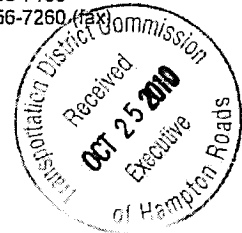




U.S. Department
of Transportation
**Federal Transit
Administration**

REGION III
Delaware, District of
Columbia, Maryland,
Pennsylvania, Virginia,
West Virginia
OCT 20 2010

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Mr. Philip A. Shucet
President/Chief Executive Officer
Transportation District Commission of Hampton Roads
3400 Victoria Blvd
Hampton, VA 23661

Re: Federal Transit Administration FY 2010 Triennial Review

Dear Mr. Shucet:

In May 2010, the Federal Transit Administration's (FTA) Triennial Review of the Transportation District Commission of Hampton Roads (HRT) was completed. Deficiencies were found in four areas: Technical, D-02, 03, 12, 06; Maintenance, D-04, 10; Procurement, D-13, 16, 06, 03, 99; and Title VI, D-10. Prior to the issuance of the final report in June 2010, two findings were closed: Technical, D- 06 and the Title VI finding D-10.

In July 2010, HRT electronically submitted revised procedures for quarterly milestone reporting. These documents addressed the open findings in the Technical areas: D-02, and D-03. In electronic correspondence from August 2010 HRT submitted updated procedures for federal financial reporting which addressed the Technical finding, D-12.

Additionally in the same email sent August 17, 2010, HRT submitted a newly updated preventative maintenance plan. This plan addressed the maintenance findings D-04 and D-10. Lastly in this same correspondence dated August 17, 2010, HRT submitted a newly revised procurement procedures manual. This document sufficiently addressed the findings in the area of Procurement: D-13, D-16, D- 06, D- 03, and D- 99.

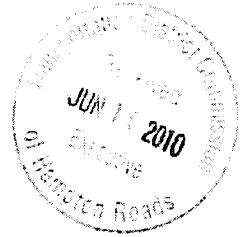
In conclusion, all the findings from the 2010 HRT Triennial review are now closed.

Thank you for the hospitality and cooperation shown in conjunction with the triennial review. If you have any questions, please call Katherine Berrillo (215) 656-7100.

Sincerely,

Michael McCollum
Director of Program Management and Oversight

FINAL REPORT



FY 2010 TRIENNIAL REVIEW

of the

Transportation District Commission of Hampton Roads

d.b.a.

Hampton Roads Transit

(HRT)

Hampton, VA

Recipient ID: 1456

Desk Review: December 11-12, 2009

Site Visit: May 18-19, 2010

June 2010

**Prepared for the
Federal Transit Administration**

**Region III
Philadelphia, PA**

by

Interactive Elements Incorporated

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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 three 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 24 areas. The basic requirements for each of these areas are summarized below.

This report presents the findings from the Triennial Review of 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 III 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 site 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 III Office on December 11-12, 2009. Following the desk review, a review 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 occurred on May 18-19, 2010. 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, administrative and statutory requirements were discussed and documents were reviewed. HRT's transit facilities were toured and [contractor/subrecipient] was visited to provide an overview of activities related to FTA-funded projects. A sample of maintenance records for FTA-funded vehicles was examined 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 provider created in 1999 through a merger of two separate transit commissions: the Peninsula Transportation District Commission and the Tidewater Transportation District Commission.

HRT directly operates 70 fixed-route bus service for the cities of: Chesapeake, Hampton, Newport News, Norfolk, Portsmouth, Virginia Beach, and Suffolk. The population of HRT's service area is approximately 1.4 million.

In addition, HRT provides seasonal service in Virginia Beach using replica trolleys as well as diesel-electric hybrid buses. Also, as part of the *TRAFFLY* program, a cooperative public service designed to promote regional transportation services, HRT provides FTA-funded vans for vanpooling.

All paratransit service is now operated by a contractor using HRT-owned and contractor-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 310 buses for fixed-route service. Its bus fleet consists of standard 30- to 40-foot transit coaches, rubber-tired trolleys, and diesel-electric hybrid buses. The current peak requirement is for 226 vehicles. HRT has a contingency fleet consisting of 38 vehicles. HRT also has a fleet of 200 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; (The Norfolk service is currently being operated from a temporary location at 2424 Springfield Avenue, Norfolk, VA) and
- Two transit centers located in Newport News, VA and Hampton, VA.

HRT's National Transit Database Report for FY 2009 provided the following financial and operating statistics for its fixed-route, paratransit, ferry and vanpool service:

	Fixed-Route Service	Paratransit Service	Ferry Service	Van Pool Service
Unlinked Passengers	14,994,774	267,162	331,252	165,066
Revenue Hours	870,940	175,976	5,814	26,367
Operating Expenses	\$61,742,512	\$7,788,010	\$912,179	\$515,988

Within the last three years, HRT completed the Advanced Communication System (ACS) project. The ACS was designed to provide transit buses with the ability to communicate their location at all times to the home locations. This system design has improved the quality, timeliness, and availability of customer information.

LRT (Tide) – is currently under construction. It will extend 7.4 miles from Eastern Virginia Medical Center through downtown Norfolk, continuing along the Norfolk Southern right-of-way, adjacent to I-264, to Newtown Road. Eleven stations will be constructed along the route with four park and ride locations that provide access to major areas such as Norfolk State University, Tidewater Community College(Norfolk Campus), Harbor Park, City Hall, MacArthur Center, and the Sentara Norfolk General Hospital.

Virginia Beach Transit Extension Study - Hampton Roads Transit has hired HDR Engineering, Inc. to provide services for the study of two potential extensions to the Tide (LRT system). The first extension currently under study is a potential fixed guideway connection from the eastern end of the Tide in Norfolk at Newtown Road to the Virginia Beach Oceanfront along the Norfolk Southern Corporation's right-of-way. The second segment, which will be studied at a later date, is a potential fixed guideway extension of the Tide to the Naval Station.

ARRA Projects

Completed – Preventive maintenance on transit vehicles

Underway – SouthSide Maintenance Facility (including lease)
Information and Management System
Support Vehicles Acquisition
Shop Equipment Acquisition
Environmental Management Compliance
Signal and Communication Equipment
Transfer Center Upgrades (Miscellaneous Enhancements)

IV. RESULTS OF THE REVIEW

The Triennial Review focused on HRT's compliance in 24 areas. This section provides a discussion of the basic requirements and findings in each area. No deficiencies were found with the FTA requirements in 20 of the 24 areas. Deficiencies were found in four areas: Technical, Deficiency Codes 02, 03, 12, 06; Maintenance, Deficiency Codes 04, 10; Procurement, Deficiency codes 13, 16, 06, 03, 99; and Title VI, Deficiency Code 10. Based upon the information HRT submitted and the corrective action taken, the following review areas were closed: Technical, Deficiency Code 06 and the Title VI finding Code 10.

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, cover cost increases and operating deficits, financially maintain and operate FTA funded facilities and equipment, and conduct and respond to applicable audits.

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

3. Technical

Basic Requirement: The grantee must be able to implement the FTA-funded 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.

A review of the FTA TEAM system found a significant number of Milestone Progress Reports that were late and did not meet the requirements of FTA Circular 5010.1D. This triennial review report will not address the late reports for projects that have since been closed. The active projects with late milestone progress reports are as follows:

- For project number VA-90-304-01, the MPRs were late for the 3rd quarter 2008 and 2nd quarter 2009.
- For project number VA-90-X320, the MPRS were late for 3rd quarter 2008 and 2nd quarter 2009.
- MPRs were late for project number VA-90-320-00 for the 3rd quarter 2008 and 2nd quarter 2009.

Follow-up discussions with the HRT staff indicated that the occurrence of late MPRs took place during a time of transition in HRT's grants management procedures and staff.

Many of the Milestone Progress Reports lack required information as specified in FTA Circular 5010.1D. For example, reports lack a description of the projects such as VA-90X320. The line item is for an ITS regional bus program, however, there is no description of the project. There are several grants with revised schedule dates and the narrative did not provide enough detail to explain why the schedule was not met or if it had any affect on the budget. One example is for Project Number VA-03-017-04 for the Norfolk Light Rail Transit Project. The original estimated completion date for line item 14000-140220 was 12/31/2009. This was changed to 9/30/2011. The narrative did not provide a discussion of the budget. The narrative made note that funds were added but did not provide an explanation as to the amount of funds added, why, or where the funds came from. Also, for this MPR as in others, HRT states that further details would be provided to FTA during the quarterly PMO meetings. TEAM is FTA's official document of record. Although details of a project may be provided at PMO quarterly meetings, the details of the grant must be reported in TEAM. The MPRs did not provide discussion of potential and executed change orders in amounts exceeding \$100,000, pending or settled during the reporting period. The HRT Norfolk Light Rail Transit Project Construction Change Order Log, dated 5/18/2010, shows at least three change orders including Contract Package 40, 60, and 80 where change orders are anticipated but not yet executed. The cumulative amount of the change orders is \$141,307, (\$88, 2,160), (\$112,300).

Federal Financial Reports are not reported correctly or in accordance with guidance provided by FTA in FTA Circular 5010.1D. Project number VA-95-X64 did not report the required information for FFR line item f. -- the federal share of unliquidated obligations. A

contract was awarded for replacement buses on 9/20/2008. The buses are to be delivered on 1/1/2011. Discussions with the financial and procurement office staff provided information that indicates the software system used for reporting grant related financial activities may not have the capabilities to provide the information required for TEAM on unliquidated obligations.

HRT does not have a force account plan for vehicle preventive maintenance performed by in-house staff that exceeds \$100,000 in a grant. Guidance provided by FTA in FTA Circular 5010.1D defines force account to include major capital project work on rolling stock such as preventive maintenance activities. The amount of funds for a project to be used to determine if the \$100,000 threshold for a force account plan has been met is not the total cost of the project but the cost of the project in a grant. The FY 2009 Formula Funds grant line item for preventive maintenance is \$13.5 million.

Corrective Action(s) and Schedule: By July 18, 2010, HRT should submit to the FTA Region III Office, the written procedures that HRT implemented to correct the late submission of Milestone Progress Reports. HRT should continue to submit the reports on time. The MPR for the next cycle should be reported on time, July 30, 2010.

By July 18, 2010, HRT should provide FTA Region III Office with written procedures on how the agency will meet FTA's grant management requirements to provide a detailed narrative report with a discussion of all budget or schedule changes, analysis of significant project cost variances, discussion of completion and acceptance of equipment together with a breakout of the costs incurred, a list of potential and executed change orders and amounts that exceed \$100,000 as found in FTA Circular 5010.1D. This area is also addressed in the Procurement Section of this report. In addition, it is recommended that HRT management consider having staff attend various FTA and FTA sponsored courses such as the FTA Triennial Review Workshops offered each year by FTA in several locations and Procurement training offered by both FTA and the National Transit Institute.

By August 17, 2010, HRT should provide FTA Region III Office with written procedures for a financial reporting structure that will accommodate the information required by FTA 5010.1D for the Federal Financial Reports. Guidance to meet the FFR requirements may be found in FTA 5010.1D. For the next reporting cycle, July 30, 2010, HRT should report the unliquidated obligations correctly.

Prior to the issuance of the final triennial review report, HRT provided a force account plan and justification for the preventive maintenance workforce that satisfies the FTA requirements found in 5010.1D. This finding is now closed.

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, no deficiencies were found with the FTA requirements for satisfactory continuing control.

5. Maintenance

Basic Requirement: Grantees and their subrecipients must keep Federally funded equipment and facilities in good operating order and maintain ADA accessibility features.

Findings: During this Triennial Review of, deficiencies were found with the FTA requirements for maintenance.

The HRT preventive maintenance plan calls for PMs to be performed every 6,000 miles. Inspections that are no later than 10 percent of the schedule or 6,600 miles are considered on time. A review of 35 preventive maintenance records for five fixed route buses found 13 instances where the preventive maintenance was performed late. Only 63 percent of the PMs met the on-time performance standards established by FTA. In accordance with FTA guidance found in FTA Circular 5010.1D, PM inspections should be performed on-time by at least 80 percent. The reviewer observed possible issues that may have contributed to the delays in the PM inspections. First is the size of the facility where most of the preventive maintenance is being performed. This is a temporary facility, the "Old Ford" plant located at 2424 Springfield Avenue, Norfolk, VA. The buses are being maintained at this location until construction is completed at the 18th Street facility. The construction is scheduled to be completed in about 18 months. There are only three bays available for the preventive maintenance of 199 vehicles at the Old Ford plant facility. In reviewing the records, it was found that each vehicle requires a PM inspection on the average of once a month. In addition, there are difficulties in accurately tracking the vehicle mileage. The system used is somewhat antiquated and is vulnerable to human error. The preventive maintenance plan is solid and the shop has manuals and checklists for each type of vehicle. All plans and checklists meet FTA and ADA requirements.

The PM plan for the paratransit vehicles calls for the PM inspections to be performed every 3,000 miles. For the paratransit vehicles, a review of 39 records found 11 instances where the preventive maintenance inspections were performed late. Only 72 percent of the PMs were performed on time. FTA requires the preventive maintenance inspections to be performed on time at least 80 percent of the time. The paratransit service is performed by a contractor using HRT vehicles. The contractor is responsible for the preventive maintenance of the HRT vehicles. The HRT lacks monitoring and oversight control of the contractor's PM schedule and activities. This finding is also reported for procurement because of the lack of a contract administration system that assures that work is performed and carried out in accordance with the terms and conditions of the contract.

Corrective Action(s) and Schedule: By August 17, 2010, HRT should submit to the FTA Region III Office a plan for meeting FTA preventive maintenance requirements. It is recognized that the bulk of preventive maintenance will be moved to a new facility within about 18 months, however, HRT is responsible for the PM of the vehicles in the mean time and must have a plan to address manage its fleet during this time of transition.

By August 17, 2010, HRT should revise and submit to the FTA Region III Office, a fleet management plan that would include monitoring and oversight processes and procedures to be used by HRT staff to monitor the performance of preventive maintenance activities of contractors and sub-recipients to assure that they are meeting the terms and conditions of their contracts with regards to preventive maintenance.

6. Procurement

Basic Requirement: FTA grantees use their own procurement procedures that reflect applicable state and local laws and regulations, provided that the process ensures competitive procurement and the procedures conform to applicable Federal law, including 49 CFR Part 18 (specifically Section 18.36) and FTA Circular 4220.1F, "Third Party Contracting Guidance."

Findings: During this Triennial Review of HRT, deficiencies were found with the FTA requirements for procurement.

HRT was unable to provide the certifications and clauses required for contracts more than \$2,000 for the Sole Source Procurement of On-Board Security Cameras. This contract was awarded for \$1,557,000. The clauses that were missing include, DBE, Suspension/Debarment and Lobbying.

On December 14, 2007, HRT issued a Purchase Order Number HRT01-0000047402 to purchase seven Low Floor Gillig buses. The piggy back purchase was made from a contract awarded by the Port Authority of Allegheny County on September 11, 2002. The HRT purchase order for the seven Low-Floor Gillig buses was awarded outside the five-year limitation period for the performance of the Port Authority contract. FTA Circular 4220.1F requires that grantees must not enter into contracts for rolling stock or replacement parts with a period of performance past five years.

Lost files and contractors that have not performed in accordance with the terms and conditions of their contracts add up to a contract administration system that is deficient. During the site visit, the reviewer reviewed preventive maintenance records for the complementary paratransit service and found preventive maintenance inspections were performed late. Only 72 percent of the PMs were performed on time. The paratransit service is performed by a contractor using HRT vehicles. The contractor is responsible for the preventive maintenance of the HRT vehicles. The HRT lacks a contract administration system that allows monitoring and oversight control of the contractor's PM schedule and activities. The lack of contract administration is also apparent in that HRT was unable to find the contract files for LR-46416 a small purchase for the Temporary Rail Spur awarded August 18, 2009, for \$48,750. HRT was also unable to provide the complete contract file for contract number 08-08001, a piggyback contract purchase order HRTT010000047402, valued at \$5,550,000. FTA Circular 4220.1F requires grantees to maintain a contract administration system. This requirement ensures that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders. For piggy back contracts, grantees should maintain files that at a minimum contain a copy of the

original contract and the solicitation document; including the specifications and any Buy America Pre-award or Post-Delivery audits; an “assignability” clause; “certifications” required by Federal regulations; clauses required by Federal regulations; and verification that piggybacking quantities were included in the original solicitation, i.e., were they in the original bid and were they evaluated as part of the contract award decision. At the contract administration level, grantees should have written documentation and files that stand alone and without need of interpretation or augmentation of the contract administrator or other staff element.

During the site visit, the reviewer held discussions with procurement and other staff regarding contract change orders. The reviewer also assessed contract change order logs and reports and found that although all change orders had proper authorization and had been signed by the CEO, the review of early logs found that the full impact of the cost of change orders may not have been disclosed until the change orders were ready for approval. The process has recently been recently augmented with reports, reviews and sign-offs early in the process. Reporting of pending or settled contract change orders is also discussed in the Technical Area of this report. The MPRs did not provide discussion of potential and executed change orders in amounts exceeding \$100,000, pending or settled during the reporting period.

Corrective Action(s) and Schedule: By August 17, 2010, HRT must submit to FTA procurement procedures that assure all FTA required third-party contract clauses are included in HRT procurements as required by FTA 4220.1F. HRT’s current Procurement Manual is voluminous; more than 400 pages, complicated and difficult to follow with regards to FTA requirements. HRT should revise its procurement manual in order to simplify and include examples of FTA clauses and their uses that may be found on the FTA web in the FTA Triennial Review Workshop Workbook for 2010.

By August 17, 2010, HRT must submit to FTA Region III revised procurement procedures that include references to the FTA 4220.1F five-year restriction on the period of performance of rolling stock and replacement part contracts supported with FTA funds. An example of a “Piggyback Worksheet” may be found in the Procurement Best Practices Manual on the FTA web.

By August 17, 2010, HRT must develop and submit to FTA Region III a contract administration structure with standard operating procedures or checklists for contracts, files and procurement documents that assure that HRT staff has the tools to assure that contractors perform in accordance with the terms and conditions of their contracts. HRT contract administration should include a standard file checklist that will ensure that required documentation is present and the file is well organized and updated. Monitoring and oversight processes and procedures should be made a part of the standard operating procedures to ensure that contractors perform in accordance with the terms and conditions of the contract. Guidance may be found in FTA Circular 5010.1F.

By August 17, 2010, HRT must develop and submit to FTA Region III a reporting structure for contract change orders that incorporates the review process that was recently put in

place by HRT. The process should be formalized and include a process to bring mitigating factors to the attention of the CEO and FTA.

7. Disadvantaged Business Enterprise (DBE)

Basic Requirement: The grantee must comply with 49 CFR Part 26 to ensure nondiscrimination in the award and administration of DOT-assisted contracts. Grantees also must create a level playing field on which DBEs can compete fairly for DOT-assisted contracts.

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

8. Buy America

Basic Requirement: Federal funds may not be obligated unless steel, iron, and manufactured products used in FTA funded projects are produced in the United States. The only exceptions are if FTA has granted a waiver or if the product is subject to a general waiver. Rolling stock must have sixty percent domestic content. Also, final assembly of rolling stock must take place in the United States and grantees must conduct a pre-award and post-delivery audit for purchases of rolling stock in order to verify that the 60 percent domestic content and final assembly requirements were met.

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

9. Debarment and Suspension

Basic Requirement: To protect the public interest from and prevent fraud, waste, and abuse in Federal transactions, persons or entities, which by defined events or behavior, that potentially threaten the integrity of federally administered non-procurement programs, are excluded from participating in FTA assisted programs.

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

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.

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, SAFETEA-LU, and the metropolitan and statewide planning regulations.

Grantees must develop and/or participate in a locally developed, coordinated public transit-human services transportation plan that identifies the transportation needs of individuals with disabilities, older adults, and people with low incomes, provides strategies for meeting those local needs, and prioritizes transportation services for funding and implementation.

Each recipient of a Section 5307 grant shall have complied with the public participation requirements of Section 5307(c)(1) through (7). Each grantee is required to develop, publish, afford an opportunity for a public hearing on, and submit for approval a Program of Projects (POP).

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 grounds of race, color, or national origin, be excluded from participating in, be 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 services and related benefits are distributed in an equitable manner.

Findings: During this Triennial Review of HRT, deficiencies were found with the FTA requirements for Title VI.

FTA requires grantees to provide information to the public regarding their Title VI obligations and apprise members of the public of the protections against discrimination afforded to them by Title VI. HRT's only means of dissemination of the Title VI public notification is on its website.

Corrective Action(s) and Schedule: Prior to the issuance of the final triennial review report, HRT submitted documentation that verified additional information had been developed posted, and disseminated to provide notification to the public of its rights under Title VI. This finding is now closed.

13. Fare Increases and Major Service Reductions

Basic Requirement: Section 5307 grantees are expected to have a written locally developed process for soliciting and considering public comment before raising a fare or carrying out a major transportation service reduction.

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

14. Half Fare

Basic Requirement: During non-peak hours for fixed route service supported with Section 5307 assistance, fares charged elderly persons, persons with disabilities or an individual presenting a Medicare card will not be more than half 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 service, including 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: FTA grantees are prohibited from using Federally funded equipment and facilities to provide charter service if a registered private charter operator expresses interest in providing the service. Grantees are allowed to operate community based charter services excepted under the regulations.

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

17. School Bus

Basic Requirement: Grantees are prohibited from providing exclusive school bus service unless the service qualifies and is approved by the FTA Administrator under an allowable exemption. Federally funded equipment or facilities cannot be used to provide exclusive school bus service. School tripper service that operates and looks like all other regular service is allowed.

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: Grantees that receive 5307 and 5311 grant funds must collect, record, and report financial and non-financial data in accordance with the Uniform System of Accounts (USOA) and the *National Transit Database (NTD) Reporting Manual* as required by 49 USC 5335(a).

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

19. Safety and Security

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

Under the safety authority provisions of 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. States are required to oversee the safety of rail fixed guideway systems through a designated oversight agency, per 49 CFR Part 659, Rail Fixed Guideway Systems, State Safety Oversight. FTA has developed web sites for Bus Safety and Rail Safety. These sites include helpful tools, such as resources, self assessments, and forums.

Under security, a list of 17 Security and Emergency Management Action Items has been developed by FTA and the Department of Homeland Security's Transportation Security Administration (TSA). This list of 17 items, an update to the original FTA Top 20 security action items list, was developed in consultation with the public transportation industry through the Mass Transit Sector Coordinating Council, for which the American Public Transportation Association (APTA) serves as Executive Chair. Security and Emergency Management Action Items for Transit Agencies aim to elevate security readiness throughout the public transportation industry

by establishing baseline measures that transit agencies should employ. Additionally, FTA has developed an extensive website for transit security.

The goal of FTA's Safety and Security Program is to achieve the highest practical level of safety and security in all modes of transit. To this end, FTA continuously promotes the awareness of safety and security throughout the transit community by establishing programs to collect and disseminate information on safety/security concepts and practices. In addition, FTA develops guidelines that transit systems can apply in the design of their procedures and by which to compare local actions. Many of the questions in this review area are designed to determine what efforts grantees have made to develop and implement safety, security, and emergency management plans. While there may not be specific requirements associated with all of the questions, grantees are encouraged to implement the plans, procedures, and programs referenced in these questions. For this reason, findings in this area will most often result in advisory comments rather than deficiencies.

Findings: A summary of HRT's expenditures of Section 5307 funds for security projects is provided in Section VI of this report.

During this Triennial Review of HRT, no deficiencies were found with the FTA requirements for safety and security.

20. Drug-Free Workplace

Basic Requirement: FTA 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 Urbanized Area Formula Program (Section 5307), Non-Urbanized Area Formula Program (Section 5311), or Capital Investment Program (Section 5309) funds must have a drug and alcohol testing program in place for all safety-sensitive employees.

Findings: During this Triennial Review of HRT, no deficiencies were found with the FTA requirements for the drug and alcohol program.

22. Equal Employment Opportunity (EEO)

Basic Requirement: The grantee must ensure that no person in the United States shall on the grounds of race, color, religion, national origin, sex, age, or disability be excluded from participating in, or 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. (Note: EEOC's regulation only identifies/recognizes religion and not creed as one of the protected groups.)

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

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 United States Department of Transportation (USDOT) adopted ITS Standards.

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

24. American Recovery and Reinvestment Act (ARRA)

Basic Requirement: Grantees must have the legal, financial and technical capacity to carry out the proposed program of projects and meet the additional reporting requirements for its ARRA-funded grant activities.

Findings: HRT has three active ARRA grants. Projects funded by that/those grants are:

1. VA 96 X003: \$24,096,312.00: Awarded 8/20/2009
Southside Maintenance Facility Construction (including lease) \$14,000,000
Information and Management System \$ 400,000
Support Vehicles - Acquisition \$2,100,000
Shop Equipment - Acquisition \$2,500,000
HQ Bus Wash Facility \$336,312
Environmental Management Compliance \$550,370
Transfer Center Upgrades - NNTC/HTC \$1,419,037
Signal and communication equipment \$140,000
Miscellaneous Enhancements (Transfer center upgrade improvements) \$240,963
Operating Assistance \$2,409,630

2. VA-56-0001: \$437,148 Awarded 7/31/2009; Funded Preventive Maintenance on the transit vehicles.
3. VA-66-X002; \$1 million, Awarded 2/26/2010; Funded preventive maintenance on transit vehicles.

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

V. SUMMARY OF FINDINGS AND CORRECTIVE ACTIONS

Review Area	Finding	Deficiency	Corrective Action	Response Date	Date Closed
1. Legal	ND				
2. Financial	ND				
3. Technical	D	02 – Late MPRs/FSRs	HRT should submit to the FTA Region III Office, the written procedures that HRT implemented to correct the late submission of Milestone Progress Reports.	July 18, 2010	
		03 – Progress reports lack required information	HRT should provide FTA Region III Office with written procedures on how the agency will meet FTA's grant management requirements found in FTA Circular 5010.1D.	July 18, 2010	
		12 – Incorrect FFR reporting	HRT will develop and provide to FTA Region III a program management plan that will provide instructions on how the agency will meet the federal requirements for Federal Financial Reports including how the agency will report unliquidated obligations in FFR line item f. Report unliquidated obligations next cycle July 30, 2010.	August, 17, 2010	
		06 – Lacking force account plan/justification	Provide FTA Region III with force account plan or justification for maintenance workforce.	Closed	
304. Satisfactory Continuing Control	ND				
5. Maintenance	D	04 – Late vehicle preventive maintenance	HRT should submit to the FTA Region III Office a plan for meeting FTA preventive maintenance requirements.	August 17, 2010	
		10 – Inadequate oversight of contracted maintenance activities	HRT must develop an oversight program that may be used by HRT staff to monitor contractor performance of preventive maintenance activities. Submit the oversight plan to FTA Region III Office.	August 17, 2010	

Review Area	Finding	Deficiency	Corrective Action	Response Date	Date Closed
6. Procurement	D	13-missing DBE, Debarment/Suspension/ and Lobbying clauses.	Revise procurement procedures to assure FTA clauses and certifications are included. Submit the revised procurement procedures to FTA Region III Office.	August 17, 2010	
		16-Exceed five year limitation of bus procurement	Revise and simplify procurement procedures to assure all contract requirements have been met for piggyback including five year limits on contracts for rolling stock. Submit the revised procurement procedures to the FTA Region III office	August 17, 2010	
		03 – No contract administration system	HRT must revise its procurement processes and procedures to assure contract administration requirements found in FTA 4220.1f are met. HRT is to submit the revised processes and procedures to FTA Region III Office.	August 17, 2010	
		99-Lack written procedures for early review of contract change orders.	Develop reporting structure and augment and formalize signature authority.	August 17, 2010	
7. Disadvantaged Business Enterprise	ND				
8. Buy America	ND				
9. Debarment and Suspension	ND				
10. Lobbying	ND				
11. Planning/POP	ND				
12. Title VI	D	10—Title VI public notification deficiencies.	HRT must submit to the FTA Region III Office documentation to verify that it has developed and disseminated a notification to the public of its rights under Title VI	Closed	
13. Fare Increases and Service Reductions	ND				
14. Half Fare	ND				
15. ADA	ND				
16. Charter Bus	ND				
17. School Bus	ND				

Review Area	Finding	Deficiency	Corrective Action	Response Date	Date Closed
18. National Transit Database	ND				
19. Safety and Security	ND				
20. Drug-Free Workplace	ND				
21. Drug and Alcohol Program	ND				
22. Equal Employment Opportunity	ND				
23. ITS Architecture	ND				
24. ARRA	ND				

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

VI. TRANSIT SECURITY EXPENDITURES

Does the grantee expend one percent or more of its Section 5307 Urbanized Area Formula Grant funds for transit security?

FY2007:	Yes:	x	No:	
FY2008:	Yes:		No:	x
FY2009:	Yes:		No:	x

If no, why does the grantee consider such expenditure unnecessary (check all that apply):

	No deficiency found from a threat and vulnerability assessment
	TSA/FTA Security and Emergency Management Action Items met or exceeded
x	Other: HRT received other funds that augmented the list below.

Security Funding	FTA Section 5307 Funds (in Dollars)		
	FY 2007	FY 2008	FY 2009
Total amount of 5307 Funds expended	20,243,465	29,290,056	24,164,517
Amount of 5307 Funds expended on security	211,965	157,984	224,706
Percent of 5307 Funds expended on security	1.05 %	0.54%	.93%
Infrastructure/Capital Improvement Security Projects:			
Lighting, Fencing & Perimeter Control			
CCTV and Surveillance Technology	185,597	151,947	222,741
Communications Systems			
Security Planning			
Drills & Tabletop Exercises			
Employee Security Training			
Other Security-Related Infrastructure & Capital Improvements (please list): Security Police Equipment, Locks, and Card Access Equipment	26,386	5,937	1,965
Operating/Personnel Expenditures (can only be used by agencies in areas with populations UNDER 200,000):			
Contracted Security Force			
In-house Security Force			
Other Security-Related Operating Expenditures (please list):			

VII. ATTENDEES

Name	Title/Organization	Phone Number	E-mail Address
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