

# Administration & Finance (A&F) Committee Meeting Minutes Draft Memorandum for the Record Boston Region Metropolitan Planning Organization

## January 19, 2023, Meeting

9:00 AM–9:40 AM, Zoom Video Conferencing Platform

Brian Kane, Chair, representing the MBTA Advisory Board.

## Decisions

The Administration & Finance Committee agreed to the following:

- Approve the minutes of the meeting of November 17, 2022.

## Meeting Agenda

### 1. Introductions

See attendance on page 6.

### 2. Public Comments

There were none.

### 3. Action Item: Approval of November 17, 2022, A&F Meeting Minutes *Documents posted to the MPO meeting calendar*

1. [November 17, 2022, Meeting Minutes \(pdf\)](#)
2. [November 17, 2022, Meeting Minutes \(html\)](#)

### *Vote*

A motion to approve the minutes of the meeting of November 17, 2022, was made by the Metropolitan Area Planning Council (MAPC) (Eric Bourassa) and seconded by the Massachusetts Department of Transportation (MassDOT) (Derek Krevat). The motion carried.

### 4. Update on State Fiscal Year (SFY) 2022 Audited Financials—*Hiral Gandhi, Director of Finance and Operations*

Hiral Gandhi, Director of Finance and Operations at the Boston Region MPO, shared State Fiscal Year (SFY) 2022 audited financials. H. Gandhi stated that the SFY 2022 revenue was \$5,667,324, accounting for 85 percent of the projected revenue. SFY 2022 expenses were \$4,056,317, accounting for 90 percent of the projected expenses. SFY 2022 concluded with a deficit of \$388,993. The administrative overhead rate for SFY

2022 was 122.80 percent. Overhead was originally projected to be 109.09 percent, leading to a difference that was 13.71 percent higher than the projected overhead rate.

H. Gandhi noted that the Boston Region MPO has concluded the last three years in a deficit. H. Gandhi stated that if audited, in years ending with a surplus, the MPO would have to return any excess funds to the relevant client agencies. Should the year end in a deficit, the MPO must ask clients for additional money to cover its contracts at the end of the year. Both processes require an additional audit. The ideal financial state for the MPO is to end the SFY in neither a surplus nor a deficit.

H. Gandhi stated that a key driver of SFY 2022’s deficit is the discrepancy between the projected and actual staff count. Revenue is based on the number of staff charging contracts and is not officially recognized until staff has begun working on a contract, processed it in their timesheets, and the client has paid the MPO. Due to this process, cost savings from being short-staffed are not reflected, as revenue cannot be counted if a project has not been worked on. The SFY 2022 staff estimate was 58 employees, whereas the actual number was approximately 50. This was driven by a higher-than-expected turnover rate. SFY 2022 had 13 staff members leave the MPO and eight staff members join. Additional recruitment time prevents staff from charging their time towards contracts. H. Gandhi noted that an additional increase in expenses for SFY 2022 was the result of a cyberattack, leading to unanticipated administrative time.

**Table 1**  
**SFY 2022 Draft Audited Financials**

<b>SFY 2022</b>	<b>Projected</b>	<b>Actual</b>	<b>Percent of Projection</b>
<b>Revenue</b>	\$6,704,650	\$5,667,324	85%
<b>Expenses</b>	\$6,704,650	\$6,056,317	90%

SFY = State Fiscal Year.

**Table 2**  
**SFY 2022 Overhead**

<b>SFY 2022</b>	<b>Projected</b>	<b>Actual</b>	<b>Difference</b>
<b>Overhead Rate</b>	109.09%	122.80%	13.71% more than projected

SFY = State Fiscal Year.

**Discussion**

B. Kane stated that not being able to recognize revenue until a project has been charged is a confusing way to run an organization. He asked about the benefits of the revenue tracking system, especially compared to the system used by other state-employed organizations, where a sum of money is allocated to the organization at the beginning of the SFY. He shared his desire to find a way for the MPO to have access to manageable revenue to promote resilience against unexpected events within the MPO.

E. Bourassa shared that the MAPC encounters similar accounting issues, where the agency must charge to contracts, acting similarly to a consulting firm. MAPC's SFY 2022 overhead rate was higher than projected as well, with turnover being a factor. E. Bourassa responded to B. Kane that the MPO is funded through federal dollars in a reimbursement program, instead of the money being provided upfront.

Tegin Teich confirmed the latter point that E. Bourassa made. T. Teich added that an additional nuance facing the MPO is that the federal government does allow contract funds to rollover from year to year, but this also occurs through a reimbursement program. However, this is not a practice that occurs in the Commonwealth of Massachusetts.

Lenard Diggins, representing the Regional Transportation Advisory Council, asked what the consequences are of deviating from projected revenue and expenses. H. Gandhi stated that according to contracts, a separate audit with clients is required to either charge an additional balance to reduce the deficit, or repay clients any additional funds, ideally resulting in a balanced budget. Historically these audits have not occurred.

T. Teich added that the deficit does not directly match the overhead rate. In addition, the MPO's budget will always have a ceiling of expected contract amounts within the agency.

**5. Update on State Fiscal Year (SFY) 2023 Operating Budget—Hiral Gandhi, Director of Finance and Operations**

H. Gandhi presented the SFY 2023 Operating Budget for the remainder of the SFY. She noted that month to month, there is volatility with the revenue and expenses, leading to some months ending in a surplus and others in a deficit. The next six months have some large expenses, but the MPO is still on track with the year-end projections. Monitoring will continue and expenses will be adjusted as needed. An example of this would be cutting back on administrative tasks, should the number of staff continue to not match the projected number. The current expected year-end surplus is \$20,033.

H. Gandhi compared projected versus actual revenue for SFY 2023 to date. The MPO is projected to charge approximately \$3.5 million through the second quarter, the actual amount charged is 84 percent of that. A similar analysis was made for SFY 2023 expenses, where the projected expenses were approximately \$3.5 million and the actual expenses for the second quarter were 83 percent of the projected.

Strategies that H. Gandhi shared to maintain a balanced budget include increased attention to recruitment, a salary compensation market-level refresh, and spreading out major expenses throughout the year.

In SFY 2023 to date, the MPO has onboarded 10 new employees and offboarded seven employees. Many of the offboarded employees were anticipated to enter retirement in the same year.

**Table 3  
SFY 2023 Monthly Summary**

	July	August	September	October	November	December	Total
<b>Revenue</b>	\$444,541	\$472,250	\$494,745	\$491,010	\$507,210	\$491,504	\$2,901,260
<b>Expenses</b>	\$489,932	\$448,606	\$522,458	\$471,819	\$460,750	\$487,661	\$2,881,226
<b>Surplus/Deficit</b>	(\$45,391)	\$23,643	(\$27,713)	\$19,191	\$46,460	\$3,843	\$20,033

SFY = State Fiscal Year.

## **Discussion**

L. Diggins asked if the staff that was offboarded were planned retirements. H. Gandhi responded that this is not the case for all of them. The SFY 2023 budget accounted for three or four employees retiring.

L. Diggins asked how the MPO prioritizes work when it is understaffed. T. Teich responded that primary priorities are to complete required MPO work, with recruitment efforts focusing on filling core staff roles working on programs for the MPO. Any challenges with fulfilling the expected workload will be communicated with the MPO Board.

L. Diggins asked how the frequency of MPO and Committee meetings affect the overhead rate, as meetings have increased in recent years. T. Teich stated that meetings do affect overhead, leading to caution being taken when determining what can be accomplished year to year. Meetings associated with MPO Board activities are MPO-funded work, so staff-support of Board meetings does not count as overhead.

B. Kane stated his support of spreading out expenses over a full year and that it is a similar approach that the MBTA Advisory Board takes.

## **6. Members' Items**

B. Kane stated that a calendar is in the works to determine a schedule for the A&F Committee over the next few months to continue work on the Operations Plan and other federal reports.

## **7. Adjourn**

The meeting ended at 9:45 AM.

## Attendance

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<b>Members</b>	<b>Representatives and Alternates</b>
City of Boston (Boston Transportation Department)	Bill Conroy
Massachusetts Department of Transportation	Derek Krevat
MBTA Advisory Board	Brian Kane
Metropolitan Area Planning Council	Eric Bourassa
Regional Transportation Advisory Council	Lenard Diggins

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<b>Other Attendees</b>	<b>Affiliation</b>
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Jon Seward

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### **MPO Staff/Central Transportation Planning Staff**

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Tegin Teich, Executive Director

Silva Ayvazyan

Jonathan Church

Annette Demchur

Hiral Gandhi

Ethan Lapointe

Erin Maguire

Srilekha Murthy

Gina Perille

Sam Taylor

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**Title VI Specialist**

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**By Telephone:**

857.702.3700 (voice)

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