PARKING AUTHORITY MINUTES

NOVEMBER 16, 2005

ATTENDANCE: Urban Mulvehill, Chairman; Stephen Bentkover; Troy Jellerette; Burt Shatz; Anwar Shahjahan.

STAFF: Katherine Hebert, Administrative Services Manager

OTHERS: Hal Alvord, DPW Director; Frank Del Monaco, LAZ; Thomas Hamilton, Director of Finance; Mayor Alex Knopp.

1. CALL TO ORDER

Mr. Mulvehill called the meeting to order at 7:30 p.m.

Mr. Mulvehill stated that they would take the Status Financial Report out of agenda order to expedite Mr. Hamilton's appearance at the meeting.

DISCUSSION

2. Staff Report

a) Status Financial Report

Mr. Hamilton distributed copies of the report to the Authority. He stated that he was giving the Authority the draft of two pages from the audited financial statement that was received from the City's outside independent auditors. The first page is the Statement of Revenues, Expenses and Changes in Net Assets; and the second one is the Statement of Main Assets balance sheet. Mr. Hamilton said it was important as they consider any changes to the Parking Authority's revenue structure that the members have complete information on the current financial status of the Parking Authority, in order to be sure that they understand the constraints that the Parking Authority is operating under.

Mr. Hamilton said he would like to take a moment to review the two statements. The first statement he wanted to discuss was the Statement of Revenues, Expenses, and Changes in Net Assets. On a nominal basis the Parking Authority had an extremely successful year, with net assets going up by $4,456,000.00, which was a great start. Mr. Hamilton said he wanted to be sure the members understand that the Parking Authority is a separate, stand-alone, financial withholding entity of the City, part of the overall financial statements for the City but not commingled in any way with the general funding of the City. It is accounted for on full-accrual accounting, which was a business accounting, because it is intended to be a business-type operation.

Mr. Hamilton said the auditors indicated that last year there were operating revenues of $8,399,050.00, which consists of two items, regular operating revenues for the Authority from permits, fees and violation income and so on, of $3,100,050.00 which was real revenue for the Authority for the year. The remaining $5,389,000.00 was a one-time revenue that came from the sale of Parcel III. Mr. Hamilton said that $4 million dollars of that $5 million had been anticipated to be used as a piece of the financing for the Maritime Garage and is what the money had been used for when it eventually came in. Additionally, last spring, a request was approved by the Common Council for the City to take an additional $1.3 million dollars from the proceeds of the sale of Parcel III and put that aside for the Parking Authority's debt service. In addition to the $4 million, there was also another $1.3 million dollars of Special Revenue that came in to support the Parking Authority, which is why that initial number is so large.

Mr. Shatz asked where Parcel III was. Mr. Hamilton said it had been the former Maritime surface parking lot, and when that parcel sold, there were proceeds that came into the City. Ms. Hebert stated that Parcel III was where Maritime Yards is being built. Mr. Bentkover said it was where Spinnaker was building the new condo development.

Mr. Mulvehill asked Mr. Hamilton to pause in order for Mayor Alex Knopp to address the Authority.

Mayor Knopp remarked that he stopped into the meeting to thank the members for their service to the City since the inception of the Parking Authority within the past year. He said that obviously the implementation of their parking system has not been without some difficulty and he hopes that they are on the way to finding a right middle ground so they don't end up burdening taxpayers with parking costs and don't end up burdening the businesses or their customers either. Mayor Knopp told them that he appreciated their work on behalf of the citizens of Norwalk and for their time and attention to a difficult situation. He awarded the members with a gold Seal of Norwalk pin in recognition of their efforts.

Mr. Hamilton resumed his report, stating that the $1.3 million dollars that came in to support the debt service for the Parking Authority and the rationale for that was the Parking Authority was, and to a certain extent still is, in a start-up mode. Many of the initiatives that were underway did not kick in at the beginning of the last fiscal year, and that explains in part why the revenues were not sufficient to meet all of the expenses during the last fiscal year without the infusion of additional cash. Mr. Hamilton indicated his handwritten calculation at the bottom of the page and explained that if they pulled out the proceeds from Parcel III and said that overall, how were the results of operation last year, understanding that it was a start-up year and not everything had fully kicked in, the bottom line is that without the proceeds from Parcel III, the financial loss for the year would have been $932,000.00. Mr. Bentkover asked where the money went and Mr. Hamilton replied that it went to pay down the bonds. Mr. Hamilton indicated that his handwritten notes were the unadjusted results of the year, the actual results are not his handwritten numbers; and if that money hadn't come in, that's what the results would have been.

Mr. Hamilton went to the Statement of Main Assets and indicated the bottom of the balance sheet where there was an unrestricted deficit as of June 30th of $1,402,000.00. He said there was one final piece of financing from the State of Connecticut on the Maritime Garage from the DCD grant in the amount of $1,304,000.00 which has now come in, so it would be reasonable to say they now could make an adjustment for that, and the adjusted results was a small deficit of approximately $100,000.00. He said if the Authority makes the same cash adjustment to last year's budget, if they were on a cash basis of accounting, their net assets would be approximately $310,000.00. This number happens to be almost exactly equal to what the DPW is projecting as results of operations through the end of October, and indicate the Authority had an operating loss of $100,000.00 in the first four months of the year. Mr. Hamilton said that when they analyze this, it looks as if they are at about a $300,000.00 loss for the year based on the current revenue structure for the Authority.

Mr. Hamilton said this leaves the Authority in a precarious financial situation. The Authority is a stand-alone financial reporting entity that has no automatic call back to the General Fund of the City to support the Authority. Mr. Hamilton indicated that the political leadership of the City could at some point make a determination that they believe the Parking Authority should be subsidized by going in front of the City. This is a perfectly legal policy decision that the elected leaders of the City have the right to make, and may make, but as of right now there is no appropriation in place in the General Fund to subsidize parking operations. Based on the financial results from last year and the results from the first ten months of this year, it looks as if the Parking Authority is on the edge from a financial standpoint. Mr. Hamilton said that what this means is, if there is not some other source of funding to support the Parking Authority, and since they are now halfway through the year, it would require the consent and approval of the Mayor, the Board of Estimate and Taxation and a special appropriation from the Common Council to get additional funding from the City. Mr. Hamilton cautioned the Authority not to assume that that sort of subsidy is going to happen.

Mr. Bentkover asked if the Authority could then default on the bonds. Mr. Hamilton said the bonds were backed by a lease agreement from the City and the Authority, and the Authority is required to make lease payments to the City from money already existing in the City budget. He said the bonds will be paid regardless of whatever happens. What is at risk is if the Authority runs out of money, which any changes in the revenue stream may very well happen in this fiscal year, it would mean that Mr. Hamilton would be compelled to work with the administration to try to find a solution. Ultimately the bottom line is, if there is no solution forthcoming, it would mean that he would have to send a letter saying that as of a certain date they would be unable to make commitments, and there would have to be some decision made as to what was going to be cut back. Mr. Hamilton advised that a reasonable course of action for the Authority to take at this point was if they were inclined to adjust revenues, is to understand what the impact on the total projected revenues to the Authority is. The Authority should be prepared to find expenditure reductions in the Parking Authority budget to match whatever the revenue reductions are going to be.

Mr. Bentkover asked if the $675,000.00 was the total of the annual debt service. Mr. Hamilton said the money is held by J.P. Morgan Chase, it is the final debt service payment. It is a reserve that was set aside for this purpose. Mr. Hamilton said all the rest of the budget goes to the operation of the train stations, parking cleanup, snow removal and anything else that has to be done to make parking in Norwalk viable.

Mr. Shahjahan asked Mr. Hamilton if everything stayed the same at the current rate, at the end of this fiscal year if they did nothing but stay the course, what was his best estimate of what the deficit would be. Mr. Hamilton said he felt the Authority would end up where they started. Mr. Bentkover said they haven't had the chance to project the impact of going to free on-street parking after 6:00 p.m. yet, it hasn't been factored into any projections yet. He said the bottom line seems to be that they will be deeper in the hole than what Mr. Hamilton is reflecting here. Mr. Hamilton said he would expect the net assets on a full accrual basis, reflecting a deficit of about $300,000.00, and on a cash basis, essentially zero. He said if nothing else changed right now, if they just stayed on the existing course, they would end the year at $3-400,000.00.

Further discussion indicated that the Authority would have to watch the numbers closely until the end of the fiscal year and make tentative plans to address the possibility of a financial crisis if other policies are implemented that impact the cash flow.

3. PUBLIC HEARINGS

The public hearing portion of the meeting began at 7:55 p.m.

The Parking Authority heard comments from Mayor-elect Richard Moccia; Jack Chiarmonte, owner, New York Pizza; Vito Deraria, owner, Pelican Restaurant; Mark Wilson, residential property owner on Washington Street; George Smith of Crown Theatres, and Mr. Art Scialabba, Chair, Republican Town Committee.

The public hearing closed at 8:52 p.m.

APPROVALS/AUTHORIZATIONS

4. Approve the minutes from the Parking Authority meeting held Wednesday, October 26, 2005.

** MR. BENTKOVER MOVED TO ACCEPT THE MINUTES OF THE OCTOBER 26, 2005 MEETING AS WRITTEN.
** MOTION PASSED UNANIMOUSLY.

DISCUSSION

5. Interim Status Report – Feasibility Study

Mr. Mulvehill stated that the study was not yet ready and the report will be done in December.

6. Update and recommendation SoNo Holiday Committee – Webster Parking Lot

Mr. Bentkover reported on the meeting the committee held with the merchants in South Norwalk. After discussion of the meeting and comments heard earlier at the public hearing, Mr. Bentkover proposed a motion to implement a $2.00 parking fee 7 nights per week in the Webster, Haviland, and North Water Street lots. After further discussion, it was determined that the parking fee should be implemented only in the Webster Street lot.

** MR. BENTKOVER MOVED THAT THE NORWALK PARKING AUTHORITY IMPLEMENT A REDUCED PARKING RATE OF $2.00 EVENINGS AFTER 6:00 P.M., 7 NIGHTS PER WEEK AT THE WEBSTER STREET LOT BEGINNING THANKSGIVING DAY, NOVEMBER 24, 2005 THROUGH JANUARY 1, 2006, INCLUSIVE TO INCLUDE THE PREPAY OPERATION STARTING AT 6:00 P.M. FRIDAY AND SATURDAYS.
** MOTION PASSED UNANIMOUSLY.

Mr. Shatz suggested the Authority revisit this decision in the January 6, 2005 meeting in order to
see if the attendance went up and to examine the financial impact. Ms. Hebert said she would
have the information for the meeting.

7. Parking Authority October 2005 Operating Report

Mr. Frank DelMonaco of LAZ distributed copies of his report to the Authority and gave a brief summary.

He stated LAZ had been asked to provide an analysis of the rate reduction impact at the Maritime Garage at the conclusion of 90 days, and he found that there has been a 3% increase in demand. He noted the increase couldn't be attributed to the recent rate reduction approved by the Authority. LAZ believes the lower than expected increase is attributed to the primary users of the Maritime Garage, which are people going to the Aquarium, many of whom travel with very young children and wouldn't be likely to be interested in other areas of SoNo. Webster Street Lot use continues to expand. As of October 2005, gross revenues are approximately $386,110.00. He reported that fourteen hand encoders have been distributed to businesses for validation purposes. The upper Haviland Street parking deck conversion to pay-by-space has been received well and the North Water Street lot will be converted to pay-by-space by the end of the month as soon as the DPW numbers the spaces. The South Main Street lot at the Police Dept. continues to be monitored to determine existing and future parking demands.

Operations on the eastbound side of the South Norwalk RR Station will change to meet increased demands by November 1, 2005 and will result in staff issuing $6.50 tickets to each vehicle parked in the lot, similar to operations prior to LAZ installing the revenue control equipment. Payments must be mailed in or penalties accrue similar to parking tickets. Once they establish the amount of demand, other solutions can be recommended for collection of fees. Daily counts for the East Norwalk RR lot are done and indicate that since the approximately 34 spaces from Modem Media have been lost, they have been averaging a 95% occupancy rate between the three lots that encompass the East Norwalk RR Station parking area. Due to the loss of spaces, LAZ recommends the suspension of daily parking services at the East Norwalk lots. There have been days when the lots have been completely full and demand was unable to be met. Without any current plans to expand the lots, it is recommended the lots return to permit parking only.

Mr. Shahjahan stated for the record and for Mr. DelMonaco's benefit that the issue of customer service has come up at least three times during this meeting and seems to be a continual theme in past meetings. Mr. DelMonaco said that the customer service issues are being addressed, including bathroom breaks for the staff as well as other breaks and actions during staff downtime.

Mr. Bentkover wanted to state for the record that merchants are not aware about the twenty-eight blue-light panic buttons that are in the Maritime Garage. It was pointed out that in the minutes of October 28, 2005 the panic buttons were also mentioned. Mr. Bentkover asked that it be noted again. He also suggested the Authority get a statement from Mr. DelMonaco regarding the security guard or guards in the Maritime Garage.

8. Staff Report

b. Status Capital Projects

The report was distributed to the members of the Authority for their reading.

OTHER

9. Action on any item discussed herein.

There were no actions taken.

10. Next Parking Authority meeting.

The next Parking Authority meeting is scheduled for Wednesday, December 21, 2005 at 7:30 p.m.

ADJOURNMENT

** MR. BENTKOVER MOVED TO ADJOURN THE MEETING.
** MOTION PASSED UNANIMOUSLY.

The meeting was adjourned at 9:46 p.m.

Respectfully submitted,

Linda J. Hayes
Telesco Secretarial Services