

**MINUTES OF THE REGULAR MEETING  
OF THE BOARD OF DIRECTORS OF THE  
RICHMOND METROPOLITAN TRANSPORTATION AUTHORITY  
HELD APRIL 12, 2016**

The regular meeting of the Board of Directors of the Richmond Metropolitan Transportation Authority was held on the 12th day of April, 2016, at the Chesterfield County Lane B. Ramsey Administration Building, 5th Floor Conference Room, 9901 Lori Road, Chesterfield, Virginia, pursuant to due notice.

The following Directors were present and acting throughout the meeting: Directors Hazelett, Hinson, Johnson, Kacchele, Tart, West, Whirley, White, and Woodfin. Directors Brown, Homer, Johnson and Nelson arrived during the course of the meeting. Director Holland was absent. Also present were Ms. Gray, Ms. Dean, Mr. Doughtie, Ms. Simmons, Ms. Johnson and Mr. Aida of RMTA, Messrs. John Lawson and David Caudill of the Virginia Department of Transportation, Jimmy Sanderson of Davenport & Company and Mr. Ballou.

The meeting was called to order at 12:30 p.m. As neither the Chairman nor the Vice Chairman were in attendance at the commencement of the meeting, the Board asked that Mr. Ballou serve as Chairman *Pro-Tem* pending the arrival of Mr. Johnson. Regarding approval of the March 2016 Board minutes, Mr. Tart pointed out a correction as to his attendance, following which, 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 meeting held on March 8, 2016 were approved as corrected.

Mr. Ballou introduced new board member Mr. Kaechele, a former longstanding representative of the Three Chopt District on the Henrico County Board of Supervisors. The

Board heartily welcomed Mr. Kaechele, who also expressed his appreciation to the Board and looked forward to working with all of the Board members and the RMTA Staff.

Mr. Ballou next introduced John Lawson, Chief Financial Officer of VDOT, and David Caudill, VDOT's Tolling Administrator and the Authority's former Director of Operations, who were present to address the Authority on the subject of VDOT's toll collection services.

During Mr. Lawson's presentation Mr. Johnson arrived and assumed the role of Chairman for the duration of the meeting. Reverend Nelson, Mr. Brown and Mr. Homer also arrived during Mr. Lawson's presentation.

Mr. Lawson began with the overview that VDOT offered two primary services under contract to RMTA: E-ZPass electronic payment processing, which was also provided for all twelve toll facilities in the Commonwealth, and toll violation collection services, which was available to all Virginia toll facilities and currently provided for four facilities (the Dulles Toll Road of the Metropolitan Washington Airports Authority, VDOT's Powhite Extension and Coleman Bridge, and the Authority). E-ZPass is the largest interoperable toll collection system in the world – serving 37 agencies in 16 states, comprising 16 million accounts handling with 30 million transponders, and handling more than \$7 billion a year in toll revenues. VDOT, as the member of the E-ZPass's interagency group, is the connection of Virginia toll facilities to E-ZPass. Virginia toll facilities accounted for 1.2 million accounts with 1.7 million transponders, and over \$450 million in electronic toll revenues. E-ZPass transactions had doubled in volume over the last three years with the opening of the Hot Lanes in Northern Virginia.

VDOT was expanding its retail outlets for distribution of E-ZPass transponders. There were currently outlets in Tidewater, Richmond and Northern Virginia, with walk-in service now being provided at some DMV locations, beginning with the Gloucester/Newport News area.

It costs VDOT approximately \$13 million a year to operate VDOT's E-ZPass system, in addition to \$8 million in credit card fees. The program is designed to be self-funding, with fees recovered from transaction fees paid by toll operators to cover operating costs (6.13 cents in fiscal year 2016) and revenue fees to cover credit card fees (1.756% in fiscal year 2016). Among the entire E-ZPass group, these fees were very competitive and were among the lowest in the entire group. Transaction costs generally among that group average \$0.12 with credit card fees typically over 2%.

VDOT also provided violation collection services, and Mr. Lawson described the successive steps in the process by which the violator is identified, the license plate is "V-tolled", followed by a violation notice and court summons, and court proceedings, if appropriate. For the preceding 12 months, VDOT had processed three million violations, including approximately 450,000 for the Authority. Of this number, 37% had been resolved pre-notice (generally through the V-toll process) with 44% rejected and approximately 19% receiving a first violation notice. Of that group, 53% were resolved and 47% went on to receive a second notice. Of that set, 35% were resolved with 65% eligible for summons. Approximately \$4 million in the aggregate was recovered through this process.

Faneuil Inc. was VDOT's contracted service provider for these services, with 140 staff supporting the effort, most of whom were located in the Clifton Forge main office. The current contract expires in November, 2017, and VDOT had already begun activities to procure a replacement contract, with recent requests for information from industry participants, especially in the area of cost reduction. He anticipated an RFP in June, 2016 and VDOT was working with the various Virginia toll facilities/operators to receive their input as part of this process.

VDOT has been looking to improve E-ZPass features, with such enhancements as email and text alerts to customers, covering such matters as credit card replenishment, low or insufficient account balance and pending toll transactions. VDOT also implemented an E-ZPass reload card, which is similar to a prepaid card, to assist “non-banked” users. It is available at more than 900 locations such as 7-Eleven and CVS. VDOT is working with DMV in kiosk and full service walk-in locations, and was seeking to provide real time account replenishment (very helpful if many tolls were occurred during a day’s travel, such as a trip up the East Coast). A multi-day E-ZPass transaction re-try process would allow multiple attempts to collect a toll along with extending to 45 days the period of time for accepting payment on the first notice. Mr. Lawson also highlighted improvements to the violations processing, including a collection agency process that would follow the second notice, a Missed-A-Toll web payment featuring a VDOT portal that would serve all Virginia toll facilities, and violation reciprocity with other states. Many of these were covered in the recently approved Virginia General Assembly omnibus toll legislation.

Responding to questions, Messrs. Lawson and Caudill noted that the industry is moving closer to interoperability, which VDOT has been working on in recent years. IBTTA, the toll road association, has been particularly prominent on this project. Protocol testing is currently ongoing, and he hoped by the end of the year to see an operational plan developed from this testing, along with governance documents. Interoperability could lead to required transponder/reader changes, but he estimated it would take three to five years for this to occur. Ms. West thought highly of the customer service features, such as the low balance indicator and email/text alerts. Mr. Whirley noted that the Authority, as always, is looking to reduce operations costs and he hoped that the Authority and VDOT would meet on these matters,

especially to facilitate better communications and as to RFPs. There being no further questions or comments, Messrs. Lawson and Caudill departed the meeting.

Mr. Johnson turned to Board committee reports beginning with Mr. Cannady's report of the OPEB (Other Post-Employment Benefits) Committee, which had met prior to the Board meeting. As was expected based on recent market conditions, the return rate was presently running behind the Authority's targeted rate of 7.5%. The next actuarial review, conducted on a triennial basis, is slated for 2017. He also anticipated that the Governance Committee would be meeting in the next 30 days with respect to officer elections at the Authority's annual meeting in June.

Mr. Hazelett gave the report of the Regional Projects Outreach Committee, referencing a handout regarding the Authority's presentation to the jurisdictions. He thanked several board members who had commented on the presentation drafts, and also thanked Mr. Doughtie for his assistance with revised slides. Ms. Gray added that she had met with the City's Chief Administrative Officer and was working with the Mayor and agency heads for scheduling a briefing. Currently, she expected a presentation on April 25, but cautioned that this date might slip. Coordination/scheduling discussions were also ongoing with the President of the City Council.

Ms. West and Ms. Johnson gave the report of the Compensation and Benefits Committee, which had met on March 28, 2016 to consider, among other items, employment benefits and pay increases. The Board packet featured a summary of employee benefits proposed for fiscal year 2017, and the resolution entitled "*Resolution Approving Employee Benefit Plans for Fiscal Year 2017*" was used to describe the employee benefit arrangements for the coming fiscal year and for

inclusion in the budget. The firm of Willis Towers Watson had assisted the Authority in the analysis and preparation of its benefit package.

Many of the FY 2017 employee benefits reflected the impact of the Affordable Care Act. As the Authority prepared for the 40% excise “Cadillac tax” in 2020, and the corresponding migration to lower plans from more costly plans, it was expected that the next fiscal year(s) would be the last ones for traditional plans. Hence, the premium contribution strategy was to increase consumer driven behavior, which included replacing former health reimbursement accounts (HRA) with health savings account (HSA). These plans provided 100% employee management, and it is expected that employees will manage their own money more conservatively than RMTA money. In response to a question from Mr. Johnson, Ms. Johnson noted that the HSA plan is portable. Discovery Benefits has been the existing administrator of the HRA plan and would administer the HSA plan and the existing FSA plan. A high deductible health plan (HDHP) would be added as a third option for medical coverage. Employee premium contributions would be restructured so that employees would pay less for deductible plans and significantly higher costs for the traditional point of service plan. Mr. Homer commented on his personal experience, with a seamless transition to an HSA plan but a more challenging transition when a new provider entered the scene.

Other aspects of the FY 2017 employee benefit package included an overall increase in medical coverage of 0.4% (benefitting from the strategies described above and compared to the previous year’s renewal rate of approximately 15%), renewal of dental coverage with Anthem (3.7% premium increase), an unbundling of vision insurance to be a voluntary benefit with Eye Med, and renewal of long term disability with Unum. The Authority’s annual premium cost, compared to the fiscal year 2016 budget, was expected to decline by 6.1% (approximately

\$55,700) with total costs inclusive of HSA costs to decline by 1.8%. The Authority will continue to offer a wellness plan. Following this discussion, upon motion duly made, seconded and unanimously carried by the affirmative votes of all of the Directors noted above as being present, the Board approved the resolution entitled "*Resolution Approving Employee Benefit Plans for Fiscal Year 2017*" in the form attached to these minutes.

Continuing, Ms. West turned to employee compensation matters. The Committee was recommending up to a 3% merit increase for all non-probationary employees and a one-time lump sum payment of the greater of 1.5% or \$500 for employees who exceed performance expectations and have reached the top end of their job classification scale. Total budget impact for the fiscal year 2017 budget was approximately \$137,000 (2.4%). Upon motion duly made, seconded and unanimously carried by the affirmative votes of all of the Directors noted above as being present, the Board approved the Committee's recommendation for inclusion in the fiscal year 2017 budget.

Mr. Johnson gave the report of the Operations and Finance Committee, which had met on April 1, 2016. The Committee heard from Jacobs Engineering, the Authority's traffic and revenue consultant, in conjunction with Mr. Sanderson of Davenport & Company. Davenport used the traffic and revenue projections in its preparation of the Authority's long term financial plan. The Committee and the consultants had a good discussion regarding the effect of the current higher than expected traffic on the financial plan. Mr. Sanderson briefly described same, noting that at the time of the Board retreat in November, 2015, there had been some concern with tightening financial constraints in the next several years. Now, there was less of a concern for such a period, such that at present the Committee did not see the need to plan for a toll increase, although a very watchful eye would be needed to monitor Expressway usage. Nor was a small

borrowing – in order to stretch out payment of high capital cost items – presently recommended during the next several years. Mr. Brown asked if this meant that a toll increase was off the table altogether, as to which Mr. Sanderson responded that confidence levels decreased over time, and cautioned that the Committee’s conclusions in conjunction with the view of the financial advisor were that the Authority was presently on track in light of its capital plan. He also pointed to year 2023, when debt service dropped. Another change from previous iterations of the financial plan was that the capital plan no longer included bridge replacements but dedicated maintenance to extend the life of the assets. This led to decreased capital costs in the medium to long term. Again, it will be important to maintain a watchful eye on cost, revenue and traffic trends, with 2041 also being an important data point. Mr. Johnson also pointed out that the plan stress tested liquidity as measured by days cash on hand. It would be unfortunate for there to be a large capital need in later years and not enough time for a borrowing, which might well need to be repaid by 2041, to be fiscally beneficial to the Authority. Ms. Gray added that that IBTTA member toll agencies also saw similar traffic trends, some of which might be attributed to low gas prices, although she also noted some softening in the downtown Richmond real estate market. Both reiterated that they would report back to the Board on a regular basis as to these matters.

The Board briefly discussed the future of the Boulevard Bridge, with Ms. Gray stating that if it was well maintained, there would be no need to replace it. Mr. Doughtie estimated that cash tolls for the bridge paid its operating costs and that E-ZPass tolls were sufficient to pay capital expenses and related debt service. Mr. Whirley commented on the importance of cost reductions where appropriate.

Mr. Cannady departed the meeting.



Ms. Gray next introduced salient features of the proposed fiscal year 2017 budget, a draft of which had previously been provided to the Board. While the budget document contained significant budgetary details, the presentation today was of various budget highlights. Board action on the proposed budget was slated for May, 2016. Further detail was provided in the supporting documentation, especially as to departmental budgets and spending plans and authority.

Toll revenue was projected to increase approximately 6.8% due to traffic growth. Most other income was estimated to decrease substantially, as uncertainties with respect to the Authority's continued operation of Main Street Station led to budgeting only six months revenue (and expenses). A decline in both FTE and benefits led to a decline in overall employee costs, especially as the VA Retirement System reduced its contribution rate for the next budget biennium. Other costs were expected to decline as the Authority was no longer incurring costs related to the name change. One significant unknown related to VDOT's toll processing costs, and so the budget was based on last year's rates with appropriate growth rates factored in.

Ms. Simmons provided an overview of the capital budget, which included projections through 2022 for both routine capital maintenance items (including maintenance/repair, protective coatings, vehicle replacement and the like) and discrete capital projects, such as deck rehabilitation, mill and overlay projects, a new toll equipment system, and roadway enhancements. Ms. Gray concluded the budget discussion by stating that further comments and questions were welcome prior to and during the next Board meeting, when the Board would consider the budget for adoption.

Ms. West departed the meeting.

Continuing, Ms. Gray advised the Board that she expected the Main Street Station contract extension to be before City Council in May or June. She also noted that 2016 was the 50<sup>th</sup> Anniversary of the Authority and the budget presentation contained historical pictures from the Authority's archives. She asked that Mr. Ballou provide an update on the Idlewood Roundabout, which had also been discussed at the April 1 meeting of the Finance and Operations Committee. Mr. Ballou stated that the City Attorney's office took the position that the administrative authority for the City to enter into the easement document required that the legal document contain a waiver of responsibility by the Authority as to the City's construction and operation of the roundabout on the Authority's fee property interest. This could be avoided if the matter was approved by City Council, which was the course both he and Mr. Gray were recommending, although this would require a few weeks before Council would be able to fit it on its agenda.

Ms. Gray and Mr. Ballou reported that the Governor had signed into law Del. Loupassi's bill providing for the Authority to undertake coliseum/arena projects (HB 1237). The Governor had proposed technical corrections to the omnibus toll bill (HB 1069), which were expected to be approved when the General Assembly reconvened later in April.

Ms. Gray advised that, beginning in May, the next few Board meetings would be held at the Henrico County Training Center, located on Parham Road.

Ms. Simmons provided a brief Operations Report. She referred Board members to the information sheet on deck replacement, which would be provided to media and other interested parties. The project, beginning in April, would extend over a seven month period and involve weekend ramp closures on the Downtown Expressway ramps to and from I-95. She referred to

the Board to her written Expressway Operations report as contained in the Board packet for remaining items.

Mr. Doughtie gave a brief Finance Report. Normalized monthly traffic growth was approximately 5.0% over the previous year, with fiscal year to date traffic up approximately 5.5% over the prior year period. Revenue for the fiscal year to date was 5.2% over the budget estimate and expenses for the period were within budget. He also referred Board members to the written Expressway Finance report in the Board packet.

There were no questions of Ms. Simmons or Mr. Doughtie, and there being no further business to come before the meeting, the same, upon motion duly made, seconded and unanimously carried, was adjourned at 2:20 p.m.



Secretary

APPROVED:



Chairman



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**RESOLUTION APPROVING EMPLOYEE BENEFIT PLANS FOR FISCAL YEAR 2017**  
 (April 12, 2016)

**WHEREAS**, the Richmond Metropolitan Transportation Authority (the “Authority”) desires to approve certain employee benefit plans for fiscal year 2017, to be included in the Authority’s annual budget for such period; and

**WHEREAS**, the Authority’s Compensation and Benefits Committee met on March 28, 2016 to consider such employee benefit plans, and recommended the following:

Coverage	Recommendation	Annual Authority Contribution/Premium*
Medical	a. Extend coverage with Anthem under the Advantage One plans: Advantage One \$2800/100% and Advantage One 25/500/80%; add Advantage One \$4500/40% plan as a lower premium option; b. 0.4% increase to monthly premiums; c. Remove Health Reimbursement Arrangement (HRA) contribution (\$1,500 Employee/\$3,000 Family); d. Add Health Savings Account (HSA) contribution (\$1,000 Employee/\$1,500 Family), funded semi-annually (½ contribution July 2016; ½ contribution January 2017)	\$958,499
Dental	Extend coverage with Anthem Dental (3.7% increase to monthly premiums)	\$62,168
FSA Administration	Renew with Discovery Benefits, adding limited purpose FSA for those enrolled in HSA	\$5,340
Long-Term Disability	Extend current plan with Unum (7.7% increase to monthly premiums)	\$10,908

\*Approximate

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE RICHMOND METROPOLITAN TRANSPORTATION AUTHORITY THAT:**

1. The extension and implementation, as appropriate, of the foregoing employee benefit plans and coverages are hereby authorized and approved, together with the payment by the Authority of the corresponding contribution levels, and the Chief Executive Office is authorized to take such action as is necessary to procure and implement such employee benefit coverage, including without limitation execution of all necessary documentation and payment of related premiums and amounts on behalf of the Authority and plan participants.
2. Staff and the Finance Committee shall include the foregoing rates and premiums in the development of the fiscal year 2017 budget.
3. This resolution shall take effect immediately.