
**MINUTES OF PVTA'S
REMOTE FINANCE & AUDIT COMMITTEE MEETING
March 21, 2022**

1. CALL TO ORDER

The Finance and Audit Committee meeting of the Pioneer Valley Transit Authority was held on Monday, March 21, 2022 at 11:00 A.M. remotely in accordance with the Governor's Provisions of the Open Meeting Law, G.L. c. 30A, Section 20, relieving from the requirement of section 20 of chapter 30A that it conduct its meetings in a public place that is open and physically accessible to the public, permitting a public body to allow remote participation by all members.

ROLL CALL MEMBERS PRESENT:

Members: Doug Slaughter, Amherst; Brian O'Leary, Belchertown; Steve Huntley, Chicopee; David Moskin, Hadley;

NOT PRESENT:

N/A

Call to Order: Doug Slaughter, Chairman of the Finance & Audit Committee stated that the committee has a quorum and called the meeting to order at 11:04 A.M.

2. PUBLIC COMMENTS

Chairman Slaughter opened the floor for public comments. No Public Comments were made.

3. APPROVAL OF MINUTES OF THE FINANCE & AUDIT COMMITTEE MEETING OF JANUARY 18, 2022.

Chairman Slaughter asked for a motion from the Finance & Audit Committee to approve the meeting minutes of January 18, 2022.

MOTION: Moved and seconded (Huntley/O'Leary) to approve the minutes of PVTA's Finance & Audit Committee meeting held January 18, 2022.

Chairman Slaughter asked if there was any discussion, hearing none, asked for a roll call vote.

Brian O'Leary: Yes
David Moskin: Yes
Steve Huntley: Yes
Doug Slaughter: Yes

Motion passed, 4-0 vote.

4. FY23 DRAFT BUDGET UPDATE

Lisa Seymour, PVTA's Chief Financial Officer (CFO), stated that this draft Budget is presented with yearly projections based on figures for the period ending January 31, 2022, as well as taking into consideration the final audited figures of FY21. This budget considers the ridership predictions calculated by Planning and Operations as the transit system recovers from the pandemic.

REVENUES

Farebox

- This budget assumes school service restored as the public schools and colleges fully return to in classroom learning.
- SATCo/VATCo revenues reflected are based on the Planning and Operation's Department projections of 80% of pre-pandemic ridership restored.
- UMass assumes the return of all students to campus.
- Mobile fare collection is resulting in the increase in pass sales and the corresponding decrease in SATCo/VATCo fare revenue as public embraces the contactless mobile fare payment option.
- Paratransit revenue assumptions are based on the Planning and Operation's Department predictions of 80% ridership restored during FY23 as the community returns to pre-pandemic transit needs.

Advertising/Interest and Insurance Recovery

- Other non-fare revenue for Administration containing Advertising, Interest and Insurance Recoveries is increased based on an accounting analysis of current claims showing a higher recovery rate than the previous year. State Contract Assistance was divided into a few payments which had a slight effect on the interest gains that can be expected.

Operating Subsidy, Other

- With the anticipated return to full service, UMass and Five Colleges are both expected to resume their subsidies for the service. The CMAQ grant funds are no longer available to offset the cost of operating the P21E Route. Funding is available for another year for the B79 - Amherst/Worcester route. \$97,400 of FY21 Discretionary funds are being carried over for the G73E - Northampton to Springfield via Holyoke Brennan Express service. This route has a total cost of \$243,000 a year. This service is being absorbed into the budget as the ridership and the demand for express service is high.
- Other Operating Subsidy – the Beyond ADA assistance to the communities of Agawam, Hadley, East Longmeadow/Longmeadow/Hampden, and now Ware has reverted back to 50/50 instead of the 100% grant funds provided during FY22.

Federal Operating Grants

- This amount of operating assistance for ADA and Preventive Maintenance is being increased by \$1,000,000 to assist in balancing the budget.

State Contract Assistance

- The amount for FY23 decreased by \$939,567 due to the Governor's H2 budget whereby the RTAs are being level funded but \$3.5M of that is to be used for Discretionary Grants. MassDOT's RTCAP program is currently under review.

Local Assessments

- The Local Assessments are increased by the allowable 2.5% by statute.

EXPENSES

Administration

- Administration and Information Center wages increased due to a cost-of-living increase and new positions being filled.
- Mobility Training increased significantly due to grant funding. There is currently one full time and one part time employee in this role. PVRTA is currently seeking to fill another part-time position. All Mobility Training positions are fully grant funded and offset by federal or state grants.
- Pension Fringes show a decrease due to new employees not being eligible for pension benefits this fiscal year.
- The pension reserve has been removed from this budget as a cost saving measure.
- Health insurance for Administration increased slightly due to new employees joining our insurance plans which is offset by the insurance reimbursement for Administration of 9%.
- The retirees' health insurance declined due to two retirees asking to be removed from the insurance plan.
- Life/LTD benefits decreased due to new employees joining the plan therefore changing the premiums.
- Unemployment insurance increased due to current market trends.
- Services - Public Relations Marketing increased due to a new Workforce Development project that was launched to obtain qualified drivers and other applicants as part of mitigating the employee shortfall.
- Services - Professional Info Systems is being eliminated after analysis of the past fiscal years and the items listed being allocated to the correct categories.
- Janitorial for Administration and Information Center is decreasing due to a new contract that was procured.
- Copy and Printing for information has decreased by another 40% for this fiscal year due to the movement towards paperless schedules. At this time, PVRTA has no plans to resume printing bulk schedules.
- IT support for Administration has decreased due to the proper allocation of the IT support services to all modes of transportation including Administration, Fixed Route, and Paratransit.
- Services Miscellaneous has increased due to snow removal being a variable every year.
- Supplies for Administration has decreased due reallocation of supplies to ADA and Mobility training which offsets the increase in these two categories as well as staff using common copy and printers therefore eliminating some of the computer supplies.

Fixed Route

- The Subsidy for SATCo increased by 5% due to contractual obligations as well as an increase in insurance and legal expenses attributed to a new management contract as well as ongoing arbitration cases.
- UMass budget is level funded.
- Telephone increased due to the entire fleet being moved over to the cellular communications for data as well as the implementation of real time information to all the on-board monitors. In addition, with the planned implementation of the mobile ticketing validators, the data usage on the cellular communication system is expected to increase.

An accurate number for this increase is still being developed thus this figure reflects the best estimate from the CFO and CIO.

- Fuel- The FY23 budget assumes an increase in the year over year fuel costs based on market conditions, and current market projections of NYMEX future months. New supplier agreements have not been put in place at this time as we await the normalization of fixed route services. The current diesel fuel supply contract is expected to carry into the beginning of the new fiscal year as there is an undelivered fuel balance due to the modifications implemented to address the staffing shortfall. As post-pandemic operating plans are clarified, it is expected to facilitate a continuation of fixed price supply agreements to meet the FY23 fuel requirement.
- The Claims and Operations Department have been meeting with the contractors quarterly to discuss claims reporting and protocols. These meetings we believe have resulted in fewer claim payments system wide.
- UMass Equipment and Maintenance, this line item encompasses ongoing projects and items that are eligible to be part of the capital budget and therefore removed from this operating budget.

Paratransit

- The COA's for Paratransit have decreased in response to reverting to the Beyond ADA grant funding at the 50% grant level.
- Equipment, Maintenance and Miscellaneous have been adjusted to more accurately reflect costing of these categories based on FY21 and FY22 financials with decreases due to new capital upgrades that are expected to be completed at the facility. We also have a new paratransit vendor which has contributed to decreased costs including Claim Payments.
- The Claims and Operations Department have been meeting with the contractors quarterly to discuss claims reporting and protocols.
- Utilities is being increased due to the Paratransit fleet being moved over to cellular communications for their MDT/Tablets. An accurate number for this increase is still being developed thus, this figure reflects the best estimate from the CFO and CIO.
- Fuel Cost increased system-wide due to the current market. This figure could increase depending on the market trend.

Shuttles

- The shuttle subsidy for Wilbraham and Northampton have been adjusted as the paratransit contractor is able to perform these trips at a lower rate than in the previous years.
- Fuel has been adjusted to more accurately reflect the percentage split between the towns.

Allocated Insurance

- Allocated Insurance is assumed to increase by 11% based on the market prediction stated by the insurance broker.

Allocated IT Support, Towers

- Allocated IT is increased. The threat of cybercrime requires that IT systems are continually upgraded with new security releases. The current environment requires constant vigilance to ensure the PVTA networks are as secure as possible. Included in this budget is an increase to IT service costs that support this effort. We currently have cyber insurance but based on the current cyber activity this would not be sufficient against a cyber event. As we are unable to obtain cyber security insurance coverage that reflects our needs due to its rising costs, PVTA is counterbalancing that with increasing the systems security throughout the agency.

(Steve Huntley left meeting at 11:35 AM)

Doug Slaughter: What are the timelines for fuel contracts.

CFO Seymour: SATCo/VATCo does purchasing of fuel and has locked in a price through June. There is no timeline for locking in, they do it when they feel the market is best.

David Moskin: What is the overall impact of this budget.

CFO Seymour: The overall impact is that we are using more funds (\$4.9M) from the AARPA Grant which will eliminate the need for PVTA to cut service. We are fortunate to have these grant funds. Without the federal relief funds, there would be a large gap. If PVTA continues to be level funded, which is less money for the Authority, PVTA won't be able to provide service at this level in the future.

Doug Slaughter: After utilizing the AARPA Funds, how much remains.

CFO Seymour: Of the \$16M, \$11M AARPA funds remain which should carry us through part of FY25.

David Moskin: This budget sees a large increase in pass purchases, do we know why.

CFO Seymour: This is due to sales from PVTA's mobile fare payment app, BusPlus by Bytemark.

Chairman Slaughter asked if the committee had any other comments or questions on PVTA's FY23 Budget update. Hearing none, Chairman Slaughter asked if the committee has any other business to discuss.

5. OTHER BUSINESS

Chairman Slaughter reported that there is no other business to discuss.

6. ADJOURNMENT

Chairman Slaughter asked for a motion from the Finance & Audit Committee to adjourn.

MOTION: Moved and seconded (O'Leary/Moskin) to adjourn.

Chairman Slaughter asked for a roll call vote.

Brian O'Leary: Yes
David Moskin: Yes
Doug Slaughter: Yes

Motion passed 3-0.

The meeting of the PVTA Finance & Audit Committee adjourned at 11:46 A.M.

A TRUE RECORD

ATTEST: _____
BRANDY PELLETIER

Documents filed with Finance & Audit Committee Meeting packet:

- January 18, 2022 Finance & Audit Committee Minutes
- FY23 Draft Budget Update

Minutes Approved: May 16, 2022