Finance Committee Meeting
Thursday, June 11th, 2026
GMT | 101 Queen City Park Road | Burlington, VT 05401

Present at GMT:
Nick Foss, Director of Finance
Rich Carmo, Senior Staff Accountant
Jon Moore, Assistant General Manager
Tim Bradshaw, Director of Grants

Present via ZOOM:
Commissioner Paul Bohne
Commissioner Susan Grasso
Commissioner Andrea Suozzo
Commissioner Paul Conner
Tammy Masse, Controller
Dan Currier, VTRANS
Matt Kimball, Director of Project Development
Peggy O'Neill, from Vermont Clean City Coalition

Present from the Public, via ZOOM:
Kimberly Clark

Absent:
Commissioner Austin Davis

Meeting Called to Order:
Commissioner Paul Bohne called the meeting to order at 8:02 a.m.

Adjustment to the Agenda:
No adjustments made.

Public Comments/Questions:
Kimberly Clark offered comments and appreciation to GMT staff.

Approval of Minutes:
Minutes from May 14, 2026, was moved to approval by Commissioner Suozzo, Commissioner Grasso seconded; the motion was approved unanimously.

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1. Director of Finance Report, April 2026 Results:
Presentation by Director of Finance, Nick Foss & Sr. Staff Accountant, Rich Carmo

Financial Position & Liquidity

- GMT maintained a **strong cash position** with:
  - Over **$5 million in cash and investments**
  - **$2.7 million available line of credit** (unused)

- Cash on hand equates to:
  - **113 days of operating cash**
  - **172 days including line of credit availability**
- Line of credit expires in August 2026 and will require renewal.

Operating Results

- Consolidated operations showed a modest **operating deficit of approximately $118,000** through April.
- Net position declined by approximately **$3.8 million**, primarily due to:
  - Transfer of Franklin Grand Isle (FGI) rural assets as part of the divestiture process.
  - Lower capital investment activity resulting in depreciation expense exceeding new asset additions.

Revenue Performance

a. **Revenues**
   - Federal and state funding revenues remain on target.
   - Medicaid revenues continue to exceed expectations.
   - Grant funding is expected to be sufficient through year-end.
   - Fare revenue remains below budget and may require revised assumptions in future budgets.

b. **Rural Transfer & Audit Updates**
   - Staff met with auditors (RHR Smith) regarding accounting treatment of the rural divestiture.
   - Rural financial activity will continue to appear in financial statements into FY27 due to remaining closeout transactions and receivables/payables.
   - GMT may undergo:
     - A special audit related to the transfer.
     - Its normal annual compliance audit.

c. **Internal Controls**
   - Positive Pay banking controls were enhanced following a recent check fraud incident.
   - New controls now verify:
     - Check number
     - Amount
     - Payee name
   - No financial loss was incurred; funds were recovered.

d. **Future Planning**
   - FY27 budget adjustment process will begin this fall.
   - GMT is preparing for replacement of its accounting software as Microsoft phases out support for Dynamics GP.
   - Preliminary planning and consulting work expected in FY27.

e. **Urban Division Results**
   - Operating deficit: approximately **$29,000**
   - Deficit primarily related to temporarily unallowable administrative expenses that will be offset with local funding later in the year.

f. **Rural Division Results**
   - Operating deficit: approximately **$89,000**
   - Driven largely by the Franklin Grand Isle transfer payment to RCT.
   - Excluding transfer impacts, rural operations would show a surplus.
   - Year-end losses are expected to be lower than budgeted due to:

   - Lower maintenance costs
   - Retention of funding despite service transfers helped rural division financials

Expense Performance

a. Expenses
- Total expenses remain below budget:
   - Actual: **82.7% of annual budget**
   - Benchmark through April: **83.3%**

b. Labor Costs
- Wage expenses remain favorable and close to budget.
- Urban driver hours were slightly above planned levels (+206 hours), but wage costs remained approximately **$51,000 favorable** due largely to reduced overtime.

c. Maintenance
- Maintenance expenses remain below budget at **73.5% of annual budget**.
- Key factors:
   - Staffing vacancies
   - Better fleet condition than anticipated
- Staff will continue monitoring whether these trends are sustainable.

d. Rural Cost Centers
- Rural pension costs improved significantly after budget adjustment.
- Rural employee development costs moved closer to budget.
- Other employee benefits remain slightly above benchmark.

e. Other Expenses
- General administration and operations expenses remain favorable.
- Facility maintenance exceeded benchmark due to winter plowing expenses.
- Utility costs were elevated, particularly electricity.
- Marketing expenses remain substantially below budget.

f. Committee Discussion
- Members discussed:
   - Whether maintenance savings reflect staffing shortages or genuine operational efficiencies.
   - Potential maintenance effects of electric buses.
   - Cash flow implications following the rural divestiture.
   - Staff indicated that cash flow is expected to tighten following the rural transfer; however, they believe it will remain manageable due to improved grant billing processes, with limited reliance on external credit facilities.

2. Presentation of the Proposed FY27 Capital Budget Adjustment:
Presentation by Director of Project Development, Matt Kimball

The proposed FY27 Capital Budget Adjustment aligns the capital budget with:
- State grant awards
- Federal grant transfers
- Updated fleet replacement plans
- Revised project timelines

a. Federal Funding Transfers
- VTrans will transfer:
   - FTA Section 5310 funds
   - FTA Section 5339 funds

- Directly to GMT rather than administering them through state grants.
- Benefits include:
  - Greater flexibility
  - Faster access to funding
  - Reduced administrative burden

b. Hybrid Bus Purchases

- Previous plan:
  - Seven electric buses
- Revised plan:
  - Four hybrid buses
- Budget:
  - Approximately **$1.1 million per bus**
- Change driven by revisions to federal grant requirements.

c. Diesel Bus Purchases

- Budget increased due to:
  - Higher manufacturer pricing
  - Anticipated tariff-related costs
- VTrans indicated funding support is available to cover increased costs.

d. Maintenance & Fleet Support

- Midlife overhaul program increased:
  - From 3 engines to 5 engines
- Additional funding awarded to support aging fleet needs.

e. Electric Bus Infrastructure

- Phase III charging infrastructure project removed.
- No immediate need beyond current electric bus deployments.

f. Facility & Infrastructure Projects

Adjustments include:

- Reduced Facility Preventive Maintenance funding.
- Reduced spare parts/support equipment funding.
- Continued fire suppression upgrades at 101 Queen City Park.
- Building envelope repair funding adjusted.
- New HVAC upgrade project added (multi-year effort).
- Bus wash replacement shifted to a phased implementation.

g. Technology Investments

- Funding added for:
  - Accounting software replacement consulting services.
  - Server replacement and IT infrastructure upgrades.
  - Intelligent Transportation System (ITS) improvements.

h. Passenger Amenities

- Passenger amenity improvements reduced from approximately $74,000 to $50,000 annually.
- Funding expected to support:
  - Shelter installations
  - Bench installations
  - Stop accessibility improvements

i. Capital Budget Totals

- Overall capital budget decreases by approximately **$2 million**.
- Required local match decreases by approximately **$279,000**.
- Local capital match obligation remains below budgeted levels.

<u>Approval of FY27 Capital Budget Adjustment</u>:
Recommend FY27 capital budget adjustment to Board by Commissioner Conner, Commissioner Andrea seconded; the motion was approved unanimously.

<u>Motion to Adjourn:</u>
No additional business. Commissioner Susan moved to adjourn the meeting; Commissioner Andrea seconded; all others were in favor, and the meeting was adjourned at 9:05 a.m.