

Approved 4/27/21

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 Committee of the Franklin Regional Transit Authority was held on March 24, 2021 at the John W. Olver Transit Center, 12 Olive St., Greenfield, MA 01301.

**1. INTRODUCTION:**

Finance and Audit Committee Members present were:

<u>Name</u>	<u>Town</u>
Peter Otten	Buckland
Robert J. Decker III	Deerfield
Eric Twarog	Greenfield

Also present were:

Tina Cote, FRTA Administrator (by phone), Michael Perreault, FRTA Assistant Administrator, and Ed Sanborn, FRTA Bookkeeper.

Peter Otten called the meeting to order at 9:30am.

**2. REVIEW AND APPROVE MEETING MINUTES FROM SEPTEMBER 29, 2020:**

Robert J. Decker III made a **motion** to approve the meeting minutes from September 29, 2020. Eric Twarog seconded, and the vote was as follows:

<u>Name</u>	<u>Town</u>	<u>Vote</u>
Peter Otten	Buckland	Yes
Robert J. Decker III	Deerfield	Yes
Eric Twarog	Greenfield	Abstain

The vote passed and the **motion** carried.

### **3. REVIEW 1<sup>st</sup> HALF REPORT:**

Ed Sanborn gave a brief overview of the 1<sup>st</sup> half report. Highlights of the report included:

- FRTA continues to operate at a reduced schedule
- Reduced income as well as reduced expenses compared to budget
- Increase in State Contract Assistance than what was originally budgeted
- At the halfway point, the budget is on track for approximately \$200,000 surplus

Robert J. Decker III asked if any of the funds from the surplus would need to be retained. Ed Sanborn explained that any surplus would be with federal money and can be carried forward into the first quarter of the next fiscal year. Robert J. Decker III asked how we can show farebox revenue if we are not charging for fares. Ed Sanborn explained that FRTA has suspended fare collections only on the fixed routes. Contractors continue to collect fares for the demand response and microtransit transportation.

### **4. REVIEW STATE AUDIT REPORT:**

FRTA had an internal audit conducted by MassDOT last year, which was concluded in December. There were four recommendations from the audit and two have already been completed, one is in the process of being completed, and one is being reviewed internally as to how to complete at a later date. This last recommendation had to do with cybersecurity testing and our IT contractor cannot test its own system so we will need to look for another company to work with us for the testing. Michael Perreault apologized to the group for accidentally not including a copy of the State Audit Report in the meeting packet. The report will be sent out to everyone after the meeting. Tina Cote explained that all 15 RTAs are audited by MassDOT on a rotating basis, usually every two years. Robert J. Decker III suggested that the audit report be included in the next Advisory Board meeting as well. Peter Otten asked if we have an insurance policy regarding cybersecurity. Tina Cote did confirm that FRTA does carry a cybersecurity insurance policy. Robert J. Decker III suggested that there may be a way to collaborate with another RTA to support an information technology position. Eric Twarog asked who the most logical choice would be to partner with on a project like this. Michael Perreault stated that with the advance of technology an information technology position would not even need to be physically present to perform most of the work. Robert J. Decker III is supportive of the idea to partner with another RTA to provide information technology services but wants to caution that we are not taken advantage of or paying more than our fair share.

### **5. DISCUSSION ON IMPACTS OF HST CONTRACT LOSS:**

Ed Sanborn reviewed a rough draft outline on the impacts of the FY22 budget without the HST program. Tina Cote explained FRTA has held a contract for brokerage of the State's HST transportation program for almost two decades. In the last RFP for brokerage services, the State has awarded a new contract to MART and GATRA for the entire state. FRTA was initially looking to be a subcontractor, but it does not appear that will be an option. It is estimated that without any other changes FRTA would see a

deficit of about \$460,000. FRTA has seen a reduction in staff and those positions have remained unfilled during the pandemic. In addition, FRTA has access to federal CARES funds that can be used to cover the deficit. Tina Cote stated that a large group of Massachusetts legislators are sending a letter to the State requesting to hold off on the transition of the brokerage contracts for two years. So, there is a possibility that FRTA may not lose the contract after all, but we are unsure what is happening at this point.

Robert J. Decker III stated that the size of the deficit without the HST program is a real eye opener. Tina Cote continued that we have been considering different ideas moving forward without the HST contract with things such as shifting the scheduling of demand response and ADA trips from the call center to the dispatchers at the garage. We have also been considering shifting the remaining two HST staff positions into other job duties within the FRTA. Robert J. Decker III commended FRTA for its forward thinking on this. Peter Otten stated that even if the legislators do get the state to consider holding off for an additional two years it is time to start planning now so that we are not in this same spot two years from now.

The next scheduled Finance and Audit Committee meeting will be on April 27<sup>th</sup> at 9:30am.

Robert J. Decker III made a **motion** to adjourn, Eric Twarog seconded, and the meeting was adjourned at 10:20am.