



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

509 East 18th Street, Norfolk, VA, 2nd Floor Board Room  
Wednesday, April 26, 2017  
1:00 pm – 2:30 pm

### **MEETING MINUTES**

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

Mr. Brandon Singleton, Chief Financial Officer called the first Management/Financial Advisory Committee to order at 1:07 p.m.

#### **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  
Stacy Hershberger, City of Virginia Beach  
Steve Pittard, DRPT  
Steven Jenkins, City of Chesapeake  
Susan Wilson, City of Portsmouth

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

Vince Jackson, Director of Service Planning & Scheduling  
Angela Glass, Director of Budget & Financial Analysis  
Gene Cavasos, Director of Marketing and Communications  
William Harrell, President and CEO  
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  
Robert Travers, Attorney  
Sibyl Pappas, Chief Engineering & Facilities Officer  
Tom Holden, Media Relations Specialist



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### **Others in attendance:**

Karl Daughtrey, City of Hampton  
Emily Uselton, City of Norfolk  
Matt Gregory, WAVY-TV  
Reenia Aubin, Daily Press

Mr. Williams Harrell, President and CEO, welcomed all attendees to the first MFAC meeting. Mr. Harrell outlined that the purpose of reconstituting of the MFAC group is to formulate better communication between HRT and the Localities.

Mr. Singleton references the Transpiration District Commission of Hampton MFAC binders presented to the City attendees. The binders contain:

- MFAC By-Laws (Draft )
- Overview of HRT
- Budget Philosophy
- Financial Summary
- Fare Increase, A Phased Approach
- Polled services FY 16/17
- Budget Process Overview and Coast Allocation Methodology
- Cost Allocation Agreement, 1999

One of the task of this MFAC committee, and being a Sub component to the Audit and Budget Review Committee(ABRC), is to review the Cost Allocation Agreement and make recommendation concerning changes and modifications.

### **MFAC April 26, 2017 Meeting, Selection of Chair and Vice Chair for FY 17**

Mr. Singleton proposed the recommendation of Mr. Steven Jenkins, City of Chesapeake as Chair and Mr. Brian Deprofio, City of Hampton, Vice-Chair of the MFAC.

A motion to approve Steve Jenkins as Chair and Brian Deprofio as Vice Chair was made and properly second.



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

Mr. Amoruso provided an overview of the Transportation Service Transportation Plan (TSP) to the Committee Members.

### **Service Plan Update FY 2018**

The following are the proposed changes to the base level plan for FY 2018

- City of Chesapeake
  - No Changes
- City of Hampton
  - Reduce level of service on Route 12
- City of Newport News
  - Eliminate weekend service on Route 119
  - Reduce frequency from 3 minutes to 60 minutes on Route 112 after 8:00 p.m. on weekdays and Saturdays
- City of Norfolk
  - No Changes
- City of Portsmouth
  - No Changes
- City of Virginia Beach
  - Eliminate Seasonal Wave Route 32
  - New Seasonal Route 35 – Bayfront Shuttle
  - Route 33- add an additional vehicle to improve schedule adherence

Mr. Amoruso discussed the possibility of the elimination of a MAX Route 65 due to lack of productivity, however this discussion will need the approval of the TDCHR Commissioners.

There was a discussion concerning the request for the Cities to be given their final budgetary obligation after the deletion and final route updates and changes.



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Mr. Singleton confirmed that the updated changes were reflected in the financial statements presented to the cities mid to late January.

There was a recommendation that the President and CEO send a correspondence of the final financial obligations of the service plans and route updates to each locality's City Manager at their completion.

There was a discussion concerning the changes in Route 57 and its budgetary financial affects to the City of Portsmouth and the City of Chesapeake.

There was a discussion concerning the request for the Cities be presented an TSP spreadsheet.

There was a discussion concerning internal reorganizational reconstruction for FY 2018 the impact to the FY 2018 budget.

There was a discussion concerning the approval needed from the Commonwealth Transportation Board for the funding for the Hot Line Service, Max Routes 961 & 966. The approval for the Hot Line Services are not forecasted for FY 2018.

### **TDCHR Bylaws:**

Mr. Singleton made a recommendation to the committee members concerning the highlighted revisions to Sections 3c5(E)10, 3c5(E)11, and 3d of the TDCHR Bylaws.

A motion to accept the revised changes to Section 3 of the TDCHR Bylaws was made. A vote resulted the following:

The revisions of the MFAC By-Laws were denied by a unanimous vote. Steven Jenkins-Chair selected to give the committee members additional time to review and considered the changes. Approval of the revisions to the TDCHR Bylaws will be presented to the committee during the next appointed meeting.

### **Budget Process Overview and Cost Allocation Methodology**

Mr. Singleton discussed the Cost Allocation Agreement mythology and how it relates to budget development, operating expenses and revenues, and true-ups to each of the cities.

There was some discussion concerning service cost per hours as it pertains to each city.



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There was some discussion concerning farebox revenues as it applies to cost allocation methodology.

There was some discussion concerning advance payment for capital projects, Advanced Capital Contributions.

There was some discussion cornering the possibility of estimating State or Federal funding. Mr. Singleton stated that with the current forecasting of reductions to the transit federal funding, the future of transit funding will in questionable.

There was some discussion concerning the predictability of transit funding from the Virginia Department of Rail and Public Transportation (DRPT). The DRPT hopes to continue to maintain its predictability of funding at the state level even after adopting a new allocated cost methodology. It was stated that with the companies declining revenues and its lack of available funding to give for capital planning the hope is that the General Assembly through the new allocation cost methodology would fill in the reduction of revenue as well as still be able to maintain the predictability of funding.

There was some discussion concerning the percentage of federal funding received by HRT and how it is allocated towards Operating Budget and Capital Projects. The received form the Federal Transits Administration can be used for eligible capital related projects in the Operating Budget and/or Capital projects. A discussing ensued concerning the process, steps of grant applications and how it relates to the distribution of Federal funding to the agency.

There was some discussion cornering terminology, proper use and description of “Administration” as it relates to the MFAC By- Laws. The Localities pay 1/6 of the Administrative cost per the Cost Allocation Agreement.

There was some discussion concerning funding of Capital Projects without the impact of asset depreciation factored.

Mr. Singleton gave an overview on the March FY 2017 Financial Report to the MFAC Committee Members.



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Mr. Singleton update the Committee member on the current standings that HRT has taken towards improvement of its finance strategies;

- Continue cost avoidance and reductions strategies
- Hiring Freeze (exceptions of non-essential personnel)
- Adjustment to non-essential activities
- Continue to reduce the need for overtime
- Address Ridership trends effecting fare revenue
- Explore potential services refines
- Continue communication with the Commissions and Localities (MFAC)
- MFAC will report to the Audit and Budget Review Committee (ABRC)
- Establish the External Legislative Administrative Committee (ELAC)

### **March FY 2017 Financial Report**

Mr. Singleton reviewed the March 2017 financial report.

Mr. Harrell addressed the concerns of procuring additional line of credit with Towne Bank has it pertains to the Localities and True-Up payments.

Mr. Singleton discussed the upcoming fare increase in October 2017

Mr. Harrell stated that HRT will continue to review its operating expenses to find area of reduction. The first step is to bring reductions to the service side, routes that are less productive in order be more cost efficient.

There was some discussion concerning federal funding and capital planning as it relates to the replacement of equipment and rolling stock.

There was some discussion concerning the maturity aging of the rolling stock as it relates to grant funding.

Mr. Singleton explained federal funding. Population and density of a region are two (2) of the main factors in receiving credit allocated from the FTA's regional resources as well as other factors. In addition, the State has implemented similar models for allocating funds.



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Mr. Harrell stated that in the case of overpayment from a locality, in lieu of the returning funds back to the cities, the Board was considering a reserve fund. Mr. Harrell stated that this matter may be a consideration for the MFAC members.

There was some discussion concerning HRT's ongoing expenditures of expensive reductions.

There was a request for the April 26, 2017 MFAC, TSP Overview presentation and the March FY '2017 Financial Report presentation be available to all the MFAC members.

### **Other Information:**

There were no other matters for the Committee's attention.

### **Adjournment:**

With no further business to discuss the April 26, 2017 Management/Financial Advisory Committee meeting was adjourned at 2:57 pm by Steve Jenkins, Chair.