



Management / Financial Advisory Committee

Monday, January 23, 2023, • 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:

Megan Gribble – Chair, City of Virginia Beach
Lisa Cipriano, City of Newport News
Constantinos Velissarios, City of Newport News
Troy Eisenberger, City of Chesapeake
Carl Jackson, City of Portsmouth
Brian DeProfio, City of Hampton

Committee members in attendance virtual:

Rebecca Spurrier, City of Hampton
Sheila McAllister, City of Newport News
Angela Hopkins, City of Newport News
James Burke, City of Portsmouth
Karl Daughtrey, City of Hampton
Jason Beasley, City of Norfolk
John Stevenson, City of Norfolk

Hampton Roads Transit Staff in attendance in person:

William Harrell, President and Chief Executive Officer
Conner Burns, Chief Financial Officer
Michael Price, Chief Information Office/Chief Technology Officer
Malika Blume, Director of Internal Audit
James Lyons, Staff Accountant
Adrian Tate, Assistance Director of Finance
Donna Brumbaugh, Director of Finance
John Powell, Telecommunications Specialist
Angela Glass, Director of Budget and Financial Analysis
Robert Travers, Attorney
Brenda Green, Accounting Coordinator (recorder)



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Kim Wolcott, Chief Human Resources Officer
Ray Amoruso, Chief Planning and Development Officer

Hampton Roads Transit Staff in attendance virtual:

Benjamin Simms, Chief Transit Operations Officer
Vincent Jackson, Director of Service Planning and Scheduling
Antoinette White, Assistant Director of Service Planning and Scheduling
Shelley Harris, Budget Analyst
Mindy Sweeney, Staff Accountant
Alexis Majied, Chief Communications and External Affairs Officer
April Edwards, Senior Executive Assistant
Dawn Sciortino, Chief Safety Officer
Sonya Luther, Director of Procurement
Amy Braziel, Director of Contracted Services and Operational Analytics
Sophia Owen-Allen, Staff Accountant

Others in virtual attendance:

Jeff Raliski, Hampton Roads Transportation Planning Organization (HRTPO)

The January 2023 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
- December 5, 2022, Meeting Minutes
- January 9, 2023, Special MFAC Meeting Minutes
- November 2022 FY 2023 Financials
- December 2022 FY2023 Financials
- Route Ridership FY2019-FY2023 – ALL ROUTES

The following presentation was electronically emailed to the MFAC Members after the January 2023 meeting.

- CARES/CRRSSA/ARP Grant Summary



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Approval of the December 5, 2022, MFAC Minutes

A motion to approve the December 5, 2022, meeting minutes was made and properly seconded.

The December 2022 meeting minutes were approved by unanimous vote.

Approval of the January 9, 2022, Special MFAC Minutes

A motion to approve the January 9, 2023, special meeting minutes was made and properly seconded.

The January 2023 special meeting minutes were approved by unanimous vote.

November 2022 FY 2023 Financials

The November 2022 FY2023 Financial Report was electronically distributed to the MFAC attendees for review purposes only.

December 2022 FY 2023 Financials

Conner Burns, Chief Financial Officer, welcomed everyone to the meeting. Mr. Burns presented the Draft Financial Statement, ending December 31, 2022, to the Committee Members. The December 2022 financials include the operating financial statement, RTS financial statement, 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 to this statement. Page three addresses RTS specifically, whereas the non-operating revenue and specific spending related to COVID is \$92,677.00 and is reflected in the footnotes. The Agency's line of credit balance as of December 31, 2022, is \$1,365,142.52. The financial operating crosswalk reflects the Hampton Roads Regional Transit Funding (RTF) for the 757 Express 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 decrease in farebox revenue in December 2022 related to Light rail. HRT confirmed that the City of Norfolk experienced a waterline break in December 2022, causing the suspension of the light rail services from the Harbor Park and EVMC/Fort Norfolk Stations, which also included services to MacArthur Center. The



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Agency provided additional bus service to bridge the gap between said stations during the loss of services for that 3-week repair span, nonetheless light rail ridership suffered a loss during this transition.

There were discussions concerning the spike in COVID related expenditures related to the December 2022 Operating Financial Statement. Kim Wolcott, Chief Human Resources Officer, stated that during the month of December 2022 the Agency experienced an increase of 39 people/personnel being out with COVID related illnesses, which resulted in an increase in the usage of sick and personal leave.

There were discussions concerning the Agency's current operator vacancy status. Ms. Wolcott stated that as of today, the Agency stands at 415 operators, which is an improvement over last year when the Agency stood at 384. Currently, the Agency has 43 full-time operator trainees, 18 part-timers and 3 part-time trainees. The Agency's current board is 426, which Ms. Wolcott's states is an adequate number of operators to fill the current service board. However, an additional 86 operators are needed for the Agency to return to its regular full-service board. There were discussions concerning how HRT would need to address the upcoming forecasted issues and the plan of action in which the Agency is projecting to take, as it relates to the reimplementation of the full-service board and implementation of Group A of the Regional Transit Service (RTS). William Harrell, President and Chief Executive Officer, stated that the Agency will present their recommendations in a forthcoming presentation to the Committee Members, as it relates to the Agency's plans to phase in both the full-service board and Group A of the RTS.

There were discussions concerning the Agency's "vacation buy-back" program, as it relates to the increase in personnel services expenditures reported in the December 2022 Operating Financial Statement.

HRT reported a drop in ridership and farebox revenues, across all modes of transit during the months of November and December 2022, due to the holidays scheduling changes.

Reserve Fund Committee Update

Ms. Gribble announced that the Reserve Fund Committee updates will be tabled until the February 2023 MFAC meeting.



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Quarterly Balance Sheet Update

This agenda item was tabled during the January 23, 2023, MFAC meeting and will be addressed at a forthcoming meeting.

There were discussions concerning HRT's projected date of completion, as it relates to the FY2020 and FY2021 Financial Audits. Brown Edwards, HRT's auditing team, has projected the completion of both the FY2020 and FY2021 Financial Audits which should be completed within the month. In addition, Brown Edwards is scheduled to present the FY2020 and FY2021 Financial Audits in their entirety to the Audit/Budget Review Committee (ARBC) for their recommendation and to the Transportation District Commission of Hampton Roads (TDCHR) Board, for approval at the April 2023 board meetings. Brown Edwards also stated that the FY2022 Financial Audits are projected to be completed within 6-7 months and the FY2023 Financial Audit is forecasted to be presented within the next 14-15 months.

FY2024 Draft Service Plan – Alternative RTS Implementation Strategies

HRT was asked to provide a new draft budget reflecting a realistic assessment of what the agency is able to implement in FY2024 RTS routes for Group B. The current draft budget had assumed full implementation of all Group B routes, however as with Group A routes, the likely reality is that HRT will not have enough bus operators in FY2024 to fully implement all Group B Route improvements. Ray Amoruso, Chief Planning and Development Officer provided an overview of the Group B services and the bus operators that would be needed to fully implement Group B of the RTS plan to the Committee Members. HRT current staffing levels of bus operators, and its' forecast for new hires, shows that we will not be able to fully implement all Group B service improvements in FY 2024.. However, based on projected bus operator hiring trends, HRT expects that they will be able to implement a portion of Group B's service recommendations. He reminded MFAC members that the Route 112 of Group A's RTS routes have been running since October 2022 15-minute frequencies during am and pm peak hours and at 30-minute increments during non-peak hours. HRT anticipates that it will be able to implement 15-minute frequencies during am and pm peak hours in May 2023 for the Group A route 114 (Mercury Blvd). HRT will track and report to the MFAC Committee hiring, retention, and graduation trends for bus operators. For the next MFAC meeting in February, HRT will also bring forward a plan for additional RTS route implementation in FY2024 based upon its most recent bus operator forecasts.

Mr. Amoruso reminded committee members that service "put backs" on the Northside occurred in May 2022. He also reminded committee members the agency has not



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returned and higher frequencies of service on the southside of the service district due to the ongoing shortage of bus operators..

Ms. Angela Glass reminded committee members that the deadline for the Localities to make their final service changes to their FY2024 Transportation Service Plan (TSP) is February 14, 2023.

Action Item: HRT was asked to provide a revised draft budget that reflects a more realistic estimate of what RTS Service improvements could be implemented in FY2024. In addition, HRT will revised service implementation plan illustrated what can be implemented over the next three service boards (May 2023, October 2023 and May 2024).

Action Item: MFAC has requested that HRT reinstate the following previous historical topics of discussion to the February 2023 MFAC Agenda as “Old Business”. The topics are as follows: budget projections, quarterly grant updates and the history, balance and forecasted use of the COVID related funding.

As requested, Mr. Burns presented an overview of the following COVID related grants spending funds, Coronavirus Aid Relief and Economic Security Act (CARES), Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), American Rescue Plan (ARP) and The America Rescue Plan Supplemental (ARP-Supplemental), which were allocated to the Agency. This grant summary presentation outlined the purpose of each funding source, the original funding amounts, amounts distributed, remaining balances, and the effective dates for each grant.

HRT confirmed that permit process issues and concerns are an isolated incident and has only affected the City of Hampton. These issues could be a result of the City of Hampton’s recently installed new regulations, as they relate to their permitting processes. HRT will continue to work with the City of Hampton to ensure to bridge the gap concerning these matters. The Agency stated that they are pleased that the permitting process and the installation of bus shelters and amenities has resulted in a smooth and seamless process, as it relates to the other Localities.

Action Item: HRT was asked to provide a status update by localities, concerning the installation of the bus shelters and amenities at the February MFAC meeting.



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Discussion of a Long-Term Strategic Allocation Agreement

Mr. Burns stated that HRT suggested this cause be a collaborative effort led by the MFAC members. However, HRT is requesting that the MFAC members consider allowing the Agency to continue to strategically allocate federal funds, which favorably benefit the localities, by reinstating the amended Cost Allocation Agreement's (CAA) Resolution for at least the next 3 years. Lisa Cipriano, City of Newport News, stated that the conversation concerning this matter is more complex and consists of many additional concerns. She also stated that the partnering cities benefited greatly during the past three years when HRT had the ability to strategically allocate federal dollars during the revenues farebox recovery uncertainties. However, this resulted in an artificial increase in expenses. The concern is that the Agency's ability to strategically allocate funds should be a part of HRT's finance methodology or a financial modification process should be put in place. Ms. Cipriano stated that the problem is that once the true cost of the operations expenses is recognized that it would result in an enormous bill for the localities. She also suggested that the long-term discussion concerning the Resolutions be addressed as a standalone conversation so to compare where the cost will be allocated from, as it relates to HRT's ability to continue funding this cost into the future fiscal years after the depletion of the CARES funds. In addition, the cities need to consider how they will deal with this process if ridership does not return to pre-pandemic levels. Robert Travers, Attorney, provided an overview of the CAA to the MFAC attendees. He reviewed how the CAA's pro-rated agreement is associated with the localities service hours, and how it could result in budget uncertainty for the cities due to low ridership. Mr. Travers expressed that the Resolution's expiration date is quickly approaching and that the need for the MFAC to start this conversation concerning adoption or modifications to the CAA is eminent. HRT stated that some of the costs associated with strategically allocating funds could be performed with other 5307 funding outside of CARES, allowing the Agency some additional flexibility.

There were discussions concerning Micro Transit being implemented as HRT's fifth - mode of transit. William Harrell, President and Chief Executive Officer, agrees that micro transit should be implemented as the Agency's official new mode of transit. However, the Agency has some additional homework, as it relates to grants and federal funding to support these efforts.

Adjournment

There being no further business, the meeting was adjourned at 2:44 p.m.