



Management / Financial Advisory Committee

Monday, May 23, 2022, • 1:30 p.m.
3400 Victoria Blvd., Hampton, VA

Hybrid In-Person/Zoom Teleconference

MEETING MINUTES

Call to Order

Carl Jackson, Chair, City of Portsmouth, welcomed everyone and called the meeting to order at 1:31 p.m.

Attendance was taken for the meeting.

Committee members in attendance in person:

Carl Jackson, Chair – City of Portsmouth
Mark Shea, City of Virginia Beach
Troy Eisenberger, City of Chesapeake
Lisa Cipriano, City of Newport News
Constantinos Velissarios, City of Newport News

Committee members in attendance virtual:

Angela Hopkins, City of Newport News
Brian DeProfio, City of Hampton
Jason Beasley, City of Norfolk
Karl Daughtry, City of Hampton
James Burke, City of Portsmouth
Megan Gribble, City of Virginia Beach

Hampton Roads Transit Staff in attendance in person:

Conner Burns, Chief Financial Officer
John Powell, Telecommunications Specialist
Angela Glass, Director of Budget and Financial Analysis
Debbie Ball, Director of Finance
William Harrell, President, and Chief Executive Officer
Robert Travers, Attorney
Adrian Tate, Finance Manager
Sonya Luther, Director of Procurement
Brenda Green, Accounting Coordinator (recorder)

Hampton Roads Transit Staff in attendance virtual:

Gene Cavasos, Director of Marketing and Communications



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Kim Wolcott, Chief Human Resources Officer
Amy Braziel, Director of Contracted Services and Operational Analytics
Sibyl Pappas, Chief Engineering and Facilities Officer
Michael Price, Chief Information Office/Chief Technology Office
Brian Smith, Deputy Chief Executive Officer
Ray Amoruso, Chief Planning and Development Officer
Ben Simms, Chief Transit Operations Officer
Michael Price, Chief Information Officer/Chief Technology Officer
Ashley Johnson, Capital Budget Analyst
Sheri Dixon, Director of Revenue
Shelley Harris, Budget Analyst
Dawn Sciortino, Chief Safety Officer
Juanita Davis, Budget Analyst III
Mindy Sweeney, Staff Accountant
Keisha Branch, Director of the Office of Program and Project Excellence
Christina Condon, Grants Program Analyst

Others in virtual attendance:

Jeff Raliski, Hampton Roads Transportation Planning Organization (HRTPO)

The May 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
- April 25, 2022, Meeting Minutes
- April 2022 FY 2022 Financials
- FY2023 Final Operating Budget-in-Brief
- Route Ridership FY2018-FY2022 – ALL ROUTES

Approval of the March 21, 2022, MFAC Minutes

A motion to approve the April 25, 2022, meeting minutes was made and properly seconded.

The April 2022 meeting minutes were approved by unanimous vote.



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April 2022 FY 2022 Financials

Conner Burns, Chief Financial Officer, welcomed everyone to the meeting. Mr. Burns presented the Draft Financial Statement, ending April 30, 2022, to the Committee Members. The April 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 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 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 April 30, 2022, has a zero balance. The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSSA) available funding through April 30, 2022, after expenses, is \$7,770,694. 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. Mr. Burns gave an overview of each of the partnering locality's year-to-date FY 2022 reconciliation highlighting the forecasted Service Reliability Plan (SRP) credit. Mr. Burns stated that the Agency has a federal credit of \$327,300. This credit is a result of the extra support HRT was awarded from the State in March 2022 in the amount of \$12,457,000. This extra support will be utilized to cover the Agency's expenditures for the rest of the year. This means that the Agency does not need to "pull down" funds from its budgetary federal dollars until the additional state funds have been exhausted. The Agency has confirmed that the budgetary funds not being allocated are not in jeopardy of being lost and can be "pulled down" in future years. HRT will also be working closely with the Federal Transportation Administration (FTA) as it relates to the posting of credits on grant related funding projects.

There were discussions concerning the driver behind the delta in the Passenger Revenue, as it relates to the April 2022 Operating Financial Statement. Mr. Burns stated that the delta, was a result of loss fare box revenue when the Agency commemorated Earth Day, April 22, 2022, as a free fare day, across all modes of transit. That cost resulted in a \$30K delta.

There were discussions concerning the non-operating revenues surplus as it relates to the financial statement. Mr. Burns discussed the Agency's methodology used to allocate



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the “additional funds” awarded to the Agency by the State in May 2022, towards expenses, in lieu of “pulling down” funds from the Traditional Federal Dollars.

There were discussions concerning the delta in Contract Services expenses being associated with the contra account. Product services, Bus Services Information Technology (IT) related expenses, and other line items that did not come on-line are also contributing factors to this reduction.

There were discussions concerning the downward trend in spending, as it relates to the Utilities Expenses. On April 1, 2022, the Agency took full possession of its new location on Princes Ann Road, in Norfolk. The downward trend in utilities is associated with the time lapse in the transferring of utility responsibilities from the new location’s property owners to the Agency.

FY2023 Final Operating Budget

Mr. Burns asked the MFAC members for a favorable recommendation and approval of the FY2023 Final Operating Budget-In-Brief Draft to go to the Transportation District Commission of Hampton Roads (TDCHR) Board, with the recommendation of adoption on May 26, 2022.

Angela Glass, Director of Budget and Financial Analysis presented the FY2023 Final Operating Budget-In-Brief to the attendees. Ms. Glass reviewed the FY2023 Budget Calendar providing an overview of historical events that the MFAC has accomplished and highlighting the upcoming key events. The FY2023 Final Operating Budget presentation consisted of the Cost Allocation Agreement (CAA), the definition of the types of cost and an example of cost types by mode. The presentation also included the 3-year comparison of budget operating revenues, non-operating revenues, and total expense amounts for FY2021, FY2022 and FY2023. In addition, Ms. Glass reviewed the budget’s revenue summary including the revenue budget assumptions, the expense summaries by categories, and cost drivers, including the variance analysis. The local contributions by localities and the final service hours by modes were also summarized. The FY2023 Final Transportation Service Plans (TSP) were also reviewed by localities. Ms. Glass stated that the next steps would be for HRT to seek the approval and recommendations from the MFAC members to accept the FY2023 Final Operating Budget for the consideration and adoption from the TDCHR Board at the May 26, 2022, meeting.

There were discussions concerning the FY2023, post-pandemic ridership trends being conservatively projected at 50%, light rail slightly higher.



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There were discussions concerning the Agency's annual budgetary wage adjustments being below average, in contrast to the local cities' average merit increase percentage.

Action Item: It was suggested that HRT formulate a plan, to look at its salary savings that are being experienced to date, and by mid-year reexamine if there were any opportunities in these savings that would allow the Agency to provide an additional one-time bonus to its non-union employees.

HRT was commended for its implementation of its "recruitment incentives" to help aid in the leveraging of employment retentions and the attraction of new hires.

There were discussions concerning HRT's budgetary savings, as it relates to fuel. These savings will be reflected on the forthcoming Operating Statements for the first 2-3 months of FY2023. However, HRT anticipates a huge price increase in fuel expenditures by mid FY2023, due to the current state of the economy. HRT is currently working with its fuel vendor to determine the Agency's forecasted gallon usage and its lock-in cost, per gallon. Once these factors are determined the Agency will present its results to the committees.

Action item: It was suggested that HRT consider advertising and promoting the concept that "the cost of a 1-Day HRT Pass is less expensive than a gallon of gas".

Approval of the FY2023 Final Operating Budget

A motion for the recommendation of approval of the FY 2023 Final Operating Budget was made and properly seconded.

The FY2023 Final Operating Budget was approved by a unanimous vote.

Reserve Funds Committee

The Reserve Funds Committee will be spearheaded by Lisa Cipriano of Newport News. Ms. Cipriano expressed the importance of HRT having a policy outlining its ability to have a reserve fund. She stated that additional conversations are forthcoming. There will be one City Representative from each partnering locality. The names are as followed:

- Troy Eisenberger, City of Chesapeake
- Karl Daughtry, City of Hampton
- Catheryn Whitesell, City of Norfolk
- James Burke, City of Portsmouth
- Mark Shea, City of Virginia Beach



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Action item: HRT was reminded of its obligations made to MFAC members to provide a quarterly update report of the Capital Improvement Plan (CIP) and Grants project.

William Harrell, President, and Chief Executive Officer stated that the Agency will present its CIP and Grant project updates to the MFAC members at the June 2022 meeting. The following CIP and Grants Project update is scheduled to be presented October 2022.

CIP Workshop – Updated

Mr. Burns stated that the Agency would like to postpone the CIP Workshop until July 2022, due to the absence of several of the TDCHR Board Members in June 2022.

Introduction of FY2023 MFAC Chair.

It was announced Mark Shea, City of Virginia Beach will be the FY2023 MFAC Chair.

MFAC June 21, 2022, Meeting

Due to the observance of Juneteenth, MFAC's meeting has been moved to Tuesday, June 21, 2022.

Adjournment

There being no further business, the meeting was adjourned at 2:36 p.m.