



# Management / Financial Advisory Committee

Monday, July 25, 2022, • 1:30 p.m.  
3400 Victoria Blvd., Hampton, VA

Hybrid In-Person/Zoom Teleconference

## MEETING MINUTES

### Call to Order

Megan Gribble, Chair, City of Virginia Beach, welcomed everyone and called the meeting to order at 1:30 p.m.

Attendance was taken for the meeting.

### **Committee members in attendance in person:**

Carl Jackson, City of Portsmouth  
Constantinos Velissarios, City of Newport News  
Lisa Cipriano, City of Newport News

### **Committee members in attendance virtual:**

Angela Hopkins, City of Newport News  
Troy Eisenberger, City of Chesapeake  
Mark Shea, City of Virginia Beach  
John Stevenson, City of Norfolk  
James Burke, City of Portsmouth  
Jason Beasley, City of Norfolk  
Brian DeProfio, City of Hampton  
Catheryn Whitesell, City of Norfolk  
Kevin Chatellier, City of Virginia Beach  
Karl Daughtry, City of Hampton  
Kaitlyn James, City of Virginia Beach  
Sheila McAllister, City of Newport News

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

William Harrell, President, and Chief Executive Officer  
Conner Burns, Chief Financial Officer  
John Powell, Telecommunications Specialist  
Angela Glass, Director of Budget and Financial Analysis  
Robert Travers, Attorney  
Adrian Tate, Assistance Director of Finance  
Brenda Green, Accounting Coordinator (recorder)  
Kim Wolcott, Chief Human Resources Officer  
Malika Blume, Manager of Internal Audit



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Kristy Lockhart, Management Analyst  
Brian Smith, Deputy Chief Executive Officer

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

Sibyl Pappas, Chief Engineering and Facilities Officer  
Benjamin Simms, Chief Transit Operations Office  
Alexis Majied, Chief Communications and External Affairs Officer  
Ashley Johnson, Capital Budget Analyst  
Ray Amoruso, Chief Planning and Development Officer  
Sheri Dixon, Director of Revenue  
Shelley Harris, Budget Analyst  
Juanita Davis, Senior Budget Analyst  
Mindy Sweeney, Staff Accountant  
Debbie Ball, Financial Reporting Accountant  
Michael Price, Chief Information Office/Chief Technology Office  
Sonya Luther, Director of Procurement  
Misty Gordon, Risk Manager  
Keisha Branch, Director of Capital Programs  
Christina Condon, Grants Program Analyst

### **Others in virtual attendance:**

Jeff Raliski, Hampton Roads Transportation Planning Organization (HRTPO)

The July 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:

- Meeting Agenda
- June 21, 2022, Meeting Minutes
- June 2022 FY 2022 Financials
- Route Ridership FY2018-FY2022 – ALL ROUTES



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### **Approval of the June 21, 2022, MFAC Minutes**

A motion to approve the June 21, 2022, meeting minutes was made and properly seconded.

The June 2022 meeting minutes were approved by unanimous vote.

### **June 2022 FY 2022 Financials**

Conner Burns, Chief Financial Officer, welcomed everyone to the meeting. Mr. Burns presented the Draft Financial Statement, ending June 30, 2022, to the Committee Members. The June 2022 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 reflect 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 spending. In addition, the Regional Transit System (RTS) expenses and operations are added into this statement. Page three addresses RTS specifically, while revenue and specific spending related to COVID is reflected on page four. The Agency's line of credit balance as of June 30, 2022, is \$3,087,034.85. The financial operating crosswalk reflects the Hampton Roads Regional Transit Funding (RTF) for the Metro Area Express (MAX), Peninsula Commuter Service (PSC), and the 15-minute increment services. The year-to-date estimate of the locality Service Reliability Plan (SRP) credits were included in the budget status totals, as it relates to the financial crosswalk.

There were discussions concerning the Agency's return to full service on May 15, 2022, as it relates to the improvement in passenger ridership in May and June. Ray Amoruso, Chief Planning and Development Officer stated that after the reimplemention of full service that there was a major increase in ridership during the later evening routes on the south side.

There were discussions concerning the \$2.2 million dollar delta, as it relates to Personnel Services. Mr. Burns stated that the delta was the result of the Agency's negotiations with the Union concerning the wage increases. These negotiations were not resolved and finalized until after the approval and adoption of the FY2022 Budget. HRT's calculations for the Union wage increases slightly differed from the projected adopted estimate cost in the FY2022 Budget, which resulted in the \$2.2 million dollar delta.



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There were discussions concerning the end of the fiscal year payout amounts for the Health Savings Accounts (HSA), resulting in the cost of \$882,000, along with the Agency's celebration of Juneteenth expenses, resulting in \$400,000, as reflected in the June 2022 Operating Financial Statement.

There were discussions concerning the Hampton Roads Regional Transit Funding (HRRTF) year-to-date total revenue and expenses reflected on the Operating Financial Statements.

There were discussions concerning the \$4.408 million dollar surplus reflected on the June 2022 Operating Statement. Mr. Burns stated that this surplus was the result of the Agency's good business practices, extra funding the Agency received from the State, the Agency's ability to strategically allocate funds, and part of the Service Reliability Credits.

### **Reserve Fund Committee Update**

Lisa Cipriano, City of Newport News, who is spearheading this subcommittee, gave a brief update concerning the proposed Reserve Fund. She stated that the subcommittee met virtually on July 15<sup>th</sup> to discuss the draft that had been previously forwarded to the members via email. Ms. Cipriano also mentioned that there are still many questions concerning some specific matters that the committee needs to address. The committee would like to identify the functions, needs, and the purpose for the reserve fund, as well as how to achieve comfortable and equal contribution levels from each locality. In addition, the committee would need to address the verbiage needed to draft the language describing how the localities will contribute and build the reserve fund over multiple years. It was confirmed that a reserve fund was part of the original Cost Allocation Agreement (CAA) that was formed in 1999, however the specifics outlining how it was to be established were never made clear. Ms. Cipriano indicated that it would be "good management practices" for HRT to have a contingency fund within the budget and a reserve fund to cover unforeseen expenditures.

**ACTION ITEM:** HRT was asked to provide the FY2020 CARES Act Contribution amounts that were earmarked to be returned to the localities. Ms. Cipriano suggested that in lieu of returning these funds to the localities that they be allocated for the startup of the Reserve Fund.



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Robert Travers, Attorney, stated that the development of a reserve fund and a contingency fund for the Agency would not overstep the parameters of the ACC. In addition, any of HRT's internal policy or reporting procedures related to a reserve fund would not require an adoption process from the six cities. There were discussions concerning the Transportation District Commission of Hampton Roads Board being the overseers of the Reserve Fund as well as creating its parameters.

### **Quarterly Balance Sheet Update**

The Agency is still currently working towards presenting a quarterly balance sheet to the Committee Members. Additional information concerning this matter is forthcoming.

### **Strategic Workshop – Update**

A Strategic Workshop will be held at the July 28, 2022, TDCHR's Board Meeting, which will include the Quarterly Grants/Project Workshop.

Brian Smith, Deputy Chief Executive Officer announced that "Electrification" will be the focus topic of the Strategic Workshop as it relates to the Quarterly Grants/Projects at Thursday's meeting. Mr. Smith stated that in August 2022 the CIP's presentations will focus on technology and safety projects. In September 2022 the focus will be on facilities and bus-stop amenities, and in October 2022 the Agency will be presenting the full CIP draft workshop where the focus will be on operations projects and the rolling stock fleet. Mr. Smith stated that the Agency will be seeking the adoption of the full CIP draft by the TDCHR Board in December 2022.

There were discussions concerning the status updates on the financial audits. Mr. Burns stated that Brown Edwards, the new auditing team, is currently wrapping up its virtual visits with the Agency. Mr. Burns anticipates having closure on the FY2020 Financials in September and FY2021 Financials in October. In addition, the Agency just closed its books on FY2022. HRT anticipates that Brown Edwards will begin auditing the FY2022 financials in late September.

### **Adjournment**

There being no further business, the meeting was adjourned at 2:18 p.m.