

**PVTA  
Pioneer  
Valley  
Transit  
Authority**

**Administrative Headquarters  
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**MINUTES OF PVTA'S  
FINANCE & AUDIT COMMITTEE MEETING  
March 25, 2015**

The Finance and Audit Committee meeting of the Pioneer Valley Transit Authority was held on Wednesday, March 25, 2015 at 11:30 A.M. at the PVTA.

**PRESENT:**

Marilyn Ishler, South Hadley; David Moskin, Hadley; Stephen Huntley, Chicopee;

Other's Present: John Musante, Advisory Board Chairman; Mary MacInnes, PVTA; Patty O'Leary, PVTA; Brandy Lamour, PVTA;

**NOT PRESENT:**

Melissa Zawadzki, Easthampton; Brian O'Leary, Belchertown;

John Musante, Chairman of the Advisory Board called the Finance & Audit Committee meeting to order at 11:35 AM.

**1. APPROVAL OF MINUTES**

Chairman Musante asked for a motion from the Finance & Audit Committee to approve the meeting minutes of the Finance Committee Meeting held on September 24, 2014.

**Motion:** Moved and seconded (Ishler/Huntley) to approve the minutes of the September 24, 2014 Finance & Audit Committee Meeting.

Chairman Musante asked if there was any discussion, hearing none, asked for all those in favor to say aye.

Motion passed by a unanimous vote.

**2. FY 15 BUDGET TO ACTUAL**

Chief Financial Officer, Patty O'Leary reported on the FY 15 budget to actual and stated the following:

PVTA will balance this Fiscal Year's budget by drawing down less federal operating funds, and utilizing those same funds to purchase expansion buses for our new service

needs. Savings realized in paratransit gasoline, paratransit incentive deductions, Revenue Anticipation note interest, and administrative services (planning and legal) primarily have attributed to these budgetary savings. PVTA will add the maximum amount allowable (3% of the prior year's local assessment) to the Reserve for extraordinary expense this fiscal year.

Fare box revenue is projected to be under budget by less than 1% or 634K by year end. Estimations at this point in the fiscal year of the new service revenue appear to be budgeted more than actual; however this may recover when spring appears. More than usual cash fares as opposed to passes are being collected which indicates more new riders.

Advertising revenue is expected to exceed budget by \$29K or 12%.

Revenue from First Student to rent land at Cottage Street in the amount of \$4.3K was not budgeted for and is included in this category. All other line items are close to budget.

PVTA received notification from FTA in July of 2014 that there was \$352K in JARC funds that would be eligible to be use to subsidize the G 1 service. These funds were not included in the original budget and are the primary reason for the overage.

This revenue category will be adjusted to compensate for any budget variances at year end. With this 8 month projection, it is expected that PVTA will utilize \$1 million less in Federal Operating funds and use those funds to purchase expansion buses (Capital) for the new service. There are 15 buses being delivered in July, 4 of which are to expand our fleet.

PVTA borrowed \$13 Million dollars, as was projected (as compared to \$33 Million last year); however the net interest rate was actually 0.417% rather than the budgeted 1%. This will result in a savings of \$86.7K by fiscal year end in interest expense. Most of the savings was realized in the first month of the fiscal year due to a large premium offered by the successful bidder of \$75,579.

PVTA has had very little need for legal services outside of the claims department this Fiscal Year. This line item can fluctuate without notice, but has been very steady in the last few years.

During last year's budget, Opal Real Estate Group, who manages Peter Pan's property at the Springfield Bus Terminal increased PVTA's rent from \$12,673 to \$25,346 per month. PVTA's Administrator was able to negotiate down to \$22,817 per month, saving PVTA \$30K for FY 15. PVTA's lease(s) at the 2 Information Centers on Main Street in Springfield run from July through June and are on budget.

All other administration line items are close to budget.

The amount paid to the Contractor, is projected to come in under budget for 2 reasons. The standards established for incentives have not been met through the first 7 months of FY 15, and this is projected to produce a savings of \$60K by year end. The rest of the savings comes from reduced service hours this winter when PVRTA had to shut down due to the snow storm(s).

Fuel is running under budget due to the drop in fuel prices. The Price per Gallon in December was .98 cents lower than last December. PVRTA purchases approximately \$400,000 gallons of gasoline for its paratransit fleet every year. A twenty cents (\$.20) drop in fuel pricing saves PVRTA \$80,000 per year. The FY 15 budget was set at \$3.25. The amount of gallons purchased is on budget; however the savings by fiscal year end are expected to be approximately \$350K.

Maintenance of our van fleet is projected to run under budget for the fiscal year by \$90K. The addition of new vehicles to the fleet has attributed to this. This line item is offset by a credit to the SATCO operation payments.

Fixed Route service is projected to end this fiscal year under budget by .5%.

First transit (SATCO/VATCO) is projected to be under budget this fiscal year by \$143K, 120K in savings is in labor (70K in operations, 50K in maintenance) and most of the balance in materials & supplies. The new service is operating more efficiently than expected; however operator overtime is keeping costs closer than expected in the future. When there are a sufficient number of drivers, this overtime will decrease. The newer vans and bus fleets are contributing to savings in materials and maintenance

UMTS is projected to be very close to budget at year end.

Shuttle service is operated by Hulmes Transportation in three of PVRTA's communities: Ware, Palmer, and Easthampton. Service is operating less than expected in all 3 communities.

A complete copy of CFO O'Leary's report on PVRTA's FY15 Budget to Actual has been filed with the meeting minutes of this meeting.

David Moskin asked for the number of accidents during the months of January and February.

Chairman Musante asked for a motion from the Finance & Audit Committee to accept the report of the FY15 Budget to Actual.

**Motion:** Moved and seconded (Huntley/Ishler) to accept the report of the FY15 Budget to Actual.

Chairman Musante asked if there was any discussion, hearing none, asked for all those in favor to say aye.

Motion passed by a unanimous vote.

### **3. FY16 DRAFT BUDGET**

Chief Financial Officer, Patty O’Leary reported on the FY 16 draft budget and stated the following:

Since FY 2014 State Contract Assistance (SCA) to PVTA has increased \$4.7 Million. In FY 15 an estimated \$2.4 Million of new service was put on, and in FY 16 another \$1.5 million of annualized new service is proposed. Other costs associated with new service such as insurance for the expanded fleet, parts, increased maintenance hours, and increased IT support, and fuel consumption have also increased over the past 2 years.

#### Revenue Assumptions

- Fare box Revenue – overall increase due to new service from CSA analysis. (Fare box revenue estimated at 17% of the projected \$1.2 million dollars of new service, and increase in college pass contracts.)
- Advertising – Budgeted to increase slightly given the past 2 years history.
- Capital Grant Reimbursement – There are no more New Freedom or JARC grants available, causing a loss of about \$600,000 per year in funding. The only funding here is for the Stonybrook route.
- Federal Grants – Preventive Maintenance, ADA, and Planning funds. The \$600,000 loss from Capital grants will be made up here.
- Local Assessments increase 2.5% per year increase over the prior year plus 27% of the new service costs.
- State Contract Assistance – Increased to \$23.4 million dollars (Plus \$510 Thousand) in FY 16.

#### Expense Assumptions

- SATCO/VATCO labor – Actual projections were made based on the recent labor contract negotiated and historical costs of category expenses. New Service implemented in FY15 and New Service in FY 16 is included in this budget also. Current labor contract expires on October 31st for SATCO and December 31<sup>st</sup> for

VATCO. 4 New positions, 3 Maintenance and 1 IT were added to SATCO in order to manage the new service and additional fleet (\$295,000). PVTA will be reviewing data to justify this request. Savings of \$600,000 in diesel fuel will be realized over FY 15 due to locking in for the year at \$2.45 per gallon. Since 2006, SATCO/VATCO has operated more than one million miles of new fixed-route service.

- UMass – Overall budget is less than 3% greater than FY 15. However, savings in diesel fuel amounting to \$153,000 will put UMTS at a lower cost in FY 16 over FY 15.
- Paratransit – estimates were made based on the contract awarded to Hulmes Transportation Services., Inc. which increased 3% and another 1% for an expected increase in off peak trips due to new service. A large increase expected in paratransit is for gasoline. FY 15 saw record low gasoline prices. The FY 16 budget is predicting 400,000 gallons at \$3.15 per gallon.
- Administration – Wages for current staff are estimated to increase by 3%. Additionally a Director of Mobility Services is included in this budget for FY 16 at a salary of \$50K. All other categories (Except Health insurance – 8% and Insurance –5- 15%) are estimated at a 3% increase or level, based on historical trends.
- ITS support issues. For budget year FY 16, ITS expenses are allocated as follows: Fixed Route:
- \$149,650, Paratransit: \$45,100. There is \$10,500 included in the Administration budget for IT support.

David Moskin stated he would like to see a comparison of last year's numbers versus this year's numbers in the FY16 Budget.

A complete copy of CFO O'Leary's report on PVTA's FY16 Draft Budget has been filed with the meeting minutes of this meeting.

Chairman Musante asked for a motion from the Finance & Audit Committee to accept the report of PVTA's FY16 Draft Budget.

**Motion:** Moved and seconded (Ishler/David) to accept the report of PVTA's FY16 Draft Budget.

Chairman Musante asked if there was any discussion, hearing none, asked for all those in favor to say aye.

Motion passed by a unanimous vote.

4. **OTHER BUSINESS**

Chairman Musante stated that there is no other business to discuss.

5. **ADJOURNMENT**

There being no further business, the meeting was adjourned (Huntley/Moskin) at 12:05 P.M.

**A TRUE RECORD**

ATTEST:

  
**BRANDY LAMOUR**

Documents filed with Finance Committee Meeting packet:

- FY15 Budget to Actual
- FY16 Draft Budget

**Approved on May 27, 2015**