



# Management / Financial Advisory Committee

Monday February 24, 2025, • 1:30 p.m.  
2<sup>nd</sup> Floor Board Room, 509 East 18<sup>th</sup> Street, Norfolk, VA  
**Hybrid In-Person/Zoom Teleconference**

## MEETING MINUTES

### **Call to Order**

Lisa Cipriano of The City of Newport News sat in as an alternate chair for current chair Brian DeProfio of The City of Hampton. Mr. DeProfio entered the meeting later throughout the presentations and the meeting was called to order at 1:33 p.m.

Roll Call was taken for the meeting.

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

Andrea Kerley, City of Chesapeake  
Brian DeProfio, Chair – City of Hampton  
Constantino Velissarios, City of Newport News  
Hank Morrison, City of Virginia Beach  
John Stevenson, City of Norfolk  
Lisa Cipriano, City of Newport News

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

Avery Daugherty, DRPT  
Grant Sparks, DRPT  
Jason Beasley, City of Norfolk  
Laura Fitzpatrick, City of Chesapeake  
Moria Facer, City of Norfolk  
Sheila McAllister, City of Newport News  
Trey Burke, City of Portsmouth  
Uros Jovanovic, City of Virginia Beach  
William Landfair, City of Portsmouth

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

Adrian Tate, Assistant Director of Finance  
Alexis Majied, Chief Communications and External Affairs Officer  
Angela Glass, Director of Budget, and Financial Analysis  
Ashley Johnson, Assistant Director of Budget and Financial Analysis  
Brenda Green, Accounting Supervisor  
Brian Smith, Deputy Chief Executive Officer  
Conner Burns, Chief Financial Officer  
Donna Brumbaugh, Director of Finance



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Jamira DeWeese, Accounting Coordinator  
John Nason, Director of Bus Maintenance  
Malika Blume, Director of Internal Audit  
Micheal Price, Chief Information Officer/Chief Technology Officer  
Ray Amoruso, Chief Planning and Development Officer  
Robert Travers, Attorney  
Sherri Dawson, Director of Transit Development  
Sibyl Pappas, Chief Engineering & Facilities Officer  
Sonya Luther, Director of Procurement  
William Harrell, President and Chief Executive Officer

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

Benjamin Simms, Chief Transit Operations Officer  
Blue Bell, Budget Analyst  
Danielle Hill, Director of Human Resources  
Dawn Sciortino, Chief Safety Officer  
Dudley Clarke, Contract Budget Analyst  
Heather Harmon, Senior Staff Accountant  
James Lyons, Staff Accountant  
Justin Kahler, Grants Program Analyst  
Keianna Harris, Special Project Assistant  
Matthew Stumpf, Budget Analyst  
Sheri Dixon, Director of Revenue  
Shleaker Rodgers, Staff Auditor  
Tammara Askew, Data Analyst II  
Toni Hunter, Staff Auditor  
Trevia Taylor, Senior Manager of Scheduling  
Vanity Faulkner, Budget Analyst

### **Others in in-person attendance**

Jeff Raliski, HRTPO

The January 2025 MFAC package was posted to the GoHRT.com website and distributed electronically to the Committee members prior to the meeting. The meeting package consisted of:

- Agenda
- Approval of Meeting Minutes for December 09, 2024
- Approval of Meeting Minutes for January 06, 2025
- Approval of Meeting Minutes for January 21, 2025



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- January 2025 FY2025 Financial Report
- FY2026 Preliminary Operating Budget
- Transit Equity Day – Free Fare Update

### **Approval of Meeting Minutes**

John Stevenson, City of Norfolk, made the motion to approve the following MFAC meeting minutes:

- December 09, 2024
- January 06, 2025
- January 21, 2025

Hank Morrison, City of Virginia Beach, properly seconded.

The above minute meetings were approved by unanimous vote.

### **January 2025 FY2025 Financials**

Conner Burns, Chief Financial Officer presented the January 2025 Draft Financial Statement and the locality reconciliation amongst the cities of Hampton Roads.

Personnel Services was above budget for the month of January due to vacation buyback and holiday pay. The actual expense was \$7.6 million exceeding the budget of \$7 million by \$682 thousand. A comparison was made to the last three years beginning in January 2022 whereas Personnel Services has been over budget steadily.

Purchased Transportation is being carefully monitored in a manner of the budgeted numbers versus the level of performance. For the month of January, Purchased Transportation was over budget by \$9,500.

HRT confirms that the Agency does budget monthly attrition, as it relates to personnel vacancies. Which is reflected in the monthly financial statements.

### **FY2026 Preliminary Operating Budget**

Angela Glass, Director of Budget and Financial Analysis presented the FY2026 Preliminary Operating Budget.

HRT is analyzing the rates that are being charged for Advertising. It is currently leveled with prior year and may increase as result of adjusted rates.



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The total Federal Aid funding of \$46.6 million includes \$26.1 million in ARPA (American Rescue Plan Act), \$19 million in 5307/5337, and \$1.5 million in 5310. 5310 is a pass-through grant from the federal government to DRPT and is new to the budget. It was designed to enhance the mobility of seniors and individuals with disabilities. Updates on the award of this grant will be in FY2026.

When reviewing the FY2022 audit, accumulated service reliability credits will be used to offset local contributions in FY2026 and future years. The net payment for each locality chart is included in this MFAC packet which can be seen on page 14 of the FY2026 Preliminary Operating Budget.

The FY2026 Final Operating Budget & Transportation Service Plan (TSP) will be electronically distributed to the MFAC members May 1, 2025, and Transportation District Commission of Hampton Roads (TDCHR) Board is scheduled to vote on the budget on May 25, 2025.

There was discussion concerning the Agency's plan if the new grant 5310 funding of \$1.5 million, reflected on page 5, does not materialize. Ms. Glass stated that the Agency would allocate traditional federal funds and make the necessary budgetary adjustments needed to cover the gap.

A question was asked as to whether the reduction in operating expenses be covered by RTS funded revenue. Ms. Glass stated the reductions are being absorbed as part of the RTS program costs. The item under discussion was security related costs, which Ms. Glass noted are covered in the approved RTS program in Chapter 6 of the Transit Strategic Plan. MFAC was encouraged to review Chapter 6, table 6-18, which addresses FY2026 Bus Operations / Program Costs. The regional nature of these costs enables HRT to recognize a portion of contracted security services as part of the RTS program.

HRT is still analyzing the accounting process related to the farebox revenue media fare change. Additional information pertaining to this matter is forthcoming.

The committee previously inquired about amending the Cost Allocation Agreement to reflect the application of the Service Reliability Credits in upcoming fiscal years. Robert Travers, Corporate Counsel addressed the issue of Cost Allocation Agreement modification and service reliability credits. Mr. Travers stated that based on historical precedent involving the application of budgetary credits, a formal amendment of the Cost Allocation Agreement (CAA) is most likely neither advisable nor necessary. Mr. Travers suggested that the committee revisit the issue, if so inclined, once the agency receives greater clarity related to its outside funding sources. Mr. Travers noted that external funding is currently in flux in light of the new federal administration and its refocused priorities.

**Action Item:** MFAC is requesting an in-depth discussion concerning the application of the credits both mathematically and accounting wise, and how this is being implemented in the FY2026 budget.



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MFAC is requesting a presentation in March. HRT was asked to explain what accounting practice and practical application the Agency will use to relieve the line of credit and manage the cash flow requirements while repaying the \$4.2 million dollars in service credits back to the Localities.

There was discussion concerning the December 2024 fuel rate lock in amount \$2.61. This fuel amount is locked in for the next 18 months.

There were discussions concerning Location not paying for service hours that do not come online due to the operator shortage. Ms. Glass stated Locations do not pay service hours that do not come online. However, in accordance with the CAA, the fewer the service hour the higher the hourly service hour cost.

Mr. DeProfio asked about the amount of savings the Agency has allocated (built-in) in the FY2026 budget that is associated with vacancies and the associated percentages. Ms. Glass stated that the response to this question will be sent out in a separate email.

### **Quarterly Staff Update**

This agenda item will be presented at the April 2025 meeting.

### **Quarterly Grant Projects Update**

This agenda item will be presented at the March 2025 meeting.

### **Financial Audit Update**

Mr Burns stated that Brown Edwards will present an unmodified opinion of the FY2023 Financial Audit at the Audit and Budget Review Committee (ABRC) Meeting on March 24, 2025, at 10:00 AM in the Hampton Board Room. He also stated that the FY2024 audit start date will commence shortly afterwards with a darterd completion date of October 2025.

### **Transit Equity Day (Free Fare Day)**

*Transit Equity Day (Free Fare Day)* was Monday February 10, 2025, in honor of Rosa Parks. This is the fourth year since implementation where a seat was saved in the front of the bus.

Ray Amoruso, Chief Planning and Development Officer presented the ridership by mode results and compared the results over the last three years.



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	Feb 5, 2024 (Monday)	Feb 3, 2023 (Friday)	Feb 10, 2025 (Monday)
Bus	27,656	19,163	26,099
Light Rail	2,430	2,285	2,092
Ferry	380	302	177
Paratransit	1,197	1,284	1,334
<b>Totals</b>	<b>31,663</b>	<b>23,034</b>	<b>29,702</b>

### Line of Credit Loan Closing

Mr. Burns provided an update concerning the annual closing of the Agency’s line of credit with Towne Bank, which was previously presented, reviewed and approved by the TDCHR board in 2024.

### Federal Grant Update

Mr. Burns stated that due to the Office of Management and Budget (OMB) memorandum (M-25-13) issued on January 27, 2025, there may be temporary pause on federal financial assistance programs effecting HRT. The Agency understands that there are so many unknown variables, many options are being reviewing internally. This includes drawing down federal funds ahead of schedule and reallocating these funding sources to separate and secure accounts with the goal in mind of preserving these funds for future budgetary years. HRT has assembled a team of people that are the most knowledgeable regarding financing grants and started reviewing our federal and operating capital grants. HRT has also reached out to our external auditors with extensive discussion, the State of Virginia, and the Federal Transportation Administration (FTA) to help bring clarity to what type of execution and strategy is needed to preserve these funds. Mr. Burns states that there are many avenues that need to be explored prior to the Agency being able to execute any strategies. This Agenda item is just a communication to the MFAC members and the Commissioners as an initiative-taking approach to this executive order and a courtesy communication to the conversation.



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### **ACTION ITEMS:**

- 1. Provide line-item detail comparison between FY2025 Approved Operating Budget and FY2026 Preliminary Operating Budget.***
- 2. Provide Personnel Attrition Rate for Union & Non-Union in the FY2026 Preliminary Operating Budget.***
  
- 3. Provide FY2025 YTD 01/31/25 budget vs actual variance for health insurance and retirement.***

### **Adjournment**

The meeting was adjourned at 2:46pm.