

FINANCE COMMITTEE MEETING

May 18, 2023

Board Committee Members

Ann Ogoreuc, Chair (in-person)
Jen Liptak
Jeff Letwin

Other Board Member

John Tague (in-person)
Stephanie Turman
Michelle Zmijanac
Ali Doyle

1. Approval of Minutes

The minutes of the April 20, 2023 Finance Committee Meeting were approved.

2. Preliminary FY 2024 Operating and Capital Budgets Presentation

The Committee first received a presentation on the Preliminary FY 2024 Operating and Capital Budgets.

Mr. Schenk reported that the FY 2024 Preliminary Operating Budget totals \$534,266,565 which is a 1.6 percent increase versus the revised FY 2023 Operating Budget. It was also reported that Passenger Revenues have been slowly increasing since the height of the pandemic in FY 2021. Preliminarily, the FY 2024 Passenger Revenues are currently budgeted at a 10 percent increase from projected FY 2023 levels and it was noted that Passenger Revenues since January are on a positive trendline.

The Preliminary FY 2024 Operating Budget Subsidy stakeholder totals \$280 million from the Commonwealth, \$71.6 million from Federal stimulus, \$39 million from Allegheny County and \$3 million from the Regional Asset District. Commonwealth funding is projected to increase by 3.8% versus FY 2023 levels.

The Preliminary Operating Budget assumes contractual increases with all three labor unions of PRT, a merit pool and market adjustments for non-union employees as well as increased pension expenses related to 2022 Stock Market losses. The preliminary budget also includes health benefit increases due to contractual increases with providers and diesel fuel expense increases due to market volatility.

It was also reported that the current 5-year financial plan indicates depletion of federal stimulus and reserves by FY 2028 given certain assumptions. The preliminary FY 2024 Capital Budget is currently set at \$195,185,421 which is a decrease of 31 percent from the revised FY 2023 Capital Budget. The reduction is due to a decrease in BRT funding which was included in the FY 2023 Capital Budget.

The Preliminary FY 2024 Capital Budget primarily consists of debt service, a purchase of 30 40-foot diesel buses and funding for various Fixed Guideway and Facility Improvement programs.

3. Financial Statements

Next, the April financial results were presented to the Committee.

Mr. Schenk reported that Total Operating Income for the month of April was \$307,081 over budget due to higher Interest Income on cash reserves. Passenger Revenue for the month was only marginally below budget by \$8,940.

Total Operating Income for FY 2023 is \$1.9 million under budget for the fiscal year due to lower Passenger Revenue which is partially offset by healthy returns in Interest Income.

Total Operating Expenses in April were \$1.35 million below budget due to lower Materials & Supplies expense. Lower expense levels in the Materials and Diesel Fuel line-items accounted for \$1.15 million of this variance.

Total Operating Expenses fiscal year-to-date continues to trend below budget by \$40.5 million. Approximately \$20.47 million of this variance is due to lower Wages & Salaries and Employee Benefits related to vacant positions.

Total Subsidy for month is slightly below budget by \$340,609 primarily due to lower State Operating Assistance related to ACCESS match. Total Subsidy for FY 2023 is \$5.05 million below budget due to lower State Operating Assistance and ARPA invoicing which will normalize by year-end.

Finally, it was reported that PRT ended the month of April with approximately \$183.5 million in cash reserves.

With no further business, the meeting was adjourned.