

FINANCE COMMITTEE MEETING

June 18, 2020

Board Committee Members

(all by WebEx)

Ann Ogoreuc, Chair
Jennifer Liptak
Rep. Austin Davis
Jeff Letwin

Other Board Member

(all by WebEx)

John Tague
Rep. Lori Mizgorski
Michelle Zmijanac
Ann Ogoreuc

1. Approval of Minutes:

The minutes of the May 21, 2020 Finance Committee Meeting were approved.

2. FY 2021 Operating and Capital Budgets Update Presentation:

First at the meeting, Chief Executive Officer, Katharine Kelleman and Chief Financial Officer, Peter Schenk presented the Final FY 2021 Operating and Capital Budgets for consideration.

Mr. Schenk first thanked his dedicated Finance Department staff for their work during the six-month budget process.

Ms. Kelleman continued to stress that despite COVID-19, the Authority will continue to provide a safe environment for passengers and employees alike.

Mr. Schenk reported that the primary difference between the budget presented in May and the final June version was the addition of 10 employees to clean and sanitize our facilities. The FY 2021 Operating Budget has a total of 68 new positions dedicated to cleaning both vehicles and facilities.

Mr. Schenk reiterated that in order to simplify CARES ACT invoicing, the FY 2021 Operating Budget is at pre-COVID-19 levels. Invoices will be the differential between budget and actual results on a monthly basis.

Mr. Schenk reported that due to the impact of COVID-19 on operations and ridership, staff is projecting a deficit of approximately \$21 million, which is better than the year-end projection provided last month. Expense levels for April and May were below budget despite the increased expenses related to COVID-19 cleaning.

Mr. Schenk reported that the Final FY 2021 Operating Budget contains minimal CARES ACT funding as a placeholder to eventually offset reduced Passenger Fares and Subsidies. The actual usage of CARES ACT funding could potentially total tens of millions of dollars during the upcoming fiscal year.

It was reported that the Final FY 2021 Operating Budget is balanced with \$42.7 million in Deferred Revenue that is distinct from CARES ACT funding. The Final FY 2021 Capital Budget is based on receiving the \$114.5 million in State Funding which assumes the continuation of Turnpike Funding to PennDOT.

Both Ms. Kelleman and Mr. Schenk stressed that the Operating and Capital Budgets may need to be re-opened as further financial information becomes available.

3. Proposed Resolution:

The Finance Committee agreed to recommend approving Port Authority's FY 2021 Operating Budget at a total of \$485,661,889 and a FY 2021 Capital Budget totaling \$131,191,888.

4. Financial Report:

Next Mr. Schenk reported on the May Financial Statements. He reported that for the month of May, Total Operating Income was \$7.55 million under budget. For FY 2020, Total Operating Income is \$14.5 million below budget. Both results were directly due to lower ridership related to COVID-19.

It was also reported that Total Expenses for the month were \$3.7 million under budget despite increased payroll expenses for vehicle cleanings and materials and supplies expenses related to these cleanings. Total Expenses from a fiscal-year-to-date perspective are \$30.7 million below budget which will assist in preserving CARES Act funding.

Total Subsidy for the month of May was \$18.35 million under budget primarily due to lower Local Operating Subsidy of \$8.1 million and Deferred Operating Revenue of \$11 million. The Authority continues to work closely with Allegheny County on possible ways to mitigate a possible COVID-19 related shortfall in Local Operating Subsidy. Total Subsidy for the fiscal year is \$9.9 million under budget. CARES Act funding will be utilized to mitigate the net shortfall of revenues plus subsidies less expense.

With no further business, the meeting was adjourned.