

**Finance Committee Meeting**  
**Thursday, January 9, 2025**  
**GMT | 101 Queen City Park Road | Burlington, VT 05401**

**Present at GMT:**

Nick Foss, Director of Finance  
Tim Bradshaw, Grants Manager

**Present via ZOOM:**

Commissioner Paul Bohne  
Commissioner Austin Davis  
Commissioner Chapin Spencer  
Alternate Commissioner Will Anderson  
Commissioner Michael Scanlan  
Dan Currier, VTRANS  
Clayton Clark, General Manager  
Matt Kimball, Director of Project Development  
Tammy Masse, Controller  
Kim Smith, Staff Accountant  
Connor Smith, Capital Project Manager

**Absent:**

Commissioner Susan Grasso

**Meeting Called to Order:**

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

**Adjustment to the Agenda:**

None.

**Public Comment:**

None.

**Approval of the Minutes from December:**

***Commissioner Spencer moved to approve the December Minutes. Commissioner Anderson seconded; all approved and the motion was passed.***

**Financial Update:**

Director Foss stated that October and November financials were mostly complete, except for items pending completion of the audit. Director Foss informed the committee that the audit is taking longer than usual this year, and may not be available until April. Mr. Currier reminded GMT that there is a grant requirement that the audit be finished in March. He further stated that audits are taking longer for many agencies and suggested that the grant requirement may need to be revised. Director Foss also informed the committee that the FTA Triennial Review will begin in April.

Director Foss delivered the results of the Worker's Compensation audit, indicating that estimates were lower than the final determination by \$55,000. The difference was driven by higher wages, especially in the driver and maintenance workgroups. He noted his plan to make future payroll estimates less conservative.

Director Bradshaw stated that he and Director Kimball recently attended the Triennial Review workshop in preparation of the coming review. Director Bradshaw expressed that GMT staff has experience with these audits, and his own experience at the state level will be beneficial. Director Bradshaw thanked VTRANS for their assistance with providing information to the auditor.

Commissioner Bohne asked for details about the Worker's Compensation Audit cycle.

Director Foss explained that work on the commercial insurance renewal begins in the fall to determine if the policy will go out for bid or remain with the current insurance provider. The insurance company then requests a significant amount of information so that they can price the commercial policies. In terms of workers' compensation, the insurance company determines the premium based on the Authority's estimated payrolls by workgroup and at the end of the year an audit is conducted to determine if more or less premium should be paid. In recent years, the payroll estimate has been too low, and GMT has paid additional premiums.

Director Foss presented financials for July through October. Revenues were approximately \$9.85 million, and expenses were approximately \$10 million, resulting in a deficit of \$164,000. This breaks down to a \$59,000 deficit on the urban side and a \$105,000 deficit on the rural side.

Capital account updates are not available as they are still pending the completion of the audit.

Revenue highlights included:

- Federal 5307 spending on track at 33.5%
- Other State Grants over benchmark due to using 5311 Flex to 5307 funding
- Rural Advertising Revenue – 11% of Budget
- Rural Medicaid Revenue – 32% of Budget
- Fare Revenue above benchmark at 34.6%

Director Foss explained that Medicaid revenues are lower than expected, largely due to repayment of prior year's gains.

Director Foss reviewed the Urban and Rural Transit Rates. Urban Transit Rates are decreasing, driven by the amortization of one-time expenses earlier in the year and increased scheduled driver pay hours. Rural Transit Rates are increasing because of both higher expenses and lower vehicle hours. Staff is concerned that the decrease in vehicle hours is a result of inaccurate reporting from the Authority's scheduling software and staff is currently investigate this.

Commissioner Spencer expressed concern about the substantial increase in expenses in the last year.

Director Foss explained that increases are driven by higher wages and bonuses, primarily due to the new driver and maintenance contracts, as well as the impact of no capital funding.

Commissioner Bohne asked if My Ride impacted driver hours.

Director Foss stated that it did, adding that the current My Ride service area is somewhat duplicative in the sense that it provides service along the city commuter route. GMT is working with VTRANS to determine if some demand response can be replaced by fixed route service.

Director Foss reviewed overtime and double-time rates by department. GMT has been generally successful in reducing overtime rates with the exception of the St. Albans service area. Increased overtime there is driven largely by the elimination of taxi rides.

Expense highlights included:

- Driver wages over benchmark at 36.1%
- Dues and subscriptions over benchmark at 80.9%
- Consulting cost over benchmark at 43.7%
- Facility maintenance over benchmark at 48.7%
- Passenger facility over benchmark at 87.5%
- Miscellaneous maintenance over benchmark at 116%

Director Foss explained that wages, dues and subscriptions, and consulting costs are higher due to one-time funds spent at the beginning of the year. Facility maintenance increases are due to not utilizing capital funds. Director Foss expects many future costs will use capital funds. Passenger Facility expenses include new shelter seats funded by AARP, but the expense is offset by a corresponding grant covering the full cost. Miscellaneous expenses included radio costs for new vehicles added on the rural side.

Dan Currier asked if additional call center staff had an impact on the budget.

Director Foss explained that those costs are not included in the transit rate, but it did have an impact on the larger budget.

Urban bottom line:

Balance of operating budget for the urban system should always be close to zero – timing and deferred costs can lead to variance

Shortage of local match YTD (\$71K) is cause of deficit – unable to fully drawdown formula 5307 – and decision to conserve COVID Relief funds

Better metric for financial operating performance is adherence to federal, state, and local spending targets, especially federal formula grant spending (5307)

Rural bottom line:

O&D transit rate variance, discontinuation of Washington and Franklin County O&D fees, and reduction of Chittenden County O&D administrative funding is largest contributor to loss

Staff has reinstated O&D fees in Washington and Franklin County starting in November, as well as is coordinating with VTRANS to reinstitute administrative funding for program management

Payback of prior year Medicaid gains in Q1 is also a contributor to loss, albeit much smaller

Commissioner Bohne asked if there would have been any negative consequence to continuing to collect O&D fees.

Director Foss stated that the loss would have been lower or eliminated, and investment income generated may have covered the loss. Investment returns in the current year are around \$53,000 and around \$318,000 since inception.

Commissioner Bohne asked of the investments were from COVID funds.

Director Foss explained that the investment fund consisted of local dollars, which were available due to the use of COVID funds. The funds will be used as needed to restructure the company, as GMT is a capital heavy business. Liquidity is important due to the timing of grant billing.

Dan Currier asked what portion of the investment fund is urban vs. local.

Director Foss explained that the investment fund is entirely made up of rural cash, adding that investment returns were recently used to purchase new vehicles for the rural side.

Director Foss also emphasized the need to consider cash flow when analyzing a potential urban/rural split.

Capital investment highlight included:

- 1 Cutaway urban revenue vehicle purchase
- Completion of the urban lift project
- 9 Cutaway rural revenue vehicles

Future considerations included:

- Fiscal Cliff
- Public budget meeting
- FY24 audit
- Accounting software consulting RFP
- Paratransit RFP
- FTA Triennial Review
- Dispatch software transition

Commissioner Scanlan asked about the effect a potential urban/rural split would have on Finance staff.

Director Foss stated that finance staff would have increased capacity if the separation is implemented, but cash flow would be negatively impacted. Staff is looking at solutions to the possible cash flow challenges.

GM Clark stated that GMT would likely need to bring in a temporary transition director to avoid placing an undue burden on existing staff.

Commissioner Spencer expressed his continued concern about the overreliance on federal funds, stating his belief that GMT needs a financial sustainability strategy that includes revenue diversification.

GM Clark agreed that this is an important concern.

Commissioner Bohne asked if the topics under discussion could be consolidated into a single report for the board.

Commissioner Scanlan also expressed his support, and added his interest in reimagining routes to generate more revenue.

Commissioner Spencer noted the effectiveness of convenience payments in increasing revenue, and asked about the cost of fees for those payments.

Director Foss asked if the Finance Committee was the right place to discuss the results of the ADA customer service survey.

Commissioner Bohne proposed that the Governance Committee would be the appropriate committee for that business.

Director Damiani suggested that the Performance committee would also be appropriate.

**Other Business:**

None.

**Commissioner Scanlan moved to adjourn the meeting; Commissioner Spencer seconded; all others were in favor and the meeting was adjourned at 9:14 a.m.**

DRAFT