

Finance Committee Meeting
Thursday, November 14, 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 Susan Grasso
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

Absent:

Commissioner Chapin Spencer

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 October:

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

Financial Update:

Director Foss gave a brief update on initial financials for FY25. Initial observations from August financials indicate that the urban side is performing as expected while the rural side is showing a loss of just under \$40,000. The loss may be attributable to a similar loss in the Medicaid program. Initial losses in Q1 are often a function of one-time bonuses which will amortize over the rest of the year.

Director Foss stated that the next Finance Committee meeting will include Q1 financials and a presentation of the FY26 Operating Budget. Director Foss noted that it is not uncommon for the initial operating budget to show a loss on the rural side due to an assumption of level grant funding before the State Operating Grant process is complete. In addition, Director Foss reminded the committee that the urban division will show a significant deficit for FY26.

Director Foss also gave an update on the ADA program that is contracted to SSTA and informed the committee of possible allocation changes they are exploring, which may impact the cost of that program.

Other Updates included:

- Retirement Plan changes due to Secure 2.0 legislation
- Legal RFP approval
- Accounting system RFP
- Urban member assessments including ADA assessment changes
- Updated 2025 health care rates
- Worker's compensation audit update

Commissioner Grasso asked about the SSTA staffing allocation changes.

Director Foss stated that the changes would likely be minor. SSTA will discuss changes with GMT at the next quarterly meeting in January 2025.

Commissioner Grasso asked if a potential rural split would affect the selection of accounting software?

Director Foss explained that the current software will no longer be supported in the near future and most accounting systems are designed to accommodate multiple divisions. Newer accounting systems allow for more integration of tasks leading to greater efficiency.

Commissioner Bohne asked about participation in the retirement program.

Director Foss stated that retirement contributions have increased. The likely cause is increased wages and changes in CBA provisions. However, overall participation has increased over the years, with a current participation rate of around 60%. Director Foss credits the higher participation rate to the efforts of advisors at NFP and GMT's Director of Human Resources.

Commissioner Scanlan asked if ROTH contributions were a recent addition to the retirement plan options?

Director Foss expressed that ROTH contributions have only been offered in the last year for employee contributions to the 457 Plan, but recent changes will now allow ROTH contributions for the employer match in GMT's 401(a) retirement plan.

Director Bradshaw stated that the direct federal grants and pass-thru grants are in good shape. VTRANS is finalizing amendments to urban and rural grant agreements to include capital as explained in the next section. Monthly meetings with the FTA included closing out direct federal grants with an unliquidated balance. Director Bradshaw indicated there were no delays in drawdowns when expenses are incurred. A request was submitted to repurpose funds from a livability grant for ITS improvement projects.

FY26 Proposed Capital Budget:

FY26 Proposed Urban Capital Budget includes:

- 7 - Replacement 40' Heavy-Duty Buses (Electric) @ \$1,364,000 each
- 3 - Replacement 35' Heavy-Duty Buses (Diesel) @ \$675,350 each

- 10 - Replacement SSTA Cutaway replacements + 4 non-ADA SUV)
- 1 - Replacement Essex Cutaway
- Facility PM - includes site improvements and preparation of a capital needs assessment for the DTC
- Spare parts, miscellaneous support equipment
- Mid-Life Overhaul for three Heavy-Duty Buses (Engine, Transmission, corrosion repair)
- Replace Three Building Make-Up Air Units (MAU)
- Electric Charging Infrastructure
- Electric Bus Diagnostic Equipment, Special Tools, and PPE
- Electric Bus Deployment Workforce Development
- Passenger Amenities (shelters, benches and bike racks)
- 101 QCP Diesel Fuel Tank Replacement
- Install Networked Building Climate Control System
- Replacement Office and Technology Support Equipment
- Replacement Shop Truck (One Ton)
- Expansion Light Duty Truck for Facility Maintenance
- Portable Scissor Lift for Facility Maintenance
- New Accounting System Software
- Third Party Inspection and Post-Delivery Audit for HD Bus Orders

The above line items represent a total urban capital budget of \$17,642,684 and total local capital match from GMT of \$655,392. The proposed sources of local capital match are \$351,484 from FY26 local funding and \$303,908 from the prior year local capital match fund.

Commissioner Grasso asked how vehicle lease local match is funded for the Essex Cutaway bus and SSTA?

Director Kimball explained that the local match is funded by vehicle lease payments from the lessee.

Director Foss further explained that the cost of the vehicle lease for SSTA is included in the rate charged back to GMT for services.

Commissioner Bohne asked if GMT was likely to receive the federal dollars to support the proposed budget and if GMT would have the necessary local match funds?

Director Kimball indicated \$9,800,000 of the \$14,952,758 has already been awarded by the FTA. GMT plans to coordinate with TVRANS during the upcoming application process.

Director Foss noted the deficit in the FY26 budget, indicating that future service cuts as well as upcoming contract negotiations would affect the availability of funds.

Commissioner Scanlan asked about the speed of the rollout of the electric fleet and costs for the transition to electric vehicles.

Director Foss explained that electrifying the fleet increases insurance costs and electric charging costs are more variable than traditional fuel costs. He further indicated that electric buses are heavily subsidized, reducing the local match required for purchasing new vehicles.

Director Kimball stated that the age of the fleet qualifies GMT for replacement vehicles through the LONO award. The increased cost of electric buses offsets the costs of maintaining an aging fleet.

GM Clark noted the lack of grant funding for diesel buses, necessitating the purchase of electric vehicles.

Commissioner Scanlan asked about the availability of smaller electric buses to replace cutaway vehicles.

Director Kimball explained that the current technology is new and the range limitations would not meet the needs of the organization.

Commissioner Scanlan asked about the range of larger electric buses.

Director Kimball stated the range impacts would be more apparent during the winter months, and further explained that the FTA expanded flexibility of spare ratios to meet service objectives.

Commissioner Scanlan asked if the number of buses would affect STIC factors.

Director Kimball replied that the measurement used is passenger miles not the number of buses used.

Commissioner Bohne asked if the subsidies would continue to make acquisition of electric buses a priority.

Director Kimball stated that current subsidies for electric buses would continue through FY27.

FY26 Proposed Rural Capital Budget includes:

- 10- Replacement CDL LPG Cutaway Buses (18 passenger + 3 WC)
- Replacement >30' CDL Medium-Duty Gas/Diesel Cutaway (29-34 seats)
- 1 - Expansion ADA Conversion Minivan for CIDER
- Spare Parts, Misc. Support Equipment, etc.
- Facility PM - Rural Facilities - Preventive Maintenance for GMT's Berlin and Stowe facilities
- New Central Vermont Facility Planning, Acquisition, and Design Activities
- Passenger Amenity Improvements - Funding for the installation of new passenger amenities at existing bus stops
- Replacement Office Equipment (Computers, monitors, etc.)

The above line items represent a total rural capital budget of \$2,592,650 and total local capital match from GMT of \$250,415. All local capital match presented in this budget is proposed to come from FY26 local funds.

Commissioner Bohne asked about charging cycles off demand cycles to reduce the cost of electric charging.

Director Kimball and Director Foss explained that the charge management software and infrastructure would allow GMT to manage electricity costs.

Commissioner Bohne also noted the importance of fleet replacement in managing increased cost of maintenance.

Commissioner Grasso asked if local match funds are flexible between the urban and rural budgets.

Director Foss stated that urban and rural local match remain separate.

Commissioner Scanlan asked about the life expectancy of electric buses.

Director Kimball stated that life expectancy is comparable between electric and diesel buses.

Commissioner asked about cost projections for continued electrification.

Director Foss explained that three year projections could be influenced by a number of factors including potential electric rate negotiations and the rate of electrification. GMT's current stock of electric vehicles makes up a relatively small portion of the entire fleet.

Commissioner Grasso asked if the midlife overhaul of electric buses would be less expensive than similar maintenance of diesel buses.

Director Kimball replied that it would be as the 12 year battery warranty would likely cover costs.

Commissioner Bohne asked about reduced battery capacity over time.

Director Kimball indicated that while there is a minimum capacity covered under the warranty (usually 80%), battery capacity would diminish over time.

Commissioner Scanlan moved to recommend approval of the Proposed FY26 Capital Budget; Commissioner Grasso seconded; all others were in favor and the motion was passed.

Other Business:

None.

Commissioner Grasso moved to adjourn the meeting; Commissioner Scanlan seconded; all others were in favor and the meeting was adjourned at 9:11 a.m.