

Finance Committee – Remote Meeting
Minutes of the GP Metro Finance Committee of April 27, 2022 at 4:00 p.m. via Zoom
ZOOM Attendee Link:

<https://us02web.zoom.us/j/85106866214?pwd=OCtwRGl3VkppQlc3ekw0am9lMTQ1dz09>

Webinar ID: 851 0686 6214| Passcode: 936932

<p>Committee Members Present: Paul Bradbury, Chair Nat Tupper William Rixon (4:10) Ashley Rand Ryan Leighton</p> <p>Non-Committee Members Present: None</p> <p>Committee Members Absent: None</p>	<p>Staff and Others Present: Greg Jordan, Executive Director Shelly Brooks, Finance Director Mike Tremblay, Dir. of Transit Development Debbie Fitzpatrick, Accounting Manager Glenn Fenton, Transportation Director Casey Leonard, RKO Aga Dixon, Drummond Woodsum Lauren Shaw, Executive Assistant</p> <p>Members of the Public: None</p>
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Attendance roll call was taken by Lauren Shaw, Executive Assistant.

1. With a quorum in place, the meeting was called to order at 4:00 p.m. by Paul Bradbury, Chair.

2. Public comment: No members of the public were present.

3. Approval of Meeting Minutes

Nat Tupper moved, seconded by Ryan Leighton, to approve the meeting minutes of the March 2, 2022 meeting of the Finance Committee as presented. A roll call vote was taken by Lauren Shaw, Executive Assistant. With approval by Ryan Leighton, Ashley Rand, Nat Tupper, and Paul Bradbury, **the motion passed unanimously by all those present.**

4. Update on Fare Capping with Automated Fare System

Under the Automated Fare System, customers are typically not charged after the third ride in a day or thirtieth in a month. Cash is still an option, but more savings are realized by customers using the automated system, which requires the UMO app or a smartcard. The program is also beneficial for Metro’s Finance department. Fifty percent of fare revenue is cash, but the Fare payment system is used more (the cost-per-ride revenue from cash is higher than the revenue from auto fare). As ridership has increased, a larger proportion of riders are using auto fare. Cash used to account for 50% of the rides, and that has dropped to about 35%. Generally, fare-capping happens on the local routes, not including Portland Public Schools routes or the Husky Line. Riders using stored value are largely on routes 1-8, while the Breez rarely reaches the daily fare cap.

5. 2021 Financial Audit

Summary of Audit Results:

- Financial Statement – Unmodified/clean Opinion
- Report required by Government Auditing Standards (GAS) - yellow book audit
 - No material weaknesses; No significant deficiencies; Clear opinion

- Report required by the Uniform Guidance
 - Programs tested: federal transit cluster
 - Findings: None
- Report required by the Maine Uniform Accounting and Auditing Practices for Community Agencies
 - Reviewed SEDA only, no report modifications (MAAP)

Net Position FY 2018-2021 (decreased by \$21,000 in 2021):

- Net investment in capital assets - \$13.5MM
 - Restricted assets - \$350K
 - Unrestricted assets/board policy - \$900K
 - Unrestricted/unreserved - \$790K
 - The Fund balance is at 6.7%.
- Revenue: \$520K <budget: fares, over-budget federal assistance, and under-budget state assistance.
 - Expenditures: \$908K <budget due to lack of staff and other large areas below cost.
 - Unbudgeted expenses: capital maintenance and contracted services.
 - Revenue distribution FY 2018-2021: fare revenue, municipal contributions, and federal/state grants, which have mostly stayed consistent with an average of 60%.
 - Expense distribution: Debt service in 2021 was about half of 2020 due to notes being paid off.
 - CARES Act funding increased grant/funding percentage in 2020. Large bus purchases in 2019 and 2021 dropped percentages.

Nat Tupper moved, seconded by Ashely Rand, to accept the 2021 Annual Financial Audit as presented and to move it forward to the Board of Directors for action. A roll call vote was taken by Lauren Shaw, Executive Assistant. With approval by Ryan Leighton, Ashely Rand, Bill Rixon, Nat Tupper, and Paul Bradbury, **the motion passed unanimously by all those present.**

6. Net Energy Billing

In May of 2021, Metro signed a revenue sharing agreement with Competitive Energy Services (CES). As the contract states, CES will identify and evaluate opportunities for long-term power purchasing agreements for Metro. Upon project identification, and contract signing, Metro will receive monetary credits on CMP bills over a 20-year contract term, with the potential for additional renewable energy credits (RECs). Metro will purchase the credits from the solar energy project at a discounted rate (approx. 85%). Metro will pay CES 10% of the approx. 15% savings seen on CMP bills. The revenue sharing contract with CES and a memo from CES explaining the program, attached to the packet, were also discussed.

Metro is not committed until a contract is signed. Aga Dixon, Esq., recommended bringing a general confirmation to the Board to prepare a vote authorizing Greg Jordan to enter into a contract, with certain limitations on the authorization power. It was decided to bring a resolution to the Board and note that the finance committee has discussed and supports this action.

7. Review 2022 Budget Performance through March 31, 2022

The 2022 comparative budget to actual report through March included as Attachment A.

Revenue:

- Collected is at 8.9% of budgeted total
- Passenger fares are at 25%.

Expenses:

- At 25% of the budget at the end of first quarter.
 - Audit, technology, software, maintenance, & benefits over, mostly due to timing of payments.
 - Overtime tracking high due to staffing shortage; paid as double-time for six weeks.
 - CNG fuel and utilities are over budget, due to rising cost, not increased use.
- Total services and fees at 35.7% of budget

Although still early in the year, staff have identified areas to watch closely and will continue to explore opportunities to control expenditures in these areas. However, most of the higher expenditures are due to the rising costs of utilities, goods and services.

8. Financial Reserve Policy

The Board of Directors approved this policy on May 24, 2018 (Attachment A). The purpose was to establish guidelines for building and maintaining funds for Metro's financial stability, with a goal of 16.66% of budgeted expenses, or two months. The 2022 approved budget is \$13,955,620, requiring a \$2.3MM reserve. At the end of fiscal year 2021, the balance is \$900K. The Board of Directors and Metro staff continue to work towards achieving the goal of 16.66%.

After reviewing the policy, Metro staff identified the need for additional explanations regarding the reasoning for the minimum goal levels and the authorized usage of funds. The suggested revisions to the language in the policy were reviewed at the March 2, 2022 Finance Committee meeting. Staff provided at draft of the recommended revisions to the policy for the Finance Committee's approval.

Nat Tupper moved, seconded by Ryan Leighton, to approve the revisions to the Financial Reserve Policy, and forward it to the Board of Directors for final approval. A roll call vote was taken by Lauren Shaw, Executive Assistant. With approval by Ryan Leighton, Ashely Rand, Bill Rixon, Nat Tupper, and Paul Bradbury, **the motion passed unanimously by all those present.**

9. Future Agenda Items: ADD Presentation on Utilization of Fare Capping

- Review board policies pertaining to procurement (TBD)
- Comprehensive review of board policies (TBD)
- Reassess cost and revenue allocation policies (Jun-Aug)
- Long Range Financial Forecasting (Jun-Aug)

10. Upcoming Meetings

- Executive Committee – May 11, 2022 at 3:30 p.m.
- Ridership Committee – May 19, 2022 at 4:00 p.m.
- Board of Directors – April 28, 2022 at 4:00 p.m.
- Finance Committee – June 1, 2022 at 4:00 p.m.

11. Adjournment

Nat Tupper moved, seconded by Ryan Leighton, to adjourn. A roll call vote was taken by Lauren Shaw, Executive Assistant. With approval by Ryan Leighton, Ashely Rand, Bill Rixon, Nat Tupper, and Paul Bradbury, **the motion passed unanimously by all those present and the meeting adjourned at 5:24 p.m.**