



# FY26 Fiscal Projections and Potential Service Impacts

Clayton Clark, General Manager

Jamie Smith, Director of Planning and Marketing

Nicholas Foss, Director of Finance





# Agenda

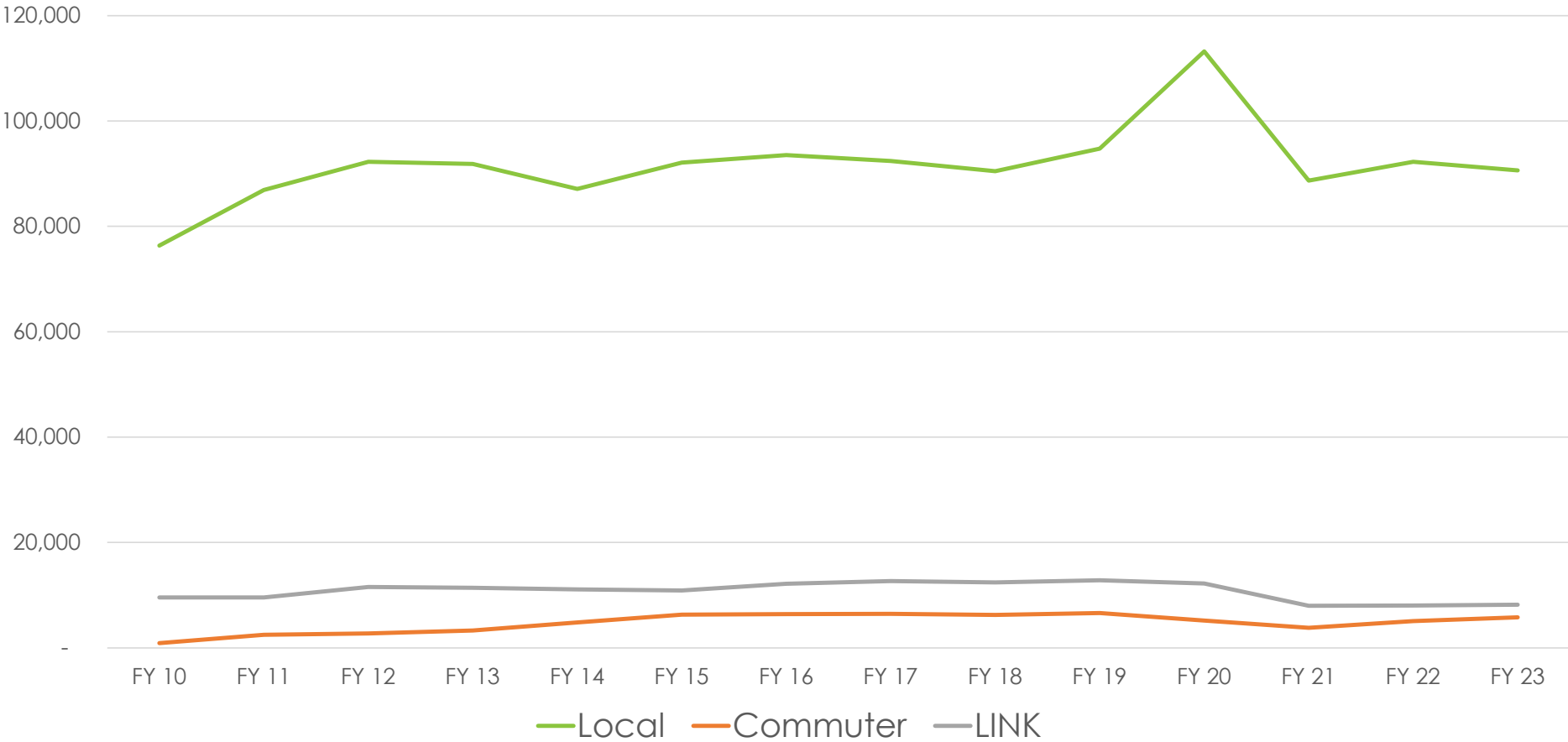
- 
- Introduction - Clayton
  - Urban Service Hours - Clayton
  - Funding Sources - Clayton
  - Urban Financial Outlook - Nick
  - Next Steps – Clayton
  - Considerations - Clayton



# Urban Service Hours



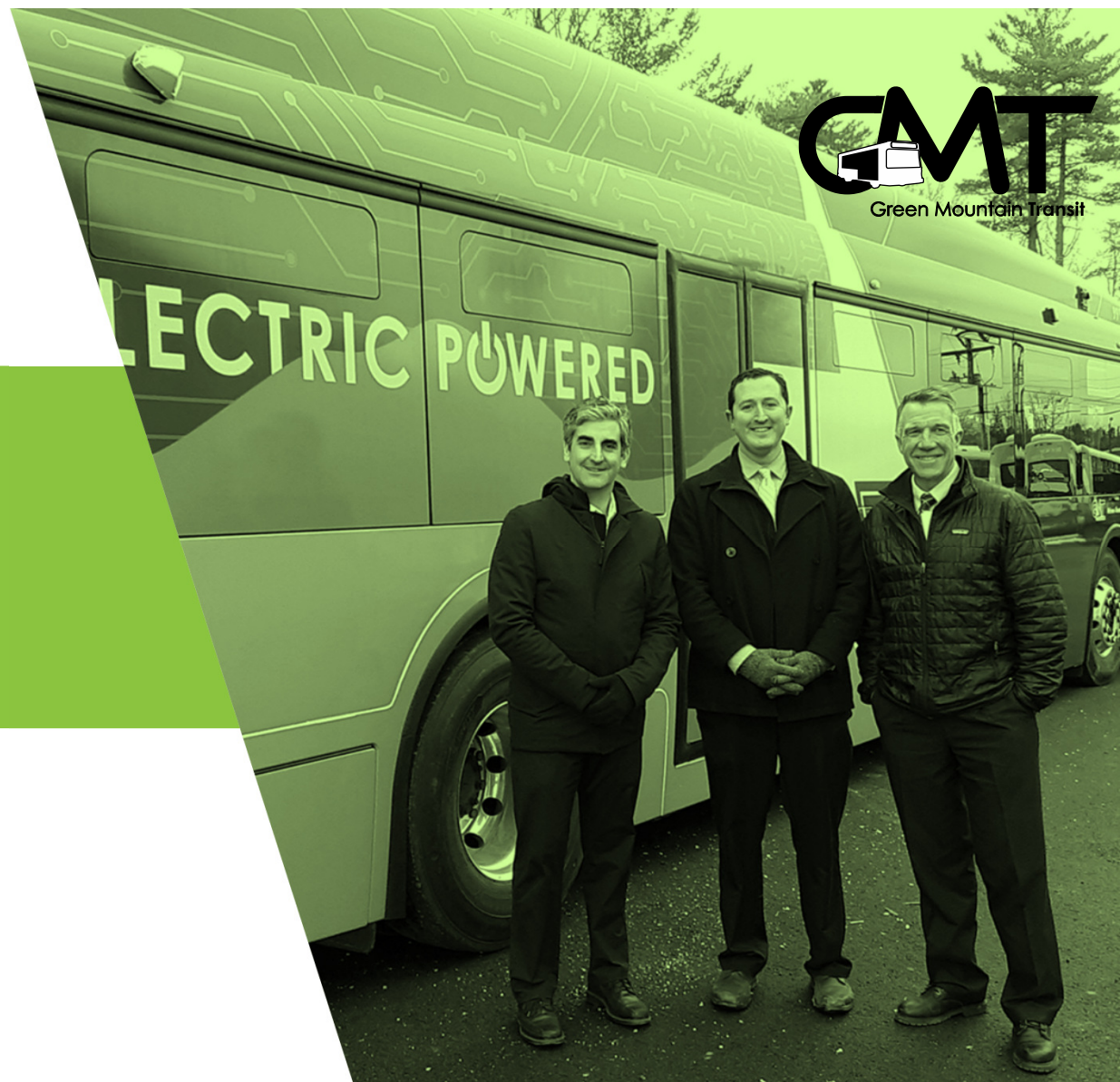
# GMT Vehicle Revenue Hour by Service Category



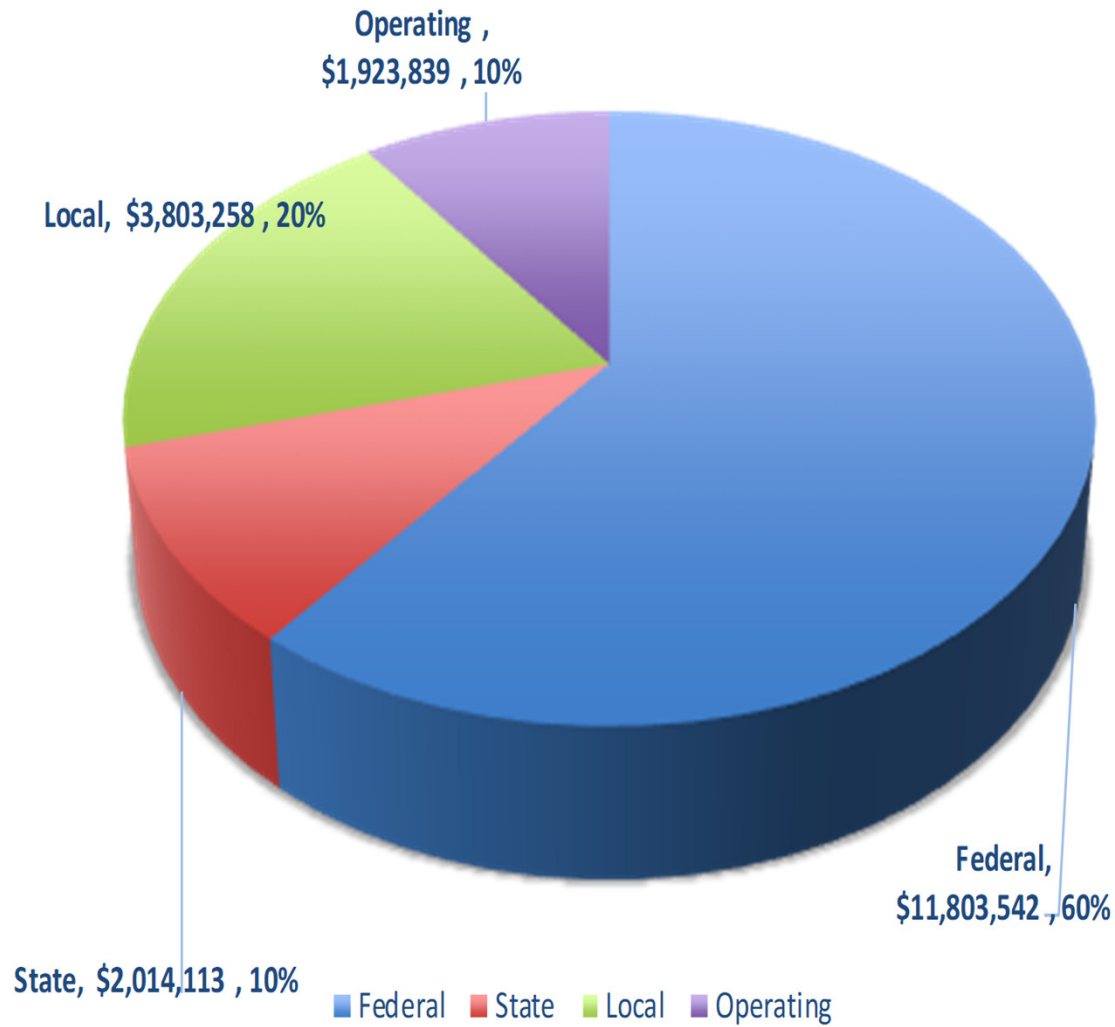
---

# Funding Sources

---



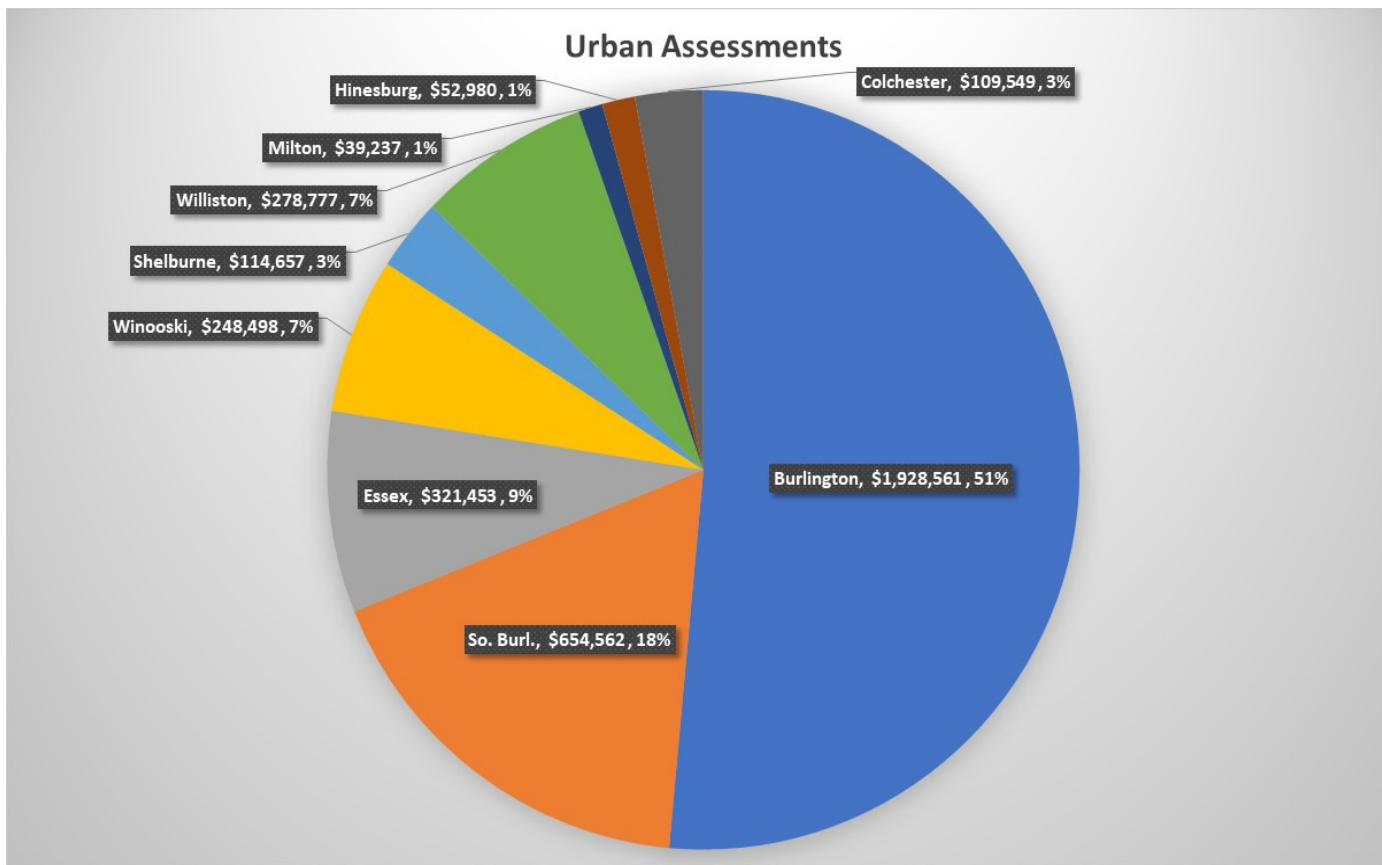
# Urban



*Based on Approved  
FY25 Operating Budget*



# Sources of Urban Local Funding



Total Urban Municipal Funding =  
\$3.8M (20%)

Total Statewide Municipal Funding =  
\$4.7M

Non-GMT Urban Municipal Funding =  
\$0.9M (2.5%)\*

\*Based on total rural transit cost of  
\$35.5M



---

# Urban Financial Outlook

---





# GMT is not alone...

THE WALL STREET JOURNAL

Home World U.S. Politics **Economy** Business Tech Markets Opinion Books & Arts Real Estate Life & Work Style Sports

ECONOMY

## Transit Got Billions in Covid-19 Relief From Congress, but Deficits Still Loom

Agencies face a reckoning despite the infrastructure bill and pandemic aid, as riders stay away

THE WALL STREET JOURNAL

Home World **U.S.** Politics Economy Business Tech Markets Opinion Books & Arts Real Estate Life & Work Style Sports

U.S.

## California Mass Transit Hopes for Bailout in Already Tight Budget

Anemic ridership and ebbing Covid-era emergency funding is expected to hurt hard-pressed transit systems like BART

Bloomberg

US Edition

Live Now Markets Economics Industries Technology Politics Wealth Pursuits Opinion Businessweek Equality Green

Markets

## NY MTA Faces \$3 Billion Hole in 2025 on Slow Subway Rebound

- Transit officials seek additional state and city funding
- MTA struggles to boost ridership and farebox collections

THE BOND BUYER

INDUSTRY TOPICS WASHINGTON REGIONS MARKETS TECH NOTICES AND CALENDARS COMMUNITY

METROPOLITAN TRANSPORTATION AUTHORITY

## As federal funds dwindle, New York transit stares down deficits

By Chip Barnett December 02, 2022, 1:28 p.m. EST 7 Min Read

THE FUTURE OF FINANCE

## City Transit Systems Begin to Peer Over the Fiscal Cliff

BART and other transit agencies are budgeting the last of their pandemic-era federal relief and looking ahead to big, ongoing deficits. Solutions are still hard to find.

ADVERTISEMENT

ClearGov

You Work Hard  
Serving Your  
Community.

wbur LOCAL COVERAGE

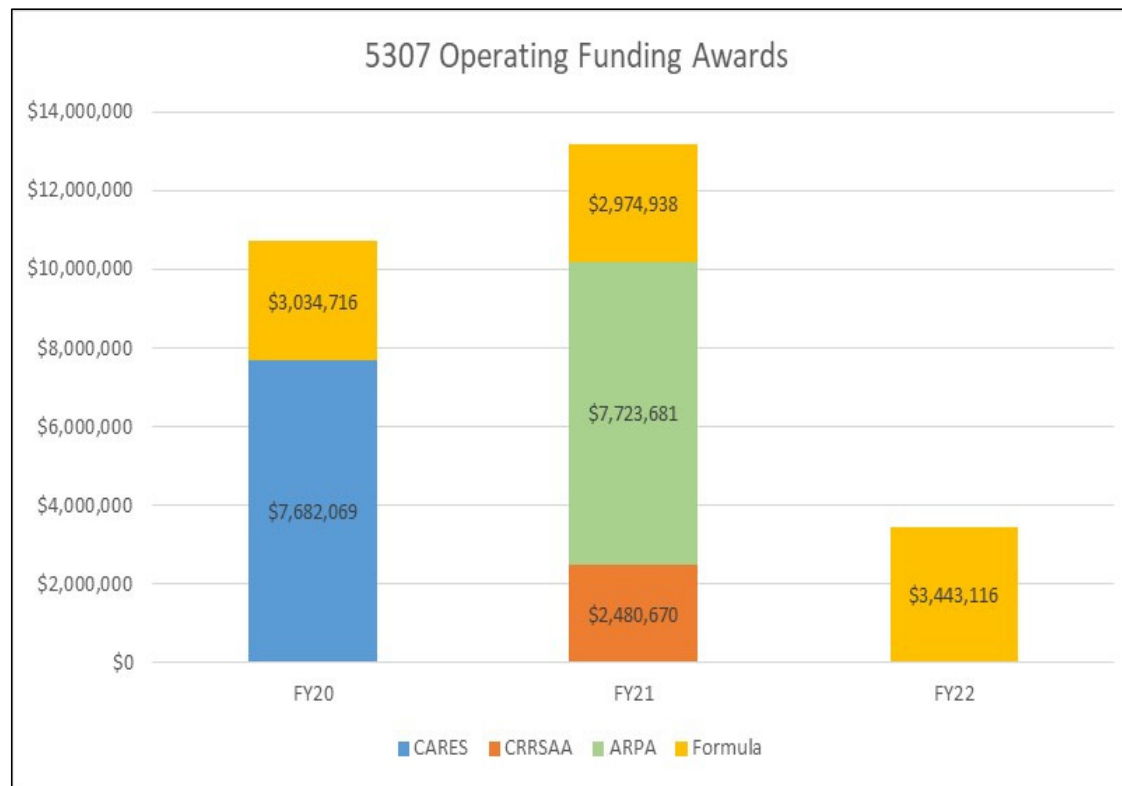
Home // Local Coverage

## MBTA projects a \$230M deficit after federal aid runs out

# Historical Context

	Approved FY21 Operating Budget		
	URBAN	RURAL	Total
<u>Revenues</u>			
Federal, State and Local Revenues	\$11,773,907	\$5,177,669	\$16,951,576
Operating Revenues	<u>\$2,635,908</u>	<u>\$2,399,533</u>	<u>\$5,035,441</u>
Total Revenues	<u>\$14,409,815</u>	<u>\$7,577,202</u>	<u>\$21,987,017</u>
<u>Expenses</u>			
Salaries & Wages	\$7,236,016	\$3,334,749	\$10,570,764
Personnel Taxes & Benefits	\$3,075,300	\$1,054,351	\$4,129,650
General & Administrative	\$1,251,768	\$587,447	\$1,839,215
Operations	\$36,625	\$29,770	\$66,395
Planning	\$100,000	\$25,000	\$125,000
Vehicle & Building Maintenance	\$1,889,752	\$877,825	\$2,767,577
Contractors	\$1,384,348	\$1,540,224	\$2,924,572
Marketing	\$68,320	\$43,540	\$111,860
Other	\$288,443	\$131,490	\$419,933
Total Expenses	<u>\$15,330,571</u>	<u>\$7,624,395</u>	<u>\$22,954,966</u>
Cost Allocations	\$326,120	(\$326,120)	\$0
Balance	<b>(\$594,636)</b>	<b>(\$373,314)</b>	<b>(\$967,949)</b>

# What changed? COVID-19!



## Pre-COVID FY21 Operating Budget

<u>Revenues</u>	URBAN
Federal, State and Local Revenues	\$11,773,907
Operating Revenues	<u>\$2,635,908</u>
<b>Total Revenues</b>	<b>\$14,409,815</b>
<u>Expenses</u>	
Salaries & Wages	\$7,236,016
Personnel Taxes & Benefits	\$3,075,300
General & Administrative	\$1,251,768
Operations	\$36,625
Planning	\$100,000
Vehicle & Building Maintenance	\$1,889,752
Contractors	\$1,384,348
Marketing	\$68,320
Other	\$288,443
<b>Total Expenses</b>	<b>\$15,330,571</b>
Cost Allocations	\$326,120
<b>Balance</b>	<b>(\$594,636)</b>

## Post-COVID FY21 Operating Budget

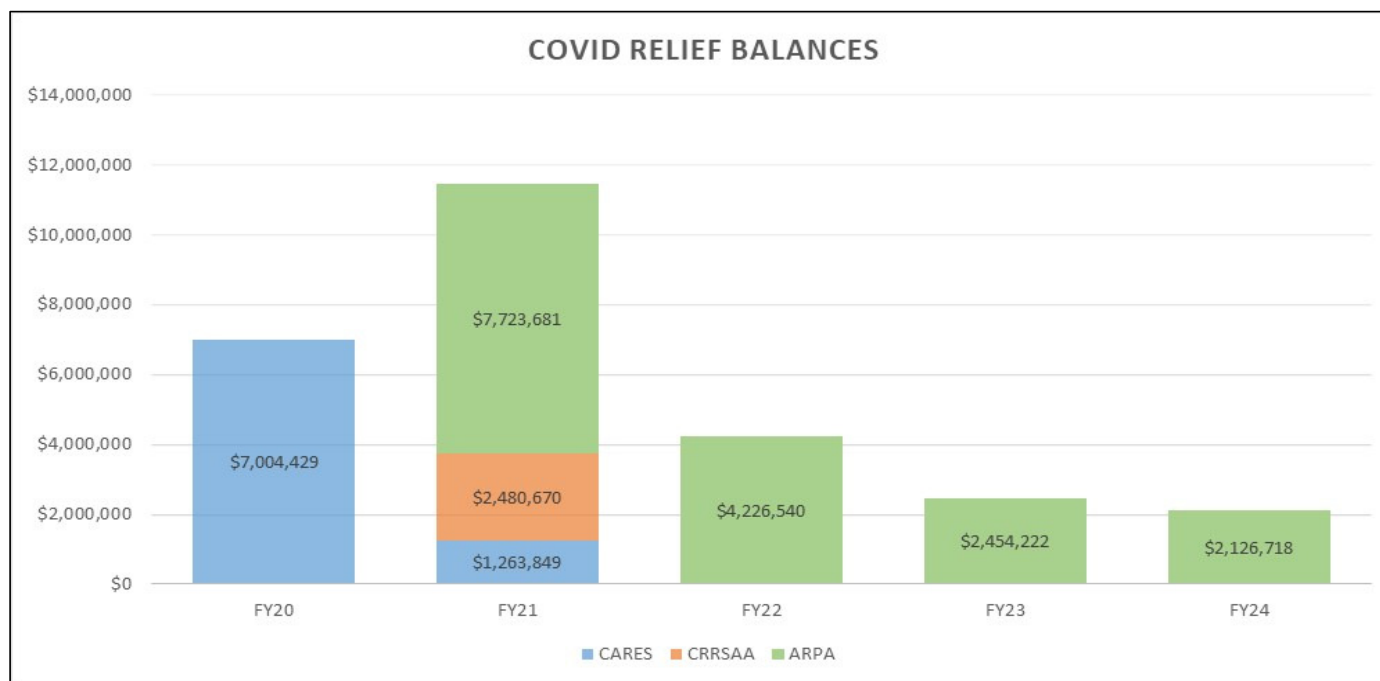
<u>Revenues</u>	URBAN
Federal, State and Local Revenues	\$15,237,081
Operating Revenues	<u>\$251,462</u>
<b>Total Revenues</b>	<b>\$15,488,543</b>
<u>Expenses</u>	
Salaries & Wages	\$6,702,457
Personnel Taxes & Benefits	\$2,851,116
General & Administrative	\$1,302,403
Operations	\$36,225
Planning	\$100,000
Vehicle & Building Maintenance	\$2,037,518
Contractors	\$1,372,910
Marketing	\$68,320
Other	\$1,008,214
<b>Total Expenses</b>	<b>\$15,479,163</b>
Cost Allocations	(\$9,380)
<b>Balance</b>	<b>\$0</b>



# One-time Funds Only Solve Problems.....

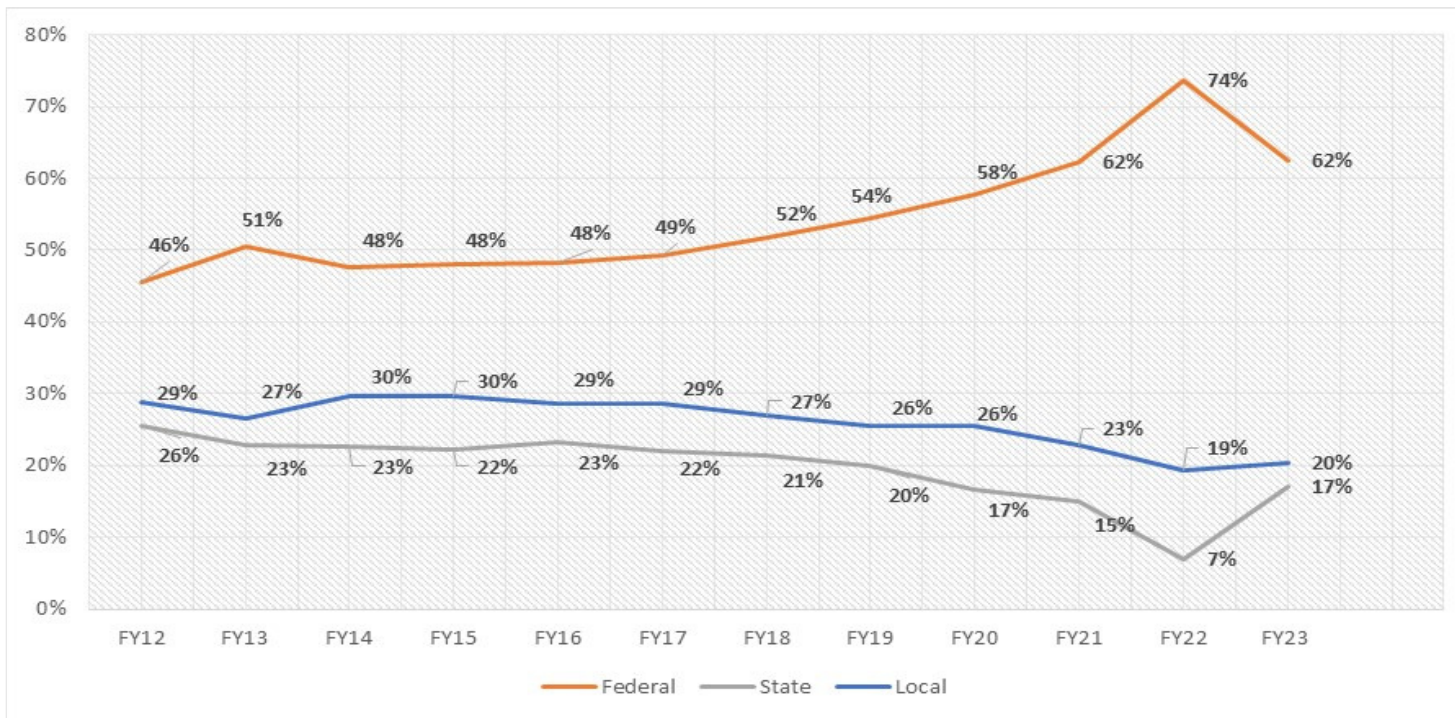
	URBAN			
<u>Revenues</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
Federal, State and Local Revenues	\$15,237,081	\$16,379,097	\$16,717,583	\$18,016,779
Operating Revenues	\$251,462	\$188,708	\$269,599	\$899,137
<b>Total Revenues</b>	<b>\$15,488,543</b>	<b>\$16,567,805</b>	<b>\$16,987,181</b>	<b>\$18,915,916</b>
<u>Expenses</u>				
Salaries & Wages	\$6,702,457	\$6,979,252	\$7,442,736	\$8,388,955
Personnel Taxes & Benefits	\$2,851,116	\$3,075,011	\$3,277,806	\$3,372,312
General & Administrative	\$1,302,403	\$1,300,998	\$1,402,897	\$1,636,664
Operations	\$36,225	\$34,800	\$36,300	\$36,125
Planning	\$100,000	\$100,000	\$104,200	\$1,141,700
Vehicle & Building Maintenance	\$2,037,518	\$2,127,837	\$2,792,070	\$2,331,429
Contractors	\$1,372,910	\$1,615,280	\$1,682,934	\$1,850,837
Marketing	\$68,320	\$48,320	\$52,320	\$62,320
Other	\$1,008,214	\$1,353,609	\$299,225	\$161,456
<b>Total Expenses</b>	<b>\$15,479,163</b>	<b>\$16,635,107</b>	<b>\$17,090,488</b>	<b>\$18,981,798</b>
Cost Allocations	(\$9,380)	\$67,302	\$103,307	\$65,882
Balance	\$0	\$0	\$0	\$0
<b>One-Time Funds Budgeted</b>	<b>\$6,919,178</b>	<b>\$8,815,793</b>	<b>\$1,975,159</b>	<b>\$145,258</b>

# ...Temporarily



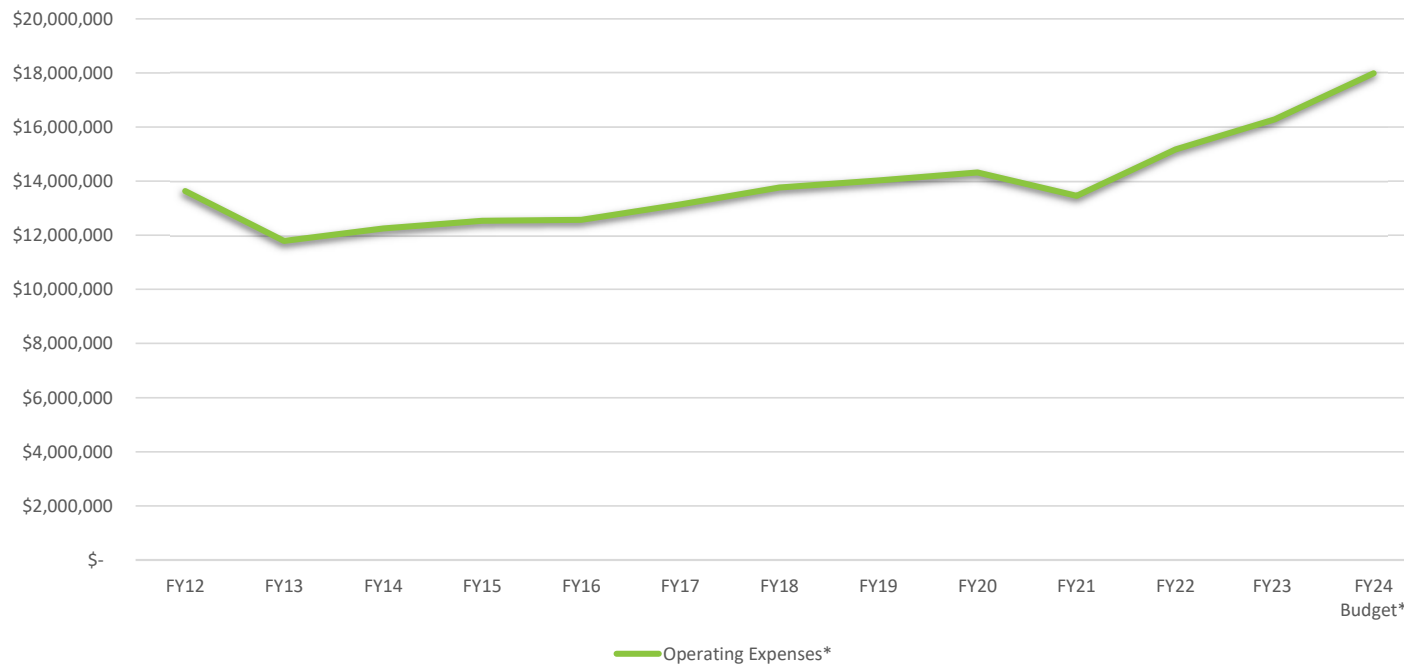
All COVID-Relief Funds will be extinguished in FY25

# Federal Fund share is not sustainable for the long-term



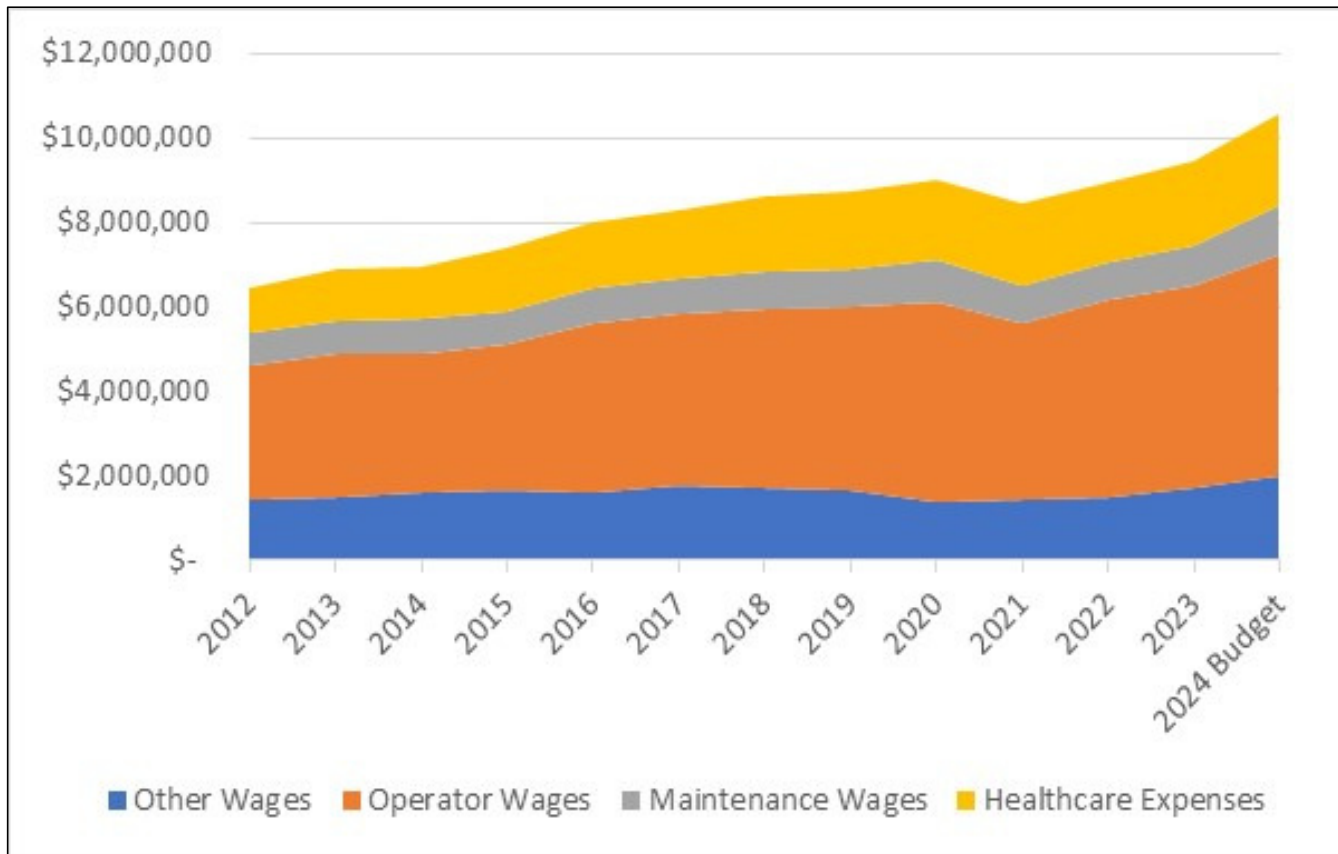
# What Else Changed? Inflation!

Historical Urban Operating Expenses

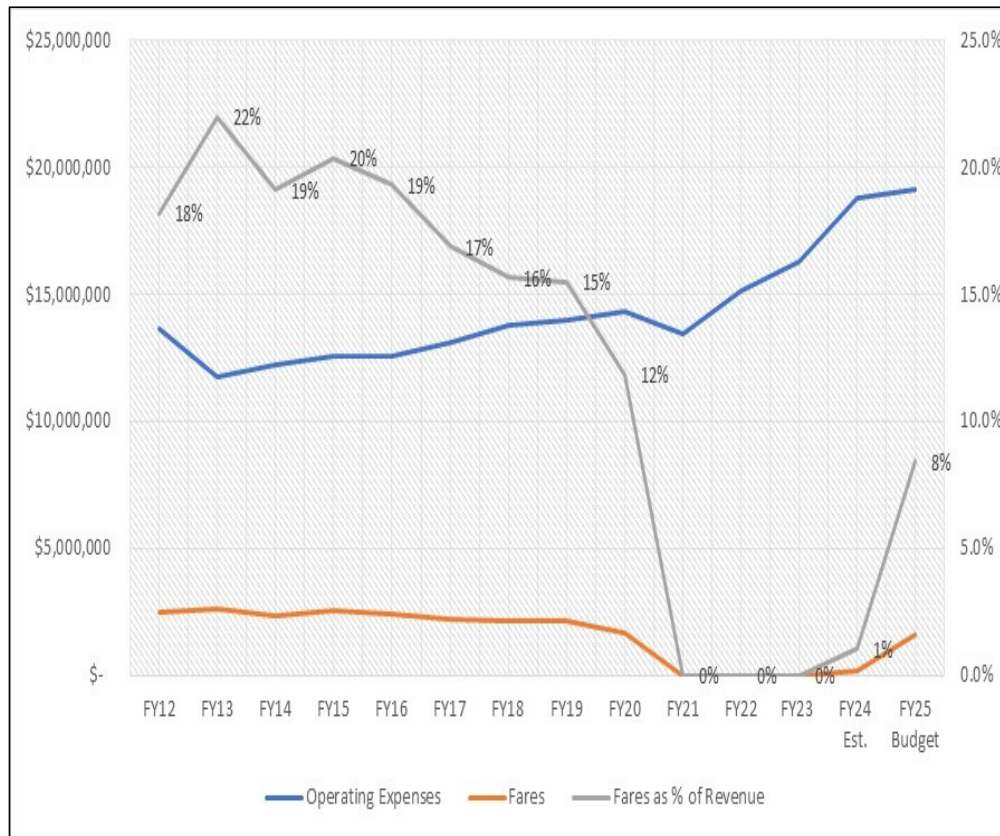




# ...Especially in Wages and Benefits



# ...And Fares



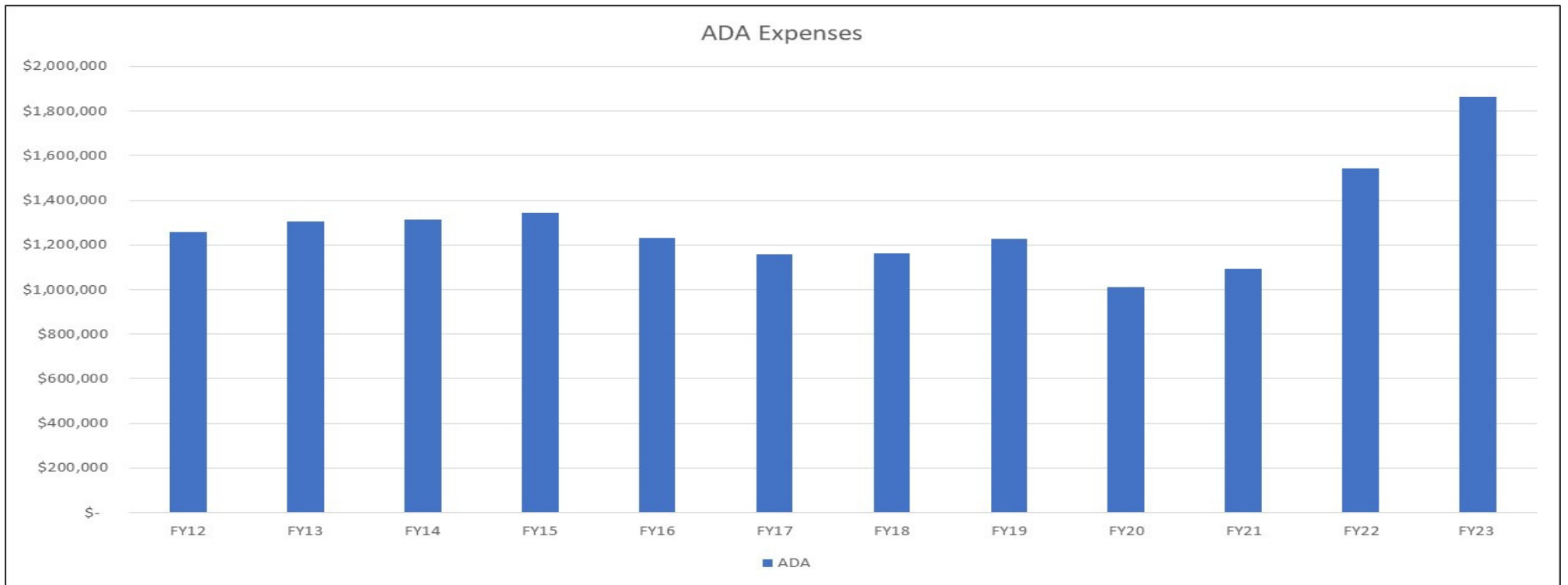
Operating expense growth and low fare growth has lowered farebox recovery rates

Fare-free during the pandemic has added pressure to federal funds

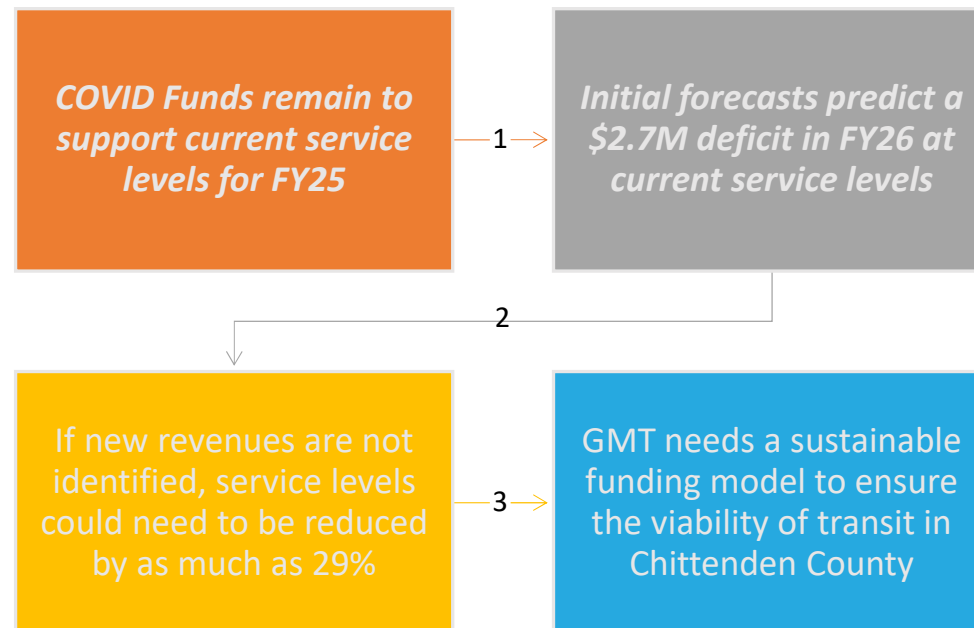
Loss in ridership has lowered future fare growth

10% fare target may not be sustainable

# ADA Costs Have Increased



# How Do We Move Forward?





---

# Next Steps


---





---

# Next Steps: FY26 Proposed Assessments are due to Municipalities in November

- 
- GMT Works with Municipalities on Assessment Impacts
  - GMT Board Develops Criteria for Route Evaluation
  - GMT Staff Apply Criteria to Propose Reductions
  - Public Comment on Proposed Reductions
  - Amendment to Reductions Based on Public Comment
  - Board Approves Reductions Prior to November 2024

# Considerations







# Not Your Father's Oldsmobile GMT

- Entrepreneurial approach to diversify revenue and decrease reliance on state and municipal funding
- Integration with Human Service Organizations, Schools, Employers, etc.
- We need to be more like the smaller, rural transit agencies in their approach to transit funding.



# What does a 29% Reduction look Like?

- 
- Elimination of all LINK Express\*
  - Elimination of all Commuter\*
  - Elimination of all Weekend Service\*
  - Plus 12% Reduction Weekday Service

\* Any reductions likely to impact these services




# Some Service Modifications Necessary

- 
- VTrans has identified underperforming routes






# Urban Service Diversification

- 
- 100% of Urban Service Now Delivered on a Fixed Route 35'/40' bus
  - GMT studying converting ADA service to combined ADA/Microtransit service in FY26
  - Microtransit could be a better solution for low ridership routes




# Ongoing Org Assessment Highlights GMT Uniqueness

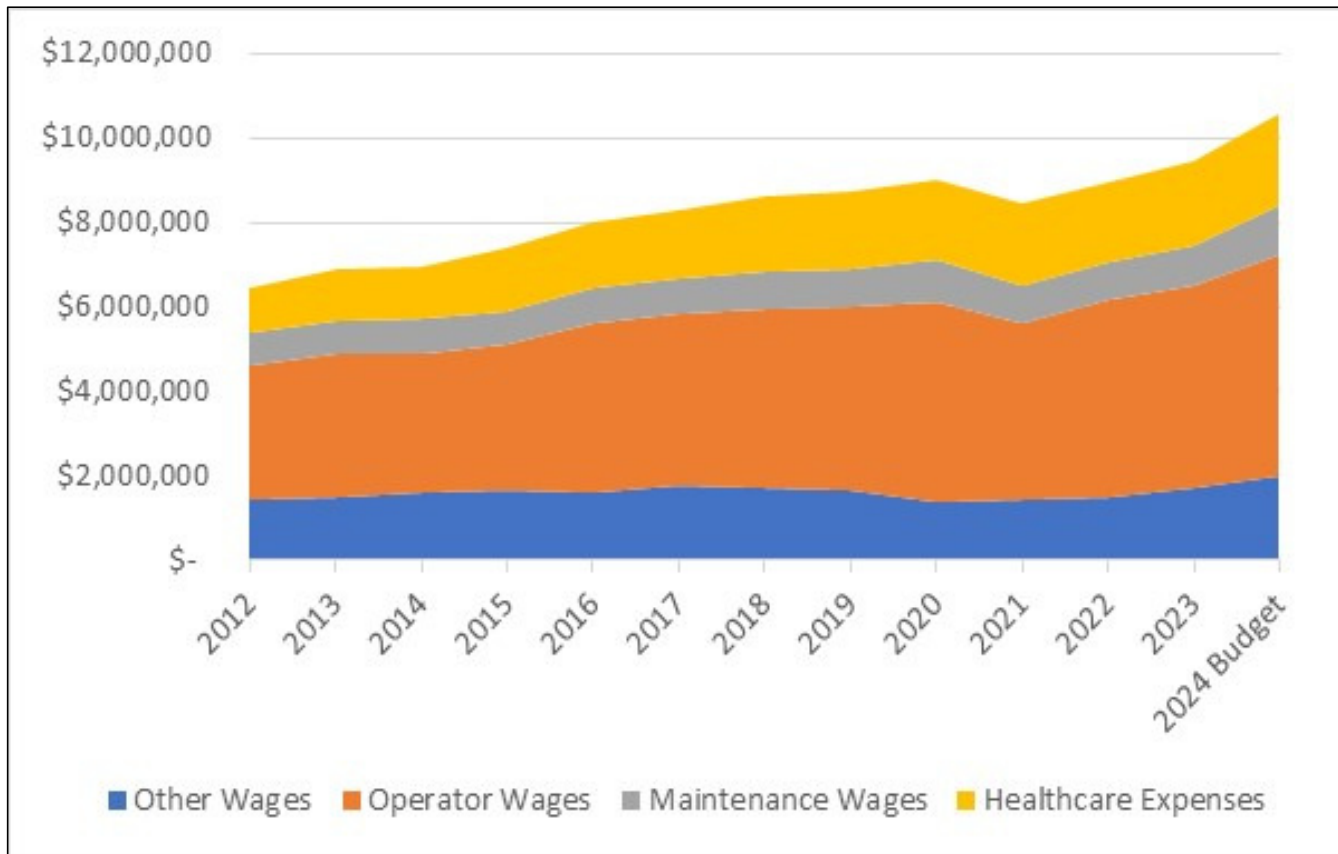
- 
- Only 1 other small urban transit agency in the country provides both urban and rural service in same organization
  - GMT's non-operational staff appropriately sized for a small urban transit agency
  - GMT and VTrans need to revisit GMT's rural participation



# Why Not Reduce Non-Operational Staff?


- 
- Non-Operational Staff Reduced by 38% since 2011
  - GMT provides more service than we are staffed to manage
  - Lack of non-operational staff a major contributor to high costs, especially in rural

# ...Especially in Wages and Benefits






# Why Not Fill Gaps with Municipal Assessments?

- 
- Already Pay 20%
  - Municipalities already assessing whether to continue membership
  - Reducing service without reducing assessments is not politically viable to municipalities
  - Reducing assessments with service will require more service reductions and lead to a death spiral
  - Loss of Core Member Could Cause GMT to Fail



# What is the Risk of Raising Fares? Why Not Return LINK fares to \$4?

- 
- Loss of Additional STIC Factors
    - Presently have 3 of 6 Factors
    - Provides ~\$2M in Federal Funds
  - LINK and Commuter Ridership still ~half pre-pandemic levels



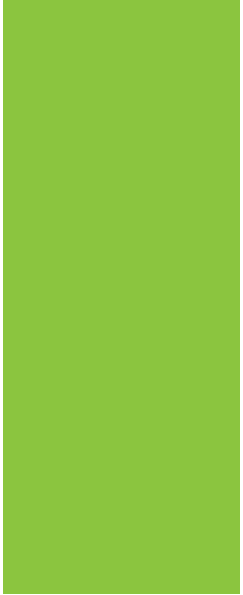
# Year by Year Approach Amplifies Problem

Fiscal Year	FY25	FY26	FY27	Totals
GMT Urban Funding Gap	\$0	-\$2,700,000	-\$3,700,000	-\$6,400,000
FY25 New GMT Urban Revenue/Reduction Net	\$150,000	\$150,000	\$150,000	
FY26 New GMT Urban Revenue/Reduction Net	\$0	\$500,000	\$500,000	
FY27 New GMT Urban Revenue/Reduction	\$0	\$0	\$300,000	
Combined GMT Urban Revenue/Reduction	\$150,000	\$650,000	\$950,000	\$1,750,000
Base Operating/Dedicated Funding Source Increase	\$500,000	\$500,000	\$500,000	
Cumulative Base Operating/Dedicated Funding Source Increase	\$500,000	\$1,000,000	\$1,500,000	\$3,000,000
One-Time Revenue	\$1,000,000	\$500,000	\$250,000	\$1,750,000
Yearly Net	\$1,650,000	-\$550,000	-\$1,000,000	
Cumulative Net	\$1,650,000	\$1,100,000	\$100,000	\$100,000



---

# Crises Will Continue Until Public Transit Funding Addressed

- 
- This Year's Non-Federal Match study shows other providers will be joining GMT in fiscal cliff situations in the coming years
  - Many studies, no action

---

# Thank you. Questions?

---

To offer additional comment, contact:

Clayton Clark, [cclark@ridegmt.com](mailto:cclark@ridegmt.com)

Nick Foss, [nfoss@ridegmt.com](mailto:nfoss@ridegmt.com)

