
**MINUTES OF PVTA'S
REMOTE FINANCE & AUDIT COMMITTEE MEETING
May 16, 2022**

1. CALL TO ORDER

The Finance and Audit Committee meeting of the Pioneer Valley Transit Authority was held on Monday, May 16, 2022 at 2:00 P.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; Steve Huntley, Chicopee; David Moskin, Hadley;

NOT PRESENT:

Brian O'Leary, Belchertown;

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 2:10 P.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 MARCH 31, 2022.

Chairman Slaughter asked for a motion from the Finance & Audit Committee to approve the meeting minutes of March 31, 2022.

MOTION: Moved and seconded (Huntley/Moskin) to approve the minutes of PVTA's Finance & Audit Committee meeting held March 31, 2022.

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

David Moskin: Yes

Steve Huntley: Yes

Doug Slaughter: Yes

Motion passed, 3-0 vote.

4. FY22 BUDGET TO ACTUAL REPORT

Chief Financial Officer, Lisa Seymour, reported the following on the FY22, 9-Month Budget to Actuals as of March 31, 2022:

Revenues:

Fare revenues at the end of March are at -12.1% of the projected revenue as compared to -18% in the winter of 2021. This is showing an improvement as the communities recover from the pandemic. The educational institutions were closed for spring recess affecting ridership and fare revenues.

PVTA has drawn down \$3,000,000 from the federal grants against eligible expenses.

The Other Subsidy Grants line item is billed periodically throughout the year as well as UMass and Five Colleges Inc. which comprise a large amount of this line item. These subsidies are not finalized until the end of the year.

The claims recoveries for SATCo/VATCo related incidents were reallocated from the contractor's budget into PVTA's. These recoveries offset the payments made by PVTA on claims. Due to the diligent work of the claims department the recoveries are higher than budgeted.

Expenses:

The Administration line item is down partly due to new employees not qualifying for the pension plan and others that elected not to take the health insurance coverage. These are considerable cost savings to PVTA. A percentage of the budget in this line item is allowed in anticipation of employees electing to take insurance throughout the year. Two retirees have exited the health plan resulting in cost savings. Travel and Training are in this category and due to the pandemic, use of this line item is very limited as most training is being done virtually. Postage and office supplies are lower than budgeted. Janitorial is lower than budgeted due to a new solicitation for a contractor that resulted in lower cost to the Authority.

The Marketing budget is lower than expected due to the Marketing Manager being out on maternity leave during FY22. The Marketing Budget is anticipated to resume its expected budget for FY23.

Paratransit expenses are reflective of the number of trips that have been provided. Trips performed are slightly lower than expected therefore the line item for this category is under budget.

The expenses for the communities that currently participate in the Beyond ADA Program are all under budget due to the budget including the amended 100% grant award of \$258,000 to account for 100% of operating costs. This award was distributed among the participating communities and is reflected in the budget to actual.

Fuel cost for both Paratransit and Fixed Route service is increasing, and it is expected to be at or over budget by the end of the year due to continuing rising fuel prices. This variable cannot be adequately predicted.

Insurance claim payments for Paratransit are significantly lower than expected due to our new contractor providing the insurance.

The insurance claim payments for fixed route are over budget due to a claim settling for slightly more than was estimated by the Claims Manager as well as a large claim settlement this fiscal year rather than next year.

5. APPROVAL OF FY23 FINAL BUDGET

Lisa Seymour, CFO, stated that the FY23 Budget is presented with yearly projections based on figures for the period ending March 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 at 80% as the transit system recovers from the pandemic.

This FY23 Budget does not assume any changes to the Revenues from what was presented in the Draft Budget to the Board at the March 23, 2022 meeting.

There were a few changes in the Expenses. An additional savings of \$140,372 in the expenses is presented in this final FY23 Budget. The CFO and CIO worked with the vendor for a better estimate of the bandwidth required to support our transportation system. Claims payments for Paratransit was removed due to the Paratransit contractor assuming claims. An additional savings is shown in Legal, Bond Financing and Miscellaneous after analysis based on the March financials and on the expected expenses.

All other line items are the same as what was presented in the Draft Budget at the March meeting.

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 corresponding decrease in SATCO/VATCO fare revenue as the riding public embraces the contactless mobile fare 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 College 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 Amherst/Worcester route. \$97,400 of FY21 Discretionary funds are being carried over for the Northampton to Springfield 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 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 at a lower rate.
- Mobility Training increased significantly due to grant funding. There is currently one full time and one part time employee in this role. PVTA 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 within the budget.
- 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, PVTA 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..
- 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 FY'23 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- the 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.

Chairman Slaughter asked for a motion from the Finance & Audit Committee to approve PVTA's FY23 Final Budget.

MOTION: Moved and seconded (Huntley/Moskin) to approve PVTA's FY23 Final Budget.

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

David Moskin: Yes
Steve Huntley: Yes
Doug Slaughter: Yes

Motion passed, 3-0 vote.

6. OTHER BUSINESS

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

7. ADJOURNMENT

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

MOTION: Moved and seconded (Moskin/Huntley) to adjourn.

Chairman Slaughter asked for a roll call vote.

Steve Huntley: Yes
David Moskin: Yes
Doug Slaughter: Yes

Motion passed 3-0.

The meeting of the PVTA Finance & Audit Committee adjourned at 2:36 P.M.

A TRUE RECORD

ATTEST: _____
BRANDY PELLETIER

Documents filed with Finance & Audit Committee Meeting packet:

- March 31, 2022 Finance & Audit Committee Minutes
- 9-Month Budget to Actual Report
- FY23 Final Budget

Minutes Approved: 9/29/2022