

Unapproved Minutes
Thursday, February 19TH, 2015 – 5:00 P.M.
Regular Meeting of the Hartford Parking Authority Board
155 Morgan Street, Hartford, CT 06103

To be Approved at the March 19TH, 2015 Regular Board Meeting

Commissioners Present

Paddi LeShane, Chair
Ken Lerman, Vice Chair
Mat Jasinski, Commissioner
Bill Breetz, Commissioner

Also Present for HPA:

Eric M. Boone, CEO/Executive Director
Carey E. Redd, II, Associate Director
Michael DesRoches, Director of Financial and Administration
Gina Varano, Assistant Corporation Counsel, City of Hartford

Guests:

Kyle Nichols, General Manager, Republic Parking
Kyle Plaskiewicz, Supervisor, Republic Parking

1. **Call to Order** - Ms. LeShane called the February 19th, 2015 Regular Board Meeting of the Hartford Parking Authority ("Authority" or "HPA") to order at 5:12P.M.
2. **Roll Call of Commissioners** – Mr. Redd conducted roll call and announced there was a quorum present.
3. **Approval of Minutes of the Regular Board Meeting of January 15th, 2015** - Ms. LeShane polled the Commissioners for corrections to the minutes. Ms. Varano stated that correct spelling of the City of Hartford's (City) Corporation Counsel's first name was "Saundra" not "Sandra" and her title was "Corporation Counsel" not "Executive Director, Office of the Corporation Counsel." Mr. Jasinski stated his last name is possessive in Bylaws and Revisions Committee's Report 1st paragraph 1st sentence spelled "Jasinski's."

Ms. LeShane polled the Commissioners for other amendments/corrections to the minutes and hearing none called for a motion, a motion was made by Mr. Lerman, seconded by Mr. Jasinski that -

VOTED: The January 15th, 2015 Regular Board Meeting Minutes be approved as corrected.
(Ayes – Breetz, Jasinski, Lerman and LeShane)

4. **Chair's Comments: Board Secretary's Responsibilities** – *Please see the Secretary of the Hartford Parking Authority Board of Commissioners draft for details.*

Ms. LeShane stated the Secretary of the Hartford Parking Authority Board of Commissioner (Secretary) draft in the Commissioner's Board package documents the HPA Secretary's responsibilities. She request Commissioners review and provide feedback on the draft. She added that Mr. Lerman had provide her with input however his comments were not forwarded to the Commissioners nor Mr. Redd which she apologized for. She noted no action is required at this time. Ms. Varano's recommended that the Secretary's responsibilities should be incorporated in the Bylaws in response to Mr. Redd's comments. Ms. LeShane stated that the Secretary's responsibilities have not been consistently executed by the individuals in the position in response to Mr. Breetz's inquiry. She added that she assumed Mr. Redd had communicated the responsibilities to the previous Secretary but they were not therefore confusion as to what the secretary often arose.

The Bylaws did not provide a detailed description of the Secretary's responsibilities. Mr. Redd presented a copy of the Bylaws to Mr. Breetz's as request. He added that he maintains/ updates two binders for Board members, the:

- Commissioner's Orientation Notebook
- Adopted Resolution and Policy Statement Notebook

Mr. Breetz with the Commissioners' concurrence pointed out a few differences between the Bylaws and draft and most notable was that the Secretary should not be referred to as a non-voting member of the Board as stated in the draft.

Ms. Varano with Mr. Jasinski's concurrence stated that the scope of the Treasurer's responsibilities should also be revise. Mr. DesRoches will follow up with Mr. Rex Fowler, Treasurer on the scope of the duties and forward same to the Bylaws and Revisions Committee.

REPORTS AND ACTION ITEMS

1. **Personnel Committee - Approval of Semi-Monthly Pay Cycled** – *Please see the Recommendation Regarding HPA pay Cycle for details.*

Mr. Lerman stated that there was no record that the HPA the Authority had approval for a bi-weekly pay cycle from the State of Connecticut (ST of CT) Department of Labor (DOL) as required by CGS 31-71b(a). Given this need to be in compliance with seeking approval for a payroll cycle Mr. Boone has recommended to the personnel committee and they have approved and now recommend to the HPA commissioners that HPA change to a semi-monthly pay cycle. This would save HPA a small sum on its annual payroll expenses and would bring HPA into compliance with state law. He added if the recommendation is approved the semi-monthly pay cycle modification shall be effective Friday, March 13th, 2015. Ms. LeShane stated that Mr. Boone has conducted due diligence and ensured that all employees were well aware of this change and that it should not impact them personally in moving forward. Mr. Boone reported the due diligence included meetings and discussions with the ST of CT DOL and City's Human Resources, Employee Benefits and Finance Departments. He stated the pay cycle modification should not result in any undue hardship to HPA's staff; however, if a staffer does complain to the DOL, the pay cycle will revert to a weekly payroll as stipulated in CGS 31-71b.

Ms. LeShane polled the Commissioners for further comments/questions, and hearing none, called for a motion, made by Mr. Lerman, seconded by Mr. Jasinski, that –

VOTED: Approved a semi-monthly pay cycle effective Friday, March 13th, 2015.
(Ayes – Breetz, Jasinski, Lerman and LeShane)

2. **Bylaws and Revisions Committee**– Ms. LeShane stated that the Bylaws revisions were discussed earlier and to expect feedback on the topics covered. She asked if there were other revisions which to be addressed.

Mr. Redd stated that Ms. Varano and he teleconferenced on other revisions that included but was not limited to the suspension of rules to amend the agenda and public hearings. He stated that by ordinance HPA is required to file its agenda with the City's Town Clerk 24 or 48 hours prior to the start of a meeting however the ordinance is silent on Public Hearings except as they relate to setting parking rates. Ms. Varano stated that the two revisions raised some concerns and she will have conduct further research on both revisions and report the finding back to the Bylaws Committee Commission. She stated an additional interest is to determine how the City Council suspends its rules to amend the agenda prior to their start of their meeting. She added that the question for the Board is whether to suspend the rules by unanimous or majority vote. Ms. LeShane stated that the ST of CT legislation amends its agenda by suspension defaults to Robert's Rules in response to Ms. Varano inquiry. Mr. Jasinski with Ms. Varano's agreement stated that the practice appears to be contrary to the spirit of FOIA. Ms. Varano stated that there lays reasoning for research of the practice by ST of CT legislature and City Council prior to revising the HPA's Bylaws.

Ms. LeShane stated that the traditional practice is that the Board suspend its rules when items have been left off the agenda or if they pop up for immediate action. She stated the decision to add or table an agenda item is that of the Chairs but that it has traditionally been based on Board consensus and she could not recall where a formal vote was ever taken. Ms. Varano stated that the Board will have to determine what should be incorporated in the Bylaws for the suspension of the rules by either unanimous or majority vote. Mr. Breetz suggested the language should state "unanimous by those present." Mr. Lerman stated that it was not a significant issue. Ms. LeShane stated that it might not be the case today because of the friendly environment the Commission operated within but when a new Commission convenes it may become a major issue and therefore important to construct revisions which clearly addresses what Ms. Varano presented.

Ms. Varano stated that HPA's Bylaws can be amended by at least 3 Commissioners in response to Mr. Lerman's inquiry. Ms. LeShane asked Commissioners if they had any issues and or concerns with revising the HPA's Bylaws to add an agenda item by simply majority and asked Ms. Varano to prepare the draft revision. Mr. Lerman stated that three Commissioners are needed to have a quorum therefore a two to one vote should not be allowed to amend the agenda. He added the current Bylaw appear to be adequate however it may be appropriate to change the requirement to a majority in case the number of Commissioners increase to more than five, all Commissioners acknowledged.

Ms. LeShane stated Commissioners are required annually to complete a Financial Disclosure and inquired if the requirement should be included in the Bylaws. Mr. Lerman with Ms. Varano's agreement stated the ordinance state the requirement and that should be sufficient. In response to Ms. LeShane's inquiry as to whether the Senior (SR) staff at HPA had similar or the same responsibilities, Mr. Boone's stated that the HPA's SR. staff files a Conflict of Interest (COI) Statement which is also compliant the Financial Disclosure requirements and their COIs are filed for FY14-15. Ms. Varano with Mr. Jasinski's agreement stated the Bylaws do not have to be revised to include language on the Commissioners' Financial Disclosure.

Discussion on the scope of the Vice Chair's Personnel Committee responsibilities should be addressed. Mr. Lerman stated that he would provide the Bylaws and Revisions Committee with a draft document. Ms. Varano stated that another revision to be added is Commissioners calling in to attend meetings which Ms. LeShane stated was allowed. Ms. Varano added she researched revising the Bylaws to include vacancies and proxy votes but concluded neither is needed. HPA recognized Ms. Varano for coming in on her day off to discuss the proposed Bylaw revisions. Ms. LeShane polled the Commissioners for further comments/questions – there were none.

2. **Marketing Committee: Review of CY2015 Event Calendar** – *Please see the Schedule of City Events for details.*

Ms. LeShane stated that Mr. Boone prepared an event calendar which included activities the HPA is asked to participate as a partner in parking. Mr. Boone provided an overview of the CY2015 Event Calendar. He stated that Mr. Redd tracks all of the events held in the City which goes way beyond those of the City's Marketing, Events and Cultural Affairs Department which the HPA actively support. Mr. Redd stated that any organization that request HPA's on-street parking in-kind support is the basis for the tracking report and each request represents a loss of revenue to the HPA and ultimately the City. Ms. LeShane stated that the CY2015 Event Calendar was informational for the Commissioners. She added that the Marketing Committee does not have any current activities or projects to report on and asked Mr. Boone to present the Executive Director's Report.

3. **Executive Director's Report Update** - *Please see the Executive Director's Activity Report for details*

Mr. Boone stated that the Asylum Hill Neighborhood Association's (AHNA) Residential Parking Permit Program (RPP) was implemented; new signage has been installed and a limited number of permits have been issued after a well-publicized information campaign for residents. He stated that the staff was on-site to roll out the RPP as request by AHNA for approximately three hours however seven permits were issued thus staff will not accommodate such request in the future. Mr. Boone reported that for two weeks "Warning" citations have been issued in the RPP zone and it is expected more residents will acquire permits when the Parking Ambassadors begin to issue active citations starting Monday, February 23rd, 2015. In response to Mr. Lerman's inquiry Mr. Nichols stated the vast majority of residents work during the day hence the Parking Ambassadors will be marginal whether they average five or fifteen Warnings per day in comparison to the results for Warnings issued at night which are much better. It was reported that all impacted neighborhood organizations have been updated and are aware of the new program. In response to Ms. LeShane's inquiry, Mr. Boone stated that the net loss is two parking spaces for the iQuilt project, there were no new projects and closed the report.

4. **Finance Committee** - *Please see the Financial Report for details*

Ms. LeShane asked Mr. Boone to present the Finance Committee (FC) Report in Mr. Fowler's absence.

- a. **Monthly Finance Report** – Mr. Boone stated that the Operating Income was \$2.116M compared to the \$2.175M budget about a \$60k unfavorable variance. Revenues were unfavorable by about \$94k and expenses were favorable by about \$34K. He stated that with the acquisition of the Covered Bridge properties the surface lots unfavorable variance is beginning to narrow though it still lags behind budget and if revenue continues to grow we

may meet the forecast by the end of the fiscal year. He stated that normal citation revenue collections were extremely low in December, 2014 and the trend continued in January, 2015 though it was not as severe as December, 2014. Mr. Boone stated that the softness in both months were largely due to low volume of snow ban and odd/even citations issue during the two months as shown in Graph # 1. He stated that unless the snow season is significant in March, it is predicted citation revenue will continue to lag behind the budget as shown in Graph # 2. He stated that other contributing factors to the normal citation revenue collections softness were City's Department Public Works (DPW) trash pick-up improvements citywide in response to residents' complaints and the Administration's earlier than usual snow ban announcements which resulted in more compliance by motorists and these factors have contributed to the low volume of citations issued this snow season compared to prior years. Mr. Boone stated that the staff will review the forecast to devise a plan for improvement during March, 2015. He stated that the City's MUNIS software does not have the capability to perform and or report "Budget Forecast to Actual Revenue" month to month comparisons thus HPA contracted a vendor, Excel Force, to provide Excel code enhancements that will enable staff to perform comparison analysis. He stated that the updated coding will be completed by Friday, February 20th, 2015.

Mr. Boone stated that the unpaid citations aged Accounts Receivable (aged A/R) report was broken down into <1 year, 1 year to 2006, and 2005-2000 as requested by the Commissioners in the January 2015 meeting. He stated that the report shows that roughly half of the aged A/R was in the first five years and the balance was in the next five years and beyond. Ms. LeShane stated that the aged A/R continues to increase, today it is approximately \$21M and was \$16M when HPA acquired the on-street parking responsibility in 2006 which Mr. Boone acknowledged. Ms. LeShane directed the HPA to prioritize the development and proposal of a plan to address this growing concern at the March meeting of HPA. Mr. Boone acknowledged the HPA priority for this request.

Mr. Boone reported that the Facilities and Project Manager's job description was complete his next objective is either HPA's FY12-13 and FY13-14 Annual Reports or Request for Qualifications (RFQ) to sell the aged A/R over 5 years old which will be discussed further in the FC Report and in response to Ms. LeShane's comments. He stated that the RFQ will require the approval of HPA's Board and all appropriate parties in City's Administration. Ms. LeShane stated that the Annual Reports are required by ordinance; the City's Chief Operating Officer has request them several times and they should be a priority.

Mr. Boone stated that the Profit and Loss (P&L) Statement shows the surface lots unfavorable variance has decrease to \$110k from \$150k which is an indication HPA may achieve its budget forecast. Mr. Boone stated that the on-street revenue collections were well below budget. He presented Graph 1 to emphasize his statement that shows the top five citation violations by issuance based on value. He noted the graphic was compiled with data from July to January for FY13-14 shown in red and FY14-15 shown in blue demonstrating an equal comparison and three citation violation's issuance numbers have decreased significantly from FY13-14 to FY14-15 as follows:

- No Parking Tow Zone violations has decreased by about \$90k largely due to the lifting of the 3:30PM to 6PM parking restriction in a number of areas citywide. Mr. Boone stated the decrease has not been affected by 4-Hour parking allowed in the Courthouse Parking Zone. He added that the parking zone still has the 3:30PM to 6:00PM restriction in response to Ms. LeShane's comments and night enforcement

No Parking Tow Zone citation issuance was included in response to Mr. Jasinski's inquiry.

- Resident Odd/Even violations decreased about \$50k due to DPW's street sweeping and trash collection signage improvements resulting from residents' complaints about the signage not matching DPW's schedules.
- Snow Emergency violations has decreased dramatically to about \$156k due to the earlier announcement of the parking ban and improved compliance by motorists.

Mr. Boone stated that Handicapped citation issuance was up due to the night enforcement's efforts. He added the purpose of the graphic was to explain why citation revenue collections have decreased dramatically in response to the Commissioners' comments and inquiries.

He stated Graph #2 which shows the FY14-15 in blue and FY14-15 actuals in red further illustrates the significant decrease in normal collections. He added that the December and January revenue collections were well below budget projections which will carry forth in February and March of the fiscal year. Mr. Boone stated that the FY14-15 budget projection was based on the results of the previous four years and explained the analytical methodology in response to Ms. LeShane's inquiry. He added factors that have impacted and or contributed to the decrease, such as the City Administration's proactive approach to issuing parking earlier and their relaxed nature towards the removal of vehicles from public property especially the schools was not the case in past years. Mr. Boone stated that the staff is trying to link its web-site with the City's to announce parking bans on the HPA's web-site in response to Mr. Lerman's inquiry.

Mr. Boone stated that the graphics are to explain why the revenue collections are not in-line with budget projections in response to Ms. LeShane's inquiry. He added that Mr. DesRoches and he shall continue to analyze the data and present a plan for improvements at the March 2015 meeting. Ms. LeShane with Mr. Boone's agreement suggested that the analytics be incorporated into the FY 15-16 budget projections to avoid a similar occurrence next year.

Ms. LeShane stated that Mr. Lerman had to leave the meeting due to another commitment and the Commission should act on the report before he departs, then called for a motion, made by Mr. Lerman, seconded by Mr. Jasinski, that –

VOTED: Approved the January 2015 Monthly Finance Committee Report as amended.
(Ayes – Breetz, Jasinski, Lerman and LeShane)

Ms. LeShane polled Commissioners for their directives to Mr. Boone to either complete the delinquent FY12-13 and FY13-14 Annual Reports so that HPA is compliant with the ordinance, or complete the aged A/R RFQ as his next assignment. The Commissioners' directive to Mr. Boone was to complete the HPA's FY12-13 and FY13-14 Annual Reports, then speak with all the appropriate parties about the aged A/R parking citation sale and prepare recommendations at the March, 2015 Board Meeting. If a RFQ is needed after Council and City's Administration agree to the sale the HPA can then move forward with that element. Mr. Boone stated that other than selling the asset the only option the HPA and or CCS has is to continuously correspond with the motorists. He added that 20% and 25% a given years' issuance was uncollected and added to the A/R is the standard collection rate and 25% is Republic Parking System issued to date in response to Mr. Breetz's comments. Ms. LeShane stated that the last four years and two years of Mr. Boone's tenure Council has queried the HPA about the aged A/R, Mr. Fowler has expressed his concerns about the aged

A/R continued to growth. Mr. Boone stated that the FY 15-16 budget presentation will include selling the aged A/R and modifying the booting requirement downward to address the continued growth of the parking citation aged A/R. In response to Ms. LeShane's comments, Mr. Boone stated that there are two categories of aged A/R. He added modifications to the boot minimum will not affect citations older than five years but the modification will impact unpaid citations less than five years old and the greater result will come current citations or less one year old. Ms. LeShane stated that the focus shall be on the older citations and the staff shall present its case to the Council in response to their request for a plan to address the aged A/R. Mr. Breetz stated that the objective is to present the Council with a plan to sell the aged A/R to a collection firm that will not destroy the HPA's reputation which would be at risk with their known negative behaviors. Ms. LeShane with Mr. Breetz's agreement stated the HPA would be responsive to Council's request and the responsibility is theirs to determine if the sale is appropriate. In response to Mr. Jasinski's inquiry, Mr. Boone stated that his understanding is if the Board agrees to the sale and or write-off the aged A/R, the Council has to agree and approve either option. Ms. LeShane asked if the City's Treasurer should be consulted also to determine the mechanics for selling the aged A/R which are unknown at this time. Ms. Varano stated that the City's Corporation Counsel's position has been if it is a debt owed to the City only the Council has the authority to waive, release and or compromise the debt. She added that since the debt is owed to the City it is fair and reasonable that the Council act on the debt. Ms. LeShane with Mr. Breetz's agreement stated that the Board would pass a Resolution to sale and or write-off the aged A/R that shall go to Council for approval or denial. Mr. Breetz stated that in addition to the sale and or write-off of the aged A/R the HPA should have a plan for the A/R collectables that has value and in that regard the HPA can either have the management company continue its efforts to pursue the debt, provide more tools for them to use such as lowering the boot minimum, or proceed with the effort to acquirer statutory changes, that by developing all three options and presenting them to Council the HPA would be fulfilling its fiduciary responsibility to which Commissioners' and staff agreed. All agreed that a recommendation and plan shall be presented to the HPA commissioners at the March meeting.

- b. Audit Firm – Ms. LeShane asked Mr. Boone to present the HPA's Audit Report and Financial Report (attached). She stated that she had a statement (attached) from HPA Treasurer Rex Fowler to further clarify his intentions and understanding of the auditor's report. Mr. Breetz's stated after reading the Audit Report it appears to be clean and there were no significant issues contained within. Mr. DesRoches with Mr. Boone's concurrence stated there were insignificant issues presented and Mr. Boone stated that the \$3.9M distributed to the City was prior to the fund placed in HPA's Renewal and Replacement Account satisfying Mr. Breetz's inquiries.

Ms. LeShane polled the Commissioners for further comments/questions, and hearing none, called for a motion, made by Mr. Lerman, seconded by Mr. Breetz, that –

VOTED: Accepted the HPA's FY 13-14 Audit Report and Financial Report as submitted by McGladrey LLP.
(Ayes – Breetz, Jasinski, Lerman and LeShane)

Reading from Mr. Fowler's statement, Ms. LeShane stated that he:

- Recommended that the HPA solicit proposals for new HPA audit firm for FYE June 30th, 2015.

- Our concerns with McGladrey have been numerous and their services have not improved year over year as he has been Treasurer.
- Additionally in his opinion another audit firm could give us more input into appropriate valuation of HPA's most significant asset (receivables).
- Mr. Boone and Mr. Fowler each have had separate conversations with another individual who conveyed that while using the City's auditor obviously has merit, a separate auditor for HPA would still be reliant on City's numbers provided by the City's auditor and there should still be internal checks on financial practices and procedures that any auditor could/should do for the HPA.
- There may be additional cost more than what we currently pay the City's auditor though we are told that the HPA gets a discount, he recommends the HPA pursue this course from both the fiduciary standpoint of the Commissioner's responsibilities and also from a 'value added' proposition.
- He was confident that Mr. Boone and Mr. DesRoches could explain the details.

Ms. LeShane stated that the HPA had a separate auditor initially that was unsatisfactory. HPA engaged the City's auditor who was not the current auditor however the business relationship had to be dissolved because the City auditor went to work for the City which represented a COI, the HPA inherited the current auditor who's service to the HPA Mr. Fowler has not been satisfied with on numerous occasions and noted Mr. Fowler limits his comments to the services provided to the HPA not that of the City. She stated that Mr. Fowler expressed that the HPA is treated extremely unfairly and felt services at times were more of an afterthought. Mr. Boone with Mr. DesRoches's agreement stated that the auditee should not be training the auditor which has been the case with the current auditor. In response to Mr. Breetz's inquiry, Mr. DesRoches stated that the auditor has provided inexperienced staff to perform the HPA's audits which is frustrating. Mr. Boone stated that the auditor:

- Failed to extend an extension for the HPA knowing they would not have the audit completed by the December 31st, 2014 deadline that resulted in a call from the ST of CT Office of Policy and Management.
- Produced/presented a draft financial report full of errors on a Friday and requested staff review and approve the draft report by the following Monday. Mr. DesRoches noted the report "did not add up."
- Did not make any management comments in the audit report. Mr. Boone with Mr. DesRoches's concurrence added the staff encouraged the auditor to make management comments. Mr. DesRoches stated that the subject was thoroughly discussed and agreed to during the planning meeting prior to contracting the auditor's services. Mr. Boone stated that it is important to have added he was looking for management comments which would assist the HPA to improve its accounting process and the auditor method of operation was not to issue them citing "most companies do not want them."
- Tried to increase the price negotiated and agreed upon by the partner.

Mr. Boone reported that notwithstanding the audit, the auditor's professionalism has been acceptable. Mr. DesRoches stated that the HPA has not received the level of details from the current auditor in his experience the big eight accounting firms provided and the client expected to receive. He added that without his attention and scrutiny to the details and accuracy of the report, the document would have been published with a considerable number of errors.

Ms. LeShane stated that her understanding was that the City is going to solicit proposals for a new auditor but it was not clear if the term of the current auditor had expired or it was due to similar issues experienced by the HPA. Ms. LeShane with the Commissioners and Ms. Varano's agreement stated that the HPA could solicit proposals through a RFQ process. She added that the staff could coordinate the HPA's proposal solicitation if the City is soliciting proposals for a new auditor in response to Mr. Breetz's comments. Mr. Boone stated that 50% of the audit is work generated from the City's number and he understand that there are potential saving HPA can receive by using the City's Auditor however he very strong pointed out to the auditor the concerns and or issues that were not met with improvements and or provide positive results.

Ms. LeShane and Ms. Varano both agreed that the staff should work with the City to determine where it was in their process and proceed as needed. Mr. Breetz with Mr. Lerman's agreement stated that he would prefer to have a separate auditor than the City. Mr. DesRoches stated that there were pros and cons to the perceived discount received by the HPA. He added that municipal level of materiality is perceived to be higher, how those tests are performed and translated into a result at the HPA is unknown based on the current audit. Mr. DesRoches stated that the only management comments resulting from the audit was at the end when they questioned the \$20M aged A/R. Mr. Boone stated the auditor request HPA to remove the \$20M aged A/R from its asset. Ms. LeShane stated that clearly this demonstrates that the auditor does not understand the nature of the HPA's business. Mr. DesRoches stated that the auditor brought the request to remove the \$20M aged A/R from the HPA books because of a Government Accounting Standards Board change. He added that the auditor stated the \$20M aged A/R could not be shown in the financial which prompt Mr. Fowler to contact the auditor to explain and receive agreement that it shall.

Ms. LeShane stated that the Commission was in agreement that the staff is to proceed with its efforts to determine what the City is in the process of doing about its auditing needs and to proceed with the issuance of an RFQ, as needed.

c. FY2015-2016 Budget – Ms. LeShane stated that Mr. Folwer's statement include content on the, FY15-16 budget. Ms. LeShane read from Mr. Fowler's statement, stated that while Mr. Boone is proposing a moderate revision of the budget format for next FY15-16, Mr. Fowler stated he:

- He fully supports of the proposed changes, which would primarily result in the following:
 - i. Allocate a portion of HPA's General and Administration (G&A) expenditures appropriately across our Revenue Centers (Center); i.e., some G&A would be included in operating expenses to run each garage, surface lot, on-street parking operation, etc. Those expenses would then be reflected in the Profit and Loss statement for each separate Center, reducing the gross profit generated by each Center.
 - ii. This change will accomplish two objectives: 1) Appropriately reduce the appearance of the HPA's G&A budget, resulting in a G&A budget that would make HPA appear less top-heavy; and 2} Put HPA more in line with appropriate cost-accounting practices which appropriately allocate a portion of G&A expenses to business lines.
 - iii. The budget format change will take Commissioners a little to get used to, therefore he advised Mr. Boone for the purpose of today's initial budget review.

Mr. Fowler added he would like to keep Commissioners out of the 'weeds' by looking at the high-detail format and looking at the bigger picture.

- Recommended that Mr. Boone and or Mr. DesRoches host two separate one hour sessions at HPA between the February 19th and March 19th, 2015 meetings for Commissioners who may want to get into more of the detail. The plan would be to have no more than two Commissioners present at either meetings to acquire more detailed reports/information that might be provided/discussed, but still offering opportunities for Commissioners who would like more input.
 - Recommend that the Personnel Committee review the proposal for all personnel-related expenditures including benefits, etc. prior to March 19th, 2015 regular meeting and Board approval of the FY15-16 Budget.
- d. New Initiatives - Ms. LeShane stated that Mr. Fowler's statement included content on new initiatives for FY15-16. Ms. LeShane read from Mr. Fowler's statement, he stated that are no new initiatives proposed for the FY15-16 budget, Mr. Boone does have several ideas for budget revisions including reducing expenses, and increasing revenue as well as ideas - some of Mr. Boone's ideas he thought sounded good, but required Council approval in order for the HPA to implement. Mr. Boone stated the Finance Committee discuss how to present the FY15-16 draft budget as a work sheet with Gross Income and Sales, General and Administration Expenses (SG&A). Mr. Boone stated that from last year to this year there were significant operational changes which effect the FY15-16 budget that include the following:
- Parking facility termed "reassignments" will not include the Church Street Garage (CSG) and will be a \$1.2M net income revenue loss.
 - Due to the Downtown North Development Project, the 58 Chapel Street Surface Lot that was recently transferred to the HPA's responsibility will be removed after three months and will be a \$42k net income revenue loss.
 - Relocating Trumbull Street into a portion of the 1212 Main Street Surface Lot for the construction of the baseball stadium will eliminate a roughly 150 to 200 parking and will be a \$139k net income revenue loss.
 - Intermodal triangle project will be a \$46k net income revenue loss annually.
 - UCONN's Hartford Times Building Development Project represents a 3% loss of the total number of citations issued. He added the HPA is holding on-going negotiations with the Capital Region Development Authority to retain a portion of the ST property that it wants back.
 - During the iQuilt Construction Project and while Travelers restores its below grade garage which is expected to take up to two years, Atheneum Square will be inaccessible and will be roughly a \$42k net income revenue loss per annum. He added the City sold Atheneum Square to Travelers some time ago.
 - MAT Garage (MG) will be affected by income erosion due to roughly \$25k to \$30k increase of operational expenses without increasing parking rates. He added the MG currently operates at maximum capacity.

Ms. LeShane with Mr. Lerman's agreement stated that the significant losses due to construction projects and the duration of them should be identified as construction revenue impact for the purpose of the FY15-16 budget presentation. Mr. Breetz noted that the accumulative losses amount to \$400k approximately. Mr. Boone acknowledged the comments and added there were more losses in the FY15-16 draft budget report. He stated

that revenue projections were lowered as a result of the City Administration's earlier than usual announcement of snow ban emergency parking restriction; improved DPW trash collections/scheduling; removal of 3:30P.M. to 6:00P.M. parking restrictions citywide; and soft CCS revenue collections. He noted the CCS boot expense was not obvious. When the staff trued up the expense it became clear CCS received compensation for work they were not doing and CCS was not generating the revenues previously believed. He stated the staff adjusted the CCS expense in the FY15-16 budget accordingly.

Mr. Boone stated that last year one of the improvements was to seek judgments for each of its citations and the court graciously made it acceptable to submit the judgments electronically system. He stated that unfortunately after review at the court systems operations level last minutes changes to the electronic processing making it harder to submit the judgments than writing them out which resulted in a complete revenue stream loss. Ms. LeShane stated that the aforementioned items be listed as bullets in the presentation to ensure that the Council understands the negative impact on the HPA's budget; i.e., the elimination of judgments which Mr. Boone acknowledged.

Mr. Boone stated that the office lease provided \$1.8k saving to the HPA along with the following improvements:

- Administration expenses were reduced by \$50k. He added this was not due to payroll in response to Ms. LeShane's inquiry.
- The combination of surface lots inclusive of the Covered Bridge properties will result in a \$100k increase in revenue.
- On-street parking 4-hour parking zones will increase the meter revenue by roughly \$100k.
- Residential parking permits are expected to will produce \$53k in revenue.
- Booting is expected to increase revenues by \$90k and will save \$24k in Police Department expenses previously paid to them for towing vehicles.
- Night enforcement operations are expected to increase \$20k over FY14-15.
- Changing the Pay Station maintenance to in-house result in a saving of \$300k. He added that was a net savings in response to Ms. LeShane's inquiry.
- Post the move of the Office of Parking Management (OPM)/Citation Hearing Office (CHO) redesign and miscellaneous expense improvements resulted in an additional \$4k to \$6k reduction of on-street expenses.

Mr. Boone stated that there will be about a \$300k shortfall in FY15-16 responding to Mr. Breetz's inquiry. He added that the HPA had an approximate \$600k shortfall if the maintenance service was not changed in response to Ms. LeShane's comments.

Mr. Boone along with Mr. DesRoches prepared new financial statement and worksheet drafts that were circulating which will what the Commissioners will receive in FY15-16.

Ms. LeShane stated that Mr. Lerman indicated he had another commitment earlier then polled Commissioners who agreed unanimously to take the action item on the Property Management (PM) Committee Report and thereafter return to the FY15-16 budget discussion.

5. **Property Management Committee** - Please see the Property Management Report for details.

- a. San Juan Center Parking – Mr. Breetz stated HPA was recently requested by the City to assume management responsibilities of additional Downtown North surface lots including the San Juan Center Lot located at 140 Pleasant St which has 140 parking spaces. He stated that upon transfer of the lot, it was determined that the employees/patrons of the San Juan Community Center, Dressler Arena, and an adjacent church have utilized the surface lot for free for the past 20+ years in exchange for volunteer services to maintain the property (snow plow and trash pickup) however the City did speak to the establishments about the HPA assuming responsibility for the property. He stated the Mayor asked the HPA to consider an agreement to allow the arena and community center a limited number of parking spaces at no fee. He added the HPA does not currently allow for parking on its properties without fee.

Mr. Breetz stated that Mr. Boone met with the principals and negotiated an agreement to reserve ten (10) parking spaces at no fee for the boxing arena and community center which provide support and enrichment for high risk youth keeping them off the streets and out of trouble. He stated that the staff also feels that it is in the best interest of the HPA and community to allow the adjacent church patrons to utilize the lot for their Sunday services. He stated the agreement with San Juan Community Center, Dressler Arena, and the adjacent church will renew automatically monthly unless cancelled by either party with thirty (30) days written notice. Mr. Breetz stated that the legal structure of the agreement was consistent with past agreements the HPA approved/entered into then made a motion, seconded by Mr. Lerman. Ms. Varano confirmed that the final agreement will be no fee for the 10 parking spaces and renew automatically month to month in response to the Commissioners' comments/inquiries.

Ms. LeShane polled the Commissioners for further comments/questions, and hearing none, called for a vote that –

VOTED: Authorized the Executive Director to execute an agreement with San Juan Community Center, Dressler Arena, and the adjacent church as recommend by the Property Management Committee. (See the attached Property Management Committee recommendation as amended by the HPA Commissioners)
(Ayes – Breetz, Jasinski, Lerman and LeShane)

- b. On-Street Parking Placards Policy – Ms. LeShane request the Commissioners review the On-Street Parking Placards Policy for possible action at the March 2015 Regular Board meeting. She added that Mr. Boone is working with the City's Administration to ensure policy has defined procedures for the placards issuance. Mr. Lerman exited the meeting at 6:40P.M
6. Return to FY2015-2016 Budget Discussion - Ms. LeShane polled Commissioners who agreed unanimously to resume the FY15-16 budget discussion. Mr. Boone stated that the current budget is \$3.19M, however, when the CSG \$1.2M and nine months of 58 Chapel Street Surface Lot revenues are removed from the FY14-15 budget the result will be \$1.89M. In response to Mr. Breetz's inquiry, he stated that the \$1.57M FY15-16 budget is after it is reduced by the \$300k discussed earlier.

Mr. Boone stated that the financials' terminology will be changed to industry best practices as follows:

- What was Administration in the FY14-15 budget will be broken down into two categories: Cost of Services Sold and Sales, General and Administration Expenses (or overhead).
- Revenue will remain.
- Operating Expense will become Cost of Services Sold which is direct labor and materials.
- Operating Income will become Gross Income.
- Gross Margin represents income less profit and direct labor expenses.
- Net Income will become Operating Income.
- Profit will become Income because the HPA is a not-for-profit entity.
- Operating Income is associate with Cost of Services Sold in the industry.
- Operating Margin is income less direct labor and materials and overhead function or what percentage of every dollar remaining is the HPA's.

Mr. Boone stated that the gross figures do not include overhead in response to Mr. Jasinski's inquiry and the SG&A percentage is approximately 20% in response to Mr. Breetz's inquiry. Mr. Breetz stated that 20% SG&A is very low which represents a favorable business model. Mr. Boone stated that the City's Administration will understand the new format of and terminology in the FY15-16 budget in response to Mr. Breetz's inquiry.

Mr. Boone stated that *In-Kind Services* was added to the revenue line to reflect the on-street parking in-kind services provided to sponsors of events and programs citywide. Ms. LeShane stated that in-services are actually in-lieu of revenue the HPA would otherwise receive. She added that the In-Kind Services title should be changed to In-Lieu of Revenue to describe the entry better which Mr. Boone agreed. Mr. Boone stated the entry is the value of the on-street parking the HPA provides. Ms. LeShane confirmed that this reports that the HPA provides over \$500k of on-street parking for citywide events and programs. Mr. Boone noted that the XL Center partnership for the advertisement is valued at \$20k which the HPA receives and does not have to pay for.

Mr. Boone stated that he created a Cost of Services Sold then allocate proportionally to labor, benefits and material expenses and to each business unit roughly 46% in the FY15-16 draft budget. In response to Mr. Breetz's comments/inquiries, Mr. Boone stated that the 20% SG&A was net. Mr. DesRoches added that the changes in the FY15-16 draft budget are in accordance with General Acceptable Accounting Principles (GAAP) whereby the allocations whether direct or variable are consistent with GAAP which makes way more sense to the auditors. Mr. Boone stated that staff researched GAAP and Internal Revenue Services' guidelines to ensure that the format changes were appropriate.

Ms. LeShane complimented the staff and stated that now the HPA has a true understanding of the on-street or garage parking space expenses in order to manage and operate them efficiently. Mr. DesRoches with Mr. Boone's agreement stated that the allocations were proportional to the time each employee spends performing their duties in relative to each business unit instead of using a flat percentage across each in response to Mr. Jasinski's inquiry. Ms. LeShane stated that the City's Administration discussed this subject matter in a meeting with them which was part of the motivation to embark upon these changes in the FY15-16 budget. Mr. Boone stated that a huge contributor to the adverse reading of the FY14-15 Administration was a \$700k Security expense which was not allocated to the garages and earlier Mr. Fowler requested that the expense be allocated where incurred. He added that Mr. Fowler requested that any expense

in excess of \$10k to be broken out so the Board and City's Administration could also identify each.

Ms. LeShane stated that with the sale of the Morgan Street Garage (MSG) last year and the potential sale of the CSG this year, for the budget going forward the HPA is estimating a \$1.7M gross revenue compared to a \$7.1M the previous year (FY13-14) and roughly \$10M two years ago (FY11-12) which Mr. Boone acknowledged. She added that for the budget presentation HPA should prepare a slide which shows the reduction in revenue over the past four years as a result of decisions made by the Council and City Administration. In response to Mr. Jasinski's inquiry, it was stated that the \$1.57M is shown on the 2nd page of the FY15-16 draft budget accounts for the \$300k reduction.

Mr. Boone stated that until the HPA and City reconcile the debt service, the HPA does not know the actual amount due to the city as the discrepancies that each carries on their respective financials. He added that over time that CSG has contributed roughly \$1.25M annually towards the general fund and by selling the CSG the City would realize roughly \$800K to the general fund.

Mr. Boone reported that at the March 2015 Board meeting Commissioner will be asked to take action on the FY15-16 budget which will be submitted understanding that he anticipates the Mayor's Office and or the Council will request improvements. He state that he will present that conditions and reasons why the HPA's revenue is lower than past years as well as some of the ways to make improvements in the future. He stated that there are two improvement categories and that those would require the Board's approval and those also will require the Council's approval. He stated the Chief Operating Officer suggested that the improvements which require the Council's approval need to be supported by business cases prepared by HPA's staff with Corporation Counsel.

7. HPA Offices Move Update – Mr. Boone stated that the HPA is currently finalizing the lease with all applicable parties. City Council has postponed approval until last minute Council questions about not using City property by three Council members are addressed. He stated he has met with two of the Council members and addressed their concerns, answered their questions and received assurance from one for support of the move as submitted. He stated that he expects to meet with the 3rd Council member Friday, February 20th, 2015 to discuss the move. He added that the unsigned letter from Ms. LeShane was presented to one Councilmember who stated it would be taken in consideration. Mr. Boone stated that the other Councilmember request he report his findings to the Council member and Board after performing research on two alternative properties in Downtown Hartford that were the:

- Abandon YMCA Building located at 160 Jewell Street; and,
- Common Ground Building located at 410 Asylum Street).

Ms. LeShane signed the letter to be presented to all of the Council members and City's Administration. She stated that the HPA's move is on the clock of the ST of CT Department of Administrative Services (DAS). She added that in her conversation with the new ST of CT DAS Commissioner, the Commissioner indicated that ST was moving aggressively to complete its move in the space currently occupied in the MSG by the HPA, OPM and CHO. Mr. Boone stated that he was confident in Council approval of the move as submitted.

OPEN SESSION – PUBLIC COMMENT

There was no public comment.

EXECUTIVE SESSION

a) Personnel

Ms. LeShane called for a motion, a motion was made by Mr. Jasinski, seconded by Mr. Breetz, passing unanimously to –

VOTED: Enter into Executive Session at 7:03 P.M. (Ayes – Breetz, Jasinski, LeShane)

Mr. Boone participated in Executive Session.

Ms. LeShane called for a motion, a motion was made by Mr. Jasinski, seconded by Mr. Breetz, passing unanimously to –

VOTED: End Executive Session and reconvene the Regular Meeting at 7:31 P.M.
(Ayes – Breetz, Jasinski, LeShane)

Ms. LeShane called for a motion and a motion was made by Mr. Jasinski, seconded by Mr. Breetz, passing unanimously to –

VOTED: End the January 15th, 2015 Regular Board Meeting ended at 7:32 P.M.
(Ayes – Breetz, Jasinski, LeShane)

Respectfully submitted,

Carey E. Redd, II, CAPP

Carey E. Redd, II, CAPP
Secretary to the Board