



HAMPTON ROADS
TRANSIT

FY 15/16 OPERATING BUDGET-IN-BRIEF

JULY 1, 2015

EMERGING AS THE MOST CUSTOMER DRIVEN AND EFFICIENT PUBLIC
TRANSPORTATION AGENCY IN VIRGINIA.





TRANSPORTATION DISTRICT COMMISSION OF HAMPTON ROADS (TDCHR) GOVERNING BOARD

Norfolk

The Honorable Barclay C. Winn
Commissioner James P. Toscano

Hampton

The Honorable Will J. Moffett
Commissioner Robert R. Harper Jr.

Chesapeake

The Honorable Richard W. West
Commissioner Douglas W. Fuller

Newport News

The Honorable Dr. Patricia P. Woodbury
Commissioner Allen C. Tanner Jr.

Portsmouth

The Honorable Kenneth I. Wright
Commissioner Charles B. Hunter

Virginia Beach

The Honorable James L. Wood
Commissioner Linwood Branch

Commonwealth Transportation Board - Virginia Department of Rail and Public Transportation (VDRPT)

Jennifer Mitchell



EXECUTIVE TEAM & FINANCE STAFF

William Harrell

President & Chief Executive Officer

Brian Smith

Assistant to the President
for Organizational
Advancement

Brandon Singleton

Chief Financial Officer &
Commission Treasurer

Alicia Cain

Chief Technology
Officer

Kimberly Ackerman

Chief Human
Resources
Officer

James Price

Chief Transit
Operations Officer

Ray Amoruso

Chief Planning &
Development
Officer

Eloy Recio

Chief Safety &
Security Officer

Sibyl Pappas

Chief Engineering
&
Facilities Officer

Gene Cavasos

Director of
Marketing &
Communications

FINANCE STAFF

Brandon Singleton

Chief Financial Officer

Angela Glass

Director of Budget & Financial
Analysis

Paul Croston

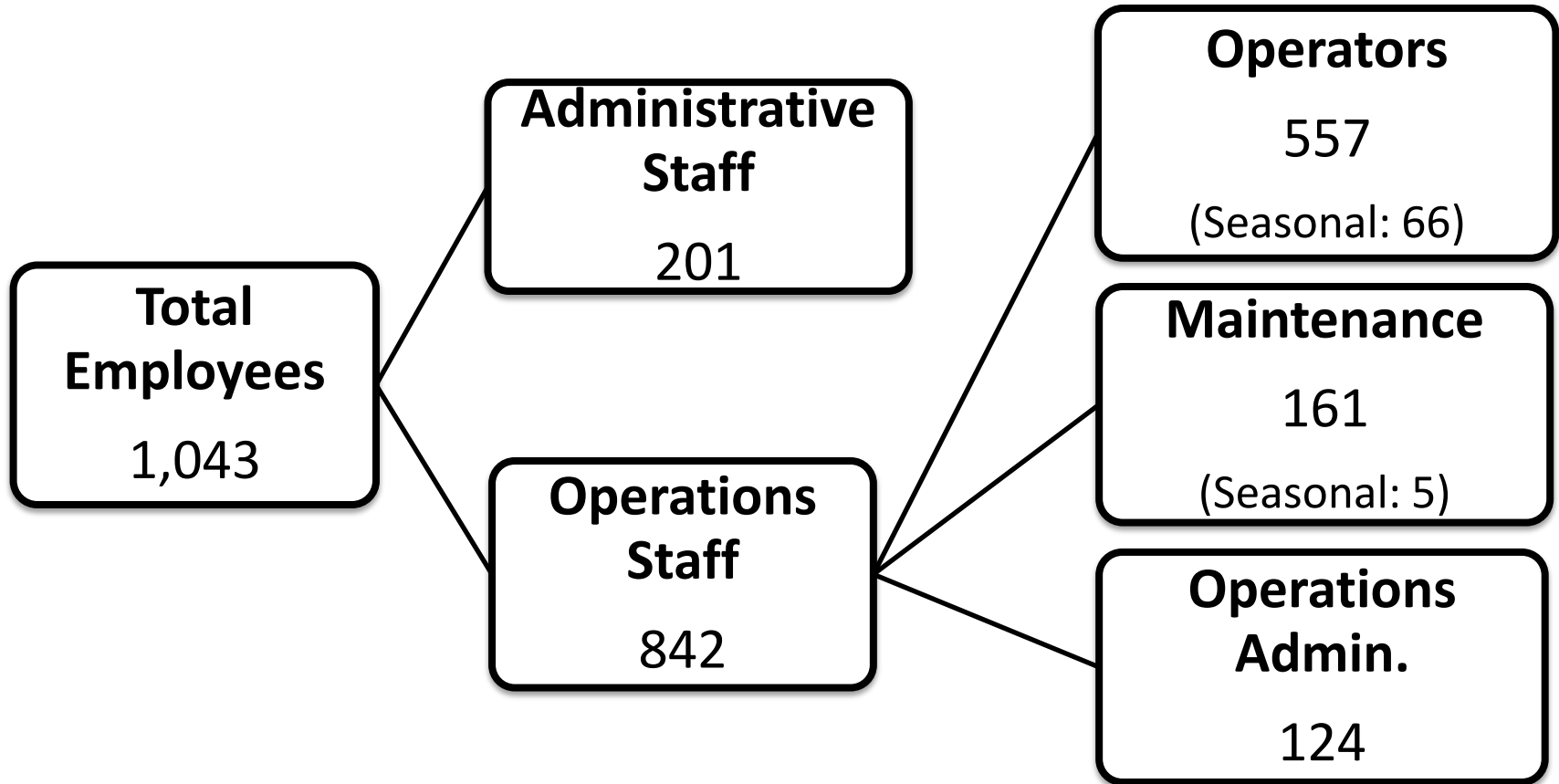
Director of Revenue Services

Sylvia Shanahan

Director of Finance

Dyanne Sampson

Director of Procurement



Budgetary Themes

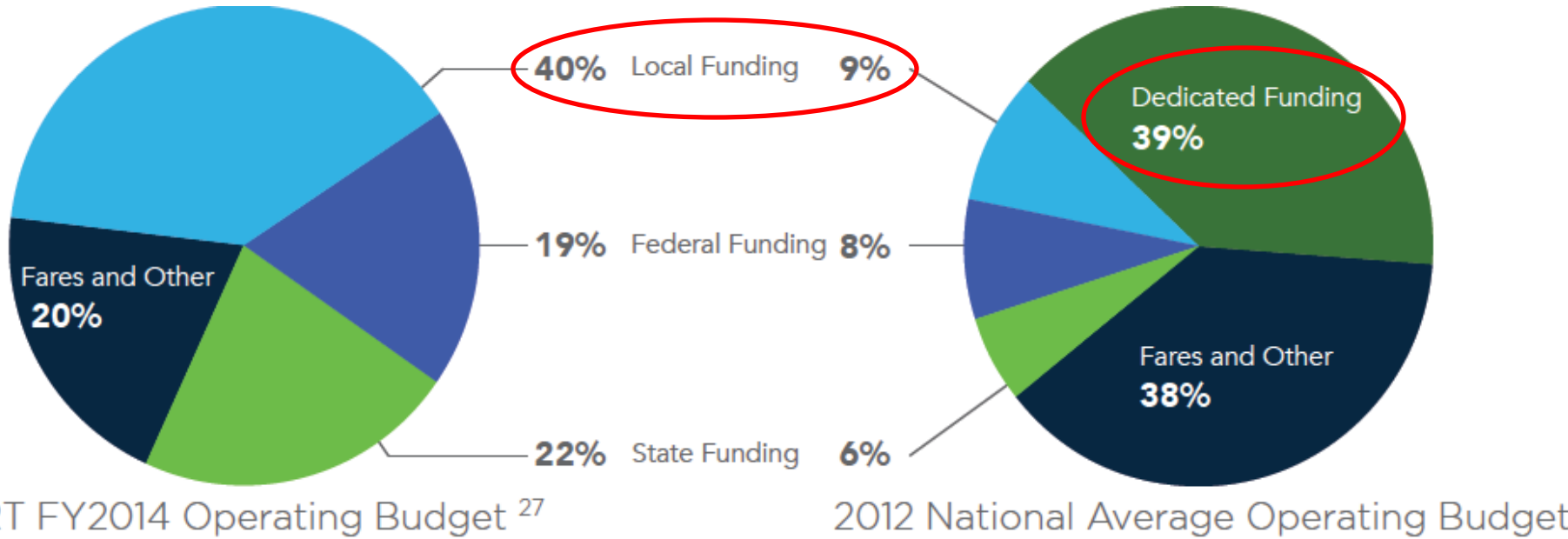
- Constrain operating budget increases while investing in capital/rolling stock replacement and technology
- Increase ridership across all modes of service
- Continue to ensure effective controls over grant and operating funds and programs

Budgetary Objectives

- Prioritize transit operations
 - Ensure current service levels are maintained across all modes
 - Continue maintaining and revitalizing rolling stock
 - Continue focus on passenger safety and amenities
 - Ensure technology needs are addressed
- Prioritize capital projects
 - Capitalize on the current State legislation for rolling stock capital purchases

Funding Challenge: Operations

How HRT Funds Operations Compared to Agencies Nationwide



HRT FY2014 Operating Budget ²⁷

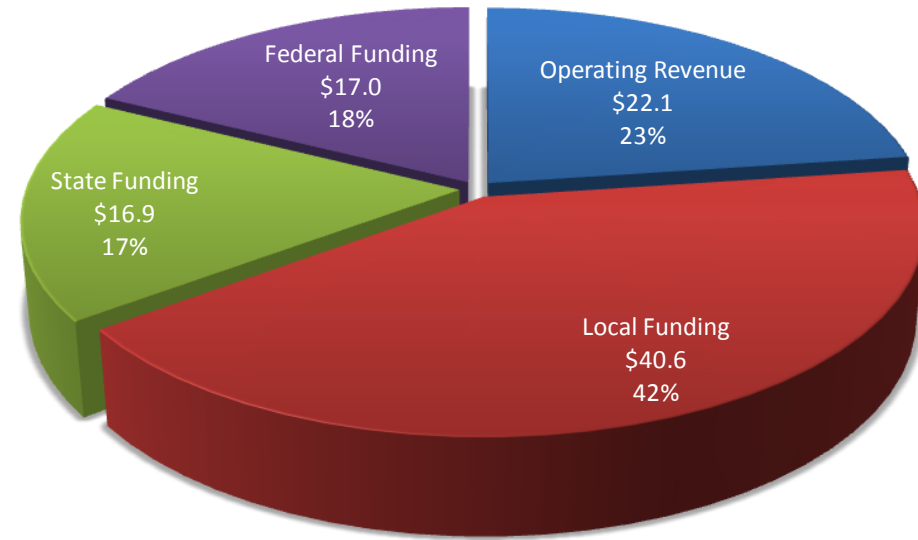
2012 National Average Operating Budget

HRT faces a long-term structural deficit in its operating budget. The agency strives to achieve greater operating efficiencies, and its overall operating cost-per-unit is already well below the national average. There are several revenue constraints:

- No Dedicated Funding:** Dedicated funding represents the largest share of transit operating revenue in the U.S., yet HRT receives no dedicated funding at either the state, regional, or local level.
- Over-Reliance on Federal Support:** Federal transit funding is intended to support capital needs but agencies can divert federal funds to pay for eligible operating expenses, too. Federal funds form over twice as large a share of HRT's operating budget than the national average, robbing its capital budget of much-needed revenue.
- Overly Dependent on Annual Contributions from Local Partners:** HRT is unusual in that local funding largely comes directly from the general funds of its partner jurisdictions. Hampton Roads cannot achieve the quality transit services the public wants, needs, and deserves while relying exclusively on local general funds for the local/regional share.
- Lack of a "Rainy Day" Reserve Fund:** With the loss of nearly \$5M of Federal and State funding, HRT is faced with tough choices of passing the loss of revenue on to our local funding partners or modifying services. The Government Finance Officers Association suggests having a reserve fund of two times average monthly expenditures. HRT has zero. Having a reserve fund would allow for HRT to situations such as a material loss of revenue.

FY15/16 OPERATING REVENUE BUDGET (in millions)

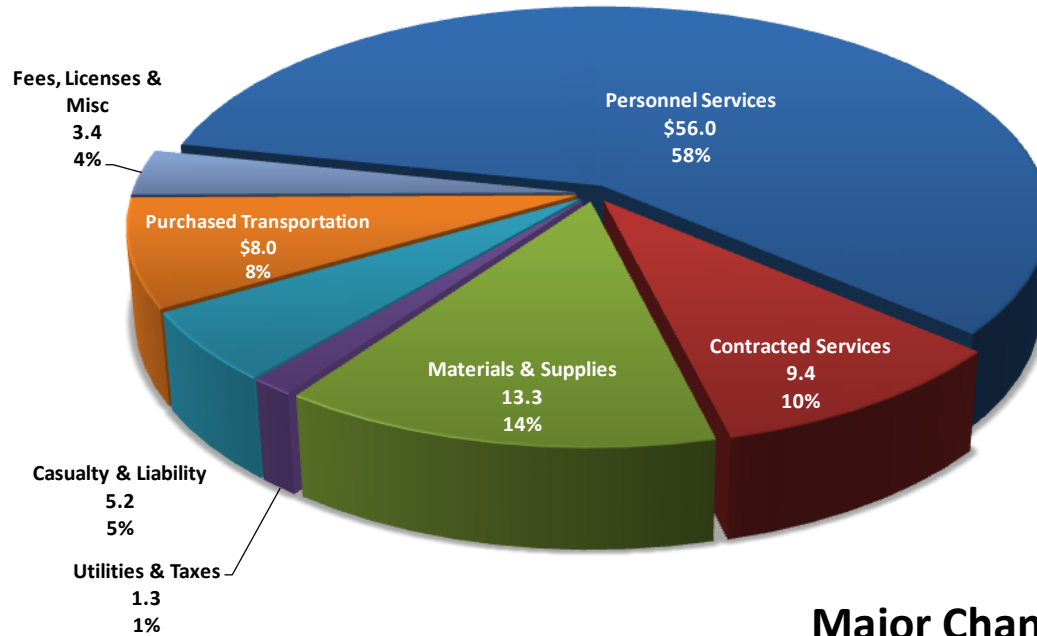
	FY14/15 Approved	FY15/16 Proposed	Incr(Decr) Prior Year	% Δ Prior Year
Total Operating Revenue	\$21.9	\$22.1	\$.1	0.6%
Non Operating Revenue				
Local Funding	39.6	40.6	1.0	2.6%
State Funding	20.9	16.9	-4.0	-19.2%
Federal Funding	17.5	17.0	-.5	-3.0%
Total Non Operating Revenue	\$78.0	\$74.5	-\$3.5	-4.5%
Total Revenue	\$99.9	\$96.6	-\$3.4	-3.4%



Major Changes

- Operating Revenue is projected to remain relatively level.
- State Funding is anticipated to decrease by \$4M. This is due to two events:
 - A projected decreases in state-wide revenues.
 - A projected to actual variance in the FY15 state funding.
- Federal Funding is anticipated to remain relatively level year over year.

FY15/16 OPERATING EXPENSE BUDGET (in millions)








	FY14/15 Approved	FY15/16 Approved	Incr(Decr) Prior Year	% Δ Prior Year
Personnel Services	\$57.5	\$56.0	-\$1.4	-2.5%
Contracted Services	8.3	9.4	1.2	14.0%
Materials & Supplies	14.9	13.3	-1.7	-11.2%
Utilities & Taxes	1.4	1.3	-.1	-4.5%
Casualty & Liability	6.4	5.2	-1.2	-18.7%
Purchased Transportation	9.1	8.0	-1.1	-11.8%
Fees, Licenses & Misc	2.4	3.4	.9	37.6%
Total Operating Expenses	\$99.9	\$96.6	-\$3.4	-3.4%

Major Changes

- Personnel Services sees a slight reduction due to revamping of our health insurance program from a traditional health insurance program to a health savings account (HSA).
 - HRT also has implemented several programs to mitigate health insurance cost increases to include a wellness program and medical surveillance program.
- Maintenance and contractual cost increase related to general upkeep of new and additional bus stop shelters throughout the region and maintaining facilities, waste collection and disposal fees.
- Continued investments in safety and security initiatives to foster a safer and more secure transit system.
- Purchased Transportation (Paratransit Services) costs are anticipated to decrease due to contractual renewal. However, eligible program participants are anticipated to increase based on current trends.

FY 15/16 COST OF SERVICE BY LOCALITY (in millions)

	<i>BUS</i>			<i>RAIL</i>			<i>FERRY</i>			<i>PARATRANSIT</i>			<i>TOTAL MODAL</i>		
															
	FY	FY	Δ	FY	FY	Δ	FY	FY	Δ	FY	FY	Δ	FY	FY	Δ
	14/15	15/16		14/15	15/16		14/15	15/16		14/15	15/16		14/15	15/16	
<i>Chesapeake</i>	\$ 1.6	\$ 1.7	\$ 0.1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.7	\$ 0.7	\$ -	\$ 2.3	\$ 2.4	\$ 0.1
<i>Norfolk</i>	11.1	11.0	(0.1)	5.2	6.0	0.8	0.2	0.1	(0.1)	1.5	1.6	0.1	18.0	18.7	0.7
<i>Portsmouth</i>	2.2	2.2	-	-	-	-	0.2	0.1	(0.1)	0.4	0.5	0.1	2.8	2.8	-
<i>VA Beach</i>	4.8	4.9	0.1	-	-	-	-	-	-	1.3	1.4	0.1	6.1	6.3	0.2
<i>Hampton</i>	3.3	3.4	0.1	-	-	-	-	-	-	1.0	1.1	0.1	4.3	4.5	0.2
<i>Newport News</i>	4.6	5.2	0.6	-	-	-	-	-	-	1.2	1.3	0.1	5.8	6.5	0.7
Total	\$ 27.6	\$ 28.4	\$ 0.8	\$ 5.2	\$ 6.0	\$ 0.8	\$ 0.4	\$ 0.2	\$ (0.2)	\$ 6.1	\$ 6.6	\$ 0.5	\$ 39.3	\$ 41.2	\$ 1.9

Note:

Bus service cost includes Commission Expense and ACC for presentation purposes.



FY 15/16 COST OF SERVICE – SYSTEM WIDE

	Bus	Rail	Ferry	Paratransit	Crossroads	Total
FY 15/16 Service Hours	685,424	30,122	6,224	185,432	57,249	964,451
Operation Cost per Hour	\$ 88.63	\$ 339.03	\$ 221.88	\$ 71.10	\$ 89.21	\$ 93.97
Service Cost	\$ 60,746,437	\$ 10,212,326	\$ 1,380,875	\$ 13,183,836	\$ 5,107,344	\$ 90,630,818
Farebox Revenue	\$ 14,280,766	\$ 1,619,104	\$ 590,453	\$ 810,631	\$ 1,341,395	\$ 18,642,349
Farebox Recovery %	23.5%	15.9%	42.8%	6.1%	26.3%	20.6%
State Operating Assistance	\$ 11,218,188	\$ 1,885,957	\$ 255,013	\$ 2,434,719	\$ 779,486	\$ 16,573,363
State Operating Assistance %	18.5%	18.5%	18.5%	18.5%	15.3%	18.3%
Federal Operating Assistance	\$ 9,442,269	\$ 729,940	\$ 294,792	\$ 3,377,896	\$ 1,818,802	\$ 15,663,699
Federal Operating Assistance %	15.5%	7.1%	21.3%	25.6%	35.6%	17.3%
Local Service Cost	\$ 25,805,214	\$ 5,977,325	\$ 240,617	\$ 6,560,590	\$ 1,167,661 *	\$ 39,751,407
Local Service Cost %	42.5%	58.5%	17.4%	49.8%	22.9%	43.9%

Commission Expense	\$ 1,067,592
Advance Capital Contribution	\$ 1,555,000
Crossroads Local Service Cost	\$ (1,167,661)
Total Local Service Cost	\$ 41,206,338

Note:

Local Service Cost for Crossroads routes are funded by Elizabeth River Crossing.



FY 15/16 COST OF SERVICE – CHESAPEAKE

	Bus	Paratransit	Total
FY 15/16 Service Hours	36,961	20,658	57,619
Operation Cost per Hour	\$ 88.63	\$ 71.10	\$ 82.34
Service Cost	\$ 3,275,706	\$ 1,468,742	\$ 4,744,448
Farebox Revenue	\$ 782,581	\$ 90,306	\$ 872,887
Farebox Recovery %	23.9%	6.1%	18.4%
State Operating Assistance	\$ 604,940	\$ 271,239	\$ 876,179
State Operating Assistance %	18.5%	18.5%	18.5%
Federal Operating Assistance	\$ 505,889	\$ 376,314	\$ 882,203
Federal Operating Assistance %	15.4%	25.6%	18.6%
Local Service Cost	\$ 1,382,296	\$ 730,883	\$ 2,113,179
Local Service Cost %	42.2%	49.8%	44.5%

Commission Expense \$ 177,932
 Advance Capital Contribution \$ 99,698

Total Chesapeake Cost \$ 2,390,809



FY 15/16 COST OF SERVICE – NORFOLK

	Bus	Rail	Ferry	Paratransit	Total
FY 15/16 Service Hours	267,417	30,122	3,112	46,512	347,163
Operation Cost per Hour	\$ 88.63	\$ 339.03	\$ 221.88	\$ 71.10	\$ 109.20
Service Cost	\$ 23,700,134	\$ 10,212,326	\$ 690,438	\$ 3,306,908	\$ 37,909,806
Farebox Revenue	\$ 5,558,342	\$ 1,619,104	\$ 295,227	\$ 204,327	\$ 7,677,000
Farebox Recovery %	23.5%	15.9%	42.8%	6.2%	20.3%
State Operating Assistance	\$ 4,376,811	\$ 1,885,957	\$ 127,507	\$ 610,702	\$ 7,000,977
State Operating Assistance %	18.5%	18.5%	18.5%	18.5%	18.5%
Federal Operating Assistance	\$ 3,580,168	\$ 729,940	\$ 147,396	\$ 847,278	\$ 5,304,782
Federal Operating Assistance %	15.1%	7.1%	21.3%	25.6%	14.0%
Local Service Cost	\$ 10,184,813	\$ 5,977,325	\$ 120,308	\$ 1,644,601	\$ 17,927,047
Local Service Cost %	42.9%	58.5%	17.4%	49.7%	47.2%

Commission Expense \$ 177,932
 Advance Capital Contribution \$ 600,697

Total Norfolk Cost \$ 18,705,676

FY 15/16 COST OF SERVICE – PORTSMOUTH

	Bus	Ferry	Paratransit	Total
FY 15/16 Service Hours	46,065	3,112	11,609	60,786
Operation Cost per Hour	\$ 88.63	\$ 221.88	\$ 71.10	\$ 92.10
Service Cost	\$ 4,082,541	\$ 690,438	\$ 825,376	\$ 5,598,355
Farebox Revenue	\$ 841,444	\$ 295,227	\$ 50,739	\$ 1,187,410
Farebox Recovery %	20.6%	42.8%	6.1%	21.2%
State Operating Assistance	\$ 753,942	\$ 127,506	\$ 152,426	\$ 1,033,874
State Operating Assistance %	18.5%	18.5%	18.5%	18.5%
Federal Operating Assistance	\$ 530,293	\$ 147,396	\$ 211,473	\$ 889,162
Federal Operating Assistance %	13.0%	21.3%	25.6%	15.9%
Local Service Cost	\$ 1,956,862	\$ 120,309	\$ 410,738	\$ 2,487,909
Local Service Cost %	47.9%	17.4%	49.8%	44.4%

Commission Expense \$ 177,932
 Advance Capital Contribution \$ 105,177

Total Portsmouth Cost \$ 2,771,018



FY 15/16 COST OF SERVICE – VIRGINIA BEACH

	Bus	Wave	Special Service	Paratransit	Total
FY 15/16 Service Hours	100,455	19,835	2,245	39,689	162,224
Operation Cost per Hour	\$ 88.63	\$ 88.63	\$ 88.63	\$ 71.10	\$ 84.34
Service Cost	\$ 8,902,911	\$ 1,757,875	\$ 198,965	\$ 2,821,807	\$ 13,681,558
Farebox Revenue	\$ 1,900,042	\$ 541,193	\$ -	\$ 173,153	\$ 2,614,388
Farebox Recovery %	21.3%	30.8%	0.0%	6.1%	19.1%
State Operating Assistance	\$ 1,644,141	\$ 324,635	\$ 36,744	\$ 521,116	\$ 2,526,636
State Operating Assistance %	18.5%	18.5%	18.5%	18.5%	18.5%
Federal Operating Assistance	\$ 1,601,855	\$ 271,485	\$ 30,723	\$ 722,989	\$ 2,627,052
Federal Operating Assistance %	18.0%	15.4%	15.4%	25.6%	19.2%
Local Service Cost	\$ 3,756,873	\$ 620,562	\$ 131,498	\$ 1,404,549	\$ 5,913,482
Local Service Cost %	42.2%	35.3%	66.1%	49.8%	43.2%

Commission Expense	\$ 177,932
Advance Capital Contribution	\$ 280,696

Total VA Beach Cost \$ 6,372,110



FY 15/16 COST OF SERVICE – HAMPTON

	Bus	Paratransit	Total
FY 15/16 Service Hours	80,494	29,850	110,344
Operation Cost per Hour	\$ 88.63	\$ 71.10	\$ 83.88
Service Cost	\$ 7,133,879	\$ 2,122,274	\$ 9,256,153
Farebox Revenue	\$ 1,703,853	\$ 129,438	\$ 1,833,291
Farebox Recovery %	23.9%	6.1%	19.8%
State Operating Assistance	\$ 1,317,446	\$ 391,930	\$ 1,709,376
State Operating Assistance %	18.5%	18.5%	18.5%
Federal Operating Assistance	\$ 1,101,731	\$ 543,759	\$ 1,645,490
Federal Operating Assistance %	15.4%	25.6%	17.8%
Local Service Cost	\$ 3,010,849	\$ 1,057,147	\$ 4,067,996
Local Service Cost %	42.2%	49.8%	43.9%

Commission Expense	\$	177,932
Advance Capital Contribution	\$	190,929

Total Hampton Cost \$ 4,436,857



FY 15/16 COST OF SERVICE – NEWPORT NEWS

	Bus	Special Service	Paratransit	Total
FY 15/16 Service Hours	131,518	434	37,114	169,066
Operation Cost per Hour	\$ 88.63	\$ 88.63	\$ 71.10	\$ 84.78
Service Cost	\$ 11,655,961	\$ 38,464	\$ 2,638,729	\$ 14,333,154
Farebox Revenue	\$ 2,953,311	\$ -	\$ 162,668	\$ 3,115,979
Farebox Recovery %	25.3%	0.0%	6.2%	21.7%
State Operating Assistance	\$ 2,152,426	\$ 7,103	\$ 487,306	\$ 2,646,835
State Operating Assistance %	18.5%	18.5%	18.5%	18.5%
Federal Operating Assistance	\$ 1,814,184	\$ 5,940	\$ 676,082	\$ 2,496,206
Federal Operating Assistance %	15.6%	15.4%	25.6%	17.4%
Local Service Cost	\$ 4,736,040	\$ 25,421	\$ 1,312,673	\$ 6,074,134
Local Service Cost %	40.6%	66.1%	49.7%	42.4%

Commission Expense \$ 177,932
 Advance Capital Contribution \$ 277,803

Total Newport News Cost \$ 6,529,869



FY 15/16 COST OF SERVICE – CROSSROADS

	MAX Bus	ERC Bus	ERC Ferry	Total
FY 15/16 Service Hours	42,083	14,914	252	57,249
Operation Cost per Hour	\$ 88.63	\$ 88.63	\$ 221.88	\$ 89.21
Service Cost	\$ 3,729,683	\$ 1,321,748	\$ 55,913	\$ 5,107,344
Farebox Revenue	\$ 1,131,395	\$ 210,000	\$ -	\$ 1,341,395
Farebox Recovery %	30.3%	15.9%	0.0%	26.3%
State Operating Assistance	\$ 779,486	\$ -	\$ -	\$ 779,486
State Operating Assistance %	20.9%	0.0%	0.0%	15.3%
Federal Operating Assistance	\$ 1,818,802	\$ -	\$ -	\$ 1,818,802
Federal Operating Assistance %	48.8%	0.0%	0.0%	35.6%
Local Service Cost*	\$ -	\$ 1,111,748	\$ 55,913	\$ 1,167,661
Local Service Cost %	0.0%	84.1%	100.0%	22.9%

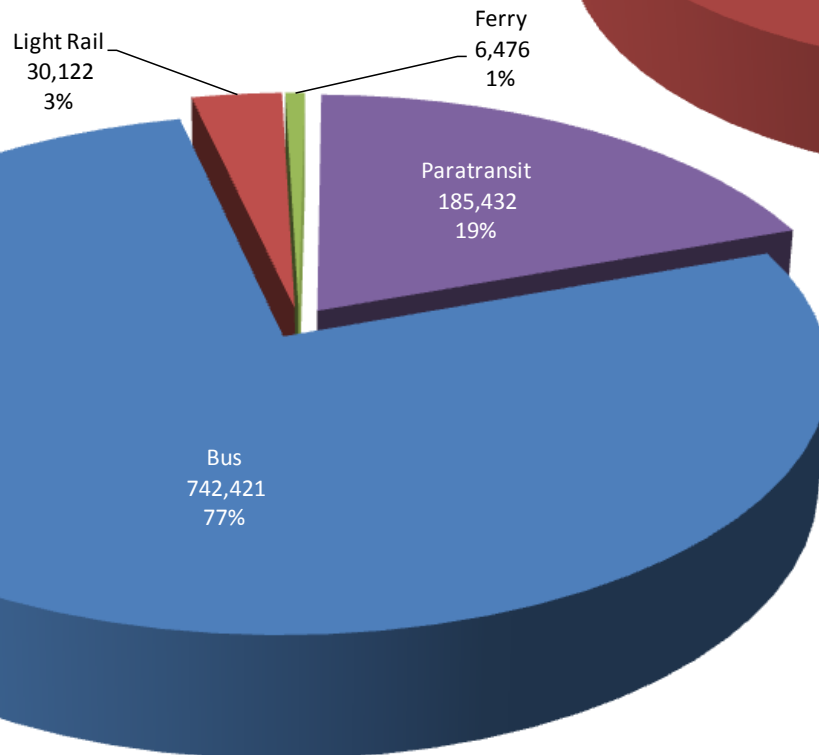
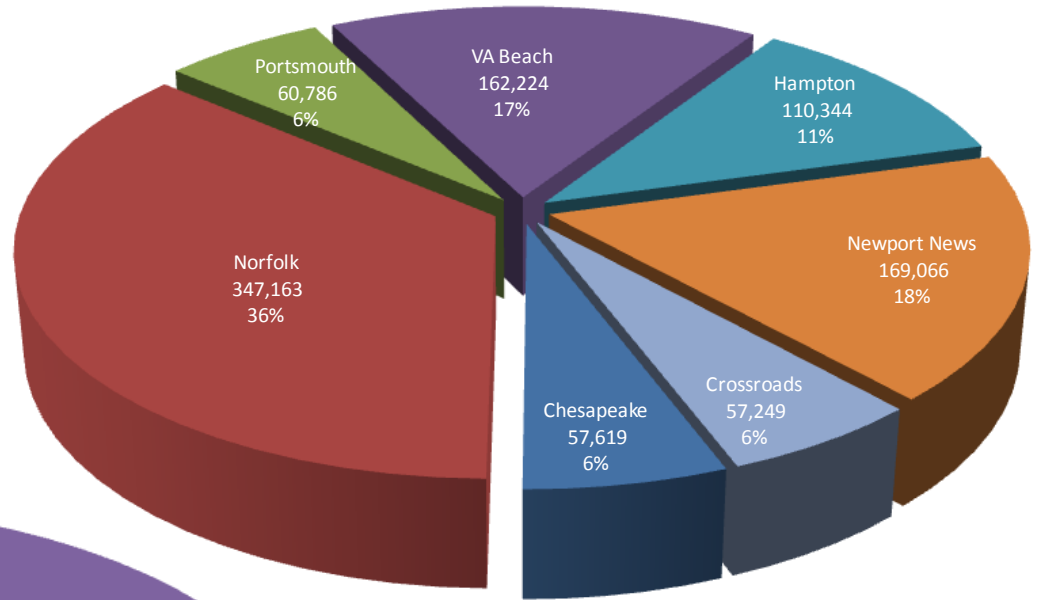
Notes:

Metro Area Express or MAX is funded by Farebox Revenue, Federal and State Aid and therefore does not require any Local Funding.

ERC routes are funded by Farebox Revenue and Elizabeth River Crossing (displayed here as Local Service Cost*) No Federal, State or Local Funding is required.

FY 15/16 SERVICE HOURS

Transit Service Hours By City				
	FY2015	FY2016	Incr(Decr)	% Change
Chesapeake	59,483	57,619	(1,864)	-3.1%
Norfolk	352,532	347,163	(5,369)	-1.5%
Portsmouth	63,093	60,786	(2,308)	-3.7%
VA Beach	164,368	162,224	(2,145)	-1.3%
Hampton	111,897	110,344	(1,553)	-1.4%
Newport News	163,114	169,066	5,952	3.6%
Crossroads	57,108	57,249	141	0.2%
Total	971,596	964,451	(7,145)	-0.7%



Transit Services By Mode				
	FY2015	FY2016	Incr(Decr)	% Change
Bus	740,704	742,421	1,717	0.2%
Light Rail	30,013	30,122	109	0.4%
Ferry	6,780	6,476	(304)	-4.5%
Paratransit	194,099	185,432	(8,667)	-4.5%
Total	971,596	964,451	(7,145)	-0.7%

Note:
The decrease in service hours is primarily due to route scheduling efficiencies.

- Aggressively seek cost containment and new revenue opportunities.
- Better communication with our customers through public outreach and community involvement.
- Maintain current and develop new partnerships with other regional agencies and organizations.
- Increase ridership across all modes of service.
- Continue to ensure effective controls over capital and operating funds and programs.
- Continue to focus on safety through proactive safety and security programs across all modes of service.
- Foster a culture of cleanliness related to our customer amenities through regular maintenance and our Adopt-A-Stop program.
- Renewing the focus on training across operational and support divisions to ensure the agency is in tune with rapidly changing industry best practices , technology infrastructure and operator safety.