

**MINUTES OF THE BAT ADVISORY BOARD'S
AUDIT AND FINANCE COMMITTEE AND
THE COMPENSATION AND PERSONNEL SUBCOMMITTEE**

May 26, 2022 10:00 AM

In Attendance:

Frank Hegarty, Town of Avon

Michael Dutton, Town of Bridgewater

Michael Lambert, Administrator

Linda Sacchetti, CFO

Kelly Forrester, Manager of Transit Operations

Kathy Riddell, BAT

The virtual meeting was called to order by Mr. Hegarty, for the purpose of discussing business brought before the Audit and Finance and Compensation Committee in accordance with the agenda presented and the notice sent out on May 23, 2022. The meeting was held virtually based on Governor Baker's declaration of a state of emergency on March 12th, 2020. Enhanced open meeting regulations were being utilized for the meeting. The meeting was being recorded and live streamed on BAT's YouTube video platform to provide a public forum/access. All requirements have been met.

Mr. Hegarty welcomed the group. He asked if there were any public comments. Seeing as there were none, the group moved to the next item on the agenda.

The minutes from the meeting of April 28, 2022 were reviewed. Mr. Dutton made a motion to accept the minutes as presented. Motion was seconded by Mr. Hegarty. All were in favor.

Mr. Lambert provided the Federal/State Funding Update. He stated that federal funding has remained unchanged since the April meeting. There has been a 20% increase in 5307 formula funds. The split letter agreement has been signed by all parties of the Boston Urbanized Area and the letter has been forwarded to the Federal Transit Administration. On the state side, the Senate has restored some of the discretionary funds and is proposing level funding for the RTAs. BAT's budget was developed conservatively and utilized level funding for state contract assistance. On May 24th, BAT received notice that we were awarded a Shared Streets grant which will provide funds to construct three bus layovers with shelters, signage and other passenger amenities. The project will be located at Market Basket at the Westgate Mall. This location has held strong during the pandemic and will provide a safe and comfortable passenger "mini-hub."

Next, Ms. Sacchetti presented the committee with an amended budget for FY22. The original budget was developed based on full service and all positions being filled. The amendment depicts \$1.3 million reduction due to a number of factors. Although fixed route and paratransit revenues were lower than expected, there was an increase in auxiliary revenue; i.e., parking, property

disposition and advertising. On the expense side, operating expenses were reduced consistent with the level of service, a favorable fuel contract and unfilled positions. BAT recently renewed its insurance policy at a 7% increase but that was reflected in the original budget. Federal operating assistance will be utilized to balance the budget at a reduction from FY21 of approximately \$1.2 million. Mr. Dutton asked if the federal operating funds received for COVID were included with the regular grants. Mr. Lambert explained BAT's strategy for using a combination of 5307 formula operating funds and the three COVID related operating grants provided. He stated that barring a deep recession, BAT should be in good financial shape for the next 3 to 5 years. BAT tries to take advantage of any leftover money that might be available such as the lapsing funds that are expected to be flexed from federal highway to transit to keep the money in the district. Mr. Dutton made a motion to recommend the approval of the amended budget as presented. Motion was seconded by Mr. Hegarty. All were in favor.

Ms. Sacchetti presented the committee with the FY23 proposed Draft Budget. This budget reflects a 3% increase over the FY22 budget based on full pre-COVID service, new service and all positions filled. Fixed route revenues are at about 75% of FY19 numbers and paratransit is at about 90%. Interest rates are climbing. Although BAT's current fuel contract is favorable, it will expire about 6 months into FY23. The challenge for BAT is to determine the timing of a new fuel contract and what would be best in the long run. BAT wants to protect itself from uncertainties, if possible. The fixed route management contract is out for bid. BAT Administration cost include increases in health insurance, OPEB contributions and increased insurance rates. BAT's insurance increased 7% over last year. The fixed route operator recently hired a risk manager with the intent to help provide strategies to mitigate cost prior to next year. Interest rates on borrowings has been reduced as BAT expects to borrow less. State level funding is expected next year, local assessments will be increased by 2.5% and BAT is anticipating additional of discretionary funds for new service. As usual, BAT will utilize federal operating assistance to balance the budget. Mr. Hegarty asked if there were any questions. Mr. Dutton made a motion to recommend the adoption of the draft FY23 budget to the full Board. Mr. Hegarty seconded the motion. All were in favor.

Number 5 on the agenda was the Federal Triennial Review. Mr. Lambert stated that it was still ongoing. The review was exhaustive and initial indications are good. There will be more information by the next Board meeting.

COVID impact has leveled out in the workplace and ridership has remained stable despite the recent surge. BAT continues to recommend the use of face masks although the mandate has been lifted. BAT is also willing to assist and encourage the distribution and administering of vaccines and boosters.

Number 7 on the agenda was a discussion about compensation and personnel. Mr. Lambert gave the committee an overview of his report provided in the committee package on the Administrator's goals and the progress that has been made. He stated there were a number of items completed. He also stated that he is looking forward to getting back out into the

community as things begin to improve and take advantage of social networks to help build up service. He cited the provision of “free” weekend service last summer to help the city reopen, the commuter rail initiative which saved Brockton customers \$80,000 and the programs that build on BAT’s IT investments to provide better data sources. Mr. Lambert stated that he would provide the group with his new goals in the fall.

Mr. Hegarty explained to the group that the Compensation and Personnel Subcommittee was delegated with the task of setting compensation for the Administrator and the CFO. The Administrator’s compensation was addressed earlier in the year. After discussion with the Administrator, Mr. Hegarty would like to recommend to the full Board, a 5% increase for the CFO. A motion was made by Mr. Dutton and seconded by Mr. Hegarty to make a recommendation of a 5% increase for the CFO for FY2023. All were in favor.

There was no Old/New Business to bring before the committee.

Mr. Dutton made a motion to adjourn the meeting and it was seconded by Mr. Hegarty.

Meeting of the Audit and Finance and Compensation and Personnel Subcommittee adjourned.

Respectfully submitted,

Kathy Riddell, BAT

List of handouts for 1/13/22 meeting:

1. Agenda
2. Minutes – 4/28/22
3. FY22 Amended Budget
4. FY23 Draft Budget
5. Administrator Goals