



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

3400 Victoria Blvd., Hampton, VA, 23661, 2nd Floor Board Room  
Monday, November 6, 2017  
1:30 p.m.

### **MEETING MINUTES**

#### **Call to order**

Mr. Jenkins called the meeting to order at 1:30 PM

#### **Commissioners in attendance:**

Commissioner Pittard, DRPT  
Commissioner Cipriano, City of Newport News  
Commissioner Raliski, City of Norfolk  
Commissioner DeProfio, City of Hampton

#### **Committee members in attendance:**

Steve Jenkins-Chair, City of Chesapeake  
Susan Wilson, City of Portsmouth  
Lauren Kesselring, City of Norfolk  
Thelma Drake, City of Norfolk  
Alex Gottschalk, City of Virginia Beach  
Charles Porter Stevens, City of Hampton  
Brian Casey, City of Portsmouth

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

Debbie Ball, Assistant Director of Finance  
Angela Glass, Director of Budget and Financial Analysis  
Sylvia Shanahan, Interim Chief Financial Officer  
Brenda Green, Accounting Coordinator (recorder)  
Brian Smith, Assistant to the President for Organizational Advancement  
Jamie Jackson, Director of Transit Development  
Joe Dillard, Government Relations Liaison  
Shanti Mullen, Auditor I

#### **Others in attendance:**

Karl Daughtrey, City of Hampton  
Alice Kelly, City of Portsmouth  
Jessica Dennis, City of Norfolk  
Constantinos Velissariors, City of Newport News



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The November Management/Financial Advisory Committee (MFAC) package was distributed electronically to committee members in advance of the meeting. The meeting package consisted of:

- Agenda
- October 2017 MFAC Meeting Minutes
- Student Freedom Pass
- RIF Vacant Positions Eliminated
- Flex Grant Funds
- 1<sup>st</sup> Quarter Paratransit Ridership
- 2017 Draft True-up Balances

### **Welcome**

Mr. Steven Jenkins, Chair, City of Chesapeake, welcomed everyone to the meeting.

A motion to approve the October 2017 MFAC minutes was made and properly seconded.

The October 2017 minutes were approved by a unanimous vote.

### **Finance/Budget: Review Pervious Action Items:**

Ms. Shanahan, Interim Chief Financial Officer, addressed several “actions items” requested from previous MFAC meetings

### **Student Freedom Pass**

Ms. Shanahan addressed a previous Action Item, “How does the Student Freedom Pass affect the cost per rider?” The average cost per rider is calculated by dividing the operating expenses by the ridership. If ridership increases due to freedom pass use and expenses remain the same, this would result in a lower cost per rider. These ‘free’ passes increase ridership, which is allocated to the cities.

There was some discussion concerning ridership revenue and the average cost per fare pass.



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There was some discussion concerning Key Performance Indicators (KPI) as it relates to revenue the fare box recovery.

Ms. Lisa Cipriano, City of Newport News, inquired if there was any additional data collected on the student freedom pass through October 2017.

Ms. Jamie Jackson, Director of Transit Development, stated that the student freedom pass data was not being captured during the months that the programs was being restructured and new passes redistributed.

Ms. Cipriano stated that the City of Newport News had a program which allowed minors to travel free within the Newport News city limits. The concern is that HRT's Student Freedom Pass program currently allows an unaccompanied minor the freedom to travel throughout the six cities transit routes.

**ACTION ITEM: HRT was asked to provide information concerning prior years' usage and history for the Student Freedom Pass or similar programs that allowed minors free ridership.**

**ACTION ITEM: HRT was asked to provide the number of Student Freedom Passes that had to be revoked due to violations.**

Ms. Jackson stated that because some of the applicants for the Student Freedom Pass fail to pick up their passes, that only approximately half of the Student Freedom Pass applications submitted were issued.

### **Reduction in Force (RIF)/ Vacant Positions Eliminated**

Ms. Shanahan gave an overview of the RIF and vacant positions eliminated in March 2017.

Ms. Shanahan stated any questions regarding the RIF would be addressed by Kim Ackerman, Chief Human Resources Officer.

**ACTION ITEM: Does HRT have a RIF policy?**

**ACTION ITEM: Does HRT have priority placement of employees involved in a RIF to other vacancies within the agency?**



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**ACTION ITEM:** What safety considerations did HRT's review prior to the elimination of part-time extra duty police officers?

**ACTION ITEM:** Has HRT conducted a study on how many staff are required to run a transit agency this size?

**ACTION ITEM:** Of the RIF or eliminated positions, how many had more than one staff with the same title?

There was some discussion concerning secondary sworn police officers being hired as HRT employees.

### **FY17 Flexed Funding**

Ms. Shanahan gave an overview of HRT's FY17 flexed funding.

There was some discussion concerning the FY17 flexed funding being full or partial grants. A portion of FTA funding was received in a FTA Funds Award Letter however, as of the close of September 2017 the funding for America with Disabilities Act (ADA) and the Capitol Cost of Contract (CCC) has not been received.

**ACTION ITEM:** Steve Pittard, Virginia Department of Rail and Public Transportation (DRPT), asked if HRT's remaining FY17 federal funding has been requested?

There was some discussion concerning the grant funding process.

There was some discussion concerning the flexing of FY17 funds as it relates to the state of good repair.

HRT, like most transit agencies, flexes PM, ADA and CCC funding for operating expenses.

The 5307 and 5337 grant funding of \$17 million dollars could solely be used for capital expenses. However, HRT flexes over \$14/15 million dollars per fiscal year towards preventive maintenance. This reduces the amount of local funding needed, as well as, the amount of funding available for capital expenses.



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There was some discussion concerning flexing dollars towards purchasing rolling stock.

HRT's FY18 financials are favorable. This favorable financial trend can continue until the end of the fiscal year by maintaining HRT's expenses.

There was some discussion concerning alternative dedicated funding.

The Advance Capital Contributions (ACC) is determined by the level of services per city. Fare box revenue is allocated based on service hours. This same methodology applies to the federal, state and local funding contributions.

There was some discussion concerning the 6-year Capital Improvement Plan (CIP).

There was some discussion concerning the FY18 Transportation Service Plan (TSP).

The Cost Allocation (CA) is calculated using farebox revenue and the actual service hours per route, per city. HRT works on a zero budget, thus, any extra funding provided by the city will be refunded and any city with costs more than paid in the given year, will be invoiced for the additional amount.

Ms. Thelma Drake, City of Norfolk, asked if HRT has considered providing some projections for the cities of the cost and needs as it relates to the rolling stock. Ms. Shanahan stated that HRT has an annual 6-year Capital Improvement Plan (CIP) for approval by the Commission.

There was some discussion concerning Mike Perez's October 9, 2017, MFAC presentation of the Fleet Inventory and Demand.

**ACTION ITEM: It was requested that the Fleet Inventory and Demand presentation be forwarded to the MFAC members.**

The Capital Improvement Plan will be presented at the December Commission meeting. This presentation will clearly outline HRT's 6-year CIP which will address, fully document, and prioritized HRT's capital needs and funding restraints.

HRT has only received partial federal funding for FY17. This delay in federal funding causes reliance on HRT's line of credit for operating expenses.



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There was some discussion concerning HRT's' line of credit.

There was some discussion concerning the application process for FTA grant funding.

**ACTION ITEM: Members would like a better understanding of the grant application process.**

There was some discussion concerning HRT's FTA grant process possibly being delayed by the Department of Labor Review due to the non-agreed upon union contact and on-going labor negotiating since July 2017.

### **First Quarter Paratransit Ridership**

Ms. Shanahan gave an overview of the First Quarter Paratransit dispatched ridership data.

There was some discussion concerning why the city of Suffolk appears on the quarterly paratransit ridership presentation when HRT doesn't provide paratransit services for that city.

Paratransit data is captured by using a set radius of mileages calculated from any set route. The City of Portsmouth has a route that briefly travels within the city limits of Suffolk. This route is solely paid for by the city of Portsmouth. Subsequently, the city of Suffolk will be captured in this paratransit data however it would show 0% ridership.

**ACTION ITEM: There was a request that HRT provide more contexts to the Paratransit Ridership presentation: i.e. budgetary target by city, number of riders per year., etc.**

Ms. Jackson stated that paratransit is budgetarily currently running the same as last year.

### **2017 Draft True-up Balances**

Ms. Shanahan gave an overview of the draft FY17 True-up data.

Ms. Cipriano asked if the FY17 true-up was based on the same methodology as the adjusted FY16 true-up.



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There was some discussion concerning additional grant money from DRPT.

There was some discussion concerning fixed guideway funds. These funds are used primarily for ferry, light rail and Metro Area Express (MAX) buses.

There was some discussion concerning estimating the budget based on most recently completed and financial statements budgeting variances.

There was some discussion concerning the cities final TSP for FY18.

Ms. Shanahan addressed the issue of the FY16 Cost Allocation (CA) and the assumption that the CA was incorrect in FY16. Ms. Shanahan stated that the same data reported to the National Transit Database (NTD) is also used in the CA calculation. This calculation creates the true-up values.

In FY16, the NTD system stayed open longer than usual, due to software update issues. During that extended time, an error was found in the hours reported to NTD. A correction was made to correct the hours and update NTD's database. However, HRT management determined the error was immaterial with regards to the Cost Allocation Agreement (CAA) and made the decision not to flow the correction through to the FY16 true-up. HRT management later determined it was material and corrected the CA.

There was a suggestion that HRT obtain the cost from the current auditors to develop "Agreed Upon Procedures" on the CAA procedures and how it relates to the NTD data.

There was some discussion concerning the time-line of the FY16 error.

Mr. Brian DeProfio, City of Hampton, stated that due to the FY16 error, there is a lack of confidence from the cities concerning HRT's ability to produce correct numbers.

Mr. Pittard stated that in lieu of procuring auditors and incurring additional costs, HRT could implement a certification of completion that is presented yearly to the board members, certifying that certain financial processes have been completed and reconciled.

Karl Daughtrey, City of Hampton, stated that "Agreed Upon Procedures" will protect HRT and the cities. This would allow all the cities to come together and agree i.e. such as having Paratransit being based upon miles not service hours.

Ms. Shanahan, stated that HRT will request the cost for Agreed Upon Procedures.





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### **Round Table Talk**

Ms. Shanahan suggested the committee members have an open discussion to define the purpose and function of the MFAC, conveying a clear understanding of the expectations and intent moving forward.

Ms. Shanahan opened the floor up for questions and comments.

Ms. Drake stated that it would be better for this committee to minimize presentations and focus on more in-depth conversations. Asking HRT questions and understanding just how and why things are being done. Taking HRT's replies and recommendations back to their respective cities and advise them of the any findings or concerns.

There was some discussion concerning overtime cost, as it relates to all HRT operators being certified to drive on a military base.

There was some discussion concerning lobbying the cities for more funding.

Ms. Susan Wilson, City of Portsmouth, suggested that HRT needs to examine some of the decisions made on the route side. How to create ways to have a more efficient service plan. What is missing is sharing and collaboration of information between the cities.

It was stated that the title of the committee MFAC says it all. We are experts. We are devoted. We are accountable to our cities for budgets and outcomes. We expect the same level of integrity from HRT. The FY16 true-up brought that into question. The answers cannot be "we've always done it that way" and a more cooperative relationship is needed. We are not there yet but we need to move in that direction. Listening to the cities, maybe try doing things different. There may be some tough things said and heard however the goal is to make HRT a better organization. The committee just doesn't want to see numbers but what is behind them.

There was some discussion concerning the value of data received and the financial obligations yielded from Core 20. Core 20 data should be able to assist HRT with achieving better service without additional cost.





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Ms. Drake expressed that HRT is owned by the localities. Ms. Drake feels that there's a lack of understanding and cooperation, HRT is responsible to answers to the cities and not the other way around.

The primary goal of HRT is to provide an efficient and reliable transit system.

There was some discussion concerning the route planning process and TSP.

**ACTION ITEMS:** It was suggested that the TSP presented to the cities have more detailed information. Currently, the TSP shows service hours however these hours have no budgetary meaning. It is requested that the TSP show dollar amounts, service hours in comparison to previous fiscal years, and more detail budgetary information.

Ms. Wilson stated that when a customer has a question concerning a service route, HRT tells the customer to refer to the cities, however the cities rely on HRT's expertise to provide these service routes. It was stated that there needs to be more calibration when it comes to planning the TSP.

MFAC is a long term working group. It will touch upon the hard questions and discussion to assist in making HRT a more efficient transit agency.

There was some discussion concerning MFAC beginning the planning and budgeting phase of FY19.

The TSP have been sent to the cities and it is being requested that these TSP's be returned to Mr. Harrell by November 15<sup>th</sup>.

Final changes to the cities TSP should be completed by March 2018.

There was some discussion concerning changes to the TSP and how change in service hours, by any city, will affect the cost for all the cities.

Ms. Cipriano, suggested that the deadline for the final TSP should stand strong and that no additional changes should be accepted from any city. This will alleviate the other cities being affected by another cities' changes.

It was stated that the cause behind the late changes is that the TSP does not provide the cities with estimated costs. They could make more informed decisions on routes if they knew how much it would cost them.



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A portion of FTA funding was received in a FTA Funds Award Letter however, as of the close of September 2017 the funding from America with Disabilities Act (ADA) and the Capitol Cost of Contract (CCC) have not been received.

There was some discussion concerning the final TSP as well as the cost being presented to the cities.

There was some discussion concerning the cities 10-year plan being presented without the cost related figures.

Ms. Jackson stated that she believes that, based on the comments of MFAC members, there is a disconnect with the cities concerning the 10-year plan and TSP and she will follow up with the localities concerning these matters.

There was some discussion concerning the grant funding used for the MAX routes and how does this effect the cities.

There was some discussion concerning High-Occupancy Toll (HOT) lanes and how this will affect service.

There was some discussion cornering Title VI Program.

Title VI of the Civil Rights Act of 1964 prohibits discrimination on the basis of race, color, or national origin in programs and activities receiving Federal financial assistance. Specifically, Title VI provides that “no person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance” (42 U.S.C. Section 2000d

Ms. Cipriano stated that some of our routes have not been changed since street cars and don't serve the same purpose as originally intended. It was stated that Greater Richmond Transit Company (GRTC), in Richmond, Virginia, made some changes to their older historical routes with no repercussions from Title VI.

Ms. Jackson stated that it would be possible that Planning could revisit some of the more historical routes, their performance and possibly make some changes and stay in compliance with Title VI.



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Mr. DeProfio asked how can the cities begin thinking more on the line of regional transit service? Knowing that any change to the TSP by one city, impacts multiple cities there should be a possible solution and meeting of all parties involved because these changes could impact all the cities communities.

Ms. Shanahan asked the MFAC members what would they like for her to present at the next meeting

There was some discussion concerning the change in the CAA

**ACTION ITEM:** It was suggested that all the issues be documented and a plan of attack to address each problem be developed.

Ms. Cipriano, said that she would email the MFAC members a copy of an old tool that they could use to determine their underperforming routes.

Ms. Shanahan asked the MFAC members to email a suggested list of prioritized issues they would like for this committee to address.

Ms. Shanahan stated that the projection will be done in the financial presentation however the methodology will be changed to provide a more precise projection.

Based on conversations in this meeting, listed below are possible topics for more in depth future discussions:

- Core 20
- Cost Allocation Agreement
- Budget Process
- Transportation Service Plan
- Grant Funding Process

### **Other Business**

### **Adjournment**

The meeting was adjourned at 3:45 pm