



Management / Financial Advisory Committee Hampton Roads Transit

509 East 18th Street, Norfolk, VA, 23510, 2nd Floor Board Room
Monday, April 23, 2018
1:30 p.m.

MEETING MINUTES

Committee members in attendance:

Steven Jenkins, Chair, City of Chesapeake
Brian DeProfio, City of Hampton
Lauren Kesselring, City of Norfolk
Miryam Woodson, City of Virginia Beach
Earl Sorey, City of Chesapeake
Michael Hayes, City of Hampton
Brian Solis, City of Virginia Beach
Brian Casey, City of Portsmouth
Alex Gottschalk, City of Virginia Beach
Carl Jackson, City of Portsmouth
Jeffrey Raliski, City of Norfolk

Hampton Roads Transit Staff in attendance:

Debbie Ball, Assistant Director of Finance
Angela Glass, Director of Budget and Financial Analysis
Sylvia Shanahan, Director of Finance
Brenda Green, Accounting Coordinator (recorder)
Alesia Cain, Chief Information Officer/Chief Technology Officer
Margaret Denoncourt, Internal Auditor
Sibyl Pappas, Chief Engineering and Facilities Officer
William Harrell, President and Chief Executive Officer
Conner Burns, Chief Financial Officer
Tom Holden, Media Relations Specialist
Ray Amoruso, Chief Planning and Development Officer
Shanti Mullen, Auditor I
Brandon Singleton, Assistant Director of Budget
Gene Cavasos, Director of Marketing and Communications
Ron Hodges, Director of Business Development
Brian Smith, Assistant to the President for Organizational Advancement
Joe Dillard, Government Relations Liaison

Others in attendance:

Constantinos Velissariors, City of Newport News
Jessica Dennis, City of Norfolk



Management / Financial Advisory Committee Hampton Roads Transit

509 East 18th Street, Norfolk, VA, 23510, 2nd Floor Board Room
Monday, April 23, 2018
1:30 p.m.

Call to order

Steven Jenkins, Chair, City of Chesapeake, called the meeting to order at 1:30 pm.

The April 2018 Management/Financial Advisory Committee (MFAC) package was distributed electronically to committee members in advance of the meeting. The meeting package consisted of:

- Agenda
- March 2018 MFAC Meeting Minutes
- March 2018 Financial Statement
- Route Ridership FY14-FY18 – All Routes
- HRT 2018-2024 Capital Improvement Plan
- FY18 3rd Quarter Ridership Snapshot
- MFAC Quarterly TSP % Summary
- MFAC Quarterly TSP

Welcome

Mr. Jenkins welcomed everyone to the meeting.

A motion to approve the March 2018 MFAC minutes was made and properly seconded.

The March 2018 minutes were approved by a unanimous vote.

March 2018 Financial Report

Mr. Conner Burns, Chief Financial Officer (CFO) provided the MFAC members an updated overview of the objectives that Hampton Roads Transit (HRT) initially addressed at the March MFAC meeting. Mr. Burns stated that the plan of action to address the audit items has been implemented. He also stated that the bi-weekly meetings with the key financial staff members is establishing a calendar overlay of HRT funding. Current objectives of the finance staff are: Purchase Card Audit, Federal Transit Administration's Financial Management Oversight (FMO) review, and the Internal Audit Budget audit. Mr. Burns stated that he has assigned staff to work with individual SET members to implement a process that would require different levels of approval prior to monies being expended.



Management / Financial Advisory Committee Hampton Roads Transit

509 East 18th Street, Norfolk, VA, 23510, 2nd Floor Board Room
Monday, April 23, 2018
1:30 p.m.

Mr. Burns stated with the assistance of Mr. Brian Smith, Assistant to the President for Organizational Advancement, HRT has moved forward with analyzing and reviewing peer transit agencies. This information will possibly assist HRT in obtaining and adopting valuable information and best practices for improvement of HRT. Once these results are available they will be presented to the MFAC members.

Mr. Burns gave an overview of the March 2018 Financial Report.

There was some discussion concerning the state of good repair.

ACTION ITEM: It was requested that HRT provide a detailed list of the needed “state of good repair” projects for Light Rail.

Mr. Burns stated that he would provide the MFAC members with monthly financial statements on the Thursday prior to the 4th Monday’s meeting.

There was some discussion concerning the decrease in advertisement revenue and farebox revenue.

There was some discussion concerning cash received versus revenue earned.

There was some discussion concerning year-end projections.

ACTION ITEMS: It was requested that HRT provide its methodology process used to report year-end projections.

There was some discussion concerning FY19 farebox recovery rate.

There was some discussion concerning projected ridership revenue.

Summary of the HRT Internal Audit Budgetary Practices Related to MFAC

Ms. Margaret Denoncourt, Internal Auditor, gave an overview of the Internal Audit Budgetary Practices – Observation #3 (Observation #3) as well as other items related to MFAC. The audit’s sole intent was to compare the current practices with the TDCHR By-laws and Cost Allocation Agreement (CAA). The intent of the audit was not to determine if practices were right or wrong, but rather to bring matters to the forefront so actions could be taken to keep HRT moving forward working and collaborating with its component governments.



Management / Financial Advisory Committee Hampton Roads Transit

509 East 18th Street, Norfolk, VA, 23510, 2nd Floor Board Room
Monday, April 23, 2018
1:30 p.m.

Ms. Denoncourt stated that with approval from the Operations and Oversight Committee (O&O), the Audit and Budget Review Committee (ABRC) has requested the MFAC members review observation #3 and address the findings with an action plan and timeline for completion.

Mr. Brian DeProfio, City of Hampton, stated that it must first be determined that the MFAC can make adjustments to the by-laws to support the requested changes that were identified in Observation #3. In addition, how would the MFAC manage this process and fulfill the responsibility expected by the ABRC.

There was some discussion concerning the timeline and detail of HRT's draft budget document presented to the localities.

There was some discussion concerning the timeframe of the release of Federal and State government funding assistance.

There was some discussion concerning establishing a monetary benchmark for the localities as it relates to the yearly TSP.

Mr. Brian Solis, City of Virginia Beach, spoke concerning observation #5 subitem 5.4 "Improve Communication" and other accountability issues outlined in the internal audit. Mr. Solis stated that the cities should be accountable by having the same city staff members attend MFAC meetings regularly to improve communication. Mr. Solis also stated by having some budget and some finance members working on this committee, many issues could be addressed and resolved with MFAC prior to them rising to the recommendation of the ABRC and the Transportation District Commission of Hampton Roads (TDCHR).

Mr. Solis addressed observation #3 subitem 3.2 "Utilize Management Financial Advisory Committee Functions as Outlined." Mr. Solis suggested that MFAC consider still receiving monthly reporting from HRT however, adjust the monthly meetings to every other month.

In addition, Mr. Solis addressed the issues concerning the CAA and Utilize Management Financial Advisory Committee Functions as Outlined in Observation #3 subitem 3.1. Mr. Solis suggested the MFAC members address the updating, review and house cleaning of outdated information as it relates to the CAA.



Management / Financial Advisory Committee Hampton Roads Transit

509 East 18th Street, Norfolk, VA, 23510, 2nd Floor Board Room
Monday, April 23, 2018
1:30 p.m.

Mr. DeProfio asked how will MFAC report back to the ABRC on the items listed in Observation #3 and other observations related to MFAC?

Mr. Burns stated that HRT's staff members could maintain a record of the status and progress of the items needed to be addressed on Observation #3 and other observations related to MFAC. HRT will report to MFAC to confirm that members are satisfied with the progress of addressing the needs outlined. Ms. Denoncourt added that she will provide updates and status reports to both O&O and ABRC.

Mr. DeProfio commented on the need for HRT to maintain a 45-day cash reserve fund balance referenced in the CAA.

There was some discussion on the protocol and direction MFAC should take to address the audit observations.

Mr. William Harrell, President and Chief Executive Officer, suggested that HRT staff work with MFAC to present a general policy statement for MFAC to embrace. Mr. Harrell stated that this would allow for additional time for reviewing historical documents and researching information to enable the committee to address the many questions at hand.

ACTION ITEM: It was asked that three MFAC members and HRT staff members form a sub-committee to research historical information and explore opportunities to maximize the provisions within the CAA.

Mr. Jenkins recognized Mr. Burns and Mr. DeProfio as volunteers to form a sub-committee to review and report its findings of the CAA to the MFAC for recommendations. Mr. Jenkins stated an additional representative from one of the localities is needed to properly form this sub-committee.

FY 18 3rd Quarter Ridership Snapshot

Mr. Ray Amoruso, Chief Planning and Development Officer, gave an overview of FY18 3rd Quarter Ridership Snapshot to the committee members.

Other Business

There were some discussions concerning HRT requesting a consultant as it relates to research being funded by Virginia Department of Rail and Public Transportation (DRPT).



Management / Financial Advisory Committee Hampton Roads Transit

509 East 18th Street, Norfolk, VA, 23510, 2nd Floor Board Room
Monday, April 23, 2018
1:30 p.m.

There was discussion concerning how the transit system would appear if HRT began with a blank slate regarding routes.

There was some discussion regarding DRPT funding a portion of the study with the remaining portion being funded by Advance Capital Contribution (ACC).

There was discussion concerning the Greater Richmond Transit Company's (GRTC) efforts to revamp its transit system and the potential associated costs.

There was discussion regarding a requirement from the FY18 Virginia General Assembly session that all transit agencies develop strategic plans every five (5) years.

There was discussion concerning the DRPT Financial Management Office (FMO) review. Mr. Smith stated the MFAC and the TDCHR were previously briefed on the draft report. The final report is not currently available. Mr. Smith stated that HRT is not anticipating any significant changes from the draft report to the final report.

There was discussion concerning the Paratransit cost per ride as it relates to budget per locality.

ACTION ITEM: Mr. Harrell stated that a presentation could be provided to better explain HRT's methodology concerning cost per ride and city as it relates to Paratransit.

Adjournment

The meeting was adjourned at 2:46 p.m.