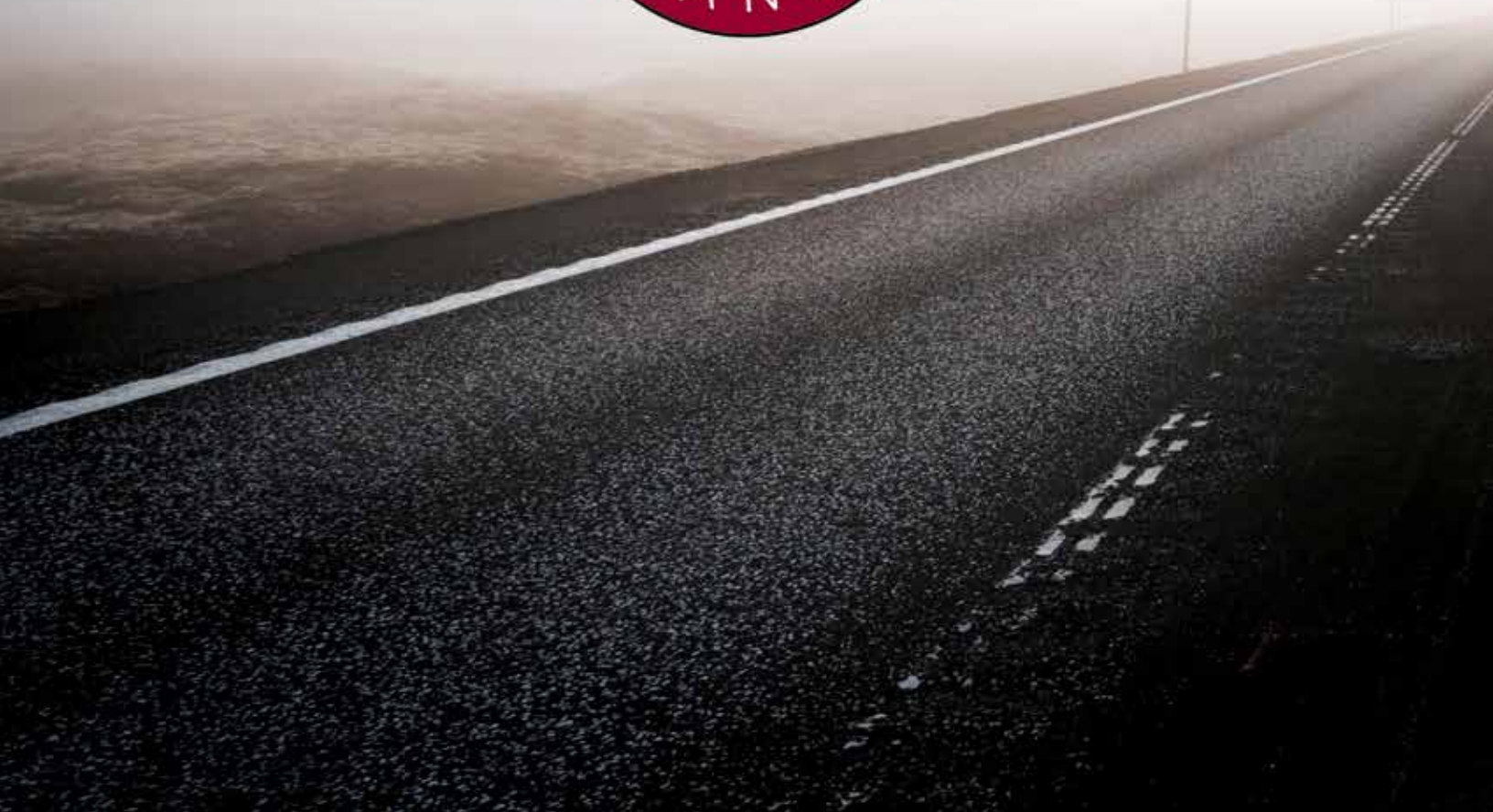




# DRIVING TOWARDS THE FUTURE

ANNUAL REPORT  
**2017**





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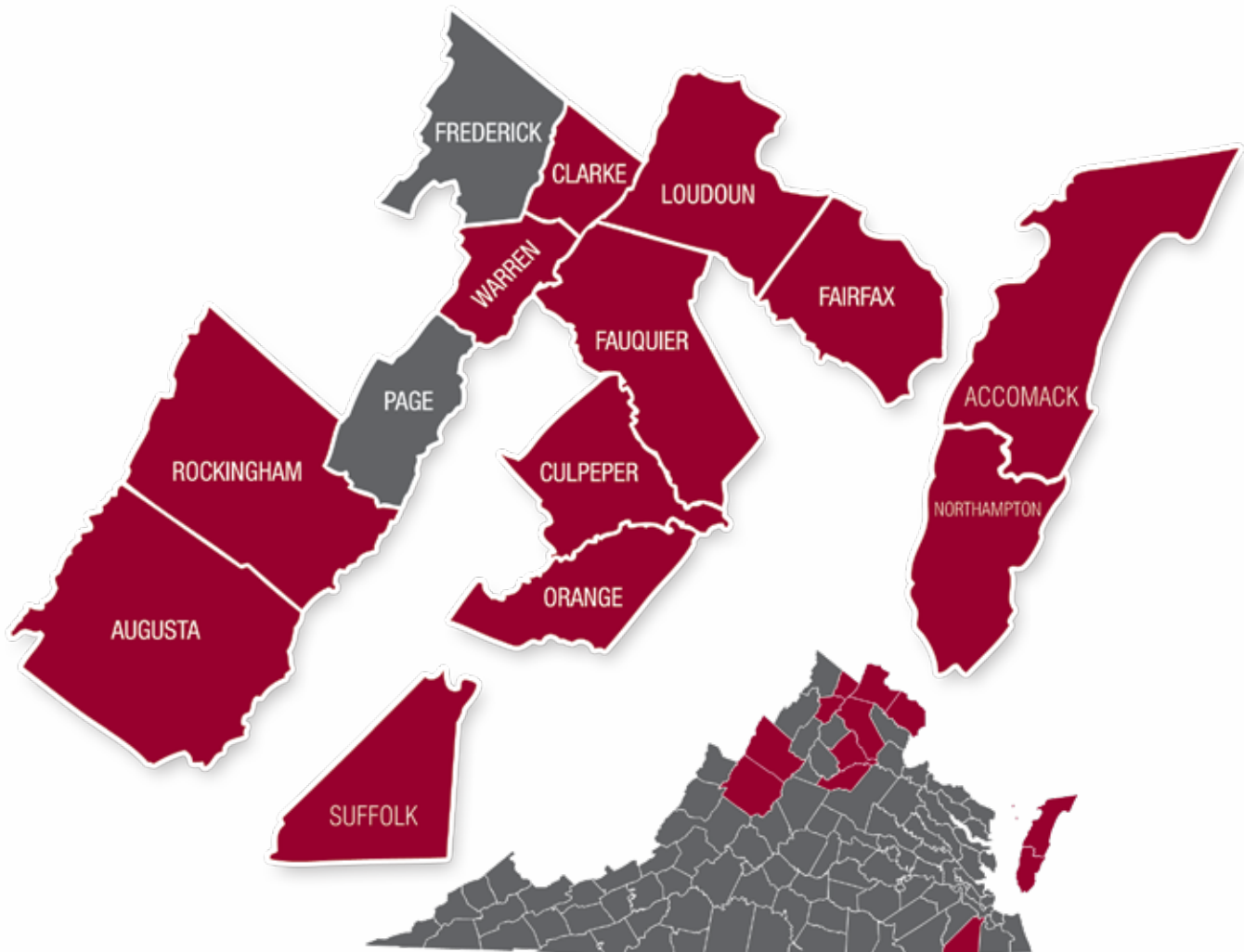
# VIRGINIA REGIONAL TRANSIT

## VISION:

Virginia Regional Transit is a recognized leader in providing high-quality local and rural community transportation solutions.

## MISSION:

Virginia Regional Transit operates, manages, and plans fixed-route, demand-response, and commuter transportation services. The organization delivers efficient, cost-effective and quality services for riders so they can move about their communities and live their lives fully. The organization strives to be the provider of choice for our customers, looking to offer transportation as a vital community resource.



## Board of Directors



Bruce Simms  
CEO/President



Robert Chirles  
Chairman



Maxie Brown  
Vice Chairman



Russ Neyman  
Secretary



Noel Brown  
Treasurer



Charles Grant  
Chairman Emeritus



Randy Sutliff, Esq.  
Board Member



Mary Gayle Holden  
Retained Corporate Attorney





# VIRGINIA REGIONAL TRANSIT

## From the Chairman Robert Chirles



Headlines are replete with stories about the transportation challenges facing our nation: the traffic congestion in Northern Virginia and other metropolitan areas; the increasing complexity and frustration of travelling by air; the potential for high-speed rail; and adding toll lanes to major commuter roads. Whether about planes,

trains or automobiles, the stories are usually about how difficult travel has become for commuters, business travelers and vacationers.

There is another transportation story. It is where Virginia Regional Transit has a long, established commitment to serve the everyday mobility needs of people with limited transportation options. For these and many others, access to transportation represents a vital community resource without which many of our neighbors cannot fully live their lives.

For 27 years, VRT has demonstrated its commitment to provide transportation services to communities that have limited, or no, options. From northern Virginia through the Shenandoah Valley, in the Tidewater area and on the Eastern Shore, the familiar buses of VRT provide mobility that most of us take for granted each day.

We take great pride in our company; in the employees who make sure our customers get where they need to go safely, reliably and comfortably; in the trust and confidence of our local and state partners; in the quality of our services and our ability to adapt to the developing challenges of regional transportation. As our Vision states: VRT strives to be "a recognized leader in providing high-quality local and rural community transportation solutions."

This report tells the VRT story. I hope you will take the time to get to know us.





## From the CEO Bruce Simms



The future of transit is ever changing. The current climate of market growth is tempered with changing funding models, rural to urban transit redistricting, and technological advances that redefine consumer expectations of their transit provider of choice.

Virginia Regional Transit is continuously developing

and implementing flexible funding and service models to provide customer centered, cost efficient mobility management solutions for our customers.

VRT leads this transition by monitoring and forecasting industry trends while remaining singularly focused on the overall customer experience. Our company mission is to be the transit provider of choice, looking to offer transportation as a vital community resource that produces superior customer outcomes.

We continue to reshape our company:

- **Implementing** a new and robust strategic plan which will serve as a road map for future growth.
- **Pivoting** from a grant based business model to a competitive model. Currently we operate 46% grant funded versus 54% contracted service.
- **Launching** an enhanced compensation package for our front-line employees to include a Part Time employee benefit package. (effective in November, 2017)

2017 was a year of growth. I am pleased to report that Virginia Regional Transit and Virginia Rides have both experienced a positive fiscal year. We continue to focus on simplifying the company's leadership structure along with reducing overall operating and administrative

expenses. These steps place VRT in a competitive and responsive position within the industry and enable us to secure business that supports our strength and purpose.

### A Way Forward:

**Technology** - our customers operate in a fast paced environment and they expect immediate and accurate information. For this reason, we will invest in technology that will simplify the customer experience and provide up to the minute information.

**Leadership** - The backbone of VRT and VA Rides is our leadership team. To build upon this foundation and expand our business in the coming years requires an investment in our emerging corporate leaders. Encouragement and empowerment at all levels of management through transit focused training ensures that VRT & VA Rides continue to lead as a solution-oriented transit provider. In the coming months, VRT will expand on this vision by implementing an internal management upward mobility program that will propel the company forward.

**Performance Driven Results** - The numbers don't lie. Good business is as much about the people we serve as it is the business decisions that are executed. VRT will continue to team up with our valued business partners to ensure that the customer experience is at the forefront of each decision we make. Through on/off studies, customer feedback, social media data, and our operators, we will optimize performance without losing sight of the inherent strength of VRT—Our Customers.

Today we are a transit company in motion; a company that is structured to seize opportunities while continuing to be a trusted partner in the transit community. I am proud of the leadership team, our operators, and our support staff. I am confident that the best days are ahead.



# VIRGINIA REGIONAL TRANSIT

## Fiscal Resources



**Bruce Alder**  
Director of Financial Services &  
Human Resources

Fiscal Year 2017 was a first step toward achieving the strategic goal of fiscal Independence for our companies, Virginia Regional Transit and Virginia Rides. Each ended their respective fiscal year with positive operating results and positive cash flow from operations. The surpluses provide the resources needed to transition from a primarily grant funded business model to a contract business

model. This transition requires us to obtain capital financing and credit sources outside of federal and state grants. Having this financial flexibility allows us to meet and to grow with the mobility needs of our clients.

Planned Rural Service increased in two of our regions in a steady controlled manner. Federal, state and local funding increased to cover the expansion in these areas. Grants are available for the purchase of capital assets used for the replacement of transit vehicles on these rural routes. These services are funded one year at a time, on a cost-reimbursable basis. As populations change, Rural Service grants will not be available in all areas and our companies will need to respond to these changes in order to remain competitive.

Contract Services are supplied on a fixed price basis, normally over a three to five year timeframe. Under this business model, no grants are available for capital investments or transit vehicles. The capital investment comes from our resources. We have to bid on these contracts and win them in a competitive environment. To be successful, the contracts have to be managed efficiently and operations and costs have to be

constantly monitored. Government divisions, localities, and independent schools are some of the entities we have entered into contracts with for transportation services. Our list of contracts and our investment in our fleet has increased over last year. VRT and Virginia Rides purchased over 12 transit vehicles in FY 2017 that were not grant funded. We try to maximize non-transit sources of revenue to augment the grants and contract funding without conflicting with any federal contract regulation. The DMV Select Services, Virginia Emissions inspection services, renting of excess facility space, advertising, and transit management contracts, are some of the non-transit sources of revenue that we have developed.

In FY2017, VRT and Virginia Rides successfully reduced the Cost of Operations per Revenue Mile in all regions by re-aligning our direct and indirect costs. General and Administrative costs were reduced by over \$ 500,000 from prior periods. Salaries, wages and employee benefits remain the single largest percentage of operating costs. Vehicle maintenance costs are a distant second. Both areas are constantly monitored. Bringing the vehicle maintenance costs in-house has made a dramatic reduction in repair costs. Employee benefits were enhanced and improved in order to make a competitive package for our employees.

By controlling indirect costs, creating operating surpluses and winning competitive transit contracts, we have strengthened our financial position year over year. This has allowed us to develop relationships with financial institutions which are needed as the business model moves more toward Contract Services. It gives us flexibility to make needed investments in our employees, our fleet and our technology. We are ready to meet the future changes in the transit industry.



## Service Delivery



**Phil Thompson**  
Director of Operations

With intention and impact, Virginia Regional Transit establishes strategic partners such as cities and counties, neighborhood and civic organizations, colleges, and healthcare organizations to serve the underserved, providing a quality transit experience to the most vulnerable in our community. VRT continues its long history of providing

transit solutions to over 13 counties and eight cities throughout the Commonwealth of Virginia. This broad and flexible service model is one of the many reasons we increased the number of rides provided to 777,185; an increase of 57,419 rides over the previous year.

"Positioned for growth" is the phrase that embodies the performance of Virginia Regional Transit during the 2017 fiscal year. VRT continues to be a reliable source of industry information and insight, providing several expansion options to our localities for FY19 and beyond. We anticipate applying for one Deviated Fixed route and two Demand Response route expansions for FY19. This growth is the result of a great deal of work and dedication exhibited by our drivers and staff, as well as the generosity and commitment of our board of directors, partners and localities to provide transportation solutions to the regions we serve.

A few highlights of enhancements in passenger experience during the past fiscal year are:

### **Loudoun Region**

VRT expanded Demand Response transit service by adding an additional route, an increase of 3,120 revenue hours of passenger service and averaging 283 rides per month since inception. The Loudoun system also added four hours of passenger service per day to the On Demand West and two hours per day to the On Demand Northwest, increasing the amount of passenger utilization by 20%. The Purcellville Connector received three additional service hours per day and indicates a ridership increase of approximately 12%.

### **Culpeper Region**

VRT implemented a slight increase in service hours to the Culpeper Connector trolley system to allow for greater connectivity in the evenings during FY 2017. In addition to this, route and stop changes to the Culpeper Connector were implemented to enhance on-time performance and customer experience.

### **Staunton Region**

VRT was successful in retaining the BRITE Transit System, securing a five year service contract. Additional highlights in the Staunton Region include the evolution of the Stuarts Draft Link from the former 340 Connector which added 520 revenue hours of service per year and increased ridership by over 140%. Additionally, the Blue Ridge Community College routes cumulatively increased by 546 revenue hours of service per year. This achievement was accomplished by eliminating breaks in service thus increasing connectivity.

### **Suffolk Region**

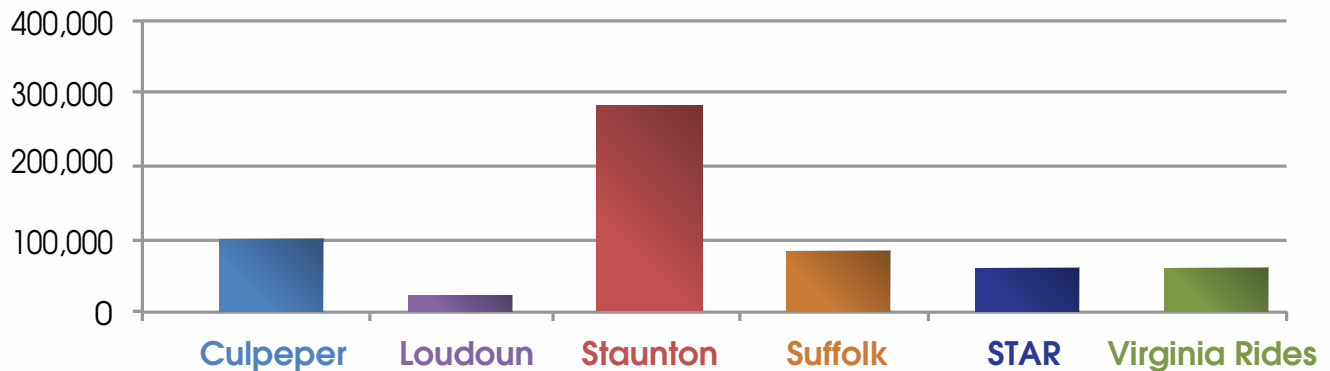
Ridership numbers continue to climb, indicating an 8.9% overall increase in ridership from FY16. Acute focus on passenger experience resulted in the implementation of the ETA "real time" bus app. This smart phone app affords passengers the capability to view bus locations, anticipated arrival times and bus stop locations from their mobile device.



# VIRGINIA REGIONAL TRANSIT

## Service Delivery

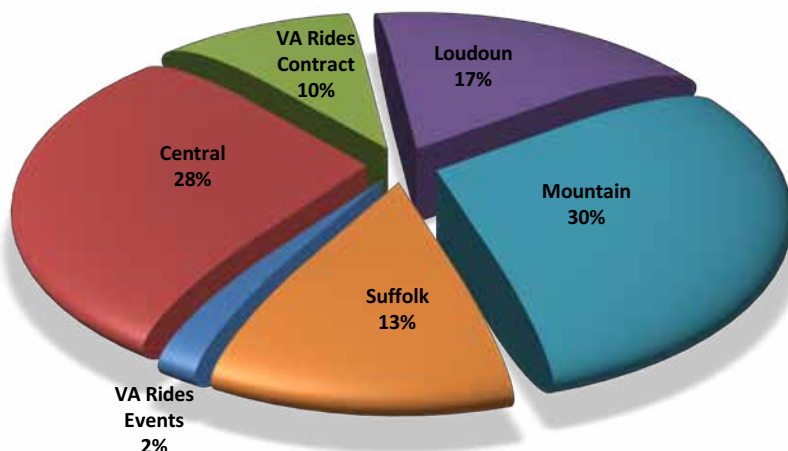
### FY 2017 Ridership



As a result of our repositioning, our fundamental focal points for the coming year will be in the areas of technology and leadership development. Our transit systems and outreach efforts will benefit greatly from the enhancements available through leading edge technology such as AVL tracking, smart phone bus apps, automated fare collection and automated passenger count information. Our focus on leadership development will promote and provide to our

customers a knowledgeable and highly skilled team of transit management professionals, continually improving existing service and expanding into new markets. Many exciting opportunities are on the horizon for VRT, and cultivating regional expansion efforts such as intercity connectivity, contract services, and system efficiencies will be essential to our corporate and individual growth.

### VRT / VA Rides Revenue Hours

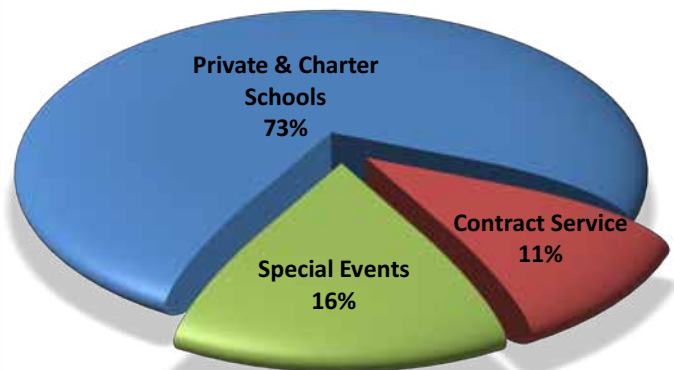


## Virginia Rides

As an affiliate organization to Virginia Regional Transit, Virginia Rides is a limited liability, not-for-profit company, without obligation of federal and state funding streams. VA Rides strives to support organizations, transit agencies and individuals who need transportation services not utilizing publicly funded transit vehicles or staff. VA Rides service model provides and enhances passenger service for schools, hospitals, private businesses and community events. Operating hours have held steady over the past year, with a foundational focus to move toward long term contracts. VA Rides management and staff excelled in this directive by signing a five year contract in calendar year 2017. This commitment is an expansion effort into a new and exciting market, providing passenger service near the Washington DC Metro area. Long term commitments like this provide VA Rides the stability to explore additional service opportunities and purchase newer, more efficient vehicles to showcase our services. VA Rides continues to be on a separate fiscal cycle than VRT, and although preliminary, VA Rides provided an impressive 12,149 hours of service for our contracts in 2017, being the integral part of the provision of over 97,346 rides.

Looking forward, all indications are that VA Rides will continue to seize new and exciting opportunities in the coming fiscal cycle, branching out into new areas, and making new connections. VA Rides will be acutely focused on fiscal responsibility, controlled growth, and contract sustainability. This intention will assist in the evaluation of emerging and existing opportunities, forecasting profitability and upgrades throughout the duration of each contract to ensure that VA Rides continues to excel for years to come.

### VA Rides Revenue Hours





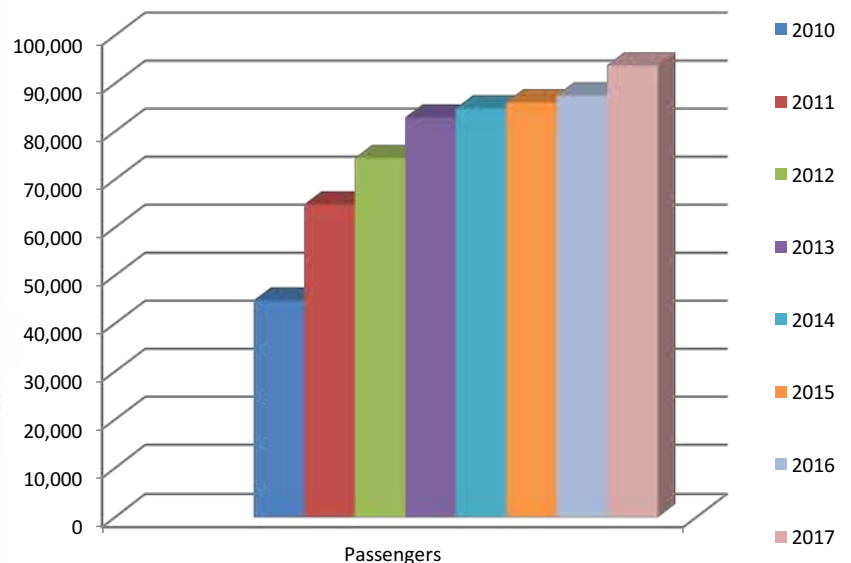


# VIRGINIA REGIONAL TRANSIT

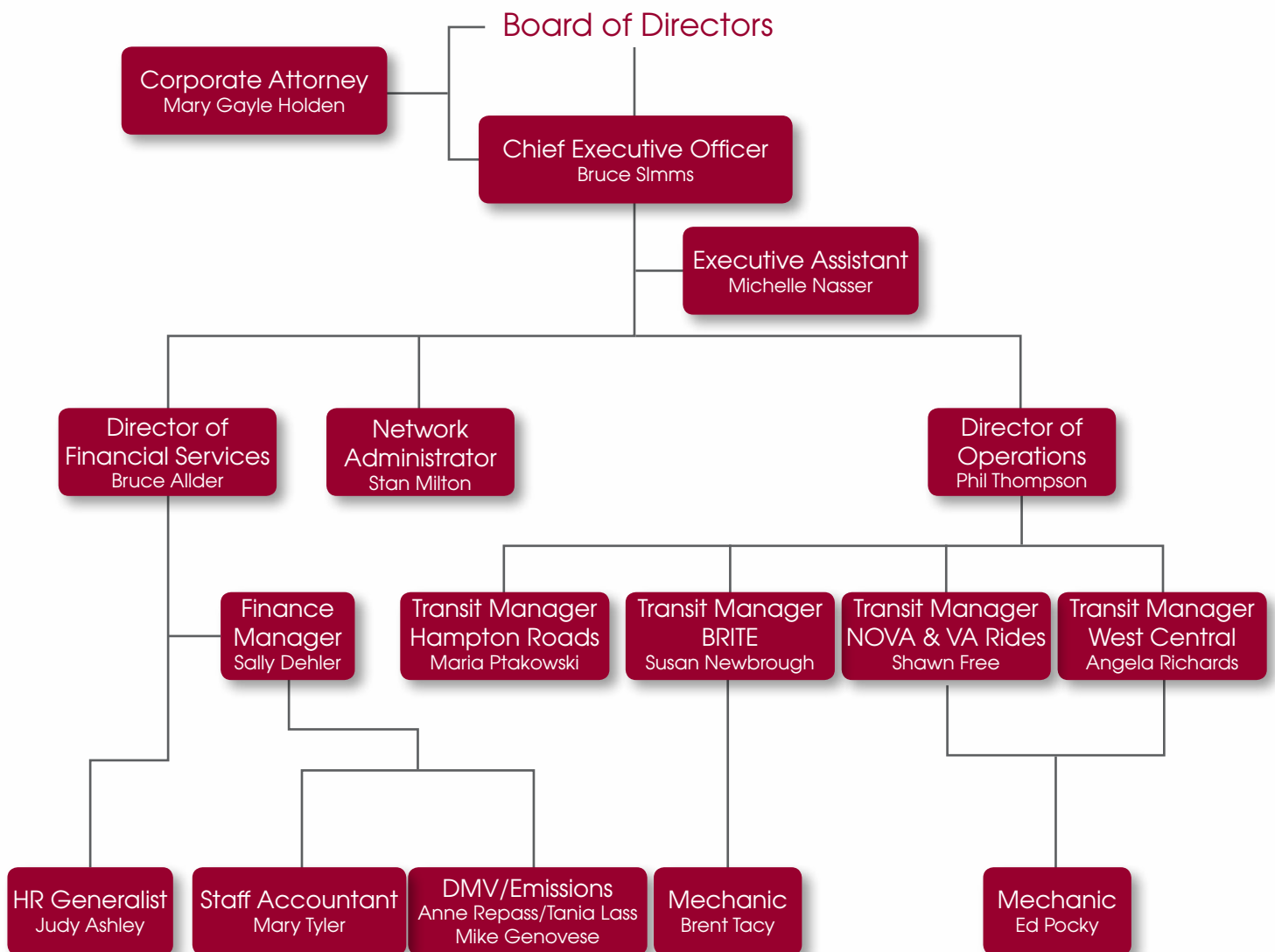
## STAR Transit

STAR Transit, owned by the Accomack Northampton Transportation District Commission, is a rural transit system managed by Virginia Regional Transit. Community partnerships and passenger focused service continue to drive success, allowing STAR Transit to have the most productive year on record with VRT, providing 93,787 rides; an increase of 7% over FY16. STAR Transit has seen unprecedented growth under the guidance of VRT since the management agreement began in 2010, more than doubling the rides provided in a seven year period. Enhancements that came to fruition this year included the installation of a bus stop shelter in Cape

Charles, the purchase of four replacement buses and a replacement support vehicle. The STAR Transit facility received a complete interior repaint and the parking area was resealed and striped. It is expected that the STAR Transit system will also be poised for expansion in FY19 and FY20 to include an additional Demand Response route and changes to the existing structure of the system to better serve the residents and visitors of the Eastern Shore. VRT is pleased to be a part of the success of the STAR Transit system, as well as to be a strategic partner in planning for the future of transit in this area of the Commonwealth.



## Organizational Chart



## **VIRGINIA REGIONAL TRANSIT**

### **STATEMENT OF CASH FLOWS** **For The Year Ended June 30, 2017**

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#### **Cash Flows from Operating Activities**

Change in net assets	\$ 579,409
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	818,289
Gain on disposal of assets	(193,012)
Changes in assets and liabilities:	
(Increase) decrease in assets:	
Receivables	(289,065)
Prepaid and deposits	(2,160)
Increase (decrease) in liabilities:	
Accounts payable	983,841
Accrued liabilities	97,286
Deferred income	(348,027)
<b>Net cash provided by operating activities</b>	<u><u>1,646,561</u></u>

#### **Cash Flows from Investing Activities**

Purchase of fixed assets	(965,181)
Proceeds on sale of vehicles and equipment	193,012
Proceeds on transfer of Fishersville facility	127,735
<b>Net cash (used in) investing activities</b>	<u><u>(644,434)</u></u>

#### **Cash Flows from Financing Activities**

Debt repayment	(26,871)
<b>Net cash (used in) financing activities</b>	<u><u>(26,871)</u></u>
 <b>Net increase in cash</b>	 975,256

#### **Cash and cash equivalents**

Beginning	597,501
Ending	<u><u>\$ 1,572,757</u></u>

#### **Supplemental disclosures of cash flow information**

Cash payments for interest	<u><u>\$ 17,944</u></u>
Cash payments for U.S. federal income taxes	<u><u>\$ -</u></u>

See Notes to Financial Statements.



# VIRGINIA REGIONAL TRANSIT

## STATEMENT OF ACTIVITIES

For The Year Ended June 30, 2017

	Unrestricted			Temporarily Restricted	Totals
	Operations	Capital/ Non-operating	Total		
<b>SUPPORT AND REVENUE</b>					
Public support					
Federal funds	1,621,641	333,645	1,955,286	-	1,955,286
Virginia State funds	661,173	66,730	727,903	-	727,903
Virginia RTAP funds	3,859	-	3,859	-	3,859
Loudoun County funds	396,846	-	396,846	-	396,846
Local government funds	703,062	-	703,062	-	703,062
Local private funds	157,696	-	157,696	-	157,696
Total public support	3,544,277	400,375	3,944,652	-	3,944,652
Revenue					
Passenger fares	86,748	-	86,748	-	86,748
Ridership contract services	2,202,810	-	2,202,810	-	2,202,810
Ridership management services	24,000	-	24,000	-	24,000
Advertising service	41,545	-	41,545	-	41,545
Rental income	93,005	-	93,005	-	93,005
Emission/DMV revenue	87,687	-	87,687	-	87,687
Reimbursements	3,903	-	3,903	-	3,903
Gain (Loss) on disposal/transfer of assets	-	193,012	193,012	-	193,012
Total revenue	2,539,698	193,012	2,732,710	-	2,732,710
Net assets released from restrictions					
Satisfaction of usage restrictions	-	-	-	-	-
Total support and revenue	6,083,975	593,387	6,677,362	-	6,677,362
<b>EXPENSES</b>					
Leased employee costs	3,327,263	-	3,327,263	-	3,327,263
Vehicle operating costs	836,214	-	836,214	-	836,214
Communication services	141,073	-	141,073	-	141,073
Office expense	98,580	-	98,580	-	98,580
Occupancy and maintenance	117,130	-	117,130	-	117,130
Conferences and travel	30,906	-	30,906	-	30,906
RTAP conferences and travel	7,739	-	7,739	-	7,739
Insurance	342,006	-	342,006	-	342,006
Advertising	18,970	-	18,970	-	18,970
Professional services	73,382	-	73,382	-	73,382
Commissions	9,875	-	9,875	-	9,875
Interest expense	17,944	-	17,944	-	17,944
Hiring expense	19,296	-	19,296	-	19,296
Uniforms	341	-	341	-	341
Miscellaneous	9,540	-	9,540	-	9,540
Leased vehicles	28,050	-	28,050	-	28,050
Other fixed charges	99,921	-	99,921	-	99,921
Vehicle equipment	24,062	-	24,062	-	24,062
Transportation service	77,372	-	77,372	-	77,372
Depreciation expense	-	818,289	818,289	-	818,289
Total expenses	5,279,664	818,289	6,097,953	-	6,097,953
Changes in net assets	804,311	(224,902)	579,409	-	579,409
Facility transfer	-	(4,179,646)	(4,179,646)	-	(4,179,646)
Equity reclassification	(270,930)	270,930	-	-	-
Net assets, beginning of year	475,019	17,874,723	18,349,742	-	18,349,742
Net assets, end of year	\$ 1,008,400	\$ 13,741,105	\$ 14,749,505	\$ -	\$ 14,749,505

See Notes to Financial Statements.



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