



Budget Process Overview and Cost Allocation Methodology

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Cost Allocation Agreement Guiding Principles

- Operate a **consolidated regional public transportation system** within and between the Participating Cities.
- The method of **allocating costs and revenues** will be based on service provided and revenues generated in **each individual city**.
- Each participating city will have final determination on the type, amount and location of **public transportation service provided within its borders**.
- To recognize the distinct characteristics of each cities and to insure that each city is equitably allocated **only the net cost of providing public transportation services for its citizens**, separate operating cost and passenger revenue allocation formulas will be used.

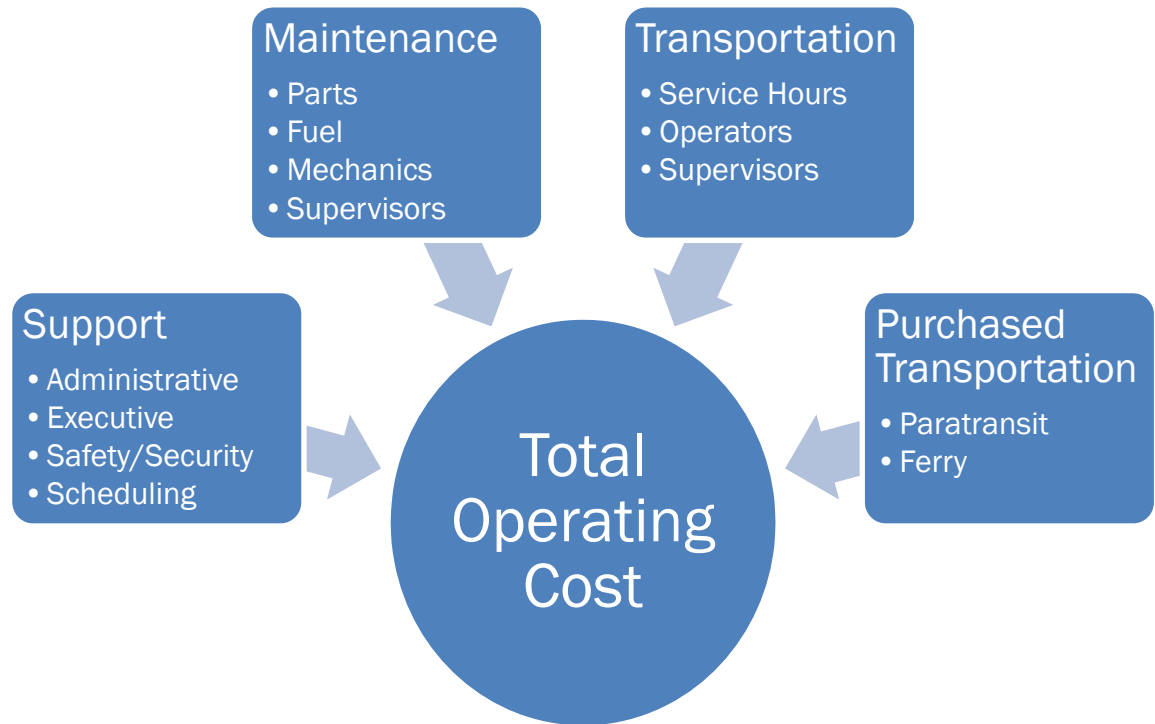
Operating Costs Components

By transit mode:

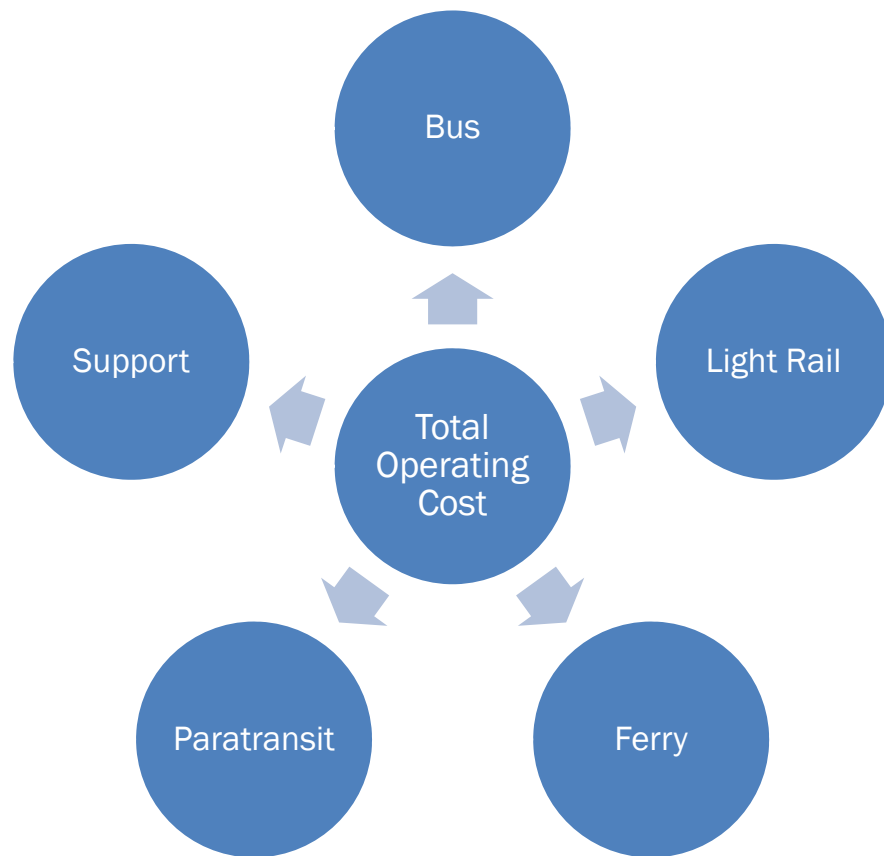
- Operators, mechanics, fuel, materials, supervision, mode specific training, and material directly related to the mode.

Costs of services **shared by multiple modes:**

- Facilities maintenance, utilities, insurance, safety, communications, technology, accounting, training and other related costs that support performance of transportation services.



Operating Costs by Service Type

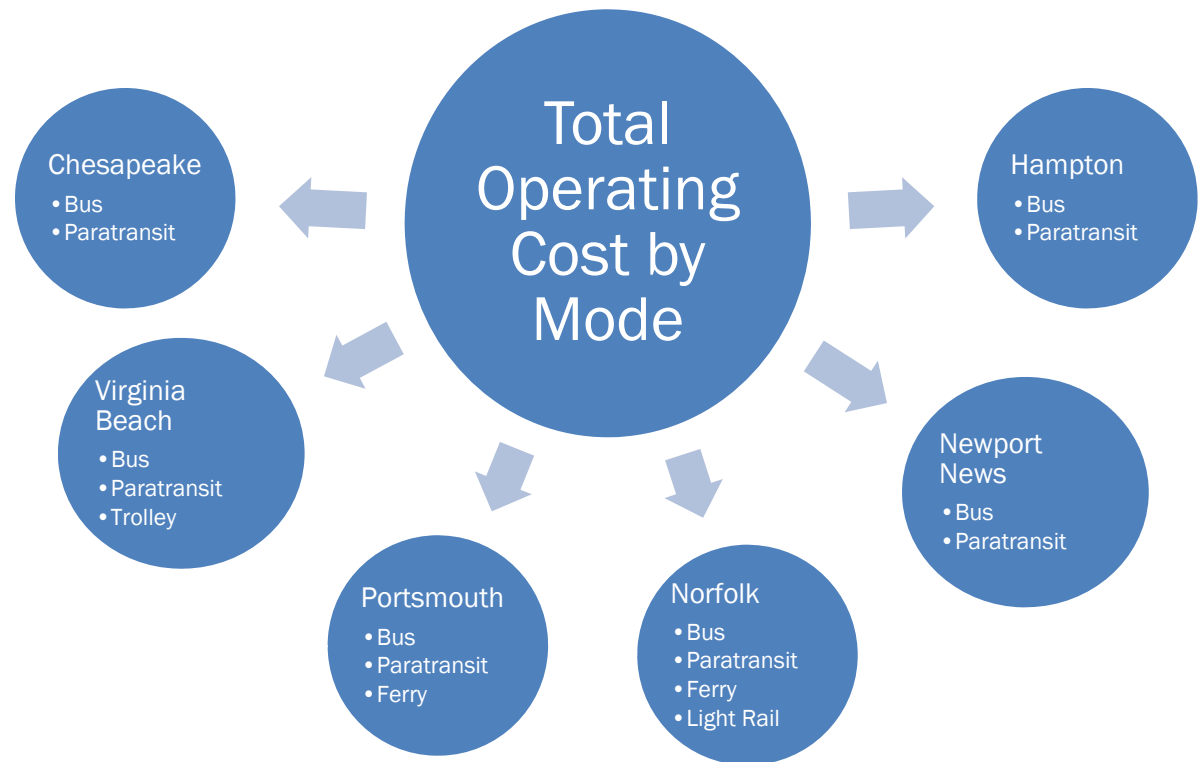


- Total Operating Cost are segregated by mode (service type).
- A modal cost per hour is determined by dividing the costs by mode by the total number of service hours by mode.
 - The modal cost per hour is unique to each mode of service.

Operating Costs by City & Service Type

Service levels and types are determined independently with each city annually (Transit Service Plans).

The method of allocating costs and revenues will be based on service hours provided and revenues generated in each individual city (**Article III Paragraph B**).



Funding Sources

Operating Budget



Virginia Department of Rail and Public Transportation



Federal Transit Administration



HAMPTON ROADS TRANSIT

Funding Sources

Operating Budget



Capital Projects



Federal Transit
Administration

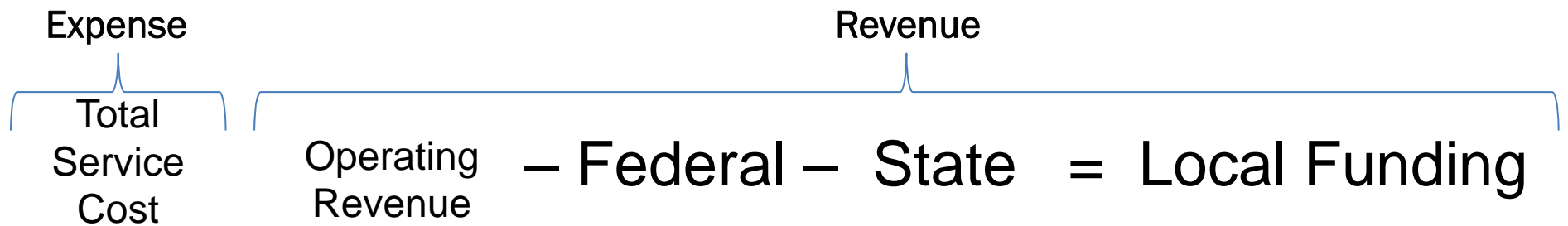


HAMPTON ROADS TRANSIT

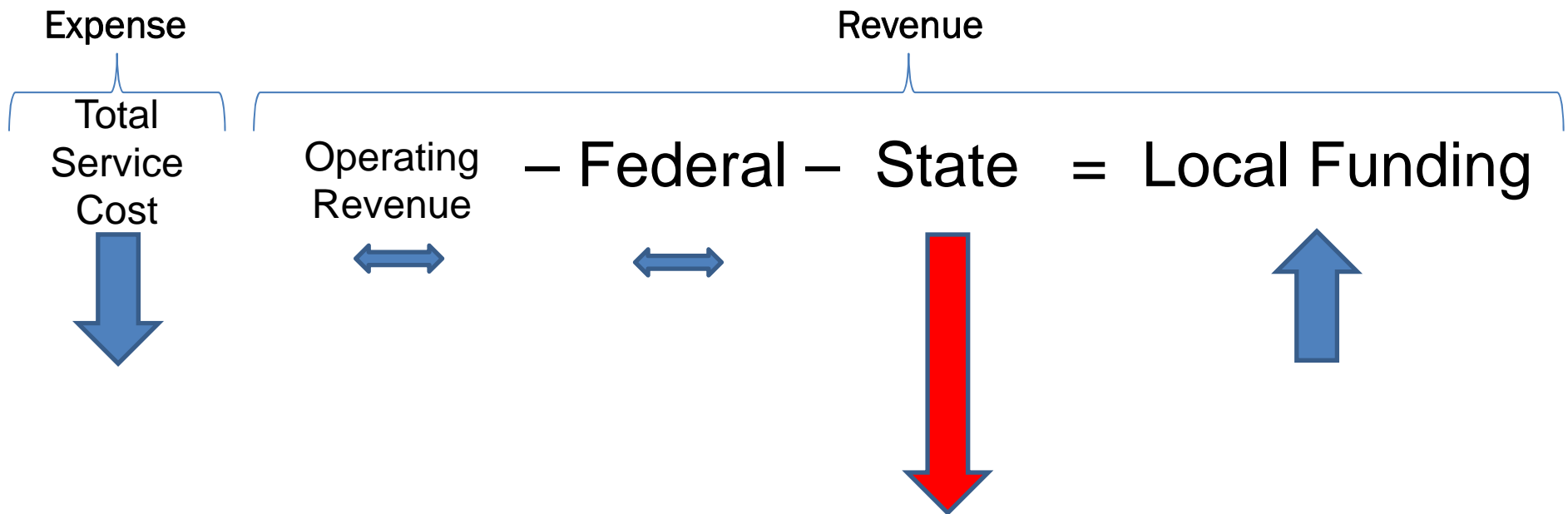
“True Up” Process

- The “True Up” is a recurring annual process.
- Basis: Calculation Of Local Share Of Operating Costs –
 - **Farebox revenue** is captured by route and/or city and subtracted from **service costs** to determine if a deficit exists. If a deficit exists, **federal aid** (FA) and **state aid** (SA) will be applied. If funds are required after farebox revenue, FA and SA and any other assistance are applied to costs, **the city approving services will provide the funds.**

“True Up” Process



“True Up” Process





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MARCH FY 2017 FINANCIAL REPORT

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Updates Since March Work Session/ Board Meeting

- Continue cost avoidance and reduction strategies
 - Critical adjustments to support staff levels
 - Hiring freeze on all non-essential, non-safety positions
 - Adjustments/reductions to non-essential activities
 - Continue to reduce the need for operator overtime
 - Address ridership trends affecting fare revenue
 - Continue to facilitate general cost avoidance and reduction strategies

Updates Since March Work Session/ Board Meeting

- Explore potential service refinements
 - Shoulders of the service day
 - Span of service
 - Days of operation
 - Service frequencies
- Continued communication with Commission and localities
 - MFAC to meet monthly and quarterly with ABRC
- Establish External/Legislative Affairs Committee and pursue new funding sources

REVENUE & RIDERSHIP KPI's

MARCH FY17

KPI	Target	Actual	Variance
Average Fare per Rider	\$1.00	\$1.07	\$0.07
Average Fare per GoPass365 Rider	\$1.00	\$1.07	\$0.07
Average Cost per Rider	\$6.14	\$6.50	(\$0.36)
Local Investment per Rider	\$2.64	\$2.46	\$0.18
Farebox Recovery Ratio	20%	16%	-4%

Average fare per rider is better than budget by 6.5%, and average fare per GoPass365 rider is better than budget by 6.9%.

Local investment per rider is under budget by 6.8%, and average cost per rider exceeds projections by 5.9%.

The cost recovery ratio is total farebox revenue divided by operating expense and is currently under target by 3.6%.

OPERATING FINANCIAL STATEMENTS MARCH FY17

Monthly					FISCAL YEAR 2017 Dollars in Thousands	Year to Date				
Current Year						Current Year				
Budget	Actual	Variance				Budget	Actual	Variance		
\$ 1,493.6	\$ 1,302.5	\$ (191.1)	-12.8%	Passenger Revenue	\$ 13,988.4	\$ 11,760.3	\$ (2,228.1)	-15.9%		
110.4	41.6	(68.8)	-62.3%	Advertising Revenue	993.8	\$ 533.1	(460.6)	-46.4%		
182.7	179.1	(3.6)	-2.0%	Other Transportation Revenue	1,633.5	1,612.0	(21.5)	-1.3%		
5.0	6.7	1.7	33.4%	Other Non-Transportation Revenue	45.0	75.7	30.7	68.2%		
\$ 1,791.7	\$ 1,529.9	\$ (261.8)	-14.6%	TOTAL REVENUE	\$ 16,660.6	\$ 13,981.1	\$ (2,679.5)	-16.1%		
\$ 4,887.4	\$ 4,979.6	\$ (92.2)	-1.9%	Personnel Services	\$ 46,214.4	\$ 47,604.0	\$ (1,389.6)	-3.0%		
738.4	566.5	171.9	23.3%	Services	7,217.9	6,129.4	1,088.5	15.1%		
1,012.7	923.4	89.3	8.8%	Materials & Supplies	8,438.2	8,327.0	111.2	1.3%		
115.4	121.8	(6.4)	-5.6%	Utilities	1,052.3	982.2	70.1	6.7%		
414.8	354.6	60.1	14.5%	Casualties & Liabilities	3,732.5	3,189.1	543.4	14.6%		
704.3	707.4	(3.1)	-0.4%	Purchased Transportation	6,338.7	6,234.0	104.7	1.7%		
237.4	184.6	52.8	22.2%	Other Miscellaneous Expenses	2,093.8	2,053.8	40.0	1.9%		
\$ 8,110.4	\$ 7,837.9	\$ 272.5	3.4%	TOTAL EXPENSE	\$ 75,087.7	\$ 74,519.5	\$ 568.2	0.8%		
\$ 6,318.7	\$ 6,308.0	\$ 10.6	0.2%	SUBSIDY	\$ 58,427.1	\$ 60,538.4	\$ (2,111.3)	-3.6%		

For the month of March, operating revenues and expenses vary with projections by 14.6% and 4.0%, respectively.

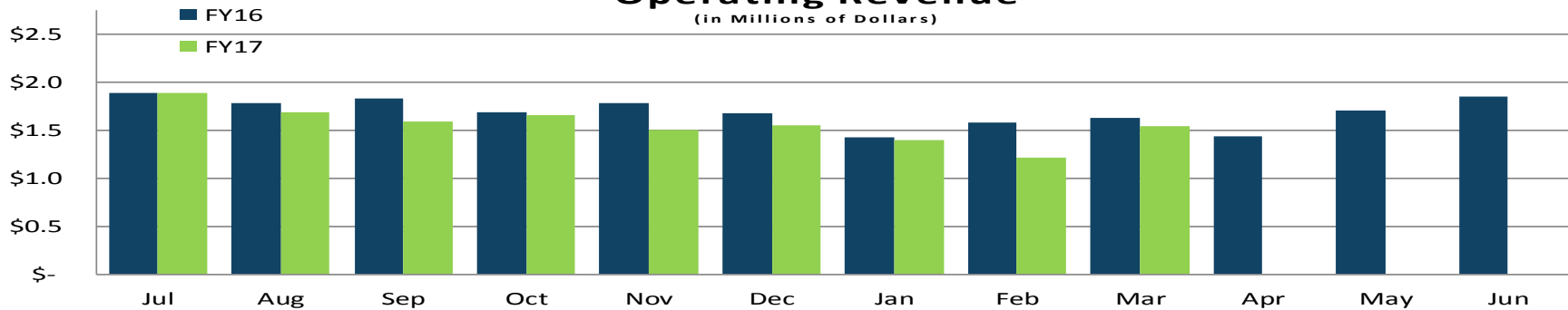
Fiscal year-to-date operating revenues fall below expectations by 16.1%; however, operating expenses are under budget by 0.8%.

OPERATING FINANCIALS (cont.)

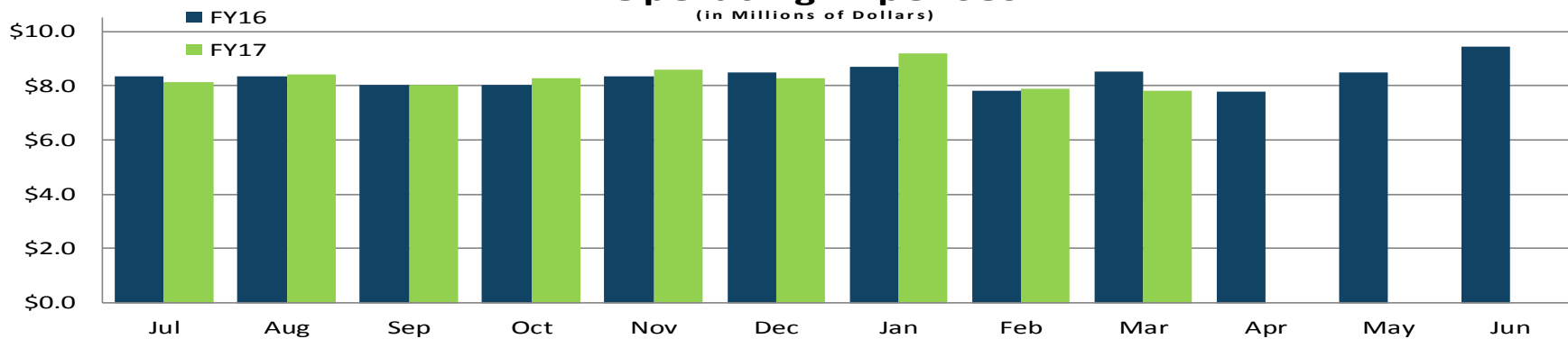
MARCH FY17

MONTHLY RESULTS				FISCAL YEAR 2017 Dollars in Thousands	YEAR-TO-DATE RESULTS			
Mar-FY17		Variance FY17			FY17		Variance FY17	
Budget	Actual	\$	%		Budget	Actual	\$	%
\$ 1,791.7	\$ 1,529.9	\$ (261.8)	-14.6%	REVENUE	\$ 16,660.6	\$ 13,981.1	\$ (2,679.5)	-16.1%
\$ 8,110.4	\$ 7,837.9	\$ 272.5	3.4%	EXPENSE	\$ 75,087.7	\$ 74,519.5	\$ 568.2	0.8%
\$ 6,318.7	\$ 6,308.0	\$ 10.6	0.2%	SUBSIDY	\$ 58,427.1	\$ 60,538.4	\$ (2,111.3)	-3.6%
20%	17%			FAREBOX RECOVERY	20%	16%		

Operating Revenue
(in Millions of Dollars)



Operating Expenses
(in Millions of Dollars)



Updates Since March Work Session/ Board Meeting

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 - Critical adjustments to support staff levels
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MARCH FY17 OPERATING FINANCIALS (cont.)

YEAR-TO-DATE RESULTS				FISCAL YEAR 2017 Dollars in Thousands	YEAR-END PROJECTIONS			
FY17		Variance FY17			FY17		Variance FY17	
Budget	Actual	\$	%		Budget	Actual	\$	%
\$ 16,660.6	\$ 13,981.1	\$ (2,679.5)	-16.1%	REVENUE	\$ 22,327.7	\$ 18,536.5	\$ (3,791.2)	-17.0%
\$ 75,087.7	\$ 74,519.5	\$ 568.2	0.8%	EXPENSE	\$ 99,480.0	\$ 98,401.3	\$ 1,078.7	1.1%
\$ 58,427.1	\$ 60,538.4	\$ 2,111.3	3.6%	SUBSIDY	\$ 77,152.3	\$ 79,864.8	\$ 2,712.5	3.5%
				SUBSIDY FUNDING				
\$ 13,087.1	\$ 15,737.3	\$ 2,650.2	20.3%	STATE	\$ 17,338.5	\$ 20,849.6	\$ 3,511.1	20.3%
\$ 13,037.5	\$ 12,007.3	\$ (1,030.2)	-7.9%	FEDERAL	\$ 18,100.4	\$ 18,403.7	\$ 303.3	1.7%
				LOCAL:				
\$ 1,964.8	\$ 1,897.1	\$ (67.7)	-3.4%	CHESAPEAKE	\$ 2,532.2	\$ 2,348.0	\$ (184.2)	-7.3%
\$ 5,421.6	\$ 5,674.8	\$ 253.2	4.7%	NEWPORT NEWS	\$ 6,960.9	\$ 6,995.9	\$ 35.0	0.5%
\$ 3,374.2	\$ 3,504.1	\$ 129.9	3.8%	HAMPTON	\$ 4,332.5	\$ 4,265.4	\$ (67.1)	-1.5%
\$ 14,355.1	\$ 14,482.3	\$ 127.2	0.9%	NORFOLK	\$ 18,652.7	\$ 17,907.6	\$ (745.1)	-4.0%
\$ 2,125.4	\$ 2,247.1	\$ 121.7	5.7%	PORTSMOUTH	\$ 2,742.5	\$ 2,758.0	\$ 15.5	0.6%
\$ 5,061.4	\$ 4,988.4	\$ (73.0)	-1.4%	VIRGINIA BEACH	\$ 6,492.3	\$ 6,336.5	\$ (155.8)	-2.4%
\$ 58,427.1	\$ 60,538.4	\$ 2,111.3	3.6%	TOTAL SUBSIDY	\$ 77,152.3	\$ 79,864.8	\$ 2,712.7	3.5%

RIDERSHIP STATS

MARCH FY17

MONTHLY RESULTS				YEAR TO DATE RESULTS		
March FY17				FY17		
Target	Actual	Variance	MODE	Target	Actual	Variance
1,180,100	1,038,755	(141,345)	BUS TRANSIT	10,620,896	9,461,577	(1,159,319)
118,502	105,587	(12,915)	LRT	1,066,517	974,347	(92,170)
23,959	11,417	(12,542)	FERRY	215,633	157,386	(58,247)
27,443	33,264	5,821	PARATRANSIT	246,989	271,286	24,298
1,350,004	1,189,023	(160,981)	SYSTEM TOTAL	12,150,034	10,864,596	(1,285,438)

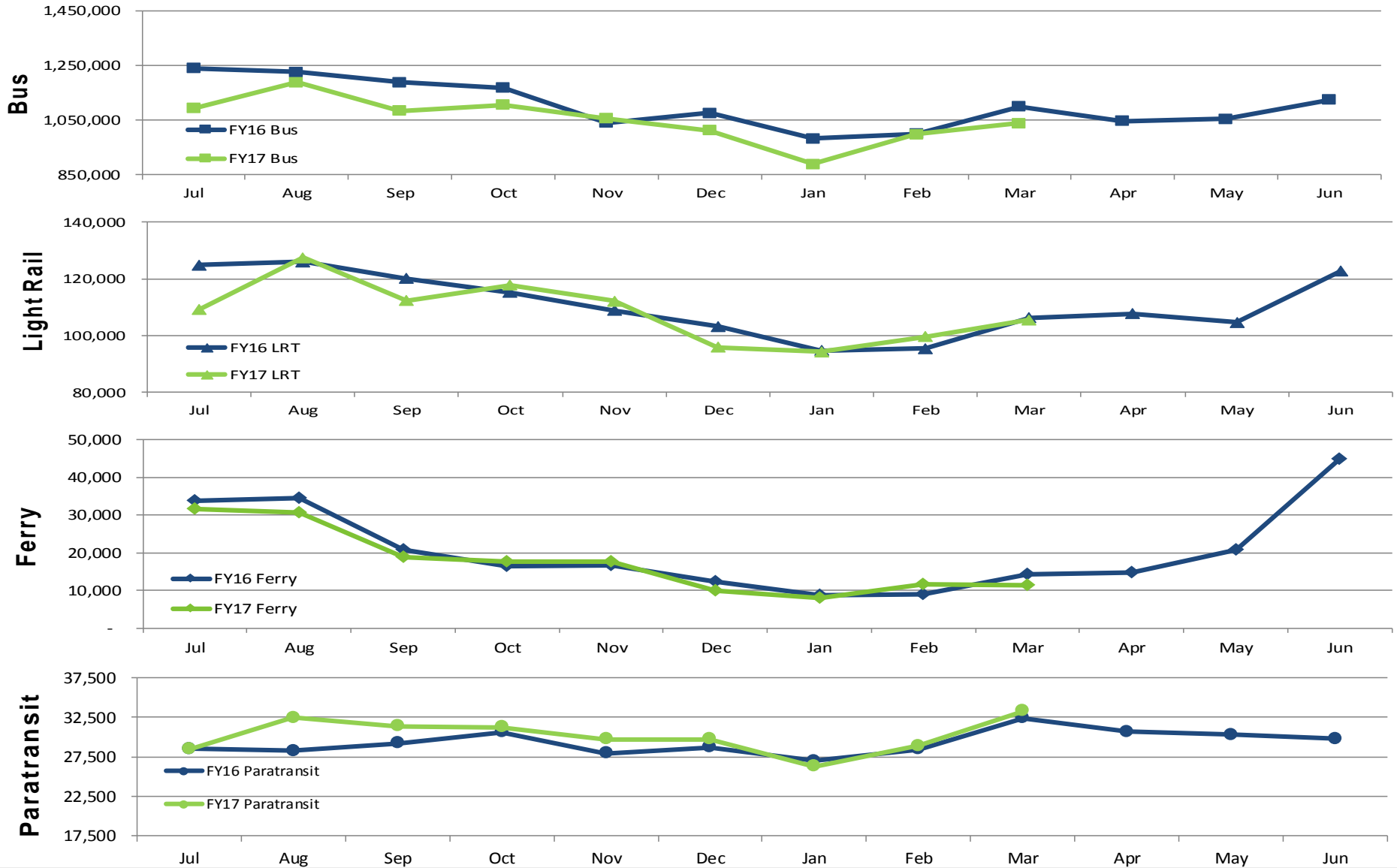
For the month of March, ridership came in 13.5% under target. March ridership this year is 11.8% lower, overall, than last year but 9.0% higher for paratransit.

MONTHLY RESULTS				YEAR TO DATE RESULTS		
Mar-FY16	Mar-FY17		MODE	FY16	FY17	
Actual	Actual	Variance	MODE	Actual	Actual	Variance
1,099,262	1,038,755	(60,507)	BUS TRANSIT	10,017,690	9,461,577	(556,113)
106,301	105,587	(714)	LRT	995,180	974,347	(20,833)
14,250	11,417	(2,833)	FERRY	166,454	157,386	(9,068)
32,362	33,264	902	PARATRANSIT	260,950	271,286	10,336
1,252,175	1,189,023	(63,152)	SYSTEM TOTAL	11,440,274	10,864,596	(575,678)

Year to date ridership is 5.3% below target. Ridership this time last year was 5.3% higher, overall.

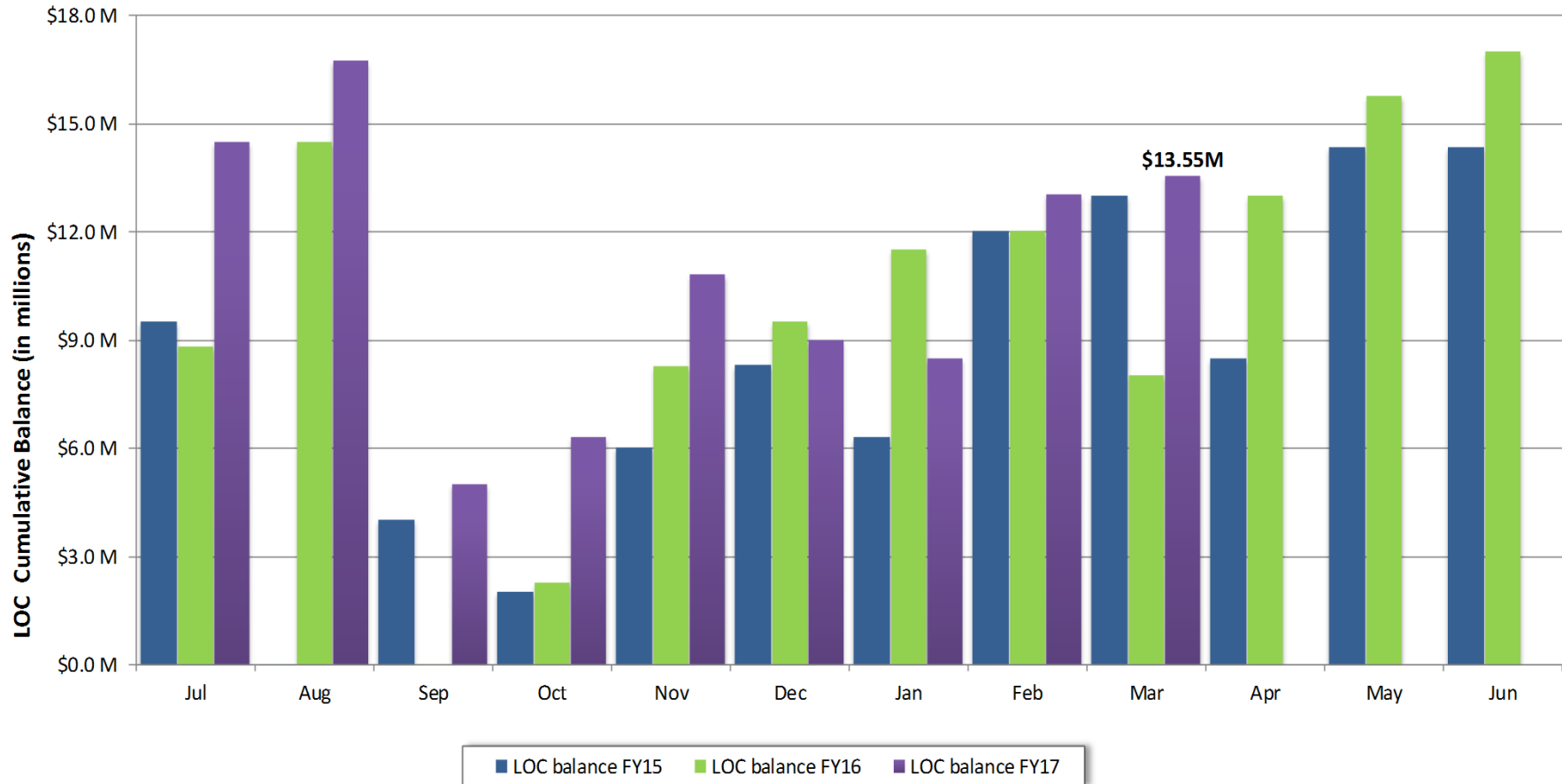
RIDERSHIP GRAPHS

MARCH FY17



LINE OF CREDIT

MARCH FY17



The line of credit balance as of March 31st is \$13.55M.

PROCUREMENTS BETWEEN \$50K-\$100K MARCH FY17

March 2017

<u>Contract Number</u>	<u>Contract Description</u>	<u>Cost Center</u>	<u>Funding Source</u>	<u>Method of Procurement</u>	<u>Award Amount</u>	<u>Award Date</u>	<u>Awarded Vendor</u>	<u>Performance Period</u>
17-74644	Structured Cabling	Technology	Operating	RFQ	\$50,000.00	3/23/2017	Bazon-Cox and Associates, Inc.	2 years



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