PARTA
PORTAGE AREA REGIONAL TRANSPORTATION AUTHORITY

BOARD OF TRUSTEES MEETING MINUTES

Held Remotely Via Zoom

February 25, 2021

Board Members Participating:

Karen Beck                       Virginia Harris
Jeff Childers                    Michael Lewis, Vice President
Debbie Davison                   R. T. Mansfield
David Gynn, President            Jack Murphy

Frank Vitale                     Karen Wise, TPO
                                  Marvin Woods

Staff Participating:

Denise Baba                     Justin Markey, Legal Counsel
Marcia Fletcher                 Clayton Popik
Kelly Jurisch                   Rebecca Schrader
                                  Brian Trautman

Board Members Not Participating:

Marge Bjerregaard (2nd unexcused absence)    Morgan Tipton (1st unexcused absence)
Richard Brockett (1st unexcused absence)

Guests Participating:

None.

CALL TO ORDER

President David Gynn called the PARTA Board of Trustees meeting to order at 7 p.m. He asked Ms. Marcia Fletcher to call the roll.

Ms. Fletcher then called the roll, and a quorum was participating.

Mr. Gynn noted that Ms. Claudia Amrhein was not participating in the meeting tonight because her husband was taken to the hospital as an emergency with a heart issue. He said she wanted to stay close to her phone since she was not able to go to the hospital with him because of the pandemic. She will keep the Board updated when he comes home or if it becomes more serious. He does not recall her ever missing a meeting. He said Ms. Amrhein informed him that Ms. Kelly Jurisch and Mr. Brian Trautman would stand in for her and answer every question.

Ms. Jurisch and Mr. Trautman said they would do their best.

Mr. Gynn said next is the minutes from the January 28, 2021, meeting. He asked for a motion for approval. Ms. Karen Beck made a motion to accept the minutes as presented, which was seconded by Ms. Virginia Harris. Mr. Gynn asked if there were any questions or discussion about the minutes. Hearing none, he asked all those in favor of approval to say aye. He said any opposed, please say no. Hearing no opposition, he said the motion to approve the minutes, as presented, passed unanimously.
GUEST COMMUNICATIONS

Mr. Gynn said there were no Guest Communications because of COVID-19.

GENERAL MANAGER’S REPORT

Mr. Gynn said he hoped everyone had a chance to read the General Manager’s report. Tonight’s meeting will probably be a little shorter than usual so if anyone did not have a chance, they should take the extra time to read Ms. Amrhein’s report, as well as the Transit Trends that were attached. She points out that this is a critical time for funding. The current budget, which is expiring, funds transit at $70 million. The proposed budget will fund transit at $7.3 million, which is about a 90% decrease. If anyone has any influence with legislators, they are urged to do what they can before that budget passes. Her other attachments had to do with the history of rental at Kent Central Gateway (KCG) and where it is now. At the last PARTA Board meeting, a resolution was approved for her to enter into an agreement with the City of Kent for additional use. Those negotiations are ongoing and there are many unknown pieces. He asked if there were any questions for Ms. Jurisch or Mr. Trautman or if they had anything to add.

Ms. Jurisch said Ms. Amrhein just asked her and Mr. Trautman to do what Mr. Gynn did, which was to point out how critical it is right now for lobbying for the budget and that PARTA has had representatives and senators from Portage County on site talking about the budget process and how things are moving. Everyone is hopeful that changes will be made.

Mr. Gynn said he talked with Ms. Amrhein about how many legislators don’t use public transportation other than airplanes and yet the people who rely and depend on public transportation are not able to run for public office to make an effective change. So, it may not be a surprise that the people who make the decisions do not have an affiliation with the people who need the services. He applauded PARTA for having the legislators visit and said it was good to hear some of their comments about PARTA’s services. This is really a big operation and to see it firsthand was very good for transit week. Ms. Amrhein is very willing and always has time for questions or to chat. He suggested Board members email or call her. He said she places her role and responsibility to the Board very high and would take time for a call even if it is just for information or to offer an opinion.

Mr. Frank Vitale asked Ms. Jurisch what she thought was behind this drastic cut in the budget.

Ms. Jurisch said one of the things that has been brought up is the $4 million in CARES Act money that covered transit centers during this time when the revenues coming in had decreased. The CARES Act money will not carry PARTA through the next several years, but the state money would. This is what needs to be pointed out to the legislators.

Mr. Trautman reminded everyone that a gas tax increase was passed a year or two ago in the state of Ohio and the Ohio Department of Transportation (ODOT) was counting on quite a big increase in revenues based on that gas tax increase. When COVID-19 came and travel was so drastically reduced, the revenues into ODOT were obviously reduced, which is reflected in this budget. Unfortunately, it is nothing new that transit ends up taking a hit when it comes to budget cuts. Ms. Amrhein, in her role with the Ohio Public Transit Association (OPTA), along with several other general managers, testified in Columbus. There was an update yesterday on an OPTA call with all the transits in the state and the lobbyists said unequivocally that the work of Ms. Amrhein and the others who testified drastically moved the needle and had a high impact. They expect to see some revenues come back into that line item. It is not expected to be $70 million but there has been talk about $56 million or $54 million. It is, without a doubt, directly related to bringing in the representatives and the work that Ms. Amrhein has been doing in Columbus. She would never say that, but that has been very much a part of the impact of what has made a difference.

PARTA Board Meeting Minutes
February 25, 2021
Mr. Gynn said Ms. Amrhein’s report also notes that a legislator was quoted as saying that Ohio has one of the most up-to-date fleets that can be found anywhere; therefore, no more funding. One of the other statistics in her report is the amount that Ohio spends annually on transit compared to nationwide. In 2018, Ohio spent 63 cents per person per capita and the average was around $85 per person per capita. As important as transit is, it is shameful how little Ohio spends on it.

ADMINISTRATION COMMITTEE REPORT

Mr. Gynn said the Administration Committee did not meet and was not scheduled to meet this month.

FINANCE COMMITTEE REPORT

Mr. Gynn said the Finance Committee met and did a wonderful review of last year as reflected in the minutes that were sent out. He then turned the meeting over to Mr. Mike Lewis for his report.

Mr. Lewis thanked Mr. Gynn and said the Finance Committee reviewed year-end and comparison numbers. He said he would start with some information and then would call on Ms. Rebecca Schrader to give the yearly comparison. Overall, Operating Revenues plummeted, which was reflected in the revenue variance to budget. The biggest one was KSU Revenues, which was down $672,002 compared to budget. Farebox & Ticket Sales was down $148,722. Sales Tax Revenues was $343,248 over budget. The CARES Act money was a big help this year with everything that had to be done to be compliant, safe, and continue operating during COVID-19. The expenses were well managed. A couple things went over budget to stay compliant, such as Professional/Tech Services and Capital Maintenance Service. Employee Health Insurance was slightly over due to a change that came after the budget was prepared. Year-to-date, which was the end of year, looked pretty good. The budget year-to-date was $663,673. Actual was $5,591,511, of which a little bit over $4 million was from the CARES Act. More money is expected in 2021 to help moving forward. He then asked Ms. Schrader to give the yearly comparisons. He noted that Ms. Schrader reminded everyone that the reports are unaudited so there might be slight changes after they are audited but most are spot on.

Ms. Schrader shared her screen and said Ms. Fletcher did email these reports out late this afternoon. The comparison spreadsheet shows 2018, 2019, the budget for 2020, and actual year-to-date 2020. Comparing 2019 to 2020, Farebox decreased 48.3% and Agency Cash Grants and Reimbursements decreased 40.3%. Agency Cash Grants and Reimbursements increased 25.3% comparing 2018 to 2019. KSU Revenues decreased 26.3% from 2019 to 2020, which is a large dollar amount. State Capital Maintenance Assistance was all over the board. In 2018, it was $240,218, and then it was $194,962 in 2019. In 2020, part of the state funds came from a competitive grant through the OTP2 program. Usually, State Capital Maintenance Assistance is somewhere around $200,000. Decreasing that by 90% would greatly impact the budget. Federal Capital Maintenance Assistance fluctuated back and forth from $800,000 to $1 million. Sales Tax Revenues increased by 6.4% from 2019 to 2020. From 2018 to 2019, it decreased 2.1%, which is why the budget is very conservative. In 2020, Other Revenues came in from the extra maintenance for Family & Community Services and Head Start and selling old buses that had reached their useful lives. The Bureau of Workers’ Comp refunded about $70,000 at the end of the year, which she forgot to mention at Tuesday’s Finance Committee meeting, but she added it as a note in the Finance Committee minutes.

Moving on to the expenses, Ms. Schrader said Operators Salaries and Wages decreased by 11.4% for 2020 and Students Salaries and Wages decreased by 44.4% because there was not as much service on the road. There was a lot of service on the road for county but some of the demand was down. Because of online classes, virtual classes, and the campus being closed, there were not as many student routes as normal. Capital Maintenance Service did not go over budget, some things just got moved around. There was a budget change toward the end of the year, which she will discuss in more detail with the Finance Committee during Old Business next month because it is a little complicated. Overall, expenses decreased 5.9%, which helped with the surplus.
The next report, Ms. Schrader said, shows the same data with some different comparisons. Operating Revenues include Farebox, Agency Cash Grants and Reimbursements, and KSU Revenues. Out of the $14 million in Total Revenues for 2020, $2 million is Operating Revenues. In 2018, it was $2.8 million; and in 2019, it was $2.9 million. Operating Revenues decreased 30% from 2019 to 2020. In 2018, Operating Revenues paid 31% of the operating expenses. In 2020, Operating Revenues paid 24% of expenses. The expenses were still there but there was less revenue from the operating side, which is important to know. Sales tax is one of the biggest revenue generators. In 2018, 56.5% of Total Revenues was from sales tax. In 2020, because of the CARES Act money, sales tax was 41.3% of Total Revenues. Taking out the $4 million of the CARES Act money, sales tax would have been 86.7% of Total Revenues. That is how much PARTA relies on that revenue stream. Those are the major points. She then stopped sharing her screen and turned the meeting back over to Mr. Lewis.

Mr. Vitale noted that taking out the $4 million from the CARES Act, Total Revenues still total $10 million. Somebody in the state house could look at that unaudited statement for the period and say the CARES Act gave PARTA $4 million more in Total Revenues. In previous years, PARTA had revenue of $10 million and was able to stay afloat. At first glance, it looks like PARTA would have been in the same place revenue wise without the CARES Act money.

Ms. Schrader said monthly expenses are about $600,000. PARTA was lucky that sales tax continued to trend the way it did. Sales tax revenue was much less in many counties. That money was used to continue paying wages and keep buses on the road during this time. If revenue is not consistent, looking out five (5) years, PARTA will not be able to sustain its operations at that same level. Additionally, local match is still needed for capital projects.

Mr. Lewis said State Capital Maintenance Assistance was a jump of about $700,000. At first glance, Mr. Vitale is right, but it is the adjustments within those numbers, whether it be the wages that were paid or the expenses that decreased. The revenue money shifted. PARTA counts on those top three (3) line items, which were down. Trying to get those back was more concerning.

Mr. Trautman said one of the things to take away from what this shows with the CARES money is what it means next year. The 86.7% of what Total Revenues would have been without CARES money is what PARTA will be going up against in the future because CARES Act money was a one-time deal, and it covered a situation where revenue from Kent State University (KSU) decreased. The contract was still in place, but PARTA was not running the hours that it originally contracted for with them. PARTA lost its revenue stream with Portage County Job and Family Services (PCJFS) and Portage County Board of Developmental Disabilities (PCBDD) because it was not doing anywhere near the amount of transportation for them as previously. The CARES Act money came in at a time when PARTA was being asked to stay on the road and keep people moving to and from essential services. It did fill in that gap. The problem, and the thing to keep in mind from an operational standpoint, is what that will look like next year if PARTA does not recover with KSU, PCJFS, and all the supplemental contracts. What is that going to do for PARTA when it comes to an operating expense with that kind of a deficit. That is what must be considered navigating forward because those monies may or may not be there.

Mr. Lewis thanked Mr. Trautman and said if there are no other questions, this is a great segue into the Capital Finance Report. There were some expenses that were booked in December. The biggest one was the purchase of three (3) of the five (5) buses, two (2) of which arrived in January. Those will show up on next month’s reports. Invoices were booked for the Bus Storage Facility and the Wash Bay. As to the Restricted money, there is $2.9 million set aside. About $1.6 million of that is for Future Capital Projects and the rest is already accounted for. He asked if there were any questions on PARTA. Hearing none, he moved on to KCG.

Mr. Lewis said everybody knows what is going on at KCG because everything has been the same throughout the year. The end of year numbers were as expected at $135,820 under budget. The variance to budget for revenues was $275,399 under budget because of Hotel Overnight Parking, Monthly Parking Passes, and Daily Parking Revenue. He hopes that KCG can start coming back out of that in the second
half of the year as things start to get to a new normal. On the expense side, things were pretty much in line. They were reduced where they could be. The only one that was over was Other Services, which had to do with some changes with the security company. He then asked Ms. Schrader to share her screen and talk about the yearly comparisons.

Ms. Schrader shared her screen and said Hotel Overnight Parking decreased 60% and Daily Parking Revenue decreased 73% from 2019 to 2020. Luckily, Monthly Parking Passes stayed relatively the same. That helped a lot, as well as the Retail Revenue and 2nd Floor Revenue. Total Revenues decreased 41%. Parking Revenue, which includes the top three (3) line items (Hotel Overnight Parking, Monthly Parking Passes, and Daily Parking Revenue), decreased 45% from 2019 and 2020. Salaries and Wages decreased 7%. Employee Health Insurance increased 27%. Professional/Tech Services, Other Services, and Other Materials and Supplies decreased. Total Expenses decreased 10% from 2019 to 2020. There was a $135,820 Operating Deficit with the Depreciation Expense at $58,546 for a total Gross Operating Deficit of $194,365, which will be shared between the City of Kent and PARTA.

Mr. Lewis asked if anybody had any questions on KCG.

Mr. Vitale asked why PARTA owned KCG and why they did not sell it. He said it is a beautiful building but does not look like something PARTA should be in. He asked why it could not be sold to KSU because the hotel, university, and city are the biggest users of it.

Mr. Trautman said right before COVID-19 hit, KCG was starting to make a profit. It would be hard and a rash decision at this point to say PARTA should abandon ship because of a deficit situation with KCG. KCG has some other potential that is being worked on right now when it comes to the first floor and some of the empty spaces. Ms. Amrhein is working on a project with RLB Phoenix and if it plays out the way it is being mapped out, PARTA will make more money than what was being made under the Master Agreement with RLB Phoenix but that is all just conjecture at this point. The deck was poised to be profitable in 2020. He understands from a business point of view where Mr. Vitale is coming from but trying to gauge the deck and its success potential and/or ratio based on 2020 would be a mistake. He asked why KSU would step up to the plate and buy a $25 million facility right now when they have 75% to 90% of their students working online.

Mr. Vitale said nobody knows how this is going to unfold but it appears that more people will be working from home. Many are going to come back, but the reality is things have changed. The hotels will never be what they were before. If someone is working from home, they do not need to go to the parking garage. PARTA’s customers do not go to the parking garage. They come on the buses.

Mr. Trautman said KCG is more than just three (3) levels of parking. It also is a transfer center for buses. Without getting into too much long-term planning discussion, he has been doing a lot of research on and spec writing for some open sided trolleys and other things that look toward attracting choice ridership. The downtown area is not going to just fold up and go away. The investment in downtown is phenomenal, and it is a great place to be. Other facets of transit are being looked at that will give PARTA more of a long-term sustaining presence than just line and demand response service. PARTA is developing HVAC systems with Thermo King and Trane that have infrared systems inside that are killing germs that are going through the air conditioning systems. There are all kinds of things going on in the industry right now that will allow for changes in people’s perspective and approach to transit, hotels, etc. Hotels are not going to fold up and go away. They are going to figure out a way to keep people safer and more comfortable. Now would be a horrible time to try to sell KCG.

Mr. Vitale said maybe PARTA should get some partners to share in the loss, break even, or whatever might come of it.

Ms. Jurisch noted that PARTA does have that partnership with the City of Kent (it is referred to as the Waterfall Account).
Mr. Jack Murphy asked when the last rate increase was and if that would help with the deficit. He asked if surrounding garages did something similar and how they accounted for those kinds of deficits.

Mr. Trautman said there have been rate increases the last three (3) years. He just put this information together for Ms. Amrhein because PARTA has a meeting tomorrow at 10 a.m. with the City of Kent to go over last year. He is sure she would share that information with anyone who wanted to look at it. It shows what was increased and what stayed the same based on COVID-19. PARTA tried to balance that out a little bit with the partners based on their situation and whether they were in a loss revenue state and what they could handle at the same time because even with the hotel, everyone has been trying to help each other whenever and however they can because people are struggling at different times. The hotel is coming back. There are more people and sports teams staying there now, and charter buses are appearing on Erie Street from time to time. That has not been seen for a while. The Crooked River Arts Council did cancel some of the earlier summer festivities, but he does not think they have cancelled the entire summer.

Ms. Jurisch said they have pushed off any festivities until July. There is hope in 2021 for KCG.

Mr. Murphy said some other organizations are still trying to plan events downtown this year.

Mr. Lewis concurred and said other groups are looking later into the year, after July. One of the numbers that jumped out at him was the number of cars that go through KCG. January 2020 had 8,024, February had 9,642, March had 5,082, April had 785, and May had 1,535. The cars need to get back through the deck to get that number up. He thinks that will work over time but it was a hit to 2020, which is something that cannot be planned for. He asked if there were any other questions.

Ms. Schrader said one other thing to point out is that KCG was not eligible for federal or state grants and it was not eligible for any of the PPE loans.

Mr. R. T. Mansfield said so much grant money was received for KCG, he does not think there is any way in the world the assumption should be that there are not many strings attached to that grant. There is no selling this garage. That is never going to happen. People are starting to get vaccinated. Everyone just needs to have some patience and things will get better.

Mr. Gynn said this year was abnormal. KCG has become a little more profitable every year. No one knows what is going to happen, but everyone can be relatively sure that it is going to improve in the next year. He thanked Mr. Lewis for his report.

OPERATIONS COMMITTEE REPORT

Mr. Gynn said the Operations Committee did not meet and was not scheduled to meet.

PERSONNEL COMMITTEE REPORT

Mr. Gynn said the Personnel Committee did not meet and was not scheduled to meet.

OLD BUSINESS

Moving on, Mr. Gynn said there was no Old Business.

NEW BUSINESS

Mr. Gynn said there was no New Business.
Resolutions

Mr. Gynn said there were no resolutions. In the next few months, there will be resolutions for a temporary lease agreement and transit bus and construction contract awards.

Mr. Gynn said he does not believe there is any reason for an Executive Session.

ADJOURNMENT

Mr. Gynn asked Mr. Justin Markey and the staff if they had anything to add. Hearing nothing further, he thanked the staff for their hard work and asked for a motion to adjourn. Mr. Mike Lewis made a motion to adjourn the meeting, which was seconded by Mr. Jack Murphy. Mr. Gynn asked all those in favor to say aye. Those opposed, say no. Hearing no opposition, the motion to adjourn passed unanimously.

The meeting adjourned at 7:49 p.m.

Respectfully submitted,

Marcia Fletcher
Executive Assistant