

Pursuant to written notice sent to Board Members and pursuant to notice posted at least forty-eight hours prior to the meeting, copies of said notice having been sent to the Secretary of the Commonwealth, William F. Gavin and the Secretary of the Executive Office of Administration and Finance, Michael Heffernan, the meeting of the Finance and Audit Subcommittee of the Franklin Regional Transit Authority was held on April 5, 2018 at the John W. Olver Transit Center, 12 Olive St., Greenfield, MA 01301.

Finance Subcommittee Members present were:

<u>Name</u>	<u>Town</u>
Peter Otten	Buckland
Robert J. Decker III	Deerfield
Lance Fritz	Leyden

Also present were:

Jeff Singleton, Montague Advisory Board member, Tina Cote, FRTA Administrator, Michael Perreault, FRTA Assistant Administrator and Ed Sanborn, FRTA Bookkeeper.

Peter Otten called the meeting to order at 10:00am.

Robert J. Decker III noted that the meeting notice has a misprint that agenda items referencing FY17 should be noted as FY18.

1. REVIEW FY18 FIRST HALF REPORT:

Ed Sanborn discussed the first half report stating at the half-way point in the year there shows a projected \$36,000 deficit on the profit and loss report. Highlights of some key areas of concern include the outcome of the union negotiations of FTM employees, and the outcome of our RFP for management services for transit operations and fleet maintenance. Other important things that FRTA is working to control are such as negotiating IT contracts and ensuring any building expenses that can be paid with capital funding to reduce burden on operating budget. Those expenses would be for building improvements that are too small to be depreciated, so instead are expensed.

2. DISCUSSION OF FY18 FINAL BUDGET PROJECTIONS:

Ed Sanborn explained that the budget projection for the end of FY18 will be balanced. In addition to the things described above, FRTA is cautiously optimistic that we can hold

the line with our contractors' budgets and control internal spending to end the year with a balanced budget.

Peter Otten asked about the use of the reserve fund. There was discussion that MassDOT has not provided guidance for what the reserve fund can be used for and the procedure for accessing funds for approved uses. Ed Sanborn added that the money for the reserve fund is not on hand in an FRTA bank account so using the reserve fund could potentially be a cash-flow issue as well. The discussion concluded with direction from the Committee that FRTA should continue to press MassDOT regarding accessing the reserve funds.

Ed Sanborn stated that unknowns for the budget next year revolve around the renewal of the Lifepath contract and what those projected revenues will yield, cost increases from the FTM union negotiations, and 5311 funding projections. Coupled with the loss of JARC funding a year ago and SCA level funded is proving to be challenging to maintain current operations with a balanced budget. FRTA continues to review line items looking for potential cost savings before looking at impacting transit services.

Robert J. Decker III suggested looking at FRTA employees and filling future positions with part-time positions with reduced benefits to help with reducing costs and balancing the budget.

There was discussion about the upcoming public outreach sessions regarding the proposed route changes and fare increases. Peter Otten suggested that FRTA create a schedule to implement regular, incremental fare increases moving forward so that riders aren't shocked by larger, irregular fare increases. Smaller, more predictable increases, done on an annual basis may make it easier on riders.

The next Finance and Audit Subcommittee meeting is scheduled for April 24th at 9:00am.

Robert J. Decker III made a **motion** to adjourn, Lance Fritz seconded and the meeting was adjourned at 10:55am.