

FINANCE COMMITTEE MEETING

March 18, 2021

Board Committee Members

(all by WebEx)

Ann Ogoreuc, Chair

Jennifer Liptak

Gerald Delon

Other Board Member

(all by WebEx)

John Tague

Michelle Zmijanac

Stephanie Turman

Rep. Lori Mizgorski

Jessica Walls-Lavelle

1. Approval of Minutes:

The minutes of the February 18, 2021 Finance Committee Meeting were approved.

2. Presentation:

Chief Executive Officer, Katharine Kelleman, reviewed the fare policy review work of Fare Consultant, Four Nines Technologies. She summarized the items Four Nines Technologies reviewed on industry best practices and the components of the Title VI review that is a requirement of the Federal Transit Administration with any fare change. In addition, Ms. Kelleman reviewed the items that are being recommended to the Board by management for public comment at this time, including the establishment of a three-hour pass for \$2.75 via the elimination of the \$1 transfer charge and the elimination of the 25 cent Stored Value discount and the creation of rolling monthly and weekly passes.

3. Proposed Resolutions:

Chief Financial Officer, Peter Schenk, presented a resolution for Authorization to Proceed to a Public Comment Period for the FY 2022 Proposed Fare Policy Changes. The comment period would be from March 26 to May 5 and include a formal public hearing.

During the public comment period, members of the public will be able to provide comment on the proposed fare policy changes outlined in Exhibit A to the resolution.

The Finance Committee agreed to recommend the resolution to the Board.

Mr. Schenk presented a second resolution to amend and extend an agreement with Brink's U.S., for Armored Car and Cash Management Services.

He reported that In January 2017, the Board authorized a three-year agreement award to Brink's for a total not-to-exceed amount of \$3,500,000 with two additional option years at the Authority's sole discretion.

In April 2020, the Board exercised the first option year until May 4, 2021 and increased the not-to-exceed amount to \$4,268,600.

Mr. Schenk noted that the services provided by Brink's under the contract have been satisfactory.

The Finance Committee agreed to recommend approval of the second option year which would expire May 4, 2022 and increase the total not-to-exceed amount by \$743,400 to pay for the services during the additional year of the agreement.

Chief Legal Officer, Michael Cetra, presented a third resolution to the Committee seeking authorization for Port Authority to Enter into a Second Amendment to the Funding Agreement with the Stadium Authority of the City of Pittsburgh.

Mr. Cetra reported that on April 1, 2015, Port Authority and the Stadium Authority entered into a five-year agreement for North Side T Station free fares. On November 1, 2019, the agreement was extended one year from April 1, 2020 through March 31, 2020.

Since March 2020, the COVID-19 pandemic has adversely impacted utilization of Stadium Authority garages and lots on the North Shore.

The parties have negotiated a one-year extension for \$265,000, but the Stadium Authority would not resume payments until 90 percent utilization of its North Shore garages and lots is met for three consecutive months. In the interim, Port Authority will utilize CARES Act funding to make up the revenue loss because it is directly attributable to the pandemic.

The Finance Committee agreed to recommend the resolution to the Board.

4. February 2021 Financial Statements:

Chief Financial Officer, Peter Schenk, then reported on the February 2021 Financial Statements. He reported that Total Operating Income for the month of February was \$5.5 million under budget. Through February, Total Operating Income is \$44.7 million below budget. Every Operating Income category was below budget for the month and on a fiscal year-to-date perspective due to the pandemic. Lower Passenger Revenues and ACCESS Program Service Revenues constitute the majority of this shortfall.

Total Expenses for the month of February were \$3.9 million under budget and \$31.7 million under budget for the fiscal year. Mr. Schenk reported that if these trends continue, the Authority wouldn't have to use any Deferred Revenues for operating purposes and may even have limited CARES ACT funds remaining to be utilized next fiscal year.

Total Subsidy for the month of February was \$11.4 million under budget due to lower Local Tax Subsidy and no Deferred Revenue recognition.

Total Subsidy for the fiscal year was \$1.4 million over budget and should continue to be over budget as CARES ACT funds are recognized to offset lower Passenger Revenues. Mr. Schenk reported that the Authority ended February with approximately \$136.5 million in Operating Reserves.

With no further business, the meeting was adjourned.

Approved