MEETING MINUTES

Call to Order

Conner Burns, Chief Financial Officer, welcomed everyone and called the meeting to order at 1:39 p.m.

Attendance was taken for the meeting.

Committee members in attendance virtual:

Carl Jackson, Chair – City of Portsmouth
Amy Inman, City of Norfolk
Lisa Cipriano, City of Newport News
Mark Shea, City of Virginia Beach
Troy Eisenberger, City of Chesapeake
Diane Wishart, City of Norfolk
James Burke, City of Portsmouth
Constantinos Velissarios, City of Newport News
Brian DeProfio, City of Hampton
Jason Beasley, City of Norfolk
Andrew Fox, City of Norfolk
Nasaundra Williams, City of Portsmouth
Sheila McAllister, City of Newport News
Angela Hopkins, City of Newport News
Megan Gribble, City of Virginia Beach

Hampton Roads Transit Staff in attendance virtual:

William Harrell, President and Chief Executive Officer
Conner Burns, Chief Financial Officer
John Powell, Telecommunications Specialist
Angela Glass, Director of Budget and Financial Analysis
Ray Amoruso, Chief Planning and Development Officer
Michael Price, Chief Information Officer/Chief Technology Officer
Debbie Ball, Director of Finance
Mindy Sweeney, Staff Accountant
Sibyl Pappas, Chief Engineering and Facilities Officer
Robert Travers, Attorney
Shanti Mullen, Internal Auditor
Misty Gordon, Risk Manager
The January 2022 Management/Financial Advisory Committee (MFAC) package was posted to HRT’s website and distributed electronically to Committee Members in advance of the meeting. The meeting package consisted of:

- Agenda
- January 24, 2022, Meeting Minutes
- January 2022 FY22 Financials
- Route Ridership FY8-FY22 – ALL ROUTES

**Approval of the December 2021 MFAC Minutes**

A motion to approve the December 6, 2021, meeting minutes was made and properly seconded.

The December 2021 meeting minutes were approved by unanimous vote.
Approval of the January 11, 2022, Special MFAC Minutes

A motion to approve the January 11, 2022, meeting minutes was made and properly seconded.

The January 2021 meeting minutes were approved by unanimous vote.

December 2021 FY 2022 Financials

Conner Burns, Chief Financial Officer, welcomed everyone to the meeting. Mr. Burns presented the half year Draft Financial Statement, ending December 31, 2021, to the Committee Members. The December 2021 financials include the operating financial statement, RTS financial statement, non-operating COVID revenue/expenses, farebox revenue/expenses, consolidated crosswalk, and locality crosswalk. Mr. Burns also presented the locality reconciliations, which reflects the estimated year-to-date Locality Service Reliability Plan credit for each of the cities. The Statement of Operations is structured to reflect the traditional operating budget without specific COVID spend. In addition, the Regional Transit System (RTS) expenses and operations are added into this statement. Page three addresses RTS specifically. The Agency’s line of credit balance as of December 31, 2021, is $4,795,013 or 28% of available funding. The CARES Act balance after December’s expenses is $4,270,288.

Action Item: HRT was asked to provide the dollar amount associated with the January 2022 personnel services payout.

There were discussions concerning the amortization methodology used to mitigate the cost of the upcoming contract renewal for gas and diesel.

There were discussions concerning the driver behind the increase in advertising revenue, as reported on the December 2021 Operating Financial Statement.

The Peninsula Commuter Service (PCS) and the Metro Area Express (MAX), which are part of the regional “back bone” service routes, are being funded by farebox revenue recovery and Regional Transit Funds (RTS). The 5 (five) PSC routes were formally supported by farebox revenues, federal funding, and local contributions. The additional RTS funded regional “back bone” routes, that will be servicing the regional 15-minutes increments, will start in FY2023.

There were discussions concerning the definition of “back bone” routes, as it relates to meeting the classifications needed to be supported by RTS funding.
FY2023 CAA Allocation of Revenues & Expenses

Angela Glass, Director of Budget and Financial Analysis, presented the guiding principles of the Cost Allocation Agreement (CAA) to the MFAC members. Ms. Glass reviewed the CAA’s key principles, revenue sources and revenue allocation, the operating and administrative cost, the operating cost allocated by service mode, the service cost per hour, the revenue source(s) allocation formulas, and the federal & state funding allocations, as it relates to the processing principles of the CAA. The CAA formula used on the FY 2023 draft, the operating budget, operating expenses, the cost per hour, and the allocation of the revenue sources were also presented. Ms. Glass reviewed the CAA’s calculations by using both the strategic and traditional allocation methodologies. The MFAC members were reminded that the strategic methodology that was used in the FY 2021 and FY 2020 operating budgets allowed HRT to hold the localities harmless, as it related to the loss of the recordation tax for the cities during those calendar years due to COVID 19. Ms. Glass stated that HRT’s ability to strategically allocate funds is in the best interest of the Agency and its partnering cities.

There were discussions concerning HRT amending the section of the CAA, which would only allow the Agency the ability to strategically allocate CARES Act funds.

Action Item: HRT was asked to break down the December 2021 Locality Reconciliation, by localities, using both the traditional and strategic allocation methodologies.

There were discussions concerning the methodology used for the localities fare box projections, reflected on the CAA’s December 2021 locality reconciliations presentation. Ms. Glass stated that the methodology and guidelines used in today’s presentation will be presented in detail, as part of the preliminary budget being presented in February.

Strategic Allocation Discussion

There were discussions concerning “language changes” to the proposed Resolution

MFAC agreed that Andrew Fox, Attorney for City of Norfolk and Robert Travers, Attorney, would work together on the “language changes” to the proposed Resolution, and would circulate the those changes among the Committee Members upon its completion.

A motion was made that the current Strategic Allocation Resolution, as adopted by all 6 (six)-regional localities, will move forward with the sole change of being, that the Strategic Resolutions is terminated at the end of 2 (two) fiscal years. Fiscal year ending FY2024.
The motion was properly seconded.

The motions were approved by 5 of the 6 localities.

The city of Norfolk abstained from voting.

The majority ruled and the motion passes.

**Improvement of the Capital Improvement Plan (CIP)**

There were discussions concerning several suggested changes to the CIP and how it is processed. One concern is the submission time. Currently, the CIP is presented in November and is being asked to be moved for adoption by the Transportation District Commission of Hampton Road (TDCHR) Board in December. The MFAC members stated that one month to review this CIP isn’t sufficient and more time is needed to review it prior to adoption. The next concern was the formatting and structure of the CIP. It was stated that only half of the needed information was presented. It was suggested that the CIP become more streamlined for the intended use of its funding sources, as well as a contingency plan for if a funding pitfall or delta occurs, and the possible impact to the CIP’s 10-years projected projects. William Harrell, President and Chief Executive Officer, stated that HRT is working on those suggested improvements. He also stated that the Agency is considering implementing several “workshops” to bring a better understanding of transparency to the Agency’s CIP’s 10-year plan. Mr. Harrell stated that an update as it relates to the improvements of the CIP will be presented the MFAC in February.

**Free Fare Days FY2023**

The next approved “free fare day” will be Earth Day on April 22, 2022, Election Day on November 8, 2022, and Earth Day in FY 2023. The MFAC members were asked to consider adding the following “free fare days” in FY 2024. February 4th, Transit Equity Day, which is Rosa Parks Birthday, June 19th Juneteenth Day, and any additional suggested days of importance. It was suggested that the use of a weekday would be best to maximize the usage of service across each mode.

**Adjournment**

There being no further business, the meeting was adjourned at 3:42 p.m.