

CATS Finance Management during COVID

Presented by
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Agenda

- ▶ **Overview - CATS Finance Team & Management**
- ▶ **Where we Were and Where we Are with the COVID Impact**
- ▶ **Where we are Going**

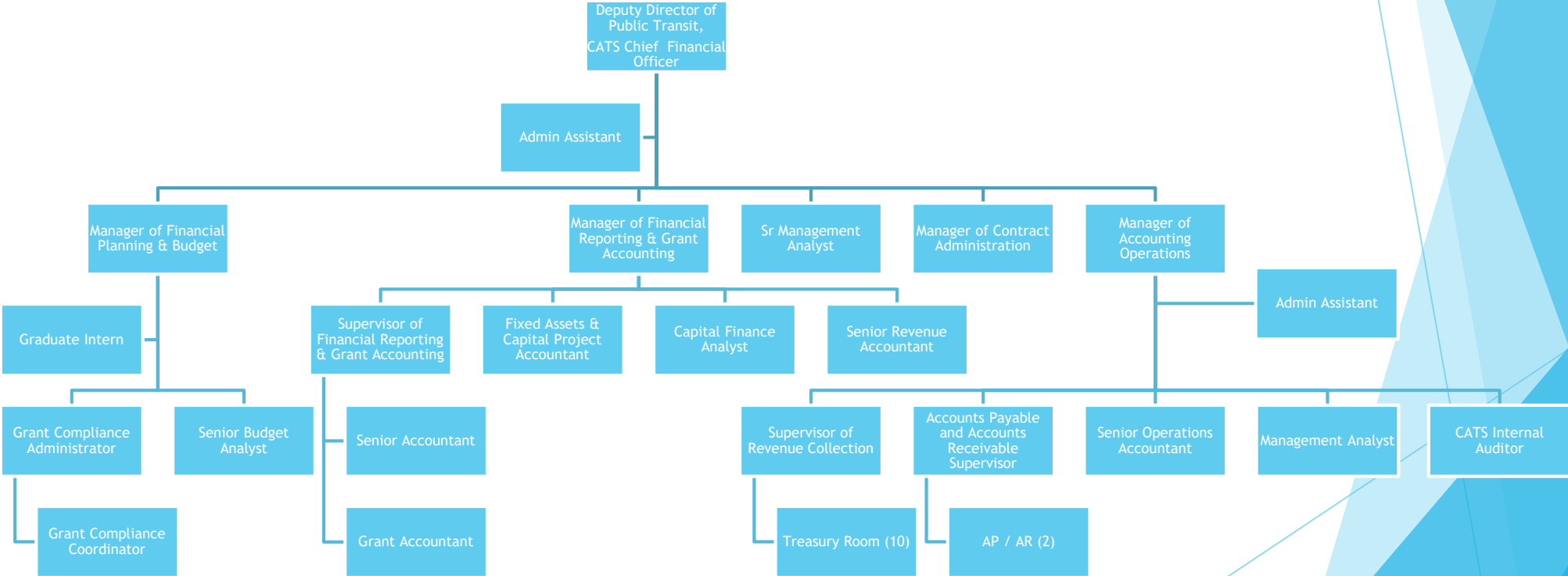
Overview - Charlotte Area Transit (CATS)

- ▶ Department within the City of Charlotte (Enterprise Fund)
- ▶ Metropolitan Transit Commission (MTC) provides oversight and management of CATS
- ▶ Governed by MTC Financial Policies and City Policies

Overview -Charlotte Area Transit-Finance Team

- ▶ Manage all financial aspects for CATS' transit administration, operations, maintenance, safety and security, project development, and capital projects including long-range financial planning, budget development, grant administration, debt financing, accounting operations, financial reporting, grant accounting, and revenue collections.

Overview - Charlotte Area Transit-Finance Team



Overview - How CATS is Funded

- ▶ Passenger Fares
- ▶ Dedicated Sales Tax
- ▶ Federal and State Grant Awards
- ▶ State Maintenance Assistance Program (SMAP)
 - ▶ Annual Allocation from North Carolina Department of Transportation for Operating expenses
- ▶ City of Charlotte Maintenance of Effort
 - ▶ Annual Allocation from the City of Charlotte for Operations
- ▶ Service Income - Advertising and Parking Revenue
- ▶ Service Reimbursements

How are you Funded?

Overview - CATS' Budget Process

- ▶ Kick-off Meeting
- ▶ Status Quo - Detailed Budgeting
- ▶ Division Workshops and Meetings
- ▶ Various Trend Analysis
- ▶ Collaboration with Planning for Ridership projections
- ▶ Priority Ranking for anything above Status Quo - depends on funding availability
- ▶ Collaboration with City Budget Staff - Sales Tax Trends & Assumptions

Key Budget Presentations & Approvals

- ▶ Citizens Transit Advisory Group
- ▶ Metropolitan Transit Commission
- ▶ City of Charlotte Council

CATS Financial Reporting Process

- ▶ Accrual Basis
- ▶ Detailed Analysis
- ▶ Monthly Closings
- ▶ Coordination with City of Charlotte Financial Reporting Team

Financial Reports

- ▶ National Transit Database (NTD)
- ▶ North Carolina Department of Transportation Operating Statistics Report
- ▶ Enterprise Fund within City of Charlotte CAFR
- ▶ Federal Financial Reports (FTA & FRA)
- ▶ Performance Measures
 - ▶ American Bus Benchmarking Group (ABBG)
 - ▶ Benchmarking Group of North American Light Rail Systems (GOAL)
 - ▶ CATS Trax - Internal Dashboard
- ▶ Monthly Financial Reports for Major Capital Projects
 - ▶ Blue Line Extension
 - ▶ Charlotte Gateway Station
 - ▶ Goldline Phase I
 - ▶ Goldline Phase II

Overview - CATS' A/P, A/R, and Revenue Collection

- ▶ Revenue Collection - Fareboxes and TVM's
- ▶ Vendor Payments and Customer Billings
- ▶ Analysis of Outstanding Vendor Payments & A/R
- ▶ Fare Study - Rates & Equity Analysis
- ▶ Property Office - Asset Management
- ▶ Internal Audit of Key Areas & Federal Acquisition Regulation (FAR) review

COVID -19 Timeline of Events

March	<p>March 10th, 2020</p> <ul style="list-style-type: none">• NC Governor Roy Cooper declared a State of Emergency and Safer at Home Order
March	<p>March 23rd, 2020</p> <ul style="list-style-type: none">•CATS suspended fares for all services
March	<p>March 27th, 2020</p> <ul style="list-style-type: none">• Statewide stay at home order issued until April 29.• Coronavirus Aid, Relief, and Economic Security (CARES) signed into law
April	<p>April 2nd,2020</p> <ul style="list-style-type: none">• FTA announced \$63,620,890 in CARES funding for CATS
June	<p>June 8th, 2020</p>

COVID-19 Timeline of Events

December	<p>Dec 27th, 2020</p> <ul style="list-style-type: none">• Coronavirus Response and Relief Supplemental Appropriations ACT (CRRSAA) signed into law
January	<p>January 11th, 2021</p> <ul style="list-style-type: none">• FTA announced \$52,345,661 in 5307 funds and \$166,938 5310 funds available through CRRSAA for CATS
January	<p>January 31st, 2021</p> <ul style="list-style-type: none">• CDC announced a federal mask requirement for transit systems following the Presidents Executive Order on January 21st, 2021
March	<p>March 11th, 2021</p> <ul style="list-style-type: none">• American Rescue Plan (ARP) signed into Law

COVID - 19 Timeline of Events

March	<p>March 29th, 2021</p> <ul style="list-style-type: none">• FTA announced \$88,134,579 in 5307 funds and \$166,940 in 5310 funds available through ARP for CATS
April	<p>April 30th, 2021</p> <ul style="list-style-type: none">• TSA extended the face mask requirement for all public transportation networks through September 13, 2021
May	<p>May 14th, 2021</p> <ul style="list-style-type: none">• NC Governor lifted COVID-19 restrictions, lifting mask mandate for vaccinated individuals
June	<p>June 11th, 2021</p> <ul style="list-style-type: none">• FTA Announced \$11,122,146 in 5309 funding for CATS Gold Line Project available through ARP

COVID Impact- Finance Team

- **COVID Changed Everything except our Due Dates**
 - ✓ MTC Budget Adoption
 - ✓ NTD
 - ✓ CAFR
 - ✓ Year End Schedule
 - ✓ City Budget Schedule

Did your Agency modify reporting deadlines as a result of the pandemic?

COVID Staff Impact- Finance Team

- **Mask and Social Distancing Restrictions**
- **Modified Work Schedules**
 - ✓ In Person
 - ✓ Remote
 - ✓ Staggered
- **Office Relocation**
 - ✓ 9th Floor to 8th Floor
 - ✓ 8th Floor to 7th Floor
- **Meetings via WebEx, Microsoft Team, Go-To Meetings, Zoom, etc.**
- **Vacant Positions Frozen, Staff Shortages, Increased task for existing staff**

COVID Staff Impact- Finance Team

- **Elimination of Desktop Computers**
 - ✓ Laptops and Docking Stations issued to all Staff
- **Elimination of Desk Phones**
 - ✓ Headphones issued to all employees
 - ✓ City Issued cell phones
 - ✓ Jabber software installed to allow phone calls through Laptop
- **Modified Work Processes**
 - ✓ Wet to Electronic signatures
 - ✓ DocuSign
 - ✓ Adobe Pro

COVID Budget Impact- FY2020 Updated Projections

- **Ridership Decline**

- ✓ 11% decrease from FY2019 actuals to FY2020 projected

- **Service Reductions**

- ✓ Bus - Weekday Service based on Saturday Schedule
- ✓ Rail – Weekday and Saturday based on Sunday Schedule

- **Suspension of Customer Fares**

- ✓ As of March 25, 2020

- **Sales Tax Revenue**

- ✓ Decrease in Sales Tax Revenue Projections

COVID Budget Impact- FY2021 Budget

- **Decrease in Customer Fares**
 - ✓ Based on decreased ridership
- **Decrease in Sales Tax**
 - ✓ Based on current trends with an average 4% decreases
- **Reductions in Operating Costs**
 - ✓ Staggered Staffing, Overtime, Fuel Costs, Utility Cost (Electricity)

COVID Impact- FY2021 Anticipated Service Reductions

Service Reductions and Anticipated Changes				
Bus	Date	Service Level	Revenue Hours per Weekday	Description
	Mar-20	Saturday w/ Express	1,856	Saturday with limited express, with Sunday Schedule
	Jun-20	Saturday w/ Express	1,856	Saturday with limited express, with Sunday Schedule
	Oct-20	16% Increase	2,153	frequency improvement to core routes
	Feb-21	18% Increase	2,540	frequency improvement to express, secondary routes
	Jun-21	Full Service	2,767	full weekday service
Light Rail	Date	Service Level	Revenue Hours per Weekday	Description
	Mar-20	Sunday (20 min)	115.7	regular Sunday service on weekday
	Jun-20	Sunday (20 min)	115.7	regular Sunday service on weekday
	Oct-20	Saturday (15 min)	153.9	regular Saturday service on weekday
	Feb-21	Weekday (9 min)	219.9	weekday 9-min headway
	Jun-21	Weekday (9 min)	219.9	weekday 9-min headway

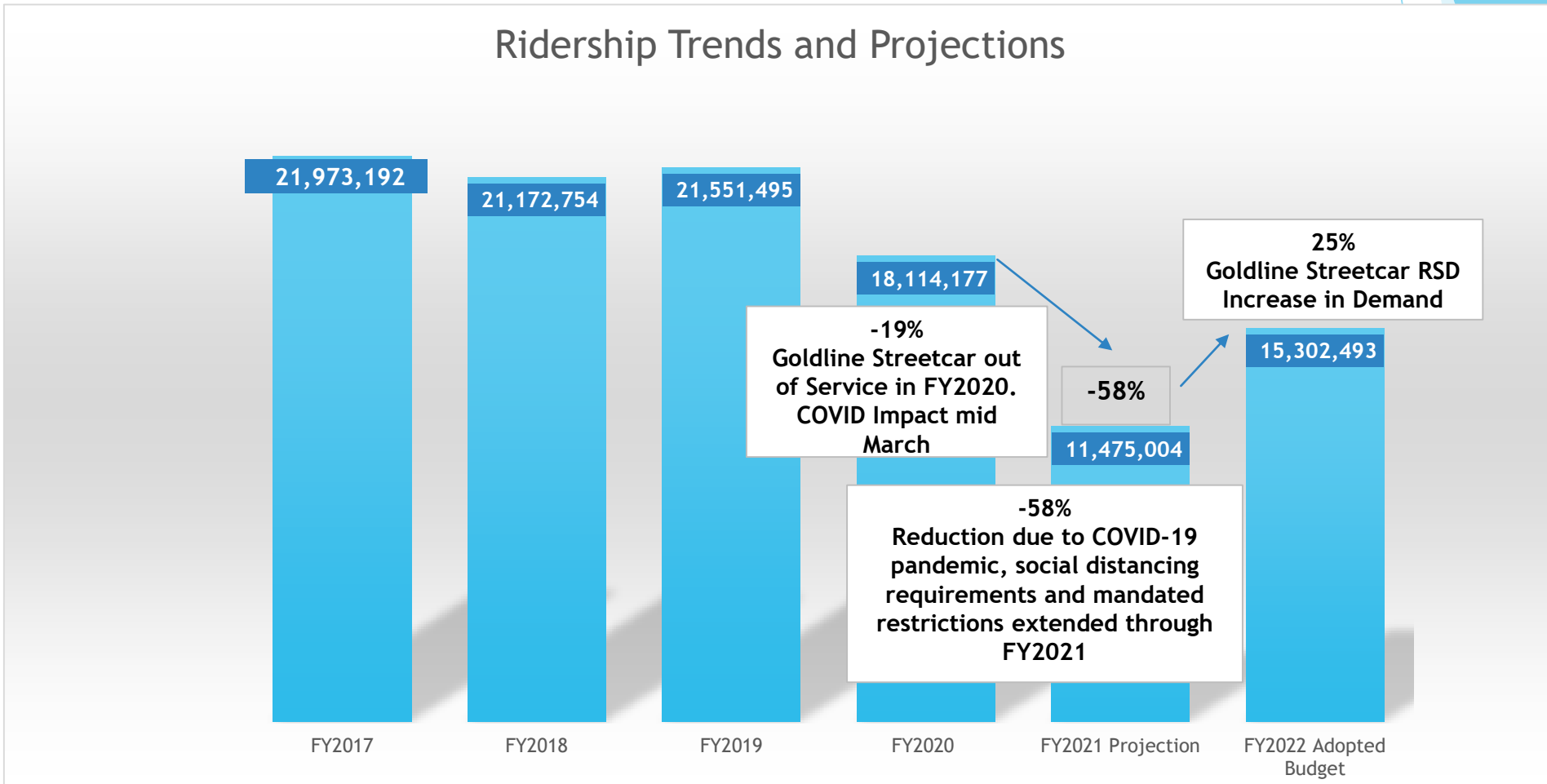
COVID Budget Impact- FY2022 Budget

- **Virtual Budget Kick off**
- **Elimination of In person Division Meetings**
 - ✓ Budget Request and submissions submitted via designated email address (CATS Budget Team)
- **Virtual Presentations**
 - MTC
 - CTAG
 - TSAC
 - City Council & Budget Committees
- **Budget Staff worked in person while complying to CDC social distancing and Mask requirements**

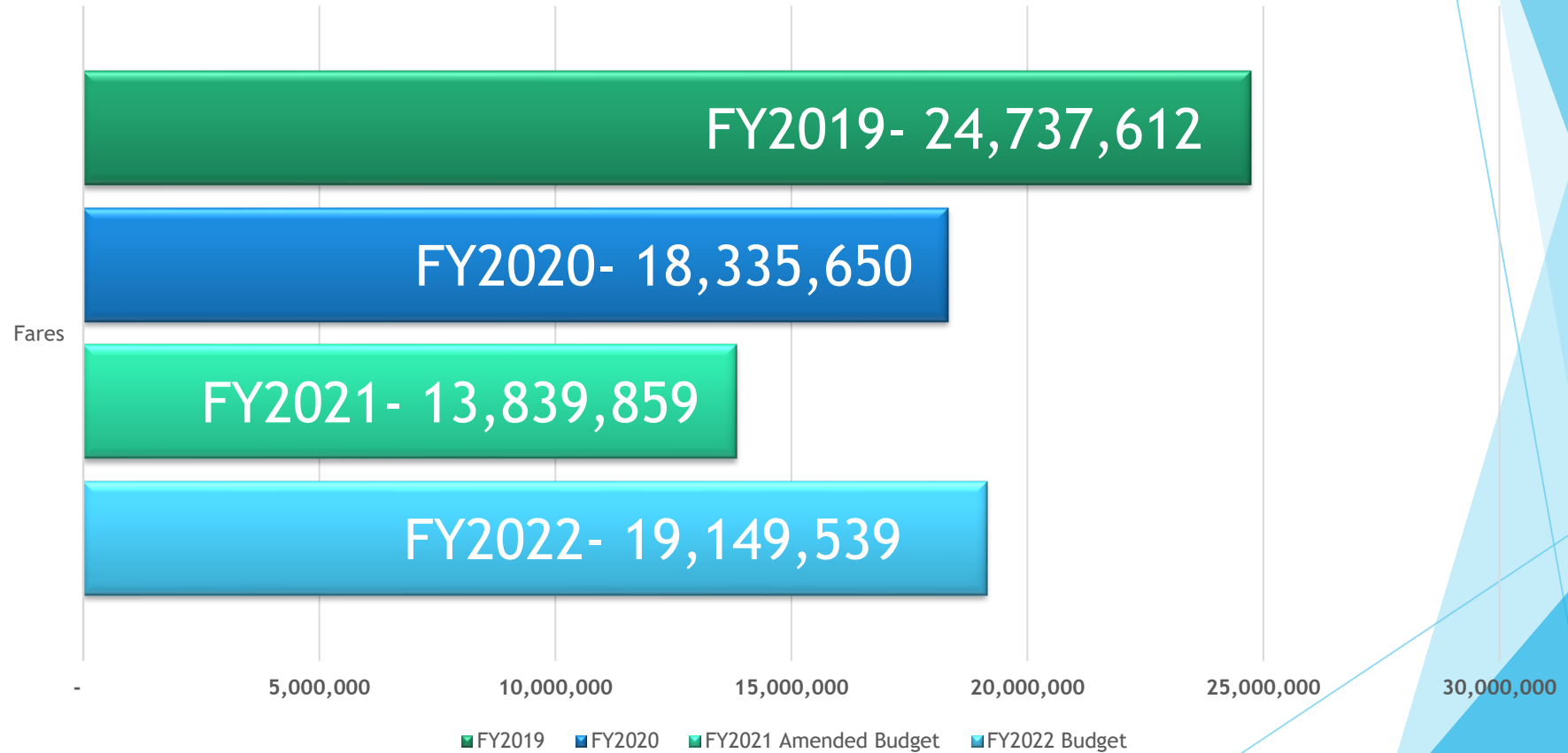
COVID Budget Impact- FY2022 Budget

- **Only grant funded FTE's approved**
- **Increase in Sales Tax**
 - ✓ 2% increase from FY2021 Amended Budget to FY2022 Adopted Budget based on current trends
- **Increase in Fare Revenue**
 - ✓ \$5.3M increase
 - ✓ Based on anticipated demand increase
 - ✓ Full Year of Goldline Phase II paid service
- **Decrease in Operating Assistance**
 - ✓ \$3.1M decrease
 - ✓ Reduction in CARES funding allocated to Operating Expenses and Revenue Shortfalls
 - ✓ Elimination of Federal CMAQ funding for BLE

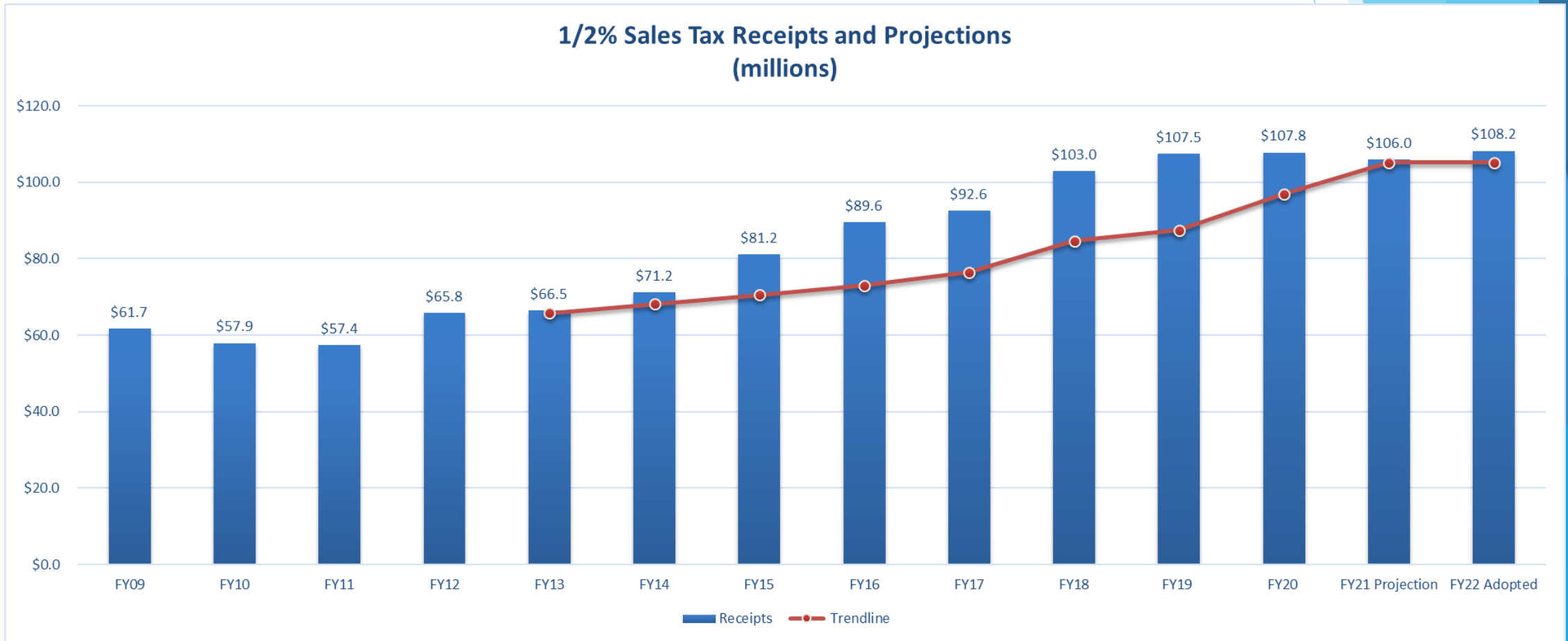
Where We Are - Ridership



Where We Are - Fare Revenue



Where We Are - Sales Tax



Where We Are - Federal Assistance

Legislation	CATS Allocation	Date Awarded
Coronavirus Aid, Relief, and Economic Security Act (CARES)	\$56,935,286	March 27 th , 2020
Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA)	\$51,090,454*	December 27 th ,2020
American Rescue Plan Act (ARP)	\$82,696,619*	March 11 th , 2021
American Rescue Plan Act (ARP) - Capital Investment Program	\$11,122,146	June 11 th ,2021
Total	\$201,844,505	

Where We Are - Federal Assistance

- **Provide funds for operating and capital expenses**
 - Items eligible under Sections 5307 and 5310
- **Cost incurred to prevent, prepare for, and in response to the coronavirus public health emergency, as follows:**
 - ✓ Operating Costs to maintain transit services
 - ✓ Revenue Shortfalls due to COVID – 19
 - ✓ Purchase of Personal Protective Equipment
 - ✓ Paying Administrative Leave due to Service Reduction
 - ✓ Paying Premium Pay for Front Line Workers
 - ✓ Payroll and Expenses of private providers
 - ✓ Capital Costs incurred in response to COVID – 19
- **CATS' cost for current FTA funded Capital Projects not yet in Revenue Service:**
 - ✓ Supplant Local Match
 - ✓ Cover cost already approved in Grant Agreement at 100% percent

COVID Impact- Financial Reporting

- **Increased Accountability**
 - ✓ COVID reporting
- **Increased Media Inquiries**
 - ✓ Revenue Comparisons

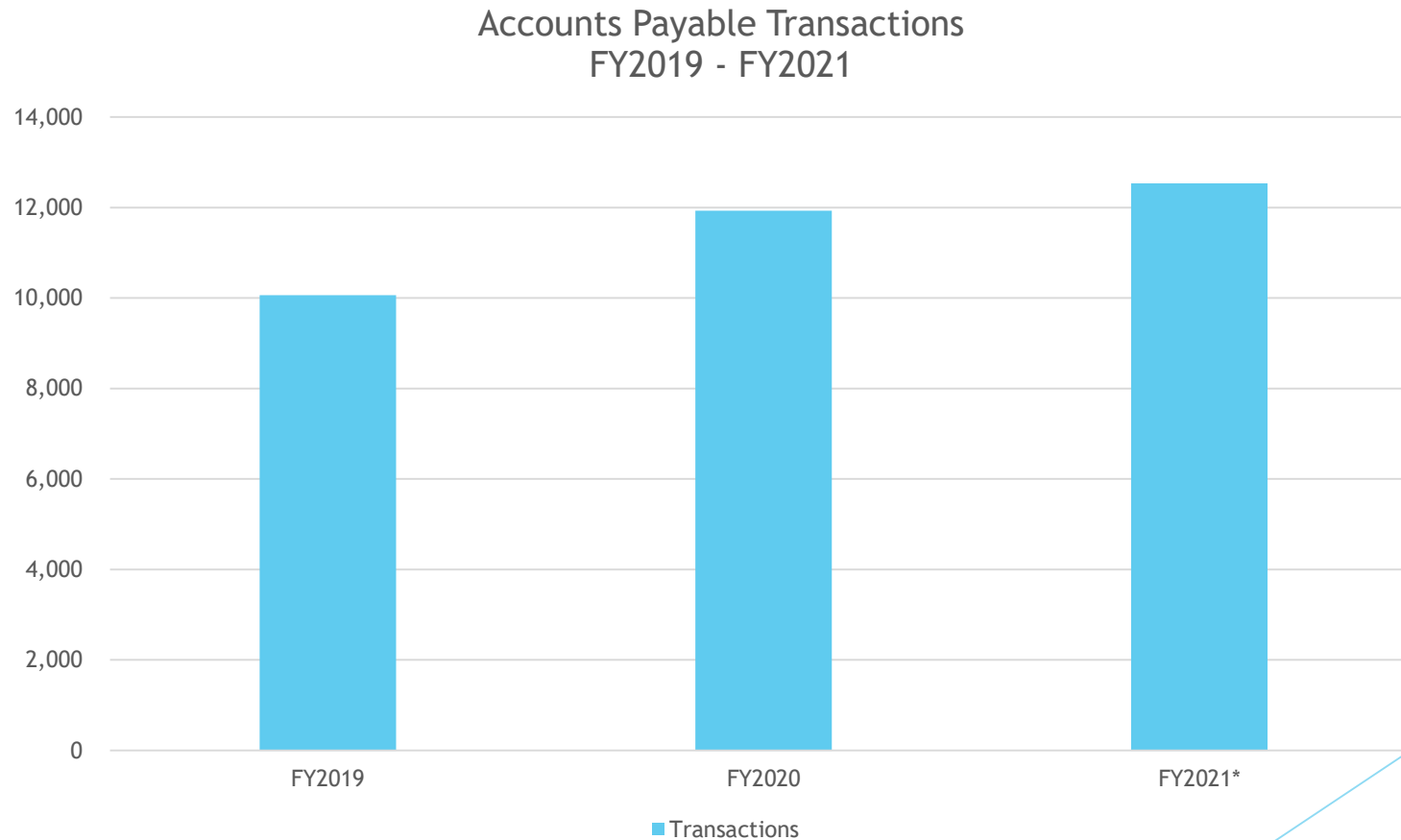
Where We Are - Financial Reporting

Task	FY2020 Due Date	FY2021 Due Date
City Complete CAFR	October 30 th	September 30 th
Accrual Entries	September 30 th	August 31 st
Year End Adjustments	September 30 th	August 31 st
Close Prior Year P.O.s	September	June

COVID Impact- Accounting Operations

- **Check Run reduced from Daily to Weekly**
- **Approval Routing Modified Invoice Delivery Method**
 - ✓ Electronic only approval routing to accommodate remote staff
- **Reduction in On Site Staff**
 - ✓ City AP staff moved to remote working only
- **Coordinating with Division**
 - ✓ Pre-COVID monthly in person meetings were implemented
 - ✓ Now coordination takes place via email, WebEx & Microsoft Team Meetings

Where We Are - Invoice Processing



**FY2021 year end close in process*

How did the pandemic impact your work processes?

Where We Are Going

- **Gradual Increases to Fare Revenue based on Demand**
 - Anticipated Pre-COVID revenue in FY2023
- **Significant Increase in Sales Tax Revenue**
- **Utilization, Management, and Monitoring of COVID-19 Funding**
 - Employee Safety and covering revenue shortfall 1st priority for spending
 - Ongoing communication with FTA on how to use funding
 - Monitoring expiration and/or Obligation dates

Where We Are Going

- **Project Development and Strategic Planning - Future Growth**
 - Silverline Design
 - Goldline Phase II Opening
- **New Funding Partners**
 - E-Trans Energy (BEB)
- **Continued Coordination with Existing Funding Partners**
 - FTA
 - NCDOT
 - MTC
 - City Of Charlotte

Where We Are Going

- **New Modular Furniture Floor plans that promote social distance**
- **Updated software to reduce paper routing**
 - E-builder Construction Management Software updated to include contract routing
- **Designated Email address to streamline increased email communication**
 - CATS AP

Questions

