



Study of Rural Options for Green Mountain Transit



House Transportation Committee

January 21, 2025

Overview

- Introduction
- Background
- Financial analysis
- Organizational/union issues
- Facilities
- Impacts on GMT
- Recommendations
- Implementation plan
- Three-year cost and revenue forecast

Introduction

- Purpose of the study
 - “in coordination with the Agency of Transportation, Special Service Transportation Agency, Rural Community Transportation, and Tri-Valley Transit, evaluate alternative options for delivering cost-effective urban fixed-route transit service, rural transit service, commuter service, and any other specialized services currently provided”
 - Analyze costs and benefits of GMT operating rural service compared to alternative providers
- Related efforts
 - Organizational Assessment
 - Urban Service Reductions
 - Long-term Fiscal Sustainability
 - 2023 Nonfederal Match Study

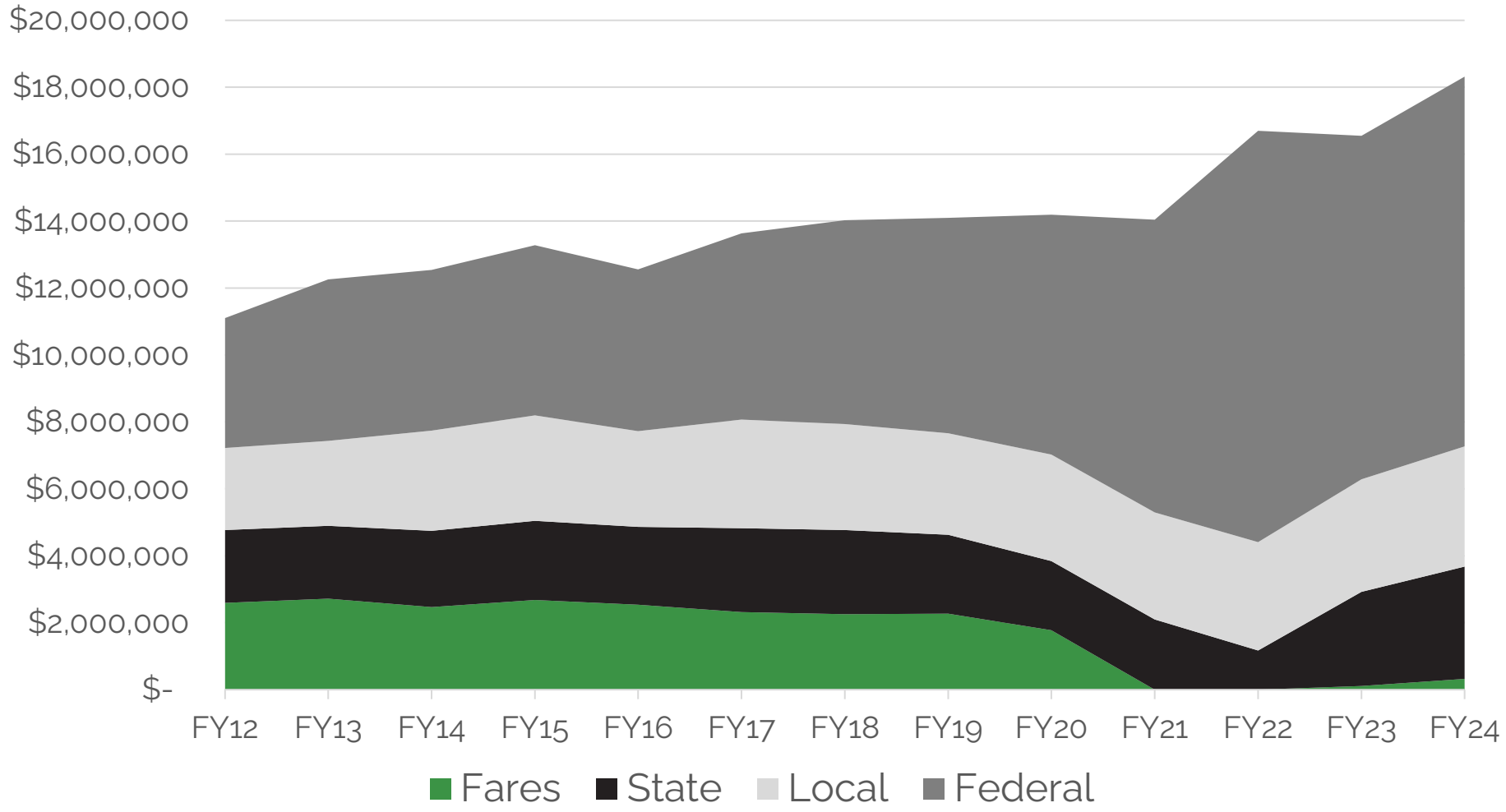
History of CCTA/GMT Management of Rural Service

- Era of Expansion: 2003 to 2011
 - 2003 restoration of service in Central Vermont after Wheels, Inc. bankruptcy through new nonprofit Green Mountain Transit Agency (GMTA)
 - Expansion into Mad River Valley seasonal service in 2004 and Stowe Trolley in 2005
 - Created LINK Express commuter services from 2003–2006
 - Took over Network in northwest region (Franklin/Grand Isle) in 2008
 - CCTA and GMTA formally merged in 2011
 - Board of Commissioners expanded to include four rural counties
 - Administrative/management staff outside of operations: 24 members
- Era of Contraction: 2012 to 2023
 - Urban ridership peaked in FY 2012 followed by drivers' strike in 2014
 - Most Lamoille services transferred to RCT in 2020
 - Middlebury LINK Express transferred to TVT in 2021
 - Administrative staff gradually reduced to save money: down to 14 members by 2023

Origins of the Fiscal Cliff

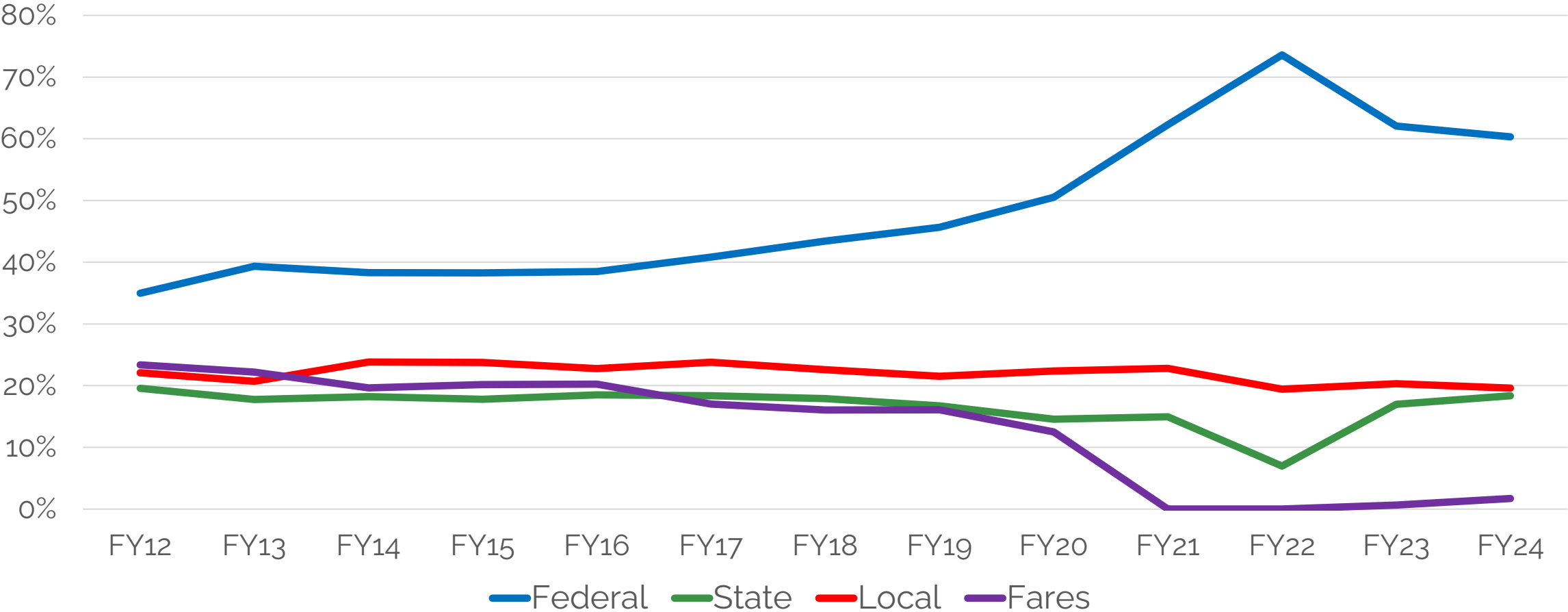
- Costs grew quickly between 2012 and 2023
 - 3.7% annual growth in union wages
 - 6.1% annual growth in fringe benefits (especially health insurance)
 - 8.0% annual growth in vehicle insurance costs
 - Major cost increase in 2019 with implementation of NextGen urban recommendations
- Revenue grew more slowly
 - Fare revenue declined with ridership
 - Board limited growth of fixed-route municipal assessments to 3-4% per year
 - State funding relatively static and then dropped during pandemic (replaced with 100% COVID funds from FTA – no nonfederal match required)
- Created overreliance on federal funding
 - Urban formula funding (5307) intended for both operating and capital – shifted more and more to operating, meaning not enough capital investment, raising maintenance costs
 - Pandemic resulted in huge infusion of federal funds

Funding Sources for Operations



FY12-FY24 change:
 Total ops: 65%
 Federal: 185%
 State: 55%
 Local: 46%
 Fares: -88%

Percentage Shares of Operating Funding



Fiscal Situation at VTrans

- Rising costs affect all of Vermont's transit providers
 - Labor rates, both for union and non-union operations
 - Health insurance costs
 - Vehicle insurance costs as fleet transitions to electric (more expensive) vehicles
- Continuous growth in revenue needed to maintain existing services, let alone address needs for additional service
 - Community and legislative desires to address mobility-social needs in Vermont's rural areas
 - Expanding service will require eliminating poorly performing service and/or reducing the unit cost of providing service

Financial Analysis

- Studied range of scenarios for rural operations involving GMT, TVT, RCT and SSTA
- Used two methods to estimate operating costs
 - **Service-based estimate:** Calculated rate per vehicle hour to operate service based on 14 components
 - **Staffing-based estimate:** Asked Executive Directors at TVT, RCT and SSTA to estimate their staffing costs if they were to take over service in GMT's rural regions
- Performed analysis twice
 - Based on July through April data from SFY 2024
 - Based on July through September data from SFY 2025
 - Second round included fewer options based on Interim Report (November 2024)
- Assumed service would remain the same for all operators

GMT's Transit Rate

- GMT-Rural already had highest transit rate among rural providers
- Compared rates from SFY 2024 to Q1 of SFY 2025
 - Rates for most rural providers held steady: Range of -5% to +3%
 - GMT-Rural rate rose by 14% or more
 - New hires to address lack of administrative capacity
 - New CBA with generous pay increases
 - New pay premium for supervisors over driver rate
 - GMT's rate for Q1 typically 6.5% higher than the rate for the full year – seasonal service increases the denominator and lowers the overall rate
- GMT had the highest cost per trip for Medicaid service among all rural providers in 2023
 - 50% higher than TVT which is next most expensive rural provider

Financial Analysis Results

- Potential savings from SFY 2024 analysis
 - Transferring Washington County to TVT could save \$188K to \$382K
 - Transferring Franklin County to RCT could save \$620K
 - Transferring seasonal services could save additional \$250K
- Potential savings based on unadjusted SFY 2025 Q1 figures
 - Transferring Washington County to TVT could save \$1.1 million
 - Transferring Franklin County to RCT could save \$1.1 million
 - Transferring seasonal services could save additional \$550K
- Findings were adjusted and organized into three-year cost forecasts

Three-Year Cost and Revenue Plan

- Key assumptions
 - Cost figures include inflation (assumed at 3% for out years)
 - Revenue figures assume flat funding in nominal terms
 - Revenue figures are based on FY25 budget figures for GMT's existing rural operations
 - \$150K in transition costs for Washington and \$100K for Franklin are included
- Current analysis shows savings of over \$1.2 million per year
 - Depends to some extent on outcome of union discussions
 - No assumptions are made about how those savings would be redistributed in the transit program or Medicaid transportation program
 - Lowering the cost per trip for Medicaid would benefit all of the rural providers

Rural Cost Forecasts

Costs	SFY 2026	SFY 2027	SFY 2028
Washington County Berlin Service - GMT Operation	\$ 4,506,700		
Washington County Berlin Service - TVT Operation		\$ 4,040,000	\$ 4,161,000
Sugarbush Service - GMT Operation	\$ 611,000	\$ 629,300	
Sugarbush Service - TVT Operation			\$ 450,000
Stowe Mountain Road Service - RCT Operation	\$ 454,000	\$ 468,000	\$ 482,000
Franklin County - GMT Operation	\$ 2,712,000	\$ 376,000	\$ 387,000
Franklin County - RCT Operation	\$ 125,000	\$ 1,704,000	\$ 1,755,000
Transition Costs - TVT	\$ 75,000	\$ 75,000	
Transition Costs - RCT	\$ 50,000	\$ 50,000	
Pass-through costs (volunteer reimb., CIDER, etc.)	\$ 900,000	\$ 930,000	\$ 970,000
Sum of Operating Cost	\$ 9,433,700	\$ 8,272,300	\$ 8,205,000

Rural Revenue and Savings Forecasts

Revenues (based on SFY 2025 totals)	SFY 2026	SFY 2027	SFY 2028
Section 5311	\$ 3,342,000	\$ 3,342,000	\$ 3,342,000
CMAQ	\$ 1,120,500	\$ 1,120,500	\$ 1,120,500
State Operating Funds	\$ 1,100,000	\$ 1,100,000	\$ 1,100,000
Medicaid	\$ 2,860,000	\$ 2,860,000	\$ 2,860,000
Local and Other	\$ 693,000	\$ 693,000	\$ 693,000
Sum of Revenue	\$ 9,115,500	\$ 9,115,500	\$ 9,115,500
Net Savings	\$ (318,200)	\$ 843,200	\$ 910,500

Urban Cost and Revenue Forecasts

- Only includes savings from service cuts approved in October and November
- Revenue drop from FY26 to FY27 reflects use of all remaining COVID relief funds in FY26

	SFY 2026	SFY 2027	SFY 2028
Chittenden County - GMT Operation	\$ 20,719,182	\$ 21,501,106	\$ 22,177,054
Former Rural Share of Admin Expense		\$ 350,000	\$ 360,000
Forecast Revenue	\$ 19,587,443	\$ 18,128,628	\$ 18,431,024
Net Urban Deficit	\$ (1,131,739)	\$ (3,722,478)	\$ (4,106,030)

Organizational/Union Issues

- TVT already works with the same Teamsters bargaining unit as GMT
 - Contract provisions are not the same
 - Pay and benefits would likely equalize over time, potentially raising costs at TVT
- RCT and SSTA drivers are not unionized
 - Teamsters would work hard to continue union presence in Franklin and Grand Isle
 - Some RCT and SSTA drivers do not have commercial drivers license (CDL) certification
 - Not needed for vehicles carrying 14 or fewer passengers
 - Non-CDL drivers are paid less than CDL drivers with equivalent amount of experience
 - RCT has much more flexible wage structure because of lack of union contract
 - Average RCT driver wage currently \$3.50/hr less than full-time non-CDL wage at GMT
- Nothing is preventing the Teamsters from trying to organize drivers at any rural transit agency
- Handling union relationship in Franklin County may be greatest challenge

Facilities

- New facility needed in Washington County
 - Current Berlin facility on Route 12 is prone to flooding
 - \$4.6 million in federal funding available
 - Initial planning work done, but progress has been slow
- Scope and size of the facility not defined
 - If GMT were to build it, would probably include heavy maintenance and cost over \$10 m
 - If TVT were to build it and also obtain funding for a new Randolph facility (needed to replace aging facility there), smaller facility without heavy maintenance could suffice
- Current leased facility in St. Albans would likely continue to be used as Franklin County base no matter who operates the service

Impacts on GMT

- Organizational assessment found GMT staff to be stressed and lack the resources to manage both the urban and rural services effectively
- Rural service is significantly more complicated than urban service
 - Multiple demand response services (Medicaid, O&D, Recovery & Job Access)
 - Volunteer driver program
 - Microtransit
 - Seasonal service
 - Multiple subrecipients
- Urban costs would rise as overhead that is now shared with rural would fall completely on urban
- Cash flow would become an issue
 - VTrans provides up-front payments for rural operations, easing cash flow for all of GMT
 - FTA provides urban funds on a reimbursement basis, sometimes with long delays

Further Impacts

- Board of Commissioners would change if rural service is transferred
 - Could revert to prior CCTA model with commissioners from urban members
 - Opportunity to reconsider board structure with greater representation
 - Regional organizations
 - Partner institutions
 - Riders and general public
- Interregional commuter routes could change
 - FGI routes (Alburgh and Richford) could merge with St. Albans LINK
 - Montpelier LINK could be joint operation between GMT and TVT
 - Less commuter service operated out of Burlington

Recommendations

- All-or-nothing approach to rural service makes more sense than partial transfer
 - Transferring one of the two rural regions would not appreciably reduce the administrative and management burden of the many rural programs (especially Medicaid)
- Transfers of GMT's rural service to rural providers is recommended
 - Will allow GMT to manage its urban service more effectively
 - Will reduce costs in the rural areas, benefiting all rural providers
 - VTrans will have more money available to support other rural operations
 - VPTA will have more Medicaid funds available for other rural providers
- Washington County service recommended to be transferred to TVT
- Mountain Road Shuttle seasonal service recommended to go to RCT
- Franklin County service, other than commuter routes, to go to RCT
- Alburgh and Richford Commuter routes recommended to stay with GMT

Implementation Timeline

- Transfer Mountain Road Shuttle in Fall 2025
- RCT to operate some demand response service in Franklin County in FY26
- Full transfers of rural regions to TVT and RCT to occur on July 1, 2026
 - If feasible, transfer Sugarbush seasonal service to TVT one year later
- Restructure Franklin County commuter routes by July 1, 2026
- Arrange for new subrecipient agreements/contracts with CIDER, CRVT and SSTA by July 1, 2026 so that no rural funding flows to GMT

Implementation Steps

- GMT submits report, including this analysis, to Legislature by February 1
- Boards of GMT, TVT and RCT consider recommendations and provide advisory votes to VTrans and Legislature
- Legislature takes action during 2025 session
- If Legislature decides to proceed with transfers, pursue additional financial analysis and appropriate funds to address increased overhead costs for GMT as well as cash flow issue
- Commence/continue discussions with Teamsters regarding transitions
- Undertake facility plan for Washington County
- In Summer/Fall 2025, all agencies would develop FY27 budgets to address service transitions