



Management / Financial Advisory Committee Hampton Roads Transit

Monday, September 24, 2018 • 1:30 p.m.

2nd Floor Board Room • 3400 Victoria Blvd., Hampton, VA 23661

MEETING MINUTES

Committee members in attendance:

Lauren DiEugenio, City of Norfolk
Jessica Dennis, City of Norfolk
Amy Inman, City of Norfolk
Brian Solis, City of Virginia Beach
Alex Gottschalk, City of Virginia Beach
Constantinos Velissarios, City of Newport News
Michael Hayes, City of Hampton
Lisa Cipriano, City of Newport News
Karl Daughtrey, City of Hampton
Sheila McAllister, City of Newport News
Angela Hopkins, City of Newport News
Steve Jenkins, City of Chesapeake
Carl Jackson, City of Portsmouth

Hampton Roads Transit Staff in attendance:

Sylvia Shanahan, Director of Finance
Brenda Green, Accounting Coordinator
Ashely Johnson, Budget Analyst II (recorder)
Margaret Denoncourt, Internal Auditor
Conner Burns, Chief Financial Officer
Brandon Singleton, Assistant Director of Budget and Financial Analysis
Angela Glass, Director of Budget and Financial Analysis
Gene Cavasos, Director of Marketing and Communications
Ray Amoruso, Chief Planning and Development Officer
Robert Travers, Attorney
Sibyl Pappas, Chief Engineering and Facilities Officer
William Harrell, President and CEO
Kim Ackerman, Chief Human Resources Officer

Others in attendance:



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Call to order

In the absence of the MFAC Chair, Brian Deproffio, City of Hampton, Lisa Cipriano, City of Newport News, chaired and called the meeting to order at 1:33 pm.

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

- Agenda
- August 2018 MFAC Meeting Minutes
- August 2018 Financial Statement
- Route Ridership FY14 – FY18 for all Routes

Welcome

Ms. Cipriano welcomed everyone to the meeting.

Corrections to the August 2018 meeting minutes, Susan Evans, City of Portsmouth, name was omitted from others in attendance.

The August meeting minutes were approved.

Ms. Cipriano suggested that the agenda for the next meetings should be set at the end of each MFAC meeting, so the committee will know what to prepare for in advance.

August 2018 Financial Report

Conner Burns, Chief Financial Officer, welcomed everyone to the meeting.

Mr. Burns presented the August 2018 Financial Report.

Karl Daughtrey, City of Hampton, asked how expenses were being tracked and if HRT is aware of any outstanding expenses that may not have been captured.

- Mr. Burns advised that HRT uses accrual basis accounting to track expenses



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There was discussion about contract service expenses that are expected to be expensed during the fiscal year.

Alex Gottschalk, City of Virginia Beach, asked what factors may be contributing to the farebox revenue exceeding the budgeted amount.

- Mr. Burns explained how the farebox budget was developed. Ray Amoruso, Chief Planning and Development Officer, explained how the ridership trend was developed and elaborated on the development of the revenue budget.

Ms. Cipriano requested that a column identifying projections be added to the financial report.

Action Item: It was agreed to add projections to the financial report.

Mr. Daughtrey asked if there is a contingency or reserve built into the budget.

- Mr. Burns explained that there is neither contingency nor reserve built into HRT's budget. There was additional discussion on the need for HRT to incorporate a reserve and contingency.

Mr. Gottschalk asked if there is a cost savings when services are suspended for several days due to events like Hurricane Florence?

- Mr. Burns explained that there is not a cost savings because there are fixed overhead expenses that still occur.
- There was additional discussion on the extra work associated with services not running and potential cost recovery from the State for events that fall within a state of emergency.

There was additional discussion about revenues and route performance.

Mr. Gottschalk stated that it should be noted that the ridership revenue for September 2017 was higher due to retailers purchasing additional fare media prior to the fare increases in October 2017.

Mr. Burns reviewed the new layout for the reconciliation slides for the localities.

Mr. Daughtrey would like to see a projection column added to the reconciliation slides as well.



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Action Item: Ms. Cipriano asked what was driving the expenditure change with the City of Norfolk.

- Mr. Burns stated that it will be researched.

Amy Inman, City of Norfolk, asked if DRPT has reviewed the format of the financial presentation layout.

- There was discussion on the evolution of the financial presentation format.

Mr. Burns concluded the August Financial Report.

Draft Language for Transportation Service Plan (TSP) Milestones Presentation

Mr. Burns presented the draft changes to the TSP language and calendar.

There was some discussion on the deadlines presented in the presentation.

There was discussion on the new routes being added to the TSP and the resources needed to operate the new routes. Mr. Gottschalk requested a discussion between the localities be added to the timeline for routes that affect multiple cities. Mr. Gottschalk asked if the HRT meetings with the cities will still take place.

- Mr. Burns stated that the meetings will still take place.

There was some discussion on language in the Bylaws being amended to include the new timeline.

It was agreed to allow the committee to have time to review the new draft timeline to be discussed at the October meeting.

There was discussion on when the budget is presented to the Commission and when it is adopted.

Ms. Inman stated that she would like to understand where HRT is with the State of Good Repair on the Light Rail and what is the plan to address the State of Good Repair.

- William Harrell, President and CEO, stated that the State of Good Repair has been addressed in a prior meeting with the appropriate City of Norfolk staff. Mr. Burns stated that he can meet with Ms. Inman to discuss.

Other Business



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Mr. Burns briefed the committee on the DRPT Financial Management Office Review. Mr. Harrell suggested that each of the items be presented along with HRT's response.

Mr. Burns presented the three scenarios on how to address the additional state funding.

There was some discussion on the three different scenarios and the effect on each locality's share.

Brian Solis, City of Virginia Beach, and Steve Jenkins, City of Chesapeake, each support Option One.

Mr. Daughtrey supports Option Three.

The remaining cities indicated that they will need more time to review the options.

At the last meeting, Ms. Inman wanted to know what was included in the cost per hour. Mr. Burns advised her that he could meet with her to discuss, since the committee has already been briefed.

Review of Action Items:

Projection columns to be added to the financial presentation.

It was requested that HRT staff research the driving change in expenditures for the City of Norfolk.

Adjournment

The meeting was adjourned at 3:22 p.m.