



# Management / Financial Advisory Committee

Monday, January 25, 2021 • 1:30 p.m.  
3400 Victoria Blvd., Hampton VA  
**Zoom Teleconference**

## MEETING MINUTES

### **Call to Order**

Amy Inman, Chair – City of Norfolk, welcomed everyone and called the meeting to order at 1:34 p.m.

Attendance was taken via teleconference.

### **Committee members in attendance via Zoom:**

Amy Inman, Chair – City of Norfolk  
Lisa Cipriano, City of Newport News  
Seth Parker, City of Norfolk  
Cole Fisher, City of Virginia Beach  
Alex Gottschalk, City of Virginia Beach  
Earl Sorey, City of Chesapeake  
Carl Jackson, City of Portsmouth  
Genevieve Thomas, City of Hampton  
Brian DeProfio, City of Hampton  
Michael Hayes, City of Hampton  
James Burke, City of Portsmouth  
Brian Solis, City of Virginia Beach  
Constantinos Velissarios, City of Newport News  
Mark Shea, City of Virginia Beach  
Steve Pittard, DRPT  
Ann Doyle, City of Norfolk

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

Brenda Green, Accounting Coordinator(recorder)  
Larry Kirk, Assistant Director of Finance  
Conner Burns, Chief Financial Officer  
Angela Glass, Director of Budget and Financial Analysis  
Debbie Ball, Director of Finance  
John Powell, Telecommunications Specialist  
Ashely Johnson, Capital Improvement Plan Analyst III  
Misty Allen, Risk Manager  
Sheri Dixon, Director of Revenue Services



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Michael Price, Chief Information Officer/Chief Technology Officer  
Ray Amoruso, Chief Planning and Development Officer  
Juanita Davis, Budget Analyst III  
Kim Wolcott, Chief Human Resources Officer  
Dawn Sciortino, Chief Safety Officer  
Shanti Mullen, Internal Auditor  
William Harrell, President and Chief Executive Officer  
Robert Travers, Attorney  
Gene Cavasos, Director of Marketing and Communications  
Brian Smith, Deputy Chief Executive Officer  
Sonya Luther, Director of Procurement  
Sibyl Pappas, Chief Engineering and Facilities Officer  
Jim Price, Chief Transit Operations Officer  
Amy Braziel, Manager of Operations Administration  
Joe Dillard, Organizational Advancement Officer  
Scott Demharter, Director of Facilities

### **Others in attendance via Phone:**

Jeff Raliski, Hampton Roads Transportations Planning Organization (HRTPO)

The January 2021 Management/Financial Advisory Committee (MFAC) package was distributed electronically to Committee Members in advance of the meeting. The meeting package consisted of:

- Agenda
- December 7, 2020 Meeting Minutes
- January 11, 2021 Meeting Minutes
- Route Ridership FY17-FY21- ALL ROUTES
- November 20 FY21 Financial Report
- December 20 FY21 Financial Report
- Bus Stop Cleanliness Plan

### **Approval of the December 2020 and January 11, 2021 MFAC Minutes**

A motion to approve the December 2020 and the January 11, 2021 meeting minutes was made and properly seconded.



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The December 2020 and the January 11, 2021 meeting minutes were approved by unanimous vote.

Amy Inman, Chair – City of Norfolk approved the request to address agenda item “Strategic Allocation Resolution Discussion” first, due to time restraints for some of the MFAC Members.

### **Strategic Allocation Resolution Discussion**

Robert Travers, Attorney, stated the request for this “Current Year resolution will be similar to the Resolution adopted for FY 2021. By amending the Cost Allocation Agreement (CAA), the adopted Resolution allowed HRT to strategically allocated federal funds, holding the Localities harmless during FY 2021.

HRT would need approval from the 6 (six) Cities for the FY 2022 Resolution to be adopted. The FY 2022 Resolution would allow HRT to strategically allocate funding which will allow the Localities the ability to have a zero-dollar true-up. If not approved by all 6 (six) Cities the CAA would be reinstated, resulting in true-ups for each Localities.

### **FY 2021 November 2020 and December 2020 Financials**

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

Mr. Burns stated that the November Financials were electronically submitted to the Committee Members in December for review. Mr. Burns stated that there were no significant anomalies to report on the November Financials.

Mr. Burns reviewed the December Financials.

Mr. Burns stated by the request of this Committee, that additional rows were added, separating the traditional monies 5307 and the CARES 5307 monies. Mr. Burns pointed out that the CARES operating grants are also 5307 funding, citing *United States Code 49, chapter § 5307, Urbanized area formula grants*.

The December 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.



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The Union employee “vacation buyback” in December caused the variance increase in “Personnel Services” as it relates to the operating financial statement.

**ACTION ITEM: HRT will present additional data, in the near future, to the financial report, which will compare how HRT is financially trending compared to other transit agencies in the country.**

The \$52.7 variance in “State Funding”, as it relates to the operating financial statement is a result of state funding not received for the “HOT Lanes”.

### **FY2022 Budget Calendar**

Angela Glass, Director of Budget and Financial Analysis, reviewed the first half of the FY 2022 Budget Calendar, outlining the success of the past events and highlighting the upcoming events to be addressed on the budget calendar’s timeline.

Ms. Glass reminded the Localities that their final FY 2022 Transit Strategic Plan (TSP) service changes deadline is February 14, 2021.

There were discussions concerning HRT sending out letters to the Localities, as it relates to the final numbers on the TSP. If requested by the MFAC members Ray Amoruso, Chief Planning and Development Officer, stated that a letter solidifying the final TSP numbers needed for the FY 2022 budget could be sent out after February 14, 2021 to each of the Localities.

There were discussions concerning a timeline needed for further discussions of the FY 2022 Budget Update presentation that was presented at the “Special” MFAC January 11, 2021 meeting.

HRT welcomed MFAC to submit any questions or concerns related to the FY 2022 Budget and HRT will submit the responses to the members inquires by February 17, 2021.

### **Regional Transit Service (RTS) Program Update**

Brian Smith, Deputy Chief Executive Officer, stated that HRT will present the Regional Transit Service (RTS) update at the February 22, 2021 MFAC meeting.

Mr. Amoruso stated that Foursquare, HRT’s consultant team is preparing the draft update of the 10-year Transit Service Plan (TSP) for a workshop for the TDCHR board in February. The updated 10-year service plan in its entirety will be presented at the



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February 22, 2021 MFAC meeting. The drafted 10-year TSP will be presented to the TDCHR board in March 2021 for adoption consideration.

HRT stated that there will be an additional funding application submitted to Hampton Roads Transportation Accountability Commission HRTAC as it relates to the TSP during FY 2021.

### **Communication with HRTAC – HRT Memorandum of Understanding (MOU)**

William Harrell, President and Chief Executive Officer, stated that HRT is still working with HRTAC and submitted some additional changes to the Memorandum of Understanding (MOU). HRT is currently waiting to hear back from HRTAC.

### **FY21 – FY31 Capital Improvement Plan (CIP)**

Mr. Smith presented the advancement of Robert Hall and Evelyn T. Butts transfer centers, in the CIP. The two-transfer center replacement projects could be advanced by leveraging FY 2021 Hampton Roads Transit Fund (HRTF) monies currently available and combined with other funds, rather than waiting on future funding availability.

*Recommended action:* Hampton Roads Transit (HRT) recommends adoption from ABRC, the amended FY21-FY31 Technical CIP to the Transportation District Commission of Hampton Roads (TDCHR) board for approval and adoption at the January 28, 2021 meeting.

*Proposed: Programming for Project EF3825, Robert Hall Transfer Center Replacement and Project ER3810, Evelyn T. Butts Transfer Center Replacement in the FY21-31 CIP projects funding dates would be modified. In addition, the CIP total would be reduced to \$408.53 million and reducing the Hampton Roads Regional Transit Fund (HRRTF) by \$1.809 million*

On Thursday, January 28, 2021 the TDCHR board will vote to adopt the amended FY21-FY31 Technical CIP which was unanimously approved for recommendation by the ABRC.

### **Human Services Program**

The discussion surrounding this program would be how to supplement the cost of “free” transit rides for the 24 individuals, currently signed part of the human service program which is aiding them to transition from homelessness to housing.

Ms. Inman “tabled” the Human Services Program until February’s MFAC meeting.



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### **Bus Stop Cleanliness Program**

Sibyl Pappas, Chief Engineering and Facilities Officer, stated that the survey conducted through the Regional Transit Service (RTS) project showed that “safety” is the number one concern of HRT passengers. Ms. Pappas stated that safety of the passengers goes hand and hand with the passenger amenities. HRT has a separate plan to add solar lighting packages to existing shelters and enhance solar lighting at supporting bus stops for track riders, which would be funded through RTS.

Scott Demharter, Director of Facilities, gave an overview of the Bus Stop Cleanliness presentation which was distributed electronically to the attendees in advance of the meeting. Mr. Demharter presented a snapshot of HRT’s bus stops outlining the total stops with HRT amenities in each city. He also outlined how many Non-HRT amenities were at each bus stop location in each city. A summary of the standard contracted cleanliness services was presented and the contracted cleanliness cost. Mr. Demharter also reviewed HRT’s “better” approach to cleanliness methods, the recent cleanliness enhancements, HRT’s Adopt-a-Stop program, and the steps to achieving improved cleanliness plan.

Ms. Pappas stated that the expectation moving forward with the RTS funding, as it relates to the contracted cleanliness cost, is that the investment per amenity cost increase of \$1,000.00 per transit stop amenity will double.

HRT is still engaged in ongoing conversation concerning how to identify the transit stops that will be classified as part of the “regional back bone” plan. These stops will be funded by the RTS cleanliness program.

Ms. Pappas stated that HRT will be promoting and participating in a cleanliness event for Earth Day 2021. In the city Norfolk HRT will be partnering with the “Keep Norfolk Beautiful” initiative for Earth Day.

HRT will be amending #PD-113, Passenger Amenity Policy as it relates to standard qualification needed to support the installation of passenger amenities. Ms. Inman would like to continue the conversation of amending of policy #PD-113 at the March 2021 MFAC meeting.

There were some discussions concerning the release date of HRT’s “Bus Stop App”. Mr. Demharter shared that the data collected from the Bus Stop App is available; however, currently the “Bus Stop App” is still in the technical testing phases and has not been finalized for public or city use.



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### **CARES Long-term Positioning**

Mr. Burns stated that he was charged with the task to not only decrease HRT's line of credit, but to eliminate full use and decrease the dependency. The first impact was to reduce expenses associated with federal revenue, then to allocate the federal operating monies in front of the agency's needs. Prior to COVID, HRT was reducing its dependency by treating the line of credit similar to a fund balance. When the CARES money arrived, this provided an opportunity for the Agency to reposition itself by having the ability to put the grant monies in front of the Agency's financial needs. With the assistance of the Commissioners and the Committee Members, HRT has implemented a policy based off the Agencies projections and slow growth in ridership, which is a prudent and disciplined spread of the CARES Act funding over a (3) three-year span. (\$13.million in FY20, \$26.million in FY21 and \$23.million in FY22).

Mr. Burns presented a 16-month (July FY20 to October FY21) federal operating timeline chart displaying the agency's method of allocation of funds and its dependency on the line of credit. Mr. Burns stated that even though this is fiscal year 2021 for both HRT and the federal government, the fiscal year for HRT began in July 2020, while the fiscal year for the federal government did not begin until October 2020. Historically, approximately 6-months after the start of HRT's new fiscal year, during January/February the federal apportionment is determined. However, these funds, both operating and capital funds are typically not awarded until approximately 6-months later around the following June/July. Occasionally, funding could arrive as late as October/September, around the start of the Federal governments' next fiscal year.

In the past, the Agency worked off a line of credit, so from July to December, HRT would consistently pull from these funds. In, January/February HRT receives notification of the federal funds that will be allocated to the agency. However, these federal funds, both operating and capital typically are not awarded until June/July. This means that HRT would have to continue to pull from its line of credit from February to May or until this funding arrives. Once the federal funding is awarded, historically, HRT would pay off the existing line of credit down to a zero balance. These zero balances must be maintained for at least 2-weeks. After the two-week period of zero balance, the Agency would begin the process all over again, starting in July. HRT's goal is to have the money in front of the agency's needs.

The Agency received \$61 million in CARES Act funding. In FY19, HRT spent \$12.3 million dollars, year to date in FY 2021 the Agency has spent \$12.5 million. The Agency anticipates spending an additional \$13 million for the remainder of FY 2021. Currently the





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CARES Act funding has a balance of \$36.335 million with an average current expenditure of \$2.173 million monthly.

Mr. Burns stated now that HRT has the CARES Act funding the Agency can draw-down federal dollars in the amounts projected in November and address the agency's needs without the use of the line of credit. HRT will receive an apportionment from the federal government in July, giving the agency money to operate just before or at the depletions of the CARES Act monies, just prior to the start of FY23. The CARES Act funding has given HRT the ability to restart its traditional method of addressing expenses, with the use of a line of credit that now allows the Agency the opportunity to have its funding in front of the Agency's needs.

There were discussions concerning HRT's use of CARES Act monies in lieu of Traditional 5307 funds.

There were discussions concerning HRT's state and federal draw-down methodologies. HRT currently pulls state funding monthly, both operating and capital dollars. In addition, inside the Agency, HRT has moved Keisha Branch, Director of the Office of Program and Project Excellent under Dr. Smith's department. Ashely Johnson, Capital Improvement Plan Analyst III will work with Ms. Glass. Ms. Johnson's position will also support Ms. Branch and Debbie Ball, Director of Finance. HRT also hired Melinda Sweeny, Staff Accountant for the processing of grant reimbursements.

HRT will be continued to maintain its line of credit allowing the Agency the ability to maneuver in and out when financial needs dictate.

### **Adjournment**

The meeting was adjourned at 3:42 p.m.