



## **Management / Financial Advisory Committee Hampton Roads Transit**

3400 Victoria Blvd., Hampton, VA, 2nd Floor Board Room  
1:30 PM, Monday, July 24, 2017

### **MEETING MINUTES**

#### **Call to Order:**

Mr. Jenkins called the meeting together at 1:34 PM

#### **Committee Members in attendance:**

Brian Casey, City of Portsmouth  
Brian Soils, City of Virginia Beach  
Lisa Cipriano, City of Newport News  
Jeff Raliski, City of Norfolk  
Sheila McAllister, City of Newport News  
Miryam Woodson, City of Virginia Beach  
Steve Pittard, DRPT  
Steven Jenkins, City of Chesapeake  
Susan Wilson, City of Portsmouth  
Kevin Chatellier, City of Virginia Beach  
Alex Gottschalk, City of Virginia Beach  
Lauren Kesselring, City of Norfolk  
Jessica Dennis, City of Norfolk  
Thelma Drake, City of Norfolk  
Porter Steven, City of Hampton  
Brian Deprofio, City of Hampton

#### **Hampton Roads Transit Staff in attendance:**

Angela Glass, Director of Budget & Financial Analysis  
Brandon Singleton, Chief Financial Officer  
Sylvia Shanahan, Director of Finance  
Brain Smith, Assistant to the President for Organizational Advancement  
Ray Amoruso, Chief Planning & Development Officer  
Margaret Denoncourt, Internal Auditor  
Sibyl Pappas, Chief Engineering & Facilities Officer  
Brenda Green, Accounting Coordinator(recorder)  
Debbie Ball, Assistant Director of Finance



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### Others in attendance:

Matt Simons, SC&H  
Russell Ojers, SC&H

The July 17 Management/Financial Advisory Committee package was distributed electronically to the committee members and the attendees in advance of the meeting. The meeting package consisted of:

- Agenda
- June '17 MFAC Meeting Minute
- MFAC FY 17 Ridership Data Overview
- June FY 17 Financial Report
- MFAC Overview By-Laws Draft, Section 3

### Welcome

Mr. Jenkins welcomed everyone to the meeting.

**ACTION ITEM: Correction was noted to the MFAC June 17 meeting minutes Committee Members in Attendance: Britta Ayers, City of Newport News name was misspelled.**

A motion to approve the June 17 Management/Financial Advisory Committee minutes was made and properly seconded.

The June 17 minutes were approved by a unanimous vote.

### **MFAC FY 17 Ridership Data Overview**

Mr. Brandon Singleton, Chief Financial Officer introduced Mr. Ray Amoruso, Chief Planning & Development Officer.



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There was some discussion concerning the cities receiving the distribution of the unofficial year-end FY 17 ridership results and three-year comparison trend.

Mr. Amoruso gave a summary of the June FY 17 Ridership Data Overview that was distributed to the committee members in advance.

There was some discussion concerning the factors that are contributing to the negative trending performance of ridership.

There was some discussion concerning ridership trends as it relates to confidence in transit reliability.

There were some suggestions that the cities come together to determine a more workable Service Plan for bus routes and the cost methodology.

**ACTION ITEM: A request was made that HRT provide a report that states the ridership numbers for each city as it pertains to routes that service more than one locality.**

There was some discussion concerning Go-Pass 365.

There was some discussion concerning the methodology that drives a choice rider verses a dependent rider.

### **June FY 17 Draft Financial Report**

Mr. Singleton gave a summary of the June FY 17 Financial Report Draft that was distributed to the committee members in advance. Mr. Singleton noted that the report is a draft due to year-end and the audit beginning in September.

There was some discussion concerning advertisement revenue.

There was some discussion concerning Personnel Service and the challenges faced nationwide in hiring qualified bus operators.

There was some discussion concerning Services as it relates to the June FY 17 Operating Financial Statement Draft.

There was some discussion concerning a pilot program for Paratransit recipients. MV Transportation, HRT's current Paratransit service provider is looking to partner with



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Uber or Lyft a rideshare call service to help mitigate the growing need and cost for Paratransit recipients. Mr. Singleton stated that there are several challenges using these rideshare call services that need to be considered such as:

- No special vehicle requirements.
- Drivers have no formal training relative to HRT Operators.
- Drivers/Vehicle do not operate under the guidelines of Federal Regulations.

Mr. Singleton stated that HRT could gather valuable information concerning this pilot program by looking closely at several additional Transit Agencies who have adopted this same program such as Greater Richmond Transit Company (GRTC), Richmond and Dallas Area Rapid Transit (DART), Dallas.

There was some discussion concerning Fringe Benefits as it relates to the June FY 17 Operating Financial Statement Draft.

There was some discussion concerning HRT budgeting for attrition as it relates to Bus Operator and Mechanics.

There was some discussion concerning the State Grant Funding Aid which will be used for operations.

**ACTION ITEM: HRT was asked to disclose the amount of Federal Dollars that were flexed towards operations in lieu of the State disallowing the purchase of new Paratransit vehicles.**

Brain Solis requested that MFAC members identify what are HRT's sustainable decision changes that can be kept ensuring the company maintains at a workable level.

There was some discussion concern rolling stock and fleet reliability.

The results of the mid-year reduction of administration and implementation of a hiring freeze of non-essential personnel positions will yield \$1.7M annually in savings.

Mr. Singleton stated that HRT's hiring freeze is still in affect however there are several key positions that are needed to be filled.



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**ACTION ITEM HRT was asked to provide the exact number of positions down sized and frozen in March 17.**

There was some discussion concerning the use of flexing Federal Funding towards operations as it relates to the FY 18 budgetary projections. Mr. Singleton stated flexing of Federal Funding has been the nature of HRT's budgetary and business practices since 2000.

Mr. Singleton stated that it is not uncommon to flex capital funding. The eligibility level of flexing capital funding is 80%.

**ACTION ITEM: It was requested that HRT provide its long-term plans on how they would bring the percentage of the flexing funding down as well as reallocate the dollars back into capital spending.**

There was some discussion concerning the MFAC members looking towards the rewriting of the Cost Allocation.

There was some discussion concerning the Financial Management Oversight review and how it may assist with revisions to the Cost Allocation Agreement.

There was some discussion concerning cost containment.

There was some discussion concerning decreasing bus service and increasing fare cost.

There was some discussion concerning an additional source of revenue based funding or dedicated funding.

Mr. Amoruso stated that Capital Funding should be used for Capital Assets that HRT should be replacing twenty-five buses yearly.

Mr. Amoruso stated that for the past 4-5 years a Capital Improvement Plan was presented to the TDCHR Commission Committee. This plan outlined and affirmed the concern of maximized flexed capital funding being used for support operations and not for capital assets which has resulted in aging rolling stock.



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**ACTION ITEM:** HRT was asked to do a parallel comparison with the local Public-School systems methodology concerning their yearly replacing and maintaining of their rolling stock.

There was some discussion concerning the declining ridership trend.

There was some discussion concerning capital asset purchases.

There was some discussion concerning Federal, State as Local Funding as it relates to the replacement of the aging buses.

Mr. Singleton stated that one of the current challenges as it relates to the replacement of the outdated capital assets is the Cost Allocation suggest what percentage of assets HRT should use to calculate Advance Capital Contributions (ACC). Currently that percentage is about 15% which equates to 2 million dollars annually.

Federal Transit Administration (FTA) suggested HRT adopt the methodology of the average use of life as it relates to the replacement of the outdated rolling stock. The average use of life span of a bus is 6 ½ - 7 years.

**ACTION ITEM:** It was requested that HRT give an assessment analysis comparing HRT with the other Virginia transit companies as it relates to funding sources and replacing of assets.

Mr. Singleton stated that dedication funding is not a fix to the problems however it does address the primary issue of fleet replacement.

There was some discussion concerning fare box recovery.

There was some discussion concerning how HRT's fares compare to other transit agencies.

There was some discussion concerning private services verses unionized workforce as it relates to labor cost.

**ACTION ITEM:** HRT was requested to provide an analyst of essentials moves and gaps that HRT would need to make to be categorized as a healthy transit agency with a system that better functions within the industries benchmarks.



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There was some discussion concerning Ferry and Light Rail recent ridership increases.

There was some discussion concerning HRT's Line of Credit.

### **SC&H Financial Management Review MFAC Committee Update.**

Mr. Singleton introduced Matthew Simons, Principal and Russell Ojers, Senior Manager from the SC&H Group.

Mr. Simons and Mr. Ojers presented a summary of their work to date.

### **Draft of the MFAC By Laws:**

The approval for the revisions of the MFAC By-Laws, section three (3) that was distributed to the committee members was tabled by a unanimous vote. It was elected to give the committee members additional time to review and considered these changes.

Approval of the MFAC By-Laws will be presented to the committee during the next appointed meeting.

### **Other Business**

There was some discussion regarding the SC&H consultants meeting with the MFAC members. It was discussed that SC&H preliminary findings be presented to the MFAC members the months of August and September and their final findings be presented to the committee in October.

There was some discussion regarding SC&H consultants collaborating with American Benchmark Consultants as it relates to collecting stats and data.

**ACTION ITEM: HRT was requested to send out MFAC monthly meeting invites and materials five (5) business days prior to monthly meetings.**

### **Adjournment**

Mr. Jenkins adjourned the meeting at 3:17 PM