



## Management / Financial Advisory Committee

Monday, April 22, 2024, • 1:30 p.m.  
2<sup>nd</sup> Floor, 509 East 18<sup>th</sup> Street, Norfolk VA  
Hybrid In-Person/Zoom Teleconference

### MEETING MINUTES

#### Call to Order

Troy Eisenberger, Chair, City of Chesapeake welcomed everyone and called the meeting to order at 1:30 p.m.

Attendance was taken for the meeting.

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

Troy Eisenberger, Chair, City of Chesapeake  
Lisa Cipriano, City of Newport News  
Hank Morrison, City of Virginia Beach  
Uros Jovanovic, City of Virginia Beach  
John Stevenson, City of Norfolk

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

Constantinos Velissarios, City of Newport News  
Isabella Young, City of Virginia Beach  
Jason Beasley, City of Norfolk  
Andrea Kerley, City of Chesapeake  
Taiub Mohammad, City of Hampton  
Hunter Anderson, City of Virginia Beach

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

William Harrell, President, and Chief Executive Officer  
Conner Burns, Chief Financial Officer  
Kim Wolcott, Chief Human Resources Officer  
Michael Price, Chief Information Office/Chief Technology Officer  
Robert Travers, Attorney  
Brian Smith, Deputy Chief Executive Officer  
Donna Brumbaugh, Director of Finance  
James Lyons, Staff Accountant  
Adrian Tate, Assistant Director of Finance  
John Powell, Telecommunications Specialist  
Chad Pritchett, Senior Budget Analyst  
Sonya Luther, Director of Procurement  
Angela Glass, Director of Budget and Financial Analysis



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Brenda Green, Accounting Supervisor (recorder)  
Robert Lee, Regional Transit System Program Manager

### Hampton Roads Transit Staff in virtual attendance:

Ashley Johnson, Assistant Director of Budget and Financial Analysis  
Vanity Faulkner, Budget Analyst  
Sheri Dixon, Director of Revenue Services  
Amy Braziel, Director of Contracted Services and Operational Analytics  
April Garrett, Senior Executive Assistant  
Misty Gordon, Risk Manager  
Benjamin Simms, Chief Transit Operations Officer  
Heather Harmon, Senior Staff Accountant  
Dawn Sciortino, Chief Safety Officer  
Dudley Clark, Budget Analyst  
Alexis Majied, Chief Communications and External Affairs Officer  
Toni Hunter, Staff Auditor  
Keisha Branch, Director of Capital Programs  
Ray Amoruso, Chief Planning and Development Officer  
Sibyl Pappas, Chief Engineering and Facilities Officer  
Malika Blume, Director of Internal Audit  
Jesscia White, Contract Administrator  
Shleaker Rodgers, Staff Auditor  
Farahnaz Karimi Tabrizi, Staff Accountant

### Others in virtual attendance:

Jeff Raliski, Hampton Roads Transportation Planning Organization (HRTPO)

The April 2024 Management/Financial Advisory Committee (MFAC) package was posted to the GoHRT.com website and distributed electronically to the Committee Members in advance of the meeting. The meeting package consisted of:

- Meeting Agenda
- March 25, 2024, MFAC Meeting Minutes
- March 2024 FY2024 Financials
- Quarterly Staff Update
- Route Ridership FY19-FY24 – ALL ROUTES



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The following additional items were distributed electronically to the Committee members after the meeting.

- Miscellaneous Expenses Update

### **Approval of the March 25, 2024 Meeting Minutes**

Lisa Cipriano, City of Newport News, made a motion to approve the March 25, 2024 meeting minutes.

John Stevenson, City of Norfolk, properly seconded.

The March 25, 2024 meeting minutes were approved by unanimous vote.

### **March 2024 FY2024 Financials**

Conner Burns, Chief Financial Officer, welcomed everyone to the meeting. Presented was the March Draft Financial Statement included with the meeting Agenda. Noted in the footnote, page 3 of the March Financial Report was removed due to the Regional Transit System (RTS) service hour adjustments. The Agency will present updates of these adjustments at the May 20, 2024 MFAC meeting.

Ray Amoruso, Chief Planning and Development Officer stated that the Agency reported some non-RTS routes and non-peak hour time runs to the RTS service hours incorrectly. Currently, the Agency has only implemented three (3) 15-minute RTS routes which operate from Monday-Friday, during peak hours. Mr. Amoruso stated that the error began at the beginning of fiscal year 2024 resulting in a miscalculation of 61,120 service hours. The Agency will present its findings and report the necessary farebox revenue adjustments to the affected localities; Newport News, Hampton, and Virginia Beach at the May 2024 MFAC Meeting. There was discussion concerning how the Agency would report the miscalculation of these RTS service hours and the revenue adjustment of \$1.7 million dollars to the Federal Government and Hampton Roads Transportation Accountability Commission (HRTAC) for the reimbursable funds that have been received previously by the Agency. William Harrell, President, and Chief Executive Officer stated that the Agency would apply this miscalculation of an overpayment of service hour revenue back to HRTAC as a credit against any future eligible RTS reimbursable expenditures.



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There was discussion concerning the budget variance in Personnel Services. The Agency stated that the budget variance was not a result of a particular anomaly. However, the Agency did report more than normal use of sick leave and vacation time during the month of March.

There was discussion concerning the budget variance in Material and Supplies. The Agency reported that there were no irregular anomalies related to this variance. However, an inventory adjustment of \$11,000 and repairs for rolling stock across all modes totaling \$461,000 were reflected in this variance. No inventory write-offs or obsolete inventory adjustments were reported during the month of March.

There was discussion concerning the Agency reporting an increase in the utilization of purchased services and paratransit not aligning with the Agency's reported fuel consumption use. The Agency has reported an increase in VIA (River North) the Agency's Paratransit contractor's "on-time" performance service time. The increase in this performance service time has yielded a lower than previously reported penalty cost from VIA for noncompliance contractual performance issues. This has resulted in a greater expense for the utilization of services rendered, while avoiding an increase in the Agency's reported fuel consumption.

### **Reserve Funding Update**

This agenda item was tabled and will be addressed at a future meeting.

### **Quarterly Staff Update**

Kim Wolcott, Chief Human Resources Officer provided an overview of the Quarterly Staff Update included in the March 2024 MFAC agenda package.

### **Quarterly Balance Sheet Update**

This agenda item was tabled and will be addressed at a future meeting.

### **FY2025 Strategic Allocation Resolution**

The deadline to return the approved FY2025 Resolution agreement to the Agency is June 30, 2024.



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### **Budget Projections**

This agenda item was requested to remain open.

### **Budget Tracking Expectations**

This agenda item was tabled and will be addressed at a future meeting.

### **FY2024/2025 Draft Budget Inquiry Responses**

Any additional FY 2025 Draft Budget questions submitted by MFAC members should be forwarded to Angela Glass, Director of Budget and Financial Analysis, via email. Responses to questions submitted will be included in the next MFAC meeting package.

### **Impact of Regional Surface Transportation Program (RSTP) Funding Reductions**

Mr. Amoruso expounded on the announcement of the reported reduction to the Virginia Department of Transportation (VDOT) RSTP program and its impact to the Localities and Agency. These reductions are reported to be estimated at \$21 million dollars and will be implemented over the next 4 years, impacting fiscal years 2025 to 2029. Mr. Amoruso stated that this reduction will also impact the Agency's Transportation Service Plan (TSP). Additional information pertaining to the impact to the Agency's TSP will be reported to MFAC as it occurs.

### **Action Item from April 2024 MFAC Meeting**

HRT was asked to provide the monthly review of the Miscellaneous Interest Expense account. Mr. Burns provided a chart outlining the Agency's per month contributions to the miscellaneous expense from July 2023 to March 2024. This information was also electronically forwarded to the MFAC members via email after the April meeting. Mr. Harrell reminded the MFAC members that the Localities were not being burdened with this cost.



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### **Other/New Business – The Agency’s Line of Credit**

The following is a direct statement made and read by Lisa Cipriano, City of Newport News, regarding HRT’s Line of Credit.

#### **MFAC Meeting – April 22, 2024 – New Business Item. As read by Lisa Cipriano, City of Newport News**

For a period of time, crossing fiscal years, MFAC has monthly and routinely discussed the Line of Credit monthly balance. When this item is reported to Commission by HRT, the discussion is represented as MFAC is questioning the need for maintaining and exercising the use of a Line of Credit.

This is not the question MFAC is concerned with. To be clear, MFAC recognizes the need for a Line of Credit function in the day-to-day fiscal operations of HRT and has repeatedly made that same statement, not only in MFAC meetings, but in Operations and Oversight committee meetings and in Commission meetings.

To be clear and specific, MFAC is concerned as to the management of the Line of Credit. The monthly balances have been consistently high for an extended period of time. In several monthly reports, the Line of Credit balance has been at or near the maximum of the limit, with a pending payroll to be processed in the near future. Exceeding the Line of Credit is not a situation any operation would want to be faced with.

The Line of Credit it is meant to serve as a temporary and transitional source of cash to support bi-weekly payroll, and operational expenses, until those appropriate expenses are refunded by either Federal or State revenue. The Line of Credit balance should be lowest manageable amount at all times, for several reasons. First, use of the Line of Credit comes at an expense – there is a cost to maintaining balances in the Line of Credit – there are interest payments on the outstanding balances. If HRT makes the reimbursement request for Federal and State funds that



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are owed to HRT on a timing and appropriate bases, then those interest payments are lower. By maintaining high Line of Credit balances, interest payments are being made on amounts that are owed to HRT.

It is in the best financial practice to avoid unnecessary interest payments on money that is owed to HRT. I am asking that by fiscal year end, HRT develop best practices guidelines and policy for the use of the Line of Credit and for the reimbursement practices for Federal and State funds to keep the Line of Credit balances low, resulting in the least amount of interest payments monthly and annually. These proposed guidelines are to be presented to MFAC for review and evaluation.

### **Adjournment**

There being no further business, the meeting was adjourned at 2:17 p.m.