

Finance Committee Meeting
Thursday, October 10, 2024
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
Commissioner Michael Scanlan
Dan Currier, VTRANS
Clayton Clark, General Manager
Matt Kimball, Director of Project Development
Connor Smith, Capital Project Manager
Tammy Masse, Controller
Kim Smith, Staff Accountant

Absent:

Commissioner Susan Grasso
Alternate Commissioner Will Anderson

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 September:

Commissioner Spencer moved to approve the September Minutes. Commissioner Scanlan seconded; all approved and the motion was passed.

FY24 Financial Review:

Director Foss presented a summary of financials for FY24.

Highlights included:

- Total revenues of \$29.2M
- Total expenses were \$28.4M
- Budget surplus of \$821K resulting from rural revenues
- Urban deficit of \$53.2K

- Net asset growth in the urban division of \$7M
- Net asset growth in the rural division of \$3M

Revenue streams include a large portion of federal funds, with a portion matched by state funds. Director Foss noted a shift in federal funds from 5311 grants to CMAQ, and also highlighted growth in Medicaid revenues over time. Comparative breakdowns showed a change in revenue distribution before and after the COVID-19 pandemic toward an overreliance on one time federal funds. Federal 5307 fund increased from 16% of revenues to 23% and other federal grants increased from 18% of revenues to 22% from FY19 to FY24. Urban operating revenues from FY19 decreased from 17% to 4% of total revenue caused by the suspension of fares. Total revenues for FY24 were 104% of budgeted funds, indicating an overuse of grant funds.

Director Foss explained that Urban and Rural transit rates converged as a result of increased similarities in urban and rural bargaining agreements. Rural transit rates increased at a higher rate than urban transit rates as a result of increased staff and wage adjustments. Medicaid revenue increased as a result of increased demand, taking on a large portion of the increased transit rate.

Urban overtime rates decreased from 20.9% of hours to 18% of hours. Maintenance overtime rates stayed nearly level from 9.4% to 8.8% of hours.

Commissioner Bohne expressed concern about the urban overtime rates and asked if driver staffing is sufficient.

GM Clark explained that GMT is not hiring new urban drivers while service reductions are on the horizon. Director Foss added that overtime rates increase as CTO is used, and noted that union CTO counts toward overtime hours.

Rural overtime rates decreased significantly from 8.7% to 3.6% of hours. GM Clark expressed his appreciation for the Director of Central Vermont Services and the Rural Operations Manager for their success in bringing down overtime rates and improving morale.

Director Foss explained that seasonal service overtime rates increased as a percentage of hours, but represent a very small portion of total hours.

Commissioner Scanlan asked if seasonal service revenues covered costs.

Director Foss indicated that while season service is fully funded, urban drivers operating seasonal service does increase urban overtime rates.

Commissioner Bohne asked about seasonal driver recruitment success.

GM Clark stated that seasonal driver recruitment was going well for the current year.

Director Foss discussed the relationship between increased overtime and outsourcing rides to more expensive taxi services. Taxi use has been reduced during FY24 and Director Foss expects that use to continue a downward trend.

Urban expense increases included:

- Total wages exceeded budget by 3%
- Total benefits exceeded budget by 4%
- Pension expenses exceeded budget by 21%

Expense increases were primarily the result of an uptick in headcount and higher wages for existing staff. In addition, the delay in fare resumption also contributed to higher utilization of operating grants on the urban side.

Urban budget highlights included:

- 16% of overspending of 5307 Operating grants
- 45% of projected fixed route fare revenue collected
- 39% of projected paratransit fare revenue collected
- 7% higher total revenues recognized than budget
- Advertising revenue 88% higher than budget

Rural budget highlights included:

- \$200K revenue carried forward from FY24
- \$236K investment income
- \$538K of local operating assistance
- PY Medicaid loss income recognized
- CY Medicaid gains to be offset in FY25

Commissioner Scanlan asked about the future rural fiscal cliff.

Director Foss explained that use of one-time funds on the rural side was slower, but that the funds VTRANS received will also be extinguished in the next couple years.

Mr. Currier concurred with Director Foss's position and stated that the current funding is not sufficient to cover current service levels in FY26 and FY27.

Director Foss stated that roughly half of the rural budget surplus would be invested in two new revenue vehicles.

Current Finance Department projects:

- Focus on the fiscal cliff
- Legal Services RFP
- Insurance Broker RFP
- Accounting Software RFP
- Paratransit RFP
- FY24 Indirect Rate Close-out Report
- Dispatch Software RFP

FY25 Budget Adjustment:

Director Foss presented the adjustments to the approved FY25 Operating Budget.

Urban budgeted revenues included:

- All formula 5307 reserves budgeted
- Budget includes \$737K of ARPA funds and \$5.2M of formula 5307
- \$2.63M of State operating funds provided by VTRANS
- \$710K reserve 5311 Flex funds programmed

Rural budgeted revenues included:

- 5% local match budgeted
- Medicaid funding levels at historic levels

- Investment program lifting operating revenues
- Pass-thru funds programmed for CRVT and CIDER

Operating revenue adjustments included:

- Increase in UA fare contracts
- Medicaid program revenue growth
- Rural investment and Miscellaneous income growth

Urban FY25 revenues are expected to increase by 5.4% over the approved budget and rural revenues are expected to increase by roughly 15%.

Operating expenses included:

- Addition of MTC Supervisor, Rural General Manager, and Medicaid Transit Coordinator
- Computer Services impacted by Genfare and Routematch costs
- Commercial insurance reflects updated renewal and allocations
- Operations expense adjusted to reflect FY24 actual spending levels
- Adjustment to account for updated estimate of CCRPC pass-thru funds and increase to rural planning grant
- Revenue parts expense growth
- Growth in non-parts spending reflects FY24 actuals with inflationary adjustment
- Urban fuel reflects updated long term contract pricing
- ADA cost growth tied to increase in transit rate and overall demand
- Other Transportation increase due to higher sub recipient costs/demand, higher taxi usage, and pass-thru funds
- Capital Match Fund contributions adjusted to reflect updated FY25 Capital Budget

The meeting lost quorum at 9:03 a.m.