

FINANCE COMMITTEE MEETING

July 16, 2020

Board Committee Members

(all by WebEx)

Ann Ogoreuc, Chair
Jennifer Liptak
Jeff Letwin

Other Board Member

(all by WebEx)

John Tague
Rep. Lori Mizgorski
Michelle Zmijanac
Stephanie Turman
Jessica Walls-Lavelle

1. Approval of Minutes:

The minutes of the June 18, 2020 Finance Committee Meeting were approved.

2. Advertising Sales Year-End Results:

Chief Communications Officer, Jim Ritchie, gave a brief presentation of Port Authority's Advertising Sales Program which surpassed \$3 million in revenue for the first time in the agency's history in the last fiscal year. This represents an 8.8 percent increase over the previous year and a 47 percent increase over the last five years.

He noted that our advertising revenue supports the Authority's operating budget and helps pay for daily expenses. Our projected budget for the current year is \$2.75 million but this will be impacted by COVID-19.

Staff will keep the Committee updated on this situation.

3. June 2020 Financial Statements and Cash Flow:

Chief Financial Officer, Peter Schenk presented the unaudited FY 2020 Operating Budget financial results.

Mr. Schenk stressed to the committee that these were unaudited financial results and that there would be significant entries made prior to the final audited numbers.

He reported that the Authority ended FY 2020 with an unaudited Operating Budget deficit of \$28.55 million. And for the month of June, Total Operating Income was \$6.08 million under budget. Total Passenger Revenue constituted \$5.4 million of this variance.

The preliminary Total Operating Revenue for FY 2020 was \$20.59 million under budget. A shortfall in Passenger Revenue of \$20.32 million due to COVID-19 was predominantly responsible for the variance in Total Operating Revenue. The shortfall in Total Operating Revenue will be included in the CARES ACT invoice for the month of June.

Mr. Schenk then reported that Total Unaudited Expenses for the month were \$9.01 million under budget despite increased payroll expenses for vehicle cleanings and material and supply expenses related to these cleanings.

Total Unaudited Expenses for the fiscal year were \$39.7 million below budget which will assist in preserving CARES Act funding. Mr. Schenk reported that both the Monthly and Fiscal Year Expense levels exclude approximately \$5 million in accrued Salary and Wages.

Total Subsidy for the month was \$37.7 million below budget due to lower Local Subsidy, a timing issue with State Operating Assistance and not using Deferred State Operating Assistance.

The preliminary Total Subsidy for FY 2020 is \$47.7 million below budget due to lower Local Subsidy and not using Deferred State Operating Assistance.

The Authority continues to work closely with Allegheny County on possible ways to mitigate a possible COVID-19 related shortfall in Local Operating Subsidy.

In closing, Mr. Schenk reported that the Authority ended the fiscal year with \$117.78 million in Operating Reserves.

With no further business, the meeting was adjourned.