



**U.S. Department  
of Transportation  
Federal Transit  
Administration**

REGION III  
Delaware, District of  
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Pennsylvania, Virginia, West  
Virginia

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JUN 21 2007

Mr. Michael S. Townes  
President & Chief Executive Officer  
Transportation District Commission  
of Hampton Road  
3400 Victoria Blvd  
Hampton, VA 23661

Re: FTA 2007 Triennial Review Program – Final Report

Dear Mr. Townes:


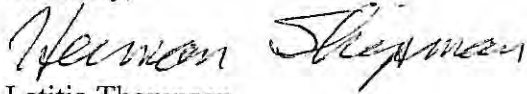
Enclosed is a copy of the final report of the Triennial Review, which was conducted at the Transportation District of Commission of Hampton Roads *d.b.a.* Hampton Roads Transit (HRT) in Virginia. Ms. Diane King of Milligan & Company, LLC conducted the review and prepared the report for the Federal Transit Administration (FTA). The final report is based on the findings that were made at the time of the site visit and our evaluation of corrective action implemented shortly after the site visit.

The Triennial Review focused on HRT's compliance in 22 areas. The Financial area was not reviewed because the FTA conducted a Financial Management Oversight review and is currently conducting a Financial Capacity Assessment of HRT. Based upon the information that you have submitted and the corrective action you have taken, we have closed the following review areas: Procurement, D-21; NTD, D-01 and EEO, D-01. The corrective actions remaining are Technical, D-05; Satisfactory Continuing Control, D-07; Maintenance, D-07;; Charter Bus, D-02; Drug and Alcohol Program, D-08 and D-09; and ITS, D-04.

As a follow-up to the Final Report, written acknowledgement is requested, within thirty days of the date of this letter, of your agreement to the time frames for closing the outstanding issues. Please send documentation to this office within the recommended time frames to confirm completion of the corrective actions. The time frames to complete the recommended corrective actions are effective as of the date of this letter.

Thank you for the hospitality and cooperation shown to us in conjunction with the Triennial Review. We appreciate the assistance and expeditious completion of the recommended corrective actions, If you need any assistance please call me at (215) 656-7100. Ms. Sheila Byrne is available to provide further assistance if necessary.

Sincerely,



Letitia Thompson  
Regional Administrator

Enclosure

Cc: Mr. Barry Herring, HRT

Ms. Diane King, Milligan & Company, LLC

***FINAL REPORT***

**FY2007 TRIENNIAL REVIEW**

of the

**Transportation District Commission of Hampton  
Roads  
*d.b.a.*  
Hampton Roads Transit  
(HRT)  
Hampton, VA**

**Desk Review: January 30, 2007**

**Site Visit: May 22-23, 2007**

**June 20, 2007**

**Prepared for the  
Federal Transit Administration  
Region 3  
Philadelphia, PA**

by

**Milligan & Company, LLC**

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## **I. TRIENNIAL REVIEW BACKGROUND**

The United States Code, chapter 53 of title 49, requires the Federal Transit Administration (FTA) of the United States Department of Transportation (USDOT) to perform reviews and evaluations of Urbanized Area Formula Grant activities at least every three years. This requirement is contained in 49 U.S.C. 5307(i).

- (2) At least once every 3 years, the Secretary shall review and evaluate completely the performance of a recipient in carrying out the recipient's program, specifically referring to compliance with statutory and administrative requirements and the extent to which actual program activities are consistent with the activities proposed under subsection (d) of this section and the planning process required under sections 5303-5306 of this title.
- (3) The Secretary may take appropriate action consistent with the review, audit and evaluation under this subsection, including making an appropriate adjustment in the amount of a grant or withdrawing the grant.

The Triennial Review includes a review of the grantee's compliance in 23 areas. The basic requirements for each of these areas are summarized below.

This report presents the findings from the Triennial Review of the Transportation District Commission of Hampton Roads, *d.b.a.* Hampton Roads Transit (HRT) of Hampton, VA. This review was performed in accordance with FTA procedures (published in FTA Order 9010.1B, April 5, 1993) and included preliminary reviews of documents on file at the Region 3 Office in Philadelphia and on-site discussions and review of the procedures, practices, and records of HRT as deemed necessary. The review concentrated primarily on procedures and practices employed during the past three years; however, coverage was extended to earlier periods as needed to assess the policies in place and the management of grants. During the visit, administrative and statutory requirements were discussed, documents were reviewed, and facilities were toured. Specific documents examined during the Triennial Review are available in FTA's and HRT's files.

## **II. REVIEW PROCESS**

The desk review was conducted in the Region 3 Office on January 30, 2007. Following the desk review, an agenda package was sent to HRT advising it of the site visit and indicating additional information that would be needed and issues that would be discussed.

The site visit to HRT in Hampton, VA occurred on May 22-23, 2007. The individuals participating in the review are listed in Section VII of this report.



At the entrance conference, the purpose of the Triennial Review and the review process were discussed. During the site visit, urbanized area formula grant program administrative and statutory requirements were discussed and documents were reviewed. HRT's transit facilities were toured to provide an overview of activities related to FTA-funded projects. A sample of FTA-funded vehicles was inspected during the site visit.

Upon completion of the review, an exit conference was held with HRT staff to discuss findings, corrective actions and schedules. This information is summarized in the table in Section V of this report. A draft copy of this report was provided to HRT at the exit conference.

### **III. DESCRIPTION OF THE GRANTEE**

The Transportation District Commission of Hampton Roads, *d.b.a.* Hampton Roads (HRT), provides transit service in the Peninsula/Tidewater region of southeastern Virginia. HRT is a regional transportation authority (RTA) created in 1999 through a merger of two separate transit commissions: the Peninsula Transportation District Commission and the Tidewater Transportation District Commission.

HRT comprises seven cities: Chesapeake, Hampton, Newport News, Norfolk, Portsmouth, Suffolk, and Virginia Beach. The Northside encompasses the cities of Hampton and Newport News. The Southside includes Suffolk, Chesapeake, Norfolk, Portsmouth, and Virginia Beach. The population of HRT's service area is approximately 1.4 million.

HRT directly operates all fixed-route service in the area. Bus service is categorized as follows:

- Southside Bus Service – 41 routes, plus Suffolk routes;
- Peninsula Bus Service (Northside) – 24 routes, plus Shipyard Express Routes and tripper service;
- Naval Base Service – 5 routes;
- Regional/Express Service – 7 routes.

In addition, HRT provides seasonal service in Virginia Beach using replica trolleys as well as special services to various tourist destinations in Norfolk during the summer season. Also, as part of the TRAFFIX program, a cooperative public service designed to promote regional transportation services, HRT provides FTA-funded vans for vanpooling.

Until November 2003, paratransit service on the Southside was operated directly by HRT. This service was contracted out as of November 14, 2003. As such, all paratransit service is now operated by a contractor using HRT-owned vehicles. HRT also sponsors a ferry service. The Portsmouth/Norfolk Ferry is operated by a contractor using HRT-owned vessels.

The basic adult fare for regular bus service is \$1.50. A reduced fare of 75¢ is offered to senior citizens, Medicare cardholders and persons with disabilities. The fare for ADA paratransit service, also known as Handi-Ride, is \$3.00. The adult fare for the seasonal replica trolley service is \$1.00, with a 50¢ fare for seniors, Medicare cardholders, and persons with disabilities.

HRT operates a fleet of 330 buses for fixed-route service. Its bus fleet consists of standard 30- to 40-foot transit coaches, rubber-tired trolleys, and 25-foot electric bus vehicles. The current peak requirement is for 283 vehicles. HRT also has a fleet of 142 vans and cutaways, which are operated by contractors for ADA paratransit and vanpool service. HRT's ferry operations use a fleet of three vessels.

HRT operates from multiple facilities located throughout the service area. These facilities include the following:

- two administrative facilities located at 1500 Monticello Avenue, Norfolk, VA and 3400 Victoria Boulevard, Hampton, VA;
- two bus garages located at 509 E. 18th Street, Norfolk, VA and 3400 Victoria Boulevard, Hampton, VA; and
- two transit centers located in Newport News, VA and Hampton, VA.

HRT's National Transit Database Report for FY2006 provided the following financial and operating statistics for its fixed-route, paratransit, ferry and vanpool service:

	<b>Fixed-Route Service</b>	<b>Paratransit Service</b>	<b>Ferry Service</b>	<b>Van Pool Service</b>
Unlinked Passengers	20,533,661	232,835	353,036	171,612
Revenue Hours	795,327	149,971	6,119	19,656
Operating Expenses	\$52,078,098	\$5,963,768	\$734,782	\$234,778

Currently, HRT has the following Light Rail projects on-going:

- **Norfolk MOS – LRT line:** HRT has completed the preliminary engineering study and is waiting the awarding of a Full Funding Grant Agreement from FTA. The proposed 8-mile, 11 station system (entirely in Norfolk) would begin at the Eastern Virginia Medical Complex in downtown Norfolk and travel east through downtown Norfolk to Norfolk State University. The alignment then follows the existing Norfolk Southern freight railroad right-of-way, paralleling I-264.
- **Peninsula/CSX Line:** The Peninsula/CSX project is currently on-going, developing the Locally Preferred Alternative (LPA) that was adopted by the Hampton Roads MPO, York County, James City County, and the cities of Williamsburg, Newport News, and Hampton. The LPA consists of a rail transit corridor between Williamsburg and downtown Newport News, generally along the CSX railroad right-of-way.

HRT is also completing the Advanced Communication System (ACS) project. The ACS is designed to provide transit buses with the ability to communicate their location at all times to

the home locations. This system is designed to improve the quality, timeliness, and availability of customer information.

In the next three to five years, HRT anticipates initiation of the Norfolk LRT MOS service (January 1, 2010). Also, HRT plans to complete several facility improvement projects, including relocating the existing 15<sup>th</sup> and 18<sup>th</sup> Street facilities (the Southside facilities) and constructing a new light maintenance facility to support the Victoria Boulevard, Hampton facility (the Northside facility). The Southside facility is operating well beyond capacity and has site restrictions that may become unmanageable within the next three years. Expanded service needs will require an additional location for some of the work now being managed by this facility.

Further, HRT plans to implement various transit center improvement projects. These improvement projects are to plan, design, and construct needed transfer centers at various locations throughout the HRT service area. The transfer center projects are to include design and construction services for installation of concrete pavement, curbs and gutters, sidewalks, drainage, modest landscaping, adequate lighting, and bus shelters. All completed projects will provide safer operations for bus service and better accommodate customers through improved levels of service. Such improvements have been requested by site property owners, property managers, and the various cities service by HRT.

#### **IV. RESULTS OF THE REVIEW**

The Triennial Review focused on HRT's compliance in 22 areas. The Financial area was not reviewed because the FTA conducted a Financial Management Oversight review and is currently conducting a Financial Capacity Assessment of HRT. This section provides a discussion of the basic requirements and findings in each area. No deficiencies were found with the FTA requirements in thirteen of the 22 areas. Deficiencies were found in the other nine areas: Technical, Satisfactory Continuing Control, Maintenance, Procurement, Charter Bus, NTD, Drug & Alcohol Program, EEO and ITS. Prior to the exit conference, HRT provided documentation to address the finding in the NTD area. Subsequent to the site visit, HRT provided additional documentation to address the findings in the Procurement and EEO areas. These findings are now closed.

##### **1. Legal**

Basic Requirement: The grantee must be eligible and authorized under state and local law to request, receive, and dispense FTA funds and to execute and administer FTA funded projects. The authority to take all necessary action and responsibility on behalf of the grantee must be properly delegated and executed.

Findings: During this Triennial Review of HRT, no deficiencies were found with the FTA requirements for legal.



## **2. Financial**

**Basic Requirement:** The grantee must demonstrate the ability to match and manage FTA grant funds, to cover cost overruns, to cover operating deficits through long-term stable and reliable sources of revenue, to maintain and operate federally funded facilities and equipment, and to conduct an annual independent organization-wide audit in accordance with the provisions of OMB C A-133.

**Findings:** During this Triennial Review period, the FTA conducted a Financial Management Oversight review and is currently conducting a Financial Capacity Assessment of HRT. As such this area was not reviewed.

## **3. Technical**

**Basic Requirement:** The grantee must be able to implement the Urbanized Area Formula Grant Program of Projects in accordance with the grant application, Master Agreement, and all applicable laws and regulations, using sound management practices.

**Findings:** During this Triennial Review of HRT, deficiencies were found with the FTA requirements for technical. HRT currently has three projects that are significantly behind schedule. Those projects are the Northern Newport News light maintenance facility, the Virginia Beach Multimodal/Bus Rapid Transit (BRT) and the Sam's Club Express.

In 1996, HRT was awarded grant VA-90-X144 in the amount of \$3,193,545. HRT soon amended the grant to add another \$523,331, which included \$160,000 for the conceptual design of a new light maintenance facility in Northern Newport News at a site located along Bland Blvd at I-64. This project was originally estimated to be completed in 2001. There have been approximately 12 revisions to project completion due to delays in securing the site for constructing the facility. HRT advises that it has secured an engineer to complete the design once the site has been secured. However, HRT does not believe that the project will be completed and the grant closed out by the current milestone date of June 30, 2007.

In 2000, the City of Virginia Beach applied for and was awarded, through HRT, grant VA-03-0061 in the amount of \$992,500 for the engineering and design of a multimodal transportation center in the oceanfront area of Virginia Beach, adjacent to the Virginia Beach Pavilion (convention center). This project was part of a revitalization effort for Virginia Beach's oceanfront area, which would also include the expansion or replacement of the aging and inadequate Virginia Beach Pavilion. In 2003, the City of Virginia Beach decided to undertake the construction of a new convention center, thus making the original site for the multimodal facility no longer viable. As such, the site location for the multimodal facility needed to be reevaluated. HRT requested and received FTA permission to revise the project scope. The new scope included the implementation of a bus rapid transit system to provide transportation from the resort area hotels along the oceanfront to the new Virginia Beach Convention Center. This project was estimated to be complete by January 2007.

While moving ahead with the BRT project, the City received notice that the Base Realignment and Closure Commission targeted the Oceana Naval Air Station for closure. Since the Oceana Naval Air Station provides substantial revenue to the City and would significantly impact its economic vitality, the City dedicated its efforts and resources towards ensuring that the base remained open and thus placed the BRT project on hold. At the time of the review this project was still on hold. HRT has requested guidance from the City as to how to proceed and to determine if these funds should be deobligated.

In 2001, HRT received demonstration funds under grant VA-90-X206 to implement an express commuter service in the City of Chesapeake from a Park-n-Ride lot at Sam's Club on Battlefield Blvd. to downtown Norfolk known as the Sam's Club Express. The City of Chesapeake is responsible for providing the 20 percent local match for this project. HRT advises that the City has been unable to provide funding towards this service due to the diversion of such funds towards addressing other route needs (modification, running times, connectivity, etc.) to supplement such service. The City plans to add this service in FY2009. HRT has received additional funds under this project in 2002 under grant VA-90-X214 and in 2003 under grant VA-90-X228. None of these funds have been expended to date.

Corrective Action and Schedule: By September 20, 2007, provide to the FTA Region III Office recovery schedules for the Northern Newport News light maintenance facility, the Virginia Beach Multimodal/Bus Rapid Transit project and the Sam's Club Express projects.

#### **4. Satisfactory Continuing Control**

Basic Requirement: The grantee must maintain control over real property, facilities and equipment and ensure that they are used in transit service.

Findings: During this Triennial Review of HRT, deficiencies were found with the FTA requirements for satisfactory continuing control. HRT had not notified FTA of the disposition of one of its paratransit vehicles prior to the end of its service life. In addition, HRT has not demonstrated to FTA that the proceeds received from the disposition of the assets sampled were reinvested into the federal program.

In July 2005, paratransit van number 1402, operated by HRT's contractor, MV Transportation, Inc., sustained fire damage and was declared a total loss by HRT's insurers, the Virginia Municipal Liability Pool (the Pool). The Pool issued a check in the amount of \$260,572 dated September 26, 2005. As of the date of this review, HRT has not requested FTA concurrence on how to reinvest the federal interest back into the transit program.

In a letter dated January 30, 2004, HRT requested FTA concurrence on the use of insurance proceeds received for bus number 1224 damaged in a fire in June 2003. HRT advised that the funds would be used to purchase a replacement vehicle. At the time of the review, HRT was unable to demonstrate that the FTA interest in the vehicle of \$190,866 (\$238,583@80%) at the time of the loss was reinvested into the federal program.

In letters dated May 21, 2007, HRT requested FTA concurrence on the use of the insurance proceeds for two paratransit vehicles, numbers 301 and 3031 destroyed in November and October 2005, respectively. Though bus 301 had been fully depreciated at the time of the loss, HRT received proceeds from its contracted operator in the amount of \$17,020 for the vehicle loss. Bus number 3031 had not been fully depreciated, and HRT received proceeds in the amount of \$28,170.

Corrective Action and Schedule: By September 20 2007, provide to the FTA Region III Office the following:

- A letter requesting concurrence on how the FTA interest will be reinvested into the program for bus 1402;
- Documentation that the FTA interest in bus 1224 was reinvested into the program; and
- A letter explaining how the FTA interest in buses 301 and 3031 will be reinvested into the transit program.

## **5. Maintenance**

Basic Requirement: The grantee must keep federally funded equipment and facilities in good operating order.

Findings: During this Triennial Review of HRT, a deficiency was found with the FTA requirements for maintenance. HRT's maintenance plan states that preventive maintenance inspections are to be performed monthly for the heating, ventilation and air conditioner (HVAC) system at the Hampton Transit Center. However, HRT was unable to demonstrate that such preventive maintenance was performed during the review period. In addition, HRT out sources the operation of its ferry service to a contractor with three federally funded ferry boats. Although HRT receives monthly reports from its contractors demonstrating that preventive maintenance has been performed on the federally funded asset, the documentation provided does not indicate the hours (150 engine hours) of when such maintenance has been performed as described in the plan.

Corrective Action and Schedule: By September 20, 2007, provide the FTA Region III Office with documentation that preventive maintenance has been performed on the HVAC system located at the Hampton Transit Center and for all the ferry boats operated by the contractor.

## **6. Procurement**

Basic Requirement: FTA grantees will use their own procurement procedures that reflect applicable state and local laws and regulations, provided that the process ensures competitive procurement and that the procedures conform to applicable federal law including 49 CFR Part 18, specifically Section 18.36 and FTA C 4220.1E, "Third Party Contracting Requirements."

Grantees will maintain a contract administration system that ensures that contractors perform in accordance with terms, conditions, and specifications of their contracts or purchase orders.

Findings: During this Triennial Review of HRT, deficiencies were found with the FTA requirements for procurement. During the site visit, the procurement files related to HRT's piggyback purchase of 40 buses from Port Authority of Allegheny County's (Port Authority) bus purchase was reviewed. The file contained information on the assignability of the options, and HRT had on file a copy of the initial contract between the Port Authority and the bus manufacturer, Gillig. However, the specifications for the buses that HRT ordered through the use of options appear to have cardinal changes from the original vehicles contemplated in the Port Authority's original contract. HRT's specifications include changes in items such as engine size and transmission. For example, the contract specifications for the Port Authority's original order detailed an engine rated at 320 horsepower and HRT purchased a vehicle through the piggyback rated at 280 horsepower. Subsequent to the site visit, HRT provided a response noting that HRT supports the position that the aforementioned change was not considered cardinal. HRT further advises that the changes made adhered to the technical modifications previously made by the Port Authority. Based on direction from the FTA HQ Procurement, this finding is now closed.

Corrective Action and Schedule: Although this finding is considered closed, by September 20, 2007, provide the FTA Region III Office that HRT understands the piggybacking requirements and will follow them in the future.

#### **7. Disadvantaged Business Enterprise (DBE)**

Basic Requirement: The grantee must comply with the policy of USDOT that DBEs, as defined in 49 CFR Part 26, are ensured nondiscrimination in the award and administration of USDOT-assisted contracts. Grantees also must create a level playing field on which DBEs can compete fairly for USDOT-assisted contracts; ensure that only firms that fully meet eligibility standards are permitted to participate as DBEs; help remove barriers to the participation of DBEs; and assist the development of firms that can compete successfully in the marketplace outside the DBE program.

Findings: During this Triennial Review of HRT, no deficiencies were found with USDOT requirements for DBE.

#### **8. Buy America**

Basic Requirement: Per Buy America law, federal funds may not be obligated unless steel, iron, and manufactured products used in FTA-funded projects are produced in the United States, unless FTA has granted a waiver, or the product is subject to a general waiver. Rolling stock must have a 60 percent domestic content and final assembly must take place in the United States.



Findings: During this Triennial Review of HRT, no deficiencies were found with the FTA requirements for Buy America.

## **9. Suspension/Debarment**

Basic Requirement: To prevent fraud, waste, and abuse in federal transactions, persons or entities, which by defined events or behavior, potentially threaten the integrity of federally administered programs are excluded from participating in FTA-assisted programs. FTA grantees are required to ensure to the best of their knowledge and belief that none of the grantee's "principals" (as defined in the governing regulation 49 CFR Part 29), subrecipients, and third-party contractors and subcontractors is debarred, suspended, ineligible or voluntarily excluded from participation in federally assisted transactions. Grantees are required to review the Excluded Parties Listing System (<http://epls.arnet.gov/>) before entering into any third party contracts.

Findings: During this Triennial Review of HRT, no deficiencies were found with the FTA requirements for suspension/debarment.

## **10. Lobbying**

Basic Requirement: Recipients of federal grants and contracts exceeding \$100,000 must certify compliance with Restrictions on Lobbying before they can receive funds. In addition, grantees are required to impose the lobbying restriction provisions on their contractors.

Findings: During this Triennial Review of HRT, no deficiencies were found with the FTA requirements for lobbying.

## **11. Planning/Program of Projects**

Basic Requirement: The grantee must participate in the transportation planning process in accordance with FTA requirements, Metropolitan Statewide Planning Final Rule, and Management Systems Interim Final Rule (Transportation Planning Regulations [TPR]), as revised.

Findings: During this Triennial Review of HRT, no deficiencies were found with the FTA requirements for planning/POP.

## **12. Title VI**

Basic Requirement: The grantee must ensure that no person in the United States shall, on the ground of race, color, or national origin, be excluded from participating in, or denied the benefits of, or be subject to discrimination under any program or activity receiving federal



financial assistance. The grantee must ensure that federally supported transit service and related benefits are distributed in an equitable manner.

Findings: During this Triennial Review of HRT, no deficiencies were found with the FTA requirements for Title VI.

### **13. Public Comment Process for Fare and Service Changes**

Basic Requirement: The grantee must have a locally developed process to solicit and consider public comment before raising a fare or carrying out a major reduction of transportation.

Findings: During this Triennial Review of HRT, no deficiencies were found with the FTA requirements for public comment process for fare and service changes.

### **14. Half Fare**

Basic Requirement: Grantees must ensure that elderly persons and persons with disabilities, or an individual presenting a Medicare card, will be charged during non-peak hours for transportation using or involving a facility or equipment of a project financed under Section 5307 not more than 50 percent of the peak hour fare.

Findings: During this Triennial Review of HRT, no deficiencies were found with the FTA requirements for half fare.

### **15. ADA**

Basic Requirement: Titles II and III of the Americans with Disabilities Act of 1990 provide that no entity shall discriminate against an individual with a disability in connection with the provision of transportation service. The law sets forth specific requirements for vehicle and facility accessibility and the provision of complementary paratransit service.

Findings: During this Triennial Review of HRT, no deficiencies were found with the FTA requirements for ADA.

### **16. Charter Bus**

Basic Requirement: Grantees are prohibited from using federally funded equipment and facilities to provide charter service except on an incidental basis and when one or more of applicable exceptions for urban areas set forth in the charter service regulation at 49 CFR 604.9 (b) applies.

Findings: During this Triennial Review of HRT, deficiencies were found with the FTA requirements for charter bus. During the review period, HRT operated charter service under Exception 5, contract with a government entity or private, non-profit organization. While HRT has been collecting certifications of non-profit status from these entities prior to providing the service, they have not been maintaining documentation that identifies the passengers and supports that the trip purpose is consistent with the function of the organization.

Corrective Action and Schedule: Prior to the exit conference, HRT provided an assurance that for all future charter service provided under Exception 5, they would collect appropriate information on the trip purpose and passengers. However, by September 20, 2007, HRT must provide the FTA Region III Office with an updated charter policy that fully describes the trip purpose requirements of Exception 5.

## **17. School Bus**

Basic Requirement: Grantees are prohibited from providing exclusive school bus service unless the grantee qualifies under specified exceptions. In no case can federally funded equipment or facilities be used.

Findings: During this Triennial Review of HRT, no deficiencies were found with the FTA requirements for school bus.

## **18. National Transit Database (NTD)**

Basic Requirement: The grantee must collect, record, and report financial and non-financial data in accordance with the Uniform System of Accounts (USOA) and updated with the *National Transit Database (NTD) Reporting Manual* as required by 49 USC 5335(a).

Findings: During this Triennial Review of HRT, deficiencies were found with the FTA requirements for National Transit Database. For the past three reporting years, HRT's NTD submissions have been late. HRT was unaware that the automatic 15-day grace period and 30 day extension had been eliminated by FTA as of reporting year 2005. Prior to the exit conference, HRT submitted an assurance that they understood that the grace period and extensions were no longer available and that future submissions would be on time. This finding is now closed.

## **19. Safety and Security**

Basic Requirement: Any recipient of Urbanized Area Formula Grant Program funds must annually certify that it is spending one percent of such funds for transit security projects or that such expenditures for security systems are not necessary.

Under the safety authority provisions in the federal transit laws, the Secretary has the authority to investigate the operations of the grantee for any conditions that appear to create a serious hazard of death or injury especially to patrons of the transit service. However, FTA has no specific requirements for transit safety. States are required to oversee the safety of rail fixed guideway systems through a designated oversight agency. Under security, FTA has adopted the "Top 20 Security Program Action Items for Transit Agencies." The action items are measures recommended by FTA for immediate consideration and implementation by transit agencies to improve both security and emergency preparedness.

Findings: A summary of HRT's expenditures of Section 5307 funds for security projects is provided in Section VI of this report. In addition, no deficiencies were found with the FTA requirements for safety and security.

## **20. Drug-Free Workplace**

Basic Requirement: Grantees are required to maintain a drug-free workplace for all employees and to have an ongoing drug-free awareness program.

Findings: During this Triennial Review of HRT, no deficiencies were found with the FTA requirements for drug-free workplace.

## **21. Drug and Alcohol Program**

Basic Requirement: Grantees receiving FTA funds under Capital Grant, Urbanized Area Formula Grant, or Non-Urbanized Area Formula Grant Programs must have a drug and alcohol testing program in place for all safety-sensitive employees.

Findings: During this Triennial Review of HRT, deficiencies were found with the FTA requirements for the drug and alcohol program. HRT has implemented a procedure for monitoring its contractors for compliance with FTA's Drug and Alcohol Program. This procedure includes site visits to the contractors to review their implementation of the Drug and Alcohol Policies on at least an annual basis. During the site visit several of their contractors' policies were reviewed. In some of the policies, required elements were not included. For example, Michelin's policy does not have information on dilute specimens; the City of Suffolk has a post-accident policy that exceeds the FTA requirements, but is not specified as such; Western Branch Diesel's policy cites 49 CFR, Parts 653 and 654, includes as safety sensitive any employee who drive vehicles over 26,000 lbs, and does not include a provision for dilute specimens. Additionally, while HRT does recall instances of conducting monitoring reviews of its vendors (i.e. collection site, MROs) in the past, they could not provide any documentation of these reviews.

Corrective Action and Schedules: By August 21, 2007 provide the FTA Region III Office with the following:

- Documentation that the Drug and Alcohol policies of HRT's contractors have been reviewed for compliance with the program requirements. This documentation should include any directives to applicable contractors for necessary changes. HRT was referred to FTA's Office of Safety and Security website for access to a policy checklist to aid in this review.
- Documentation of a developed procedure for conducting monitoring of Drug and Alcohol Program vendors.

## **22. Equal Employment Opportunity (EEO)**

Basic Requirement: The grantee must ensure that no person in the United States shall, on the ground of race, color, creed, national origin, sex, age, or disability be excluded from participating in, denied the benefits of, or be subject to discrimination in employment under any project, program or activity receiving federal financial assistance from the federal transit laws.

Findings: During this Triennial Review of HRT, deficiencies were found with the FTA requirements for EEO. In documents submitted, HRT identified the EEO Officer as Danielle Odom, Human Resource Specialist within the Human Resource department. FTA's Circular 4704.1 notes that "an executive should be appointed as Manager/Director of EEO who reports and is directly responsible to the agency's chief executive officer". Ms. Odom does not report directly to the CEO, and while it was described that she has direct and independent access to the CEO, evidence of that was not seen in the organizational documents provided.

Subsequent to the site visit, HRT provided to the FTA Region III Civil Rights Officer evidence of the proper designation of the EEO Officer. This finding is now closed.

## **23. ITS Architecture**

Basic Requirement: Intelligent Transportation Systems (ITS) projects funded by the Highway Trust Fund and the Mass Transit Account must conform to the National ITS Architecture, as well as to U. S. Department of Transportation (DOT) adopted ITS standards.

Findings: During this Triennial Review of HRT, deficiencies were found with the FTA requirements for ITS architecture. HRT's procurement documents for the design of its light rail project were reviewed during the site visit. The design elements of this project include ITS features such as transit management systems, communications systems, and automatic passenger counters. The project is currently between 80 to 95 percent through the design stage, but no documentation was provided showing that the ITS portions of the project were included in the locally approved Regional ITS Architecture or that the Systems Engineering Analysis was conducted in determining the final design.

Corrective Action and Schedule: By September 20, 2007, provide to the FTA Region III Office a plan for including the project in the Regional ITS Architecture and a process for the Systems Engineering Analysis of ITS projects.



## V. SUMMARY OF FINDINGS AND CORRECTIVE ACTIONS

Review Area	Finding	Deficiency	Corrective Action	Response Days/Date	Date Closed
1. Legal	ND				
2. Financial	NR				
3. Technical	D	05: Excessive delays in project implementation	Provide to the FTA Region III Office recovery schedules for the Northern Newport News light maintenance facility, the Virginia Beach Multimodal/Bus Rapid Transit and the Sam's Club Express projects.	09/20/07	
4. Satisfactory Continuing Control	D	07: Failure to comply with property disposal requirements	Provide to the FTA Region III Office the following: <ul style="list-style-type: none"> <li>• A letter requesting concurrence on how the FTA interest will be reinvested into the program for bus 1402;</li> <li>• Documentation that the FTA interest in bus 1224 was reinvested into the program; and</li> <li>• A letter explaining how the FTA interest in buses 301 and 3031 will be reinvested into the transit program.</li> </ul>	09/20/07	
5. Maintenance	D	07: Late facility equipment preventive maintenance	Provide to the FTA Region III Office with documentation that preventive maintenance has been performed on the HVAC system located at the Hampton Transit Center and for the ferry boats operated under contract.	09/20/07	
6. Procurement	D	21: Improper piggyback purchase	Provide to the FTA Region III Office an assurance that HRT understands the requirements and will follow them in the future.	09/20/07	6/5/2007
7. Disadvantaged Business Enterprise	ND				
8. Buy America	ND				
9. Suspension/Debarment	ND				
10. Lobbying	ND				
11. Planning/POP	ND				
12. Title VI	ND				
13. Public Comment for Fare and Service Changes	ND				
14. Half Fare	ND				
15. ADA	ND				



Review Area	Finding	Deficiency	Corrective Action	Response Days/Date	Date Closed
16. Charter Bus	D	02: Charter service operated outside of allowed exceptions	Provide to the FTA Region III Office with an updated charter policy that fully describes the trip purpose requirements of Exception 5.	09/20/07	
17. School Bus	ND				
18. National Transit Database	D	01: Annual NTD report submission not timely	Provide to the FTA Region III Office an assurance that HRT understands that the grace period and extensions were no longer available and that future submissions would be on time.	09/20/07	05/22/07
19. Safety and Security	ND				
20. Drug-Free Workplace	ND				
21. Drug and Alcohol Program	D	08: Contractors, subrecipients and/or lessees not properly monitored  09: Drug and/or alcohol program vendors not properly monitored	Provide the FTA Region III Office with the following: <ul style="list-style-type: none"> <li>Documentation that the Drug and Alcohol policies of HRT's contractors have been reviewed for compliance with the program requirements. This documentation should include any directives to applicable contractors for necessary changes. HRT was referred to FTA's Office of Safety and Security website for access to a policy checklist to aid in this review.</li> <li>Documentation of a developed procedure for conducting monitoring of Drug and Alcohol Program vendors.</li> </ul>	08/21/07  08/21/07	
22. Equal Employment Opportunity	D	01: Inadequate designation of EEO Officer	Provide to the FTA Region III Civil Rights Officer evidence of the proper designation of the EEO Officer for HRT	09/20/07	06/05/07
23. ITS Architecture	D	04: Projects not included in Regional ITS architecture	Provide to the FTA Region III Office a plan for including the LRT project in the Regional ITS Architecture and a process for the Systems Engineering Analysis of ITS projects	09/20/07	

Findings: ND = No Deficiencies; D = Deficient; AC = Advisory Comment; NA = Not Applicable; NR = Not Reviewed

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Other (please describe): \_\_\_\_\_

Security Funding	FTA Section 5307 Funds (in Dollars)		
	FY 2004	FY 2005	FY 2006
Total amount of 5307 Funds expended	\$22,274,830	\$16,375,265	\$15,766,736
Amount of 5307 Funds expended on security	\$790,301	\$199,758	\$453,438
Percent of 5307 Funds expended on security	3.55 %	1.22%	2.88%
<b>Infrastructure/Capital Improvement Security Projects:</b>			
Lighting, Fencing & Perimeter Control	789,476	166,795	448,758
CCTV and Surveillance Technology			
Communications Systems			
Security Planning*			
Drills & Tabletop Exercises*			
Employee Security Training*			
Other Security-Related Infrastructure & Capital Improvements (please list): Police Supplies, Card Access	825	32,963	4,680
<b>Operating/Personnel Expenditures (can only be used by agencies in areas with populations UNDER 200,000):</b>			
Contracted Security Force			
In-house Security Force			
Other Security-Related Operating Expenditures (please list): _____			

- projects to refine and develop security and emergency response plans;
- the conduct of emergency response drills with public transportation agencies and local first response agencies; and
- security training for public transportation employees.

## VII. ATTENDEES

Name	Title/Organization	Phone Number	e-mail address
<b>Grantee</b>			
Hien Hoang	Director of Accounting	(757) 222-6000 ext. 6166	hhoang@hrtansit.org
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Kim Wolcott	HR Manager	(757) 222-6000	Kwolcott@hrtransit.org
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<b>FTA</b>			
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Name	Title/Organization	Phone Number	e-mail address
<b><i>Reviewers</i></b>			
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