

Finance Committee Meeting
Thursday, December 12, 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:

Commissioner Paul Bohne
Commissioner Susan Grasso
Commissioner Chapin Spencer
Alternate Commissioner Will Anderson
Clayton Clark, General Manager
Matt Kimball, Director of Transit Infrastructure
Tammy Masse, Controller
Kim Smith, Staff Accountant
Dan Currier, VTRANS
Chris Damiani, Director of Planning

Absent:

Commissioner Austin Davis
Commissioner Michael Scanlan

Meeting Called to Order:

Commissioner Bohne called the meeting to order at 8:00 a.m.

Adjustment to the Agenda:

None.

Public Comment:

None.

Approval of the Minutes from November:

Commissioner Grasso moved to approve the November Minutes. Commissioner Spencer seconded; all approved and the motion passed.

Proposed FY26 Operating Budget:

Director Foss presented the Proposed FY26 Operating Budget to the committee and answered any questions.

Key Items included:

- Complete usage of 5307 and Covid-Relief funds
- Largely level funded revenues for the rural division
- Approved service reductions budgeted
- Sizeable deficit in the urban division
- Fund balance programmed for rural division

- Urban Special Assessment budgeted

Director Foss noted the large urban deficit of roughly \$1.14 million in the urban division, which was the result of a roughly 3.4% decrease in federal funding available, as well as a roughly 2% increase in total budgeted expenses.

Director Foss also noted that operating revenues, primarily fares, are covering a much smaller percentage of the overall budget than has historically been the case. This change in funding mix has resulted in the need for a higher usage of federal, state, and local funds; however, those funds are now running out.

Commissioner Spencer said that after talking to the drivers, he has heard that GMT has been operating with a permissive fare policy in terms of riders paying and asked whether management should look at adjusting this.

General Manager Clark responded that the FTA has recommended limiting conflict with the public, as it can lead to assaults, which is why the company has approached fares in the way it has. General Manager Clark stated he looks forward to analyzing the financial impact of this policy and presenting data at the coming board retreat.

Commissioner Bohne asked what wage increases were budgeted for the different workgroups?

Director Foss responded that staff has budgeted a 3% increase for non-union positions, a normalized wage increase relative to history for both urban and rural drivers, and that the budget contained maintenance wages per the recently approved collective bargaining agreement.

General Manager Clark noted that in the recent rural drivers' contract, staff were able to negotiate a ceiling premium increase for healthcare of 6%.

Commissioner Bohne asked whether GMT's planning consultant considered the urban division's allocation of administrative costs to the rural division when building his report?

Director Foss stated that he did speak with the consultant and requested these costs be included in his analysis.

Director Foss reiterated his concern about the urban deficit of \$1.14 million, or 6% of the total division's budget, and that the rural division, although balanced, does include a fund balance allocation of roughly \$136K.

Commissioner Spencer asked why staff would be seeking a recommendation for budget approval with a significant budget deficit in the urban division?

Director Foss responded that GMT's charter requires a budget be approved by February 15th, which is one of the reasons staff has brought it forth for approval, however he understands the concerns with it being unbalanced. In addition, he noted his hopes for the board and staff to continue working on solutions, so that a balanced version may be provided during the budget adjustment process next year.

Commissioner Spencer reiterated his concern about recommending an unbalanced budget for approval.

General Manager Clark stated that the board will be presented with a list of possible service reductions in January to the Board. He also noted that passing a balanced budget may downplay the severity of the current situation to outside stakeholders.

Commissioner Bohne stated his hope that the legislature would understand the importance of maintaining public transit.

Commissioner Spencer stated that with an understanding that GMT theoretically has enough fund balance to cover the budget deficit in FY26, he would be comfortable recommending approval on an interim basis.

Commissioner Spencer moved to recommend preliminary approval of the Proposed FY26 Operating Budget totaling \$30,881,167 to the GMT Board of Commissioners; Commissioner Grasso seconded; all approved and the motion passed.

Urban Assessment Discussion:

General Manager Clark shared with the committee his proposal to do an assessment reconciliation in FY26 because of current and possible service reductions. This reconciliation would result in either an increase or decrease to certain members based on their ultimate level of service and would be applied towards members FY27 assessments.

Commissioner Bohne stated that there is an existing board policy called "Attachment A" that deals with reassessment of communities, therefore an adjustment to that policy would need to be done.

Director Foss recommended that "Attachment A," which has been retitled as the "Policy on Urban Assessments" be amended to include staff's proposal, and then brought back to the Finance Committee for review.

Commissioner Bohne noted that this may be an item that the Governance Committee should have input on.

General Manager Clark stated that he would plan to bring an updated version of the policy to that committee at its next scheduled meeting.

Q1 Financial Review:

Due to lack of time Director Foss gave a brief overview of the Q1 Financials to the committee and answered all questions members had. He noted that he planned to do a more in-depth presentation next month with financials through October.

Highlights included:

- \$135.6K deficit in the urban division due to delay of federal fund draw
- \$69.2K deficit in the rural division due largely to Medicaid losses and lower O&D revenues

Other Business:

None.

Commissioner Spencer moved to adjourn the meeting; Commissioner Grasso seconded; all others were in favor and the meeting was adjourned at 9:27 a.m.

