

READING PARKING AUTHORITY

Minutes of Reading Parking Authority Board Meeting – November 17, 2020

1) **Meeting Called to Order.**

The Reading Parking Authority's regular board meeting was called to order on November 17, 2020 at 5:43 p.m. by Frank Denbowski, Chairperson. It was held at the Reading Parking Authority, 613 Franklin Street, Reading, PA 19602, pursuant to notice published and posted according to law.

Due to the COVID-19 pandemic, and in conformity with CDC guidelines, some of the RPA Board members participated in the meeting remotely via Zoom. The physical meeting was closed to the public, but notice published and posted prior to the meeting provided members of the public with information to listen to and take part in the meeting. A recording of the meeting was made and is available on the Authority's website.

Individuals Present.

RPA Board Members:

Frank Denbowski, Chairperson

Timothy J. Profit, Vice-Chairperson

Julia Domena, Treasurer (*participated remotely*)

Daniel Laws, Secretary (*participated remotely*)

Maritza Colon (*participated remotely*)

Others Present: Nathan L. Matz, RPA Executive Director; Michael McGrath, RPA Director of Finance; Kristen Stubblebine, RPA Office Manager; Bart Ganster, Director of Operations; Danielle Reardon and Mahlon J. Boyer, Esquire, General Solicitor.

Members of Public: Elizabeth Kraft, Esquire, City Solicitor (*participated remotely*); Maria Rodriguez, City Auditor (*participated remotely*); Christopher Turtell, Herbein & Company; Megan Thompson, Herbein & Company (*participated remotely*); Jeremy Long, Reading Eagle (*participated remotely*).

2) **Pledge of Allegiance.**

3) **Moment of Silence.**

4) Roll Call.

Mr. Denbowski confirmed all individuals that were present for the meeting whether in person or remotely. He welcomed Maritza Colon to the meeting. It was her first meeting as a new member of the Authority Board. Mr. Denbowski noted that Ms. Colon had attended the prior Authority Board workshop, which brought her up to date in regard to various Authority matters. He said that Ms. Colon had been appointed by Mayor Moran to replace Nate Rivera.

5) Public Comment.

There was no public comment.

6) Approval of Minutes.

Minutes from the Authority's prior board meeting were sent to the members of the Board for review prior to the meeting. There being no requested revisions, Mr. Profit made a motion to approve the October 27, 2020 Board Meeting Minutes. Second by Ms. Domena. The motion passed unanimously.

7) Approval of Accounts Payable.

Mr. McGrath presented the accounts payable for November, which totaled \$443,384.28. Mr. Denbowski confirmed that the proposed payables had been sent to the Board prior to the meeting for their review. There being no questions posed, Mr. Laws made a motion to approve the Authority's accounts payable in the stated amount via the Authority's general fund. Second by Ms. Domena. The motion passed unanimously.

8) Herbein & Company 2019 Audit Report

Christopher Turtell from Herbein & Company addressed the Board. He presented the audit of the Authority's 2019 financials. He confirmed that the audit was conducted pursuant to generally accepted auditing standards as well as government auditing standards.

The Authority received a clean, unmodified opinion. Mr. Turtell said that the Authority staff is doing a good job. Mr. Turtell confirmed that there are no internal control findings. He said that the Authority's administration made significant progress in reconciling accounts and timely reporting in 2019. He said the Authority has not had an audit without findings since 2015.

Mr. Turtell reviewed the Authority's balance sheet. He noted an increase in the Authority's accounts receivable balance as a result of the Authority's advancements with invoicing. Long-term debt increased with the new debt financing and additional capital monies. The Authority's restricted net position increased while its unrestricted net position decreased. The Authority had an ending net position for 2019 of \$20,243,357.00 of which its unrestricted net position totaled \$1,406,343.00.

Mr. Turtell said that there was a 2.4% increase in the Authority's revenues from the prior year. The Authority was able to improve the accuracy of billings and collections in 2019. Bank charges decreased with the change of processors. Mr. Turtell noted the cost of contracted services in 2019 that included temporary wages for staff and outside consultants. However, he said the use of temporary staff and outside consultants is winding down. Mr. Turtell also noted an increase in wages, which was expected. Mr. Turtell noted a significant improvement in the timeliness and accuracy of financial reporting by the Authority.

Mr. Turtell noted the unusual time for the audit report in November. It is normally presented in April or May. The delay was related to COVID-19. Even so, this did not present a timing issue for the City's audit. Mr. Turtell expects the Authority's audit to be timely next year. Mr. Turtell suggested that the Authority establish an operating reserve. There should be a minimum two-month reserve for emergencies.

Mr. Denbowski asked Ms. Rodriguez, the City Auditor if she had any comments or questions in regard to the audit report. Ms. Rodriguez posed no questions but said that it is important to understand the Authority's finances because the Authority is part of the City. She said it is good news for the City that the Authority has received a clean audit report.

Mr. Denbowski said that the audit report will be available on the Authority's website. The audit is performed on an annual basis. It is required. It provides a "health check" for the Authority. He thanked the Authority's staff for their work and noted how significant it is that there are no findings in the audit report.

Mr. Profit said that he expected a good audit report based on the Authority's management and staff. He said that the Authority has done a tremendous job. Ms. Domena said that she was happy to hear this good presentation. Mr. Laws said that the audit came in as expected.

Mr. Profit made a motion to accept the 2019 Audit Report. Second by Mr. Laws. The motion passed unanimously.

9) General Solicitor Report.

a) Restricted Capital Reserve Fund Policy

Mr. Boyer presented Resolution 2020-17 to the Board. The Resolution adopts a capital reserve account policy for the Authority. Pursuant to the policy, the Authority will establish a capital reserve account. The account will be used for the continuing maintenance of the Authority's facilities and for capital improvements. Funds in the account will not be used for general operations, debt service or payments/contributions to municipal bodies, agencies or other government authorities.

Mr. Denbowski said that the Authority needs to have fiscal prudence. There will be an ongoing need for capital improvements. There should be funds in place to avoid a greater need for financing in the future. Mr. Profit made a motion to approve the Resolution to adopt the capital reserve account policy. Second by Mr. Laws. The motion passed unanimously.

b) RPA/Redevelopment Authority Lease Agreement

Mr. Boyer confirmed that the Parking Authority had previously approved a 30-year Lease with the Reading Redevelopment Authority for certain properties owned by the Redevelopment Authority. The Lease indicates that the Parking Authority will use the properties as parking lots and will maintain those properties as part of the lease agreement. The Lease calls for a payment of \$1.00 per year by the Parking Authority to the Redevelopment Authority. The Lease contains a right of first refusal. The Parking Authority will be able to purchase the properties if the Redevelopment Authority decides to sell them. Mr. Boyer said that the Redevelopment Authority had not yet approved the Lease Agreement and that he would follow-up with the Redevelopment Authority's solicitor in regard to the status of the Lease.

c) Closing on Redevelopment Authority Properties

Mr. Boyer reported on the status of the closing on certain properties that the Parking Authority had agreed to purchase from the Redevelopment Authority. There was some delay in scheduling the closing on the properties due to the complex nature of the title searches. Mr. Boyer had been in contact with the title company. He expects closing to occur prior to the next Board Meeting.

d) Corporate Sponsorship/Naming Rights Policy

Mr. Denbowski said that the Authority is continuing forward with the preparation of a corporate sponsorship/naming rights policy. He asked the solicitor to assist in preparation of the policy. He said that the policy will be good for the Authority to take advantage of opportunities that may arise. The policy may be adopted at the Authority's December Board meeting.

e) Financial Procedure Policy

The Authority is continuing to work on the preparation of a financial procedure policy. The policy may be ready for presentation to the Board at its December Board meeting.

10) Labor Solicitor Report.

No report.

11) Executive Director Report.

a) Construction Update

Mr. Matz presented an update in regard to the ongoing improvements project for the Authority's parking facilities. The work on the South Penn Garage should be complete by the second week in January 2021. Work at the Poplar & Walnut Garage should be completed by the end of the year. Mr. Matz noted some issues with parking at the Poplar & Walnut Garage, which was related to signage not volume. The matter has been addressed. Overall, construction is proceeding well. Work at the Reed and Court Garage will begin in January 2021.

b) Employee Retirement Plan

Mr. Matz said that the Authority was reviewing available retirement plans for its employees. The Authority has narrowed down its search to 2-3 providers. Details in regard to the available retirement plan providers will be made available to the Board at its December meeting. Possible approval of a new provider will be requested at that time.

c) Comprehensive Parking Plan

Mr. Matz said the Authority is moving forward with the City to obtain a comprehensive parking plan. The last such plan was created in 2008. Mr. Denbowski confirmed that the Authority will contribute to the cost of the plan. The City is going to issue an RFP for the plan.

d) United Community Services

Mr. Matz said that United Community Services (“UCS”) contacted him with a request for a letter of support from the Authority. UCS is requesting a letter of support for its funding requests. Mr. Matz noted the Authority’s prior partnership with UCS and the work that UCS provided at the Authority’s surface lots. Mr. Denbowski said UCS helped to beautify those lots. UCS is a federal apprenticeship program. Ms. Colon noted that it is a great program. Mr. Laws asked if UCS uses local individuals for its workforce. Mr. Denbowski confirmed that it does and that the UCS students are taught trade skills as part of the program. Mr. Laws made a motion to approve a letter of support from the Authority in favor of UCS. Second by Ms. Colon. The motion passed unanimously.

12) Director of Finance Report & Administration Report

a) October Financials

Mr. McGrath presented his financial report for the period ending October 31, 2020. Mr. McGrath said that the Authority’s revenues were consistent with the prior month. The Authority had total gross revenue in the amount of \$702,189.00. This was \$52,407.00 higher than 2019 and favorable to budget in the amount of \$29,064.00. Total expenses for the Authority in October 2020 were \$998,695.00. This included a payment of \$500,000.00 to the City for the Parking Meter Lease Agreement and Police ticket passthrough. Monthly wages were higher than normal because there were three pay periods in the month of October. Expenses for the month of October were unfavorable to budget in the amount of \$508,937.00. However, as noted by Mr. Profit, the payment to the City could have been spread over the year and is not reflective of the Authority’s operations.

Year-to-date through the end of October, the Authority had gross revenue in the amount of \$6,188,490.00, which was unfavorable to the prior year in the amount of \$292,856.00 and unfavorable to budget in the amount of \$542,760.00. Mr. McGrath said that the gross revenue for 2020 was still fairly positive in light of the COVID-19 pandemic. Year-to-date, the Authority’s total operating expenses were \$4,872,912.00. This was unfavorable to the prior year in the amount

of \$134,999.00 but favorable to budget in the amount of \$24,671.00. Year-to-date, the Authority has net income in the amount of \$491,625.00. This constitutes an operating profit.

Upon review of the Authority's cash flow statement, the Authority had unrestricted cash on January 1, 2020 in the amount of \$1,498,245.71. As of October 31, 2020, the Authority had an unrestricted cash balance of \$2,000,175.20. Mr. McGrath said that the Authority has positive cash flow. Mr. Profit thanked Mr. McGrath for a good financial report.

b) 2021 Authority Budget

Mr. McGrath discussed the preliminary 2021 budget for the Authority. He said that the proposed budget was being presented to the Board for its review with a plan to finalize and approve the budget at the Authority's December Board Meeting. Mr. Denbowski said that the proposed budget was being presented to the public with the understanding that it may be revised prior to its planned passage at the December Board Meeting.

Mr. McGrath said that the proposed budget was the result of significant work by the Authority's staff. The budget process started in early October with staff input. Mr. McGrath reviewed the proposed budget with Mr. Matz before its presentation to the Board.

Mr. McGrath said that the 2021 budget proposes revenue of \$8,197,162.00, which is an increase of roughly \$700,000.00 over the projected revenues the Authority will collect in 2020. The 2021 budget includes a detailed analysis of revenue sources, expenses and capital expenditures by the Authority. Mr. McGrath said that the budgeted contributions to the City are included as placeholders at this time. Mr. Profit noted the anticipation of an agreement with the City for future contributions by the Authority. Any such agreement will likely change the budgeted amounts for payment to the City in 2021. The 2021 budget anticipates operating income in the amount of \$1,892,654.00 with net income of \$899,280.00.

Mr. McGrath said that the cash flow statement for 2021 was conservative. It anticipates an inflow of cash of approximately \$745,000.00. It also anticipates a contribution by the Authority for a capital reserve fund in the amount of \$650,000.00. The capital spending section of the 2021 budget includes spending for current and future structures. There are allowances for sidewalks, new office renovations and garage elevator improvements. Bond funds will be used where applicable.

Mr. McGrath confirmed that the budget had been sent to the Board members for review. He hopes to have Board approval of the 2021 budget at the December Board meeting. Mr. Denbowski asked the Board members to review the proposed budget prior to the next meeting. He said they should contact Mr. Matz or Mr. McGrath with any questions they might have about the budget. He said that the proposed budget will be posted on the Authority's website in its current draft form. Members of the public can review the budget and ask questions.

13) Director of Operations Report

Bart Ganster submitted a monthly report that was provided to all of the Board Members prior to the Board Meeting. Mr. Ganster said that the Authority is providing the UCC Food Pantry with access to the Cherry Street surface lot on the first Thursday of each month for food distributions. He said that Ms. Stubblebine was working with the Authority solicitor on a collaborator agreement for non-profits like the UCC. He also noted the formation of a partnership between the Authority and the United Way. Mr. Ganster said that the PEO Sergeants are doing a good job. Among other things, they are assisting with the scheduling of appeal hearings. They are also handling threats that are made to employees.

14) HR Report.

a) Employee Handbook Approval

Ms. Reardon discussed the new Employee Handbook for the Authority. Mr. Denbowski confirmed that it had been circulated to the Board for review after the Board's October meeting. He said that it was a brand-new handbook built from scratch. He said that Ms. Reardon and the handbook committee did a good job. He asked if there were any questions. None were posed. Mr. Profit said that the handbook is well written. Mr. Profit made a motion to approve the Employee Handbook. Second by Mr. Laws. The motion passed unanimously.

15) Maintenance Supervisor Report.

James Frank submitted a monthly report that was provided to all of the Board Members prior to the Board Meeting. The Board posed no questions. Mr. Ganster noted that Mr. Frank had completed significant work to assist with the 2021 budget. He is also continuing with a reorganization of the Authority's maintenance department.

16) Office Administration Report.

Cindy Sanzo and Abril Ortiz submitted a monthly report that was provided to all of the Board Members prior to the Board Meeting. The Board posed no questions.

17) Communication Committee Report.

Ms. Stubblebine addressed the Board in regard to the Communications Committee. The committee meeting notes were provided to the Board for review. The committee held a meeting on November 10, 2020. Mr. Laws and Ms. Stubblebine took part in the meeting. They are working on an enhancement of the Authority's communications. They are working on a comprehensive plan for 2021, which includes maintenance on the Authority's website. They are going to conduct an audit with a possible upgrade of the website. Mr. Laws suggested contact with SCORE (Service Core of Retired Executives) to see what services they might be able to provide to the Authority. Mr. Laws emphasized the need to create three specific goals and five stretch goals. The Authority should not attempt to accomplish too much.

18) Board Member Report.

There were no Board Member reports.

19) Old Business.

None.

20) New Business.

None.

21) Public Comment.

There was no public comment regarding any matters or topics discussed by the Board.

22) Next Board Meeting.

Mr. Denbowski announced that the Authority's next Board meeting is scheduled for December 15, 2020, beginning at 5:30 p.m. and will be a hybrid of in-person attendance and via Zoom in keeping with CDC guidelines for public meetings due to COVID-19 restrictions. An executive session will be held and will start immediately after the conclusion of the public meeting.

23) Adjourn.

Mr. Denbowski announced that an executive session was going to be held to discuss personnel matters and pending litigation with no board action to be taken upon the conclusion of the executive session.

There being no further business of the Board, Mr. Profit made a motion to adjourn the regular board meeting. Second by Mr. Laws. The meeting was adjourned at 6:55 p.m.