



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

509 E 18<sup>th</sup> Street, Norfolk, VA, 23510, 2nd Floor Board Room  
Monday, October 23, 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 Solis, Virginia Beach  
Commissioner Pittard, DRPT  
Commissioner Cipriano, City of Newport News

#### **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  
Miryam Woodson, City of Virginia Beach  
Jeffrey Raliski, City of Norfolk  
Alex Gottschalk, City of Virginia Beach  
Charles Porter Stevens, City of Hampton  
Sheila McAllister, City of Newport News

#### **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  
Margaret Denoncourt, Internal Auditor  
Brenda Green, Accounting Coordinator (recorder)  
Ray Amoruso, Chief Planning & Development Officer  
Robert Travers, Attorney  
Sibyl Pappas, Chief Engineering & Facilities Officer  
Alesia Cain, Chief Information Officer/Chief Technology Officer  
Brian Smith, Assistant to the President for Organizational Advancement  
Mike Perez, Director of Rolling Stock  
Tom Holden, Media Relations Specialist  
William Harrell, President and CEO  
Jamie Jackson, Director of Transit Development



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### **Others in attendance:**

Russell Ojers, SC&H  
Matthew Simons, SC&H  
Tara Reel, City of Virginia Beach  
Karl Daughtrey, City of Hampton  
Alice Kelly, City of Portsmouth  
Jessica Dennis, City of Norfolk  
Steve Froncillo, City of Chesapeake  
Jordan Pascale, Virginia Pilot

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

- Agenda
- September 2017 MFAC Meeting Minutes
- System Ridership-First Quarter Snapshot Presentation
- Route Ridership FY 14-17
- Overview of FY19 Transportation Service Plans (TSP'S)
- Current State and Future need of Bus Fleet Presentation
- State Funding Update Presentation
- September 2017 (FY18) Financial Presentation
- FY18 Budget Amendment

### **Welcome**

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

Revision to the October 2017 Agenda: SC&H will be given time to present a summary of their preliminary Financial Management Overview (FMO) findings to the MFAC members.

A proposal was made to revise the September 25, 2017 MFAC meeting minutes to reflect Lisa Cipriano, City of Newport News, as a Commissioner, Matthew Simmons, SC&H, name appeared twice and Russell Ojers, SC&H, name was omitted from Others in attendance.



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A motion to approve the September 2017 Management/Financial Advisory Committee minutes as amended was made and properly seconded.

The September 2017 minutes were approved by a unanimous vote.

### **Service Planning**

Mr. Ray Amoruso, Chief Planning and Development Officer, presented the System Ridership-First Quarter Snapshot presentation.

Mr. Amoruso stated that September's Paratransit data was not available for the FY18 Quarter 1 System Ridership-First Quarter Snapshot presentation.

**ACTION ITEM: Paratransit data will be available at the next meeting.**

There was some discussion concerning the ferry ridership performance being more favorable than previously budgeted. Mr. Amoruso attributes the ferry's favorable numbers to the new ferry boat, the opening of Norfolk's waterside, and several large crowd drawing events being held at Norfolk venues.

Mr. Amoruso, presented the FY19 Transportation Service Plan (TSP's) Call Letters-Highlights.

TSP's letters are due back to Mr. Harrell, President and CEO, by November 15, 2017. HRT's Finance and Budget Department will begin scheduling meetings with the cities concerning the TSP letters in January 2018; February 2018 the TDCHR (Transportation District Commission of Hampton Roads) Commissioners will be given a draft presentation of the FY19 Budget. In May 2018 the FY19 Budget will be presented to the Audit and Budget Committee for adoption.

### **Operations**

Mr. Mike Perez, Director of Rolling Stock, presented the Current State and Future Needs of Bus Fleet presentation.

There was some discussion concerning the secured funding for rolling stock during FY16, FY17 and FY18.



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There was some discussion concerning exploring the option of purchasing additional alternative fuel vehicles.

As of FY15, and moving forward, vehicles that were in the mid-point life range were given a mid-life overhaul. However, vehicles whose life exceeded the mid-range, HRT opted not to invest additional funds into that stock. Those overaged vehicles were retired and removed from the fleet.

There was some discussion concerning the FY19 Capital Improvement Plan (CIP).

There was some discussion concerning the Federal Transportation Administration (FTA) criteria as it relates to the fleet inventory.

There was some discussion concerning the retiring of older rolling stock and the procurement of new rolling stock in FY19.

There was some discussion concerning the HASTUS software system as it relates to the planning and scheduling of buses services and routes.

### **Executive**

Mr. Brian Smith, Assistant to the President for Organizational Advancement, gave an overview presentation of the future State Funding dedicated for Transit Capital Revenue.

In December 2017 HRT will present an updated CIP to the TDCHR members for adoption.

### **Finance/Budget**

Ms. Sylvia Shanahan, Interim Chief Financial Officer, presented the August and September FY17 Financial Reports.

There was some discussion concerning the increase of fare box revenue dollars reflected on the September 2017 financial statement. Ms. Shanahan stated that this increase was due to vendors purchasing bulk fare tickets prior to the October 1, 2017 fare increase. This artificially inflated revenue for the month of September 2017, but will most likely level out over the next several months. Ridership is predicted to decrease approximately 3% due to the increase in fare tickets.



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There was some discussion concerning the current year-to-date expenses versus the prior year-to-date expenses as it relates to material & supplies and contract services.

There was some discussion concerning FY18 contractual service.

The previous financial statements presented to MFAC projected the year end true-up. Ms. Shanahan stated that that August and September FY18 financial statements do not include a year-end projection, they allocate the current month profit or loss to each city.

Mr. Jenkins asked at what point could HRT provide a more reliable forecasted financial year-end projection to the localities?

There was some discussion concerning unpredictable financial occurrences.

There was some discussion concerning the use of HRT's unallocated funds.

Ms. Shanahan stated that HRT's spending trend is currently within budget.

**ACTION ITEM: It was suggested that beginning March or April 2018 HRT show year end projections again.**

There was some discussion concerning cash basis and accrual basis accounting.

There was some discussion concerning the September 2017 sole source procurement contract #17-75526 awarded to Gartner, Inc for Information Technology Research and Advisory Services.

**ACTION ITEM: HRT is requested to provide the impact that Freedom Pass Riders and eligible free Paratransit riders have on the cost per rider data?**

The FY18 proposed budget revision shows a \$1.3 million reduction in local revenue. HRT also reduced the contractual services line item where there is \$1.9 million of unallocated funds available. This budget revision does not change the invoiced amounts to the cities.

Answer to previous "Action Item". HRT eliminated 31 administrative positions in the March 2017 reduction of personnel process.



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**ACTION ITEM:** Mr. Harrel stated that list of administrative positions eliminated in March 2017 were presented to the TDCHR members would be made available to the MFAC members as well.

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

Mr. Simons and Mr. Ojers of SC&H presented a summary of their preliminary findings and recommendation of their work to date.

Mr. Ojers stated that SC&H will have final results and recommendations of the Financial Managers Overview (FMO) to the Commission at the November 2017 meeting.

### **Other Business**

### **Adjournment**

The meeting was adjourned at 3:15 pm