

**MINUTES OF THE REGULAR AND RETREAT MEETING
OF THE BOARD OF DIRECTORS OF THE
RICHMOND METROPOLITAN TRANSPORTATION AUTHORITY
HELD NOVEMBER 3, 2017**

A regular and Retreat meeting of the Board of Directors of the Richmond Metropolitan Transportation Authority was held on the 3rd day of November, 2017, at 8:30 a.m. at the Bon Secours Washington Redskins Training Center, 2401 W. Leigh Street, Richmond, Virginia 23220, pursuant to due notice.

The following Directors were present and acting throughout the meeting, except as noted below: Directors Brown, Dabney, Hardiman, Hazelett, Hinson, Johnson, Ramsey, Tart, West, Whirley and Woodfin. Directors Gurley and Holland joined the meeting in progress. Directors Nelson, Waller and White were absent. Staff present were Ms. Dean, Ms. Johnson, Mr. Madison, Ms. Simmons and Ms. Watson. Others present were Kevin Hoeflich and Mark Grossenbacher of HNTB, Mr. Ballou, and during the afternoon Retreat session, Mr. David Green, CEO of Greater Richmond Transit Company.

Mr. Johnson served as Chairman of the meeting, and Mr. Ballou as Secretary.

The Chairman called the meeting to order at 8:45 a.m., and upon motion duly made, seconded and unanimously carried by the affirmative votes of all of the Directors noted above as being present, the minutes of the Authority's regular monthly meeting held on October 10, 2017 were approved as previously distributed.

The Chairman turned to Ms. Dean for the CEO's comments, who noted the upcoming Richmond Region Transportation Forum to be held at Main Street Station on November 30, 2017. Mr. Brown was slated to be on the agenda. She also noted an upcoming meeting of the Compensation and Benefits Committee.

Ms. Simmons gave the Operations report for the Expressway system, referring Board members to her written report and especially to the annual bridge and pavement inspections. All inspections had been completed, with no urgent repairs or emergency issues identified. Any identified retrofits or repairs would be completed in next year's maintenance and repair contract, prior to the protective coatings contracts slated for 2018 and 2019.

Mr. Madison gave the Finance report, noting a 4.3% increase in traffic for October, 2017 over October, 2016 due to improved weather conditions and a day of the week change. On a normalized basis, the change was approximately 3.0%. Traffic was up 2.6% for the year-to-date. Continuing, he noted that revenues were ahead of budget by approximately 0.8% for the month and approximately 1.5% for the year-to-date.

As to new business, Ms. West complimented Dr. Dabney and Ms. Dean for their recent recognition by the Central Virginia Chapter of Women in Transportation. Ms. Dean had spoken to this group on workforce development issues along with the need for a diverse workforce, while Dr. Dabney had participated along with the Deputy Secretary of Transportation and others in a recent panel at the Governor's Transportation Conference. Mr. Hardiman also noted that Mr. Brown had been recognized as an Up and Coming Lawyer in the Leaders in the Law section of the Virginia Lawyers Weekly publication.

Mr. Gurley joined the meeting in progress.

There being no further business, the Chairman adjourned the regular business meeting of the Authority at 9:00 a.m. and the Board immediately reconvened in its Retreat Session, the Chairman observing that, as it was a retreat meeting, no formal Board action was contemplated and that a day spent on pertinent issues before the Authority would lead to greater understanding of the Authority's business. The Chairman thanked Staff for the Board dinner and logistics of

previous night. Following a brief icebreaker exercise, Ms. Dean focused the Board's attention on the Strategic Plan and its implementation, the process for which had begun a year ago. She led the Board through the Authority's Mission Statement and its Core Operating Values, along with the Drivers (i.e., "How Did We Get Here"), which pertained to governance, regional and market and industry drivers. These were followed by the Strategic Plan's Framework, the details of which were in the Focal Areas and Strategic Priorities.

Mr. Hinson asked if the Mission Statement should be revisited and whether transit fit in the Authority's mission, in light of regional changes in land use and its demographic and transportation patterns. In light of these changes and differing patterns, should the Authority have a broader mission statement, especially with respect to the use of the word "transportation". The Board discussed this, with Board members noting other elements of the Mission Statement and Ms. West observing that the Plan was not a destination but a working document that could be adjusted from time to time. Ms. Dean concluded with the several elements of the Strategic Imperatives, commenting that the morning's discussions concerned Focal Area 4 – Innovation and Technology, such that the Authority could take advantage of new technologies to ensure safety, enhance customers' experience, and provide for efficient operations. The afternoon's discussions would cover Focal Area 2 – Regional Leadership, with the Authority as the "go to" entity for various transportation and other infrastructure projects and services in the region.

The Chairman and Ms. Dean introduced Kevin Hoeflich of HNTB, who served as chairman of HNTB's Tolling Services Division. Mr. Hoeflich led the Board through a presentation and discussion of trends and the future outlook of tolling. Topics covered included interstate tolling, all-electronic tolling (AET), evolving technology (smartphone and multi-modal payment, video tolling/pay by plate, and third party vendors, including through various apps such

as Paytollo), the growth of price-managed lanes, regional toll authorities, P3 projects that utilized tolling, and pricing strategies. Perspectives had evolved from moving cars to moving people, i.e., “mobility.” Related topics included mobility solutions and transportation technology, mobility as a service (on-demand transportation such as Uber, Lyft, Uber Pool, and Zip Car), as well as potential initiatives by the current Federal administration and transit partnerships. The session concluded with a discussion concerning toll “fatigue” and whether the travelling public would continue to pay, or desire to pay, for better transportation and to rebuild and grow transportation infrastructure.

Following a short break, Ms. Simmons updated the Board on the Authority’s Toll System Upgrade, beginning with a recap of the Toll Business Plan Study. This document, also a working and living document, utilized survey and other data from 2014 and 2015 and covered all fourteen tolling points of the Expressway system. She covered the Study’s guiding principles as well as the operational and transaction costs at the various tolling points. Preliminary recommendations from 2016 included protecting or increasing net revenues, lowering costs and increasing efficiency, recognizing operation and savings, striving for quick implementation, and having a path to all electronic tolling but, initially, with a manual enforcement system. She commented on the various ways in which use of E-ZPass could be encouraged.

The next step was the upgrade of the toll system, as to which Ms. Simmons outlined the objectives of the procurement and the current status of its implementation, following award of the contract to TransCore in September, 2017. Continuing, she discussed with the Board near term decisions, such as alternative tolling configurations, the differentiation of E-ZPass vs. cash pricing, expansion of the violation enforcement system and long term decisions, such as whether toll rates should be static or dynamic, the conversion to all-electronic tolling (AET), along with

staffing levels related to AET, and back office and video billing. Mr. Brown observed that the Authority was known for its good customer service, and Board members should not lose sight of that as part of the RMTA brand. Ms. Simmons noted that the tolling data and study showed a significant cost to collect at several tolling locations and that the current E-ZPass market share was unfavorable to AET. No net revenues for cash collection accrued at several tolling locations, while lower E-ZPass usage during non-peak hours was indicative of non-commuters and infrequent users during these periods. The Board generally discussed the foregoing, including various approaches to AET along with options regarding the potential for changes at toll collection points. Ms. Simmons emphasized the significance of increasing E-ZPass usage, and the Board also discussed the importance of customer service, marketing and outreach, staff transition, and communications strategies.

Following lunch, as Mr. Holland joined the meeting, the Board continued its discussion of the above matters, especially as to alternative tolling configurations, differential pricing, automated toll collection payment machines, the potential for one way tolling or other arrangements at various ramps (with Mr. Ballou noting that the Bond Resolution's covenants may impact the Authority's ability to implement these strategies), and approaches to increasing E-ZPass penetration, along with reducing operating costs. A particular focus would be cash lanes and those toll collection facilities at which tolls are barely sufficient to cover operating costs.

David Green, the CEO of the Greater Richmond Transit Company, joined the meeting and was introduced by the Chairman and the CEO. Following a brief overview of his experience, he presented an overview of GRTC, its background, structure, operations, and facilities. This led into the differences between widely-held but in GRTC's view incorrect

perceptions that the general public might have related to GRTC as to the nature of its ridership, levels of service, impact on the region, the desire of area residents for more transit services, and the ability of farebox revenues to cover operating costs. In particular, it was noted that fares covered just 20% of costs, with other funds making up the difference. Mr. Green's conclusions following this review were that GRTC provided a beneficial service to the Richmond region, and currently makes a big difference to the lives of many in the Richmond area, that many businesses and residents in the region desired more transit service, and that increased service costs more money – fares alone do not cover expansions in service.

Continuing, Mr. Green pointed to a 2011 Brookings study ("*Missed Opportunity: Transit and Jobs in Metropolitan America*") that ranked the Richmond area relatively low among similarly sized communities with respect to transit, especially as to transit funding. On a comparable basis, Mr. Green noted, the Richmond region was grossly underfunding transit. He noted that local governments alone cannot provide all of such funding, and that other regions solved the shortfall gap with dedicated funding, which he defined as "providing a reliable source of annual revenues that provides support to transit operations and capital costs."

During the discussions that followed his presentation, Mr. Green and the Board discussed such items as the nature of transit as an important regional issue, the importance of GRTC to the region, and strategies undertaken to increase ridership and support of GRTC, along with enhancing funding into transit, especially in light of potential upcoming declines in state funding.

As Mr. Green departed the meeting, a wider-ranging discussion flowed from this earlier conversation as to how other regions approached situations such as this and the potential role of the Authority, under both the state and regional funding methodologies. Various Board members and Mr. Ballou outlined, in general, how regional authorities in Northern Virginia and Hampton

Roads were established and, under the House Bill 2313 framework (approved by the General Assembly in 2013), were able to utilize regional tax revenues for projects on a regional level. It was the general consensus of the Board to continue studying these regional models, especially as to the conditions that would need to be satisfied in order for the Authority to implement a regional funding model along similar lines, working in conjunction with other regional transportation organizations. Dr. Dabney noted the role of the CTB's/VDOT's Smartscale in establishing funding priorities, especially for local or regional projects to show that other sources of funding were available. Although this discussion was had in the context of a Retreat setting, the Chairman recognized the willingness of Mr. Hardiman to assist in furthering the Authority's study of this important issue through an *ad hoc* committee of the Board.

Mr. Hazelett then led a discussion on the Authority's role in the region in the context of regional leadership. He began by noting the differing perceptions among various stakeholders of the Authority in the region – that it was often taken for granted as a good partner through its operation of an important transportation asset, the Expressway System, and that it was available for other roles. Change, however, was a constant. The Authority was different than it had been in previous years and generations. He pointed to the Strategic Plan's Focal Area 2, "Regional Leadership," under which the Authority would become the "go to" agency for important regional initiatives, would identify and pursue new projects and initiatives, and would become the voice for regional initiatives. Fulfilling this, he stated, would require understanding, communication, coordination and creation of an atmosphere of trust in and the dependability of the Authority.

The political reality of working with three jurisdictions meant that the Authority must understand local and regional transportation needs, as well as various funding mechanisms at the federal, state and local levels, and be available for new and creative projects. The Authority

needed to be aligned with and understand what other speakers and research in these areas were doing. With respect to surface transportation, the relative success of the Richmond area was in some ways due to the lack of congestion and crowding on the roadways, but the future outcome would not be so fortunate, if the region stopped investing in transportation. Due to the long ranging nature of these projects, one had to get out ahead of future demand, and hence think of the future. He referred to earlier conversations during the day as to the nature of the millennial demographic and their ability to change land use and regional demographics.

He reiterated the importance of the Authority developing a reputation for trust and dependability so that its relationships with local and state partners were not only accepted, but valued. A process for this was needed. The Board should continue to discuss this, and in the context of a committee should meet more often to discuss regional projects and outreach. Questions to be addressed include: What would be the role of RMTA – is it an operator? A financier? A passive owner? Does the Authority have sufficient capacity, staff, and expertise? Is there a need for a separate and independent transit study to determine the future of transit in Richmond and a potential Authority role? In passing, he commented on the importance of technology in both producing change and in addressing issues raised by change, such as the increasing presence of Uber and Lyft. What were the appropriate means of communication among and with the jurisdictions, the General Assembly, the business community and other stakeholders, such that the Authority could be viewed as a trusted and capable partner, with the expertise, funding and the track record to undertake regional projects? Mr. Hazelett pointed to the excellent job the CEO had been doing in establishing, maintaining and enhancing many of these relationships. Various factors, such as public safety, the reality of limited and constrained funding sources, the importance of developing new funding sources, the independent and

different nature of the jurisdictions and their varying interrelationships, would no doubt affect these various considerations.

Following this presentation and discussion, the Chairman gave a brief wrap-up of items discussed and conclusions reached during the Retreat. Mr. Ramsey pointed out the impact of Dr. Trani in his transformative role in the Richmond area, especially with various projects and the funding for same. Key takeaways included the Authority playing a leadership role in supporting the development of a dedicated funding source or stream such as was had in Northern Virginia and Hampton Roads, the importance of a consistent message that could be shared with the jurisdictions and other stakeholders as to the Authority's position, capabilities, and role. It was noted this was a unique time in the organization's and the region's history and with organizational leadership, the Authority could play a valuable role. While Mr. Holland pointed to the need for next steps regarding GRTC, it was noted that dedicated funding was also an important step.

The Chairman gave brief closing remarks and, and various Board members thanked the Chairman, Mr. Hazelett, Ms. Dean, and Staff for the many hours of hard work that had led to a productive Retreat, following which, there being no further business to come before the meeting, the same was adjourned at 4:10 p.m.


Secretary

APPROVED:


Chairman