



BRIEF PUBLIC
TRANSIT PROGRAM
OVERVIEW AND
LEGISLATIVE STUDY

ROSS MACDONALD
JANUARY 14, 2025



AGENCY OF TRANSPORTATION



PUBLIC TRANSIT PROGRAM IN VERMONT - VISION



“Public transit meets the basic mobility needs of all Vermonters including transit dependent persons, provides access to employment and other modes, mitigates congestion, preserves air quality and promotes efficient energy use, and advances the State’s economic development objectives – all in a safe, reliable, cost-effective, and environmentally responsible manner.”

PUBLIC TRANSIT PROGRAM IN VERMONT (FUNDS AND SERVICES)

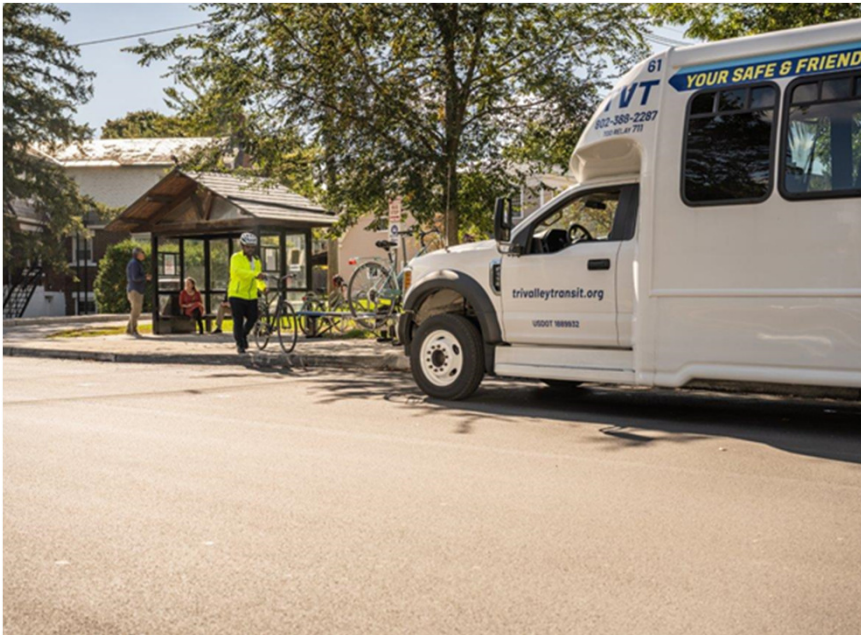
Approximately \$48 million annual budget - Over 65% from state funds or “flexed over” from FHWA funds.

FTA Formula Funds
FHWA “Flex” funds
State Funds
Local Funds

Fixed Routes w/ ADA Paratransit service
Deviated Fixed Routes
Older Adults and Persons with Disabilities Demand Response
NEMT (Medicaid) Demand Response
Intercity
Go Vermont
Mobility and Transportation Innovation Grant Program



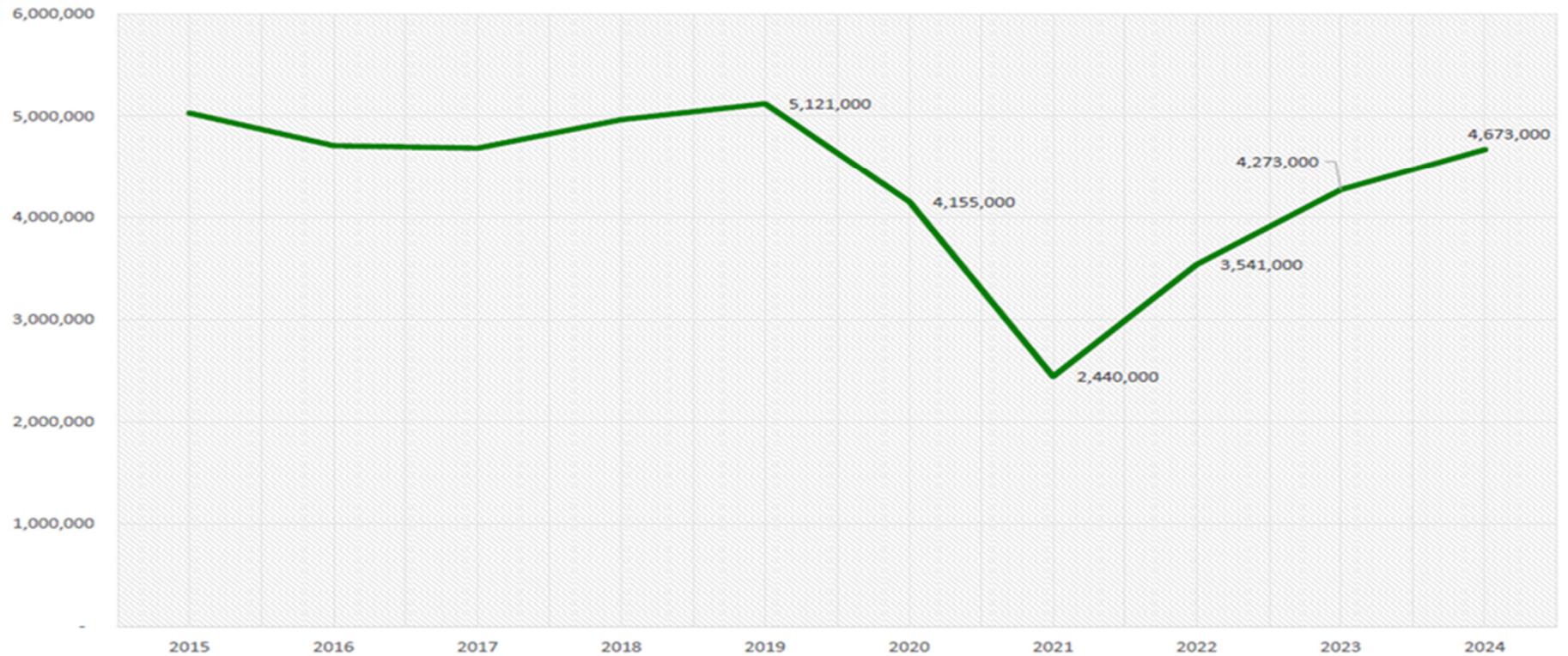
PUBLIC TRANSIT PROGRAM UPDATES



- **Incorporating New Federal funds** – applying Carbon Reduction Program Funds for Ops (\$3M), eBuses (\$2.9M), and Mobility and Transportation Innovation Grant program awards (\$2M remaining from FY’25 awards).
- **Microtransit** - 6 regions being served with this real-time on-demand transit service (Montpelier, Newport, Manchester, Middlebury, Brattleboro, Windsor, Morristown).
- **Transit app** – Open data, route planning and analysis modules. Free version released to the public. Over 13,000 monthly users.
- **EV Buses** – Funding, procurement and facilities are in place for 15% of transit fleet to be electric (65 eBuses of a total 410 vehicles).
- **Ridership has largely returned to or exceeded pre-Covid levels** – Commuter routes continue to lag.

SFY 2024 PUBLIC TRANSIT RIDERSHIP

Public Transit
Ridership by State Fiscal Year

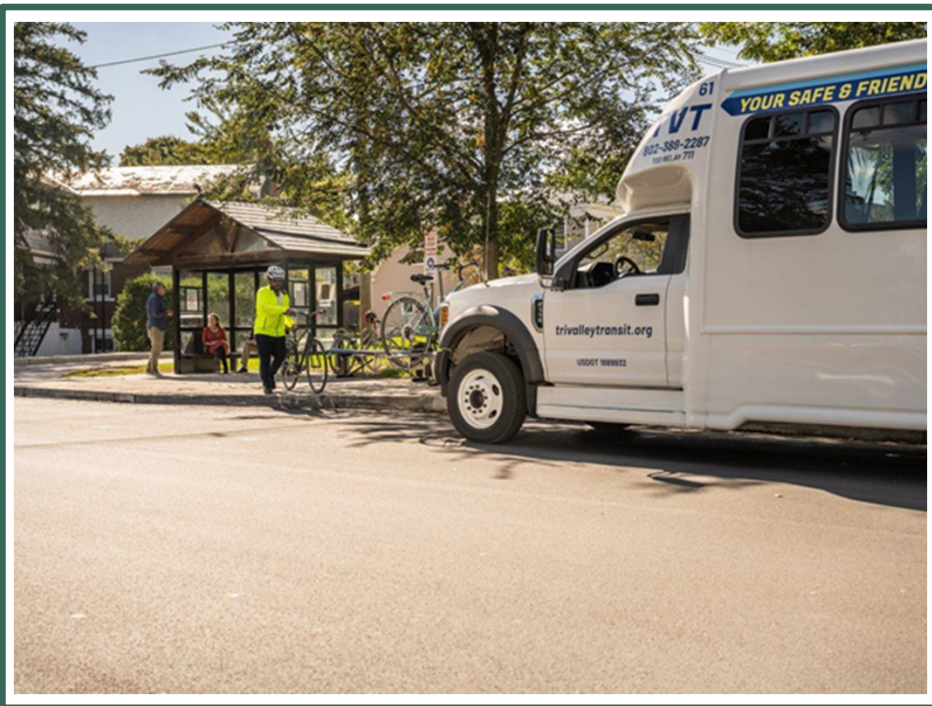


CHALLENGES



- Costs are increasing to maintain existing services.
- “Volunteer” driver numbers haven’t returned to pre-pandemic levels in most regions. Demand Response (DR) costs remain high. “Community Driver” pilots are continuing.
- Aging population is increasing demand for DR trips.
- Mobility gaps are persistent and continually cited as a primary barrier to job access, healthcare, daycare, training and education.
- System has been rebuilt, and the program goal is to sustain services... not grow outside of demand response mode.
- Rural provider region adjustments will require careful planning and implementation.

OPPORTUNITIES



- Update the combined Public Transit Policy and Human Service Coordination Plan to address Environmental Policy and Sustainability efforts, revise electrification schedule, assess microtransit role in transit system, O&D survey results, etc.
- Contribute to Transportation Equity Plan and Carbon Reduction Strategies
- Improve passenger amenities.
- Continue to grow the transit “network of advocates” and capacity (Capstone, Community Driver programs, etc.).
- Implement rural provider region adjustments.
- **Align program and budget for sustainable services.**



Study of Rural Options for Green Mountain Transit



GMT Board of Commissioners Retreat

January 7, 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

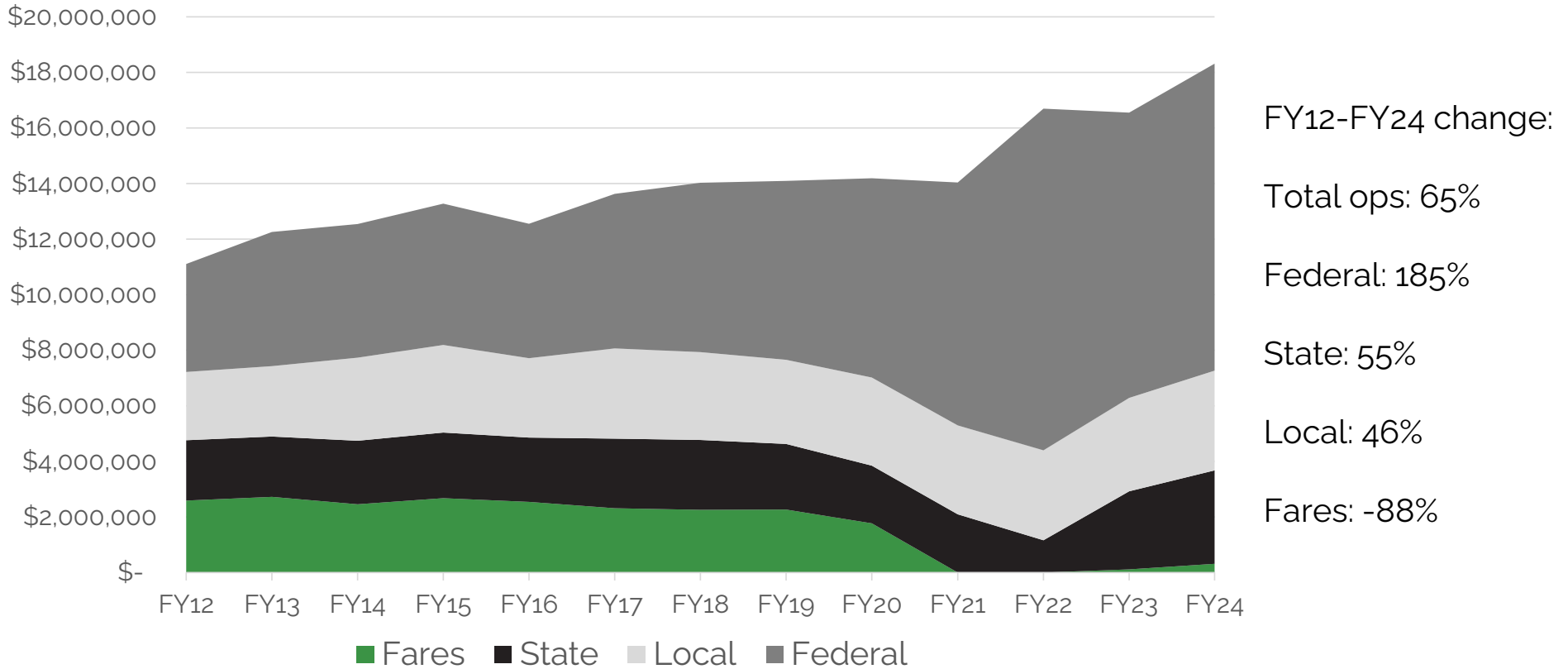
History of CCTA/GMT Management of Rural Service

- 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

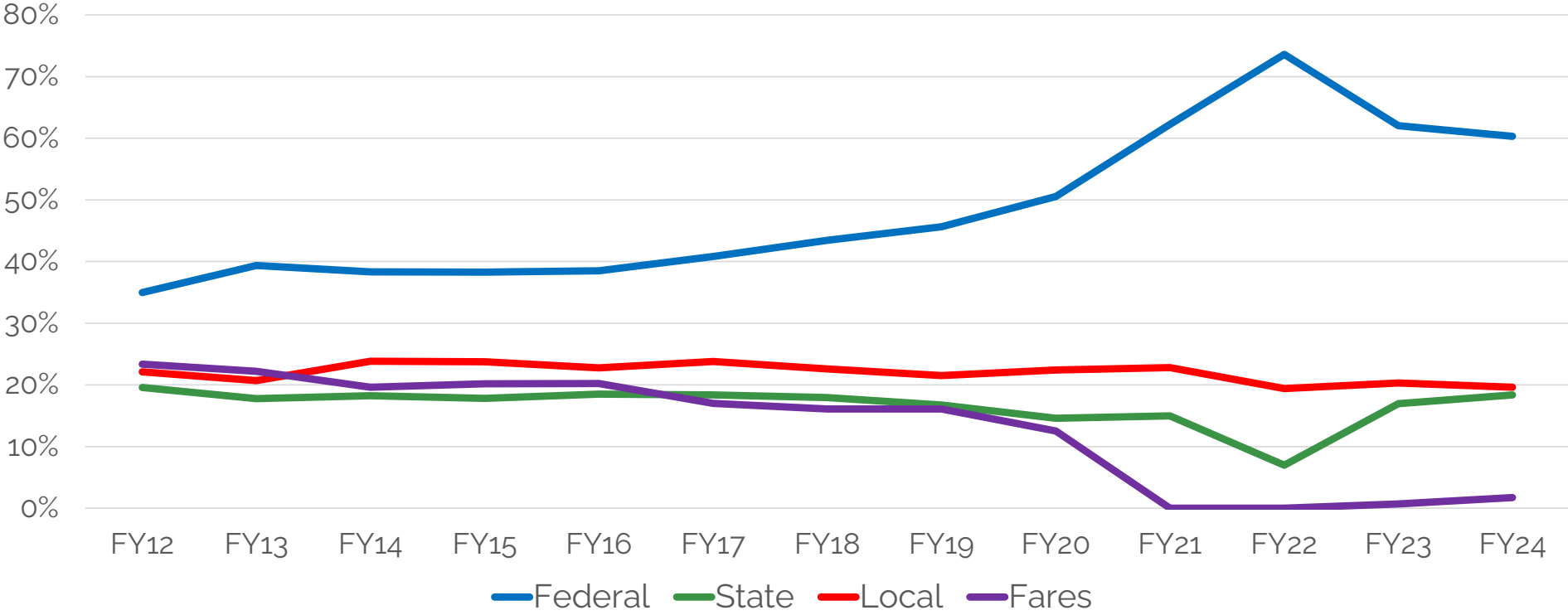
Origins of the Fiscal Cliff

- 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



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
- Assumed service would remain the same for all operators
 - Exception: taxi service in Franklin County
 - Assumed to switch to volunteer driver service under RCT
 - Assumed to switch to professional driver service under SSTA
- Some ripple effects taken into account

Interim Cost Estimates (based on SFY 2024)

Operating Scenario	Service-based Estimate	Staffing-based Estimate
GMT operation of all year-round service based in Berlin	\$3,680,000	\$3,587,000
TVT operation of all year-round service based in Berlin	\$3,298,000	\$3,399,000
RCT operation of all year-round service based in Berlin	\$2,431,000	\$3,036,000
GMT operation of fixed-route service based in St. Albans	\$669,000	n/a
GMT operation of demand-response service based in St. Albans	\$1,981,000	\$1,954,000
RCT operation of demand-response service based in St. Albans	\$1,360,000	\$1,329,000
SSTA operation of demand-response service based in St. Albans	\$1,431,000	\$1,398,000
GMT operation of Sugarbush seasonal service	\$472,000	n/a
TVT operation of Sugarbush seasonal service	\$407,000	n/a
GMT operation of Stowe seasonal service	\$595,000	n/a
RCT operation of Stowe seasonal service	\$420,000	n/a

Revised Cost Estimates (based on Q1 of SFY 2025)

Operating Scenario	Service-based Estimate	Staffing-based Estimate
GMT operation of all year-round service based in Berlin	\$4,580,000	\$4,532,000
TVT operation of all year-round service based in Berlin	\$3,304,000	\$3,425,000
GMT operation of commuter service based in St. Albans	\$372,000	n/a
GMT operation of local and DR service based in St. Albans	\$2,370,000	\$2,517,000
RCT operation of local and DR service based in St. Albans	\$1,295,000	\$1,312,000
GMT operation of Sugarbush seasonal service	\$622,000	n/a
TVT operation of Sugarbush seasonal service	\$424,000	n/a
GMT operation of Stowe seasonal service	\$783,000	n/a
RCT operation of Stowe seasonal service	\$429,000	n/a

Factors Affecting GMT's Transit Rate

- GMT's transit rate for Q1 of SFY 2025 is 32% higher than rate for SFY 2024
 - Rate for Q1 typically 6.5% higher than the rate for the full year – seasonal service increases the denominator and lowers the overall rate
 - Implies that full-year increase would be 23% higher than SFY 2024
- Reasons for rate increase
 - Number of vehicle hours reported less than prior year (but may be too low)
 - New contracts with generous pay raises for drivers, dispatchers and mechanics
 - Pay rates for supervisors increased to establish a 15% premium over driver pay rates
 - Additional staff hired to manage the rural service toward the end of SFY 2024
 - Unusually high maintenance costs in the first quarter
 - \$3,000 bonuses provided to rural drivers under the new contract (though only 25% of those bonuses were included in the rate calculation)

Financial Impacts

- 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
- GMT has the highest cost per trip for Medicaid service among all rural providers
 - 50% higher than TVT which is next most expensive rural provider
 - Having other agencies provide Medicaid transportation in Washington and Franklin counties at a lower cost will benefit all VPTA members

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

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

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

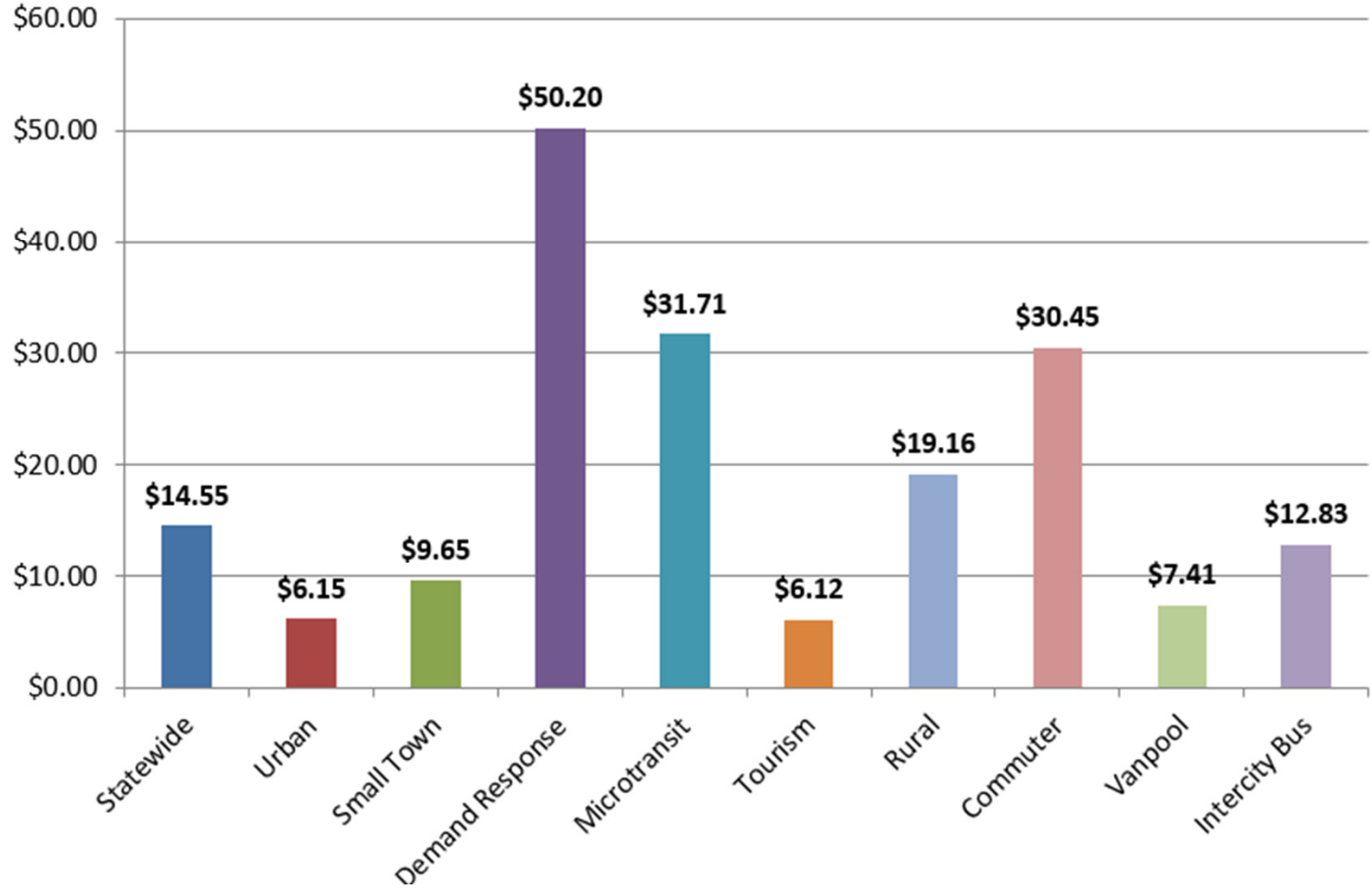
- Only includes savings from service cuts approved in October and November
- Revenue drop from FY26 to FY27 reflects use of all remaining COVID relief funds in FY26

	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)

Transit Rates – SFY '24 and 1st Qtr. SFY '25

Agency	FY24 cost per vehicle hour	FY25 Q1 cost per vehicle hour				
Advance Transit	\$123.12	\$117.30				
Green Mountain Community Network	\$90.44	\$85.25				
Marble Valley Regional Transit District	\$103.93	\$103.02				
Rural Community Transportation	\$92.30	\$94.99				
Southeast Vermont Transit	\$101.67	\$101.95				
Tri-Valley Transit	\$112.60	\$116.40				
GMT Urban	\$138.72	\$157.15				
GMT Rural	\$130.58	\$159.84	Q1 rate			
		\$149.45	Likely full year rate if Q1 correct			
		\$149.06	Q1 rate if VH for van specials matches ridership			
		\$139.37	Likely full year rate with adjusted Q1 rate			

Figure 7: Cost per Trip by Service Category



Graph #3: 2024 Demand Response Cost per Passenger

