount of \$121,645.00. Parking meters and kiosks were unfavorable to budget in the amount of \$248,184.00. Parking meters and kiosks generated revenue of \$426,816.00 in 2019. However, the Authority has to pay \$400,000.00 for the lease of the meters and kiosks to the City. Mr. Matz noted that the revenue for the meters and kiosks is negative when taking the \$400,000.00 lease payment and then including the costs and maintenance incurred by the Authority.

b. Budget Review.

Mr. McGrath discussed the 2020 Budget that had been approved by the prior RPA Board of Directors on December 30, 2019. The Authority's by-laws required the passage of a budget prior to the end of 2019. The first page of the 2020 Budget shows the Authority's revenue streams. Mr. McGrath confirmed that the total revenue for 2019 was projected because the actual revenue for December 2019 was unavailable when the budget was reviewed for approval. However, Mr. McGrath later confirmed that the projected amount for 2019 was close to the actual amount or revenue received.

Mr. McGrath expects there to be a roughly 7% increase in daily parking revenue in 2020. The parking gates had been a problem in the past because they were up often and vehicles passed through without payment. However, that rarely occurs at this time. The gates properly remain down. Mr. McGrath also believes that the proposed budget for event revenue is conservative for 2020. Event parking is now tiered, which may create more revenue. Mr. Profit asked why there

is no event revenue noted for 2017 and 2018. Mr. McGrath confirmed that no such information was available due to past financial practices at the Authority, which were prior to his tenure and are now corrected. The expected revenue from violations for 2020 is flat with no budgeted increase from 2019. Overall, Mr. McGrath expects a 3% increase in revenue in 2020 with only a 1% increase in the Authority's operating expenses.

In discussing the projected expenses for 2020, Mr. McGrath said that the Authority's expense for computers will go down dramatically. There was a prior need to replace old computer systems. There is an expected increase in the cost for training in 2020, with a focus on employee training. Mr. McGrath expects the expense for professional fees to go down substantially. However, there will be an increase of employee wages in 2020. Mr. McGrath expects the cost for garage repairs to decrease in 2020 based on the planned repairs to the garages. The cost for temp services will also decrease in 2020. Overall, the Authority expects to decrease the cost for professional services by approximately \$131,000.00 and to decrease the cost for temp services by approximately \$181,000.00 in 2020.

Mr. McGrath discussed the Statement of Cash Flows included with the 2020 Budget. He expects there to be net income of \$1,295,431.00. Taking depreciation into account, and based on the Authority's debt service, Mr. McGrath expects there to be an estimated positive cash flow of \$1,353,406.00 in 2020. Mr. Laws thanked Mr. McGrath for his report and said that all of his concerns had been answered.

11) Board Discussion

a. Talks with City regarding annual contribution.

Mr. Denbowski noted the need to reengage the City to discuss the Authority's annual payment to the City. A meeting with the City will be scheduled.

b. Community Action Committee.

Discussion of the Authority's Community Action Committee was tabled for discussion at a future meeting of the Authority's Board of Directors.

c. Public Participation Policy.

A Public Participation Policy will be drafted to create a more orderly process for public participation at the Authority's Board Meetings.

12) Old Business

a. Training Seminar.

Mr. Matz said that he wants to provide a training seminar for the Board. A date for the seminar will be chosen at a later time.

13) New Business

a. Nepotism Policy.

A Nepotism Policy is being prepared for the Authority. It is presently under review by Danielle Reardon, the Authority's human resources consultant.

The Board announced that an executive session would be held to discuss personnel and litigation issues. Upon the close of the executive session, the regular meeting resumed with no action taken.

14) Next Board Meeting

The Authority's next regular board meeting will be held on Tuesday, February 18, 2020, at 5:30 p.m. in the Third Floor Conference Room at Reading City Hall, 815 Washington Street, Reading, PA 19601.

15) Adjourn

Mr. Rivera made a motion to adjourn the meeting. Second by Ms. Domena. The motion passed unanimously. The meeting was adjourned at 8:51 p.m.