

Pennsylvania Economic Development Financing Authority

May 21, 2014

A meeting of the Pennsylvania Economic Development Financing Authority (PEDFA) was held May 21, 2014 after proper notice was given pursuant to the terms of the Act of July 3, 1986 (the "Sunshine Act). The meeting was held in PUC Hearing Room #5, Commonwealth Keystone Building, 400 North Street, Harrisburg, Pennsylvania at 11:00 a.m.

The following Board Members were present: Carolyn Newhouse, for the Honorable C. Alan Walker; Paul Wentzel, for the Honorable Glenn Moyer; Michael Vovakes, for the Honorable Julia Hearshway; Jared Grissinger, for the Honorable George Greig; Jason Brehouse, for the Honorable Kim Ward; Elizabeth Preate Havey; and Richard Harper.

The following Board Members were present via telephone; Robert Kane; Franklin Schoeneman; Nicholas Haden; Fred Rinaldi; Timothy Johnson; George Komelasky and Ronald Brown.

The following DCED staff members were present: Stephen Drizos, Executive Director, Center for Private Financing; Carol Longwell, Esq., Office of Chief Counsel, Craig Petrasic, Center for Private Financing; and Melanie Clark, Center for Private Financing.

Ms. Newhouse called the meeting to order at 11:00 a.m.

It was moved by Mr. Harper and seconded by Mr. Grissinger that the Board approve the Minutes of the April 16, 2014 meeting. The meeting was adjourned.

PARK HARRISBURG UPDATE

Mr. Drizos stated, "Today we have with us folks from Trimont, Standard and CREDC. As we promised at the last board meeting they are starting to get a handle on some of the data that they have been collecting."

Mr. Gass stated, "I am with Trimont and we are the asset manager on this transaction. We are employed by PEDFA. Rick West is the parking consultant and will assist us with parking matters and John Kemp is with SP Plus and they are the operator for this particular transaction. Dave Black is also here from CREDC.

We closed on the transaction on December 23, 2013. At this point we are managing garage spaces that total 7,600 spaces, seven garages and two parking lots within the Harrisburg area. We are also managing 1,215 metered spaces and at this point we are looking today to have 11,000 transactions occur within this parking system. To date it has been 1.2 million transactions.

On the project status post-closing, we have been through our transition with the Harrisburg Parking Authority. One of the areas that has been discussed in the past is the transition of certain employees with the Harrisburg Parking Authority to SP Plus."

Mr. Kemp stated, "Currently we have a total head count of 46 and 37 of those are line employees and nine are in a manager advisory role and 15 of the 46 come to us from either the Parking Authority of the City itself."

Mr. Gass stated, "We are also going through the transition with all of the monthly garage contract holders. We have gone through a system of rate changes with some of these different holders. The area that we have spent a lot of time on is with parties that have bills that are not necessary following the path they had followed with HPA for a number of years. Sometimes there is some disagreement on what a payment should be and who payment should be made too. We believe that we have that cleaned up and in a good situation and we have spent a lot of time getting that to where it is.

Also, as part of the transition process, SP Plus has a contract with Comp Plus that is assisting with the enforcement duties for the system."

Mr. Kemp stated, "This was our first initiative and we acted immediately as we took over and it represents an improvement to the on street technology and processes which support not only the collections, but also the enforcement."

Mr. Gass stated, "We have had the 2014 operating capital budgets approved. The approval included debt from the City and HPA and from Assured Guarantee and Dauphin County.

Under operations, we have been working with the trustee of the bonds and established a regular flow of funds on a monthly basis and established a good working relationship with US Bank and we believe we have that process well in hand. Rick West is going to talk about certain initiatives that we have been working on.

Mr. West stated, "One of the priorities with the Park Harrisburg System is the various stakeholder groups that use the parking system, as well as public interactions. We are a parking attendant service we are here to serve users on the system and we need to interact to make sure we are doing that.

A couple examples that we have already accomplished is that we had the first Parking Advisory Committee Meeting, which was the public meeting. One of the things we have heard from the houses of worship and the public comment period are some concerns about the expanded hours of on street parking enforcement. We took a look at the program that was already in place with many churches to give them Sunday parking and we expanded it to deal with weekday and evening parking during the hours of enforcement. There are a lot of committee meetings, as well as Saturdays as well because churches have regular Saturday activities. These are based on flat rate programs that pay a flat fee and get unlimited parking during the hours that are in these programs. We had feedback from service businesses located in the 2nd Street corridor that indicated a change to them with recurring and regular reinforcement and the expanded hours was employee parking. They also mentioned that their employees worked different shifts and the parking programs that existed did not fit their needs. We took a look and found there were some opportunities that we could use two new monthly parking products. The first one we introduced was a reduced rate parking for employees by the month and that

come in any time after 4:00 p. m. and leave by 3:00 a.m. and include three Saturdays and Sundays. It covers people that are working the night and evenings. We went did a little higher price point, which we called the mid-day and weekend for those people who come in after 11:00 a.m. We don't really park cars in that garage that come in on those timeframes that stay for longer than four hours. So we weren't really servicing people that were working in these shifts. We rolled those programs out and it is off to a good start.

The other thing we took a look at was introducing an overnight and weekend resident parking option as well. This option allows a resident for \$60.00 a month who would like to park off street in a covered garage, that they can come in any time after 4:00 p. m. and exit by 9:00 a. m. the next morning and it covers all day Saturday and Sunday and the major holidays. That is another option. We are really pleased with that. In addition, SP reviewed all the existing validation programs and we continue to honor each and every one of those validation programs.

With the revenue side, I have already given the example in the River Street Garage of servicing our constituents better with a revenue enhancement. The two additional examples is that when we took over the management of the parking system the 10th Street lot was closed. We identified that there is an opportunity to reopen it for daily or monthly parking and engaged the local businesses about potentially renting the whole lot. If we don't get the whole lot out to one we would put in a multi-space meter which allows people to rent monthly parking or daily parking.

We also identified that there is growing demand for employee parking in the 7th Street corridor. There is not a lot of off street parking that is satisfying that demand. I took a look at that because we have 105 on street meter spaces in that area, which is barely used, generating an average 45 cents per weekday. We started talking to the area businesses and we will take 90 of those 105 spaces, and we are going to start selling them as permit parking for monthlies. This will support the job creation that is creating this demand and it will be a nice financial benefit to the parking system. The 15 spaces will continue to be available for hourly metered parking for business that will be short term in nature. If the demand changes and there is more demand for hourly parking we will reduce the amount of permits sold and return more spaces to the hourly system. When you have a big system like this you are constantly running into these opportunities for services to enhance revenue.

With regards to Capital Improvements I will focus on the technology. The Park Harrisburg Capital Plan was to replace all of the existing on street technology and brings in the state of the art features and makes sure things are functioning and not breaking, as well as the off street parking garages as well. The age of the on street parking equipment system does cause issues from a service stand point so replacing this equipment will address that. It is not just the equipment, one of the issues when you have an older system like this is everything needs to communicate. There are some communication issues that occur and we have to put in a whole new communications system in each of the garages along with the new equipment system.

To give an update on the on street parking, so far SP has installed and activated 111 new multi-space meters, which will accept coin, debit and credit card. There are an additional 59 multi-space units

that are on order and will be delivered and installed in June. Then we will go into the mid-town area where there are some existing meters and that will be 88 spaces and a few pockets still to be done. Another interesting fact is that in June for the parking spaces on the street with the multi-space meters we are already at the point that 60% of all revenue is being collected by credit and debit card versus coins.

The whole system is driven by license plate numbers. SP has two license plate recognition equipment systems on order that we are expecting in June. With that we will be more efficient. This will go system wide once all the meters are installed within the next 45 days.

Ms. Preate-Havey asked, "Having just parked at one of those new meters, what if there is an error inputting the license plate?"

Mr. Kemp stated, "The technology itself will be programmed with a tolerance level. A character or two off isn't going to result in an automatic violation. Humans are going to be interpreting the data. If you miss the first couple of characters it will be interpreted as a good plate and you will not be in violation."

Mr. West stated, "The best practice is to track all of these things.

The new equipment for the parking garages has been put out to bid and we had six vendors submit bids. We will be making a final selection of which vendor to go with. We expect the new equipment will be going in in July."

Mr. Harper asked, "What is the data retention policy? How long are license plates maintained?"

Mr. West stated, "Our main purpose for maintaining is mainly if violations are issued, to be able to follow up with a violation collection."

Mr. Kemp stated, "We can come back with a firm timeframe."

Mr. Drizos stated, "What we will do for the Board is that on these questions, that we don't have an immediate answer to we will send out the question as well as the answer within the next week or so."

Mr. West stated, "The system that is in place now is predominantly oriented to the monthly parker coming in on a card key credential. Credentials change as technology is changing so for example with the Commonwealth where we have a large group of monthly parkers, we will be using their employee ID instead. That is good for them and the people in the management system. In terms of the transient workers, where people come in and pay by the visit, currently they come in and pull a ticket and most of them will go to a cashier when they exit. One of the limitations to the current system is having cashiers at the exit. Once you get to a point in the day where there is not enough business in the garage you close the garage. That is the way this system is operated. Under the new system we will still have you pull a ticket on the way in and you will be able to park in the garages 24 hours a day. Right now you pull a ticket and then when you are ready to leave the garage is closed you would have to call a

number and wait for someone to come. In the future the ticket will have a bar code and you will swipe it at the door in the elevator lobby and that will allow you in and you will then go to a pay station and pay and pull up to the exit and put your ticket in.”

Mr. Gass stated “The next item on our agenda is the 2014 Reporting. We have completed the first quarter of the year and we are working on reports at this time. We were to have, according to the documents, the first quarter report out by May 15. We are running a bit late since this is the initial population of the accounting system. We expect to have those out by June 15. You should expect to see that the revenues have been lower for the first three months. We have looked to weather as the cause. The revenue that we received both from the meters from the daily garage users and the enforcement we feel was affected by the poor weather we had in the first quarter. We are watching the trend in those particular line items in revenues. In April and May we are seeing a very positive trend that should track towards budget.

We do have sufficient funds in hand at this point to make the first debt service payment due.

We had the first meeting of the advisory committee on February 20. This will define the responsibilities between the Harrisburg Parking Authority, the City and PEDFA, as a result of the sale. We reviewed with the committee issues as described in the Asset Transfer Agreement. We had comments from the public and we expect to have our next meeting with the advisory committee later this summer.

The 2014 projects we have for the parking standards in the long term capital plan, which will required us to present both of those to the advisory committee by March 31. We did deliver a hard draft of those plans to the advisory committee on March 31. It has been under review and we have received some comments from the City and the Harrisburg Parking Authority on the parking standards. We have not received any comments on the long term capital plan. It is our intention per the requirements of the asset transfer agreement to finalize both of these plans by May 31 and then redistribute them to the advisory board.”

Mr. West stated, “The purpose of the parking standards over a life of 40 year agreement is not to say when to watch that window, because the performance standards and criteria for making sure the service levels are being maintained in the system. The two templates that I used in putting together the draft plan was first using Ohio State University. Ohio State University recently went through a public privatization of their on campus parking, which consisted of over 100 service parking lots and 17 garages. That was the template we used for the off street parking system. For the on street parking system we used the City of Charlotte. The City of Charlotte has outsourced their on street parking enforcement for many years to one company, which is Central Parking. We took those two for our on and off street parking here and put them together.”

Mr. Gass stated, “For the sale of the Harrisburg Parking Authority and PEDFA there was a company named Desman that issued a 10 year capital improvement study. We asked Desman to look at that study and revise it and they have provided that 10 year capital projection. We also included the improvements for meters and the garages in that long term capital plan. So in looking at 2014 there is

approximately \$3.9 million budgeted for the meters and the garage improvements. We have a million dollars set aside for general repairs and maintenance on the garage system. We look to continue to evaluate the needs of the garages and one of the items that we have on our list is the lighting. As we move forward we believe that the first five months have given us good information to be able to issue both parking standards and the long term capital plan.”

Mr. Black stated, “As you know CREDC’s roll in this is to be PEDFA’s representative in the system. It has been a nice working relationship. I think we saved PEDFA some phone calls. The communication between our team has been very good. We have tried to be as communicative as possible. We don’t set up regular meetings because we communicate so well between email and phone. The other thing we try to do is provide some communication through the information we get from these gentlemen. If we go back to the advisory committee meeting we had a lot of input from the community. I think John Kemp and the SP Plus team has established relationships in the community with consumers. The instances with the restaurant owners have been very good. The chatter has calmed down and everyone is starting to accept it. What impresses me is the professionalism of its operation and the accountability that will be in place. If you think back to the five months after December 23, when they took over they went from zero to full operation in five months. There has been a lot of moving parts and I think it has run very smooth and I think better days are ahead. John did mention that lighting was one of their priorities. It is for both efficiency and public safety. The professionalism that they bring to the table versus what we had previously in the City is going to be a very positive impact on our City. The most important thing for this group is there will be money to pay the bonds in July.”

Ms. Newhouse stated, “I have had someone approach me relative to the stickers that the residents of the City of Harrisburg purchased in order to park in their specified zones. Is that something you would like to comment on?”

Mr. West stated, “I would like to clarify that the residential parking program in terms of the policies around it and the issuance of permits where permits are required and not required still resides with the City.”

Mr. Harper asked, “The new programs that are in place with the River Street Garage, what is the monthly parking program with time restrictions on it for the employees that are working in the different hours?”

Mr. West stated, “The cards are programmed to the times that they are allowed to park. If they came into the garage and put their card to the card reader it would not open the gate for them. The only way they could get in would be to pull a ticket. However, one of the features of auto card systems is what is called the pass back. If you enter the garage that is an A and if you exit the garage that is B. It is a sequence. If you came in during the correct hours and you were to leave after your correct hours then it would come to the new system that we are installing.”

Ms. Newhouse stated, "You had made a comment about the shifts and the times, for example, someone starting at 4:00 p.m. in the afternoon, does that correspond to the shifts for the companies or organizations in that immediate area?"

Mr. West stated, "That is a discovery for us that we are going through right now. We got feedback from the businesses and then we took a look at the data. There are prep workers that come in so a business is saying that I as an employer will buy a group of monthly parking and I will share the cost and I will be collecting from my employees. We said that is a pilot project with him that we would make it 10:00 a.m. to test that out. It is learning curve."

Ms. Newhouse stated, "It is something that you are reacting to the customers that you have."

Mr. Drizos stated, "The cooperation between this group has been beyond reproach. We talk a couple times a week. Someone took a picture of me using one of the parking meters with my credit card. I was sitting in my meeting and a half hour goes by and I received that text message and I hit the button and I didn't get a ticket. The cooperation and working relationship has been outstanding."

Ms. Newhouse stated, "Thank you for coming in and supplying us with the update."

ADJOURNMENT

It was moved by Mr. Wentzel and seconded by Mr. Harper, that the Board adjourn.