

FISCAL YEAR 16/17 BUDGET

Transportation District Commission of Hampton Roads | Hampton Roads, Virginia



William E. Harrell, President & CEO



VISION

Our vision is to be the most efficient and customer-driven public transit agency in Virginia.

MISSION

Our mission is to serve the community through high quality, safe, efficient and sustainable regional transportation services.

CORE VALUES

INTEGRITY

Demonstrate honesty, transparency, fairness and accountability in everything we say and do.

CUSTOMER SERVICE

Ensure positive customer experiences that exceed expectations everyday.

WORKFORCE SUCCESS

Treat everyone with courtesy and respect. Our diverse team of employees drives our success. Our hiring, training, professional development and work environment will aim for the success of every team member.

SAFETY

Strive for safety excellence and continuously promote safety through policies, procedures, training and outreach.

QUALITY

Be passionate about quality and take pride in a job well done.

INNOVATION

Embrace creativity and initiative that shows good business judgment to improve the value of our services, environmental sustainability, and efficient and effective operations.

FINANCIAL HEALTH

Show good stewardship of resources to build strong and lasting relationships with customers and funding partners who invest in making our services possible.

LETTER OF TRANSMITTAL

Dear Commissioners:

It is with pleasure that I present the operating budget for fiscal year 2017. This budget reflects \$22.3 million in operating revenues, \$77.2 million in non-operating revenues and \$99.5 million in expenses. The approved budget is being presented in a more comprehensive and detailed format than in recent years. We trust you will find this document informative and useful.

We have increased agency-generated revenues through contract income and advertising sales, totaling \$3.5 million. After local municipal funding (which accounts for about 43%), HRT customers and agency-generated revenue represents the highest share of income to cover expenses. Additionally, we are expecting to receive \$34.4 million in federal and state funding in fiscal year 2017.

We remain very attuned to significant budget pressures at federal, state, and local levels. This underscores the importance of continuing prudent fiscal management. Part of our work to be good stewards is to effectively leverage available resources to make the very best use of each dollar, both operating and capital, in support of our core business. This year, I am pleased we are holding a strategic line by, compared to past years, not flexing over as much federal Section 5309 capital funds to support operating costs. While in years past this aided in keeping municipal partners from covering larger shares of operating expenses, it has also hindered the agency from making capital investments that are mission-critical to support our core business.

Specifically, this practice contributed to HRT not being able to effectively achieve and maintain a state of good repair for the bus fleet.

This leads to a second observation related to our taking important steps to address core fleet needs. As you know, addressing core bus fleet needs remains a priority of my administration as we continue charting a clear path of long-term fiscal and operational sustainability. I am very pleased that this year each HRT member city participated fully in the SHIFT (Securing High Impact Funding for Transit) program. Based on current projections, this total \$500,000 annual increase in local capital contributions will help make a very significant impact in the condition of our fleet and service delivery.

Ultimately, we do need to increase overall funding to support effective transit operations across the region. This must include support from sources other than traditional local general funds. If we let present trends continue unchanged, there will be an ever increasing demand on those funds, which we know are already significantly burdened. We could also be faced with service reductions. Neither of these are welcome alternatives.

I believe it is imperative moving forward that we address the structural deficiencies with how transit is planned for and funded regionally. This is critical to achieving our vision of being the most efficient and customer-driven public transit agency in Virginia.

We look forward to working closely with the Commission board, and with our partners on local, regional, state and federal levels to implement needed solutions, to include advancing the Connect Hampton Roads® initiative. Working together, I am confident we can do a better job connecting the people and places of Hampton Roads with quality transit – both now and for generations to come – supported by sustainable, reliable funding.

Respectfully Submitted,

William E. Harrell
President & CEO



TDCHR COMMISSIONERS & HRT STAFF

TDCHR Commissioners

| | |
|---------------------------------------|---|
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| Dr. Amelia Ross-Hammond..... | Virginia Beach |
| Keith Parnell..... | Norfolk |
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| Patricia P. Woodbury, Vice Chair..... | Newport News |
| Robert “Rob” Coleman..... | Newport News |
| Jennifer Mitchell..... | Commonwealth Transportation Board (VDRPT) |

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| | |
|------------------------------------|---|
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| Brandon K. Singleton..... | Chief Financial Officer, Commission Treasurer |
| Luis Ramos..... | Commission Secretary |
| Margaret Denoncourt..... | Internal Auditor |
| Brian Smith..... | Assistant to the President for Organizational Advancement |
| James Price..... | Chief Transit Operations Officer |
| Alesia Cain..... | Chief Technology Officer |
| Velvet Smiley..... | Interim Chief Safety and Security Officer |
| Ray Amoruso..... | Chief Planning and Development Officer |
| Kimberly Ackerman..... | Chief Human Resources Officer |
| Sibyl Pappas..... | Chief Engineering and Facilities Officer |
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ORGANIZATIONAL CHART

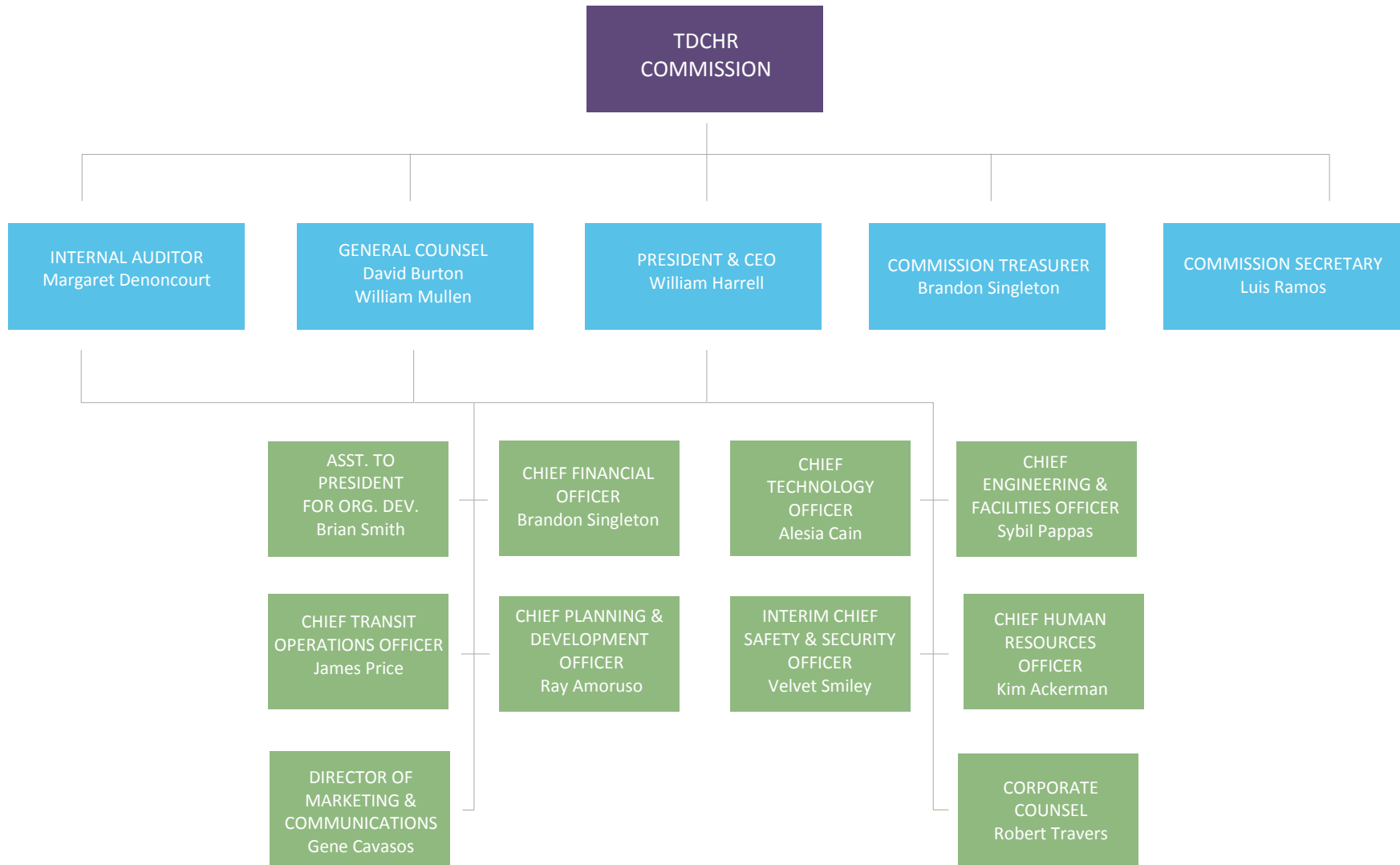


TABLE OF CONTENTS

SYSTEM OVERVIEW

| | |
|---|-------|
| History of Hampton Roads Transit..... | 1-4 |
| Benefits of Public Transportation..... | 5-6 |
| Service Area..... | 7-8 |
| Factors Affecting the Region..... | 9-10 |
| Services Provided..... | 11-12 |
| Fare Structure..... | 13 |
| Operational Statistics..... | 14-16 |
| Accomplishments Fiscal Years 2013 - 2016..... | 17-18 |
| Goals Fiscal Year 2017..... | 19 |
| SHIFT Program..... | 20 |

FINANCIAL SUMMARY

| | |
|------------------------------------|-------|
| Financial Summary..... | 21-23 |
| Grant Funding..... | 24 |
| Debt Overview..... | 25 |
| Page intentionally left blank..... | 26 |

BUDGET PROCESS

| | |
|---|-------|
| Budget Policies & Planning Process..... | 27-30 |
| Budgetary Summary Chart..... | 31 |
| Revenue Categories..... | 32 |
| Revenue Funding Sources..... | 33 |
| Expense Categories..... | 34-35 |
| Operating Expense by Category..... | 36 |

TRANSPORTATION SERVICE PLAN

| | |
|---|-------|
| Local Contribution..... | 37 |
| Transportation Service Plan - Local Service Cost..... | 38 |
| Transportation Service Plan by City..... | 39-44 |
| Revenue Hour Comparison..... | 45 |
| Page intentionally left blank..... | 46 |

TABLE OF CONTENTS

ADMINISTRATIVE DIVISION

| | |
|--|-------|
| Administration Division Budget Fiscal Year 2017..... | 47 |
| Commission..... | 48 |
| Engineering & Facilities..... | 49-50 |
| Executive..... | 51-52 |
| Finance..... | 53-54 |
| Human Resources..... | 55-56 |
| Legal..... | 57-58 |
| Marketing & Communications..... | 59-60 |
| Planning & Development..... | 61-63 |
| Safety & Security..... | 64-65 |
| Technology..... | 66-68 |

OPERATIONS DIVISION

| | |
|--|-------|
| Operations Division Budget Fiscal Year 2017..... | 69 |
| Bus Maintenance Services..... | 70-71 |
| Bus Transportation Services..... | 72-73 |
| Rail Maintenance Services..... | 74-75 |
| Rail Transportation Services..... | 76-77 |
| Ferry Services..... | 78 |
| Paratransit Services..... | 79 |
| Support Vehicle Services..... | 80 |

CONNECT HAMPTON ROADS

| | |
|--|-------|
| Connect Hampton Roads® Initiative..... | 81-83 |
| Page intentionally left blank..... | 84 |

CAPITAL IMPROVEMENT PLAN

| | |
|--|-------|
| Capital Improvement Plan Fiscal Years 2016 - 2022..... | 85-96 |
|--|-------|

APPENDIX

| | |
|--------------------------|--------|
| Glossary & Acronyms..... | 97-103 |
|--------------------------|--------|



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

Hampton Roads Transit

Virginia

For the Fiscal Year Beginning

July 1, 2015

Executive Director

HISTORY OF HAMPTON ROADS TRANSIT

MASS TRANSIT IN HAMPTON ROADS

Mass transit has a long history in Hampton Roads. Electric trolleys operated on both sides of the Hampton Roads area from before the turn of the 20th century under the operation of several different railway companies. From the 1920's through the 1940's, buses gradually replaced streetcars. Today, ferries, light rail, vans, hybrid-electric buses and varying sizes of transit buses operate in Hampton Roads.

| YEAR | PENINSULA | SOUTHSIDE |
|-----------|--|--|
| 1889 | First trolley car ran from Hampton to Old Point operated by the Hampton and Old Point Railway Company. | City Railway Company operated the first streetcars in the City of Norfolk who became one of the first cities to use the overhead street electric railway system, preceded by Richmond in 1887. |
| 1896 | Three separate companies joined and became the Newport News and Old Point Railway and Electric Company. | |
| 1898-1900 | A rival company, the Peninsula Railway Company formed and became Citizen's Railway Light and Power Company. | |
| 1906 | | The Norfolk-Portsmouth Traction Company was formed and assumed operating control over the Norfolk and Portsmouth rail system. |
| 1911 | | Virginia Railway and Power Company extended its operations from Richmond and took over the systems of the two cities. |
| 1914 | Newport News and Hampton Railway Gas & Electric Company formed, merging all earlier public transportation companies on the Lower Peninsula. | |
| 1923 | First buses arrived operated by the Citizen's Rapid Transit Corporation (CRTC) of Newport News. | |
| 1924 | Virginia Public Service Company purchased CRTC. | |
| 1925 | | Virginia Electric and Power Company purchased 36 buses for its Norfolk operation. |
| 1926 | Buses and trolleys came together when the Virginia Public Service Corporation merged with the Newport News and Hampton Railway Gas & Electric Company, retaining the name Virginia Public Service Company. | |
| 1944 | Virginia Public Service Company merged with Virginia Electric & Power Company (VEPCO). | Virginia Transit Company (VTC) took over transit operations in Norfolk. |

HISTORY OF HAMPTON ROADS TRANSIT

| YEAR | PENINSULA | SOUTHSIDE |
|-----------|---|--|
| 1945 | Citizen's Rapid Transit Company acquired VEPCO's transportation facilities. | |
| 1946 | Streetcar operations were completely discontinued and buses were substituted throughout Hampton and Newport News. | |
| 1947-1948 | The VTC inaugurated the modernization program by converting the Naval Base streetcar line to buses and the program was completed with the Ocean View Main Line being the last streetcar to operate in the City of Norfolk. | |
| 1973 | On March 9 th , the City of Norfolk purchased the transit operations of the Norfolk Division of the Virginia Transit Company for \$2.3 million. The U.S. Department of Transportation provided two-thirds of the funds needed for the purchase. It was renamed Tidewater Metro Transit (TMT). In May, the Tidewater Transportation District Commission (TTDC) was formed and began the process of acquiring the privately held transit companies on the Southside. The TTDC, operated under the trade name Tidewater Regional Transit (TRT). | |
| 1974 | Peninsula Transportation District Commission (PTDC) was created by agreement between the cities of Hampton and Newport News under the Transportation District Act of the Code of Virginia. | |
| 1975 | PTDC acquired the operating assets of the Citizen's Rapid Transit Company for \$1.8 million with the assistance of a U.S. Department of Transportation grant which allowed for up to 2/3 of the funds needed to purchase failing private companies in order to retain mass transit services in the localities. The PTDC operated under the trade name Pentran. New buses were purchased and a new route structure developed one year after Pentran was created. | TRT began offering public transportation services in Portsmouth, Chesapeake and Suffolk. |
| 1977 | April 1 st marked the consolidation of Tidewater Regional Transit and Norfolk's Tidewater Metro Transit operation. | |

HISTORY OF HAMPTON ROADS TRANSIT

| YEAR | PENINSULA | SOUTHSIDE |
|-----------|--|--|
| 1979 | | TRT began operating Handi-Ride (now known as Paratransit) service for person with disabilities. |
| 1980 | Paratransit service, formerly known as Handi-Ride, began serving persons with disabilities. | |
| 1983 | | Ferry service between Norfolk and Portsmouth was restored with a 50-passenger diesel powered launch. |
| 1985 | The "Adopt-A-Bus" advertising sales program began and Pentran was the first transit system in the country to offer a whole bus to be painted over with advertising. | A 150-passenger steel hulled, diesel-powered paddlewheel ferryboat replaced the launch. The Virginia Beach Transit Company was consolidated with TRT and for the first time five cities were being served by TRT. |
| 1988 | On Victoria Blvd. in Hampton a new Administration, Operations and Maintenance facility was opened on the original site of the streetcar operations. | |
| 1989 | Pentran implemented a new route structure and marketing program called, "The New Pentran" with new, color-coded routes that provided extended services to new areas. | TRT implemented a new comprehensive route structure. |
| 1991 | Pentran began late evening service, operating until 12:00 midnight on most routes. | |
| 1992 | | High Occupancy Vehicle (HOV)-2 lanes opened and express bus service to downtown Norfolk and the Norfolk Naval Base began. |
| 1993 | | TRT converted a trolley from gas power to compressed natural gas. |
| 1993-1998 | | TRT conducted a Major Investment Study for the Norfolk-Virginia Beach Corridor to determine the most appropriate transportation solutions for the congestion in the Route 44/I-264 area. |
| 1994 | Transportation Center in Downtown Hampton opened. | |

HISTORY OF HAMPTON ROADS TRANSIT

| YEAR | PENINSULA | SOUTHSIDE |
|------|---|---|
| 1995 | Transportation Center in Newport News opened and Sunday service was started on all routes. | |
| 1996 | In coordination with the City of Newport News, Pentran conducted a Major Investment Study for the CSX Railway Corridor from James City County, through Newport News to Hampton and the final report in 1997 recommended that Pentran should initiate enhanced bus service first and look at rail transit later. | TRT converted one of its three ferries into natural gas power. In May, the TTDC approved a resolution to focus study on an alternative combining Light Rail Transit, enhanced bus service and other transportation demand management activities. |
| 1997 | | TRT began the Preliminary Engineering/Environmental Impact Statement phase of the Light Rail Transit study. |

MERGER AND CREATION OF HAMPTON ROADS TRANSIT

Talk of a merger between the two public transit systems in Hampton Roads began in 1994. After five years of discussion, study, negotiation, financial accounting, and other due diligence activities, Pentran and TRT voluntarily merged into one organization on October 1, 1999. The Transportation District Commission of Hampton Roads (TDCHR) was created with membership from seven cities: Chesapeake, Hampton, Newport News, Norfolk, Portsmouth, Suffolk and Virginia Beach. The TDCHR operates under the trade name Hampton Roads Transit (HRT). The City of Suffolk is no longer a part of the TDCHR (opted out in December 2011) but growth within the remaining six cities drives the agency forward at a steady pace as the benefits of public transportation are being realized by citizens residing within Hampton Roads.

| YEAR | TRANSPORTATION DISTRICT COMMISSION OF HAMPTON ROADS (TDCHR) |
|------|---|
| 1999 | On October 1st, TRT merged with Pentran and formed Hampton Roads Transit, servicing the cities of Norfolk, Virginia Beach, Chesapeake, Portsmouth, Hampton, Newport News, and Suffolk. |
| 2007 | In October 2007, Full Funding Grant Agreement signed with Federal Transit Administration to construct the Tide Light Rail project |
| 2008 | The MAX (Metro Area Express) began service with eight routes linking all six Hampton Roads cities. |
| 2009 | Phase 1 of the construction of the 18th Street Complex began in October; Groundbreaking for the Tide light rail also in October. |
| 2011 | Ribbon cutting of the completed 18th Street Complex in June. Virginia's first light rail line, the Tide, opened to the public in August. More than 30,000 people rode the Tide on the first day. |
| 2013 | Entered into the first public/private partnership for funding bus service with Elizabeth River Crossing in April. |
| 2014 | Kick off for Connect Hampton Roads® on June 26th. In October, implemented the first fare increase since the merger in 1999. |
| 2016 | The Downtown Norfolk Transit Center opened on January 17th. |

BENEFITS OF PUBLIC TRANSPORTATION

After six decades of increasing miles driven by each of us, 2004 saw a reversal of that trend. In fact, every year since has seen a decrease. Americans in communities of all kinds nationwide want more transportation choices. We are starting to live closer to our jobs, shopping and entertainment venues. And more of us want a greener planet and less dependency on foreign oil. Public transportation plays a significant role in finding smart solutions to the challenges facing Hampton Roads today.

ENVIRONMENTAL IMPACT

Prior to 2008, this region was classified as non-attainment for ozone. In Hampton Roads, the 2011-2013 three year ozone averages at the three monitoring stations were between 68 and 72 ppb, all below the 75 ppb threshold. Based on this, Hampton Roads is currently designated as an ozone attainment/maintenance area.⁶ The Hampton Roads Planning District Commission (HRPDC) and the Virginia Department of Transportation (VDOT) is slowly beginning to recognize transit's role in providing viable transportation alternatives to the single occupancy vehicle and in helping to reduce congestion, air pollution and improving mobility.

Traffic congestion worsens every year and the I-64 and I-264 corridors are the highest stressed corridors in the region. There are currently 391 lane miles of severely congested roadways.² That number is expected to grow 34% by 2034.² The majority of voters recognize that congestion and traffic are very serious problems. When put to the ballot, voters are approving transit-related solutions nearly 80% of the time.³

Per passenger mile, public transportation is twice as energy efficient as cars.¹ A high quality rail or bus line can carry as many people as seven highway lanes or 17 lanes of urban street.¹ According to the 2015 Urban Mobility Scorecard published by the Texas A&M Transportation Institute, the Virginia Beach area revealed that excess fuel consumed by commuters due to traffic congestion was over 20 million gallons annually. Per year, the average local commuter spends 45 additional hours in traffic due to congestion which Texas A&M calculated to be worth \$953 per commuter.⁷ If public transportation were discontinued in the Hampton Roads region, the annual delay for commuters (as a whole) would increase by over 1.6 million hours and an additional 700,000 gallons of fuel would be wasted.⁴

By moving more people in a smaller space, public transportation allows cities to increase their economic output while maintaining a smaller footprint at a lower cost of transportation infrastructure than would be required without public transit. Cities can, therefore, achieve more growth for less money with high quality public transportation.¹

ECONOMIC IMPACT

While it is widely known that transit eases congestion by adding capacity to existing roadways, transit's numerous societal benefits are often overlooked. An increased investment in public transportation creates jobs and boosts economic growth.

Job Creation

- + Transit creates jobs by attracting employers to areas that are accessible to more people. Companies that have chosen Hampton Roads as their headquarters include Canon Virginia, Inc. and Huntington Ingalls Industries.
- + Transit supports spin-off industries such as maintenance facilities and computer software development. For example, the local transit industry supports Western Branch Diesel in Chesapeake, who provides major engine repair service to HRT and other transit systems in Virginia.

BENEFITS OF PUBLIC TRANSPORTATION

- + Transit strengthens local businesses by giving them access to workers and to a wider market. Eastern Virginia Medical Center in Downtown Norfolk depends upon HRT to transport a significant number of employees to its facilities. Hotels also depend on HRT to transfer hospitality workers to the Oceanfront daily to support tourism.

Economic Growth

- + HRT services support 20,350 jobs, \$548 million in labor income, and over \$1.5 billion in output in the 2015 Hampton Roads regional economy by enabling transit commuters to gain access to meaningful employment and providing employers with access to their workforce.⁸
- + Overall, HRT enables approximately \$149.9 million in business sales in the region and supports 1,200 jobs and \$71 million in labor income by facilitating connections between transit riders and opportunities for participation within the consumer economy.⁸
- + Every \$1 dollar communities invest in transit generates \$4 dollars in economic returns.³
- + Every \$1 billion invested in public transportation capital and operations creates and supports an average of 36,000 jobs.³
- + These 36,000 jobs result in roughly \$3.6 billion in business sales and generate nearly \$500 million in federal, state, and local tax revenues.³
- + Every \$10 million in capital investment in public transportation can return up to \$30 million in business sales alone.³

STRENGTHENED COMMUNITY

Public transportation provides communities with affordable means of mobility, offering individuals greater opportunity to better themselves and provide for their families. It provides access to job opportunities for millions of Americans and is a key link to jobs for service and entry level employees with limited mobility options. Transit moves people to school and training, allowing them to seek higher paying jobs and become self-sufficient. HRT serves Christopher Newport University, Thomas Nelson Community College, Hampton University, Old Dominion University, Tidewater Community College, Norfolk State University, and numerous technical schools. Transit enables elderly and disabled people to remain independent by providing access to health care, shopping, nutrition programs, and other basic life needs. More than 11% of Hampton Roads residents are living with a disability, and approximately 13% of the local population is age 65 or older.⁵ Eighty-three percent of older Americans say public transit provides easy access to things they need in everyday life.¹

Households with access to public transportation spend a lower percentage on housing and transportation costs. Living in a transit rich area can allow a two-car family to eliminate one of its vehicles, saving almost \$10,000 per year. Savings this significant allow funds otherwise tied up in transportation expenses to stimulate the economy.¹

SOURCES:

1. APTA – “Economic Recovery: Promoting Growth – The Benefits of Public Transportation”
2. Hampton Roads Transportation Planning Organization – Hampton Roads Congestion Management Process: Draft October 2014
3. APTA – “Public Transportation Gets Our Economy Moving”
4. Texas A&M Transportation Institute – “Urban Mobility Scorecard – Congestion Data”
5. Hampton Roads Transportation Planning Organization – “Hampton Roads Regional Benchmarking Study: 2013 Estimates”
6. Hampton Roads Transportation Planning Organization – “Transportation ~Air Quality”
7. Texas A&M Transportation Institute – “2015 Urban Mobility Scorecard – Congestion Data for Your City”
8. Economic Development Research Group, Inc. - “The Economic and Societal Impact of Hampton Roads Transit”

SERVICE AREA

GEOGRAPHY

Virginia's Hampton Roads is a region rich in history, situated in the southeastern corner of Virginia, where the Atlantic Ocean meets the Chesapeake Bay. The region, comprised of 16 counties and cities, is enhanced by an extensive system of waterways. Because of the abundance of waterways, the transportation network is heavily dependent on bridges and tunnels. Aging infrastructure and congestion around tunnels and bridges pose a threat for future economic development.

POPULATION

According to the Weldon Cooper Center for Public Service (WCCPS), Hampton Roads' 2015 population was 1,725,777 up 10,259 (0.6%) from 2014.⁹ By the year 2040, the Hampton Roads Planning District Commission estimates that the population will exceed 2.04 million.¹ The number of vehicles in Hampton Roads was just over 1.2 million in 2010. By 2040, that number is expected to reach almost 1.7 million.¹

EMPLOYMENT

Employment in the local Metropolitan Statistical Area (MSA) increased from 762,600 in June 2014 to 772,400 as of June 2015.⁷ Virginia's employment in May 2015 was 3,682,450⁴ and increased to 4,064,900 as of April 2016.⁵ The unemployment rate has an inverse effect from employment. The regional unemployment rate has increased significantly since the beginning of 2015, going from 5.1% in January to 5.5% this May. This presents an unfavorable contrast with the U.S. unemployment rate, which fell from 5.7% in January 2015, to 5.3% in June 2016, and for the first time in 18 years the national unemployment rate is below that of Hampton Roads.²

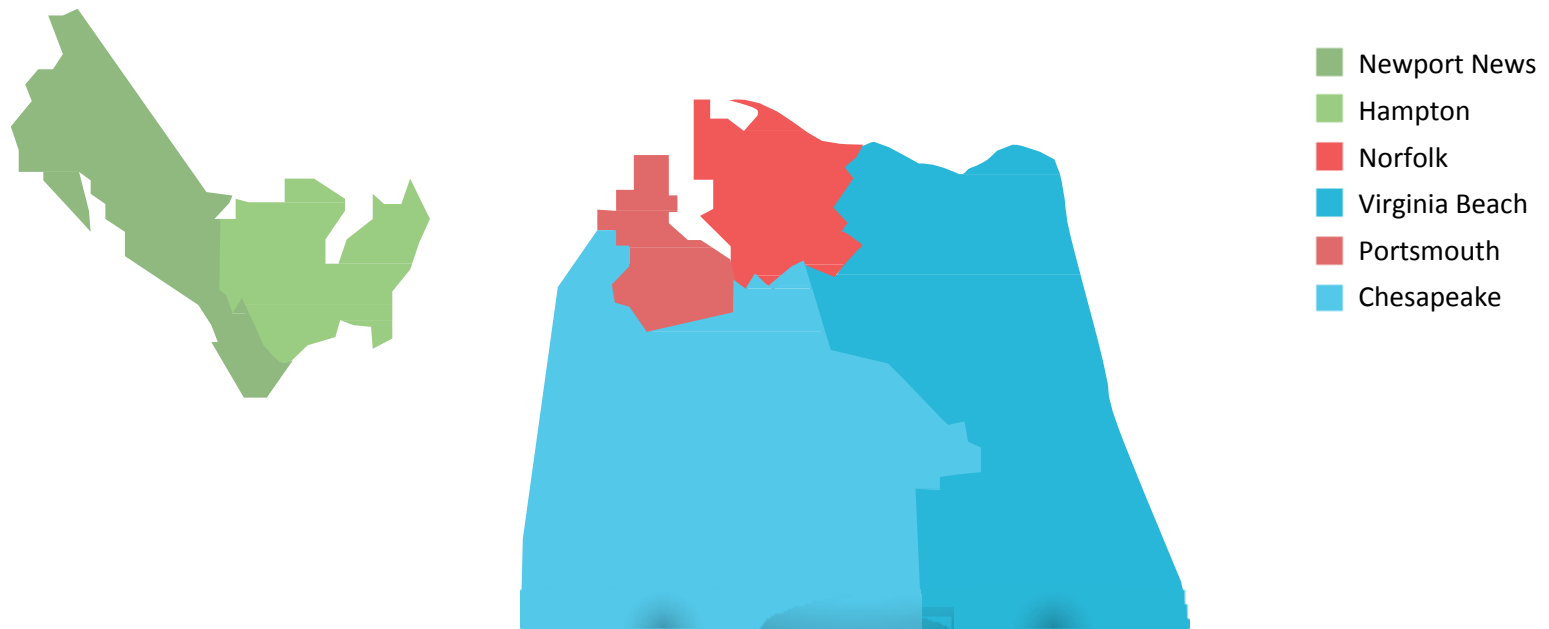
A strong military presence in the region helps stabilize unemployment rates. The U.S. military is a major employer in the Hampton Roads region, and so U.S. military spending is an important influence on the region's employment growth. Hampton Roads has also experienced relatively strong employment growth across several industry sectors, particularly Financial Activities and Other Services industries added 2,100 and 1,900 jobs, respectively. Two other industries recorded local job gains of 1,000 or more since last June: Trade, Transportation, and Utilities (1,300) and Professional and Business Services (1,200).⁷ Employment opportunities in Hampton Roads are predicted to grow with jobs in excess of 1.28 million by 2040.¹

DEMOGRAPHICS

Compared to Virginia and the nation as a whole, the population of the Hampton Roads region tends to be younger and more diverse. The May 2015 Hampton Roads annual mean wage was \$45,460³, which continues to fall below the national of \$48,320.⁸ The region's relatively low wages can be attributed to such factors as the region's unique occupational and industrial mix. One characteristic that distinguishes Hampton Roads from other areas include a largest military presence in the region, with approximately 18 military facilities in the area.⁶ There is also a large presence of military veterans in the civilian workforce.

SERVICE AREA

With growth in the number of residents and visitors that are part of our region’s promising future, we also have real challenges to connecting the people and places of Hampton Roads. As the region grows, our ability to move around with ease will be more and more challenging. A lack of mobility choices can limit access to jobs, educational, retail and recreational opportunities, keep Hampton Roads from effectively supporting our existing businesses and military communities, and attracting new businesses to grow the regional economy. Now more than ever, we need to plan for a strong, multifaceted transportation network to meet the growing needs of businesses, residents and visitors.



SOURCES:

1. Hampton Roads Planning District Commission 2040 Socioeconomic Forecast – December 2013
2. HRPDC – “Hampton Roads Economic Quarterly, Volume 06, Issue 02, July 21, 2015”
3. U.S. Bureau of Labor Statistics—“May 2015 Metropolitan and Nonmetropolitan Area Occupational Employment and Wage Estimates”
4. U.S. Bureau of Labor Statistics – “Occupational Employment Statistics – May 2015 State Occupational Employment and Wage Estimates”
5. U.S. Bureau of Labor Statistics – “Economy at a Glance”
6. Wikipedia – “Hampton Roads”
7. U.S. Bureau of Labor Statistics – “Virginia Beach Area Employment-June 2015”
8. U.S. Bureau of Labor Statistics—“May 2015 National Occupational Employment and Wage Estimates”
9. Hampton Roads Planning District Commission – “2015 Population Estimates Show Increase in Hampton Roads Population”

FACTORS AFFECTING THE REGION

Hampton Roads is a region that depends on its maritime-rich geography including all the benefits that come with it, such as commerce derived at its ports, tourism drawn to its beaches and the waters that allow it to be one of the most concentrated Naval strongholds on the planet. Those same geographic attributes, however, bring with them interconnected vulnerabilities that, if not managed and planned for properly, have the potential to overpower the positive.

MILITARY

The Hampton Roads area is home to one of the world's largest populations of military personnel, with approximately 83,000 active duty and more than 40,000 civilians. Hampton Roads is also home to the largest Naval base in the world and the only National Atlantic Treaty Organization (NATO) command on U.S. soil. The Hampton Roads regional economy has become increasingly dependent upon defense spending over the past decade and Department of Defense (DoD) spending accounts for more than 45.6% of all regional economic activity. ¹ According to an annual Defense Department report, military operations and defense contractors account for almost \$16 billion of the Commonwealth's \$54.7 billion in defense spending in 2014. ¹

Defense readiness and efficient military operations require a sufficient transportation network so that cargo and personnel can be moved as quickly and as safely as possible. Transportation and congestion problems may hinder the ability to maintain or bring additional military personnel to our regions. Local traffic congestion affects every day commuting for military personnel as well as travel times between installations during business hours. Delays at bridges/tunnels significantly detract from mission performance effectiveness and efficiency. Local service members and their families who are routinely impacted by traffic challenges are less likely to spend additional tours of duty in this location or consider this area for retirement.

The significance of the Defense sector in Hampton Roads cannot be overstated as the direct, indirect, and induced impact of the military presence accounts for as much as one-third of the region's economy. The extent of DoD impact includes military personnel, DoD civilian employment, government contractors, the ship building and repair industry, as well as the veterans that both boost the Hampton Roads workforce and inject spending into the local economy.

TOURISM

The tourism sector is an important contributor to Hampton Roads' externally generated income. Hampton Roads provides a diverse set of tourist attractions; each city has its own unique attractions, events and activities. Visitors can choose from the surf and sand of Virginia Beach to the east or the historic attractions of Williamsburg, Yorktown and Jamestown to the west. In addition to the hoteliers who depend on tourists to fill their rooms, tourism brings extensive new money to restaurants, retail establishments and government coffers. According to the Virginia Tourism Corporation, tourists in Hampton Roads spent approximately \$4.36 billion dollars in 2014. ² Tourism impacts practically all area businesses, contributing to quality of life through the influx of tax revenue, creation of jobs and rise of services and attractions that add to the vibrancy of life in Hampton Roads.

Many tourist who visit the Hampton Roads area come from those living within a day's drive of the region, which also makes the private automobile the primary mode of transportation. More than 85% of the areas visitors travel by automobile. ³ According to VDOT, on average there are 3 million vehicles traveling through the Hampton Roads Bridge-Tunnel (HRBT) monthly, with more than 100,000 daily during the tourist season. ⁴

FACTORS AFFECTING THE REGION

As defense expenditures that have boosted the local economy for the past five years are expected to decrease substantially in the next five years, tourism promotion can help fill the income gap. Furthermore, increases in fuel costs combined with the recent 40% decline in the value of the dollar that makes foreign travel so expensive underscores the opportunity for increased income from tourism development.³

PORT OF VIRGINIA

The naturally safe harbors in Hampton Roads have been bringing commerce and trade to the Hampton Roads region for centuries. The Port of Virginia in Hampton Roads is widely regarded as one of the top deep-water harbors on the East Coast. With channels reaching 50 feet in depth and year-long freedom from ice, The Port of Virginia can accommodate ships of all sizes and purposes: from the largest container ships to the cruise ships that dock at the Norfolk Terminals.⁵

Significant investments by both The Port of Virginia and by APM Terminals (A.P. Moller-Maersk Group) have positioned Hampton Roads well to capitalize on and accommodate increased port traffic well into the future. The Port of Virginia is a tremendous economic engine for Hampton Roads and the entire state. In 2014, The Port of Virginia provided 374,000 jobs and generated an economic impact of \$60 billion in total revenue throughout the Commonwealth. The 2014 Fiscal Year operating revenue was \$88 million.⁶ Operations of this size translate to significant impacts on local area income and employment. Through April 2016, the Port handled over 842,010 Twenty-foot Equivalent Units (TEUs).⁶

One major factor that allows the Port of Virginia to successfully compete for markets in the Midwest is the high quality of its rail connections. Shippers and ocean carriers that send rail shipments through the Port indicated that the quality of its rail connections is among the best on the East Coast. Road connections to the port, however, are strained and reduce the ability of freight trucks to reach their destinations on-time. In 2015, 64% of The Port Authority cargo moved via truck.⁶

As the capacity of the port increases, available transportation capacity must expand as well. Port activity into the future will largely be influenced by the ability of the Hampton Roads region to manage the timely transportation of an increasing volume of freight. The price, availability, reliability, and expediency of freight transportation to and from the port are major factors influencing the structure and future of the transportation system.⁵

SOURCES:

1. Hampton Roads Chamber of Commerce—Our Military
2. Hampton Roads Economic Development Alliance - "Inroads Research: Tourism in Hampton Roads"
3. Future of Hampton Roads, Inc – Improving the Competitiveness of Hampton Roads
4. VDOT Hampton Roads Tunnels and Bridges
5. Programs of Hampton Roads Partnership-Port & Maritime Logistics
6. The Port of Virginia—Fast Facts, Port Stats, and Annual Report
7. Pilot Online—"The future of defense spending, and what it means for Hampton Roads

SERVICES PROVIDED

Last fiscal year, HRT provided more than 16.4 million customer trips. This equates to almost 45,000 trips per day across six of Virginia's ten largest Cities. HRT operates a comprehensive transit system, offering local, express, and shuttle routes, providing connections throughout the Hampton Roads region. The Agency provides local service up to 21 hours a day, seven days a week. Our transportation fleet is comprised of Transit Buses, Light Rail, Passenger Ferry and Paratransit vans.

FAST FACTS



BUS

- + 268 diesel buses travel to all six TDCHR cities
- + 37 diesel-electric hybrid buses
- + All buses are equipped with bicycle racks and have low floors, ramps, or wheelchair lifts to assist the elderly and those passengers with disabilities to board with ease
- + 70 fixed routes
- + *Virginia Beach (VB) Wave*
 - 14 trolley style diesel buses
 - 8 29 ft. Opus diesel buses
 - An easy way to get around the Virginia Beach Oceanfront
 - Operates daily May – September
- + *Metro Area Express (MAX)*
 - 8 fixed routes that provide express service between the Hampton/Newport News and Norfolk/Virginia Beach
 - Ideal for commuters who want to avoid bus transfers
 - 4 designated routes traveling to/from Naval Station Norfolk
 - Free Wi-Fi



LIGHT RAIL

- + 7.4 miles of track in the City of Norfolk
- + 9 light rail vehicles powered by an overhead electrical system and driven by an on-board operator
- + Capacity of up to 160 passengers per vehicle

SERVICES PROVIDED

- + 19 bus routes that offer direct connections to six of the 11 Tide stations
- + Four Park-and-Ride locations with almost 800 free parking spaces to facilitate commuters' ease of access to The Tide and feeder bus lot locations
- + HRT's newest addition began revenue service 8/29/2011



PASSENGER FERRY

- + Three 150-passenger ferries on the Elizabeth River between downtown Norfolk and downtown Portsmouth
- + Ferries run every 30 minutes, with 15 minute service during peak morning and afternoon commute times and during special events
- + Free Park-and-Sail program for commuters in Portsmouth who travel by ferry



PARATRANSIT

- + All HRT services are wheelchair accessible, however for eligible customers who cannot ride or access our fixed route bus services due to a disability, HRT provides curb-to-curb shared ride Paratransit services by appointment
- + This service operates in parallel with HRT fixed route services for passengers within $\frac{3}{4}$ of a mile of a fixed route line
- + These services are federally mandated by the Americans with Disabilities Act (ADA) of 1990
- + All persons with disabilities are entitled to the same public transportation opportunities that everyone else uses and enjoys

FARE STRUCTURE

FARE INCREASE, A PHASED APPROACH

Hampton Roads Transit's governing board approved changes to its fare structure after public comment at nine public hearings, including two before the full board. The October 5, 2014 increase is the first in the history of the modern Hampton Roads Transit. While the prospect of fare changes aren't pleasant for anyone, it is a necessary action on the part of Hampton Roads Transit as we face strong headwinds to its financial health. Hampton Roads Transit is doing everything within its power to control and contain costs, but like any business it must evaluate its price to determine if they are fair and reasonable.

PHASE ONE

Phase One of the new fare structure was implemented in October 2014. The first phase one of the fare structure adjustment increased the fixed route one day pass fare by \$.25, from \$1.50 per ride to \$1.75.

PHASE TWO

The second phase of the proposed fare increase for fixed route services has been delayed due to the current state of ridership. However, beginning October 2016, Demand Response (Paratransit) fees are scheduled to increase \$.50 per ride, from \$3.00 per ride to \$3.50. Demand Response fees were untouched in phase one of the fare increase.

| CURRENT FARES | | | |
|---|----------|-----------|-------------|
| Local Bus, Light Rail & Ferry | | | |
| Ticket/Pass Type | Adult | Half Fare | Paratransit |
| LOCAL BUS, LIGHT RAIL, & FERRY | | | |
| Cash | \$1.75 | \$0.75 | n/a |
| 1 Day | \$4.00 | \$2.00 | n/a |
| 1 Day <i>(The Tide only)</i> | n/a | n/a | n/a |
| 1 Day <i>(Bundle of 5)</i> | \$19.00 | \$9.50 | n/a |
| 2 Ride | n/a | n/a | n/a |
| 2 Day | n/a | n/a | n/a |
| 3 Day | n/a | n/a | n/a |
| 7 Day | \$20.00 | n/a | n/a |
| 30 Day | \$60.00 | \$35.00 | n/a |
| SHUTTLE | | | |
| Cash | \$2.00 | \$1.00 | n/a |
| 1 Day | \$4.00 | \$2.00 | n/a |
| 3 Day | \$8.00 | \$4.00 | n/a |
| MAX | | | |
| Cash | \$3.50 | \$1.75 | n/a |
| 1 Day | \$6.50 | \$6.50 | n/a |
| 1 Day <i>(Bundle of 5)</i> | \$30.00 | \$30.00 | n/a |
| 7 Day | n/a | n/a | n/a |
| 30 Day | \$110.00 | \$110.00 | n/a |
| PARATRANSIT | | | |
| Clients - Cash | | | \$3.00 |
| PCA - Cash | | | \$0.00 |
| Guests - Cash | | | \$3.00 |

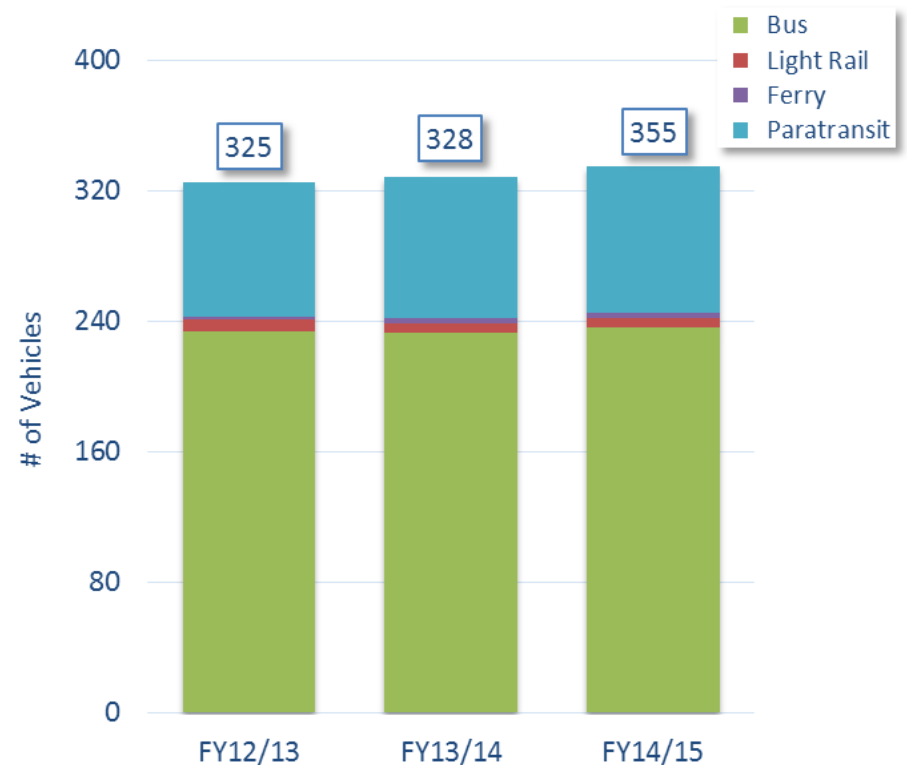
OPERATIONAL STATISTICS

NATIONAL TRANSIT DATABASE (NTD)

Congress requires agencies to report to the NTD if they receive or benefit from 5307 Urbanized Area Formula Program (UAFP) formula grant. The Federal Transit Agency (FTA) submits annual NTD reports that summarize transit service and safety data to Congress. The NTD is designed to help meet the needs of individual public transportation systems, the federal, state and local governments and the general public for information on which to base public transportation service planning. The system uses uniform categories and accounts to accumulate public transportation financial, operating, and asset condition information. Data gathered by NTD is used to apportion funding to transit agencies throughout the United States.

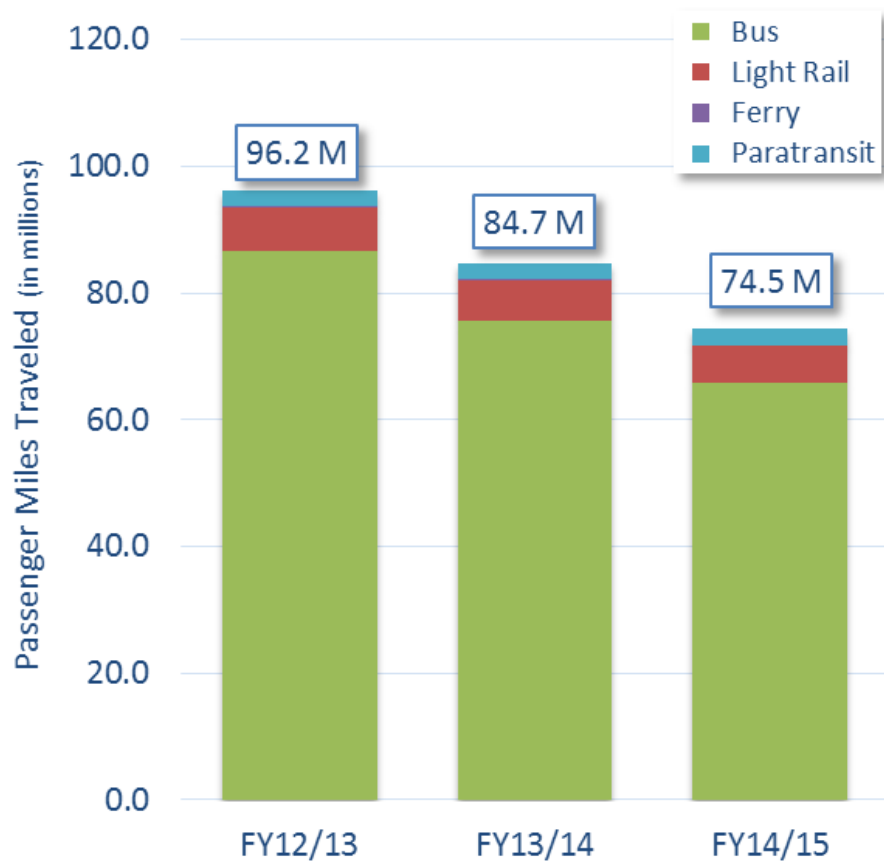
| NTD Statistics | FY12/13 | FY13/14 | FY14/15 |
|---|------------|------------|------------|
| <i>Cities Served</i> | 6 | 6 | 6 |
| <i>Square Miles</i> | 515 | 421 | 431 |
| <i>Maintenance Facilities</i> | 7 | 8 | 8 |
| HRT Owned/Leased | 6 | 6 | 6 |
| Service Provider Owned/Leased | 1 | 2 | 2 |
| <i>Gallons of Diesel Fuel</i> | 2,535,071 | 2,616,249 | 2,530,231 |
| <i>Gallons of Gasoline</i> | 587,615 | 532,824 | 531,292 |
| <i>Kilowatt Hours of Propulsion</i> | 3,387,625 | 4,368,975 | 3,432,625 |
| <i>Vehicles Operated in Maximum Service</i> | | | |
| Bus | 234 | 233 | 236 |
| Light Rail | 7 | 6 | 6 |
| Ferry | 2 | 3 | 3 |
| Paratransit | 82 | 86 | 90 |
| <i>Annual Vehicle Revenue Hours</i> | | | |
| Bus | 794,369 | 778,904 | 786,442 |
| Light Rail | 29,978 | 29,998 | 29,881 |
| Ferry | 6,161 | 6,341 | 6,606 |
| Paratransit | 195,576 | 201,726 | 213,638 |
| <i>Annual Vehicle Revenue Miles</i> | | | |
| Bus | 9,975,729 | 9,794,751 | 10,218,494 |
| Light Rail | 373,045 | 372,914 | 392,671 |
| Ferry | 14,048 | 18,264 | 18,978 |
| Paratransit | 3,054,073 | 3,259,377 | 3,370,172 |
| <i>Annual Unlinked Passenger Trips</i> | | | |
| Bus | 16,217,920 | 15,026,924 | 14,218,168 |
| Light Rail | 1,762,284 | 1,666,978 | 1,551,553 |
| Ferry | 336,838 | 332,028 | 294,625 |
| Paratransit | 304,004 | 311,789 | 324,510 |
| <i>Passenger Miles Traveled</i> | | | |
| Bus | 86,543,203 | 75,683,206 | 65,849,308 |
| Light Rail | 7,004,670 | 6,296,325 | 5,716,308 |
| Ferry | 123,866 | 236,720 | 209,583 |
| Paratransit | 2,559,054 | 2,487,677 | 2,696,590 |

NTD Vehicles Operated in Maximum Service

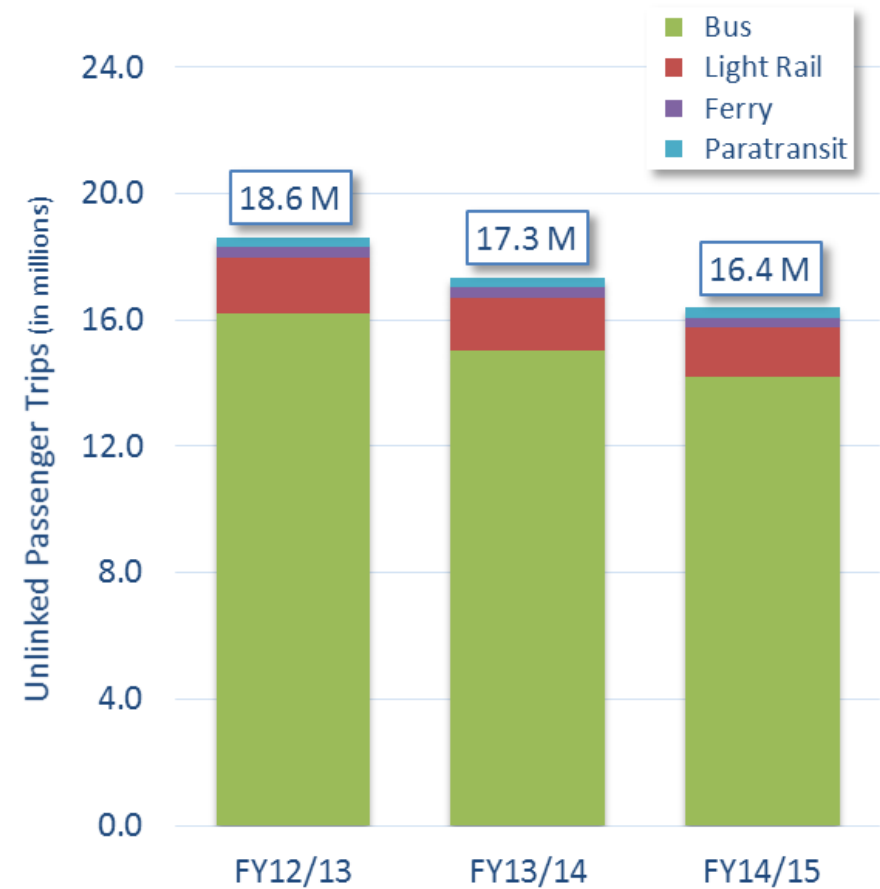


OPERATIONAL STATISTICS

NTD Annual Passenger Miles Traveled



NTD Annual Unlinked Passenger Trips

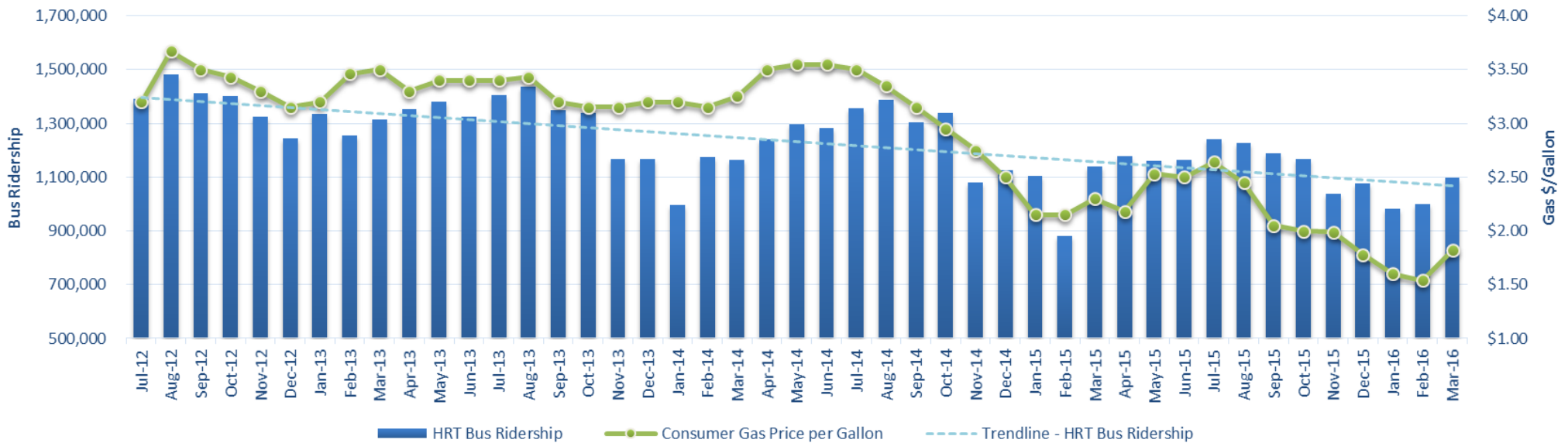


OPERATIONAL STATISTICS

HOW GAS PRICES EFFECT RIDERSHIP

Below is a graphical representation of Hampton Roads Transit's bus ridership trended against consumer gas prices over the past three and a half fiscal years. In a market where approximately 75% of ridership is needs based, it is apparent that the remaining 25% drives the delta over time. As choice ridership continues to be the focus in fiscal year 2017, HRT has implemented numerous ridership incentives to include the Student Freedom Pass and the Try Transit Pass, to name a few.

HRT Bus Ridership vs. Consumer Gas Price per Gallon



ACCOMPLISHMENTS FISCAL YEARS 2013 - 2016

- + Completed full rebuild of ADA-compliant Military Circle Transfer Center including new shelters, bike racks, improved lighting, landscaping, benches, pavers, security cameras, and reinforced concrete pads for buses.
- + Have achieved and maintained 100% adherence to scheduled bus Preventative Maintenance.
- + Installed new bus stop signs at 2,800 locations on Northside and Southside, providing more detailed route and schedule information for customers.
- + Successfully completed Fiscal Year 2015 with clean financial audits with no repeat findings.
- + Worked closely with DRPT and the Transit Service Delivery Advisory Committee to define and implement new methods for allocating state capital and performance-based operating assistance.
- + Implemented TransitStat, winner of the Virginia Transit Association's Best Program Award, to support data-driven performance management.
- + Fully evaluated and revised employee classification and compensation policy and procedures to ensure accountability, equity, control and transparency consistent with industry and labor market standards and best practices.
- + Balanced fiscal demands and needs to be responsive to the public in obtaining fare policy update and securing first base fare increase in the fifteen-year history of Hampton Roads Transit.
- + Upgraded backbone technology systems including PeopleSoft HCM and HASTUS.
- + Successfully re-engineered the paratransit service model, implementing new cost controls while working to improve responsiveness to customers. For example, using on-line customer reservation capabilities and reducing an administrative back log in customer eligibility.
- + Achieved new 2014-2017 Collective Bargaining Agreement (CBA) in 10 work sessions with no undue legal expenses. This is in contrast to the previous CBA negotiation that spanned over 20 months.
- + Formed new Marketing and Communications business unit. This team's work has already netted a national Telly Award for the GoPass 365 campaign; began publishing the new monthly Mini-Link; launched the HRT blog; and completed a total revamp of social media to include 206% increasing in audience, 99% increase in post impressions on Facebook, and 153% increase on Twitter.
- + Each year the agency develops a true six-year Capital Improvement Program (CIP) enhanced with detailed sub-plans for core areas: Fleet, Technology, Facilities, and Safety and Security.
- + Successfully engaged in a timely response to a June 2014 generator fuel spill in keeping with highest ethical standards and team work for environmental stewardship. HRT's robust and effective response to spilled diesel fuel minimized risk exposure and avoided unnecessary cost. Through collaboration with Virginia Department of Environmental Quality (VDEQ), HRT was able to complete spill mitigation measures and terminate the VDEQ Consent Order.
- + Became a member of the American Bus Benchmarking Group (ABBG) in fiscal year 2015.

ACCOMPLISHMENTS FISCAL YEARS 2013 - 2016

- + Implementation of a merit-based Performance Evaluation System that holds employees accountable and rewards commensurate with performance.
- + For the third consecutive year, the agency has been awarded the Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report (CAFR) from the Government Finance Officers Association (GFOA).
- + For the first time in over ten years, the agency was awarded the Distinguished Budget Presentation Award from the (GFOA) for its fiscal year 2016 Budget Book.
- + Successfully finalized the Federal Transit Administration's Financial Management Oversight (FMO) Follow-up Review. The prior full scope review (April 2011) reported two (2) material weaknesses; six (6) significant deficiencies, noted three (3) advisory comments and received an overall significant deficiency rating. The results of the FMO follow up review resulted in acceptance of all corrective actions and only one advisory comment.
- + Obtained State funding of \$7.4 million to help fund the next phase of the Naval Station Norfolk Transit Extension Study and achieved re-programming of RSTP funding to conduct the Peninsula High Capacity Transit Corridor study.
- + Purchased 14 new Vintage Trolley vehicles for the Oceanfront bus service through a partnership between the City of Virginia Beach and the Virginia Department of Rail and Public Transportation.
- + Sold property at 1500 Monticello Avenue, closing out a \$70 million public-private development contract. Partnered with City of Norfolk to put 1500 Monticello property back on city of Norfolk tax rolls.
- + Recipient of Leadership in Energy and Environmental Design (LEED) GOLD Award – Southside Campus.
- + Successfully advocated to secure transit capital funding through passage of House Bill 1887.
- + Following roundtable discussions with 126 Southside and Peninsula business and community leaders concerning transit and regional mobility and economic competitiveness, launched Connect Hampton Roads® by TDCHR board resolution in June 2014. Completed initial outreach with 13,830 participants across all cities taking part in the Connect Hampton Roads® survey. This represents the most public involvement in a transportation-related survey and multi-modal initiative ever in Hampton Roads.
- + Revised the GoPass365 program to reverse past revenue losses while growing ridership, keeping program members and expanding with Tidewater Community College and Newport News Shipbuilding.
- + Completed the Naval Station Norfolk Transit Corridor Study and Virginia Beach Transit Extension Study DEIS.
- + Successfully supported special events like Harbor Fest, Holly Dazzle, Grand Illumination and Hampton Holly Days.
- + Developed and implemented “snow routes” plan to maintain a defined state of service in inclement weather. As with transit studies and bus stops noted above, this item reflects unprecedented levels in intergovernmental collaboration that bridges local and regional concerns.
- + Conducted a seamless and effective transition from interim Wood Street location to the new Downtown Norfolk Transit Center, significantly improving customer experiences at the agency's busiest transit hub.

GOALS FISCAL YEAR 2017

- + Continue successful implementation and refinement of new paratransit service model to provide safe and high quality services while containing costs.
- + Complete key tasks on-schedule and on-budget to advance the Virginia Beach Transit Extension project, the DEIS for the Norfolk Transit Extension Study, and the Peninsula High Capacity Transit Corridor Study.
- + Work with municipal partners, community stakeholders, and policy makers to formulate and continue advancing the Connect Hampton Roads® program to deliver near- and long-term improvements in regional transit services supported by reliable funding.
- + Aggressively seek cost containment and new revenue opportunities.
- + Better communication with our customers through public outreach and community involvement.
- + Maintain and expand partnerships with other regional agencies and organizations across public, private and non-profit sectors.
- + Increase ridership across all modes of service.
- + Continue promoting safety and security excellence through agency-wide policies, procedures, training and outreach and proactive programs across all modes of service.
- + Support a diverse and successful workforce through effective hiring, training and professional development, and providing employees the tools and resources necessary to achieve our day-to-day mission.
- + Foster a culture of cleanliness related to our customer amenities with regularly scheduled maintenance and the engagement of businesses and communities through our Adopt-A-Stop program.
- + Provide enhanced tools and training in transit operations and support divisions to ensure the agency aligns with industry best practices in areas of technology infrastructure and operator safety.
- + Begin the renovation of the Northside facility on Victoria Blvd.
- + Continue effective fleet and capital program management pursuing State of Good Repair objectives through a program of repowering and replacing the bus fleet through the Securing High Impact Funding for Transit (SHIFT) Program.

SECURING HIGH IMPACT FUNDING FOR TRANSIT (SHIFT) PROGRAM

THE NEED FOR SHIFT

The current average fleet age for HRT buses is 10+ years whereas the industry standard is 7.5 years. Old buses require increased costs in Materials, Labor and Overtime, and Contracted Repairs – costs covered by local funds. These expenses range between \$1-2 million annually. That’s 2 to 4 times the investment of additional local capital to purchase new buses, a smarter upfront investment. Bus breakdowns also negatively impact customers. New buses will meet demand for “Safe, Clean, and Reliable” buses while also costing less to upkeep than an older fleet.

UPDATE ON CAPITAL MATCH RATES, NOVEMBER 2015

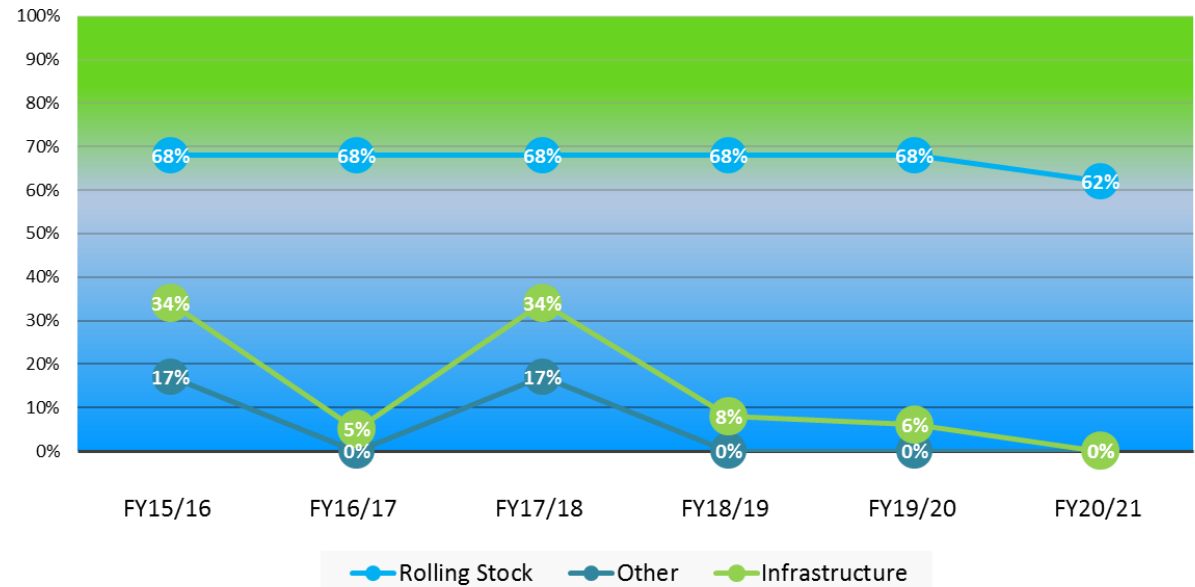
Reflecting budget forecasts and its continued priority on Bus State of Good Repair, DRPT announces the match rate for buses is to remain at 68% through Fiscal Year 2020. However, state matches for facilities, technology, and other needs will decline.

SIX YEAR PLAN

The next six years represents a window of opportunity. With increased total local transit capital investment (Advanced Capital Contribution, or ACC) from \$1.5 million to \$2 million annually, we will:

- + Leverage \$62 million in non-local funding – using match rates of 96 cents for every 4 pennies in local investment.
- + Replace 134 old buses
- + Rebuild and repower an additional 160 buses
- + Achieve an industry-standard average fleet age of 7 years by 2022

Capital State Match %



| | FY16/17 | FY17/18 | FY18/19 | FY19/20 | FY20/21 | FY21/22 |
|-----------------------------|---------|---------|---------|---------|---------|---------|
| New Buses | 17 | 47 | 24 | 22 | 28 | 0 |
| Rebuilt/Repowered Buses | 25 | 15 | 40 | 25 | 37 | 2 |
| Average Fleet Age | 9.9 | 10.1 | 8.7 | 8.7 | 8.2 | 7.3 |
| Leveraged Non-Local Funding | \$11.7M | \$22.9M | \$19.8M | \$16.4M | \$16.9M | \$156K |

FINANCIAL SUMMARY

OBJECTIVE

The purpose of the Financial Summary is to:

- + Provide the public and external stakeholders a financial summary of how HRT utilizes public funds.
- + Present a detailed view into the delivery of multiple modes of transit services.
- + Provide a historical record of operating financial activity.

FINANCIAL POLICIES

The Commission's consolidated basic financial statements are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB). The Commission is structured as a single enterprise fund with revenues recognized when earned, not when received. Expenses are recognized when incurred, not when they are paid. Capital assets are capitalized and except land are depreciated over their useful lives. Certain amounts are restricted for debt service and, where applicable, for construction activities.

REVENUE

Revenue is recognized when services are provided. Operating grant subsidies and expense reimbursements are recognized in accordance with the grant document or reimbursement agreement. Generally, these agreements provide for reimbursement to the Commission for operating expenses incurred. Operating subsidies from the municipalities provide for reimbursement to the Commission based on services provided within the various jurisdictions.

EXPENSES

The Commission plans expenses to best support effective transportation by identifying priority services, establishing services levels, delivering efficient services, and ensuring fiscal stability producing long-term effectiveness.

- + All invoices are reviewed on multiple levels. Monthly variance reports which provide operational accountability are provided to department directors and the Senior Executive Team.

PROCUREMENT

It is the policy of the Commission that all procurement transactions be conducted in a manner intended to maximize full and open competition. The Commission will only make awards to responsive offers from responsible offerors. A responsible offer is one that complies with all material requirements of the solicitation. A responsible offeror is one possessing the technical, physical, financial and ethical capacity to successfully perform a specific contract.

FINANCIAL SUMMARY

PROCUREMENT (cont.)

- + Micro-purchases are those purchases not exceeding \$3,000. Purchases below that threshold may be made without obtaining competitive quotations, but shall provide for competition whenever practicable. Award may be made if it is determined that the price is fair and reasonable, and that there are no significant differences in quality or price among available vendors. Typically this would involve items sold “off-the-shelf” to the general public or a specific market.
- + All procurement transactions totaling \$3,000 or higher will be conducted, to the greatest extent practicable, in a manner providing full and open competition, without providing an unfair competitive advantage to any potential vendor.
- + Bids in excess of \$100,000 are publicly solicited through a formal Invitation for Bids (IFB) with a fixed-price contract (lump sum or unit price) being awarded to the lowest-priced responsive bid from a responsible bidder.

No contract for goods and services other than professional services may be awarded without the advance written approval of the HRT Board of Commissioners if the aggregate or the sum of all phases is expected to exceed \$100,000.

It is the policy of HRT that disadvantaged business enterprises (DBEs), as defined in 49 C.F.R. Part 26, shall have an opportunity to participate in awards of its contracts and subcontracts. HRT shall take positive actions to ensure utilization of DBEs through its DBE Program.

DEBT

The primary goal of the Commission is to minimize the use of debt and to use debt financing prudently when it is utilized. The Commission may use both short and long-term debt for valid business reasons, including maintaining a temporary cash flow and covering emergency shortfalls and urgent unfunded capital improvements, provided the Board adopts the debt by resolution and conducts an analysis on the fiscal effect on the Agency’s operations. The Commission will keep outstanding debt within the limits prescribed by state law and at levels consistent with its creditworthiness objectives and will maintain debt service coverage ratios consistent with best practices for local government debt issuance.

INVENTORIES

Parts inventories are stated at the lower of cost or market using the average cost method. The cost of fuel and oil inventories is determined using the first-in, first-out (FIFO) method. Inventories are used for operations and are not for resale.

CAPITAL ASSETS

Capital assets consist of property and equipment stated at cost and are depreciated using the straight-line method based on estimated useful lives of 3 to 40 years. When assets are disposed, the related costs and accumulated depreciation are removed from the respective accounts and any gain or loss on disposition is recognized currently. Substantially all property and equipment were acquired with grant proceeds. The method of, and use of proceeds from, disposition of property and equipment is restricted by the grant requirements.

FINANCIAL SUMMARY

ESTIMATES

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities for the reported period. Actual results could differ from those estimates and assumptions.

BUDGETS & BUDGETARY ACCOUNTING

The Commission's annual budget for transit activities is a management tool that assists users in analyzing financial activity for its July 1 - June 30 fiscal year. The Commission's primary funding sources are federal and state grants and local subsidies, which have periods that may or may not coincide with the Commission's fiscal year. These grants and subsidies are normally for a twelve-month period; however, they may be awarded for periods shorter or longer than twelve months.

Because of the Commission's dependency on federal, state and local budgetary decisions, revenue estimates are based on the best available information as to potential sources of funding. The Commission's annual budget differs from that of a local government due to the uncertain nature of grant awards from other entities.

The resultant annual budget is subject to constant change within the fiscal year due to:

- + Increases/decreases in actual grant awards from those estimated;
- + Unanticipated grant awards not included in the budget; and
- + Expected grant awards that fail to materialize.

The Commissioners formally approve the annual budget but greater emphasis is placed on complying with the grant budget, whose terms and conditions are on a grant-by-grant basis. These terms and conditions usually specify the period during which costs may be incurred and outline budget restrictions or allowances.

GRANT FUNDING

Approximately 35 percent of HRT's budgeted revenue comes from federal and state grant funding. HRT receives the following types of Federal funding: Formula (5307), Bus and Bus Facilities (5339), State of Good Repair (5337), Unified Planning Work Program (UPWP), Congestion Mitigation Air Quality (CMAQ), and Regional Surface Transportation (RSTP) funding.

Federal Formula funds are available to urbanized areas for transit capital and for transportation related planning. Eligible purposes include:

- + Planning, engineering design, and evaluation of transit projects and other technical transportation-related studies;
- + Capital investments in bus and bus-related activities such as replacement of buses, crime prevention and security equipment and construction of maintenance and passenger facilities;
- + Capital investments in new and existing fixed guideway systems including rolling stock, overhaul and rebuilding of vehicles, track, signals, communications, and computer hardware and software.

All Preventative Maintenance (PM) and some Americans with Disabilities Act (ADA) complementary paratransit service costs are considered capital costs.

Transportation legislation provides flexible funding opportunities to state and local governments allowing them the option of using some Federal Highway Administration (FHWA) funds for transit projects and vice versa. These funds can be transferred to Sections 5307. HRT receives the following flexible funds transferred from FHWA:

RSTP – provides the greatest flexibility in the use of funds. These funds may be used (as capital funding) for public transportation capital improvements, car and vanpool projects, fringe and corridor parking facilities, bicycle and pedestrian facilities, and intercity or intracity bus terminals and bus facilities. As funding for planning, these funds can be used for surface transportation planning activities, wetland mitigation, transit research and development, and environmental analysis. Other eligible projects under STP include transit safety improvements and most transportation control measures.

CMAQ – has the objective of improving the Nation's air quality and managing traffic congestion. CMAQ projects and programs are often innovative solutions to common mobility problems and are driven by the Clean Air Act mandates to attain national ambient air quality standards. Eligible activities under CMAQ include transit system capital expansion and improvements that are projected to realize an increase in ridership; travel demand management strategies and shared ride services; pedestrian and bicycle facilities and promotional activities that encourage bicycle commuting.

It is through the use of flexible funds that the region is able to fund the TRAFFIX Transportation Demand Management (TDM) program run by HRT.

HRT also applies for funding under discretionary grant programs. The Agency has been awarded funding under discretionary grant programs such as the Passenger Ferry Grant Program. A discretionary grant program has established requirements and criteria specific to the program. Awards for a discretionary grant program are determined through a competitive process.

DEBT OVERVIEW

NOTES PAYABLE

At June 30, 2015, the Commission owed \$14,350,000 against its \$17,000,000 revolving line of credit; the credit line is necessary due to the timing of government receivables.

LONG-TERM DEBT

On June 1, 2006, the Commission entered into a financing arrangement with the Virginia Resources Authority (VRA), whereby VRA provided \$12,770,000 of proceeds from a bond issuance to the Commission for the purchase of buses and related equipment. Annual debt service began October 1, 2006, and the debt matures October 1, 2017. The debt requires the Commission to pay interest at variable rates ranging from 3.5838% to 4.2416%. Interest is payable semiannually each April 1st and October 1st. Principal payments are due on October 1st of each year.

On June 1, 2007, the Commission entered into a second financing arrangement with the VRA, whereby VRA provided \$4,975,000 of proceeds from a bond issuance to the Commission for the purchase of additional buses and related equipment. Annual debt service began October 1, 2008, and the debt matures October 1, 2017. The debt requires the Commission to pay interest at variable rates ranging from 4.10% to 4.595%. Interest is payable semiannually each April 1st and October 1st. Principal payments are due on October 1st of each year.

During the term of the financing, title to the buses will remain with the Commission. To secure its obligations, VRA created a security interest in all of the property and equipment purchased with the proceeds. The Commission also agreed to maintain the equipment free of any liens, pledges and/or encumbrances of any kind.

DEBT SERVICE IS AS FOLLOWS:

| <u>Fiscal Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> |
|------------------------------------|---------------------|-------------------|
| 2016 | \$ 1,860,000 | \$ 205,642 |
| 2017 | <u>3,970,000</u> | <u>154,321</u> |
| | <u>\$ 5,830,000</u> | <u>\$ 359,963</u> |

At June 30, 2015, the commission owed \$5,830,000 on these bonds, with \$1,860,000 of principal payments due in fiscal year 2016.

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BUDGET POLICIES & PLANNING PROCESS

BUDGET PHILOSOPHY

The budget is designed to:

- + Follow an integrated approach of planning, programming, budgeting and accounting.
- + Focus on the direct relationship between HRT's vision statement, mission statement, and the delivery of services as a means to ensure that resources are obtained and used effectively in the overall accomplishment of organizational objectives.
- + Encourage the making and coordination of short-range plans; and serve as a quantitative means of motivation to achieve plans within established budget targets.

FISCAL YEAR

Hampton Roads Transit's budget is prepared on a fiscal year basis rather than on a calendar year basis. The Fiscal year begins July 1st and ends June 30th to synchronize our reporting period with our municipal partners and to make our budget process integrated and more harmonized with municipal budget cycles.

BASIS OF BUDGETING

Since HRT operates as an enterprise fund, the budget is prepared as a flexible budget and serves as an approved plan to facilitate budgetary control and operational evaluations. As an enterprise fund, HRT adopts a budget on an accrual basis – the same basis used to record actual results. Revenues are recognized when earned and expenses are recognized when incurred. Depreciation expense is not budgeted in the operating budget. Capital improvement outlays are budgeted in a Grant Funding budget separate from the operating budget. All departments and operations over which HRT exercises responsibility are included in the budget process. HRT's annual budget is a balanced budget, whereby, total estimated revenues always equal projected expenses.

ADOPTION PROCESS

The most crucial budgeting element is accomplished through the involvement of all departments in establishing objectives and determining the financial resources needed to achieve those objectives.

The Budget Call Packet is provided to all departments at the onset of the budget development process. It presents in detail the overall budgetary process and procedures that make up the process. The manual establishes the specific framework for guiding departments in preparing comprehensive and realistic budgets when evaluating and addressing financial needs within their organization unit for the upcoming fiscal year. The primary elements of the manual are:

- + Definition of the budgetary process, including the development and operational planning;
- + Identification of information to be used when developing revenue and expense projections;
- + Instructions, forms, and data necessary for completing the budget development process, including the identification of roles and delegation of responsibilities to individual departments;
- + A budget calendar that specifies the dates that data must be completed and submitted for review; and
- + Administrative details as to how the budget is to be prepared and submitted.

BUDGET POLICIES & PLANNING PROCESS

BUDGET CALENDAR

July

- + Planning Department prepares a draft transit service plan for the next fiscal year including base level service, vehicle hours, vehicle miles, and peak vehicle requirements.
- + Budget Department presents bound budget book to Commission (current fiscal year)

August

Budget Department prepares preliminary revenue and expense projections and meets with the CEO and CFO to determine budget direction and areas of emphasis.

September

Budget Department develops and sends Budget Packet to each Division for upcoming budget year with a return deadline of mid-October.

October

- + Budget Department compiles budget requests and submits them to the CFO;
- + Budget Director, CFO and CEO meet to review budget requests;
- + Planning Department submits proposed TSP's to local funding partners by Oct. 1st; the Budget Department also receives a copy of the proposed TSP's.

November

- + Department Chiefs meet with the Budget Director and CFO to discuss their divisional budget requests;
- + Budget Department adjusts the budget to reflect results of CEO review/Chief meetings and begins preparation of the proposed budget document.
- + Planning Department meets with localities to discuss proposed route changes.

December

- + Budget Department compiles proposed budget; populates TSP's with proposed budget information.
- + Localities report to Planning Department any route change request scenarios; Planning forwards requests to Budget Department for use in TSP development.

January

- + Budget Department meets with localities on proposed budget.
- + Budget Director presents proposed budget to SET.

BUDGET POLICIES & PLANNING PROCESS

BUDGET CALENDAR (cont.)

February

- + Budget Department presents proposed budget to Audit & Budget Committee and the Commission.
- + Planning Department receives final route change requests from local partners and forwards to Budget Department for inclusion in the final budget.

March - April

Budget Department finalizes the budget and begins preliminary work on the Budget Book.

May

Budget Department presents the final budget to the Commission for approval.

June

Budget Department develops implementation plan and loads the approved budget for the upcoming fiscal year by June 30th.

AMENDMENT AND TRANSFER PROCESS

Upon final adoption of the budget by the Commission, the budget becomes the financial plan for the ensuing fiscal year and serves as the legal document that regulates both the expenses and obligation of funds by HRT.

BUDGET REVISIONS

A budget revision is a transfer of funds between or among line items that does not increase or decrease the total budget amount originally budgeted and adopted by the Commission. Departmental budgets may be revised by formal transfer action. Intradepartmental budget revisions between major categories e.g. personnel services, services, material and supplies, etc. may be revised with the approval of the CFO. Departmental budgets will not be revised to accommodate budget line item variances unless it is determined there has been a material program change that requires the reallocation of resources to fund the change(s).

BUDGET AMENDMENTS

Budget amendments are increases or decreases to the total budget dollar amount originally adopted by the Commission. Budget amendments require Commission adoption and approval. The purpose of an amendment process is to reflect the level of revenues reasonably anticipated and to balance expenses to those anticipated revenues. Budget amendments resulting from unanticipated revenues, e.g., grants and contracts not originally budgeted during the regular budgeting process may be budgeted and used for the purpose intended upon approval by the Commission.

BUDGET POLICIES & PLANNING PROCESS

REVISIONS TO AUTHORIZED PERSONNEL POSITION LEVELS

Additions to the authorized personnel position level originally included within the adopted budget must be formally approved by the CEO.

BUDGET DEVELOPMENT FOR PERSONNEL POSITIONS

During the budget development process, Divisions analyze personnel needs and submit any anticipated changes to both the Budget Department and Human Resources. The table below is a summary of active position counts over the past few fiscal years:

| Division | FY16/17 | | FY15/16 | | Δ | |
|-------------------------------|------------|------------|------------|-----------|-----------|-----------|
| | FT | PT | FT | PT | FT | PT |
| Administrative | 194 | 24 | 183 | 17 | 11 | 7 |
| Operations | | | | | | |
| Administration | 128 | 11 | 124 | 8 | 4 | 3 |
| Operators | 505 | 66 | 491 | 66 | 14 | 0 |
| Maintenance | 148 | 7 | 146 | 6 | 2 | 1 |
| Total Operations | 781 | 84 | 761 | 80 | 20 | 4 |
| Total Active Positions | 975 | 108 | 944 | 97 | 31 | 11 |

BUDGET OBJECTIVES IN FY16/17:

- + Improve Operations and ensure core service levels are maintained and/or increased
Additional operators were hired to fulfill this objective
- + Better maintain facilities and improve facility cleanliness
New facility positions were added to address this ongoing need
- + Enhance Technology by addressing critical technological needs
Skilled technology positions added to address this critical issue
- + Increase focus on passenger amenities and safety
Safety & security personnel added

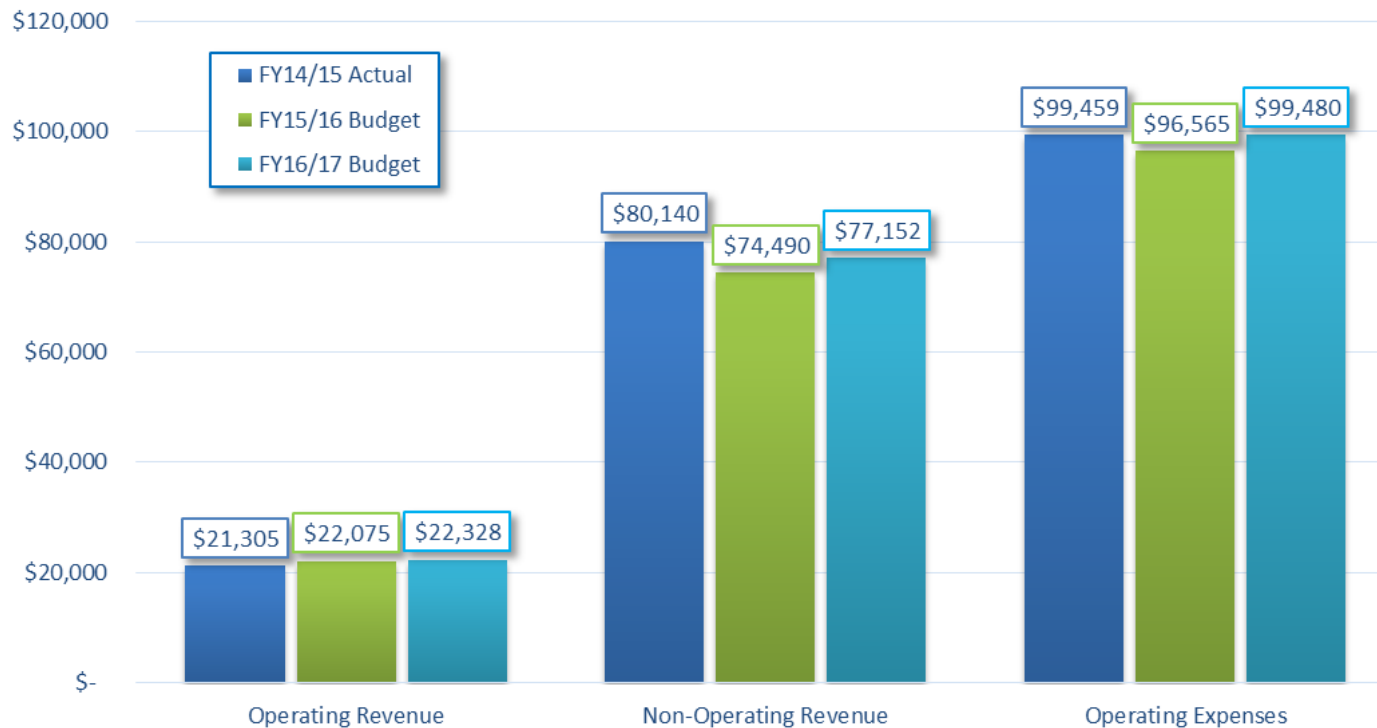
BUDGETARY SUMMARY CHART

FY16/17 BUDGET DEVELOPMENT HIGHLIGHTS

With the deferral of the second phase of the fixed route fare increase, we thought it prudent to keep overall operating revenues relatively flat, with only a 1% increase year over year. Non-operating revenue (local and state match) increased to cover anticipated expenses and balance the budget.

New service hours in FY16/17 naturally incurred some added costs for the agency. Personnel Services increased due to additional operators required to meet board as well as higher health insurance premiums. Contracting services increased due to a more targeted focus on facility cleanliness; Purchased Transportation costs went up based on the estimated demand response trips projected in the new year; and Supply costs decreased due to expected savings on diesel fuel.

| | FY14/15 Actual | FY15/16 Budget | FY16/17 Budget | \$ Δ Prior Year | % Δ Prior Year |
|---------------------------|---------------------------|---------------------------|---------------------------|----------------------------|---------------------------|
| Operating Revenue | \$ 21,305 | \$ 22,075 | \$ 22,328 | \$ 253 | 1.1% |
| Non-Operating Revenue | 80,140 | 74,490 | 77,152 | 2,662 | 3.6% |
| Total Revenue | \$101,445 | \$ 96,565 | \$ 99,480 | \$ 2,915 | 3.0% |
| Operating Expenses | \$ 99,459 | \$ 96,565 | \$ 99,480 | \$ 2,915 | 3.0% |



REVENUE CATEGORIES

FEDERAL FUNDING

Federal funding includes Preventative Maintenance (PM), ADA subsidies, TDM, UPWP and other grant monies.

STATE FUNDING

Funding from state sources partially offsets the cost of providing public transportation.

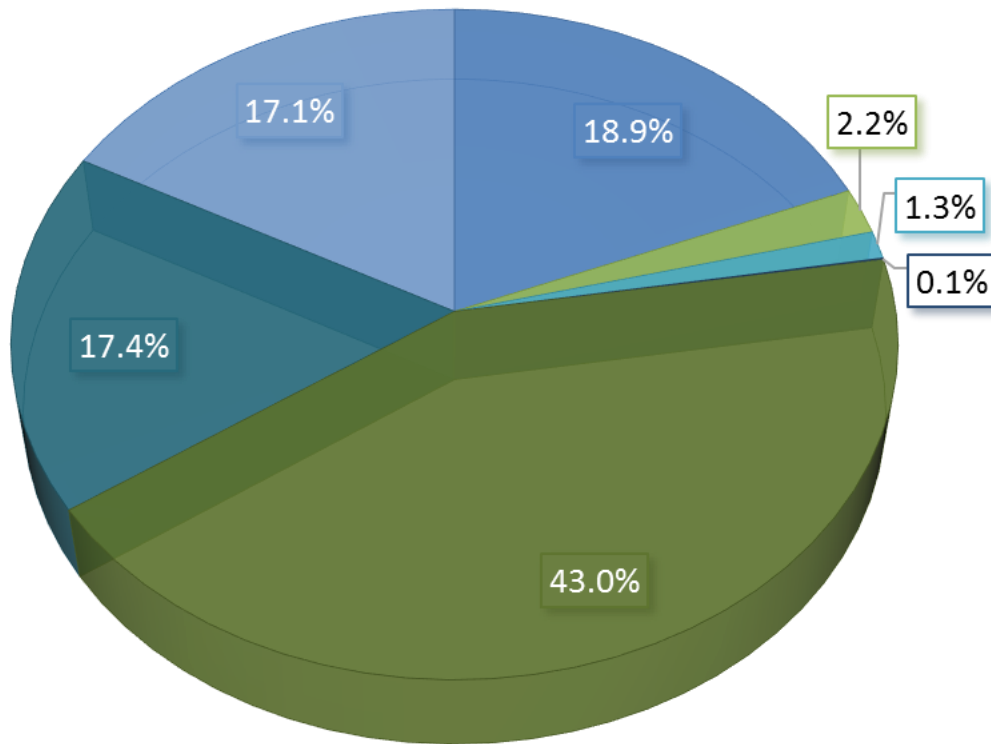
LOCAL FUNDING

This is the residual cost of operation after application of all farebox revenues, state and federal assistance. Local funding is principally allocated on the basis of service levels provided to municipal partners.

OPERATING REVENUE

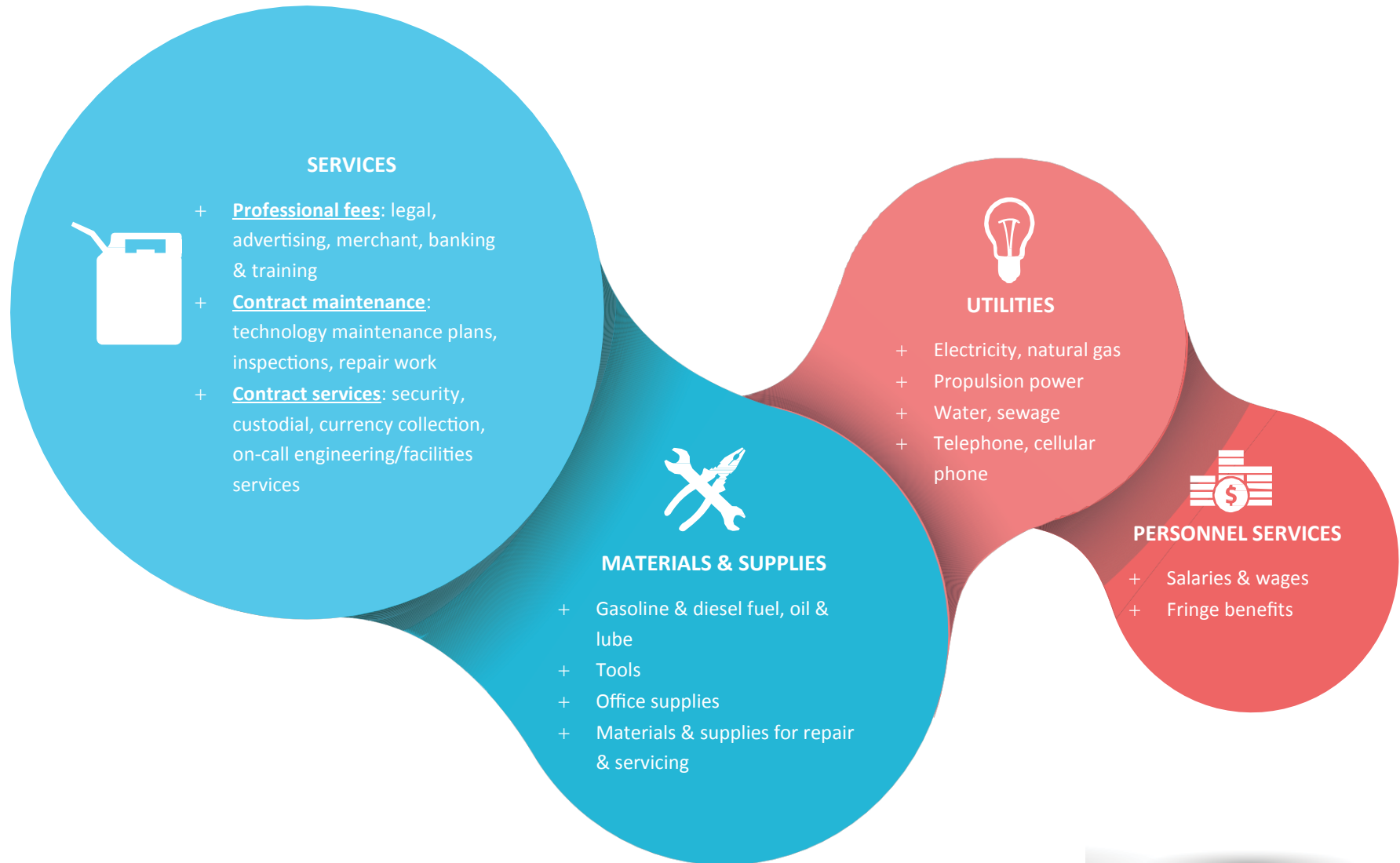
- + **Passenger Fares**: revenues collected through the operation of Scheduled Service & Paratransit Services. This revenue is allocated to the city in which the fare is received.
- + **Charters & Contracts**: Elizabeth River Crossing (ERC) contributes contract revenues to support additional ferry and bus services.
- + **Auxiliary**: revenues collected for advertising on transit vehicles.
- + **Other Non-Transportation**: income earned through interest and the sale of assets.

REVENUE FUNDING SOURCES



| | FY14/15 Actual | FY15/16 Budget | FY16/17 Budget | % of Total |
|----------------------|---------------------------|---------------------------|---------------------------|-----------------------|
| Passenger Fares | 17,058,600 | \$ 18,451,400 | \$ 18,750,500 | 18.9% |
| Charters & Contracts | 2,790,800 | 2,198,600 | 2,192,300 | 2.2% |
| Auxiliary | 1,166,900 | 1,225,000 | 1,325,000 | 1.3% |
| Non-Transportation | 288,300 | 200,000 | 60,000 | 0.1% |
| Local Funding | 38,011,800 | 40,596,900 | 42,770,400 | 43.0% |
| State Funding | 18,260,200 | 16,851,400 | 17,338,500 | 17.4% |
| Federal Funding | 23,868,500 | 17,041,400 | 17,043,400 | 17.1% |
| | \$ 101,445,100 | \$ 96,564,700 | \$ 99,480,100 | 100.0% |

EXPENSE CATEGORIES



EXPENSE CATEGORIES



PURCHASED TRANSPORTATION

- + Ferry boat contractor service
- + Paratransit contractor service



OTHER MISCELLANEOUS EXPENSES

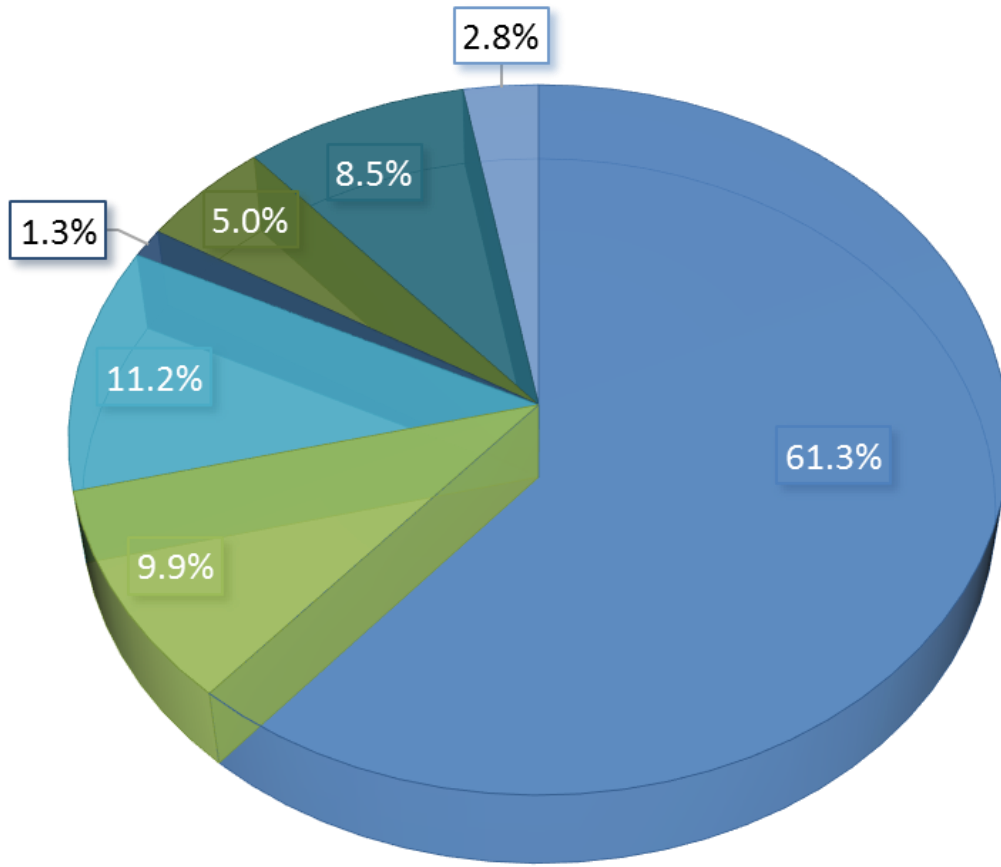
- + Travel: lodging, transportation expenses, per diem, commissioners stipend
- + Advertising
- + Technology hardware & software
- + Education & training
- + Postage, freight, vehicle licensing & registration fees
- + Miscellaneous leases & rentals

CASUALTY & LIABILITY



- + Physical damage recoveries
- + Liability insurance
- + Auto insurance
- + Workers compensation insurance

OPERATING EXPENSE BY CATEGORY



- Personnel Services
- Contracted Services
- Materials & Supplies
- Utilities & Taxes
- Casualty & Liability
- Purchased Transportation
- Fees, Licenses & Misc

| | FY14/15 Actual | FY15/16 Budget | FY16/17 Budget | % of Total |
|--------------------------|---------------------------|---------------------------|---------------------------|-----------------------|
| Personnel Services | \$ 57,757,600 | \$ 56,269,400 | \$ 60,963,700 | 61.3% |
| Contracted Services | 7,461,200 | 9,439,900 | 9,807,400 | 9.9% |
| Materials & Supplies | 15,882,100 | 13,257,200 | 11,135,000 | 11.2% |
| Utilities & Taxes | 1,303,500 | 1,327,900 | 1,318,800 | 1.3% |
| Casualty & Liability | 5,602,700 | 5,174,300 | 4,977,100 | 5.0% |
| Purchased Transportation | 8,364,900 | 7,987,000 | 8,451,500 | 8.5% |
| Fees, Licenses & Misc | 3,087,200 | 3,109,000 | 2,826,600 | 2.8% |
| Total | \$ 99,459,200 | \$ 96,564,700 | \$ 99,480,100 | 100.0% |

LOCAL CONTRIBUTION

Hampton Roads Transit was created in 1999 through the merger agreement between Pentran and Tidewater Regional Transit. The Cost Allocation Agreement was adopted during the merger with the purpose of meeting the local government funding needs of the participating cities on an equitable basis within the limits of available resources. While the Cost Allocation Agreement succeeded in merging the assets of two transit systems servicing six cities, it has not been as successful in building a single regional transit network as seen in other metropolitan areas of similar size.

Hampton Roads Transit has no dedicated revenue source for capital and operating funds. Funding for service is provided with federal, state, and local subsidies provided by member jurisdictions, and passenger revenues. Local funding is provided based on the Cost Allocation Agreement where each city establishes how much service will be provided within its borders based on how much it is willing to pay for those services after all federal, state, and farebox revenues are applied.

Each year, as part of the budgeting process, the Commission will propose a public Transportation Service Program (TSP) for the region. The TSP will contain a description of the service such as route name, hours of service to be provided, estimated cost, estimated revenue and estimated local share of the cost of service.

Each participating city will have final determination on the type, amount and location of public transportation service provided within its borders. After each city has approved funding of its portion of the TSP, the Commission will approve and publish the TSP as the Transportation Service Plan of Hampton Roads.

Advanced capital contributions (ACC) result from local government contributions received in excess of the local government share on capital grants. The matching percentage of local funds changes on an annual basis. The dollar amounts of capital purchases can vary significantly on an annual basis. In order to reduce fluctuations in budgeting local share, the participating city's contribution of capital funds is a percentage of the Commission's depreciation expense pro-rated to each city on the basis of its percentage of total transportation services received expressed as In Service Hours. The percentage applied to depreciation is reviewed each year and included as part of the TSP approved by the Commission. This formula applies to capital purchases and depreciation of assets which support transportation services that apply to all participating cities. Capital purchases which apply to single transportation services such as pedestrian ferry or light rail are locally funded by the participating cities receiving benefit from the transportation services on a proportional basis agreed to by the participating cities.

At the urging of its municipal partners, HRT has minimized local share in every manner possible without compromising service to our customers.

Calculation of Service Cost Per Hour:

$$\frac{\text{modal budget}}{\text{modal service hours}} = \text{modal cost per hour}$$

$$\frac{\text{administrative budget}}{\text{service hours (all modes)}} = \text{admin. cost per hour}$$

$$\text{modal cost per hour} + \text{admin. cost per hour} = \text{service cost per hour}$$

Budgeted Service Cost Per Hour in FY16/17:

| Mode | Budget | Service Hours | Service Cost/Hour |
|--------------------|---------------|---------------|-------------------|
| <i>Bus</i> | \$ 67,241,134 | 762,260 | \$ 88.21 |
| <i>Light Rail</i> | \$ 10,459,530 | 29,948 | \$ 349.26 |
| <i>Ferry</i> | \$ 1,392,884 | 6,615 | \$ 210.56 |
| <i>Paratransit</i> | \$ 14,415,047 | 224,320 | \$ 64.26 |

TRANSPORTATION SERVICE PLAN - LOCAL SERVICE COST

| <i>SYSTEM-WIDE</i> | Bus | Rail | Ferry | Paratransit | Total |
|-------------------------------------|----------------------|----------------------|---------------------|----------------------|----------------------|
| FY16/17 Service Hours | 762,260 | 29,948 | 6,615 | 224,320 | 1,023,143 |
| Operating Cost per Hour | \$ 88.21 | \$ 349.26 | \$ 210.56 | \$ 64.26 | \$ 91.39 |
| Total Service Cost | \$ 67,241,134 | \$ 10,459,530 | \$ 1,392,884 | \$ 14,415,047 | \$ 93,508,595 |
| Farebox Revenue | \$ 15,369,221 | \$ 1,765,940 | \$ 471,045 | \$ 1,144,253 | \$ 18,750,459 |
| Farebox Recovery % | 23% | 17% | 34% | 8% | 20% |
| State Operating Assistance | \$ 12,460,015 | \$ 1,946,847 | \$ 248,560 | \$ 2,683,095 | \$ 17,338,517 |
| State Operating Assistance % | 19% | 19% | 19% | 19% | 19% |
| Federal Operating Assistance | \$ 11,477,970 | \$ 575,274 | \$ 116,180 | \$ 3,403,826 | \$ 15,573,250 |
| Federal Operating Assistance % | 15% | 5% | 8% | 23% | 16% |
| Local Service Cost | \$ 27,933,928 | \$ 6,171,469 | \$ 557,099 | \$ 7,183,873 | \$ 41,846,369 |
| Local Service Cost % | 43% | 59% | 39% | 50% | 45% |

| | |
|---------------------------------|----------------------|
| Commission Expense | \$ 949,866 |
| Advance Capital Contribution | \$ 2,000,000 |
| ERC Local Service Cost | \$ (1,083,208) |
| Total Local Service Cost | \$ 43,713,027 |

TRANSPORTATION SERVICE PLAN - CHESAPEAKE

| CITY OF CHESAPEAKE | Bus | Paratransit | Total |
|-------------------------------------|---------------------|---------------------|---------------------|
| FY16/17 Service Hours | 42,017 | 23,279 | 65,296 |
| Operating Cost per Hour | \$ 88.21 | \$ 64.26 | \$ 79.67 |
| Total Service Cost | \$ 3,706,320 | \$ 1,495,934 | \$ 5,202,254 |
| Farebox Revenue | \$ 838,082 | \$ 119,125 | \$ 957,207 |
| Farebox Recovery % | 23% | 8% | 18% |
| State Operating Assistance | \$ 689,865 | \$ 278,440 | \$ 968,305 |
| State Operating Assistance % | 19% | 19% | 19% |
| Federal Operating Assistance | \$ 557,645 | \$ 353,235 | \$ 910,880 |
| Federal Operating Assistance % | 14% | 23% | 18% |
| Local Service Cost | \$ 1,620,728 | \$ 745,134 | \$ 2,365,862 |
| Local Service Cost % | 44% | 50% | 45% |

| | | |
|---------------------------------|-----------|------------------|
| Commission Expense | \$ | 158,311 |
| Advance Capital Contribution | \$ | 135,561 |
| Total Local Service Cost | \$ | 2,659,734 |

TRANSPORTATION SERVICE PLAN - NORFOLK

| CITY OF NORFOLK | Bus | Rail | Ferry | Paratransit | Total |
|-------------------------------------|----------------------|----------------------|-------------------|---------------------|----------------------|
| FY16/17 Service Hours | 265,740 | 29,948 | 3,120 | 59,750 | 358,558 |
| Operating Cost per Hour | \$ 88.21 | \$ 349.26 | \$ 210.56 | \$ 64.26 | \$ 107.09 |
| Total Service Cost | \$ 23,441,775 | \$ 10,459,530 | \$ 656,961 | \$ 3,839,600 | \$ 38,397,866 |
| Farebox Revenue | \$ 5,392,519 | \$ 1,765,940 | \$ 221,764 | \$ 304,623 | \$ 7,684,846 |
| Farebox Recovery % | 23% | 17% | 34% | 8% | 20% |
| State Operating Assistance | \$ 4,363,251 | \$ 1,946,847 | \$ 122,281 | \$ 714,671 | \$ 7,147,050 |
| State Operating Assistance % | 19% | 19% | 19% | 19% | 19% |
| Federal Operating Assistance | \$ 3,527,002 | \$ 575,274 | \$ 57,156 | \$ 906,645 | \$ 5,066,077 |
| Federal Operating Assistance % | 15% | 5% | 8% | 23% | 13% |
| Local Service Cost | \$ 10,159,003 | \$ 6,171,469 | \$ 255,760 | \$ 1,913,661 | \$ 18,499,893 |
| Local Service Cost % | 43% | 59% | 39% | 50% | 48% |

| | |
|---------------------------------|----------------------|
| Commission Expense | \$ 158,311 |
| Advance Capital Contribution | \$ 744,418 |
| Total Local Service Cost | \$ 19,402,622 |

TRANSPORTATION SERVICE PLAN - PORTSMOUTH

| CITY OF PORTSMOUTH | Bus | Ferry | Paratransit | Total |
|-------------------------------------|---------------------|-------------------|--------------------|---------------------|
| FY16/17 Service Hours | 45,975 | 3,222 | 12,445 | 61,642 |
| Operating Cost per Hour | \$ 88.21 | \$ 210.56 | \$ 64.26 | \$ 89.77 |
| Total Service Cost | \$ 4,055,486 | \$ 678,439 | \$ 799,729 | \$ 5,533,654 |
| Farebox Revenue | \$ 765,963 | \$ 229,253 | \$ 62,820 | \$ 1,058,036 |
| Farebox Recovery % | 19% | 34% | 8% | 19% |
| State Operating Assistance | \$ 754,852 | \$ 126,279 | \$ 148,855 | \$ 1,029,986 |
| State Operating Assistance % | 19% | 19% | 19% | 19% |
| Federal Operating Assistance | \$ 610,180 | \$ 59,024 | \$ 188,840 | \$ 858,044 |
| Federal Operating Assistance % | 15% | 8% | 23% | 15% |
| Local Service Cost | \$ 1,924,491 | \$ 263,883 | \$ 399,214 | \$ 2,587,588 |
| Local Service Cost % | 47% | 39% | 50% | 47% |

| | |
|---------------------------------|---------------------|
| Commission Expense | \$ 158,311 |
| Advance Capital Contribution | \$ 127,975 |
| Total Local Service Cost | \$ 2,873,874 |

TRANSPORTATION SERVICE PLAN - VIRGINIA BEACH

| CITY OF VIRGINIA BEACH | Bus | Trolley | Special Service | Paratransit | Total |
|-------------------------------------|---------------------|---------------------|------------------------|---------------------|----------------------|
| FY16/17 Service Hours | 99,044 | 19,755 | 2,245 | 48,598 | 169,642 |
| Operating Cost per Hour | \$ 88.21 | \$ 88.21 | \$ 88.21 | \$ 64.26 | \$ 81.35 |
| Total Service Cost | \$ 8,736,950 | \$ 1,742,626 | \$ 198,036 | \$ 3,122,960 | \$ 13,800,572 |
| Farebox Revenue | \$ 1,799,675 | \$ 497,031 | \$ - | \$ 247,899 | \$ 2,544,605 |
| Farebox Recovery % | 21% | 29% | 0% | 8% | 18% |
| State Operating Assistance | \$ 1,626,222 | \$ 324,357 | \$ 36,861 | \$ 581,281 | \$ 2,568,721 |
| State Operating Assistance % | 19% | 19% | 19% | 19% | 19% |
| Federal Operating Assistance | \$ 1,314,544 | \$ 262,192 | \$ 29,796 | \$ 737,425 | \$ 2,343,957 |
| Federal Operating Assistance % | 14% | 15% | 15% | 23% | 17% |
| Local Service Cost | \$ 3,996,509 | \$ 659,046 | \$ 131,379 | \$ 1,556,355 | \$ 6,343,289 |
| Local Service Cost % | 46% | 37% | 66% | 50% | 46% |

| | | |
|---------------------------------|-----------|------------------|
| Commission Expense | \$ | 158,311 |
| Advance Capital Contribution | \$ | 352,200 |
| Total Local Service Cost | \$ | 6,853,800 |

TRANSPORTATION SERVICE PLAN - HAMPTON

| CITY OF HAMPTON | Bus | Paratransit | Total |
|-------------------------------------|---------------------|---------------------|---------------------|
| FY16/17 Service Hours | 80,898 | 34,747 | 115,645 |
| Operating Cost per Hour | \$ 88.21 | \$ 64.26 | \$ 81.02 |
| Total Service Cost | \$ 7,136,194 | \$ 2,232,880 | \$ 9,369,074 |
| Farebox Revenue | \$ 1,674,182 | \$ 177,224 | \$ 1,851,406 |
| Farebox Recovery % | 23% | 8% | 20% |
| State Operating Assistance | \$ 1,328,269 | \$ 415,610 | \$ 1,743,879 |
| State Operating Assistance % | 19% | 19% | 19% |
| Federal Operating Assistance | \$ 1,073,698 | \$ 527,250 | \$ 1,600,948 |
| Federal Operating Assistance % | 15% | 23% | 16% |
| Local Service Cost | \$ 3,060,045 | \$ 1,112,796 | \$ 4,172,841 |
| Local Service Cost % | 43% | 50% | 45% |

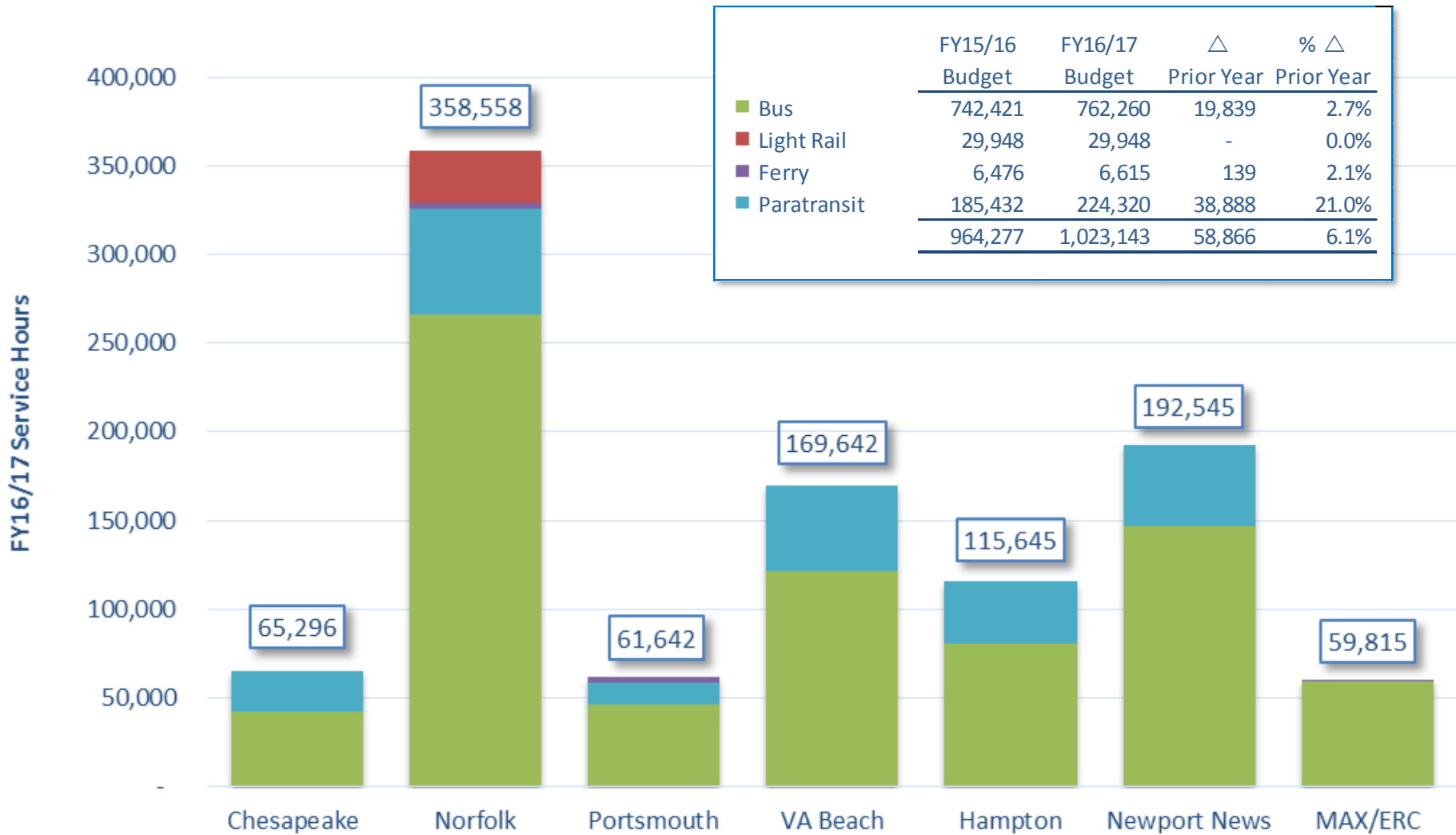
| | | |
|---------------------------------|-----------|------------------|
| Commission Expense | \$ | 158,311 |
| Advance Capital Contribution | \$ | 240,094 |
| Total Local Service Cost | \$ | 4,571,246 |

TRANSPORTATION SERVICE PLAN - NEWPORT NEWS

| CITY OF NEWPORT NEWS | Bus | Special Service | Paratransit | Total |
|-------------------------------------|----------------------|------------------------|---------------------|----------------------|
| FY16/17 Service Hours | 146,402 | 642 | 45,501 | 192,545 |
| Operating Cost per Hour | \$ 88.21 | \$ 88.21 | \$ 64.26 | \$ 82.55 |
| Total Service Cost | \$ 12,914,625 | \$ 56,633 | \$ 2,923,944 | \$ 15,895,202 |
| Farebox Revenue | \$ 3,268,295 | \$ - | \$ 232,562 | \$ 3,500,857 |
| Farebox Recovery % | 25% | 0% | 8% | 22% |
| State Operating Assistance | \$ 2,403,818 | \$ 10,541 | \$ 544,238 | \$ 2,958,597 |
| State Operating Assistance % | 19% | 19% | 19% | 19% |
| Federal Operating Assistance | \$ 1,943,108 | \$ 8,521 | \$ 690,431 | \$ 2,642,060 |
| Federal Operating Assistance % | 15% | 15% | 23% | 16% |
| Local Service Cost | \$ 5,299,404 | \$ 37,571 | \$ 1,456,713 | \$ 6,793,688 |
| Local Service Cost % | 41% | 66% | 50% | 43% |

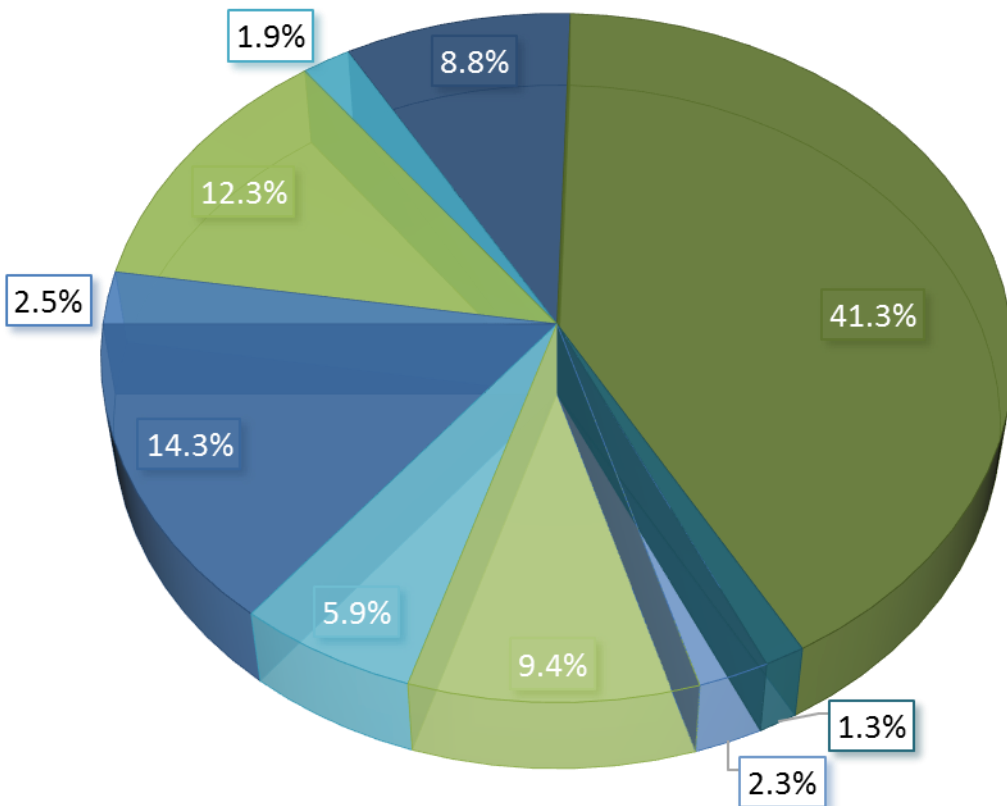
| | |
|---------------------------------|---------------------|
| Commission Expense | \$ 158,311 |
| Advance Capital Contribution | \$ 399,752 |
| Total Local Service Cost | \$ 7,351,751 |

REVENUE HOUR COMPARISON



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ADMINISTRATIVE DIVISION BUDGET FISCAL YEAR 2017



| | FY16/17 Budget | % of Total |
|----------------------------|----------------------------|-----------------------|
| Commission | \$ 980,500 | 2.5% |
| Engineering & Facilities | 4,863,100 | 12.3% |
| Executive | 757,200 | 1.9% |
| Finance | 3,494,800 | 8.8% |
| Human Resources | 16,328,400 | 41.3% |
| Legal | 521,900 | 1.3% |
| Marketing & Communications | 914,000 | 2.3% |
| Planning & Development | 3,723,300 | 9.4% |
| Safety & Security | 2,320,400 | 5.9% |
| Technology | 5,669,100 | 14.3% |
| | <u>\$39,572,700</u> | <u>100.0%</u> |

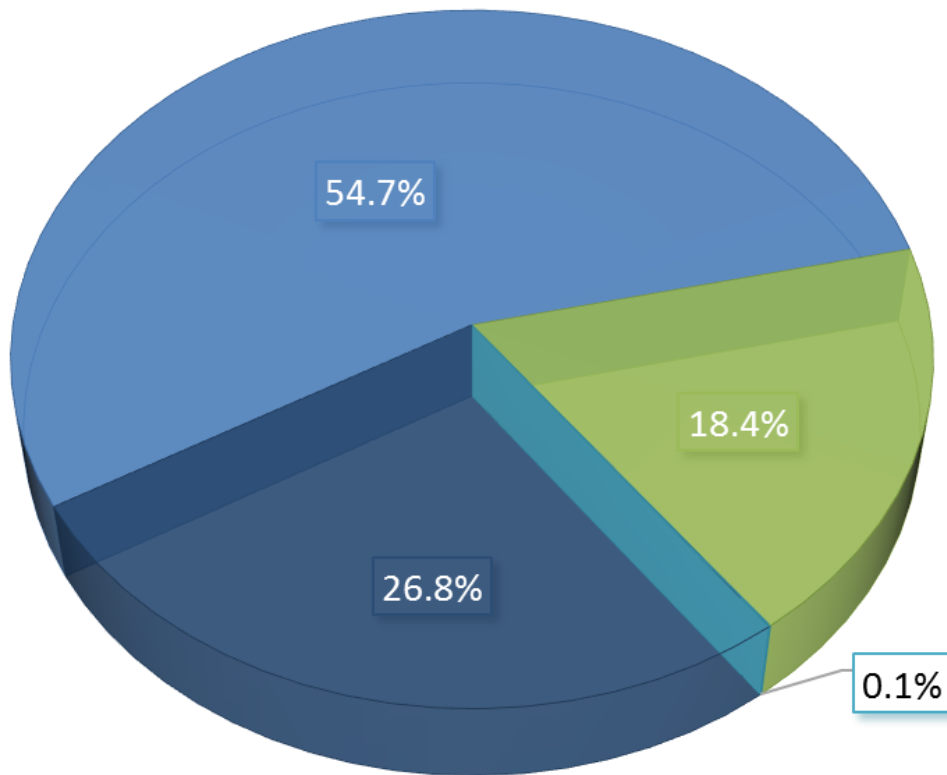
COMMISSION

TRANSPORTATION DISTRICT COMMISSION OF HAMPTON ROADS

The purpose of the Commission is to provide reliable and efficient transportation and facilities to the Hampton Roads Community. The Commission’s governing body consists of 13 members. Each of the six component governments appoint one member of its governing body or the City Manager, who will serve at the pleasure of his or her respective component government. The Governor will appoint one citizen Commissioner with voting privileges from each City served by the Transportation District. The appointees will serve at the Governor’s pleasure. The Chairperson of the Commonwealth Transportation Board, or a designee, will be a member, ex officio with voting privileges. Oversight responsibility is exercised by all of the participating localities through their designated representatives (Commissioners).

The primary function of Commission staff is to direct agency leadership to achieve the goals and objectives of the Commission and provide administrative and clerical support to the Commission. Commission staff includes the President and Chief Executive Officer, the Commission Secretary, Internal Auditor and the Chief Financial Officer/Commission Treasurer.

The Commission budget is comprised of salaries, travel, meeting and consultant expenses for the Commission.



| | FY14/15 Actual | FY15/16 Budget | FY16/17 Budget | % of Total |
|-------------------------|---------------------------|---------------------------|---------------------------|-----------------------|
| ■ Personnel Services | \$ 513,400 | \$ 494,400 | \$ 535,900 | 54.7% |
| ■ Contracted Services | 92,300 | 186,500 | 180,000 | 18.4% |
| ■ Materials & Supplies | 300 | 1,500 | 500 | 0.1% |
| ■ Fees, Licenses & Misc | 1,665,000 | 295,700 | 262,600 | 26.8% |
| | \$2,271,000 | \$ 978,100 | \$ 979,000 | 100.0% |

ENGINEERING & FACILITIES

The Engineering and Facilities Division (E&F) is managed by the Chief Engineering and Facilities Officer, and encompasses the following functions: Facilities Maintenance and Asset Management, Office of Project Management, Environmental Compliance and Sustainability, Construction and Engineering.

DEPARTMENTS

Facilities Maintenance & Asset Management: Provides day to day operational support to all HRT departments, major systems and routine equipment maintenance (e.g. HVAC and lighting controls), surplus property management, and the general upkeep of HRT properties (utilities, furniture, buildings and grounds). The division also manages all contracts supporting HRT facilities, such as shelter cleaning and trash removal, custodial services, landscaping, general environmental services, and solid waste collection and disposal. Are responsible for maintaining the following:

- + 28 facilities including all related fixed assets
- + 350,000 square feet of building space
- + 70 acres of land
- + 3 million square feet of pavement
- + 4 bus/vehicle maintenance and administration facilities
- + 3 transportation and ticketing facilities
- + 2 bus and 3 light rail park-n-ride locations
- + 2 light rail facilities (vehicle maintenance and storage)
- + 2,800 transit stop locations with over 350 passenger amenities

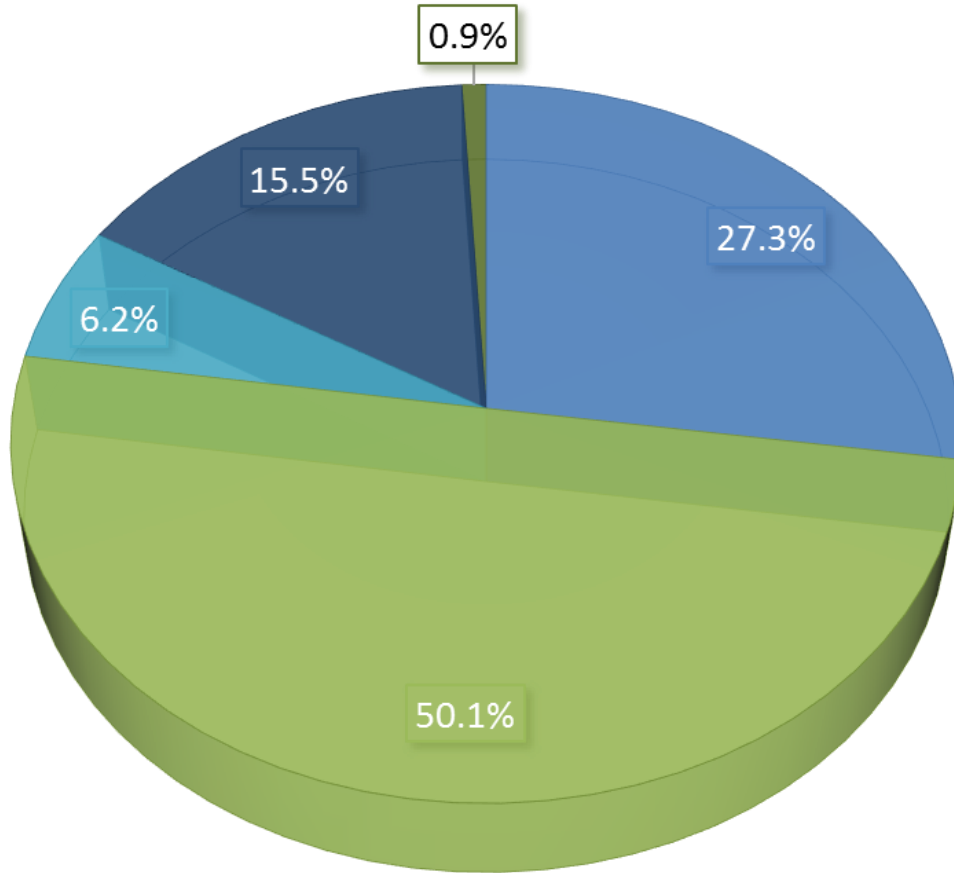
Office of Project Management (OPM): Supported by E&F and is responsible for the oversight of all HRT projects. OPM is also responsible for the selection and management of project designers (i.e. architects and engineers) and contractors (i.e. General Contractors and trade contractors), as well as any outside consultants. Some examples of OPM projects include construction of a new Southside Operations Complex, design and construction of both the Hampton Facility Renovation and the Downtown Norfolk Transit Center.

Environmental Compliance and Sustainability (EMS): Includes the development, implementation, and continuous improvement of HRT's EMS Program. EMS works with all HRT employees and departments to communicate and coordinate EMS procedures and sustainability initiatives such as pollution prevention and recycling that are created to minimize environmental impacts and the use of energy and resources in HRT's operations. EMS is also responsible for facilitating HRT's Environmental Policy and ensuring HRT's compliance with all federal, state, and local environmental laws and regulations.

Initiatives

1. Implement passenger portal cleanliness plan to include improved Adopt-A-Spot program;
2. Begin Construction of Hampton Facility Renovation Project;
3. Implement Facility Asset Management System; and
4. Complete the Southside Shelter & Sign Installation.

ENGINEERING & FACILITIES



| | FY14/15 Actual | FY15/16 Budget | FY16/17 Budget | % of Total |
|-------------------------|---------------------------|---------------------------|---------------------------|-----------------------|
| ■ Personnel Services | \$1,233,300 | \$ 1,111,900 | \$ 1,326,100 | 27.3% |
| ■ Contracted Services | 2,268,400 | 2,349,000 | 2,437,000 | 50.1% |
| ■ Materials & Supplies | 348,600 | 252,800 | 299,500 | 6.2% |
| ■ Utilities & Taxes | 775,400 | 825,000 | 756,500 | 15.5% |
| ■ Fees, Licenses & Misc | 41,600 | 38,500 | 44,000 | 0.9% |
| | \$4,667,300 | \$ 4,577,200 | \$ 4,863,100 | 100.0% |

EXECUTIVE

The Executive Division is responsible for oversight of all functional areas within Hampton Roads Transit. This includes leadership and unity of effort to achieve the vision and mission of the agency. This work is guided by an unwavering commitment to HRT's core values. Staff members of the Executive Department include the President and CEO, Executive Assistant/Commission Secretary, Assistant to the President for Organizational Advancement, Internal Audit, and the Records Management team led by the Records Management Officer.

Under policy guidance of the Commission, and adhering to federal and state laws and regulations, the Executive Department focuses on effectively and efficiently achieving goals, projects, and programs of the agency. This includes tracking key performance indicators and promoting continuous improvement throughout the organization. The Executive Department and Hampton Roads Transit is committed to data-driven performance management. To this end, the agency tracks, maintains and improves overall efficiency and effectiveness by aligning resources to achieve strategic goals and objectives.

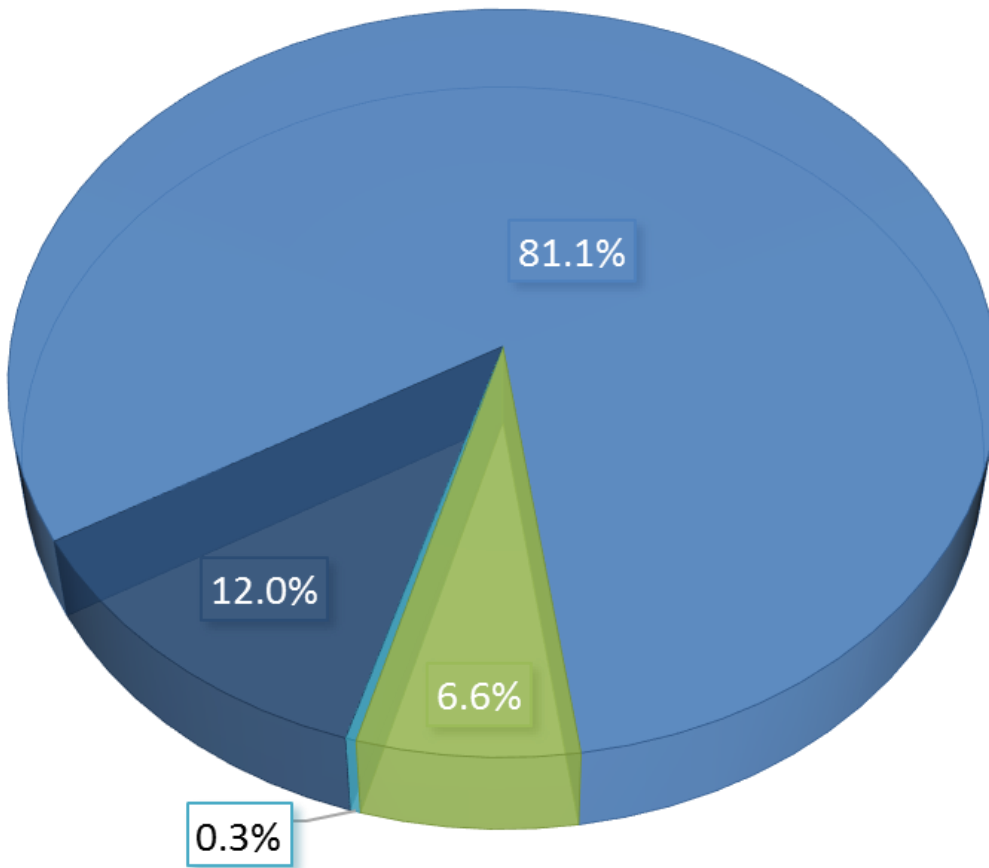
DEPARTMENTS

Records Management: Through Records Management, the Executive Department also serves as chief steward of public information at HRT. This includes maintenance of all policies, agreements, transactions, and official correspondence of Hampton Roads Transit.

Government Relations: Through Government Relations, the Executive Department facilitates the development and implementation of the legislative and policy agenda of the Commission. This includes monitoring, evaluating and influencing public policy developments and legislation related to HRT activities. These activities have a significant impact of the role of public transportation in Hampton Roads, including funding and policy outcomes through Congress and state, regional and local governments.

Internal Audit: The Internal Audit department, which reports directly to the Commission, is an independent source of objective advice. Internal Audit provides assurances on HRT's governance, risk management and control processes to help the organization achieve its strategic operational and financial and compliance objectives. In addition, Internal Audit is a catalyst for improving effectiveness and efficiency by providing insight and recommendations based on analyses and assessment of data and business processes. Internal Audit also shares "best practices" and suggests ways for reducing costs and enhancing revenues.

EXECUTIVE



| | FY14/15 Actual | FY15/16 Budget | FY16/17 Budget | % of Total |
|-------------------------|---------------------------|---------------------------|---------------------------|-----------------------|
| ■ Personnel Services | \$ 599,900 | \$ 557,200 | \$ 613,700 | 81.1% |
| ■ Contracted Services | 8,600 | 120,200 | 50,200 | 6.6% |
| ■ Materials & Supplies | 1,400 | 3,400 | 2,500 | 0.3% |
| ■ Fees, Licenses & Misc | 61,100 | 90,500 | 90,800 | 12.0% |
| | \$ 671,000 | \$ 771,300 | \$ 757,200 | 100.0% |

FINANCE

The Finance Division of HRT is responsible for developing sound strategic goals and objectives, assessing and monitoring HRT's financial and administrative performance, safeguarding the agency's assets, and ensuring the effective utilization of its financial resources. The mission of the Finance Division is to ensure HRT's overall financial stability, independence and viability by implementing industry best practices, developing sustainable long-term financial strategies, and ensuring compliance with rules related to procurement and financial practices.

DEPARTMENTS

Accounting: Provide accurate and timely financial accounting and reporting services, including accounts payable, accounts receivable, capital assets and payroll. Responsible for the post-award financial management and fiscal reporting functions for all Hampton Roads Transit grant awards. Analyze and prepare monthly financial reports and Comprehensive Annual Financial Report for Senior Executive Team and Commission's review.

Budget & Financial Analysis: Responsible for the preparation and submission of the annual operating budget that supports the agency's goals and objectives. Provides analysis for key decision makers regarding the operating budget. Establishes budgetary guidelines, communicates policies, procedures and best business practices to HRT units and monitor compliance with HRT, federal and state policies. Reports statistical data to the Federal Transit Agency (FTA), Department of Rail and Public Transportation (DRPT), & American Bus Benchmarking Group (ABBG) on a monthly and/or annual basis.

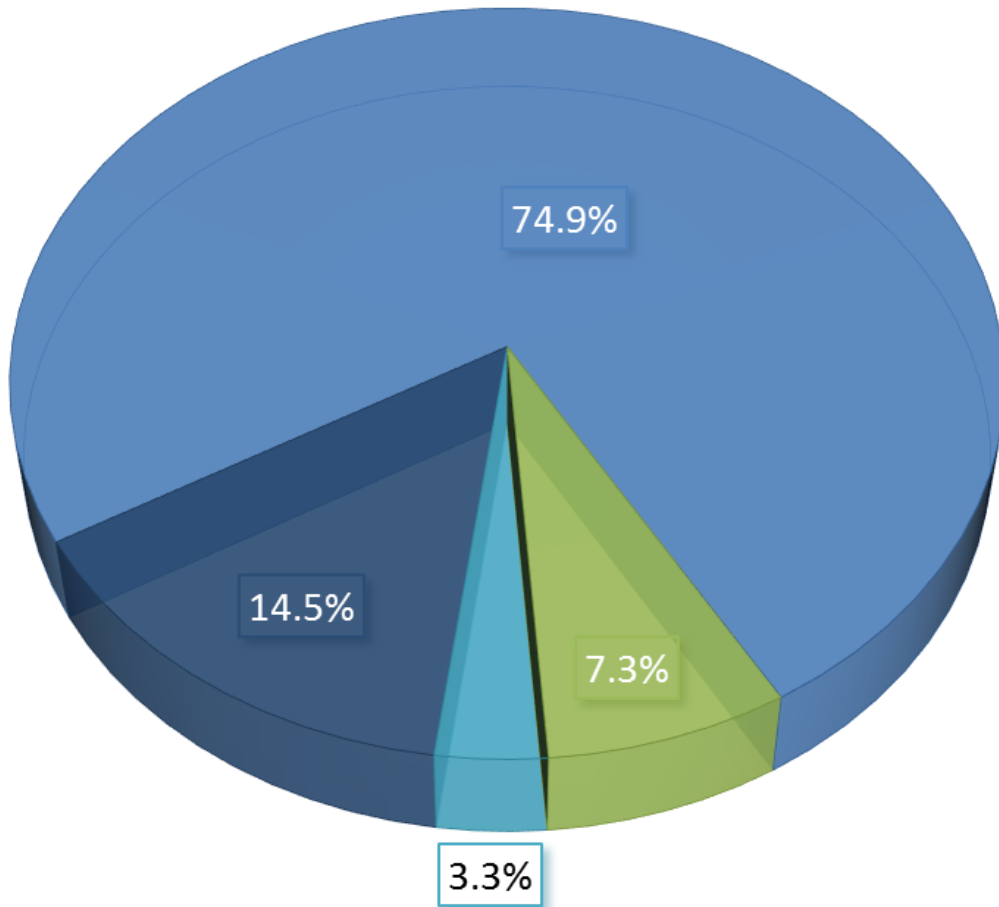
Procurement: Responsible for acquiring supplies and professional and construction services in accordance with Virginia law and FTA regulations. Provide support to the Disadvantaged Business Enterprise effort and help identify opportunities for cost-savings.

Revenue Services: Collects, deposits, and accounts for all fare box revenue, is responsible for fare media purchases, and maintains control over fare media inventory.

Initiatives

1. Revision to the Cost Allocation Agreement in order to establish a better framework of accountability and provide capacity for improved regional transit services;
2. Continual review and revision of departmental policy and procedures and business practices ensuring both are kept in one accord; and
3. Develop a "Financial Roadmap" that encompasses a six-, ten-, and twenty-year financial plan .

FINANCE



| | FY14/15 Actual | FY15/16 Budget | FY16/17 Budget | % of Total |
|-------------------------|---------------------------|---------------------------|---------------------------|-----------------------|
| ■ Personnel Services | \$ 2,231,900 | \$ 2,616,200 | \$ 2,617,100 | 74.9% |
| ■ Contracted Services | 269,700 | 262,600 | 253,200 | 7.3% |
| ■ Materials & Supplies | 101,700 | 161,600 | 116,500 | 3.3% |
| ■ Fees, Licenses & Misc | 61,900 | 493,100 | 508,000 | 14.5% |
| | \$ 2,665,200 | \$ 3,533,500 | \$ 3,494,800 | 100.0% |

HUMAN RESOURCES

HRT has over 1,000 employees who maintain our fleet, operate our buses and light rail vehicles and maintain support services to the organization. Human Resources staff plays an integral role in providing quality customer service to our employees and to our management team while promoting a positive, safe working environment that supports a work/life balance.

DEPARTMENTS

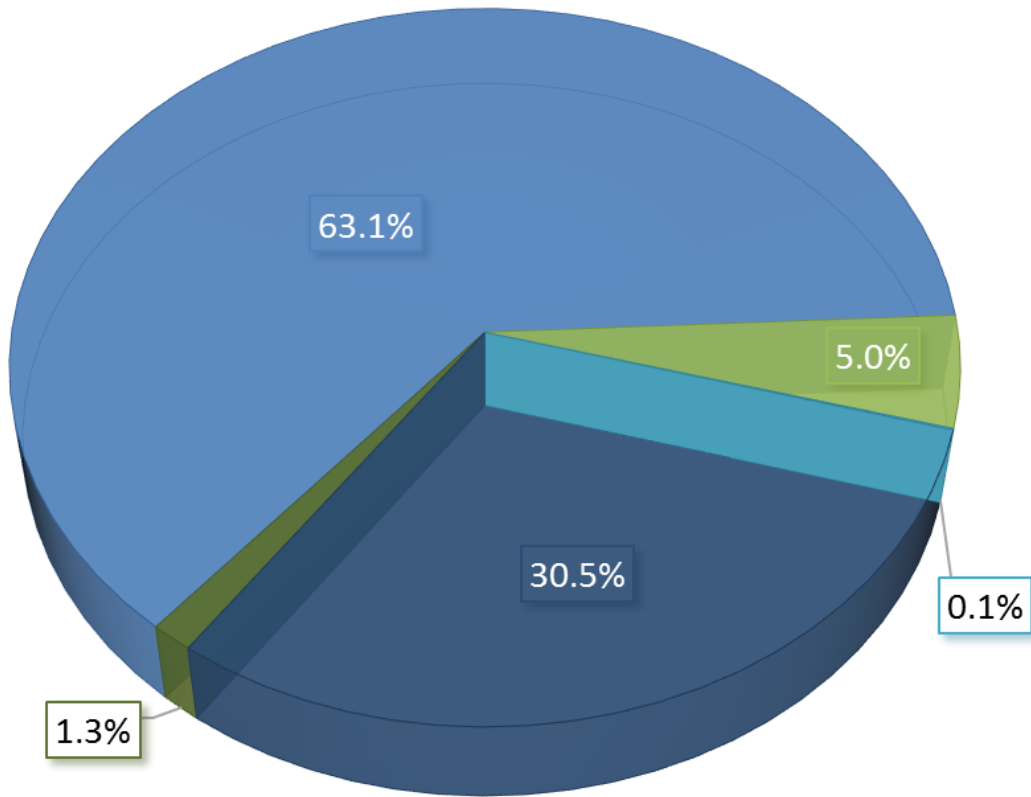
Compensation & Benefits: Provides competitive market wages to our employees coupled with a rich benefit package. Responsible for all benefits administration and oversight of vendor contracts. Supports employee wellness through annual, no-cost Health Fairs & screenings, and incentives for preventive screenings and tests that are provided to all employees in an effort for employees to focus on their own health. Assists employees in all benefit related matters, including Family & Medical Leave and Employee Assistance Services. Develops and implements annual merit increases. Create and updates HR policies and procedures. Provides consultation to managers regarding employment law, employee performance issues, grievances and discipline to ensure compliance with work rules, the collective bargaining agreement and state and federal laws. Provides HR analytical services to improve business processes.

Recruitment: Recruitment has a significant role in the agency in the recruitment and hiring of highly qualified employees. The Recruitment team is responsible for the development and implementation of employer branding initiatives. In 2015, the recruitment team hired over 250 employees. Responsible for the talent acquisition of all agency positions including bargaining unit positions for bus and rail transportation and maintenance as well as all of the agency's administrative positions. Facilitates the recruitment and selection of highly qualified candidates through implementation of a robust candidate acquisition process whereas candidates must go through screening, interviewing and assessments for all of the agency's positions. Safety and transparency is a critical component of this function. Each candidate goes through an extensive background evaluation of all job related qualifications and experience to ensure they are thoroughly verified and credentialed. Provides a comprehensive onboarding experience to acclimate each new hire to the agency's culture, policies and procedures. In order to determine and monitor the return on investment, the team handles the continuous tracking and use of key metrics to drive continuous improvement, make better recruitment decisions in order to ultimately improve the quality of hire.

Risk Management: The Risk Management function includes oversight of a Third Party Administrator, workers compensation, personal injury, and property damage claims. The division purchases all insurance for the Agency, sets insurance requirements for vendor contracts and ensures compliance. Staff conducts internal training related to Policy adherence and claims trending.

Compliance: Responsible for overall compliance of key areas including: the Drug and Alcohol Program, EEO investigations, Federal & State compliance and records management. Administers the FTA mandated Drug & Alcohol Program for all HRT employees and ensures that all contractors are in compliance by reviewing policies, auditing testing rates and record keeping of HRT vendors. Responds to all EEO complaints and enforces EEO compliance. Responsible for maintaining all employees' records. Maintains and monitors all employee DOT certifications and DMV license expirations to ensure that employees are fully credentialed and in compliance with State and Federal regulations and HRT policy.

HUMAN RESOURCES



| | FY14/15 Actual | FY15/16 Budget | FY16/17 Budget | % of Total |
|-------------------------|---------------------------|---------------------------|---------------------------|-----------------------|
| ■ Personnel Services | \$ 10,597,000 | \$ 9,553,600 | \$ 10,307,200 | 63.1% |
| ■ Contracted Services | 246,800 | 432,400 | 818,500 | 5.0% |
| ■ Materials & Supplies | 6,000 | 19,000 | 11,000 | 0.1% |
| ■ Casualty & Liability | 5,606,700 | 5,172,800 | 4,975,600 | 30.5% |
| ■ Fees, Licenses & Misc | 139,900 | 181,300 | 216,100 | 1.3% |
| | \$ 16,596,400 | \$ 15,359,100 | \$ 16,328,400 | 100.0% |

LEGAL

The Legal Department is comprised of a Corporate Counsel who serves as a member of the Senior Executive Team and is responsible for providing legal advice and services to the President & CEO, other members of the Senior Executive Team, all departments, as well as the Board of Commissioners upon request.

DEPARTMENT

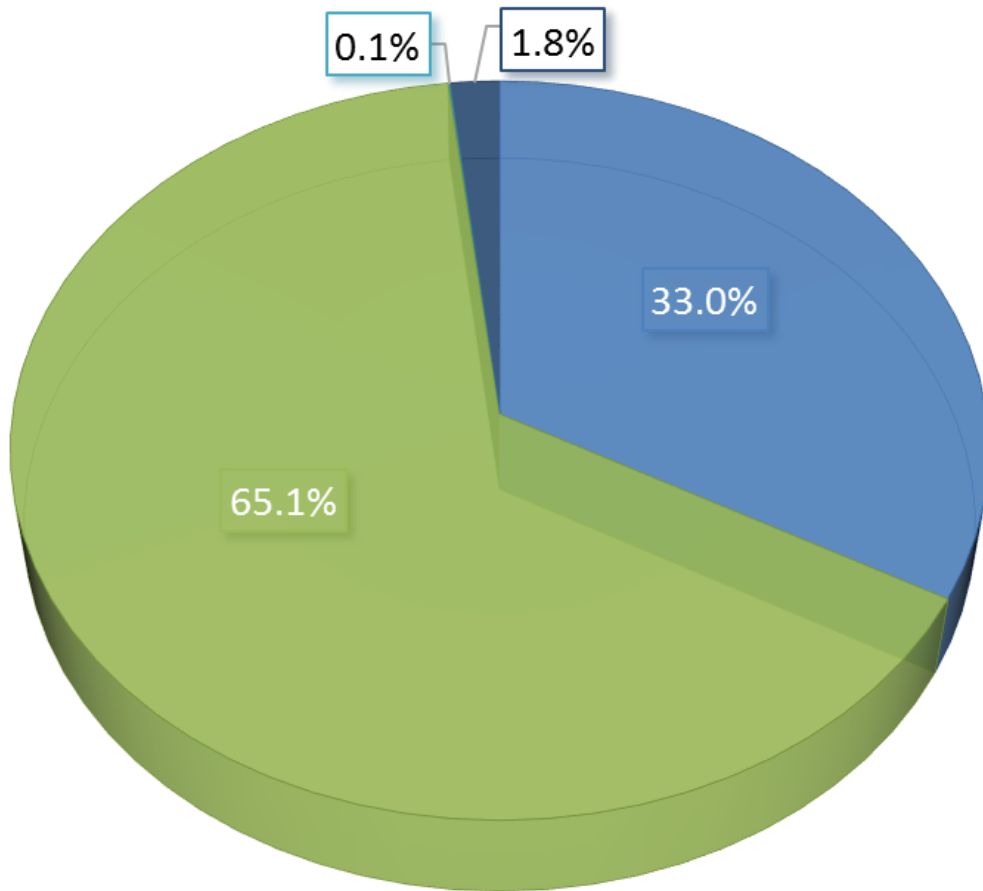
The Legal Department provides centralized legal services based on a proactive model for highly regulated industries. The Legal Department gives efficient and effective legal counsel related to all corporate and commercial issues affecting Hampton Roads Transit, including, but not limited to: (i) federal, state and local regulatory compliance specific to transit and public agencies; (ii) public procurement; (iii) corporate governance; (iv) complex commercial transactions; (v) commercial lending; (vi) real estate; (vii) land use; (viii) eminent domain; (ix) Constitutional and civil rights issues; (x) commercial construction; (xi) maritime construction; (xii) labor and employment issues; and (xiii) litigation support for significant traumatic casualty claims.

Corporate Counsel is responsible for drafting and negotiating all contracts, agreements, leases, memoranda of understanding, memoranda of agreement, and related to documents on behalf of Hampton Roads Transit. Corporate Counsel may serve as the representative for Hampton Roads Transit in various legal proceedings, including depositions, arbitrations, mediations, regulatory and administrative proceedings and trial. From time to time, Corporate Counsel may be tasked with identifying, preparing and conducting training for employees and staff of Hampton Roads Transit. In the event outside legal counsel is employed, Corporate Counsel monitors external legal services, strategies, costs and acts as the liaison between outside counsel and Hampton Roads Transit.

Initiatives

1. Confirm compliance with relevant federal, state and local regulations and guidelines affecting Hampton Roads Transit;
2. Analyze business and legal risks to minimize the exposure of Hampton Road Transit to potential liabilities;
3. Analyze and advise Hampton Roads Transit of potential legal opportunities to increase agency efficiency and sustainability;
4. Determine and anticipate the legal needs of each department of Hampton Roads Transit and provide effective services to satisfy those needs; and
5. Monitor external legal costs, unrelated to casualty and worker's compensation claims, to insure cost containment.

LEGAL



| | FY14/15 Actual | FY15/16 Budget | FY16/17 Budget | % of Total |
|-----------------------|---------------------------|---------------------------|---------------------------|-----------------------|
| Personnel Services | \$ 94,300 | \$ 126,900 | \$ 172,200 | 33.0% |
| Contracted Services | 426,500 | 600,000 | 340,000 | 65.1% |
| Materials & Supplies | - | - | 300 | 0.1% |
| Fees, Licenses & Misc | 500 | 2,000 | 9,400 | 1.8% |
| | \$ 521,300 | \$ 728,900 | \$ 521,900 | 100.0% |

MARKETING & COMMUNICATIONS

The Marketing and Communications Department is responsible for promoting an accurate and positive image of Hampton Roads Transit within the organization and to the general public. It works across a range of disciplines to share information about the agency's policies and practices using traditional and web-based platforms to reach people at work, at home and on the go. The Marketing and Communications department works to refine and improve the agency's brand while supporting HRT departments with initiatives and programming through public outreach, planning and communication development.

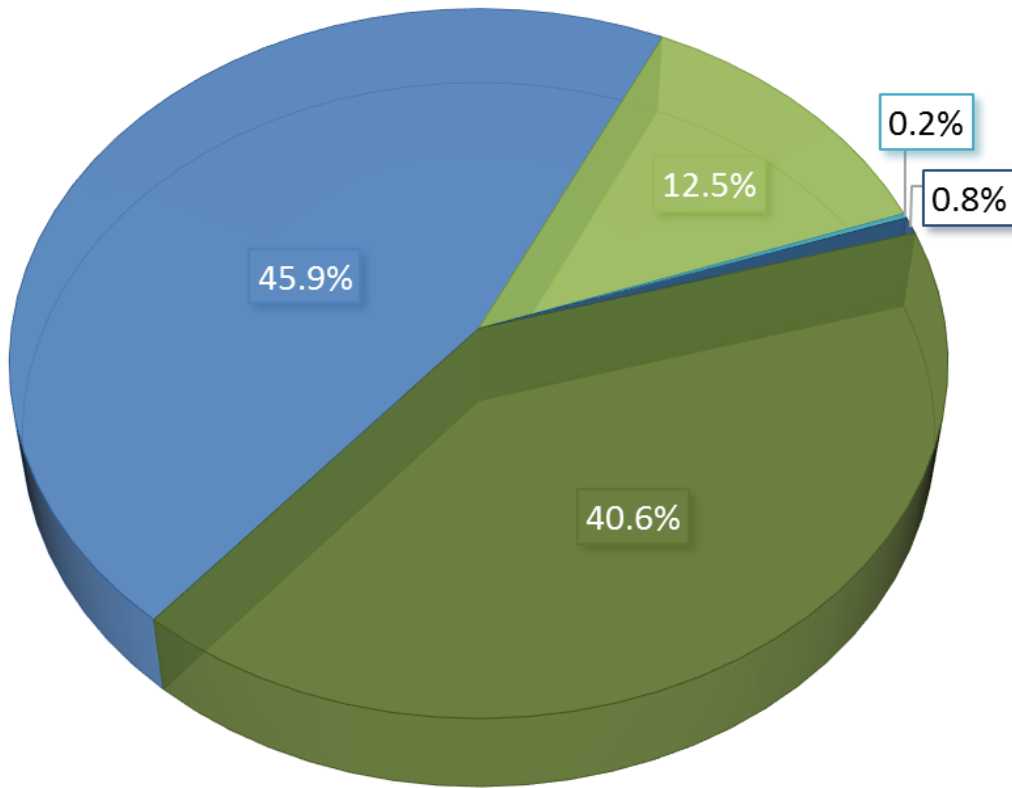
DUTIES & RESPONSIBILITIES

- + Develops and executes marketing and advertising campaigns to teach the public about transit and introduce customers to new or evolving services.
- + Creates, designs and implements media campaigns promoting alternative transportation options through congested regional transportation corridors.
- + Improves the overall perception of the agency to the general public as well as our internal audience by maintaining a high level of public outreach to help promote and ensure the public's understanding and dissemination of information.
- + Facilitates information sharing among departments and coordinates public and private events, including formal public hearings, public outreach, while also providing content for the agency's two websites, Gohrt.com and Insite, the agency's intranet, and the agency's electronic bulletin board.
- + Maintains public outreach campaigns that will engage the public, our customers, and promote the agency as a whole.

Initiatives

1. Position HRT's President & CEO as the face of the agency;
2. Execute its Internal and Strategic Marketing and Communications Plan;
3. Develop matrix for measurement of campaigns;
4. Develop, improve and expand social media outlets to increase brand awareness, service information and agency information; and
5. Build awareness for Connect Hampton Roads®.

MARKETING & COMMUNICATIONS



| | FY14/15 Actual | FY15/16 Budget | FY16/17 Budget | % of Total |
|-------------------------|---------------------------|---------------------------|---------------------------|-----------------------|
| ■ Personnel Services | \$ 311,600 | \$ 355,900 | \$ 419,800 | 45.9% |
| ■ Contracted Services | 119,000 | 173,900 | 114,000 | 12.5% |
| ■ Materials & Supplies | 9,200 | 32,000 | 2,000 | 0.2% |
| ■ Utilities & Taxes | 5,600 | 6,900 | 7,000 | 0.8% |
| ■ Fees, Licenses & Misc | 250,600 | 325,200 | 371,200 | 40.6% |
| | \$ 696,000 | \$ 893,900 | \$ 914,000 | 100.0% |

PLANNING & DEVELOPMENT

The Planning and Development Division's functional responsibility is to direct and support the successful development and implementation of short and long-range service and system plans and programs for public transportation services and facilities. This is accomplished through the planning and development of HRT's Six Year Capital Improvement Program (CIP) and Transit Development Plan (TDP) as well as the development of the information for High Capacity transit corridors, bus routes, schedules, and the annual Transportation Service Plans (TSP) for member cities in accordance with the Cost Allocation Agreement (CAA). Division staff is in constant communication and interfaces daily with other HRT departments regarding project development including facility needs assessments and improvements, transportation project initiatives, transportation improvements, operations support & transportation enhancements, and major capital equipment / professional services procurement.

DEPARTMENTS

Service Planning and Scheduling: Provides service planning and scheduling for all bus and trolley services, as well as strategic planning and quality assurance. Develops new routes and schedules and modifies and redesigns existing routes and schedules to improve the efficiency and effectiveness of HRT's service structure. Manages the route planning process including bus stop locations, identification of locations for passenger shelters and coordination with local governments and businesses. Maintains the agency database for bus stops and passenger shelters. Examines ridership counts, on time performance data and conducts ride checks to ensure that services are being provided properly. Coordinates long range planning for future routes and services. Conducts data collection, not only for the National Transit Database, but also the Planning and Scheduling staff when data is required for scheduling improvements and passenger loads.

Business Development: This department's functional areas are divided among the following responsibility areas:

- + **Fare Media and Advertising Sales:** Responsible for working to increase the sale of fare media through business partnerships with area businesses. Responsible for all internal and external bus and rail advertising, and have direct oversight over all sales aspects for HRT including sales advertising (station panels, exterior and interior bus advertisements, and interior Light Rail advertising, train wraps, train articulation vinyl applications, bus wraps), the GoPass 365 program and fare media sales with the intent of growing the business profits year after year.
- + **Traffic Demand Management Program (TDM or TRAFFIX):** Provides transit alternatives to customers who are not immediately served by existing transit services, yet wish to take advantage of the economic benefits of transit. Provides vans, carpools, and telework options for commuters. Additional TDM Programs include NuRide and Telework!Va which develop employer transportation alternatives programs/services, annual work program and long range plans. Works closely with the Department of Rail and Public Transit (DRPT), Virginia Department of Transportation (VDOT), the military, and various local governments to administer programs associated with the development of public transportation alternatives. It develops "Park and Rides" when and where appropriate, negotiates with businesses regarding bus routes that may affect traffic in and around that business (such as malls), and assist with the creation of parking lots for vehicles to park as they wait for transit opportunities (carpool, bus, train, vanpools, etc.).

PLANNING & DEVELOPMENT

DEPARTMENTS (cont.)

Customer Relations: Provides high quality customer service via the contact center and the transit centers. The contact center is the central point in which all customer contacts are managed via the telephone, email and web. The Interactive Voice Response (IVR) system provides scheduled route information to callers and handles approximately 40,000 calls per month. Route assistance, trip planning and service status are the top customer inquiries. Information is gathered from the customer and entered into a formal database called the Customer Assistance System (CAS). HRT customers are encouraged to provide feedback; every concern is evaluated and validated. The information entered into the database is readily utilized and drives company decisions that incorporate customer centric change. Ongoing data-mining from the database is conducted in order to measure the customer's perceptions as it relates to the company's Key Performance Indicators (KPI's). For example, customer concerns are compiled in a report form and distributed to all departments for review. Another example is the operator report which allows the Operations Management team to view trending concerns regarding operator behaviors.

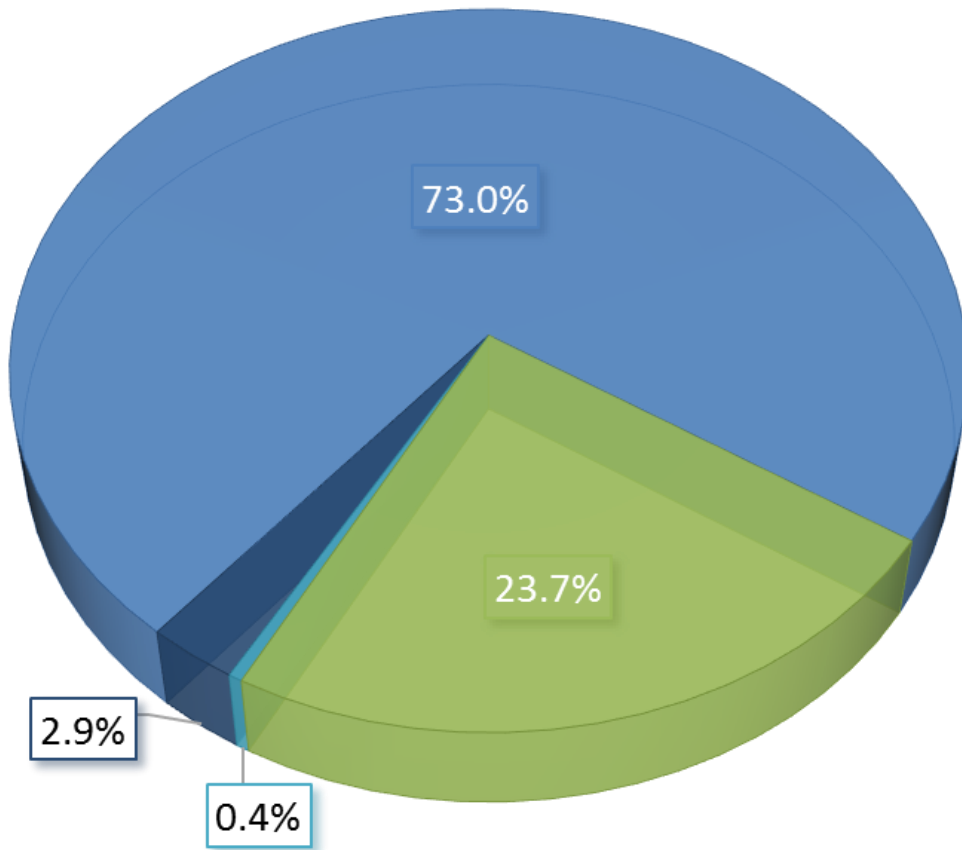
Grants Administration and DBE Compliance: Responsible for all pre- and post-award grant administration, including the submission of grant applications, amendments, revision, and closeouts. Has a shared responsibility for the development of the capital budget. Responsible for the preparation of requests for federal, state, and local funding, as well as managing the Disadvantaged Businesses Enterprise (DBE) Program. The purpose of the DBE program is to ensure a level playing field and foster equal opportunity for firms owned and operated by disadvantaged individuals on United States Department of Transportation (USDOT) - assisted contracts and procurements.

Long Range Planning & Transit Development: Facilitates the planning and management of fixed guideway and High Capacity studies, major capital investment planning as well as transit-oriented development projects. Supports the preparation of requests for federal, state and local funding and manages the planning and environmental assessment for new rail, bus, ferry, and intermodal transportation. Explores long-term solutions to further heighten and connect customers with their work places and communities - especially places in areas of future high density growth by municipal governments - where bus service may not exist or may not be adequate to serve future needs. Responsible for the development of the six year Capital Improvement Plan in coordination with the Senior Executive Team to be reviewed, approved, and adopted annually by the Commission. Develops and implements the HRT Title VI program; reviews and addresses all formal Title VI complaints; completes Title VI service and fare equity analyses; and reviews Agency compliance with the Title VI program.

Initiatives

1. Complete the remaining environmental work under state requirements for Historic resources, wetlands and noise analyses for the Virginia Beach Transit Extension to the Virginia Beach Town Center. Assist in the development of the Memorandum of Agreement (MOA) between the State, the city and HRT;
2. Initiate the Naval Station Norfolk Transit Extension Draft Environmental Impact Statement (EIS) for the east side of the city and an advanced Alignment Alternatives study in the west part of the city;
3. Initiate Peninsula Corridor Study;
4. Continue developing the Connect Hampton Roads® information related to the cost of the program;
5. Increase institutional and business participation in the GoPass365 program; and
6. Exceed FY15/16 sales targets by 15% in FY16/17.

PLANNING & DEVELOPMENT



| | FY14/15 Actual | FY15/16 Budget | FY16/17 Budget | % of Total |
|-------------------------|---------------------------|---------------------------|---------------------------|-----------------------|
| ■ Personnel Services | \$ 2,530,300 | \$ 2,423,800 | \$ 2,719,400 | 73.0% |
| ■ Contracted Services | 527,200 | 306,800 | 882,600 | 23.7% |
| ■ Materials & Supplies | 16,100 | 30,200 | 16,100 | 0.4% |
| ■ Fees, Licenses & Misc | 49,700 | 107,700 | 105,200 | 2.9% |
| | \$ 3,123,300 | \$ 2,868,500 | \$ 3,723,300 | 100.0% |

SAFETY & SECURITY

The Safety and Security Division is led by the Chief Safety and Security Officer who is responsible for assisting all HRT departments in maintaining a safe and secure environment for employees and customers. Division leadership provides guidance in identifying and evaluating hazards and vulnerabilities, then minimizing the hazardous conditions and/or vulnerabilities to their lowest achievable level. Safety and Security's mission is to operate and maintain a safe, secure, reliable and effective transit system that enhances mobility, improves the quality of life, and stimulates economic development in Hampton Roads.

DEPARTMENTS

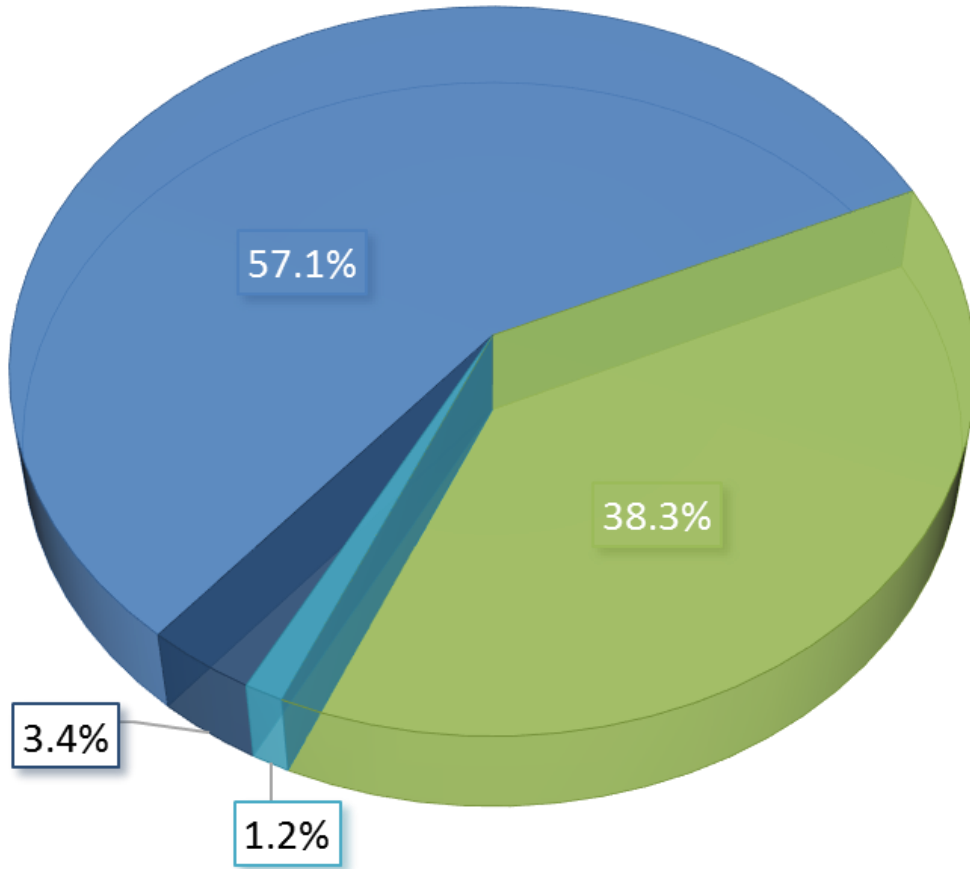
Safety: The goal of the Safety department is to achieve the highest practical level of safety for all HRT modes of transit, in an effort to protect passengers, employees, revenues, and property. HRT has implemented a proactive, Agency-wide safety program plan supported by the Federal Transit Administration (FTA). In conjunction with federal, state, and local authorities, the safety section develops guidelines and best practices to provide a safe transit system within Hampton Roads.

Security: Manages security services for HRT facilities, to include all transfer centers, modes, as well as vehicles. Security card access, surveillance camera systems, and key and lock systems for all of our facilities are also overseen by the Security department. Staff works with police departments throughout the Hampton Roads area, maintaining compliance with laws and ordinances while focusing on customer service.

Initiatives

1. Coordinate with the Technology Division to implement computer-based training infrastructure network to allow employees to train from any CPU or HRT Kiosk;
2. Enhance safety and security training for all new employees; Safety will work with all departments to ensure that training is performed prior to the employee being exposed to any hazards or threats at the workplace;
3. Improve the reliability of security systems including cameras and card/key access;
4. Continue to develop the Emergency Management Program (EMP), which will include training exercises in partnership with local stakeholders throughout the Hampton Roads region; and
5. Increase security presence on all modes and at all facilities, directly supporting the fare increase and allowing patrons and staff members to experience a stronger security presence while decreasing security related events.

SAFETY & SECURITY



| | FY14/15 Actual | FY15/16 Budget | FY16/17 Budget | % of Total |
|-------------------------|---------------------------|---------------------------|---------------------------|-----------------------|
| ■ Personnel Services | \$1,299,300 | \$1,195,800 | \$1,324,200 | 57.1% |
| ■ Contracted Services | 721,900 | 884,800 | 889,900 | 38.3% |
| ■ Materials & Supplies | 16,400 | 17,500 | 28,300 | 1.2% |
| ■ Fees, Licenses & Misc | 21,300 | 146,700 | 78,100 | 3.4% |
| | \$2,058,900 | \$2,244,800 | \$2,320,500 | 100.0% |

TECHNOLOGY

The Technology Division serves all HRT Business Units through a series of services that include Technology Project Management, Computer Systems Integration, Hardware Maintenance & Support, Desktop & Helpdesk Support, Network Services Provision, Technology Training & Coordination, Information Technology (IT) Contract Management, Web Development and Database Support, Information Technology Security and General Technology Assistance and Support. The Technology Division creates an environment enabling HRT employees to quickly access vital information, using efficient and cost-effective technology hardware and software. The division provides leadership as an active partner in the Agency's technology initiatives including staff engagement, systems implementation, telecommunications and data-sharing. Our services also include Enterprise services such as email and calendaring, application software support, and technology project planning and management. We support the Agency in strategic planning and technical direction for integration of new and emerging technologies. Our goal is to deliver best-in-IT service management to ensure our customers realize the most from their investments in information technology. The Technology Division assists all HRT Business Units in responding to the information technology challenges and needs of the transit public by enabling HRT employees to quickly access information and utilize that information to make informed decisions. We are dedicated to providing quality service through teamwork, partnerships, and the development of both team and individual strengths and communication.

DEPARTMENTS

Support Services: Responsible for the management and administration of the entire Technology Division and for all Technology Project Management, Policy and Contract Management, Training and Support Services.

Technology Services:

- + **Infrastructure Services:** The Infrastructure Services department aims to provide a reliable, high speed, secure and accessible network, suitable to support the business of the Agency. Infrastructure Services provides wired and wireless connections between networked devices and agency networks, providing enterprise access and internet access for all IT systems, services and applications. Infrastructure Services staff assist with knowledgeable technical support to help manage relationships between HRT and external suppliers such as equipment supply houses and system maintenance vendors. Staff define network services to seamlessly integrate new software, systems or other technologies into HRT networks. Responsible for managing data centers, technology closets and network physical infrastructure including servers, routers, switches, firewalls, Universal Power Supplies (UPS) and other networking architecture. Staff provides reliable, high speed, secure, and accessible network services to sustain Agency business needs.
- + **Helpdesk and Desktop Support Services:** Responsible for supporting all agency workstations, laptops, and multi-function devices for printing, faxing, scanning and copying, working hard to ensure all staff can work effectively. Ensures key desktop software and hardware are properly maintained, up-to-date, available and secure. Provides helpdesk support to end-users, and the support work related to desktops and laptops including provision, setup, maintenance and repair of Agency desktop/laptop computers.
- + **Telecommunications and Video Surveillance Services:** Responsible for supporting all Agency-procured cellular phones, desk phones, E911 phones, video surveillance and telecomm needs. Design, operate, and maintain telecommunication and video surveillance services for all HRT facilities. Services include consulting support to advise Agency Departments about optimal use of telecommunication services, and to assist Agency Departments in ordering new technology services, configuring changes, or moving existing service.

TECHNOLOGY

Enterprise Application Services: Responsible for managing the Technology services portfolio which consists of projects that have been approved by the Technology Department and Executive Management. Also responsible for identifying, prioritizing, authorizing, managing, and controlling information technology projects, programs, and other related work, to achieve specific strategic agency objectives. Manages all Enterprise Applications including systems responsible for dispatching, scheduling, automated vehicle location, automatic passenger counting, and associated data feeds.

Web Development & Database Support Services: Responsible for all of the Agency's websites and databases ensuring that they are properly created, maintained and administered. Databases are protected and monitored by implementing backup and recovery policies and procedures, providing a secure database environment, and monitoring database performance. Database instances are maintained online and ensured to be available, with focus on relationships between database, server, disk space, and operating system environment. Web Development Team supports and maintains content and design for HRT's external website (www.gohrt.com) and the internal website (intranet). The Team also assists departments in achieving their website development and content management goals by supporting adhoc efforts that supports the agency's web business needs.

PeopleSoft Technical Services: Responsible for providing technical support, primarily for users of PeopleSoft systems. Specialize in application-level PeopleSoft technical services and management of the PeopleSoft support process. Technical support is provided for both PeopleSoft Human Resources and PeopleSoft Financials applications.

IT Security Services: Responsible for enhancing the security, resilience, and reliability of HRT's cyber and communications infrastructure. Ensure that everyone who uses computer or network services is aware and trained in how to keep their computer, data, and other electronic devices secure. Establish a standard, integrated approach to ensure the Agency becomes secure and compliant with technology security standards.

The push for new technology has become a key component in making our entire transit system ready for the challenges of the next century. Access to good and accurate information that allows for better, real time planning will allow customers to make connections between different modes and transit systems. The Technology Department is ready to support a multitude of initiatives over the next five years that directly align with supporting the agency in its mission to serve the community through high quality, safe, efficient and sustainable regional transportation services.

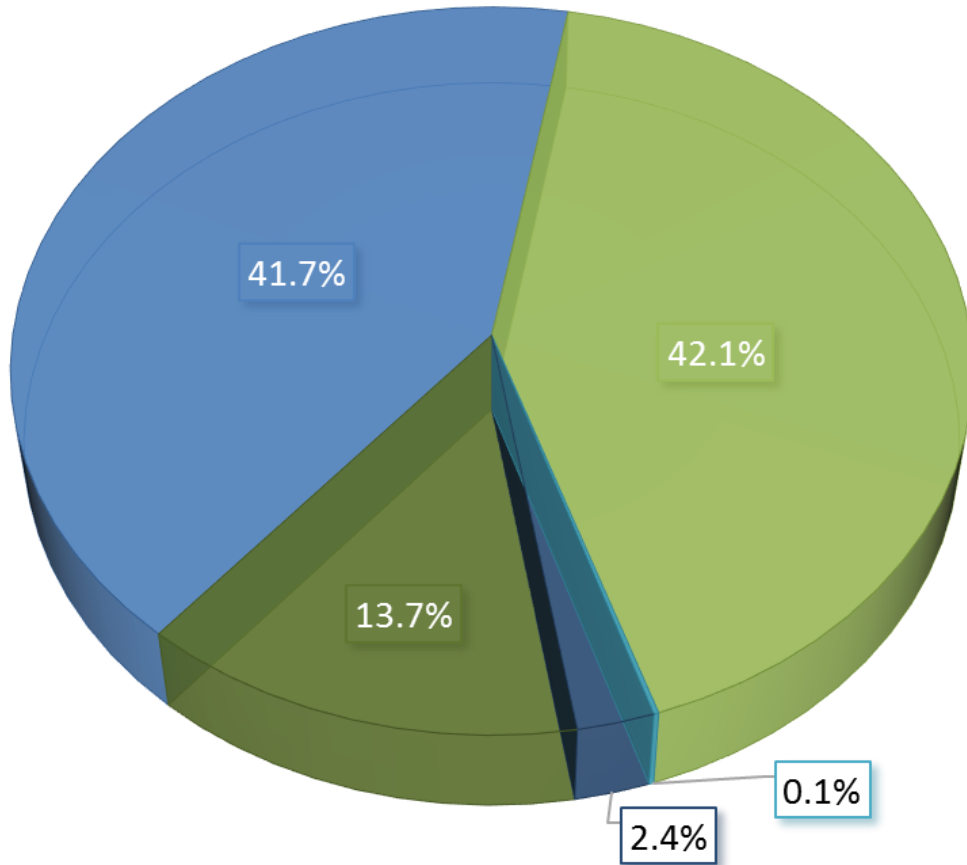
Initiatives

1. Support the Agency's Transit Technology Initiatives to include:
 - + Replacement and Modernization of legacy technology systems including Financial Management, Transit Master CAD/AVL, and Interactive Voice Response Systems;
 - + Public roll-out of a Performance Dashboard, Real-Time Transit Information Systems and Enterprise-Wide Transit Asset Management System;
 - + Improvement of Video Surveillance Technologies in support of agency security initiatives; and
 - + Revamping of the corporate internal and external websites.

TECHNOLOGY

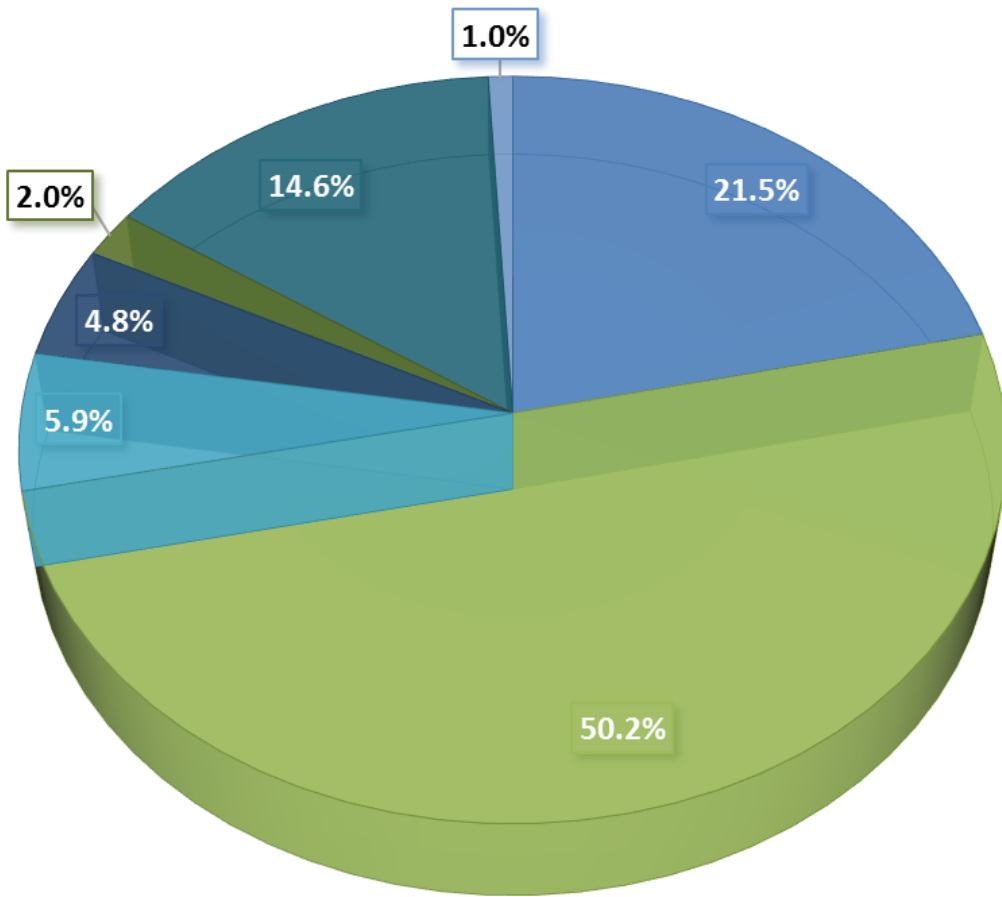
Initiatives (cont.)

2. Ensuring Technology Continuation of Operations that encompasses business continuity and disaster recovery;
3. Upgrading and Hardening of Enterprise Infrastructure Systems and IT Security Systems;
4. Implementation of a formal Technology Project Management Office (TPMO) and project portfolio management for all technology projects;
5. Implementation of a cost-effective audio and video conferencing solution to improve communications during meetings and reduce costs associated with staff travel; and
6. Lead a process to develop a technology education center to provide technology and cybersecurity awareness training.



| | FY14/15 Actual | FY15/16 Budget | FY16/17 Budget | % of Total |
|-----------------------|---------------------------|---------------------------|---------------------------|-----------------------|
| Personnel Services | \$ 1,652,900 | \$ 1,923,900 | \$ 2,363,500 | 41.7% |
| Contracted Services | 1,416,300 | 2,364,000 | 2,385,900 | 42.1% |
| Materials & Supplies | 4,200 | 3,800 | 8,400 | 0.1% |
| Utilities & Taxes | 144,400 | 76,000 | 135,300 | 2.4% |
| Fees, Licenses & Misc | 487,700 | 963,800 | 776,100 | 13.7% |
| | \$ 3,705,500 | \$ 5,331,500 | \$ 5,669,200 | 100.0% |

OPERATIONS DIVISION BUDGET FISCAL YEAR 2017



| | FY16/17 Budget | % of Total |
|-------------------------------|---------------------------|-----------------------|
| ■ Bus Maintenance Services | \$ 12,882,900 | 21.5% |
| ■ Bus Transportation Services | 30,060,300 | 50.2% |
| ■ LRT Maintenance Services | 3,551,000 | 5.9% |
| ■ LRT Transportation Services | 2,897,000 | 4.8% |
| ■ Ferry Services | 1,215,300 | 2.0% |
| ■ Paratransit Services | 8,774,700 | 14.6% |
| ■ Support Vehicle Services | 526,200 | 1.0% |
| | \$ 59,907,400 | 100.0% |

BUS MAINTENANCE SERVICES

DEPARTMENTS

Fleet Maintenance: Bus Fleet Maintenance department is responsible for all vehicle maintenance services as well as management of all corporate inventory functions. The division consists of 22 supervisors and administrative professionals as well as over 100 mechanical and service support employees. The team strives to efficiently and adequately support the operational needs of Hampton Roads Transit’s bus system. The fleet maintenance group is also responsible for the proper training of maintenance personnel.

There are three maintenance facilities; one in Norfolk, one in Hampton and one seasonally operated facility in Virginia Beach. The Norfolk facility houses the Southside bus maintenance and gasoline fleet maintenance activities. The Hampton facility houses the Northside bus maintenance operation. Virginia Beach is the seasonal maintenance base for the Virginia Beach Wave service. Administrative, vehicle mechanics, body shop, and various other fleet support personnel staff the maintenance facilities.

Fleet Maintenance is responsible for performing maintenance on all transit related vehicles. Maintenance work ranges from refueling and preventive maintenance to major and running repair programs. Preventive maintenance ensures service satisfaction for our customers and represents an efficient use of HRT assets through a State of Good Repair (SGR).

Rolling Stock is charged with ensuring the agency has a sufficient number of clean, safe and serviceable buses available each day to meet the operational demands. This task is accomplished by a preventive maintenance program, nightly cleaning/fueling and from direct feedback received from the operators and customers as well as equipment manufacturer recommendations.

Inventory Services: Hampton Roads Transit currently has on hand more than \$3.7 million worth of inventory for bus. Having parts on hand allows the agency to make repairs quickly and efficiently, which prevents a disruption in service. The Inventory Services department is comprised of 10 storeroom personnel that are responsible for the management and operation of two separate parts storage and distribution centers. With the introduction of an automated parts management system in 1999, staff is now able to maintain an appropriate level of spare parts and materials on hand to ensure continued fleet operation without stocking excess items. The storeroom personnel are also responsible for the management of all purchase requisitions, delivery schedules, and storage levels of petroleum products, oils, and lubricants. The mission of the department is to safeguard and manage the assets of the organization in such a manner as to ensure a high level of product and service quality without jeopardizing the financial stability of the system.

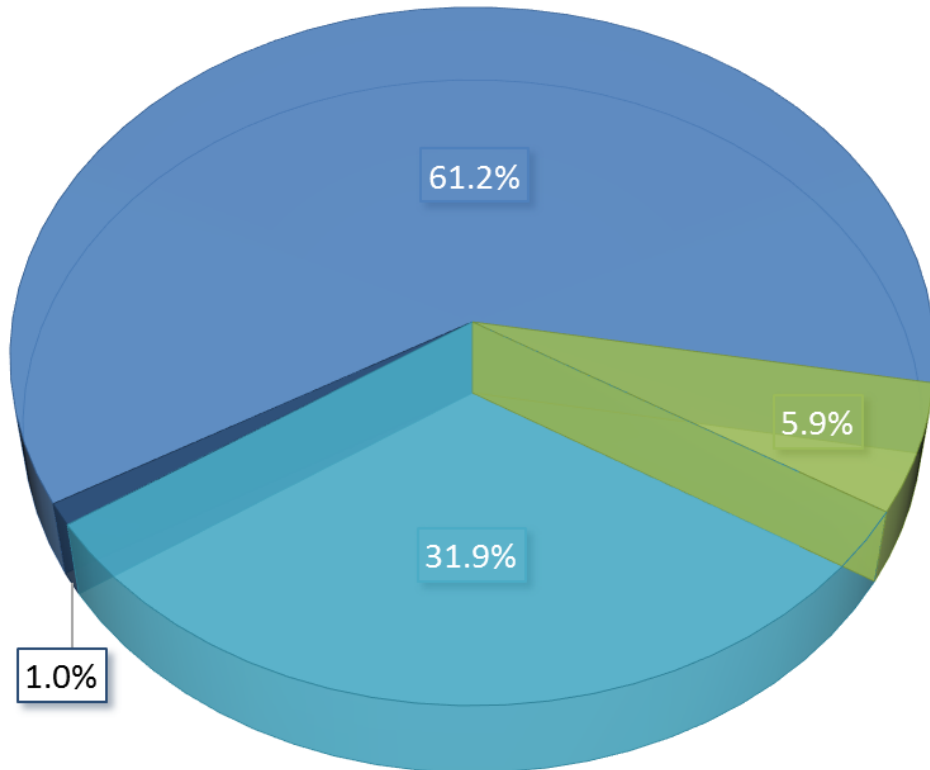
| | Norfolk | Hampton | Virginia Beach |
|---|-----------|-----------|----------------|
| Maintenance Employees | 69 | 36 | 5 |
| Seasonal Maintenance Employees | | | 6 |
| Buses | 215 | 85 | 22 |
| Hybrid Electric Buses | 35 | 0 | 2 |
| Mechanic to Vehicle Ratio | 1:4 | 1:3.3 | 1:5.5 |
| Average Age of Fleet (years) | 9.1 | 10.3 | 5.5 |
| Average Vehicle Lifetime Mileage | 334,300 | 456,164 | 83,751 |
| Annual Fleet Miles (Rolling 12 mo. Period) | 7,087,156 | 3,661,747 | 180,047 |

BUS MAINTENANCE SERVICES

Fleet Support Services: The Fleet Support Services department’s mission is to provide a high level of quality technical support to ensure service reliability of critical safety, security and financial management systems throughout the service area. The team is comprised of one manager, one supervisor and nine technicians. The department provides maintenance and support for the 2-way mobile and portable radios, Advanced Communication System (ACS), fare collection, Wi-Fi on buses and digital security camera systems. Staff maintains 291 fare collection units, 6 isolation boxes, 37 Ticket Vending Machines (TVMs), 6 receivers, 36 bus Wi-Fi systems, 375 mobile radios, 161 portable radios, 9 base stations, 6 dispatcher consoles, 4 towers, 2 emergency call boxes and 280 mobile camera systems. Support Services team members are on-call 24 hours a day to respond to service needs.

Initiatives

1. Maintain fleet down list at or below 35 buses for Norfolk;
2. Install brake indicator strobe lights fleet wide;
3. Increase Mean Distance Between Failure (MDBF) incrementally to 10,000 miles;
4. Monitor and improve fleet fuel efficiency;
5. Implement and manage contingency bus fleet;
6. Review the current fare collection equipment and recommend more up to date equipment technology;
7. Improve the building facility for the Hampton fleet support services shop; and
8. Continue to equip more non-revenue vehicles with the GPS tracking.



| | FY14/15 Actual | FY15/16 Budget | FY16/17 Budget | % of Total |
|-------------------------|---------------------------|---------------------------|---------------------------|-----------------------|
| ■ Personnel Services | \$ 7,211,600 | \$ 7,612,800 | \$ 7,873,600 | 61.2% |
| ■ Contracted Services | 684,700 | 819,300 | 766,100 | 5.9% |
| ■ Materials & Supplies | 5,585,800 | 4,019,700 | 4,111,500 | 31.9% |
| ■ Fees, Licenses & Misc | 79,000 | 87,300 | 131,700 | 1.0% |
| | \$ 13,561,100 | \$ 12,539,100 | \$ 12,882,900 | 100.0% |

BUS TRANSPORTATION SERVICES

HRT provided over 14 million bus trips in fiscal year 2015 to citizens in Hampton Roads.

There are three bus service locations:

Southside: Provides bus service to the cities of Chesapeake, Norfolk, Portsmouth and Virginia Beach. It is the largest of the three facilities with 32 fixed routes;

Northside: Operates 19 fixed routes and provides bus service to Hampton and Newport News. It also operates 7 work trips in Newport News and Hampton;

Trolley Base (Seasonal Service): Operates seasonal Oceanfront routes 30, 31 and 32 – collectively known as the VB Wave – from April through September.

- + Each operating center contains administrative staff and full time coach operators. The majority of administrative staff members are first line supervisors and dispatchers.

DEPARTMENTS

Transportation Services: The Transportation Services department consists of more than 500 bus operators and about 46 supervisors and dispatchers (during seasonal service). Collectively, this group works to provide reliable, clean, safe and efficient daily bus service to our customers.

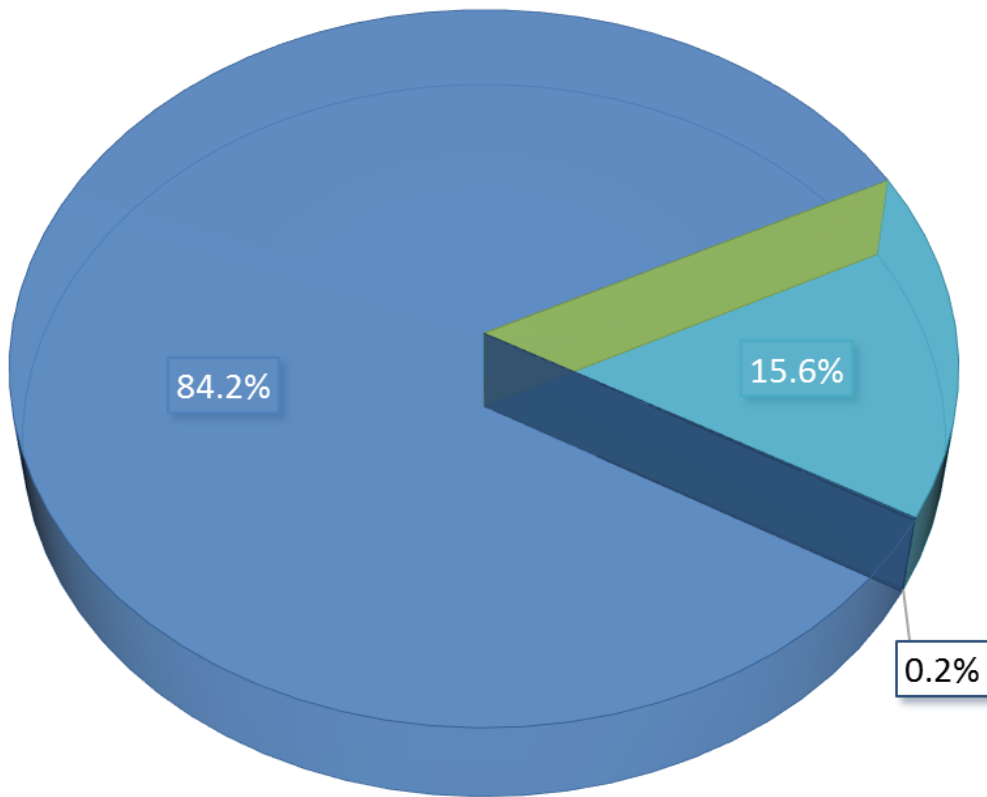
- + All in all, the division operates fixed route bus service on over 69 routes and provides HOV, express and commuter services. Operations meets with Scheduling and Planning on a monthly basis to address concerns and to provide feedback on certain routes.
- + Metro Area Express (MAX) service is provided daily to commuters throughout the region and has a limited number of stops; there are currently 7 routes

Bus Training: The Training department is responsible for training all Bus Operators and Bus Supervisors on the operation of bus vehicles and operating rules and procedures. Supervisors and Operators also undergo a yearly refresher on existing and updated regulations and procedures. The department also trains new maintenance or agency personnel on the operation of Bus vehicles in order to secure Commercial Drivers Licenses (CDLs). Staff oversees a third party who performs testing for CDL licenses. In a typical year, the Training department instructs 100-150 operators in addition to the annual refresher courses for current Operators. Every year, this department participates in a Bus Rodeo where Operators are evaluated on categories such as uniform appearance, safety, customer service, inspections, and an operating course. Winners have the opportunity to represent Hampton Roads Transit at the International level and compete with other transit companies nationwide.

Initiatives

1. Maintain and improve 82% on time bus performance;
2. Reduce the number of valid customer complaints; and
3. Reduce the number of preventable accidents.

BUS TRANSPORTATION SERVICES



| | FY14/15 Actual | FY15/16 Budget | FY16/17 Budget | % of Total |
|-------------------------|---------------------------|---------------------------|---------------------------|-----------------------|
| ■ Personnel Services | \$ 24,291,100 | \$ 23,231,600 | \$ 25,323,000 | 84.2% |
| ■ Contracted Services | 3,200 | 6,500 | - | 0.0% |
| ■ Materials & Supplies | 7,535,000 | 6,465,600 | 4,701,900 | 15.6% |
| ■ Fees, Licenses & Misc | 38,900 | 139,900 | 35,400 | 0.2% |
| | \$ 31,868,200 | \$ 29,843,600 | \$ 30,060,300 | 100.0% |

RAIL MAINTENANCE SERVICES

The Light Rail Vehicle (LRV) Maintenance and Inventory departments are staffed by one Manager, three Maintenance Supervisor's, eight Technician's, four Hostler's, one Storeroom Assistant Manager and two Storeroom Clerks. This group is also staffed with one Maintenance Training Manager responsible for the proper training of incoming and existing maintenance personnel for both LRV maintenance and Maintenance of Way (or System's) maintenance. Continuous training for both current and upgraded systems is provided ensuring all Light Rail Maintenance personnel are fully qualified to perform their jobs.

DEPARTMENTS

Light Rail Vehicle Maintenance: The LRV Maintenance department operates 24 hours a day, 7 days a week. LRV Maintenance work includes preventive and corrective maintenance. Preventive maintenance ensures reliable service for our customers and ensures efficient use of HRT assets. Corrective maintenance is emergent unscheduled repairs. Rail vehicle maintenance is charged with providing clean, safe and serviceable light rail vehicles each day to meet operational demands. This task is accomplished by a preventive maintenance program, nightly cleaning and servicing, and from direct feedback received from the operators on corrective maintenance needs.

Light Rail Inventory: The Light Rail Inventory department is charged with ensuring the material needs for the department are met. This includes consumable supplies and spare parts for both the LRV maintenance and System's maintenance divisions. Hampton Roads Transit currently has greater than \$6 million in spare parts inventory for light rail. Having parts on hand allows the agency to make repairs quickly and efficiently, which prevents a disruption in service. The mission of the Inventory Department is to safeguard and manage the assets of the organization in such a manner as to ensure a high level of product and service quality without jeopardizing the financial stability of the system.

Light Rail Systems: The Light Rail Systems department is responsible for all maintenance along the Light Rail Right of Way and all HRT Operations Facilities equipment. System's is comprised of one Manager, three System's Supervisors, one Track Supervisor, eight System's Technicians and six Track Maintainers. The Light Rail System's Department is staffed 24 hours a day, 7 days a week. LRT System's Maintenance and Track Department's first and foremost goal is to work safely and provide a safe and enjoyable riding experience for our customers. We accomplish this by meticulously performing our scheduled inspections and maintenance ensuring all the systems under our responsibility operates as designed.

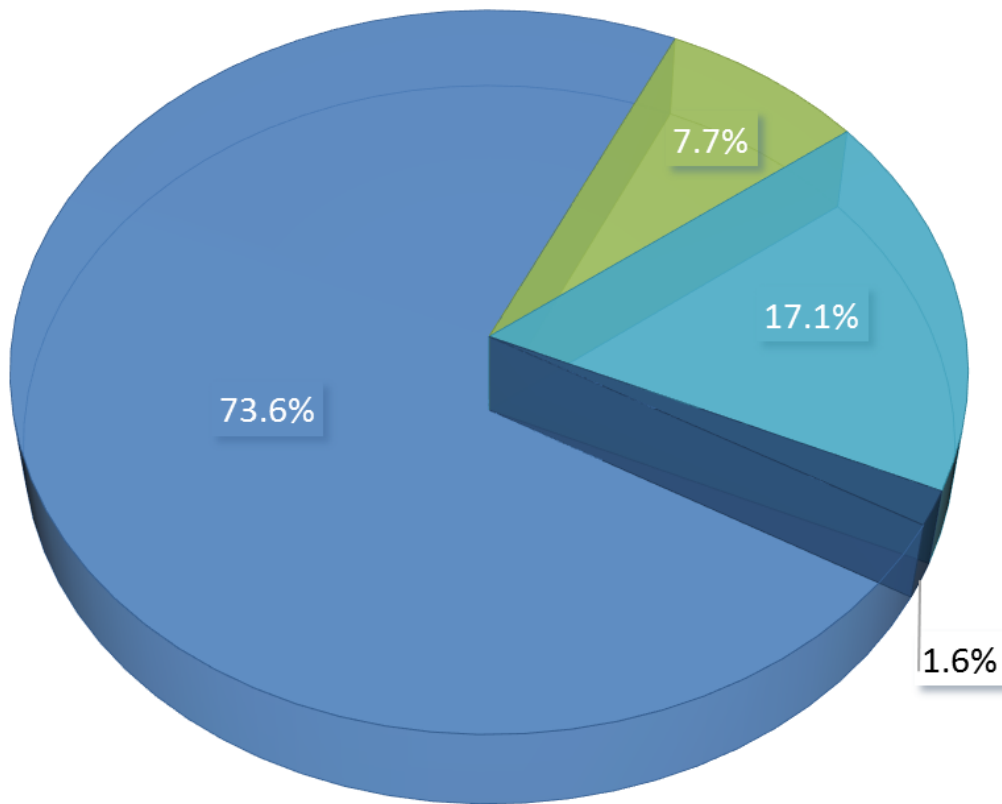
Main Areas of Responsibility for Light Rail Systems Department:

- + *Overhead Catenary System* – responsible for 15 miles of overhead wire;
- + *Track Structures* – upkeep of over 16 miles of mainline and yard tracks;
- + *Train Control Systems* – maintain 24 signal locations in the downtown Norfolk area and nine gated crossings;
- + *Traction Power* – responsible for seven Track Power Substations; and
- + *Traffic Sensors* – provide support for 34 traffic sensors.

RAIL MAINTENANCE SERVICES

Initiatives

1. Continue to identify issues during preventive maintenance and correcting them, ensuring there is no impact on revenue service; and
2. Develop in-house training to alleviate the need for outside contractors which will cut costs.



| | FY14/15 Actual | FY15/16 Budget | FY16/17 Budget | % of Total |
|-------------------------|---------------------------|---------------------------|---------------------------|-----------------------|
| ■ Personnel Services | \$2,533,500 | \$2,567,100 | \$2,615,400 | 73.6% |
| ■ Contracted Services | 111,300 | 471,400 | 272,000 | 7.7% |
| ■ Materials & Supplies | 502,100 | 541,400 | 608,500 | 17.1% |
| ■ Fees, Licenses & Misc | 31,900 | 87,200 | 55,100 | 1.6% |
| | \$3,178,800 | \$3,667,100 | \$3,551,000 | 100.0% |

RAIL TRANSPORTATION SERVICES

The Tide light rail service extends 7.4 miles from the Eastern Virginia Medical Center complex east through downtown Norfolk to Newtown Road at the border of Virginia Beach. It is served by 11 stations and 4 park-and-ride lots.

DEPARTMENTS

Light Rail Transportation Services: The Light Rail Transportation Services department is charged with providing customers with quality rail transportation service. The department consists of:

- + 25 light rail operators, responsible for providing safe and reliable service while maintaining on time performance at all times;
- + 12 controller/dispatchers, who provide professional support and assistance while serving our customers;
- + 1 Manager of Rail who is responsible for the daily operation and supervision of the rail transportation department; and
- + 1 Manager of Training, who is responsible for the development and implementation of all aspects of light rail operations.

Rail Training: The Rail Training department is responsible for training all Rail Operators and Rail Controllers on the operation of the rail vehicles and associated operating rules and procedures. Rail Controllers and Operators are refreshed each year on existing and updated rules and regulations. Training staff also instructs new rail maintenance personnel on the operation of the rail vehicle in the rail yard. Since The Tide operates only 9 vehicles, much less than the almost 300 buses, approximately 5-10 Rail Operators go through the training program each year.

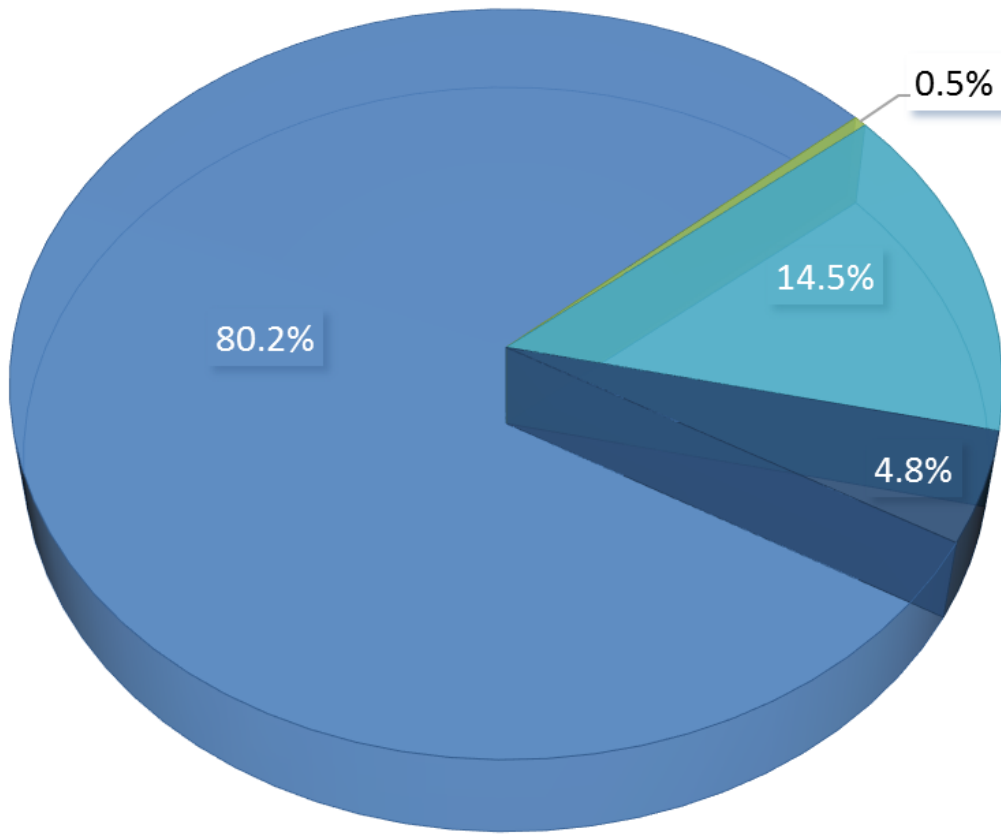
The department also offers training of Track Access, which is required training for anyone that will be accessing our alignment or Right-of-Way. The personnel consist of HRT Rail Systems employees, City Public Works, Police and Fire Department.

Every year, this department participates in a Rail Rodeo, similar to Bus Rodeo, where Operators are evaluated on categories such as uniform appearance, safety, customer service, inspections, and an operating course. Winners have the opportunity to represent Hampton Roads Transit at the International level and compete with other transit companies nationwide.

Initiatives

1. Maintain and improve 98% on-time rail performance;
2. Reduce the number of rule violations; and
3. Reduce the number of overtime hours.

RAIL TRANSPORTATION SERVICES



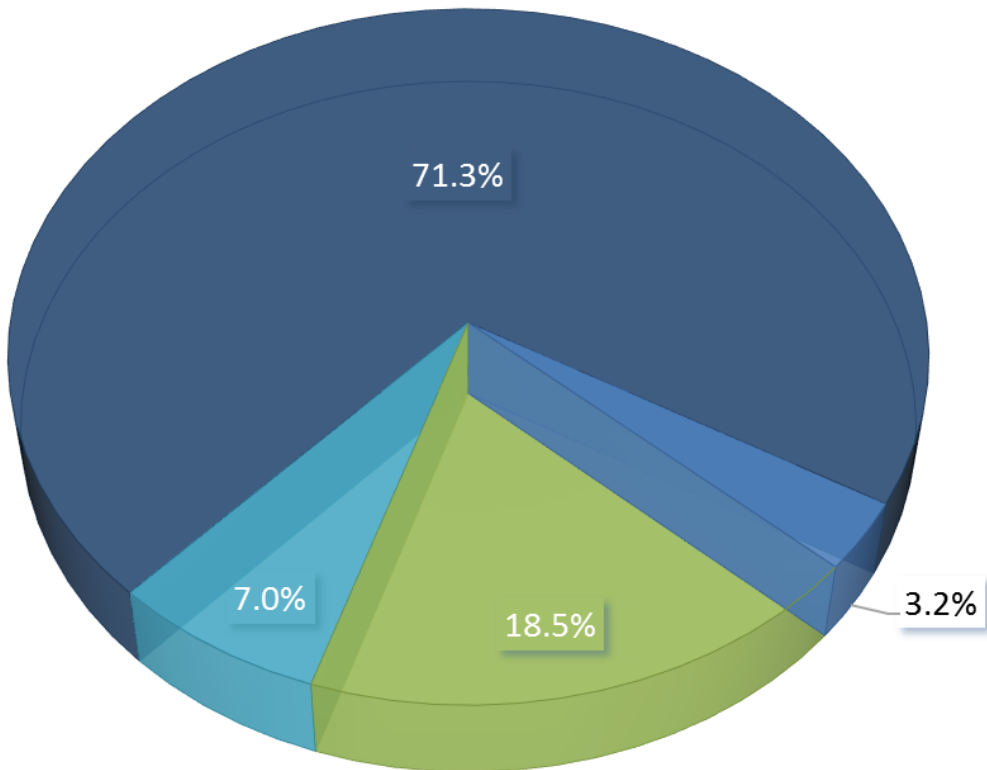
| | FY14/15 Actual | FY15/16 Budget | FY16/17 Budget | % of Total |
|-------------------------|---------------------------|---------------------------|---------------------------|-----------------------|
| ■ Personnel Services | \$ 2,289,700 | \$ 2,080,900 | \$ 2,324,400 | 80.2% |
| ■ Contracted Services | 12,000 | 14,600 | 13,500 | 0.5% |
| ■ Materials & Supplies | 378,000 | 420,000 | 420,000 | 14.5% |
| ■ Fees, Licenses & Misc | 150,000 | 147,000 | 139,000 | 4.8% |
| | \$ 2,829,700 | \$ 2,662,500 | \$ 2,896,900 | 100.0% |

FERRY SERVICES

Hampton Roads Transit presently contracts with Norfolk-by-Boat to provide ferryboat service on the Elizabeth River between Downtown Norfolk and Olde Town Portsmouth. The Agency also provides special event services to Harbor Park Stadium, home to Norfolk’s Minor League Baseball team, The Tides. The fleet consists of three, HRT-owned T-class, 150-passenger ferries that operate with dual control twin diesel engines. The ferries offer historical charm including smoke stacks, a canvas roof, and a paddlewheel. They’re fast, economical and offer a unique view of the river and the waterfront. Ferry service operates every 30 minutes with 15-minute service during the summer at peak times on weekends. Schedules are subject to change based on operating situations such as special events and weather but are often utilized by commuters and tourists wishing to escape miles of congested highways. Like all HRT transit vehicles, the ferry is wheelchair accessible and allows boarding passengers to walk on with their bicycles. The ferry service operates approximately 6,500 service hours annually.

Initiatives

1. Complete one Coast Guard dry-dock inspection;
2. Complete production of new ferry boats; and
3. Dock upgrades and expansions.



| | FY14/15 Actual | FY15/16 Budget | FY16/17 Budget | % of Total |
|--------------------------|--------------------|--------------------|--------------------|---------------|
| Personnel Services | \$ 35,400 | \$ 35,900 | \$ 38,800 | 3.2% |
| Contracted Services | 366,500 | 285,000 | 225,000 | 18.5% |
| Materials & Supplies | 98,900 | 115,000 | 85,000 | 7.0% |
| Purchased Transportation | 821,100 | 843,300 | 866,500 | 71.3% |
| Total | \$1,321,900 | \$1,279,200 | \$1,215,300 | 100.0% |

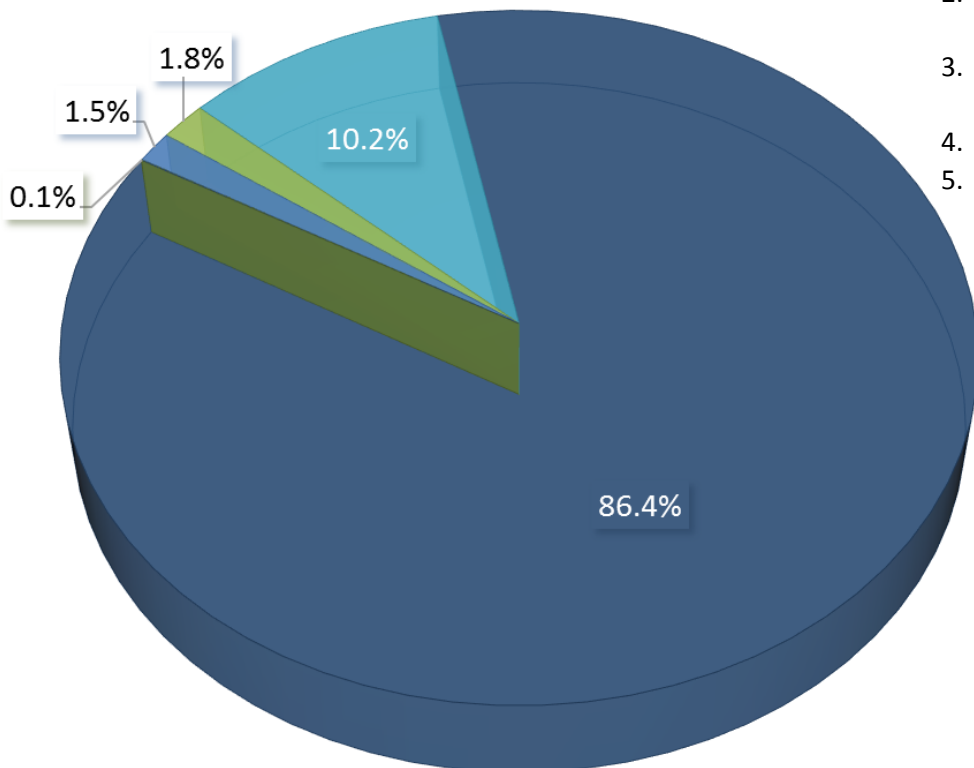
PARATRANSIT SERVICES

Paratransit service works side-by-side with our fixed route services in a “demand-response” capacity, meaning eligible customers call in advance for the service to be delivered. A fare is required for each ride. These services are federally mandated by the American with Disabilities Act (ADA) of 1990. Persons with disabilities are entitled to the same public transit opportunities that everyone else uses and enjoys. Paratransit services operate the same days and hours as the regular service and are limited to the same areas as HRT’s fixed route bus service. HRT provides an origin to destination service within ¼ miles of the nearest fixed route service. Hampton Roads Transit contracts to multiple service providers who handle all of the daily operations, scheduling, call center, and ticket sales for our Paratransit service. The Agency also contracts a provider to determine eligibility of new customers and recertification of current users. HRT’s Paratransit staff provides all oversight of daily operations and customer information and organizes the Paratransit Advisory Group.

The fleet dedicated to HRT’s Paratransit service is comprised of 76 Agency-owned lift-equipped cutaway passenger vans and 3 Agency owned 15-passenger vans complemented by 29 sedans which are provided by the service contractor.

Initiatives

1. Offer training to other agency providers explaining how to apply and use Paratransit services for their clients;
2. Offer monthly information sessions for newly certified customers to explain how to use the Paratransit system;
3. Improve on time performance from current standard of 93% to a standard of 95% and above;
4. Online scheduling and checking on the status of trips for our customers; and
5. Reduced backlog of client applicants from almost 100 down to zero.



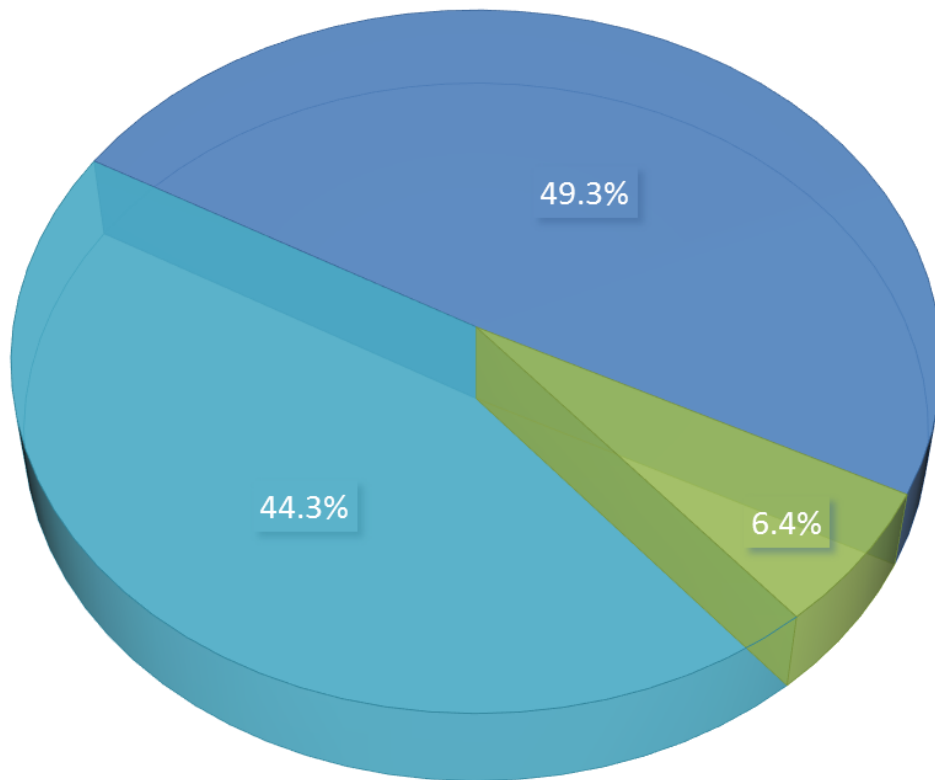
| | FY14/15 Actual | FY15/16 Budget | FY16/17 Budget | % of Total |
|--------------------------|--------------------|--------------------|--------------------|---------------|
| Personnel Services | \$ 134,200 | \$ 120,300 | \$ 130,200 | 1.5% |
| Contracted Services | 163,100 | 144,600 | 159,300 | 1.8% |
| Materials & Supplies | 1,321,100 | 1,256,800 | 897,000 | 10.2% |
| Purchased Transportation | 7,543,800 | 7,143,700 | 7,585,000 | 86.4% |
| Fees, Licenses & Misc | 10,600 | 3,200 | 3,200 | 0.1% |
| | \$9,172,800 | \$8,668,600 | \$8,774,700 | 100.0% |

SUPPORT VEHICLE SERVICES

Staff maintains a fleet of 134 non-revenue (or support) vehicles used by HRT employees for company business. The department performs all scheduled maintenance and repairs for the support vehicles and is responsible for tracking mileage and drivers and ensuring proper usage of fleet vehicles. The gasoline maintenance facility is located in Norfolk and is staffed with three gasoline mechanics and 1 cleaner. Annual mileage for the support fleet is approximately 1.3 million miles.

Note on Van Pool:

A total of 44 of the vehicles previously assigned to our vanpool services were reassigned to fulfill the requests and requirements of various HRT departments. The remainder was sold at auction. A total of 85% of the original vanpool maintenance budget was re-allocated to support vehicle services in the FY15/16 budget, following the transfer of those vehicles from vanpool service to fleet support service. Historically, vehicles having multiple drivers cost more to maintain than vehicles having one operator. The maintenance costs for these units are assumed to be consistent with the current cost for maintenance of support vehicles with similar histories. Based on FY16/17 budget requests, the increased annual cost of maintenance for vehicles reapportioned (from both paratransit and vanpool) is about \$34,000.



| | FY14/15 Actual | FY15/16 Budget | FY16/17 Budget | % of Total |
|------------------------|---------------------------|---------------------------|---------------------------|-----------------------|
| ■ Personnel Services | \$198,200 | \$261,100 | \$259,200 | 49.3% |
| ■ Contracted Services | 28,100 | 33,000 | 33,500 | 6.4% |
| ■ Materials & Supplies | 323,500 | 322,500 | 233,500 | 44.3% |
| | \$549,800 | \$616,600 | \$526,200 | 100.0% |



THE STAKES COULD NOT BE HIGHER.

Cities and regions around the United States, just like Hampton Roads, are increasingly realizing they need to find ways to expand and improve their transit offerings in order to meet public demand, be economically competitive, and enjoy better quality of life.

How can we effectively and efficiently connect people and places across Hampton Roads, providing them better access to jobs, education, retail and recreational opportunities with a better multimodal transportation system?

The answer might be Connect Hampton Roads®.

WHAT IS CONNECT HAMPTON ROADS®?

Connect Hampton Roads® is an effort to shape and implement a new plan for better regional mobility to support economic prosperity and quality of life for communities across the region.

Its overarching goal is to support outcomes that are essential to the region's long-term success:

- + Meet current and future demand for travel options other than driving and being stuck in traffic;
- + Support the region's workforce and families;
- + Attract and retain businesses;
- + Support healthy and thriving communities; and
- + Diversify the regional economy.

BACKGROUND

Connect Hampton Roads® emerged in early 2014, following a series of meetings hosted at the Virginia Peninsula Chamber of Commerce and at Hampton Roads Transit offices on the Southside. Over 126 business, military, and community leaders from throughout Hampton Roads convened for a series of roundtable discussions concerning the importance of regional mobility and its impact on the region's economic vitality and quality of life. After further due diligence exploring what other cities and regions are doing to plan and implement better multimodal transportation options (for example, Charlotte, Tampa, Austin, Indianapolis, and Northern Virginia), the concept of Connect Hampton Roads® was born. The governing board of Hampton Roads Transit formally kicked off Connect Hampton Roads® by resolution on June 26, 2014.

CONNECT HAMPTON ROADS®

Getting significant public involvement early in the process was the first step toward developing a preliminary Connect Hampton Roads® plan.

Through October 2014, a regional survey was conducted and outreach occurred at more than 60 events from Suffolk to Williamsburg and every city in between. Early engagement also occurred with key stakeholders among educational institutions, healthcare, military, business and community organizations.

Over 13,800 respondents, including current transit customers and citizens who seldom or never commute using public transportation, participated in the Connect Hampton Roads® regional survey. This was the most public input for a multimodal transportation planning effort in the history of the region.

WHY IS THIS SO IMPORTANT?

Communities around the United States are investing in a diversity of transportation options to support their economic prosperity and quality of life. Like these places, Hampton Roads is competing nationally and even globally to attract and retain businesses, to support its workforce and families, to diversify its economy and meet changing multi-generational demands for commuting alternatives to driving and traffic congestion. This includes the so-called “millennial” generation, who will be the dominant segment of the workforce for many decades and who are choosing to live and work in places with access to quality transit. It also includes older Americans, who are retiring in greater numbers and looking for new lifestyle options that include getting around without having to rely solely on driving.

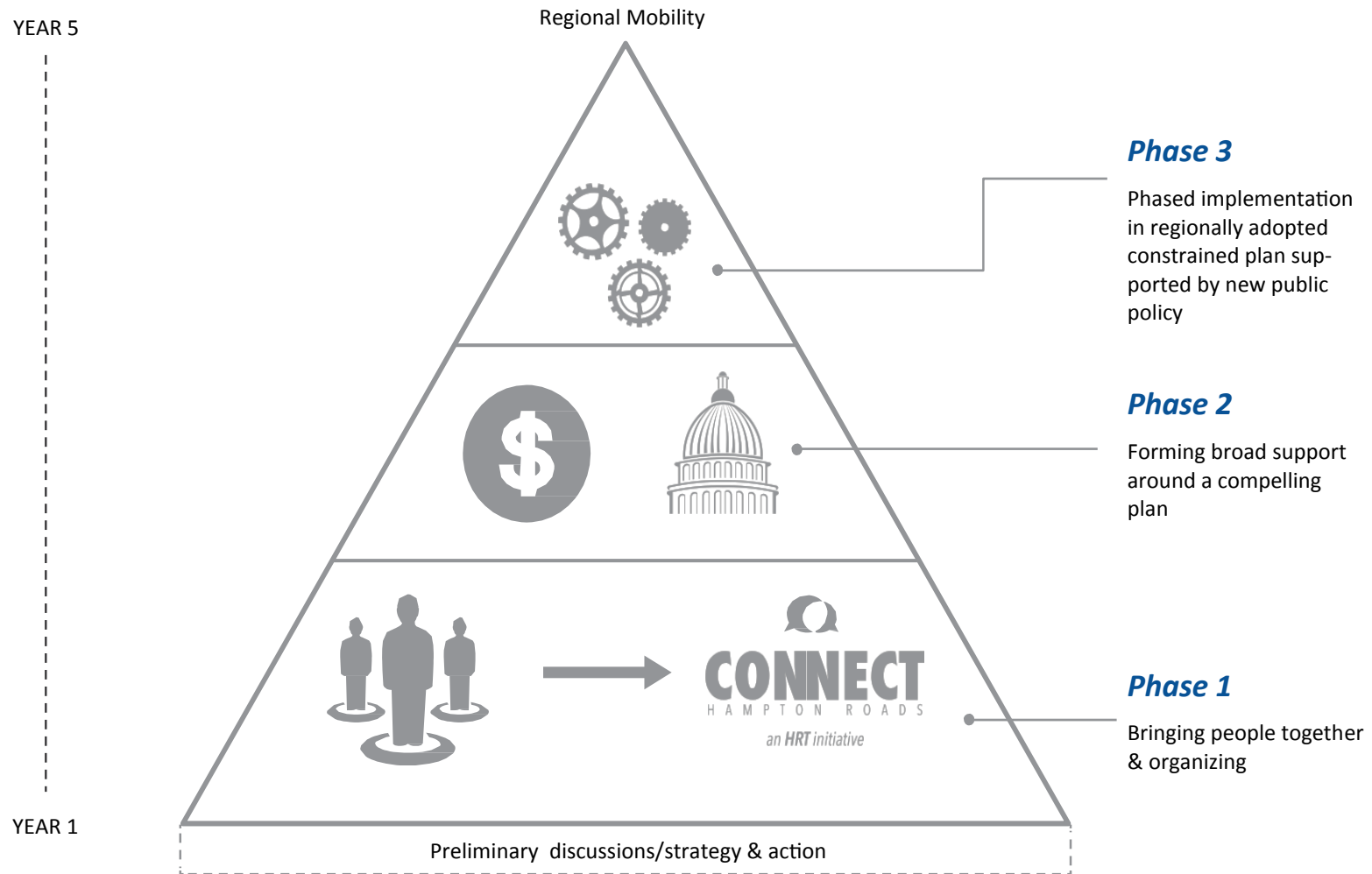
The prosperity and quality of life of communities across our region – both now and for generations to come – is linked directly to the quality of our transportation system. This includes improved roads, bridges, and tunnels, as well as light rail, ferries, new bike and pedestrian pathways, more reliable and convenient bus service with quality customer amenities, new park-and-ride options, and better passenger rail connections.

WHAT ARE THE NEXT STEPS?

Through 2015-2016, work has been completed by transportation experts to develop a preliminary set of targeted investments to create a better regional multimodal system. This initial set of potential improvements are grouped under six “pillars” that include expanding high capacity transit (for example, light rail, fast ferry, and bus rapid transit), enhanced bus services, state-of-the art technologies and improved customer amenities, an enhanced network of park-and-rides, and supporting infrastructure. Preliminary cost information is currently being developed and next steps will require refining the plan and determining prioritization, phasing, and funding scenarios.

Through collaboration and willingness to drive a bold new agenda forward, stakeholders across Hampton Roads can work together to develop and implement a robust, high quality regional transit system. This is what Connect Hampton Roads aspires to enable. For its part, as reflected in the Commission’s resolution adopted June 26, 2014, Hampton Roads Transit is committed to openness, public involvement, rigorous planning and financial analysis, and coordination with regional stakeholders in developing and implementing a bold new mobility agenda. Let’s Connect Hampton Roads®!

CONNECT HAMPTON ROADS®



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CAPITAL IMPROVEMENT PLAN FISCAL YEARS 2016 - 2022

BACKGROUND

Hampton Roads Transit's (HRT) Capital Improvement Plan (CIP) is a six-year capital program developed to mirror the Commonwealth of Virginia's planning horizon; HRT's CIP includes one extra year, the current one – FY15/16 – to ensure that the baseline has been adequately reviewed and reflected. The Plan captures all agency capital project needs and their costs and reflects critical needs, not wish-list items.

HRT developed its first comprehensive CIP in 2012 and has committed to updating the six-year plan on an annual basis. The CIP was developed collaboratively with input from every department in the agency, and capital projects were prioritized for funding based on an objective evaluation. This CIP is financially constrained by projected capital revenue over the next six-years but shows the full list of capital needs and their costs for future funding.

For the last two year's HRT has been working to improve its capital budget situation. In FY14/15 the agency instituted a policy that preserves a minimum of 12.5 percent of federal formula funds for capital projects. To meet this goal over the last year the agency has aggressively tackled its operating costs and plans to deliver its FY15/16 budget below FY14/15 costs.

The fiscal years 2016 to 2022 CIP update follows the same basic scope as last year's CIP and focuses primarily on the six years beginning in FY16/17; FY15/16, the fiscal year that the agency is currently in, is included as a baseline. Like last year, the CIP includes a complete list of capital needs, a priority rating for each need, and a constrained capital program for what can be funded based on anticipated revenues and funding eligibility. The most significant change to the methodology this year was a wholesale redesign of the agency's capital prioritization process to better align scoring criteria with agency objectives.

APPROACH

HRT's CIP was developed in a systematic way by employing a consultant to help HRT staff identify, prioritize, and develop costs for a wide variety of capital needs for the agency over the mid-range planning horizon. The CIP was developed following the main steps outlined in Figure 1.

CAPITAL IMPROVEMENT PLAN FISCAL YEARS 2016 - 2022

FIGURE 1: PROCESS FOR DEVELOPING THE HRT CIP



CAPITAL IMPROVEMENT PLAN FISCAL YEARS 2016 - 2022

KEY FINDINGS

While the CIP is a capital plan, the capital budget is inextricably linked to the operating budget; the more federal formula funds kept for capital needs, the less is available for operations. Likewise, keeping federal formula funds for preventive maintenance in the operating budget means that there is less available for critical capital needs. Additionally, lower levels of capital investments increase operating costs as aging assets require more maintenance. In the course of developing this CIP, as with the previous Capital Improvement Plans developed by the agency over the past several years, it became apparent that HRT's anticipated revenues are not keeping pace with growing costs. There is not enough funding for the agency to meet its basic capital needs—even with assumptions about continued high levels of state capital grants. Similarly, the operating budget (which is discussed in greater detail in the agency's Transit Development Plan, or TDP) continues to maintain a balanced budget by using federal formula funds for preventive maintenance; even with this boost, the agency is projected to experience an operating shortfall beginning in FY16/17.

It is critical to note that these shortfalls are not due to excessive costs; in fact, HRT's operating costs are 32 percent below the aggregate national hourly cost of providing transit service. The agency continues to aggressively pursue operating cost savings and plans to deliver its FY15/16 operating budget below FY14/15 expenses. The shortfalls are also not due to an unreasonable level of service; HRT ranks low compared to its peer agencies in terms of transit service provided per capita. Without a source of dedicated funding, HRT will continue to struggle to fully fund its capital needs and its daily operations. A reliance on state and federal funding means that the agency's financial future is tied to sources HRT has little control over.

DEVELOPING CAPITAL PROJECT NEEDS

The HRT Capital Improvement Plan (CIP) for Fiscal Years 2016 - 2022 update is based off of the results from last year's CIP update. In August 2015 the CIP team met individually with project "owners" from all departments, along with HRT's Senior Executive Team (SET) to determine what changes should be made to the annual CIP update. Based on these meetings the following actions were taken:

- + Projects were removed from the CIP either because they were completed, were a duplicate of another project, or because the SET team determined they no longer represented a capital need;
- + New capital needs were added to the CIP;
- + Projects remained in the CIP but their scopes were modified;
- + Projects were split to accommodate upgrades and phasing schedules;
- + Projects remained unchanged from the previous year; and
- + Four Critical Needs Plans were created to focus on HRT fleet, facilities, information technology, and safety and security.

Overall there were 75 line-item projects initially submitted to the 2015 CIP. Thirty five projects dropped out of the CIP this year while ten new projects were added. The decrease in the total number of projects is due to projects being removed as a need, labeled an operations project, or completed in the last fiscal year. Of the 75 projects included in this year's CIP, 57 are entirely or partially unfunded; the CIP focuses on funding these 57 needs as they compete for the limited amount of funding that is unallocated to specific projects.

CAPITAL IMPROVEMENT PLAN FISCAL YEARS 2016 - 2022

Individual projects with closely related scopes are grouped together into 51 Project Groups. These groups, shown in Table 1, formed the basis of this year’s prioritization efforts. Projects in Table 1 are assigned a status to indicate whether a project has an unfunded need (Unfunded), or whether it is fully funded but still underway (Active).

PROJECT COSTS

The total value of the 57 un-programmed projects included in this year’s CIP update (the financially unconstrained value) is \$188.7 million (year of expenditure dollars).

HRT’s capital costs in this document represent only the un-programmed needs of a project as of October 2015. An un-programmed needs represent the value of a project that has not been awarded a grant and/or state match funds. In many cases, existing funds cover a portion of the project cost; in these instances, the project need represents only the remaining balance. Once a project is awarded its full funding, it is considered complete for the purposes of the CIP.

In reality, once funds have been obligated by the grantor, they may not be immediately spent by HRT for various reasons ranging from procurement lead time (e.g., the average bus takes 18 months to procure) to delays in assembling the necessary funding to complete a project.

TABLE 1: PROJECTS INCLUDED IN THE 2016 - 2022 CIP

| PROJECT ID | PROJECT NAME | DESCRIPTION | STATUS |
|------------|--|--|----------------------------|
| EF01 | 3400 Victoria Boulevard Renovations | Renovate 3400 Victoria Boulevard, the operating and administrative facility for HRT's Northside operations. | |
| EF01-A | 3400 Victoria Boulevard Phase 1 | <i>Phase 1 will address the most immediate needs at the facility. This phase will focus on replacing the building's core components such as the roof, HVAC, plumbing. The maintenance areas will be renovated and properly sealed off from the elements. The building will receive improved insulation to improve energy efficiency.</i> | Active |
| EF01-B | 3400 Victoria Boulevard Phase 2 | <i>Complete additional renovations not funded in Phase 1. HRT is currently reviewing bids for the first phase of work to determine what portion of the scope will be completed in Phase 2.</i> | Unfunded (scope undefined) |
| EF03 | Newtown Road Park and Ride Maintenance | This project will fund state of good repair investments at the Newtown Road Park and Ride | Active |
| EF04 | Norfolk Tide Facility Maintenance and Energy Efficiency Upgrades | This project will implement energy efficiency upgrades at the Norfolk Tide Maintenance Facility. Currently the Tide facility is costly to operate due to its energy inefficiency. These upgrades will lower operating costs and help make the facility more environmentally sustainable. | Active |

CAPITAL IMPROVEMENT PLAN FISCAL YEARS 2016 - 2022

TABLE 1: PROJECTS INCLUDED IN THE 2016 - 2022 CIP

| PROJECT ID | PROJECT NAME | DESCRIPTION | STATUS |
|------------|---|--|---------------|
| EF09 | Parks Avenue Garage Relocation and Replacement | This project will relocate Virginia Beach's Parks Avenue maintenance facility. The current facility is too small and lacks the proper clearance to allow for use of a bus lift. Because of these restrictions, HRT can only use the facility during the peak season. In the winter, buses must deadhead from Norfolk, costing the agency money and reducing operating efficiencies. A new facility will allow for all-year operations and be large enough to accommodate maintenance work locally. | Unfunded Need |
| EF15 | Trash Compactors | This project will fund the purchase of solar trash compactors. These trash cans provide the agency operational benefits by requiring emptying only a third as often as traditional trash cans. These units can be placed at high traffic or difficult to reach locations to improve the efficiency of trash pickup services. | Unfunded Need |
| EF16 | Sustainability and Environmental Compliance Initiatives | Fund ongoing sustainability and environmental efforts within the agency. | Active |
| EF17 | Operator Restroom Program | Program to construct restrooms at transit centers. Restrooms will provide an additional customer amenity while also providing operators access to a bathroom during layovers. | Unfunded Need |
| EF24 | ADA Bus Stop Access Upgrades | Fund ADA improvements at bus stops. Due to the poor state of accessibility region-wide, this project will not be able to fund all of HRT's desired ADA improvements. HRT hopes to partner with its jurisdictions to continue to support accessibility improvements to bus stops. | Unfunded Need |
| EF33 | Bus Stop Amenity Program | This project will fund an agency-wide bus shelter amenity program, including funding for new shelters, benches, trash cans, and lighting. | Unfunded Need |
| EF36 | HRT Paving Program | HRT is responsible for maintaining hundreds of thousands of square feet of paved area, including parking lots, transit centers, and at maintenance facilities. The agency lacks a dedicated fund to regularly repair pavement. This program will establish capital funds to repave high-need locations. | Unfunded Need |
| EF38 | System-Wide Transit Center and Park & Ride Improvements | This project encompasses the replacement and upgrade of bus passenger facilities across the HRT system. | |

CAPITAL IMPROVEMENT PLAN FISCAL YEARS 2016 - 2022

TABLE 1: PROJECTS INCLUDED IN THE 2016 - 2022 CIP

| PROJECT ID | PROJECT NAME | DESCRIPTION | STATUS |
|------------|---|--|---------------|
| EF05 | Newport News Transit Center Upgrades | <i>This project will maximize the existing facility by resurfacing/repaving the bus loop, augmenting and improving the efficiency of lighting, repurposing office space, and conducting additional rehabilitation on heavily used restrooms and waiting areas. The project will address public facilities in need of repair, lighting, and degradation of the bus loop.</i> | Unfunded Need |
| EF06 | Hampton Transit Center Upgrades | <i>This project will maximize the existing facility by resurfacing/repaving the bus loop, replacing shelters, augmenting and improving the efficiency of lighting, repurposing office space, and conducting additional rehabilitation on heavily used restrooms and waiting areas. The project will address public facilities in need of repair, lighting, and degradation of the bus loop.</i> | Unfunded Need |
| EF07 | Wards Corner Transfer Center Upgrades | <i>This project will upgrade the Wards Corner Transfer Center with improved landscaping, better lighting, a new camera surveillance system, and restrooms.</i> | Unfunded Need |
| EF10 | Evelyn T Butts Transfer Center Upgrades | <i>This project will replace the existing Evelyn T. Butts transit center with a new facility on the scale of Wards Corner transfer center. The goals of the project is to provide HRT customers a more conveniently located transit center with upgraded amenities. This project includes the procurement of land and build-out of the facility. The existing transit center serves a large number of riders but is poorly located and provides minimal amenities like lighting and shelters.</i> | Unfunded Need |
| EF11 | Silverleaf Transfer Center Upgrades | <i>This project will implement improvements to the Silverleaf Transfer Center, including improvement to the facilities, aesthetic appearance, and energy efficiency. It will include replacement of the bus lanes and bays with concrete pads and lighting improvements. While there is not much local bus activity here, Traffic vanpools and MAX service to the base pick up here. It is not clear if HRT should be conducting these upgrades or if there should be a new agreement with VDOT or the City of Virginia Beach.</i> | Unfunded Need |
| EF18-A | Victory Crossing Park and Ride Phase 2 | <i>This project will construct a Park and Ride at Victory Crossing transit center. As part of the upgrade, the facility will get improved landscaping and public restrooms.</i> | Unfunded Need |
| EF18-B | Victory Crossing Safety Upgrades | <i>This project will improve safety and security at the Victoria Crossing transit center. Its scope includes improved lighting and camera surveillance at the existing site.</i> | Unfunded Need |
| EF19 | Greenbrier Mall Park and Ride | <i>This project will upgrade a portion of the parking lot at the Greenbrier Mall into a Park and Ride. The site will see the installation of new bus pads and a passenger waiting area with shelters, lighting, and seating.</i> | Unfunded Need |

CAPITAL IMPROVEMENT PLAN FISCAL YEARS 2016 - 2022

TABLE 1: PROJECTS INCLUDED IN THE 2016 - 2022 CIP

| PROJECT ID | PROJECT NAME | DESCRIPTION | STATUS |
|------------|---|--|---------------|
| EF20 | Denbigh Fringe Transfer Facility Upgrade | <i>This project will create a park and ride lot on an existing parking lot at the end of a bus route through the addition of bus shelters, signage, and striping. It will also include construction of an operator restroom to provide bus operators with a safe and secure place to use the restroom.</i> | Unfunded Need |
| EF21 | 20th and Seaboard Upgrades | <i>This project will provide a central location for bus pick up and transfers, with shelters for customers, layover space, and new operator restrooms. The improvements will provide a safe environment for customers and operators and provide an upgraded transfer facility at this busy location to help make the Southside commensurate with the Northside with regard to passenger and operator amenities. The City of Chesapeake has committed to funding construction of the project.</i> | Active |
| EF22 | Reon Driver Transfer Center Upgrades | <i>This project will construct a transit center with two bus bays to provide a sheltered waiting area for customers, parking for customers, layover space, and provide restrooms for operators to use. The project will provide an aesthetically appealing area for customers and be similar, but smaller, to the Wards Corner transfer center.</i> | Unfunded Need |
| IT01 | HASTUS | HASTUS is the scheduling software used by HRT for bus operations. | |
| IT01 | HASTUS | <i>The existing software has reached the end of its useful life and will need to be replaced by a newer version of the software.</i> | Active |
| IT01-U | HASTUS (Upgrade) | <i>This project will upgrade HASTUS five years after the software is implemented to ensure the system continues to be supported and functions properly.</i> | Unfunded Need |
| IT02 | Automatic Vehicle Locaters / Automatic Passenger Counters | This project would replace and upgrade HRT's onboard CAD/AVL systems. These systems allow the agency to track vehicle location and passenger boardings. This upgrade is a prerequisite for the agency to provide real-time passenger information. | Unfunded Need |
| IT03 | Large Technology Infrastructure | This project will assess and replace larger information technology hardware that typically has longer life spans. Investments will improve upon such items as data closets, server rooms, telecommunications, routers, switches, uninterruptible power supplies (UPS), power, and planning for implementation of technology upgrades. | Unfunded Need |
| IT05 | Technology Hardware, Mobile and Network Equipment | Project to replace hardware such as computers, servers, and mobile devices used by HRT employees. | Unfunded Need |

CAPITAL IMPROVEMENT PLAN FISCAL YEARS 2016 - 2022

TABLE 1: PROJECTS INCLUDED IN THE 2016 - 2022 CIP

| PROJECT ID | PROJECT NAME | DESCRIPTION | STATUS |
|------------|-------------------------------------|---|---------------|
| IT07 | Bus Technology Fare Payment Upgrade | Initiative to upgrade fareboxes across the agency to fast fare. The project consists of two components—backend investments necessary to make fast fare enabled fareboxes work, and upgrades for existing fareboxes to make them compatible with the technology. | Unfunded Need |
| IT08 | IT Network Security | Initiative to strengthen HRT's IT security to make existing systems more resilient in the face of growing cyber security threats. | Unfunded Need |
| IT09 | Real-Time Passenger Displays | | |
| IT09-A | Displays at Bus Facilities | <i>Purchase and installation of digital signs that will display bus arrival information and system alerts. HRT plans to eventually have displays at all major transfer locations. The top priority locations are HRT's busiest transfer hubs: Downtown Norfolk Transfer Center, Hampton Transfer Center, and Newport News Transfer Center. IT 19 is a prerequisite to implementing the project.</i> | Unfunded Need |
| IT09-B | Displays at LRT Stations | <i>Purchase and installation of digital signs that will display light rail arrival information and system alerts. HRT plans for a total of 22 displays to be located at all existing Tide Stations.</i> | Active |
| IT12 | Onboard Wi-Fi | Project to implement on-board Wi-Fi across HRT's bus fleet | Unfunded Need |
| IT13 | Phone Monitoring System | | |
| IT13 | Phone Monitoring System | <i>HRT is in the process of upgrading its phone monitoring system to record audio on HRT customer service lines, across its radio network, and at the operations control centers.</i> | Active |
| IT13-U | Phone Monitoring System (Upgrade) | <i>Once implemented, the system will require an upgrade to sustain the system at a state of good repair within the next six years.</i> | Unfunded Need |
| IT15 | Mobile Vault System | Purchase and install new mobile cash vaults for 3400 Victoria Boulevard. These vaults will provide HRT a closed cash-handling system, improving agency security. | Unfunded Need |
| IT16 | Financial Information Software | | |
| IT16 | Financial Information Software | <i>Acquire new Financial Information Software to replace HRT's outdated system. The agency relies on this software to handle agency financial processes, track asset depreciation, track procurement, support NTD reporting, and for cash management.</i> | Unfunded Need |

CAPITAL IMPROVEMENT PLAN FISCAL YEARS 2016 - 2022

TABLE 1: PROJECTS INCLUDED IN THE 2016 - 2022 CIP

| PROJECT ID | PROJECT NAME | DESCRIPTION | STATUS |
|------------|--|--|---------------|
| IT16-U | Financial Information Software (Upgrade) | Upgrade Financial Information Software to ensure the future system is maintained properly and continues to be supported by the software vendor. | Unfunded Need |
| IT17-U | PeopleSoft HCM (Upgrade) | Upgrade PeopleSoft HCM Software to ensure the future system is maintained properly and continues to be supported by the software vendor. | Unfunded Need |
| IT19 | Real Time System | Real Time Systems is a family of projects that would provide customers reliable real-time arrival information for buses. | Active |
| EF30-B | Bus Stop Signage Update: Real-Time Flag | The project would upgrade bus stop signage agency-wide to inform customers how to access real-time arrival information over the phone or online while waiting for the bus. This project is tied to the implementation of real-time passenger information (IT19). | Unfunded Need |
| IT19 | Real Time System | IT19 consists of backend software that allows HRT to output real-time information from its existing on-board automatic vehicle locators (AVL). | Active |
| IT19-U | Real Time System (Upgrade) | This project will fund the upgrade of HRT's real-time systems (IT19) five years after the initial implementation to ensure the system is maintained in a state of good repair. | Unfunded Need |
| IT19-W | Website Redesign for Real Time System | This project will upgrade HRT's website to support the provision of real-time arrival information. | Active |
| IT20 | IVR Phone System Upgrades | Upgrade the existing IVR phone system five years after initial implementation | Unfunded |
| IT21 | Ticket Vending Machines | Install replacement and expansion Ticket Vending Machines (TVM) for bus and ferry. | |
| IT21-B | TVMs for Bus Facilities | This project will replace existing ticket vending machines at the Virginia Beach Oceanfront along with installing new expansion TVMs and at key transfer locations. | Unfunded Need |
| IT21-F | TVMs for Ferry Docks | This project will install ticket vending machines at or nearby HRT's ferry docks. | Active |
| T22 | Asset Management System | Collection of projects to implement and maintain a transit asset management system at HRT. | |

CAPITAL IMPROVEMENT PLAN FISCAL YEARS 2016 - 2022

TABLE 1: PROJECTS INCLUDED IN THE 2016 - 2022 CIP

| PROJECT ID | PROJECT NAME | DESCRIPTION | STATUS |
|------------|---|---|---------------|
| EF28 | Facility Asset Management System | Develop a facility asset management system in coordination with the agency-wide effort. Conduct an inventory of facility assets. | Active |
| EF28-U | Facility Asset Management System (Upgrade) | This project funds the upgrade of the Facility asset management systems five years after the initial implementation. The project will fund maintenance on the software and any additional data collection that is necessary. | Unfunded Need |
| IT22 | Transit Asset Management System | The implementation of an agency-wide Transit Asset Management system. This project addresses agency audit findings and will allow HRT to better track its capital assets and implement new capital projects. | Active |
| IT22-U | Transit Asset Management System (Upgrade) | This project will upgrade the Transit Asset Management System within five years or the system's initial implementation to ensure the system continues to be supported. | Unfunded Need |
| IT23 | Transportation Statistics Database | This project will fund the procurement of a transit statistics database software that will allow HRT to automate reporting of statistics for purposes such as NTD. | Unfunded Need |
| NRF1 | Non-Revenue Fleet Funding | Project to procure new support vehicles for HRT. | Unfunded Need |
| OP03 | Ferry Dock Improvements | Project to improve HRT's ferry docks so that they are in a state of good repair. Investments include structural and aesthetic improvements that will ensure the docks are safe and capable of handling the new ferry fleet. | Active |
| OP09 | Centralized Command and Control Center | Project to create a centralized command center for HRT operations. The facility will accommodate bus dispatch and oversight, the light rail command center, emergency operations command center, paratransit dispatch, and paratransit eligibility screening. | Unfunded Need |
| OP10 | Ferries for Elizabeth River Service | Purchase of two new ferry boats for the Elizabeth River service. | Active |
| OP11 | Replace Paratransit Vehicles | Project to replace HRT's existing paratransit fleet when vehicles reach the end of their useful life as well as expand the fleet to meet ever-growing paratransit demand. | Unfunded Need |
| OP24 | Add Double Track at Medical Center LRT Terminus | Project to double track the western terminus of the Tide line at Medical Center. By double tracking this portion of the line HRT will be able to provide improved infrastructure redundancy, the ability to store spare vehicles at the end of the line, and the capability to improve service frequency. | Unfunded Need |
| OP28 | Bus Operator Driving Simulator | Procure a bus training simulator to be used to train HRT bus operators. | Unfunded Need |

CAPITAL IMPROVEMENT PLAN FISCAL YEARS 2016 - 2022

TABLE 1: PROJECTS INCLUDED IN THE 2016 - 2022 CIP

| PROJECT ID | PROJECT NAME | DESCRIPTION | STATUS |
|------------|---|--|---------------|
| OP31 | Light Rail Vehicle Paint and Body Shop | Construct a paint booth and body shop for HRT light rail vehicles. This facility would greatly expand the agency's ability to conduct light rail maintenance in-house. | Unfunded Need |
| OP33 | Transit Bus Replacement | Replace buses at the end of their useful life with new vehicles. This project includes a range of bus models, all of which will be equipped with the necessary fare collection and communication equipment. | Unfunded Need |
| OP37 | Bus Maintenance Training System | This program provides for performance based training using innovative teaching technologies and a two phase training curriculum with performance testing and the conclusion. The first phase of training would be computer-based knowledge transfer and activities, and the second phase will be instructor directed and would primarily be performing tasks on systems and using tools that the first phase has introduced. | Unfunded Need |
| OP38 | Transit Bus Mid-Life Repower Project | Project to conduct a mid-life repower of HRT's bus fleet at roughly six years into a vehicle's life. Repowers consists of major overhauls of a vehicle's powertrain, helping to increase vehicle reliability and ensure that HRT buses reach their maximum useful life. | Unfunded Need |
| OP39 | Transit Bus Overhaul Project | This project will conduct an end of life overhaul of buses that will increase lifespan of the buses past the recommended 12 years. Overhauls provide an alternative to purchasing new buses and, when combined with fleet replacement, allow the agency to more evenly distribute fleet investments over time. | Unfunded Need |
| OP46 | Bus Wash Air Door | Project to construct an air door at the entrance of HRT's Southside bus wash facility. The new door will seal in warmth and chemicals used in the wash. | Unfunded Need |
| OP47 | NTF Track Embedding | This project will embed the tracks at the Norfolk Tide Facility in order to allow trucks and heavy equipment to access the light rail vehicles. | Unfunded Need |
| PD02 | Regional Fixed Guideway Studies | | |
| PD02 | <i>Regional Fixed Guideway Studies</i> | <i>State and locally funded planning studies for fixed-guideway modes. Includes bus rapid transit and light rail corridor studies.</i> | <i>Active</i> |
| PD05 | <i>Naval Station Norfolk Transit Extension DEIS</i> | <i>State funded project to complete a draft environmental impact statement for extending the Tide light rail to the Norfolk Naval Station.</i> | <i>Active</i> |
| SGR05 | SGR Rolling Stock | Replace light rail bogies within the recommended timeframe. | Unfunded Need |
| SS02 | Upgrades Video Recording Equipment | Migrate HRT to a new onboard video recording system to improve system performance, flexibility, and maintenance. | |

CAPITAL IMPROVEMENT PLAN FISCAL YEARS 2016 - 2022

TABLE 1: PROJECTS INCLUDED IN THE 2016 - 2022 CIP

| PROJECT ID | PROJECT NAME | DESCRIPTION | STATUS |
|------------|---|---|---------------|
| SS02-B | Upgrade the Video Recording Equipment for Buses | Project to install video cameras on buses and LRT that will make all camera systems compatible and allow for streamlined and accurate downloading and saving of video footage. Video footage is used to validate customer complaints about operators, justify employee discipline and/or termination, and verify workers' compensation claims and auto claims from drivers involved in crashes with HRT buses. | Unfunded Need |
| SS02-L | Upgrade the Video Recording Equipment for LRT | Procure video recording equipment for LRT vehicles. | Unfunded Need |
| SS04 | Mobile Camera Units for Transfer Centers | Purchase four mobile camera units for transfer centers, likely to be used at Evelyn T. Butts, Wards Corner, 20th and Seaboard, and other transfer centers with security issues. Existing cameras will be mounted to a Safety and Security Surveillance Trailer that will be portable and easily deployed by HRT safety and security staff when temporary surveillance is necessary. | Unfunded Need |
| SS07 | Wayside Advance Warning Device (Upgrade) | Project to fund wayside advance warning devices. The wayside warning devices provide early warning of approaching trains to track work crews, track inspectors, walkers, and signal personnel. The devices that were purchased in FY16 will need to be replaced four years later. | Unfunded Need |
| SS08 | Embedded Lights | Project to purchase and install embedded roadway lights used to call attention to red traffic lights and approaching trains. A portion of the equipment has been funded, however funding is needed for installation. | Unfunded Need |
| SS10 | Emergency Management Software | Project to purchase and implement a web-based security reporting software. HRT serves six cities and has a security staff consisting of six different police departments and contracted security. This makes it challenging collecting and reporting incidents. The software will allow the reporter to attach evidence such as photographs, videos, and files that could be uploaded to a central location. This information is extremely important for record keeping and trending purposes as well as establishing some Key Performance Indicators. | Unfunded Need |
| SS11 | Emergency Operations Center (EOC) | Project to purchase the equipment needed to create a centralized emergency operations center (EOC) so that there can be coordinated emergency decision making that is responsible and incorporates all known details. It also is critical for providing emergency public information to officials and the public. A coordinated EOC also helps coordinated support for emergency responders and all the jurisdictions served by HRT. This EOC will assist with dispatching EDO's and FEO's and coordinating all emergency deployments and coordination with Light Rail Control center and Bus control center. | Unfunded Need |
| BL01 | Bus Lease Debt Servicing | Payment of existing lease-to-own bus leases at HRT. | 5339 Funding |

APPENDIX - GLOSSARY

Accrual Basis of Accounting is a method of accounting that recognizes the financial effect of transactions, events, and inter-fund activities when they occur regardless of the timing of related cash flows.

Adopt-A-Bus is an advertising program selling space on transit vehicle exteriors.

Adopted Budget is the budget once approved by the Commission.

Americans with Disabilities Act (ADA) was Passed by federal legislature in 1990, this Act provides comprehensive guidelines to protect disabled individuals against discrimination.

Budget Resolution is the official enactment of the Commission establishing authority for HRT to spend resources.

Bus is a mode of transit service (also called **motor bus**) characterized by roadway vehicles powered by diesel, gasoline, battery, or alternative fuel engines contained within the vehicle. Vehicles operate on streets and roadways in fixed-route or other regular service. Types of bus service include local service, where vehicles may stop every block or two along a route several miles long. Other types of bus service are **express service**, **limited-stop service**, and **bus rapid transit (BRT)**.

Capital Spending is the obligation of funds for the purchase of capital assets.

Casualty and Liability Expenses are the cost elements covering protection of the transit agency from loss through insurance programs, compensation of others for their losses due to acts for which the transit agency is liable, and recognition of the cost of a miscellaneous category of corporate losses.

Crossroads is a bus service from Norfolk to Hampton and vice versa utilizing Hampton Roads Bridge Tunnel.

Demand Service is a paratransit service where HRT responds to customer needs; different from Fixed Schedule service.

Earmarked Grant is a source of funding designated for specific projects / purposes.

Enterprise Fund is a proprietary fund type used to report an activity for which a fee is charged to external users for goods and services.

Equal Employment Opportunity is a program the agency utilizes to ensure that hiring is based on qualifications.

Fund Balance is a balance sheet category; ie. Assets - Liabilities = Fund Balance.

Federal Transit Administration is the branch of the US Department of Transportation that administers federal transit programs.

Ferry Boat is a transit mode comprising vessels carrying passengers and in some cases vehicles over a body of water, and that are generally steam or diesel-powered.

Formula Grant is a source of funding intended for multiple organizations based on some type of allocation.

Fringe Benefits are the payments or accruals to others (insurance companies, governments, etc.) on behalf of an employee and payments and accruals direct to an employee arising from something other than a piece of work.

Full Time Equivalent are a unit for measuring personnel according to the percentage of hours worked based on a 40-hour week.

Fund Transfers are the accounting of transfers between separate funds.

Government Funds, Federal (also called **Federal Assistance**) is financial assistance from funds that are from the federal government at their original source that are used to assist in paying the operating or capital costs of providing transit service.

APPENDIX - GLOSSARY

Government Funds, State (also called **State Assistance**) is financial assistance obtained from a state government (s) to assist with paying the operating and capital costs of providing transit services.

Government Funds, Local (also called **Local Assistance** or **Local Share**) is financial assistance from local governments (below the state level) to help cover the operating and capital costs of providing transit service. Some local funds are collected in local or regional areas by the state government acting as the collection agency but are considered local assistance because the decision to collect funds is made locally.

Grant Fund is a set of accounting records that tracks grant activity.

Grant Reimbursement is the application of funds to offset the cost of permitted / allowed disbursements.

Guideway (also called **Fixed Guideway**) is capital expense for right-of-way facilities for rail or the exclusive use of buses including the buildings and structures dedicated for the operation of transit vehicles including elevated and subway structures, tunnels, bridges, track and power systems for rail, and paved highway lanes dedicated to bus. Guideway does not include passenger stations and transfer facilities.

Income Auxiliary is revenue from sources aligned with transportation services such as advertising income.

Income Charter is revenue from special engagements and special transportation services.

Income Farebox is revenue collected in scheduled transit operations.

Income Non-Transportation is revenue not aligned with transportation services (i.e.; investment income, leases, sale of assets, etc.).

Indirect Cost is a cost necessary for the functioning of the organization as a whole but which cannot be directly assigned to one service.

Light Rail is a mode of transit service operating passenger rail cars singly (or in short, usually two-car or three-car, trains) on fixed rails in right-of-way that is often separated from other traffic for part or much of the way. Light rail vehicles are typically driven electrically with power being drawn from an overhead electric line via a trolley or a pantograph; driven by an operator on board the vehicle; and may have either high platform loading or low level boarding using steps.

MAP-21 (Moving Ahead for Progress in the 21st Century) is a law that was passed reauthorizing surface transportation programs through fiscal year 2014.

Materials and Supplies are the tangible products obtained from outside suppliers or manufactured internally. These materials and supplies include tires, fuel and lubricants. Freight, purchase discounts, cash discounts, sales and excise taxes (except on fuel and lubricants) are included in the cost of the material or supply.

Mission Statement is the statement provides long-term guidance to the agency's purpose and objectives. The mission statement is the basis of the agency's yearly objectives.

Mode is a system for carrying transit passengers described by specific right-of-way, technology, and operational features. Types of modes include bus, ferry, rail, and paratransit.

Other Miscellaneous Expenses is the sum of travel, leases and rentals, license and registration fees, miscellaneous expenses, and expense transfers.

Operating Budget is a total of all expenses (what it costs to run an organization).

Operating Expenses are expenses defined in support of directly providing service (transportation and maintenance).

APPENDIX - GLOSSARY

Paratransit is a mode of transit service (also called **demand response**) characterized by the use of passenger automobiles, vans or small buses operating in response to calls from passengers or their agents to the transit operator, who then dispatches a vehicle to pick up the passengers and transport them to their destinations. The vehicles do not operate over a fixed route or on a fixed schedule. The vehicle may be dispatched to pick up several passengers at different pick-up points before taking them to their respective destinations and may even be interrupted en route to these destinations to pick up other passengers.

Passenger Fare Revenue is revenue earned from carrying passengers in regularly scheduled and paratransit service. Passenger fares include: the base fare; zone premiums; express service premiums; extra cost transfers; and quantity purchase discounts applicable to the passenger's ride. Passenger Fare Revenue is listed only for operating revenue sources.

Passenger Miles is the cumulative sum of the distances ridden by each passenger.

Personnel Services is the sum of "Salaries and Wages" and "Fringe Benefits."

Platform Time is the portion of a drivers pay allocated to driving vehicles.

Public Transportation (also called **transit, public transit, or mass transit**) is transportation by a conveyance that provides regular and continuing general or special transportation to the public, but not including school buses, charter or sightseeing service.

Purchased Transportation is transportation service provided to a public transit agency or governmental unit from a public or private transportation provider based on a written contract. Purchased transportation does not include franchising, licensing operation, management services, cooperative agreements or private conventional bus service.

Regional Bus Plan involves use of CAD and AVL technologies in pursuit of better customer service.

Revenue Hours are the hours a vehicle spends devoted to the pursuit of earning revenues.

Revenue Service is the operation of a transit vehicle during the period which passengers can board and ride on the vehicle. Revenue service includes the carriage of passengers who do not pay a cash fare for a specific trip as well as those who do pay a cash fare; the meaning of the phrase does not relate specifically to the collection of revenue.

Revenue Vehicle is a vehicle in the transit fleet that is available to operate in revenue service carrying passengers, including spares and vehicles temporarily out of service for routine maintenance and minor repairs. Revenue vehicles do not include service vehicles such as tow trucks, repair vehicles, or automobiles used to transport employees.

Route Deviation is a service provided along a designated route under a flexible schedule with designated stops, that also provides for door-to-door or stop pick-ups at a limited distance off the designated route.

Salaries and Wages are payments to employees for time actually worked.

Scheduled Service is the execution of fixed route service.

Section 5303 is administered by the FTA; section 5303 Metropolitan Planning funds provide assistance to local government for conducting transportation planning activities in urban areas with populations greater than 500,000. Section 5303 program helps develop transportation systems that embrace all modes of transportation and efficiently maximize the mobility of people and goods throughout urbanized areas. MPO's serve as applicants for Section 5303 program funding. Funding tasks must be identified in the locally adopted Planning Work Program, which identifies transportation tasks that need to be addressed. 5303 funds must be matched by state and local funds.

APPENDIX - GLOSSARY

Section 5307 is a formula grant program for urbanized areas providing capital operating and planning assistance for mass transportation. Funds are apportioned to urbanized areas utilizing a formula based on population, population density, and other factors associated with transit and rider ship. 5307 funds must be matched by local and state funds. 5307 program provides funding for capital and planning at 80 percent of costs. These funds are used for purchase of vehicles, facility upgrades and purchases, equipment and software, capital leases, AVL/GPS system, light rail regional TDM planning, operating and CMAQ operating.

Section 5309 is for Fixed Guide way Modernization Apportionments. 5309 program provides funding for the establishment of new rail or bus way projects (new system), the improvement and maintenance of existing rail and other fixed guide way systems, and the upgrading of bus systems. Capital assistance grants made to states and local agencies are funded up to 80 percent of the net project cost, unless the grant recipient requests a lower federal grant percentage. HRT uses 5309 funds for regional bus plan, light rail, the north dock landing facility, and Virginia Beach Multi Modal Center.

Section 5310 is for Elderly & Persons with Disabilities Apportionment. Section 5310 makes funds available to meet the special transportation needs of elderly and persons with disabilities. These funds are apportioned to the states annually by a formula that is based on the number of eligible persons in each state. The program is administered through states and it is at the state level that funding decisions are made. Capital assistance is provided on an 80 percent federal 20 percent local matching basis except for vehicle related equipment needed to meet ADA and Clean Air Act Amendment requirements which is fundable on a 90 percent federal, 10 percent local matching basis.

Self Insurance Fund is a fund set aside for the purpose handling future casualty claims.

Service Level is the amount of hours and miles provided in order to serve the patrons.

Services include the labor and other work provided by outside organizations for fees and related expenses. Services include management service fees, advertising fees, professional and technical services, temporary help, contract maintenance services, custodial services and security services.

Transfer Center is a designated space at the intersection of routes that makes changing routes/modes more convenient.

Transit Agency (also called **transit system**) is an entity (public or private) responsible for administering and managing transit activities and services. Transit agencies can directly operate transit service or contract out for all or part of the total transit service provided. When responsibility is with a public entity, it is a **public transit agency**. When more than one mode of service is operated, it is a **multimodal transit agency**.

Unlinked Passenger Trips is the number of times passengers board public transportation vehicles. Passengers are counted each time they board vehicles no matter how many vehicles they use to travel from their origin to their destination and regardless of whether they pay a fare, use a pass or transfer, ride for free, or pay in some other way. Also called boardings.

Utilities include the payments made to various utilities for utilization of their resources (e.g., electric, gas, water, telephone, etc.). Utilities include propulsion power purchased from an outside utility company and used for propelling electrically driven vehicles, and other utilities such as electrical power for purposes other than for electrically driven vehicles, water and sewer, gas, garbage collection, and telephone.

Vanpool is ridesharing by prearrangement using vans or small buses providing round trip transportation between the participant's prearranged boarding points and a common and regular destination.

VB Wave is a service providing transit at the Virginia Beach oceanfront.

APPENDIX - GLOSSARY

Vehicles Available for Maximum Service (VAMS) are vehicles that a transit agency has available to operate revenue service regardless of the legal relationship thorough which they are owned, leased, or otherwise controlled by the transit agency.

Vehicle Total Miles are all the miles a vehicle travels from the time it pulls out from its garage to go into revenue service to the time it pulls in from revenue service, including "deadhead" miles without passengers to the starting points of routes or returning to the garage. For conventional scheduled services, it includes both revenue miles and deadhead miles.

Vehicle Revenue Miles are the miles traveled when the vehicle is in revenue service (i.e., the time when a vehicle is available to the general public and there is an expectation of carrying passengers). Revenue service excludes charter service.

Vehicle Total Hours are the hours a vehicle travels from the time it pulls out from its garage to go into revenue service to the time it pulls in from revenue service, including "deadhead" miles without passengers to the starting points of routes or returning to the garage. For conventional scheduled services, it includes both revenue time and deadhead time.

Vehicle Revenue Hours are the hours traveled when the vehicle is in revenue service (i.e., the time when a vehicle is available to the general public and there is an expectation of carrying passengers). Revenue service excludes charter service.

APPENDIX - ACRONYMS

| | | | |
|----------------|---|--------------|---|
| ABBG | American Bus Benchmarking Group | EMS | Environmental Management and Sustainability |
| ACC | Advanced Capital Contributions | EOC | Emergency Operations Center |
| ACS | Advanced Communication System | ERF | Elizabeth River Ferry |
| ADA | American with Disabilities Act | ERC | Elizabeth River Crossing |
| APC | Automatic Passenger Counter | FHWA | Federal Highway Administration |
| APM | A.P. Moller-Maersk Group | FIFO | First-in, first-out |
| APTA | American Public Transportation Association | FMO | Federal Transit Administration's Financial Management Oversight |
| AVL | Automatic Vehicle Location | FT | Full time |
| CAA | Cost Allocation Agreement | FTA | Federal Transit Administration |
| CAD | Computer Aided Dispatch | FY | Fiscal year |
| CAFR | Comprehensive Annual Financial Report | GASB | Government Accounting Standards Board |
| CAS | Customer Assistance System | GFOA | Government Finance Officers Association |
| CBA | Collective Bargaining Agreement | GL | General Ledger |
| CDL | Commercial Drivers License | GPS | Global Positioning System |
| CEO | Chief Executive Officer | HOV | High Occupancy Vehicle |
| CFO | Chief Financial Officer | HR | Human Resources |
| CIP | Capital Improvement Program | HRBT | Hampton Roads Bridge Tunnel |
| CMAQ | Continuous Mitigation Air Quality | HRIS | Human Resources Information System |
| CNG | Compressed Natural Gas | HRPDC | Hampton Roads Planning District Commission |
| COA | Comprehensive Operational Analysis | HRT | Hampton Roads Transit (trade name for TDCHR) |
| CPI | Consumer Price Index | HVAC | Heating, Ventilation, and Air Conditioning |
| CPM | Capital Program Management | IFB | Invitation for Bids |
| CPU | Computer Processing Unit | IT | Information Technology |
| CRTC | Citizens Rapid Transit Corporation of Newport News (predecessor organization) | IVR | Interactive Voice Response |
| CSX | CSX Railway | JANAF | Joint Army Navy Air Force |
| DBE | Disadvantaged Business Enterprise | KK | Commitment Control |
| DEIS | Draft Environmental Impact Statement | KPI | Key Performance Indicator |
| DoD | Department of Defense | LEED | Leadership in Energy & Environmental Design |
| DRPT | Virginia Department of Rail and Public Transportation | LRT | Light Rail Transit |
| E&F | Engineering & Facilities Division | LRV | Light Rail Vehicle |
| EEO | Equal Employment Opportunity | MAX | Metro Area Express |
| EEOC | Equal Employment Opportunity Commission | MDBF | Mean Distance Between Failure |
| EIS | Environmental Impact Statement | MOA | Memorandum of Agreement |
| EMP | Emergency Management Program | MOS | Minimum Operable Segment |
| | | MSA | Metropolitan Statistical Area |

APPENDIX - ACRONYMS

| | | | |
|----------------|--|----------------|---|
| NATO | National Atlantic Treaty Organization | TRT | Tidewater Regional Transit (parent to HRT) |
| NET | Norfolk Electric Transit | TSP | Transportation Service Plan |
| NSU | Norfolk State University | TTDC | Tidewater Transportation District Commission (predecessor organization) |
| NTD | National Transit Database | TVM | Ticket Vending Machines |
| NTF | Norfolk Tide Facility | UAFP | Urbanized Area Formula Program |
| OD | Origin-Destination | UPS | Universal Power Supply |
| ODU | Old Dominion University | UPWP | Unified Planning Work Program |
| OLGA | On-line Grant Administration | USDOT | United States Department of Transportation |
| OPM | Office of Project Management | VB Wave | Virginia Beach Wave |
| P&R | Park and Ride | VDEQ | Virginia Department of Environmental Quality |
| PA | Public Address | VDOT | Virginia Department of Transportation |
| PENTRAN | Peninsula Transit (predecessor organization) | VDRPT | Virginia Department of Rail and Public Transportation |
| PM | Preventive Maintenance | VEPCO | Virginia Electric and Power Company (now known as Virginia Power) |
| PMA | Pennsylvania Manufacturers' Association Casualty Insurance Company | VMS | Visual Messaging System |
| PT | Part time | VPA | Virginia Port Authority |
| PTDC | Peninsula Transportation District Commission (predecessor organization) | VRA | Virginia Resources Authority |
| RCC | Roanoke Control Center | VTA | Virginia Transit Association |
| RSTP | Rapid Spanning Tree Protocol | VTC | Virginia Transit Company of Norfolk (predecessor organization) |
| SET | Senior Executive Team | WAN | Wide Area Network |
| SGR | State of Good Repair | WCCPS | Weldon Cooper Center for Public Service |
| SHIFT | Securing High Impact Funding for Transit | Wi-Fi | Wireless Fidelity |
| SMT | Senior Management Team | Y/E | Year-End |
| SOV | Single Occupancy Vehicle | | |
| STP | Surface Transportation | | |
| STS | Special Transportation Service | | |
| TCC | Tidewater Community College | | |
| TDCHR | Transportation District Commission of Hampton Roads (full legal name of HRT) | | |
| TDM | Transportation Demand Management | | |
| TDP | Transportation Development Plan | | |
| TEU | Twenty-foot Equivalent Units | | |
| TMT | Tidewater Metro Transit (predecessor organization) | | |



HAMPTON ROADS

TRANSIT

SOUTHSIDE ADMINISTRATION/MAINTENANCE BUILDING
509 EAST 18TH ST., NORFOLK, VA 23504

NORTHSIDE ADMINISTRATION/MAINTENANCE BUILDING
3400 VICTORIA BLVD., HAMPTON, VA 23661

NORFOLK TIDE FACILITY
1850 EAST BRAMBLETON AVE., NORFOLK, VA 23504