



Management / Financial Advisory Committee

Monday, September 23, 2024 • 1:30 p.m.
2nd Floor, 3400 Victoria Blvd., Hampton VA
Hybrid In-Person/Zoom Teleconference

MEETING MINUTES

Call to Order

Due to the late arrival of Brian DeProfio, Chair- City of Hampton, Lisa Cipriano, City of Newport News 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:

Brian DeProfio, Chair- City of Hampton
Lisa Cipriano, City of Newport News
Constantinos Velissarios, City of Newport News
Hank Morrison, City of Virginia Beach
Anjelique Shenk, City of Hampton

Committee members in virtual attendance:

Hunter Anderson, City of Virginia Beach
William Landfair, City of Portsmouth
Kevin Chatellier, City of Virginia Beach
Uros Jovanovic, City of Virginia Beach
Maira Facer, City of Norfolk
Angela Hopkins, City of Newport News
Sheila McAllister, City of Newport News
Andrea Kerley, City of Chesapeake
James Burke, City of Portsmouth

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
Robert Travers, Attorney
Donna Brumbaugh, Director of Finance
Angela Glass, Director of Budget and Financial Analysis
Ashley Johnson, Assistant Director of Budget and Financial Analysis
Ray Amoruso, Chief Planning and Development Officer
Brenda Green, Accounting Supervisor (recorder)
Michael Price, Chief Information Officer/Chief Technology Officer



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Chad Pritchett, Management Analyst
Keianna Harris, Special Project Assistant
James Lyons, Staff Accountant
Brian Smith Deputy Chief Executive Officer/Executive and Management Services
Keisha Branch, Director of Capital Programs
Malika Blume, Director of Internal Audit

Hampton Roads Transit Staff in virtual attendance:

Benjamin Simms, Chief Transit Operations Officer
Amy Braziel, Director of Contracted Services and Operational Analytics
Dawn Sciortino, Chief Safety Officer
Misty Gordons, Risk Manager
Dudley Clark, Contract Budget Analyst
Danielle Hill, Director of Human Resources
Shleaker Rodgers, Staff Auditor
Toni Hunter, Staff Auditor
Sonya Luther, Director of Procurement
Vanity Faulkner, Budget Analyst
Farahnaz Karimi Tabrizi, Staff Accountant
Matthew Stumpf, Budget Analyst
Alexis Majied, Chief Communications and External Affairs Officer
Heather Harmon, Senior Staff Accountant
Kim Darden, Planner
Sherri Dawson Director of Transit Development
Blue Bell, Budget Analyst
Lisa Hill, Senior Project Manager

Others in in- person attendance:

Avery Daugherty, Virginia Department of Rail and Public Transportation (VDRPT)
Grant Sparks, Virginia Department of Rail and Public Transportation (VDRPT)
Daniel Sonenklar, Virginia Department of Rail and Public Transportation (VDRPT)

Others in virtual attendance:

Tiffany Dubinsky, Virginia Department of Rail and Public Transportation (VDRPT)
Ed Reed, Two Capitols Consulting representing the City of Hampton



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The September 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:

- Agenda
- Meeting Minutes August 19, 2024
- August 2024 FY2025 Financials
- Route Ridership FY19-FY24-All Routes
- DRPT State Funding Program Presentation
- Local Contribution Overview
- Grants Project Update

Approval of the August 19 2024 Meeting Minutes

Due to the lack of a quorum, MFAC members were not able to vote on the approval of the August 19, 2024 meeting minutes.

Department of Rail and Public Transportation (DRPT) State Funding Presentation

The meeting agenda was altered due to the time constraints of our visiting guests. The DRPT State Funding Presentation was the first agenda item presented. William Harrell, President and Chief Executive Officer, welcomed and thanked the special guests for attending today's meeting. Dan Sonenklar, DRPT - Statewide Transit Planning Manager, gave an overview of DRPT's Operating Assistance Formula Program and its impact on Hampton Roads Transit (HRT), which was included in the meeting agenda. DRPT confirmed that the funding cap calculations are based on the Agency's general ledger and not the financial audit report. This re-confirms that HRT's unaudited financial reports have no impact on DRPT'S Making Efficient and Responsible Investments in Transit (MERIT) formulas and its findings. There was discussion concerning the Illustrations of Impact of Performance Metrics (page 7), which compares HRT to other transit agencies statewide. Mr. Sonenklar reminded the MFAC attendees that these metrics are based on trends and not actual figures. HRT would like the opportunity to analyze these metrics and provide MFAC with some additional feedback at a forthcoming meeting. Mr. Harrell stated that because HRT provides a multimodal service (light-rail,) which carries a different cost structure unlike their competitive partners, which affects the Agency's hourly operations. He also stated that certainly HRT would be added to "the table" of the statewide discussion concerning the future of funding for transit. Mr. Sonenklar stated that though HRT received less funding than in previous years, that the funding received in FY2025 was the second largest allocation of funds of all the transit agencies in Virginia.



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He also stated that the overall funding allotment available for distribution is less than it has been in the past several years and is forecasted to continue as such.

Action item: HRT was asked to share the breakdown provided to them by DRPT concerning the drivers behind the statewide averages presented in the Performance Metrics. Emailed to MFAC on September 26, 2024.

There was discussion concerning HRT receiving funding from the Transit Ridership Incentive Program (TRIP). The 2020 General Assembly established the TRIP in Virginia Code § 33.2-1526.3 with two distinct goals. One of the goals was to improve regional connectivity of urban areas with populations in excess of 100,000. Secondly, to reduce barriers to transit use for low-income riders. DRPT allocated 6% of the Commonwealth Mass Transit Fund to fund TRIP. Brian Smith Deputy Chief Executive Officer/Executive and Management Services stated that TRIP has a significant amount of unallocated revenue potential. This program is projected to receive about \$27 million dollars in additional revenue and upwards of \$56 million annually. HRT will continue to do everything they can to recover from the post pandemic environment and continue to improve on these various metrics. Dr. Smith expressed how challenging it is to experience an environment decrease year over year in funding, and how with the reallocation of the 6% from the statewide funding to TRIP poses an additional shortfall in funds for all the Virginia Transit Agencies.

There was discussion concerning HRT's staff member Noelle Pinkard, Organizational Advancement Officer's involvement with the Transit Service Delivery Advisory Committee (TSDAC). TSDAC advises DRPT in the development of a distribution process for transit capital and operating funds. Pursuant to Virginia Code § 33.2-214.4, DRPT and TSDAC shall develop a process for the distribution of the funds allocated to them from the Commonwealth Mass Transit Fund.

There was discussion concerning HRT's bargaining agreement with the Union and its impact to DRPT's over all MERIT programs.

There was discussion concerning the Sizing Metrics Illustration (page 6).

Dr. Smith reminded the MFAC members of the Agency's purpose for the Regional Transit Sustainability Study, its purpose, guiding principles and goals. HRT will redouble its efforts to deploy a viable mix of quality services, recommend changes to optimize local bus network productivity, expand its partnerships to grow ridership and fare revenue, while continuing to invest in its workforce to support the hiring and retention of essential personnel and pursue legislative and policy support to add in these efforts. HRT will also incorporate comparison studies with their peers outlining the uniqueness of HRT being



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the only transit agency participating in the MERIT program in Virginia with light rail. Dr Smith stated that Virginia Rail Express (VRS) was removed from the MERIT program in 2019 due to their unique performance characteristic of rail. Currently, VRS receives 3% of DRPT's total funding off the top. Due to HRT's unique module of rail services should the Agency be compared to similar properties such as VRS?

There was discussion concerning micro transit and other unique types of service modes being used across the various parts of Virginia and how these services could benefit from TSDAC funding and legislative changes. HRT recognizes how important funding stability is for the Agency, not only for operations but also for the capital side. Dr. Smith expressed how important it is for the Agency to have year over year predictability and stability in its overall funding. This would contribute to the Agency's ability to plan and implement sustainable services for the Tidewater region. He also stated that transit can benefit from the policies and goals that have been identified in TSDAC and other programs, which promote social safety nets and on demand services in more rural geographical dispersed areas, where regular routes historically performed poorly. However, the MERIT performance methodology does not account for these types of modes. Dr. Smith stated that TSDAC reviews and makes recommendation for possible changes to its programs every 3 years to help reduce the barriers in transit. In the meantime, HRT's preliminary targeting is to make sure that the overall statewide transit operating program is sufficiently resourced, while the other important policies issues are being worked out. DRPT stated that the methodology of the MERIT formula is very complex and consist of a lot of data. However, DRPT has noticed that transit agencies that have implemented a system optimizations redesign tend to fare better in the formula, i.e. Greater Richmond Transit Center (GRTC), Blacksburg Transit and Alexandria Transit (DASH). Mr. Harrell stated that HRT is committed efficiency, and that the System Optimization Program (SOP) is the strategic initiative to help achieve that goal.

August 2024 FY2025 Financials

Mr. Burns welcomed everyone to the meeting and presented the August 2024 Draft Financial Statement included with the meeting Agenda.

Action Item Mr Burns stated that he would provide MFAC with a high-level understanding of the ins/outs of the cash flux and its effect on the line of credit stating with October 2024.

Action Item: HRT was asked to provide additional information pertaining \$232K gain in inventory for material and supplies.



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Quarterly Staff Updates

This agenda item will be address at the October 21, 2024 meeting.

Quarterly Grant Project Update

Keisha Branch, Director of Capital Programs, provided a detailed overview of both federal and state grants as outlined in the report, which was included in the meeting Agenda.

Action Item HRT was asked to provide the Grant projects funding sources and the percentage/dollar amounts, identifying the allocated source(s) by State, Federal or Local funding contribution

Action Items: HRT was asked to provide an update on the expense grant fund draw date, indicating if the draw down was performed on or after July 31. It was stated that this would help with the line of credit discussion by understanding how much funds were allocated to capital projects.

Response to Action Item from the MFAC Meeting August 19, 2024

Action Item: HRT stated that DRPT will be invited to expound on the methodology of their FY2025 MERIT Assistance Program at a forthcoming meeting. ***This action item was addressed the DRPT's presentation that was included in the meeting agenda.***

Action Item: HRT was asked to show if the other transit agencies who received less DRPT funding from the MERIT Program was related to them reaching their cap. ***This action item was addressed the DRPT's presentation that was included in the meeting agenda.***

Acton item: HRT was asked to provide an average daily balance of the line of credit in their monthly financial reporting in addition to the monthly snapshot balance. HRT was also asked to provide the breakdown of Capital vs Operating line of credit expenditures. ***The credit line's daily and monthly balance will be reflected in the footnotes on page 2 of the Operating Financial Statement. The influx of the funds on the credit line was due to \$10 million State funds received for the new buses and the \$6 million from the Agency's partnering Cities.***



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Action Item: Mr. Harrell stated that he would put in writing how the Agency has historical not burdened the Local Cities with an unreasonable budgetary increase and how the Agency will continue this forthcoming. ***Mr Harrell responded to the MFAC members via email on September 18, 2024, which contained the information from the Chief Administration Officers (CAO) Meeting held on August 7, 2024.***

Action Item: HRT was asked to incorporate a balance sheet into their monthly financial report. ***HRT will provide an audited balance sheet upon the completion of the FY2022 Financial Audit in October 2024.***

Action Item: HRT was asked to provide an explanation concerning the overlap in services concerning the previous Paratransit provider, River North VIA and the new provider Easton Coach Company, LLC. HRT was also asked to provide the budgetary amount for the new Paratransit contract. (The amount of budget overlap and cause of the overlap). ***Historically, HRT historically budgets for a one month overlap in the Paratransit services expenditures during the implementation of a new contract to ensure that services for their Paratransit riders are not interrupted during this transition***

Action item: HRT was asked to expound on the Casualties and Liabilities as to why this combined total stated on the financial statement, (page 2) reflects a positive balance, when on the RTS statement (page 3) it depicts an overage in those expenditures. ***These corrections were performed budget adjustment.***

Action items: HRT was asked to provide the forensics on the overage in Gas and Diesel. ***HRT stated that the delta in Gas and Diesel was a combination of the improper reading of the Agency's Veeder-route system as well as 8 invoices that hit the expense account instead of the inventory account.***

Financial Audit Update

The FY2022 Financial Audit will be presented at the Audit and Budget Review Committee (ABRC) Meeting on October 24, 2024 at 11:30 AM in the Norfolk Board Room.

System Optimization Plan (SOP) Update

Ray Amoruso, Chief Planning and Development Officer stated the HRT would like to sit down with the individuals cites to briefly review the Agency's recommendation and gather additional feedback concerning the proposed implementation of the SOP plan. Carleen Muncy Executive Assistant, Planning & Development will contact each of the partnering



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cities for additional scheduling. HRT will gather and share all the feedback for these individual meetings and report their finding to MFAC at the October 21, 2024 Meeting.

HRT stated The FY2026 Transit System Plan (TSP) letters will be sent out on Monday, October 1, 2024.

Adjournment

There being no further business, the meeting was adjourned at 3:41 PM.