

Finance Committee Meeting
Thursday, May 16, 2024
GMT | 101 Queen City Park Road | Burlington, VT 05401

Present at GMT:

Nick Foss, Director of Finance
Tim Bradshaw, Director of Grants

Present via ZOOM:

Clayton Clark, General Manager
Commissioner Paul Bohne
Commissioner Michael Scanlan
Dan Currier, VTRANS

Monica White, Director of Central Vermont
Services
Tammy Masse, Controller
Commissioner Chapin Spencer

Absent:

Commissioner Will Anderson
Commissioner Susan Grasso
Commissioner Austin Davis

Meeting Called to Order:

Commissioner Bohne called the meeting to order at 8:02 AM.

Adjustment to the Agenda:

None.

Public Comment:

None.

Approval of the Minutes from March:

Commissioner Scanlan moved to approve the March Minutes; Commissioner Spencer seconded and noted that he was not able to attend the last meeting; the motion passed.

Director of Finance Updates:

Director Foss presented financials through the period ending February 29, 2024, to the committee, as well as reviewed expenses through the period ending March 31, 2024.

Highlights included:

- \$159.3K operating surplus
- +\$4.2M in Net Position
- Wage Trends
- Operating Revenue
- Fixed Asset Investments

Director Foss stated that the urban division's operating deficit continues to likely be the result of the deferred cost pool and some timing issues with revenue and expenses. In addition, urban operating revenues have underperformed year-to-date due to the delay in fare resumption; this will negatively impact future budget years unless additional revenue or cost reductions are identified.

Director Foss shared that as of March urban driver wages were higher than expected, which was likely the result of driver bonuses provided in July, as well as a higher level of labor hours than forecasted. Director Foss noted this will be another factor that could add to budget difficulties in future years.

Commissioner Bohne asked how overtime was trending year-to-date?

Director Foss stated that overtime remains elevated both as a percentage of wages and percentage of hours worked but has improved over last year.

Director Foss noted that urban total expenses remain under benchmark, however that figure is misleading due to several pass-through grants which increase total budgeted expenses. Director Foss stated that after removing the pass-through expenses, the urban system is over benchmark in total expenses by roughly 4%.

Commissioner Spencer asked how the overage in urban labor hours will affect current financial projections of future budget years?

Director Foss responded that it would have a negative effect, however there are many assumptions that will need to be updated, which could affect previous projections negatively or positively.

Commissioner Scanlan asked if planned service reductions based on the Authority's current financial projections would help alleviate the high overtime rates being experienced?

Director Foss stated that there will likely be a higher direct cost savings rate on a segment of the initial reductions because of overtime rates currently being experienced.

General Manager Clark shared with the committee that there was a modification made in the recent union agreement that should help reduce paid non-revenue driver hours. Mr. Clark also noted that the upcoming board meeting will be focused on staff's recommendation on how to tackle the future fiscal cliff.

The committee had an open discussion regarding how to approach FY25 from a service perspective, and whether service reductions would be acceptable to municipalities who have already approved their assessments with an expectation of current service levels.

Director Foss gave an update to the committee on the rural division noting that the results have improved over the last few months - from operating deficits to a roughly \$159K surplus. Director Foss shared that this is due to sufficient funding in its VTRANS supported programs year-to-date; Medicaid reimbursing the Authority for losses; and healthy operating revenue generation.

Director Foss stated that total expenses for the rural division were higher than he expected at this point in the year and that headcount growth, and costs associated with the Berlin flood were the primary factors.

Director Foss also shared with the committee that urban ADA costs continue to be a headwind for the urban operating budget as demand levels remain elevated. In addition, Director Foss noted that despite several transit rate increases, GMT's paratransit contractor continues to operate at a deficit which could result in payments to cover their program losses. Director Foss shared that he is hopeful that with the return to fares ADA demand will moderate.

Director Foss ended his report by briefing the committee on several items the Finance Department continues to work on, which included:

- Commercial Insurance procurement
- Line of Credit
- State Grant Application
- Federal 5307 Apportionment
- FTA Meeting
- Hinesburg Commuter Transfer
- Staffing Update

FY25 Non-Union COLA Discussion:

General Manager Clark shared with the committee the intent of management to authorize a 4% cost of living adjustment to the administrative staff at GMT which would go into effect at the beginning of FY25.

Director Foss stated that the increase in costs for this change is estimated to be around \$40K.

The committee noted their support for this change.

Other Business:

Director Foss shared with the committee that he will be at a conference during June so it may be necessary to reschedule the Finance Committee.

Commissioner Spencer moved to adjourn the meeting; Commissioner Scanlan seconded; all others were in favor and the meeting was adjourned at 9:08 a.m.