



Meeting of the Audit & Budget Review Committee of Hampton Roads

Monday, December 7, 2020 • 10:00 a.m.
Zoom Tele/Video Conference

MEETING MINUTES

Attendance was taken via teleconference

Commissioners in attendance:

Commissioner Gray, City of Hampton-Chair
Commissioner Rowe, City of Portsmouth
Commissioner Fuller, City of Chesapeake
Commissioner McClellan, City of Norfolk
Commissioner Hamel, City of Chesapeake

Alternate Commissioners in attendance:

Commissioner Cipriano, City of Newport News
Commissioner, Velissarios, City of Newport News
Commissioner Jackson, City of Portsmouth
Commissioner Inman, City of Norfolk
Commissioner Pittard, DRPT
Commissioner, DeProfio, City of Hampton

Hampton Roads Transit Staff in attendance:

William Harrell, President and Chief Executive Officer
Angela Glass, Director of Budget and Financial Analysis
Ashely Johnson, Capital Improvement Plan Analyst III
Conner Burns, Chief Financial Officer
Sheri Dixon, Director of Revenue Services
Ray Amoruso, Chief Planning and Development Officer
Robert Travers, Attorney
Sibyl Pappas, Chief Engineering and Facilities Officer
Sony Luther, Director of Procurement
Kim Wolcott, Chief Human Resources Officer
Debbie Ball, Director of Finance
Juanita Davis, Budget Analyst III
Jim Price, Chief Transit Operations Officer
Adrian Tate, Finance Manager
Brenda Green, Accounting Coordinator (recorder)



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Larry Kirk, Assistant Director of Finance
John Powell, Telecommunications Specialist
Brian Smith, Deputy Chief Executive Officer
Michael Price, Chief Information Officer/ Chief Technology Officer
Gene Cavazos, Director of Marketing and Communications
Keshia Branch, Director of Office of Program & Project Excellence
Dawn Sciortino, Chief Safety Officer
Shanti Mullen, Internal Auditor

Others in attendance:

Jeff Raliski, Hampton Roads Transportations Planning Organization (HRTPO)

Call to Order

Commissioner Gray called the meeting of the Audit & Budget Review Committee (ABRC) to order at 10:03 am.

The December 2020 Audit & Budget Review Committee meeting package was distributed electronically to the ABRC and Commissioners in advance of the meeting. The meeting package consisted of:

- Meeting Agenda
- ABRC November 2020 Meeting Minutes
- October 2020 FY21 Financial Report
- FY21-31 Capital Improvement Project
- FY22 Draft Operating Budget
- Update Regional Transit Program

Approval of November 9, 2020 ABRC Meeting Minutes:

A motion to approve the November 2020 Audit & Budget Review Committee (ABRC) meeting minutes was made and properly seconded. The November 2020 Minutes were approved by unanimous vote



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FY 2021 October Financials

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

Mr. Burns presented the first-trimester financials, year-to date ending October 31, 2020. He stated that the November financials will be closing this week and once thoroughly vetted, will be forwarded to the Commissioners.

The October Financials including the operating financial statement, non-operating COVID revenue/expenses, farebox revenue/expenses, locality crosswalk and locality reconciliation, were presented in detail to the Committee. Additional rows have been added that separate the traditional 5307 operating monies from CARES operating money. Mr. Burns stressed that CARES funding is 5307 operating money and that the Agency is drawing from CARES money first and will be a blended number once traditional funding is drawn down.

The statement of operations will reflect the revenue and the expenditures that are related to COVID. Page two (2) represents the statement of operations without specific COVID revenue and expenses and Page three (3) presents the COVID expenditures separately.

HRT anticipates that the current balance of CARES funding of \$40,700 is expected to last for 18 months.

William Harrell, President and Chief Executive Officer, stated that with the assistance of the Commissioners, HRT was able to have a policy in place for the use of the CARES funding. Mr. Harrell stated that some of the larger transit properties chose to use their CARES monies within year one. Based on HRT's projections of a slow growth in ridership, the agency developed a level of discipline to spread the funding over a few years.

Mr. Burns stated that because of the HRT's discipline in allocating of the CARES funding over a few years' time span HRT has accomplished its long-term goal of having the grants monies in front of the needs of the agency.

FY2022 Draft Operating Budget and TSP's

Mr. Burns, thanked Angela Glass, Director of Budget and Financial Analysis and Debbie Ball, Director of Finance and their staff for the hard work and contributions on get the FY 2022 Draft Operating Budget and TSP out ahead of schedule. Mr. Burns



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stated that it was the desire of the Agency along with ABRC and Management/Financial Advisory Committee (MFAC) that encouraged HRT to have these budget numbers out and ready for print by March.

Mr. Burns stated that in addition to a traditional cost allocation method of budget build, Ms. Glass will be presenting a budget that will bring some budget certainty to the localities. She will outline how the Agency can strategically allocate funds to maintain a flat level of funding for the cities and maintain funding levels equal to FY 2020.

Ms. Glass presented the FY 2022 Draft Operating Budget and TSP's. Ms. Glass reviewed the FY 2022 Budget Calendar reminding the Committee of the January 11, 2021 Special MFAC meeting. The presentation outlined the FY 2022 Draft Operating Budget Summary including funding sources and cost drivers. Ms. Glass gave an overview of the local share contributions and the method of strategically allocating federal and state dollars which guarantees budget certainty for each locality. The Agency's methodology to strategically allocate funds will enable the localities to land at a "net zero" variance year-over-year. However, when using the traditional method, Cost Allocation Agreement (CAA) the localities will still land at a "net zero" however, this 'net zero' is a sum total of all of the localities, some owing a true up to HRT and some receiving a refund from HRT. The "hold harmless" monies that are being experience in FY 2021 is not reflected in FY 2022 Draft Operation Budget.

Continuing with the method of strategical allocation state and federal funds Ms. Glass, summarized the FY 2022 Draft TSP which includes the TSP changes from the City of Norfolk's Redesign Plan and the Regional Transit Service (RTS) plan.

Final FY-2022 – FY- 2031 Capital Improvement Plan (CIP)

Brian Smith, Deputy Chief Executive Officer, stated that the feedback and suggestions received from TDHRC board are reflected in the updated CIP. The Boards first request was that HRT make certain to maintain its level of funding by maximizing the use of all available funds. Mr. Smith stated that on pages 1, 3, 12 and 24 of the CIP addresses fund leveraging (\$24 million in Federal funding, \$20 million in State funding and \$70 million in RTS, Reginal Transit Service, funding). HRT's programing strategy reflected on page 24, begins by meeting the agencies highest priority needs, ranking and prioritization processes by maximizing funding.



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Secondly, HRT addressed the strategic outlook and planning for the potential fixed guideway expansions, the potential future implication services of the electric buses and other technologies shown on pages 4, 12, 27 and 30.

The third item, categorization of projects reflected on the program and how they could be acknowledged at a higher-level categorization. HRT's effort do so is reflected on page 25. This resulted in realigning of key projects and reveals the appropriate strategies needed on page 1.

The fourth item, light rail's "state of good repair" (SGR) and its long-term needs. Light rail's capital needs are reflected on page, 24. The SGR projects within the capital program are referenced in appendix A. HRT plans to follow up with the City of Norfolk to review and discuss the long rang strategies needed, as well as how to be proactive in meeting the SGR needs for the light rail beyond the 10-year horizon of the CIP.

The fifth item that was addressed is expediting and the implementation of passenger amenities which will rely heavily on the RTS funding.

The next item addressed the CIP investments impact on average fleet age of the buses, as well as, the average age of the revenue fleet shown on page, 26. HRT's goal is to reach the average fleet age of approximately 6 ½ years which is outlined in the CIP fleet plan.

Mr. Smith stated that the final item is to ensure that technology investments are truly transformational and meets the marketplace needs. HRT's goal is to bridge the gap and provide a more transformational results with the respect to technology.

Approval of the Final FY 2022 – FY 2031 CIP

Commissioner Rowe, City of Portsmouth gave a motion for approval of the FY22-FY31 CIP.

Commissioner Hamel, City of Chesapeake properly second.

The motion passed with a unanimous vote of the ABRC members. The FY2022- FY2031 has been approved and will be advanced to the TDCHR board for approval and adoption on December10, 2020.

Regional Transit Service Program (RTS)



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Mr. Smith presented the Hampton Roads Regional Transit (RTS) program update. He began with the background of the RTS which included the RTS work to date, funding scenarios, RTS start up, program components, allocation of resources and the next steps and HRT's Application of Hampton Roads Transportation Accountability Commission (HRTAC). There were discussions concerning identifiable site locations and land acquisitions funding for the replacement of the Evelyn T Butts Transfer Center. HRT believes RTS funding sources are in perpetuate and will only change through a legislative act. There is no sunset provision as it relates to the legislation creating the funding source for the RTS. What is at risk is the state recordation tax. The General Assembly could always redirect state revenue funds. There were discussion concerning the RTS funding only operating expenses and not addressing CAPEX leaving the deficits to be funded by the localities. William Harrell, President and Chief Executive Officer, stated that the CAPEX is being leverage through the CIP.

ACTION ITEM: It was requested the RTS program update presentation be made available to the ABRC members.

Other Matters

Commissioner Gray stated that the ABRC meetings will be the to the Monday prior to the TDCHR boards meeting. This will allow the ABRC the time needed to review and discussion the items set for this Committee prior to vote or making recommendations to the TDCHR board.

The next meeting will be January 25, 2021 at 10 am, via Zoom teleconference.

Adjournment

With no further business to discuss, the December 2020 Audit/Budget Review Committee meeting was adjourned at 11:22 am by Commissioner Gray.