

MISSOULA PARKING COMMISSION

Minutes

February 7, 2019

A Board of Directors' meeting was held in the Jack Reidy Conference Room, 140 W Pine Street at noon. Those in attendance were Board members Pat Corrick, Matt Ellis, John Roemer, Heidi Kendall and Joe Easton. From the Parking Commission office was Tiffany Brander, Interim Director, Also in attendance were Jim Galipeau, JCCS, Leigh Griffing, City of Missoula Finance Director, Jan Schweitzer and Grace McKoy, Anderson ZurMuehlen (A&Z) and Sherry McLauchlan, member of the public.

I. Call to Order:

II. Introduction and Welcome to those in attendance:

III. Public Comments and Announcements: None.

IV. Adjustment(s) to the Agenda: None.

V. Approval of Minutes:

John Roemer asked if Joe Easton had made his trip to Anchorage yet, to which Joe replied that it was scheduled for the end of February. Hearing no questions or corrections to the Minutes John asked for a motion. Heidi Kendall moved to approve the minutes for the Board Meeting held January 3, 2019. Joe Easton seconded the motion. The minutes from January 3, 2019, were unanimously approved.

VI. Communications and Presentations:

Grace McKoy and Jan Schweitzer presented the Fiscal Year 2018 audit. Grace McKoy began by discussing the two reports that are included with their Financial Statements. The first report begins on pages 2-4 and is the Independent Auditors Report. This report provides what is being reported on, what is management's responsibility for the financial statements, what is A&Z's responsibility as the auditors, and most importantly, their opinion. Grace stated that MPC has received the best opinion that an organization can get and states:

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Missoula Parking Commission as of June 30, 2018, and its changes in financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Also included in the report is the "Emphasis of a matter" paragraph which states there was a Government Auditing Standard Update #75 which is related to post-employment benefits which

requires A&Z to add additional disclosures which can be found in Note 11, starting on page 33 running through page 37.

Required Supplementary Information: starting pg. 5-8 is Management Discussion and Analysis (MD&A). This is a good summary of the year from management's perspective and also highlights what to expect in the future. One of the first things discussed in the MD&A is the process for the PARCS and LPR project, which was not fully completed by June 30, 2018. The loan had been taken out within FY18 so there is some additional cash as well as additional debt on the balance sheet. Lastly, Grace stated that they have included other information specifically related to the MPC Series 2014 bonds as required by those bonds.

The second report is the Independent Auditor's Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with government auditing standards, starting on page 45. This is a required report which states that as part of their Audit, A&Z is looking at Internal Controls. The focus of the audit isn't to determine whether or not internal controls are functioning, but to gain an understanding of internal controls and present anything that comes to their attention while reviewing. This year as part of the audit, A&Z did find a material weakness. A material weakness is a deficiency, or a combination of deficiencies in this case, of internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, detected, or corrected on a timely basis. Grace stated that the details of that finding are on page 47 as Finding #2018-001. In summary, several adjustments were proposed as part of the audit procedures to adjust ending balances to underlying supporting documentation. Grace informed the Board through discussions with Leigh and Tiffany, a common understanding was found. There are a lot of different folks doing a lot of different things in MPC's accounting with different accounting uses. Grace stated that JCCS provides management reporting to monitor performance and the City helps MPC to stay in compliance with government auditing standards. Grace stated at the end of the year, MPC has two sets of books with two separate uses, and there was some miscommunication regarding who was responsible for ultimately wrapping the books and making sure they were fully reconciled to schedules and, ideally, that the two sets of books match.

Grace stated that the adjustments noted were to correct Capital Assets where some assets were not capitalized in the set of books they were auditing from the City, but were capitalized in the JCCS documents; prepaid expense, accounts receivable, and machinery and equipment expense. Tiffany Brander informed the Board that due to these findings, MPC will now have monthly meetings with City Finance as well as provide Finance with the monthly reports provided by JCCS for their review and reconciliation. Matt Ellis asked Tiffany who all participated in the meetings and she responded that Leigh Griffing, Jessie Hogg, and she attend. Leigh Griffing stated that the meetings have been helpful with the Finance Department having some employee turnover, to keep her up-to-date on projects in process. Leigh also stated that they have had no issues thus far with reconciliation of the JCCS reports to City reports; however, she would

anticipate that if anything pops up it would be handled in that monthly meeting. Joe Easton asked Grace if the full list was documented in the “Effect” paragraph to which she replied yes, and the detail would be covered by Jan in the Governance document. Grace stated that to her, the corrective action plan sounded wonderful, and MPC is in extremely good hands with both JCCS and City Finance. Joe Easton stated that from a public perspective the worst case scenario would be to have two different documents with the same date that present a different snapshot depending on which organization it came from. Jan indicated that having the monthly meetings in place will definitely help the channel of communication and if there is a disciplined approach the problem will essentially rectify itself. Heidi Kendall suggested that there be a section within the Director’s Report in the future that provides the Board with a summary of the monthly meetings with City Finance to which Tiffany agreed..

Jim Galipeau asked for a moment to address the material weaknesses. He stated that the numbers are quite large and therefore look pretty bad but in looking at the June 30, 2018 Financial Statement provided by JCCS the difference is really only about \$6,000.00. Jim stated that JCCS does have a lot of contact with City Finance throughout the year but the City’s accounting software just makes things a little different. Jim stated that he didn’t believe there was a monthly financial that comes from the City so he isn’t too worried about two different sets of Financials going out. Leigh Griffing stated that the General Expenditure and Revenue Reports go out every month, and are about 1,000 pages long, but it is specifically noted that they are in progress reports that will be adjusted at the time of the audit. Leigh stated that the reports are not formatted like the JCCS management reports or like the audit reports so that sort of comparison would be particularly challenging. Jim stated that he just wanted to comment that he thinks JCCS and the City do work very well together and go back and forth throughout the year.

Jan Schweitzer walked through the Communications with Governance document that is required communications by auditing standards. In the document, A&Z describes any changes to accounting standards and they noted that there were no transactions that weren’t supported by underlying guidance. Jan stated that the Financial Statement Disclosures were neutral, consistent, clear, and in accordance with standards; there were no difficulties encountered in performing the audit; and the detail of the correcting entries are listed within the document. Jan informed the Board that there was no disagreement with management and a management letter and representation was obtained on time.

Joe Easton asked Jan what MPC uses a miscellaneous account for. Grace McKoy indicated that the miscellaneous account was specifically related to the Accounts Receivable Schedules. A&Z was unable to get schedules that could tie to the general ledger at year-end due to the City having an old A/R schedule based in the old system and T2 not having a schedule pulled in time. As auditors, if they have no supporting documentation to tie to an asset, they have to adjust that balance and it went into Miscellaneous. Grace stated that she believes there is now a strong understanding of what that balance should be and how to pull the report. Leigh stated further that this was a revenue account so it was miscellaneous revenue but without the supporting detail

to classify it further. Leigh stated that this was a result of the project still being in process but T2 has been great to work with and the report has been completed. Joe Easton asked if Jan or Grace had an opinion on the Response from Management section of the Finding and if they thought it would be enough? Grace responded by stating that she felt it would be appropriate if it happens. Grace stated that this was brought up three years ago and her concern is to make sure that management follows through with the monthly meetings and to year end. If that happens, she does not have concerns. Grace stated that the skills of those involved in MPC Finances are some of the best in the City and as long as hairs aren't crossed as far as who is doing what or what numbers are being used, then she has no concerns.

Joe stated that he looks to the JCCS reports to provide a financial snap shot on a monthly basis as it is nearly impossible to find out the financial status from the City's 1,000 page monthly document. Leigh commented that from the City side, they have an old Enterprise Resource Platform (ERP) which was implemented in 2003 and is no longer meeting all of the needs of the City. City Finance has looked at replacing it; however, ERP's are generally in the millions of dollars for replacement. Leigh stated that because of this, they know find themselves using supplementary platforms that integrate with their existing platform to meet all of the needs of the Finance Department. The City now has implemented a report writing software which they are using to take the existing 1,000 page document and turn it into something much more consumable for the average citizen. Leigh is hopeful that this software will also positively support the financials that JCCS provides.

VII. Interim Director's Report:

Heidi Kendall asked Tiffany if she could touch on the Legislative session and what bills she is looking at. Tiffany stated there is one bill currently introduced, SB173, which has to do with enforcement of electric vehicle charging stations. Tiffany stated that this bill is of interest as we have two electric vehicle charging stations in our Park Place Garage with the hope of adding more electric vehicle charging stations to our inventory in the future. Tiffany informed the bill that SB173 would assess a \$50.00 fine and the violation is currently classified as a misdemeanor instead of a traffic offense. As currently written, the Parking Commission wouldn't be able to enforce the violations, Tiffany indicated that she has communicated her concerns regarding the misdemeanor classification to the Mayor's Office.

Tiffany informed the Board that she was also watching two bills, LC2879 and LC1790, regarding disability parking that had not yet been introduced. Tiffany indicated that LC1790 had been on hold for quite a while and didn't feel it would continue. LC2879 came to her attention by way of Travis Hoffman with Summit Independent Living. LC2879 would substitute disability parking permit for special parking permit and accessible parking space for special parking space; update minimum numbers of accessible spaces; make changes to accessible space and access aisle minimum widths; increase fines for accessible space violations; designate specific allocation of fine revenue; and provide for a governing body of a city, town, county, or

appropriate state agency to establish a volunteer parking enforcement specialist program for parking for persons with physical disabilities. Tiffany stated that she will keep tracking the bill as it moves forward and will update the Board.

Lastly, Tiffany informed the Board that she would be out of the office from February 21st returning to the office on March 4th.

VIII. Financial Statement:

Jim Galipeau provided the Board with a review of the December Financials. In December the bottom line looks really good but it's important to note semi-annual, quarterly, and annual lease payments are included. For December, both meter revenue and ticket revenue were up but meter bag permits were down. Tiffany stated that it's important to point out that the meter bag permits are a little difficult to budget for as the amount varies based on the amount to construction occurring during the month and how many contractors need to get a code. Total parking revenue is up approximately \$42,000 and general expenses were up by \$26,000 with an income from operations being up by about \$16,000 compared to last year. Overall bottom line is within about \$4,000 from last year.

IX. Action Items: N/A

X. Non-Action Items:

A. New Business: N/A

B. Old Business:

Downtown Master Plan Update:

Matt informed the Board that all of the documents from Dover Kohl, and Partner's (DK&P) visit have now been updated to the Downtown Master Plan Website (Missouladowntownmasterplan.com) and encouraged the Board to look at that site as well as participate using the Mindmixer program, which allows you to drop pins specifically in the areas you are interested in. Matt stated that Spider with Six Pony Hitch has done a great job of creating involvement and public participation has been wonderful. Matt stated that DK&P will return to Missoula in May, but a date has not been set yet. They will be here for three days and will present the rough draft at that time. Matt indicated that he is excited about the plan and the conversations regarding parking on the hip strip; new garages; and Front/Main conversions. He feels that DK&P understands the importance of financing these projects and he believes they are looking at creative solutions to include public/private partnerships.

John Roemer asked if anyone had brought up the parking lot that is just south of the St. Paul Lutheran Church. It has a huge footprint behind Rockin Rudy's and is the largest bare lot within a five block radius. Matt indicated that he didn't believe it had been looked at yet.

Matt asked Tiffany if MPC has had any contact from the Mercantile developers since we were told they were no longer planning on offering valet with the Residence Inn. Tiffany indicated that she has been working with them to figure out short-term parking in the interim between the AC opening and the Mercantile opening. During this time, their parkers will be required to pull an entry ticket, park in signed spaces on the top floor, back into one of the available spaces, have a hotel issued hang tag displayed, and utilize a validation to exit the garage.

Matt asked Tiffany if she thought once the hotel is open we will see Park Place filling up to capacity. Tiffany stated that isn't something she believes we'll see during our normal business hours as most hotel guests will be there during our off hours. She stated that this is why she feels it is very important to look at various lease uses during the Master Plan process.

XI. Setting of next meeting date and adjournment:

Next Meeting is scheduled for Thursday, March 7, 2019 (Jack Reidy Conference Room).

Respectfully submitted,

Tiffany Brander
Interim Parking Services Director